

SUBJECT: FUTURE MONMOUTHSHIRE: PROPOSED NEW DELIVERY MODEL FOR TOURISM, LEISURE, CULTURE AND YOUTH SERVICES

MEETING: Joint Select Committee

DATE: 24TH July 2017

1. PURPOSE:

- 1.1 To present the Full Business Case (FBC) and associated papers for scrutiny, requesting Members consider the viability of two proposed options:
- To transform the services in-house
 - To set up an alternative delivery model for the Tourism, Leisure, Culture and Youth Services (TLCY)

2. RECOMMENDATIONS:

- 2.1 The Select Committee scrutinises the Full Business Case and forms a conclusion on the preferred direction for the services, making recommendations as appropriate.

3. KEY ISSUES: BACKGROUND

- 3.1 In 2014, Cabinet approved an initial investment of £30,000 to commission Amion Consulting to undertake a comprehensive review of the future options for our Cultural services. The purpose of the review was to identify future delivery options with an overall objective of improving, sustaining and developing local services to enable them to become more self-reliant and resilient. During the review it became apparent that cultural services overlapped many of the wider tourism, leisure and culture services so rather than view cultural services independently, it made sense to view the inter-dependencies at a service wide and local level. In addition, analysis of experiences of other local authorities with new operating models, has demonstrated that critical mass in achieving economies of scale, cross subsidisation and mutual support are critical success factors as well as an opportunity to rationalise service delivery.
- 3.2 In October 2015 Cabinet approved the release of £60,000 from the Invest to Redesign fund to finance the supplementary work needed to mobilise TLCY services. In addition, in May 2016 Cabinet approved the 'Future Monmouthshire' a strategic programme of 'whole-authority' work 'to create the capacity and foresight to develop solutions to some of the county's biggest challenges, this proposal forms part of this strategic programme.
- 3.3 In October 2016 Cabinet approved the continuation of supplementary work from initial phase of a Strategic Outline Case to draft OBC for consideration early 2017.

- 3.4** In March 2017 Council agreed to progress options 2 and 3 for reasons identified in the Outline Business Case. In addition Council approved to move to preparing the Full Business Case to demonstrate a full comparative analysis between Options 2 and 3 for consideration.
- 3.5** The FBC gives full consideration to the independent findings of Anthony Collins Solicitors, appointed to undertake the supplementary work for this proposal, as detailed in the appended FBC.
- 3.6** The potential services in scope through current discussions are Leisure; Outdoor Education; Countryside; Youth; Shire Hall; Old Station; Caldicot Castle; Museums; Events and Tourism.
- 3.7** We have continued our engagement with staff; stakeholders and Trade Union representatives. During each phase we encourage feedback as part of our consultation to ensure a fair and transparent process.

4. REASONS

- 4.1** The Council has recognised that access to local services is one of its priorities however it also understands that under the current financial environment delivery of these services is becoming more challenging. A more commercial approach is required and the necessity to balance the need for local delivered services for a more efficient delivery model.
- 4.2** The Council faces the challenge of a reducing budget. The Medium Term Financial Plan sets out the aim of saving a total of £29.812m by financial year 2020/21, or broadly 6.5% of its annual revenue budget. The provision of the services outlined in this FBC is viewed as a crucial aspect of this cost saving programme.
- 4.3** The Council is currently undertaking a transformational programme called Future Monmouthshire. There are a number of initiatives underpinning the programme, one of which is looking at the way services are provided within the authority and the alternative delivery models for services within TLCY. This opens up new possibilities for service design and delivery.
- 4.4** TLCY services, run as a family of services and rely upon one another for promotion, support and optimal operation. As a collective, they help position the county as a great place in which to live, work, play and visit. They also play a significant part in place-shaping, preventing demand that would normally end up requiring intervention by costly statutory services and all make a significant contribution to the social and economic health of the county.

4.5 The main purpose of the FBC is to revisit the case for change and the preferred way forward identified in the Draft Business Case (DBC); establish the option which optimises value for money and assess its affordability and demonstrate that the preferred option is deliverable. The FBC explains the background to the proposal and sets out the Strategic, Financial, Economic, Commercial and Management case in support of the proposal, with the key focus on the financial viability of the proposal. The proposed legal structure and financial case has also been subject to independent professional assurance.

5. FINDINGS

5.1 One of the Council's key priorities is to 'maintain locally accessible services'. The detailed comparative analysis of options 2 and 3 has identified which of the principle Delivery Options could create the potential for growth and sustainability for the services as well as an analysis of the legal and governance structures available and make recommendations on:

- Growth and investment opportunities;
- Skills gaps;
- HR including TUPE and future pension arrangements;
- Procurement routes for awarding services;
- Asset/leasehold transfer implications;
- Stakeholder engagement to maximise staff, community and service user involvement.

5.2 In addition the options were also assessed against their ability to meet the Council's four key priorities whilst also providing enhanced opportunities to:

- Increase flexibility and agility in responding to needs and change;
- Freedom to market and trade its services;
- Improve services through innovation and a culture of enterprise;
- Introduce lean processes that reduce duplication of effort and increase use of technology and self-service, making it easier for residents to access services and obtain information and advice;
- To establish a sense of 'ownership' amongst staff and service users with a view to improving morale, motivation, job satisfaction and ultimately the quality of service;
- Access funding and tax efficiencies currently outside the scope of the Council; and
- Offer higher levels of engagement and achieve economies through collaboration and partnership.

5.3 Following the comparative analysis by lead officers and external consultants of the two presented options, the most viable option for these valued services is to establish a

form of group company structure including a local authority owned and controlled company, a charity and a trading company in order to optimise the available resources, trading opportunities and investment potential. This preferred solution will enable the continued delivery of local services and allow necessary investment to sustain and grow the service offer available. The Council will still be able to deliver its strategic vision through its grant and contractual arrangements and importantly its Board participation.

- 5.4** The preferred operating model sets the best financial conditions which enables the continued delivery of services within a restricted financial envelope without any rationalisation by the Council. The protection from inflationary increases and the requirement for the operating model to develop new income sources could over a five year period save the Council between £2.032m and £2.508m
- 5.5** The preferred option will enable teams to thrive, learn and grow and continue to provide valuable local services. It is essential to empower the team to lead and reduce bureaucracy, as often, they have the answers to improved efficient delivery and new ideas – ensuring we make the top line as big a priority as the bottom line
- 5.6** The ADM will be able to respond far more quickly to market conditions as the organisation will be have a commercial focus better able to respond to opportunities. The Transform in House model may have limited incentive to provide any additional services or innovation. The ADM would be set up specifically to explore new and additional services through innovation and enterprise.
- 5.7** Both models will be expected to deliver savings as specified by the Council - so they are broadly the same on this criteria; the models are also required to provide the service outcomes as at present.
- 5.8** The ability to trade opens up commercial opportunities unavailable to the Council which should reduce the Councils direct contribution over time.
- 5.9** Assets included within the scope of this report currently has a maintenance backlog of £4.4m which indicates there is a significant requirement for investment. The ability to access and service capital requirements is a key requirement in sustaining service delivery and avoiding a declining asset base.
- 5.10** There is considerable work completed to demonstrate a full comparative analysis between Options 2 and 3, and to ensure that all questions raised by SLT and Finance colleagues (appendix C) were fully responded to.
- 5.11** The Full Business Case provides more detail in the following areas: outcome of the procurement process, a final check on affordability and value for money; staffing considerations; the contract details; a comprehensive delivery plan and benefits realisation. The Council will then need to agree key documents, and prepare for the go-live date ensuring from the customer and staff perspective there is a high quality service in place.

6. RESOURCE IMPLICATIONS:

For the purpose of the Business Case, the model assumes a 1st April 2018 start date. This is subject to critical path items to the timetable being met and the issues raised being agreed or finalised. To ensure completion by this proposed start date, the following finances will need to be established to support supplementary work (HR support; Finance lead; VAT and Ledger setting up) to finalise this piece of work.

One Off Costs	Option 3 ADM
	Amount £000's
Financial Support and Legal Advisors	75
Marketing, Media, Website, Branding	30
Recruitment / Hr Advice	30
Corporate Governance Costs	20
Total	155

Source - FPM

7. CONSULTEES

Senior Leadership Team
Finance
Legal
Joint Select Committee
Cabinet
Anthony Collins Solicitors
Town and Community Councils
Trade Unions
Staff within TLCY

8. BACKGROUND PAPERS

Appendix A – Full Business Case

Appendix B – Future Generations Evaluation

Appendix C – Additional questions for consideration and response by SLT and Finance Colleagues

Appendix D – Commentary on Board Structure and Make-up (Anthony Collins paper)

9. FUTURE GENERATIONS IMPLICATIONS

The completed Future Generations Evaluation can be found in Appendix B however the main positive and negative impacts of the proposal are as follows:

The purpose of the proposed Alternative Delivery Model is to ensure much valued local services are maintained and by their nature continue to provide employment, growth and an increasingly skilled workforce. The proposed Alternative Delivery

Model will enable services to be kept open but with more community focus and coordination, helping knit communities together. Activities in establishing the Alternative Delivery Model will require positive engagement and coordination with community focused services as well as income generation and investment in key aspects of the business to ensure the culture and business thrives. Incorporated services will contribute greatly to our local culture, heritage and art with the promotion of activity, health and wellbeing forming part of its key drivers.

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