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MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Joint Select Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Monday, 24th July, 2017 at 2.00 pm

PRESENT: County Councillors: D. Dovey, A. Easson, R. Edwards, S. Howarth, V. Smith, A. Webb, L. Brown, A. Davies, D. Blakebrough, D. Batrouni, M. Feakins, M. Lane, R. J. W. Greenland, P. Jordan, J. Pratt, P. Pavia, P. Murphy, J. Treharne and S. Woodhouse

ALSO IN ATTENDANCE:

P. Short	UNISON
P. Strong	NUT
L. Gaskell	GMB

OFFICERS IN ATTENDANCE:

Tracey Thomas	Youth & Community Manager, Youth Service
Ian Saunders	Head of Tourism, Leisure and Culture
Matthew Lewis (Countryside)	Countryside Manager
Kellie Beirne	Chief Officer, Enterprise
Sally Thomas	Interim HR Manager
Rachel Rogers	Curator
Hazel Ilett	Scrutiny Manager
Paula Harris	Democratic Services Officer
Marie Bartlett	Finance Manager
Richard Simpkins	Business Manager - Tourism Leisure and Culture

1. Election of Chair

County Councillor D. Batrouni was elected as Chair.

2. Appointment of Vice-Chair

County Councillor M. Feakins was appointed Vice-Chair.

3. Apologies for Absence

County Councillors D. Evans, B. Strong, L. Guppy, T. Thomas, J. Becker, K. Williams, J. Watkins, M. Groucutt, R. Roden, M. Powell, Mr Mike Fowler (Coop tee) and Andrew Haigh (NUT).

4. Declarations of Interest

County Councillor A. Easson declared a non-prejudicial interest in respect of the whole agenda as the Monmouthshire County Council Member representative on the Gwent Pensions Fund.

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5. Union Consultation

Prior to the commencement of the meeting P. Short from UNISON distributed the following statement;

Outsourcing from the Public Sector, of any sort, has always been resisted by the Trade Union Movement.

Concerns have centred around set up and transactional costs, subsequent reduction in jobs and services, general employment insecurity and deterioration in pay and terms. The establishment of such 'arm's length' arrangements often help facilitate the 'outsourcing' of the impacts of Austerity

However, if an Alternative Delivery Model (ADM) is to be established, the Council should promote stability and a smooth transition by ensuring that:

- The Annual Management Fee (5.5 pg. 67) is inflation proofed and assured for a significant period, without taper. Experience from elsewhere suggests that significant income generation can be difficult to achieve in a timely fashion, and of course impossible in 'non-commercial' areas such as Countryside and the Youth Service.
- The Asset base (4.5.2.pg 53) is retained, maintained and invested in.
- A 'Teckal' Company is established to avoid subsequent Competitive Tendering for services (4.3.2.5 pg. 48)
- A long term Support Services Agreement (4.5.2 pg. 52) is entered into to achieve stability for Council Central Services
- A Staffing Agreement is drawn up with the ADM to protect the interests of employees.

STAFFING MATTERS

TUPE and the pension arrangements for transferring staff would have to apply (4.6 pgs. 55 -57)

In addition, the Trade Unions seek a Staffing Agreement, which would cover:

- Admission to the Local Government Pension Scheme to be on an open basis, allowing new employees to join. The Council should consider assisting the ADM by meeting 'historic' pension liabilities
- Trade Union Recognition for all staff with supporting procedural agreements
- Commitment to National and Local Agreements on an enduring, dynamic basis

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- Embedding of the Living Wage without supplement
- Application to be added to the Redundancy Modification Order
- A Disputes Resolution procedure
- All the above to apply to any sub contract or subsidiary
- The Code of Practice on Workforce Matters in Public Sector Service Contracts (the so called 2 Tier Code), would have to apply in any event.

UNISON/GMB

6. Future Monmouthshire: Proposed new delivery model for tourism, leisure, culture and youth services

Context:

The Outline Business Case (OBC) has been developed to inform and enable a decision by Monmouthshire County Council (MCC), on the future delivery of Tourism, Leisure, Cultural and Youth Services (TLCY).

The main purpose of the OBC is to revisit the case for change and the preferred way forward identified in the Strategic Outline Case (SOC); establish the option which optimises the most appropriate fit for MCC and a model that demonstrates sustainable delivery of the broad range of services in scope, value for money and affordability.

The OBC explains the background to the proposal and sets out the Strategic, Financial, Economic, Commercial and Management case in support of the proposal. The proposed legal structure and financial case has also been subject to independent professional assurance.

Key Issues:

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.

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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.

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.

At Full Council March 2017 upon being put to the vote Council resolved to agree the recommendations:

- That Council reset the recommendations as agreed in October 2016 to delay the full business case to enable consideration of an Outline Business Case in March 2017.
- That Council agree to progress options 2, transform in house and option 3, new delivery model for reasons identified in the Outline Business Case and not take forward option 1, stay the same and option 4, outsourcing.
- That Council agree OBC is advanced to produce the final Full Business Case for consideration as soon as politically possible.

Member Scrutiny:

A Member questioned if the Trade Union suggestions were deliverable and we were told that the current business case was based on the assumption that the existing terms and conditions will continue, with the pay award linked to the local authority for next five years built in. In terms of redundancy costs for the future, none have been factored in as the number baseline number staff is expected to grow. In terms of Union suggestions, we are already paying the living wage and this will continue into the ADM. In terms of national and local agreements, there has been no conscious decision to move away from a national agreement in terms of pay awards. We have spoken to Torfaen regarding the pension scheme and wish it to continue on an open basis allowing new employees to join. Trade Union recognition has already been built into the business case and is fully supported.

In response a Union representative welcomed the assurances and spoke of not seeing a reference to the code of practice. A question was asked regarding a slide showing a tapering management grant, so not just not accounting for inflation but seemingly a real terms reduction. There was also scepticism as to how quickly the company would grow commercially. In response to this the Finance Manager explained that the grant would be fixed for a five year period, what had not been demonstrated was the business plan for the ADM which contains a number of income generation ideas.

A Member commented on the need for change as we are unable to continue as we are at present.

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Concerns were raised that the list of consultees did not include schools. A number of our schools connected to leisure centres and the cross over with SLAs was vast, with grass cutting and car parking being examples. We were assured that consultation with schools will take place and officers have been looking at the grants that schools give to leisure services for the use of facilities.

A Member spoke of the desire of the ADM to be successful and the need for it to be managed correctly. A question regarding assets was raised and the maintenance backlog of 4.4 million pounds and also jointly have an operating deficit of 3.424 million pounds. There is a prediction that at the end of year five there will be a profit of 2 to 2.5 million pounds, but we have no details of what that is based on, marketing analysis, what competition exists, nor is there mention of what commercial funding will be available. The Member spoke of the need for the company to be in a position to borrow money and expressed apprehension regarding the staff's lack of commercial experience.

An Officer advised that the assets will remain in the ownership of Monmouthshire County Council. There is a sum of money that will be borrowed from Monmouthshire County Council, this investment will be paid back over a ten to fifteen year period, and this investment will be funded by additional income generation with some money be reinvested into services. In terms of commercial borrowing, as a charity we have no history so we would be viewed as a risk.

A Member asked that we look at the accountability structure and recommended that this is referred to the Audit Committee to look at the governance structure that will be available in relation to these particular arrangements.

Doubts were raised regarding the decision making process and the lack of day to day input from Councillors and asked if this would this reduce the scrutiny arrangements.

The relationship between the Council and The ADM was queried and it was asked how often the Council would be updated with the progress of the ADM. In answer we were told that it would visit various committees during the year including Scrutiny and Audit committees. It was asked that Members have input in the number of updates they receive, to be decided at a full Council meeting.

In regard to the ADM model chosen it was asked how this decision was made and we were told that research into a number of trusts has taken place with the most comparable in terms of services was Peterborough with 'Vivacity'. MCC officers visited Peterborough to discuss pitfalls and good practice. MCC's Head of Tourism, Leisure and Culture, Ian Saunders as Chair of Gwent Leisure meets regularly with local leisure trusts to discuss best practice and his colleagues have met with social care peers in Wigan. This has given officers an extensive knowledge of various models and an insight of various methods of service delivery.

It was asked if there would be a time when Council businesses would be in direct competition with local businesses and we were told that to keep services sustainable we would be competing.

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It was asked if we had a significant advantage over local business and we were told that any assets in the teckel company would have to pay business rates.

It was stressed that the Youth Service should not get lost in this model and Members spoke of it being a critical service which a lot of young people rely on. Officers assured Members that the passionate staff of the Youth Team would not allow this to happen with their three core areas; counselling, education and extra curriculum opportunities growing through schemes such as Positive Futures which target specific areas for maximum improvement. The Youth Service will predominately sit in the charity part of the model due to the grants it will attract.

A Member advised that they would be asking a question regarding the outdoor education centres via email to the Chief Officer for Enterprise.

In respect to pension liability it was asked if we are not loading up the companies ADM with liability issues. In response we were told that discussion were currently on going with the Head of Resources on this arrangement.

It was asked where the money in the 'Invest to Redesign' fund came from and we were told that it is a specific ring fenced service reserve that MCC have set up.

A Member asked how the Youth Service would benefit being included in this model and we were advised that the counselling and enterprise sections of the Youth Service will stay within the council. The section which is coming across is the section which has the potential to sit with leisure services.

A Member spoke of the need for democratic feedback to the Council, but stressed the importance of giving the people running this company the ability to make business decisions on a day to day basis.

Finally the Cabinet Member thanked Select Committee and Union Members for their questions and spoke of the need to look at further issues. The Cabinet Members identified that previously when cuts have been made they are often within this service with priority given to social services and education. A new model is needed and we have gathered evidence to provide us with scope to identify which model will be the best for us.

The issue of risk was discussed with the greatest risk being staying as we are and the fact that we will have to manage decline if we do nothing. The process from hereon will be that that final paper will go to Cabinet on 6th September 2017, then full Council on 21st September 2017. The Cabinet Member spoke of the high calibre of the staff selected to work on this model and praised them for their work.

The committee agreed the recommendation to scrutinise the ADM business case and noted the recommendation put forward by County Councillor Louise Brown that the Audit Committee review the governance structure.

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Committee's Conclusion:

- The concerns of the unions have been heard and the Joint Select Committee is satisfied from the responses given that they are being addressed.
- The Select Committee has ongoing concerns around the service level agreements with schools and the governance arrangements of a future Alternative Service Delivery Model, in particular, how to ensure democratic lines of accountability.
- The Select Committee is content to support the project entering the next phase and requests the Audit Committee to review the future governance structure to ensure arrangements are appropriate and fit for purpose and to provide this report and their view to a future meeting of the Joint Select Committee.
- The Select Committee requests officers to further negotiations with schools to ensure appropriate service level agreements and to report back on this to a future meeting.

The meeting ended at 4.19 pm

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