

FINAL BUSINESS CASE

Proposed New Delivery Option for Monmouthshire County Council's Tourism, Leisure, Cultural and Youth Services



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Glossary

The following abbreviations have been used in this report

The Council	Monmouthshire County Council
MCC	Monmouthshire County Council
TLCY	Tourism, Leisure, Cultural and Youth Services
ADM	Alternative Delivery Model (as recommended by Anthony Collins)
SOC	Strategic Outline Case
OBC	Outline Business Case
FBC	Final Business Case
CIC	Community Interest Company
CLG	Company Limited by Guarantee
CLS	Company limited by Shares
CIO	Charitable Incorporated Organisation
NNDR	National Non-Domestic Rates
SLA	Service Level Agreement
TUPE	Transfer of Undertakings (Protection of Employment)
HMRC	HM Revenue and Customs
LATCO	Local Authority Trading Company
KPIs	Key Performance Indicators
GI	Green Infrastructure
MTFP	Medium Term Financial Plan
GVA	Gross Value Added
NPV	Net Present Value
NPDO	Non-profit distributing organisation
ONS	Office of National Statistics
FTE	Full time Equivalent

Executive Summary

This Final Business Case (FBC) 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 FBC is to revisit the case for change and the preferred way forward identified in both the Strategic Outline Case (SOC) and the Outline Business Case (OBC); 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 FBC 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.

Set out below are the key conclusions from the business case which are supported by the detailed findings in the FBC and supporting appendices. In summary, this FBC identifies the key opportunities available through the establishment of an alternative service delivery model which would otherwise not be available to the Council within its existing service delivery structure.

Key Conclusions

- Leisure, Outdoor Education, Countryside, Youth, Attractions, Cultural, Museum and Tourism 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.
- By aligning to Public Service Boards and Well-being plans, the ADM will play a significant role in building sustainable and resilient communities, reducing inequalities and supporting vulnerable people. It will respond to the challenges and objectives of:-
 - Preparing children and young people for the best possible start in life
 - Responding to the challenges associated with demographic change
 - Protect and enhance the resilience of our natural environment
 - Develop opportunities for communities and businesses to be part of an economically and well -connected county.
- The preferred 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.

- The proposed 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 £1.505m (section 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.
- Workforce development will be key to ensuring that staff within the ADM excel at customer service, the behaviours and attitudes that underpin this will be fully engrained into their organisational culture. It will be essential that employees receive access to both job based training as well as skill development opportunities. Being part of a unified team will enable peer motivation, coaching and enable increased performance, whilst giving employees “permission” to go that extra mile to make customers happy, empowering them to do what they need to do to meet the organisation’s vision.
- There may be greater access to finance in capital markets for growth and investment which is neither available nor affordable to the Council. Only the Alternative Delivery Model (ADM) can deliver new income from charitable sources.
- The ability to trade opens up commercial opportunities which should reduce the Council’s direct contribution over time. 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.
- 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 will 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.
- The Transform in House and ADM model can deliver added social value. However, the ADM can deliver more added social value (through a closer working relationship with communities, freedom to act in new ways and higher motivation of staff) than the in house model.
- Both models will be expected to deliver savings as specified by the Council - so they are broadly the same on this criteria; all the models are also required to provide the service outcomes as at present.
- Both the ADM and Transform in House options involve set up costs - these are small compared to the long term benefits and can be effectively paid back from increased new income and funding.

For the purpose of annual comparisons within this Business Case, the model assumes a 1st April 2018 start date. The actual date is likely to be 1st July 2018 and is subject to critical path items to the timetable being met and the issues raised in here being agreed or finalised.

Strategic Case for Change

The Council is facing significant challenges with an ageing population, increasing levels of obesity and inactivity, all of which are increasing the financial and demands on both Education and Social Services. The value of a positive first 1,000 days of a child's life has significant correlation between achievement and intervention levels in later life. Physical inactivity is the fourth leading cause of ill health in the UK and spending on the NHS is recorded at £1,000 per second on dealing with preventable ill health.

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 need to balance the need for local delivered services with a more efficient delivery model.

These services are the dominant providers of a whole range of community culture, sports and leisure facilities, from outdoor education, youth, museums and attractions, tourism, country parks to rights of way. Increasingly these services are seeking to achieve wider objectives and prevention of ill health, social isolation and mental health issues and focusing on the wellbeing of their local community. The Health and Wellbeing role and the encouragement of physical activity are built around common objectives requiring a fresh approach to their delivery and funding. There are opportunities for enhancing and expanding the role of these services by combining the offer and taking advantage of a growing awareness for investment in tackling the causes of ill health and obesity rather than focusing on curing the long term effects of inactivity.

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 Tourism, Leisure, Culture and Youth (TLCY).

The Council faces the challenge of a reducing budget. The Medium Term Financial Plan sets out the aim of saving a total of £19.992m by financial year 2021/22, or broadly 6% 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. The Council has recognised the need to review the model of service provision for TLCY services as there are a range of perceived advantages of alternative models, including:

- Focused body with clarity of outcomes;
- Independence and ability to diversify;
- Greater speed of decision-making;
- Increased access to other funding streams;
- Ability to react quickly to market forces;
- VAT and Non-Domestic Rates ("NNDR") savings;
- Commercial revenue growth;

- Improved financial performance; and
- Sustainability of service provision.

The review of the various models available allows these perceived advantages to be explored across a range of options and against appraisal criteria that reflect the Council's overall aims and objectives. 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;
- Empower and motivate staff thus raising productivity;
- 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 in line with the Wellbeing and Future Generations Act Wales.

In addition to this, MCC through its Future Monmouthshire plan is looking to be more entrepreneurial and business like and to be more focussed on outcomes rather than the mechanisms through which service delivery is organised. This opens up new possibilities for service design and delivery. In governance terms this represents an excellent opportunity for communities to have greater say and control in delivery of their services.

The ADM is the strategic preferred option because:

- It is in tune with Council priorities and will still allow Monmouthshire some ownership and influence over future direction;
- It is able to deliver a high level of public and social value;
- It will set the best financial conditions for the services, enable teams to thrive and grow and continue to provide locally delivered services by our trusted workforce;
- It will ensure a commercial drive which continues to return money either back to improve services or to reduce Council subsidy, both being as equally important;
- It will provide a sustainable footing for non-statutory high value services that prevent ill health and promote wellbeing taking demand from critical Council services;
- The services will retain a local distinctiveness; and
- It aligns with the values of Future Monmouthshire and key partners.

Economic Case

Identifying options and selecting the preferred option

The Council agreed in October 2016 the options to be considered for delivery of the services detailed in the OBC. These options were:

- Doing Nothing;
- Transforming the Services in House;
- Moving the Services into an Alternative Delivery Model; and

- Outsourcing the Services to a Third Party (either a private commercial operator or another third sector organisation).

The Council in March 2017 agreed only to progress two options to the FBC. These are:

- Option 2 - Transforming the Services in House; and
- Option 3 - Moving the Services into an Alternative Delivery Model.

The preferred option is by transfer of the services to an ADM.

Qualitative Evaluation

Each of the options were evaluated against a weighted range of criteria by a cross selection of both Officers and Members. The highest scoring option was the ADM.

Analysis of Costs

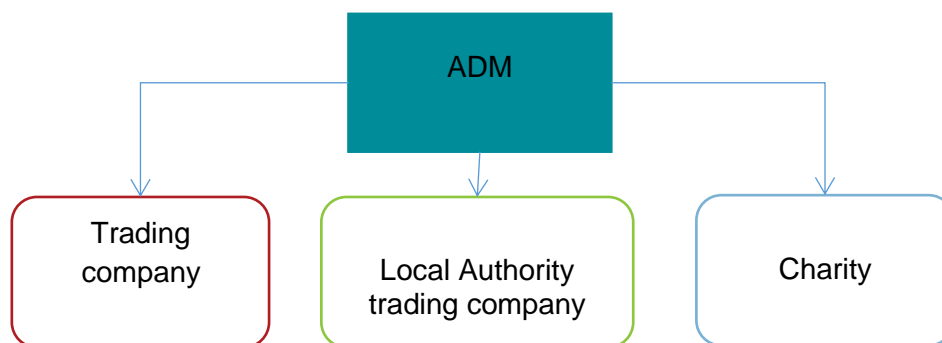
The analysis of the preferred option demonstrates that when compared against the Transform in House option, the ADM demonstrated the highest value for money. The financial benefit is the result of VAT and NNDR savings less the additional costs of running the ADM. These savings are unlocked with the selection of the ADM as the preferred delivery option.

In order to deliver these benefits the commercial issues and risks must be robustly managed and a clear financial position established by way of a business plan for the new entity.

Commercial Case

The strategic case identifies the preferred option as an ADM made up of a form of group company structure including a local authority “Teckal” controlled company, a charity and a trading company. This is supported by the economic case where the financial benefits of the ADM have been calculated. The recommended structure offers the protection and familiarity of the Companies Act, Charities legislation etc. supported by clear and established legal precedents over the rights and obligations placed on the members of the Board.

Figure 1: Proposed ADM Structure



Source – Anthony Collins Option Report

Board Structure

Any independent directors would be selected through a recruitment process. A formal strategic risk assessment and risk mitigation strategy would need to be regularly undertaken by the Board and its Chief Officer.

The recommended structure for the Charity is for a Board made up of nine trustees of which two will be appointed by the Council. The remaining trustees would be appointed following a recruitment exercise. The Boards of both the Teckal Company and the Trading Company will comprise three non-executive directors and two executive directors nominated by Monmouthshire County Council.

Procurement

The Council will need to demonstrate that it is complying with its procurement obligations. The most relevant potential procurement options open to the Council are:

- **Option A** - Form a Local Authority Trading Company (LATCO) as a Company Limited by Guarantee or Shares. There would not be a requirement to undergo a procurement exercise, if the Council ensured compliance with the 'Teckal' exemption;
- **Option B** - Procure the services in accordance with the new "light touch regime"; however the Council could only do this for an initial three year period and then the services would need to be re-tendered;
- **Option C** - Run a limited "public service mission organisation" competition, also referred to as a "social enterprise" competition; or
- **Option D** - Consider whether MCC would like to procure a partner to help leverage in some additional expertise or investment.

With the preferred option there would be no requirement to undergo a procurement exercise.

Commercial Arrangements

The main commercial arrangements between the Council and the ADM are likely to be as follows:

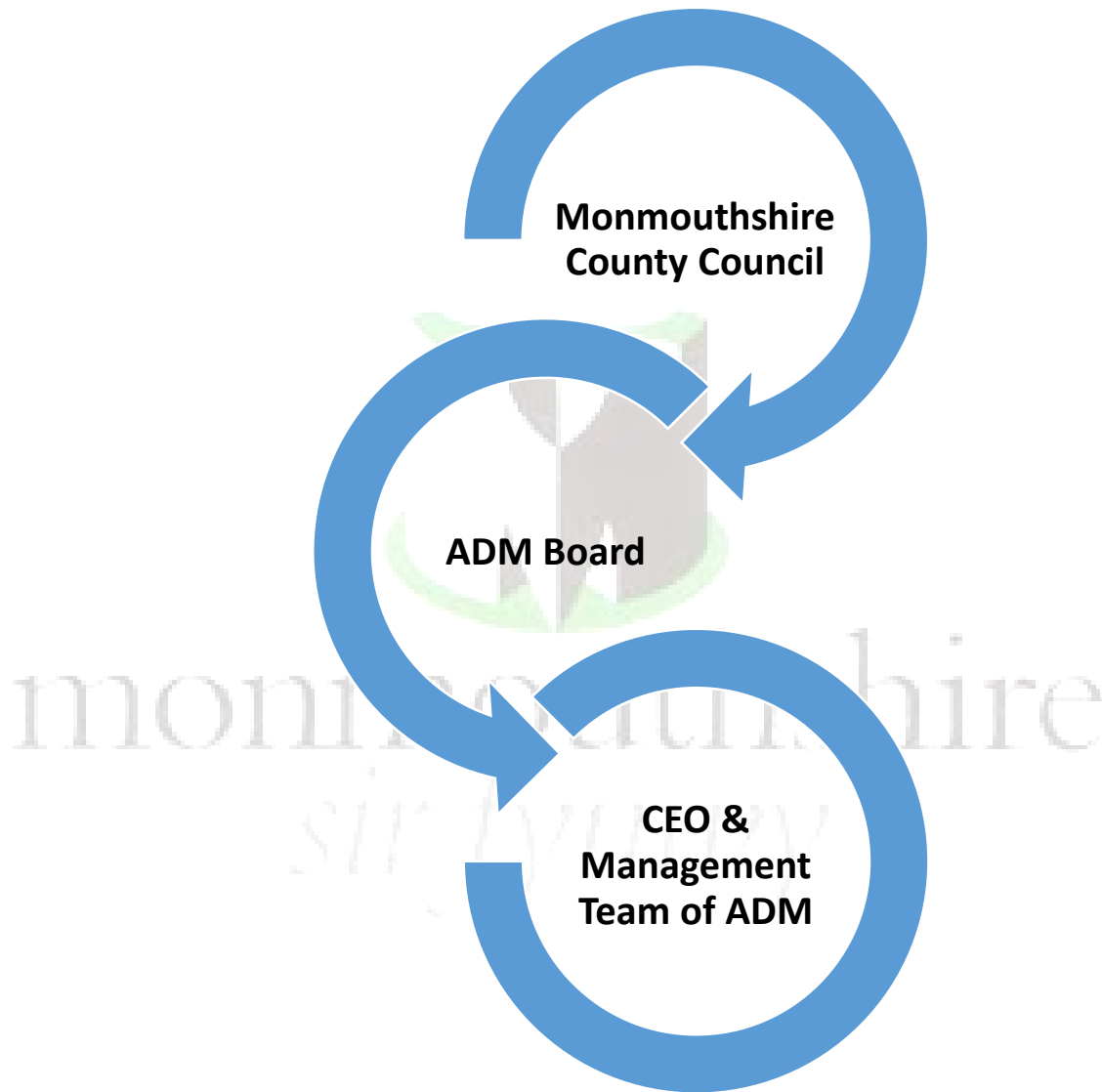
- Leasing Agreements – ownership of the building assets are to be retained by the Council and leased to the ADM;
- Support Services Agreement – the ADM will require a range of support and administration services which could be provided by the Council but the ADM may decide to receive this support from other providers; and
- Grant Agreement – this sets out the terms of the grant agreement and the services to be delivered by the ADM to the Council and includes a range of outcomes and performance obligations on the ADM.

The ADM will be required to operate in a commercial way within a competitive market and will need to be an efficient and effective organisation. It will need to maximise the opportunities for income generation. The ADM will need to focus on driving down its costs and developing

a regular programme of re-investment in the quality of provision from any surpluses generated. It will also need to establish a suitable reserve fund for the ADM.

Figure 2 demonstrates the likely type of arrangement that would exist between the Council, the ADM Board and the ADM Management Team.

Figure 2: Likely Arrangements



Financial Case

Savings from VAT and NNDR

The preferred option allows the ADM to realise financial savings. These savings are driven from the relief from NNDR.

As part of the ADM will have a charitable status, certain income streams that it generates will be exempt for VAT purposes and this provides VAT savings to the ADM. The Council is

currently required to charge VAT on the provision of these services, whereas the ADM will be able to treat the provision of the services as exempt for VAT purposes.

The savings arise where the price charged to customers remains unchanged and the ADM is able to retain the portion of income that the Council had to charge and account for as VAT. Tax Advisors have indicated that this saving will be mainly offset by the loss of VAT if a grant rather than a service contract was awarded to the ADM.

A recent ruling has indicated that the Authority may in future be able to secure this VAT but it has a significant impact on the authority's partial exemption calculation. Initial modelling by MCC's VAT advisors has indicated that the recent significant investment within TLCY's asset base would mean that the authority would breach its exemption limits. This has a significant impact and more than offsets any VAT benefit from the sporting VAT exemption.

For the NNDR savings the ADM must be a registered charity. The application will need to be submitted to the Charity Commission. They will need to confirm that the company meets the criteria to achieve charitable status subject to the articles of association being agreed by the Council. Once this has been approved, a charity number will be issued.

The estimate for potential NNDR savings for the first year are estimated to be £239k per annum.

Additional Costs

The Council will incur costs during the setup of and initial transition to the recommended model. These are projected to be £155k for expenditure in areas such as set up costs, legal costs, media, website and marketing.

Additionally, the new ADM will incur a range of recurring annual costs. Commonly, such costs can be in a range of £50k to £300k and have been estimated for the ADM to be £178k.

Additional Savings

In addition, MCC has highlighted additional savings as identified in this executive summary which represent a maximisation of the NNDR savings of £239k. It does exclude the potential to realise a level of operational savings driven from either an increase in revenues and/or a reduction in costs through the stream lining of existing processes. The successful track record of other similar organisations indicates that this is likely.

A five year business plan has been developed for the final business case which identifies new opportunities for investment, and income generation.

Annual Grant and Service Contract payable by the Council

Services within TLCY operate within a deficit funding model. The budget for 2017/18 is £4.224m. In order for the new model to be financially viable the Council will need to pay a management fee to the ADM in order to meet the deficit. The Council will fund the deficit by way of a grant with the charitable arm and a service contract with the Teckal Company.

The amount of the fee is dependent on a range of factors, such as the expected level of service provision, arrangements between the parties over the provision of functions by the Council by human resources, IT, Finance, Legal, procurement, communications, insurance and risk

management, performance management / continuous improvement and ADM income. Central support and other indirect costs for 2017/18 have been estimated at £0.970m although it is recognised that the allocations are only arbitrary. The level of the management fee is therefore the combination of the direct costs and support service costs.

The anticipation is to agree a funding model for an initial fixed year period at an amount to be negotiated. During this period the ADM must meet all of its inflation increases, thereby protecting MCC from those annual increases. At the end of the funding agreement, MCC may seek to reduce the contribution by a mutually agreed amount. Based upon a five year fixed agreement, the savings are estimated to be £0.715m or based on a reducing fee, the savings are estimated to be £1.505m as demonstrated in the following table.

Table 1 – Impact of Potential Funding Model

		Assuming 5 Year Fixed Contract			Assuming 5 Year Reducing Contract		
Baseline Position Stay the same	Year	Option 2 - Transform in House £000's	Option 3 - ADM £000's	Potential Savings £000's	Option 2 - Transform in House £000's	Option 3 - ADM £000's	Potential Savings £000's
4,518	1	4,574	4,446	128	4,574	4,446	128
4,614	2	4,601	4,446	155	4,601	4,271	330
4,674	3	4,562	4,446	116	4,562	4,267	295
4,736	4	4,598	4,446	152	4,598	4,248	350
4,798	5	4,610	4,446	164	4,610	4,208	402
23,340	Total	22,945	22,230	715	22,945	21,440	1,505

Source – Business Plan

Summary of financial savings

Table 2 provides a summary of the financial implications:

Table 2 - Summary Financial Implications

	Amount £'000
One off implications	
Transition costs incurred to set up ADM	155
Year 1 implications	
VAT, NNDR and management structure savings	239
Recurring costs incurred by the ADM	178

Source – FPM

The above analysis excludes the potential for further efficiency savings in the operating model other than NNDR savings.

Management Case

To ensure the successful delivery of the ADM, best practice suggests that a Shadow Board and Project Board would need to be established. The following key areas need to be considered:

- Transformation of service delivery;
- Establishment of work streams looking at property, engagement, service level agreements, company documentation, human resources, finance, branding and governance;
- Recruitment and training of Shadow Board and Senior Staffing;
- TUPE transfer process for go-live date; and
- The Charity Commission application process and HMRC engagement.

The project has to be supported by strong governance, with the Project Team reporting to the Shadow Board with decisions on further approval to be made by the Full Council. Effective risk management will need to be undertaken through monitoring and updating the risk register. A suitable contingency plan will need to be in place to continue with the current service model, should unforeseen issues delay the implementation of the ADM.

Throughout this process regular communication with elected members, employees and service users and unions has been and will continue to be undertaken.

Next Steps

If the council agrees the Final Business Case, 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. The timetable for this in order to achieve the delivery date is documented on the Transition and Delivery Plan as shown in Appendix V.

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1. Introduction

This Final Business Case is based upon the principles of the five case model recommended by Welsh Government. The purpose of this document is to update the strategic and outline business case prepared in October 2016 and March 2017 and to capture the reasoning for initiating the project and to describe the resources required to deliver the project.

1.1 Approach to applying the five case model

The standard guidance requires business cases to be developed in 3 stages:

- ▶ Strategic outline case
- ▶ Outline business case
- ▶ Final business case

1.2 Structure of this report

The FBC is structured as follows:

- ▶ Strategic case – To confirm the strategic fit and business needs within the context of MCC and the Future Monmouthshire initiative.
- ▶ Economic case – To demonstrate the options that were identified, the appraisal process undertaken and to identify the preferred option.
- ▶ Commercial case – To set out the commercial implications in areas of corporate structure, governance, contractual arrangements and staffing considerations.
- ▶ Financial case – To set out the financial implications of the preferred option.
- ▶ Management case – To describe the approach to implementation of the preferred option, demonstrating the project is achievable and can be delivered successfully.

Where appropriate, further detail on specific areas is contained in the appendices.

2. Strategic Case

2.1 Introduction






This section updates the strategic context driving the need for MCC to review the model for the provision of the services outlined in the OBC. The section provides summary background information on the Council, and the services within scope for the ADM which forms part of the Future Monmouthshire programme work stream. This enables the strategic case for change to be established.

2.2 Monmouthshire County Council

Monmouthshire is a large and semi-rural county and is located in the south east of Wales and has population of over 92,000 across a land mass of 880 square kilometres. It is often perceived as leafy and this can sometimes mask differences within and between communities. Monmouthshire is made up of five clusters: Abergavenny and surrounding area; Monmouth and surrounding area; the heart of Monmouthshire which includes Usk and Raglan; Chepstow and the Lower Wye Valley and Severnside which includes Caldicot and Magor.

The following key highlights on Monmouthshire demographics are set out by way of context:

Table 3 - Key Demographics

 <p>Total Population</p>	<ul style="list-style-type: none">• 92,476
 <p>Gender breakdown</p>	<ul style="list-style-type: none">• 52% female• 48% male
 <p>% of age breakdown of Population</p>	<ul style="list-style-type: none">• 0 – 15 yrs 16.8% (below WNA)• 16 – 64 yrs 59.6%• 65+ yrs 23.7% (above WNA) <p>An ageing population is a feature of the UK and Wales but particularly of Monmouthshire. By 2039 the population aged 65 and over is projected to increase by 61% and, more significantly, the number of people aged 85 and over by 185%.</p>
 <p>Life Expectancy</p>	<p>Life expectancy for people in Monmouthshire is the highest in Wales, although there are variations with those living in the least deprived areas of the county expected to live longer than those in the most deprived areas.</p> <ul style="list-style-type: none">• 80.7 yrs Males• 84.2 yrs Females
 <p>Obesity statistics</p>	<ul style="list-style-type: none">• 53% of adults report being overweight or obese*• 21.1% of 4-5 year olds are reported as overweight or obese*



Health related



- 18% of population report as smokers*
- 27% of population report binge drinking at least once a week*
- 30% of adults report meeting the required exercise activity guidelines per week*
- 48.8% of children and young people take part in sport on three or more occasions per week*

* Source: Social Well-being data 14-15 from Wales Data Unit

The Council supports the local population by providing a range of statutory and non-statutory services. This direct cost of service provision was £3.424m in the year ended March 2017. This does not include the cost of central support costs or any other indirect costs. This will be discussed later in the document.

Table 4 - Annual Direct Cost of Services

Service	2016/17 Net Cost £000's
Leisure	929
Attractions	444
Arts	222
Youth*	563
Museums	360
Outdoor Education	-18
Tourism	215
Countryside	709
Total	3,424

Source – MCC Financial Ledger

* includes face to face counselling team

2.3 Background

Cabinet in October 2014 commissioned a critical piece of work called “Informing The Future of Cultural Services” to inform options and opportunities for the future of Monmouthshire County Council’s cultural assets and attractions. This was considered critical to do because:

- The continuing turbulent economic climate meant that revenue funding available for the service will decline, rendering it unviable in a short period of time;
- The size of the backlog of capital investment, maintenance and repair is significant and will require external support and contributions;

- Many of the main capital and revenue funding opportunities available are not currently obtainable by bodies such as councils;
- New business models are required that require specialist approaches and knowledge of markets and not-for-profit entities;
- Customer and community expectations are shifting and improvements and developments are rightly expected. Customers care less about who runs services and more about what is delivered and the quality of outcomes;
- The scale of social, economic and environmental change over the next 5-10 years will be such that planning needs to begin now in order for us to foresee new challenges and develop appropriate solutions to them;
- Potential exists for new funding opportunities; to attract expert help, support and guidance and to secure new investment and growth options; and,
- A new business strategy is required, along with a new guiding philosophy and belief-set in order to achieve success.

In carrying out the work on the cultural services review it became apparent that because museums and cultural / tourism attractions overlap and touch so many wider services and functions, it was difficult to consider them in isolation. In view of the links and inter-dependencies at a service-wide and local level, Leisure, Outdoor Education, Countryside, Youth, Attractions, Cultural, Museum and Tourism 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.

It soon became apparent that not only did cultural services overlap many of the wider tourism and leisure services but analysis of experiences of other local authorities with new operating models demonstrated that critical mass in achieving economies of scale, cross subsidisation and mutual support are all critical success factors.

In October 2015, Cabinet approved the expansion of the review of Cultural Services to incorporate parallel and complementary services of Leisure, Events, Youth and Outdoor Learning and in December 2015; Anthony Collins Solicitors were subsequently appointed to undertake an independent options appraisal of the in-scope services.

The Strategic Outline Case was presented to Cabinet in October 2016 who agreed the recommendations to move to the next stage of developing a FBC for further consideration by Members and to continue the staff, community and service user consultation process. In December 2016, Senior Leadership Team advised that Cabinet should receive an outline business case rather than the full business case.

The Outline Business Case was presented to Council in March 2017 who agreed to reduce the four options and to concentrate on only two options for the Final Business Case; the Transform in House option or the Alternative Delivery Model option.

Local Authorities across the UK are facing unprecedented financial pressures. The Council's central grant from the Welsh Government is reducing and its current projections suggest that it needs to find £19.992m of savings between 2018/19 and 2021/22. The Council will therefore not be able to continue to meet the needs of its service users unless it makes significant changes to the way it delivers its services and takes some tough decisions to live within its means.

2.4 Services scope

The services are as follows:

- Leisure and Fitness;
- Outdoor Education;
- Countryside;
- Tourism, Marketing, Development and Visitor Information;
- Arts and Community Events;
- Youth Service;
- Management and Marketing of Visitor Attractions to include Caldicot Castle and Country Park, Tintern Old Station and Shire Hall, Monmouth; and
- Museums.

The above areas all represent a broad spectrum of facilities, services and programmes related to the provision of enhancing the health, fitness and personal wellbeing of the residents of Monmouthshire. A fuller description of these services is contained within Appendix C. A map showing the location of the assets are shown in Appendix D.

It makes sense to bring these services together as having undertaken a service assessment, it is clear there are distinct synergies amongst them, confirming the rationale that bringing them together as one entity would have been benefits as illustrated in Table 5.

Table 5 - Service Assessment

Service Objectives	Strengths & Opportunities	Weaknesses and Risks
Supporting an active and healthy Monmouthshire and a healthy lifestyle.	Excellent facilities with a wide range of activities & programmes.	Deteriorating condition of key sites & infrastructure and reducing staff capacity to address these issues.
Raising the profile of Monmouthshire regionally, nationally and internationally with a view to increasing visitor spend and extending the visitor season.	Professional industry qualified & knowledgeable staff with a customer focused approach.	Investment needed to keep visitor offer fresh & encourage return visits.

Service Objectives	Strengths & Opportunities	Weaknesses and Risks
A desire to become more financially sustainable by increasing visitor numbers, adding value to existing products and developing new products to attract new markets.	Proven ability to draw in funding with wider opportunities to develop joint funding bids with in scope Services to reduce duplication and maximise value against resource deployed.	Competition from neighbouring local authorities & private facilitators.
Providing learning experiences to enable young people to fulfil their potential as empowered individuals & members of communities.	Opportunities for coordinated & complementary marketing & new product development as part of a wider Monmouthshire Visitor Attractions & Museums Offer.	Pressure on budgets (expenditure), efficiency savings, inflated income targets.
Supporting volunteering to increase community participation levels and enhance service delivery.	Opportunities for further exploration of commercial concessions & partnerships & additional complementary services to enhance income streams.	Local Authority political & decision making processes can hamper innovation & creativity.

Source – Anthony Collins Options Report

2.4.1 Leisure and fitness

Our Purpose is to provide clean, friendly, accessible facilities and services for all our customers. Our Vision is that our facilities and activities are designed to enhance the quality of people's lives and improve the health of the communities that we serve.

2.4.2 Attractions

2.4.2.1 Caldicot Castle and Country Park

Our purpose is to provide a popular destination for school visits, family occasions such as weddings and private parties, caravan rallies, ghost walks, re-enactment and specialist themed weekends and memorable red letter event days as well as hosting large concerts.

The vision for the Castle in the Park is to be recognised as a premier castle heritage destination providing a strong focus for engaging with the local community and for visitors to South East Wales. We will encourage greater involvement and ownership through improved access, allowing the development of recreation, interpretation and education for all.

2.4.2.2 Shire Hall

Our purpose is to provide a high quality venue and other services to a wide range of people, including schoolchildren, community groups, tourists, wedding parties, art exhibitors and commercial business. We focus particularly on an extremely high standard of customer care.

Our vision (Helping to create wonderful memories) is to enable our visitors, both local and from further afield to connect with our rich history and explore our beautiful

building. We strive to ensure that, whatever the occasion, our guests' experience is as special, memorable and impressive as possible.

2.4.2.3 Old Station

Our purpose is to provide the best possible customer focussed, accessible tourist attraction while striving to generate economic and social benefits for the local community and also to the visitors to Monmouthshire.

Our vision is to successfully create a connection with our customers and employees as many may stay loyal for life, this will lead to giving us a chance to increase overall profitability while building a solid foundation.

2.4.3 Outdoor Education

Our purpose is to provide a high quality, cost efficient outdoor education and adventure activities across SE Wales and beyond.

Our vision is that our facilities and activities are designed to enhance the quality of people's lives and improve the well-being of the communities that we serve.

2.4.4 Green Infrastructure & Countryside

Our purpose is to make Monmouthshire a green and healthy place to live, work and visit, through a well-connected and accessible network of green and blue spaces which embrace our unique and special landscape and rich diversity of species and habitats, or put more succinctly "to support resilient & active environments for all".

Our vision is to enable active lifestyles and to work with others to maintain and enhance a living natural environment with healthy functioning ecosystems that supports social, economic and ecological resilience.

2.4.5 Tourism, Marketing, Development and Visitor Information

Our purpose is to increase the competitiveness of Monmouthshire as a year round sustainable tourism destination to grow the economic, environmental and social contribution of Monmouthshire's visitor economy.

Our vision is to achieve a strategically driven and coordinated approach to destination development, management and marketing to increase Monmouthshire's contribution to the regional and national visitor economy of Wales.

2.4.6 Community Events

Our purpose is to bring people together to enjoy themselves, to show off our Monmouthshire's most-loved assets and to generate income to invest in our county. We fuel ourselves on ambition and collaboration.

Our vision over the next couple of years is to position our organisation to actively introduce new events which complement the cultural assets of the county and support our county's current portfolio of events to grow and be sustainable - it's our collective aim to promote the profile of Monmouthshire to regional, national and international visitors.

2.4.7 Youth

Our purpose is to enable young people to develop holistically, working with them to facilitate their personal, social and educational development, to enable them to develop their voice, influence and place in society, and to make informed choices to reach their full potential.

Our vision is to lead the way, working collaboratively with youth support services to increase the youth offer to young people in Monmouthshire.

2.4.8 Museums

Our purpose is to promote well-being by making connections and encounters, providing experiences that are enjoyable, educational and lead to transformative change helping to create a happier society and stronger communities.

Our vision is that to be a dynamic museum service that plays a revitalising role in Monmouthshire's communities, act as agents of social change and promotes good and active citizenship. We look to connect the past with the present to inform and shape the future.

2.4.9 Business Success through Collaboration

Creating a new model of opportunity for the services will enable them to sustain and develop the good work that has already been achieved. As well as leading to significant benefits to the Council and the county, a new organisation will be in a strong position to promote healthier lives, to create inspirational experiences and to promote the vibrancy of the county as a great place to be. Bringing together the identified services will develop a progressive vision as an independent partnership involving and inspiring people, promoting and enhancing the positive benefits of leisure, cultural and community services in terms of health and well-being, learning, community development, creativity, social and recreational opportunities.

A thriving and progressive new delivery model will support local business, the visitor economy, community health and wellbeing, directly contributing to the Council's vision of resilient, sustainable communities. Our collective vision is of healthier, happier, fitter future generation – where obesity will not be harming children and limiting the wellbeing and health of future generations in Monmouthshire. Physical inactivity is the 4th leading cause of ill health in the UK – we will be enabled to galvanise our services into local communities to ensure we create more opportunities for service users and to reduce the likelihood of future illnesses thus playing a preventative role in these escalating to other statutory services.

Participation in sport reduces anti-social behaviour by preventing boredom, teaching life skills and diverting young people away from crime. We currently offer one night a week to a group of 70+ young people through shared delivery by leisure and youth service. We will be able to extend this offer throughout each town and increase service involvement to ensure our younger community members are engaged in a positive way.

We will deliver best value for every pound invested in the new model; including generating investment opportunities for the development and improvement of cultural, leisure and community services. Through collaborative funding applications, we will be able to have an effective and coordinated approach to improve the overall diet, physical activity and healthy weight of our community members. For example, through Green Infrastructure, Leisure and Outdoor learning we will be able to promote more walking and cycling opportunities that leads to less car travel, safer more welcoming streets, increased social interaction, supports local business and improved environmental sustainability and resilience.

Through an extended collaboration with community partners, we will be able to increase our offer from which to deliver activities and resources which support inclusion, empowerment, lifelong learning, skills development and literacy. We will work to create the places where we live, work, learn and play to enable community members to make the healthy choice the easy choice.

2.5 Financial Position

In the year 2016/17 TLCY recorded a net deficit of £3.424m as shown in Table 6.

Table 6 – 2016/17 Net Direct Costs

	Leisure	Attractions	Arts & Events	Youth	Outdoor Education	Museums	Tourism & Country-side	Total
Income								
Grants		7	0	136	509	46	135	833
Other Income	3,141	284	241	10	474	68	141	4359
Total Income	3,141	291	241	146	983	114	276	5,192
Expenditure								
Employees	2,784	422	50	642	599	304	774	5575
Premises	507	116	2	28	106	82	19	860
Transport	4	7	6	18	55	1	23	114
Supplies & Services	660	177	404	20	201	87	184	1733
Third Party	115	15	1	0	3		200	334
Total Expenditure	4,070	737	463	708	964	474	1,200	8,616
Net Deficit	-929	-446	-222	-562	19	-360	-924	-3,424

Source – MCC Financial Ledger

In 2016/17 the combined services generated £5.192m in income and cost some £8.616m to run.

The Council, like a number of local authorities, wants to review alternative methods for providing TLCY Services to the local community. This focus is driven by the fiscal pressures that local government continues to face and the increased demands on resources. As such, there is a need to establish delivery models that can provide more sustainable services.

With combined direct costs of around £3.424m (2016/17) and approximately 136 Full time equivalent (FTE) staff, these Services have contributed over £1.65m of revenue savings and generated £17m of income over the last four years. Costs are also expected to increase in 2017/18 resulting in a projected overspend of 150k.

There are now no more efficiencies to be had within the existing services without significant investment and transformation. Given the current period of austerity, if these services are to remain in the Council, the implications are detailed in Table 7, demonstrating a significant gap between the total costs of the services and the Medium Term Financial Plan (MTFP) allocation. These total projected costs take account of the 2017/18 pressures and the impact of projected inflation.

Table 7 - TLCY Services Projected Funding Shortfall

Year	MTFP Allocation £000	Expected Net Cost £000	Funding Shortfall £000's
2018/19	4,316	4,518	202
2019/20	4,241	4,614	373
2020/21	4,210	4,674	464
2021/22	4,178	4,736	558
2022/23	4,143	4,798	655
Total	21,088	23,340	2,252

Source – MCC MTFP / Financial Ledger/ ONS (inflation data)

The MTFP is currently showing a shortfall of 6% over the next four year period and if this was to be applied proportionally to all Services would result in a further increase in the funding gap by 2022/23 to £908k.

The 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. The current budgets do not allow for a planned replacement of vehicles and plant or to refresh equipment which has an impact on service delivery.

The Capital MTFP shows that the Future Schools project is the single biggest capital project for MCC for the next 4 years and funding for this programme relies heavily on utilising the capital receipts that are also due to be received in the next 2 years. This has meant that the Authority now has reduced flexibility to deal with any other capital pressures or take forward new projects.

2.6 Growth in Demand for the Services

However, declining budgets are just one of the challenges for the Council. Other challenges include demography, localism, the Well-being of Future Generations

(Wales) Act and inequality. Using demography as an example, life expectancies are rising across the country leading to an increased demand for public services. In Monmouthshire:

- The number of over 85 year olds will increase by 184% by 2036 yet the number of under 18s will decrease by 19% by 2036. This increased life expectancy will drive a greater complexity of need as older people are more likely to have medical conditions. And, with a decreasing number of younger residents there is likely to be a decrease in the potential for growth of the working age population, leading to a decrease in council tax income to pay for services.
- In addition both adult and childhood obesity is increasing in Wales, which will have long term impacts on quality of life placing further pressure on public services.

2.7 Requirements of the Well Being of Future Generations (Wales) Act 2015

The Well Being of Future Generations (Wales) Act 2015, introduced by the Minister for Communities and Tackling Poverty sets out a framework for Welsh Public Authorities requiring them to show how they are working towards well-being goals that will ensure the needs of the present are met without compromising the ability of future generations to meet their own needs. The Act puts in place seven well-being goals that public bodies must work to achieve and take into consideration across all their decision-making as detailed in Figure 3 that follows. As a direct result of the Act any plans for the future delivery of Services will need to ensure that that the seven well-being goals are addressed.

monmouthshire
sir fyny

Figure 3 - Well-Being of Future Generations (Wales) Act 2015



2.8 Rising Expectations of Service Users

Advances in customer services and technology also mean service users have higher expectations of public service and increasingly expect to:

- Interact with services 24/7 and access information and services through self-service platforms; make appointments for face to face meetings at a time and location convenient to them;
- Receive a highly personalised service that addresses them as an individual and involves them in decision making; and
- Experience a joined up service, both across Council services and between the Council and its partner organisations.

All of this means that service users will not be content with the Council's current service offer in the future. Although these advances will present opportunities for the Council

to use new technologies to meet people's needs more effectively there is a clearly a need to ensure that every aspect of the Services are fit for future purpose.

As part of engagement processes, we have conducted a recent service user 'What Matters' consultation. From the 1,200 responses received, these were the top 5 themes that mattered to service users:

- ✓ 28% - Staff: were approachable; knowledgeable; friendly and welcoming
- ✓ 24% - Accessibility: services were local; open regular and open to all
- ✓ 13% - Cleanliness: sites and facilities were clean; had good hygiene and standards
- ✓ 12% - Equipment: maintained; up to date; accessible for all and available
- ✓ 9% - Cost: prices are as low as possible; fair and worth the service receiving

2.9 How this Proposal will address the TLCY Challenge

The Council has already made a number of changes to address these challenges focussing on improving efficiency, effectiveness and value for money in the TLCY Services. For example:

- A successful 'Invest to Save' programme in Leisure Services whereby an investment of £250,000 in fitness suites lead to a return of £100,000 in the same year enabling on going and sustained growth in leisure memberships;
- Increasing commercial drive through innovation and enterprise whilst also increasing fitness levels, for example the introduction of the 'My Wellness' Cloud accounts;
- Optimising use of assets by broadening use such as offering visitor attractions as wedding venues and as concert venues;
- Developing new and existing partnerships such as working with the Aneurin Bevan Health Board by increasing participation in the National Exercise Referral scheme;
- Regular data and performance monitoring to measure success and inform business decisions leading to enhanced service delivery and customer benefits; and
- Innovation through better use of technology such as encouraging more service users to take up Direct Debit payments for services.

Over the last 4 years these changes have helped to deliver £1.65m of revenue savings and generated £17m of income, however the Council has approached the limit of savings that can be achieved. There is therefore a need to consider new ways to

deliver these Services whilst also ensuring that it continues to provide opportunities for local people to lead more active lifestyles.

In October 2015 Cabinet approved supplementary work to mobilise the TLCY Services within the context that any proposals would still ensure that it continued to address its four key priorities of **Education, Protecting Vulnerable People, Supporting Enterprise, Entrepreneurship and job creation, and maintaining locally accessible service**. Appendix A and B details how the Services currently deliver against the Council's priorities.

Any proposal for a new Service Delivery model would therefore need to ensure that it not only continues to meet the Council's priorities but also provides enhanced opportunities to:

- Access funding and tax efficiencies currently outside the scope of the Council;
- Freedom to market and trade its services;
- Increase flexibility and agility in responding to needs and change;
- Improve Services through innovation and a culture of enterprise;
- Introduce new 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;
- Empower and motivate staff thus raising productivity; and
- Offer higher levels of engagement through collaboration.

Cabinet also agreed this work would consider four delivery options which has subsequently been reduced to two delivery options which are:

- Transforming the Service in House; and
- Moving the Services into an Alternative Delivery Model.

The objectives of the proposal were to consider the right mix of Services to be included in the proposal; to identify the best Delivery Option applying the lessons learned throughout the development of the proposal. The proposal needs to identify the best possible delivery option to help the Council address the projected funding shortfall over the next four year period.

2.10 Access to Other Funding Streams

The Council is eligible to apply for capital and revenue grants from a variety of external organisations such as Sports Wales, National Resources Wales and the Heritage Lottery Fund. The ADM can also apply to these bodies, but in addition there are a number of new opportunities for grant funding that are not available to local authorities. This includes grants from Trusts and Foundations which could support the range of activities proposed to transfer to the ADM.

There is real potential for the ADM to draw down new sources of funding to support a range of projects and programmes as listed in Appendix E and to support the development of new partnerships, potentially with the third sector as well as supporting existing partnership arrangements.

2.11 Potential Savings and Commercial Opportunities

There are other channels from which new money might be generated:

- Sales of services to customers;
- Sales of merchandise;
- Cafes, food and coffee;
- Commercial tie ins and sponsorship;
- Contracts to provide services for other public bodies (schools, colleges, Welsh Government, police, NHS, etc.);
- Contracts to provide commercial services (e.g. professional services, training and consultancy);
- Membership schemes; and
- Individual donations.

1. Services which would benefit from being free to trade

- Leisure and Fitness – this will need a continuing subsidy, but has high potential to generate more of its income;
- Visitor Attractions (Caldicot Castle; Shire Hall; Old Station). These three services all require significant subsidy at present but would need to demonstrate that it could overcome barriers to generating new income in a very competitive marketplace; and
- Outdoor Education – already generating a small surplus annually from sales to schools, colleges and National Citizen Service (NCS).

These services should be freed up to develop as savvy enterprises, becoming even more dynamic and innovative. As they are competing in open commercial markets they would need to be able to structure themselves appropriately.

2. Services which help to create a positive and productive environment in Monmouthshire

- Countryside; and
- Tourism.

These services would need to become innovative, enterprising public services that are still reliant on the MCC grant but freed to find new ways to provide services, new partnerships and new sources of public funding.

3. Services which are provided direct to members of the public, where there is reasonable scope for attracting donations, contracts and grants but more limited scope for trading

- Youth Service.

This service would develop cultures which include elements of both 1 and 2. They may end up looking like value driven social enterprises, which still rely on grant support from MCC but develop new ways to involve stakeholders, donors and others to provide support.

Evidence from successful spinout services is overwhelming in emphasising the need for committed, effective leadership from the start of the process, by a team of people who want to take the new entity forward. This team needs to share a common vision and strong sense of ownership.

2.12 Strategic Case for Change

The Council has recognised the need to review the model of service provision for TLCY Services. There are a number of perceived advantages of alternative models, including:

- Greater speed of decision-making;
- Increased access to other funding streams;
- Ability to react quickly to market forces;
- Single focused body;
- VAT and National Non-Domestic Rates (“NNDR”) savings;
- Commercial revenue growth;
- Improved financial performance;
- Independence and ability to diversify;
- Sustainability of service provision; and
- Commercial empowerment for staff.

The review of the models of service provision for TLCY Services allows these perceived advantages to be explored across a range of options and against appraisal criteria that reflect the Council’s overall aims and objectives in its Corporate Plan and through the Future Monmouthshire transforming programme. This options appraisal forms the basis of the Economic Case.

2.13 Update Position

During the development process, Officers have visited a number of other Local Authority Alternative Delivery Models and witnessed first-hand the strategic advantages for both the respective Council’s and the ADM. These advantages have included the ability to recruit for and utilise specific skills which have added a different dimension to the commercial thinking of the ADMs, new and positive relationships with Council and other public sector services and the potential to work more closely with private sector partners in the pursuance of improved outcomes.

2.14 Conclusion

The main conclusions from the strategic case are that the ADM is the strategic preferred option because:

- It is in tune with Council priorities and will still allow Monmouthshire some ownership and influence over future direction;
- It will set the best financial conditions for the Services, enable teams to thrive and grow and continue to provide locally delivered services by our trusted workforce;

- It will ensure a commercial drive which continues to return money either back to improve services or to reduce Council subsidy, both being as equally important;
- It will provide a sustainable footing for non-statutory high value services that prevent ill health and promote wellbeing taking demand from critical Council services;
- The Services will retain a local distinctiveness;
- It aligns with the values of Future Monmouthshire and key partners;
- There is a significant funding shortfall for TLCY Services which is anticipated to increase to 655k by 2021/22 (table 7);
- The assets are suffering from a lack of investment and have a maintenance backlog valued at £4.4m (paragraph 2.5);
- Monmouthshire has a lack of capital capacity in order to invest in TLCY assets (paragraph 2.5); and
- A new model offers access to funding; savings and commercial opportunities (paragraph 2.10 and 2.11 and appendix E).



3. Economic Case

3.1 Introduction

The Strategic and OBC has demonstrated that there is an opportunity to review the model for the delivery of TLCY services which could help the Council deliver its objectives under the Future Monmouthshire transformational programme.

The purpose of the Economic Case is to select a preferred option for future delivery of TLCY Services. This assessment is informed by:

- The qualitative fit of these options compared against the Council's transformation objectives; and
- A cost-benefit analysis of the preferred option to demonstrating value for money.

3.2 Delivery Models

The OBC dated March 2017 identified an initial list of four strategic options for appraisal. Members have now agreed to progress only two options, options 2 and 3 as described in table 8. For the purpose of this FBC only these two options are now considered in more detail.

Table 8 - Delivery Options

Option	Description
Option 2 - Transforming the Service in House	The broad service delivery model remains the same however the Council would need to engage in a full service review to identify how the services could be delivered more efficiently and effectively to deliver the savings requirements.
Option 3 - Moving the Services into an Alternative Delivery Model	A group structure would be established to enable flexibility in the future should there be an appetite for community engagement and or service user ownership which could be delivered through a more co-operative or joint venture. In establishing its group structure the Council will need to ensure that the legal entities best serves its aims e.g., Company limited by shares, Company limited by guarantee, Community Benefit Society or Charitable Incorporated Organisation.

3.3 Advantages and Disadvantages of the Options

3.3.1 Option 2 – Transform in House

Advantages of transforming in House:

- The Council will have direct control over the strategic direction of the services;
- It is unlikely there would be any political or reputational impact resulting from changing the way the service operates;

- May result in further savings/income generation;
- The Council is experienced at delivering local services, although there will be changes arising from the full service review that can be managed within existing processes; and
- Some investment may be possible from the Council to underpin the development of new models.

Disadvantages of transforming in House:

- The savings generated through a service review are unlikely to meet the MTFP savings target in full given reductions in budgets that have already been experienced. This will likely require service reductions to meet any shortfall;
- There would be an inability to adapt to future spending pressures;
- Limited opportunity to improve the commercial offer and deliver an enhanced service due to funding constraints;
- Increased probability of reduced opening hours or price increases given the budgetary pressures;
- Charging (with some exceptions e.g. leisure) is unlikely to be popular with Monmouthshire residents;
- A shortfall in meeting the savings requirements may result in service reductions and consequent staff reductions. The lack of long term stability will impact upon staff morale and emotional wellbeing;
- Staff may be frustrated by a process which limits their capacity to innovate and develop new ways of working;
- Working within the existing confines of the Services and Council operations could mean that the level of service improvement is inhibited when compared with other models;
- The Council is limited in the sources of funds that it can access and in the amount and types of trading that it can carry out. This reduces the range of potential ways in which services might be developed and delivered in future; and
- Limited access to further or private sector funding.

3.3.2 Option 3 - Establish the ADM

Advantages of a new ADM:

- Would operate in a less restricted environment than the Council;
- Would be able to establish more effective decision-making processes to respond to the dynamic environment in which it will operate, thus maximising opportunities to generate higher levels of income and meet the needs of the local community;
- A new ADM board and its employees would be specifically focussed on the delivery of TLCY services in the Monmouthshire and would come with excellent knowledge of the services and current business operations;
- Would as a charitable entity, be able to optimise NNDR, VAT and tax benefits thus maximising resources for delivering services;
- There would be an opportunity for increased community involvement through representation on a new ADM board, targeting individuals who are not only committed to improving health and wellbeing in the area but also who have specialist skills and expertise to add real value to the alternative delivery model. Key skills would include finance, property, human resources, health and education;

- There would be an opportunity for the Council to be represented on the Charitable Board of the ADM of up to 20%. Members would be represented on the boards of the Teckal company and trading company (both wholly owned by MCC);
- Staff would be empowered through their ability to have a greater role in the management and strategic direction of the ADM, operating with commercial management whilst retaining social objectives;
- The Council would be the commissioner of the service and would retain strategic control defining the strategic objectives and outputs for a new ADM and monitoring its delivery of those outcomes;
- A new ADM could be developed for future expansion into the operation of other facilities and services on behalf of Monmouthshire and/or services on behalf of other local authorities;
- A new ADM would be able to access sources of borrowing and funding created specifically for not for profit distributing organisations including those that are charitable;
- Surpluses generated by the ADM would be ring-fenced for reinvestment in TLCY services, the details of which would be controlled through a management agreement;
- Opportunities to maximise gift aid as a charitable organisation;
- Low risk option with many local authorities having a proven track record in delivering high quality and affordable leisure services;
- There is the opportunity to fix funding (this could be on a reducing basis) for an agreed period, with an opportunity to re-negotiate funding at agreed intervals in the annual service plan to continuously prioritise the services to the needs of the local community. This gives cost certainty to both parties and will deliver better outcomes; and
- Corporate support services currently provided by the Council to TLCY services could be reduced creating further savings to Monmouthshire or generate an additional surplus for the ADM to re-invest in services or increase its reserve for future sustainability. Some services may be purchased through a service level agreement/contract. However, where support services are substantially associated with the service these individuals could be TUPE transferred to the new ADM.

Disadvantages of a new ADM

- The Council would retain strategic control through a management agreement and limited representation on the Board but would no longer be directly responsible for the day to day delivery of the service;
- There would be set-up costs attributed to the formation of the ADM such as establishing a management/administration base, establishment of a trading reserve, associated professional fees and potentially additional staff costs, e.g. a Commercial Director, as well as marketing and rebranding costs;
- Support services could be purchased from other providers, although staff significantly attributed to the TLCY services would TUPE transfer and the remaining elements would need to be identified and budgets transferred; and
- An ADM would be considered as a single entity organisation and as such could be more susceptible to peaks and troughs in its operation.

3.4 Qualitative Evaluation Criteria

The preferred option for delivery is required to be aligned to the Council's objectives. These objectives as shown in Table 9 were used as the basis to form the qualitative criteria to assess each delivery option.

Table 9 - Qualitative Evaluation Criteria

Title	Objectives
Quality	The option will deliver the set quality standard agreed with stakeholders and has the ability to adapt and improve over time.
Operational Efficiencies	The option presents a clear opportunity for driving operational efficiencies through expertise of management, economies of scale and a commercial outlook.
Commerciality	The option provides enhanced long-term commercial viability for Culture and Leisure assets, based on skill sets, experience and sectorial understanding.
Community	The option provides opportunities to engage with and benefit the wider community.
Accountability and Governance	The option provides the Council and community with a degree of transparency, flexibility and comfort over the ongoing delivery of the services and the council's interest in the services.
Resources and Investment	The option provides for the effective utilisation of resources and investment to allow for the successful delivery of the services in sustainable manner. This included staff and managerial resources working together to realise the governing organisations goals and objectives.
Reputation & Political Considerations	The option is unlikely to present materially substantial objections from the Council's stakeholders.
Risk Management	The option provides opportunity to manage the relevant risks associated to service delivery.
Education	The option provides learning experiences to enable young people to fulfil their potential as empowered individuals & members of communities through the provision of an adequate Youth and Outdoor Education Service
Protecting Vulnerable People	The option supports an active and healthy Monmouthshire and a healthy lifestyle through the participation in physical activity, offers support to those most vulnerable NEET 16-24 year olds in order to sustain education, employment or training and reduce the potential for youth unemployment.
Supporting Enterprise, Entrepreneurship and job creation	This option raises the profile of Monmouthshire regionally, nationally and internationally with a view to increasing visitor spend and extending the visitor season. It seeks to create links with local businesses to provide opportunities to buy and sell services
Maintaining locally accessible services	Providing a full range of leisure services in Monmouthshire towns. Investing in buildings and green infrastructure to create quality spaces that will attract greater visitor numbers and improve financial viability.

Source: The criteria referenced above are contained within Appendix G

3.5 Delivery options assessment

3.5.1 Assessment criteria

Each of the options were assessed against the criteria described above. To capture the importance of each option to the Council, these options have been weighted and this is set out below:

Table 10 - Criteria Weighting

Option	Weighting (%)
Quality	20
Operational Efficiencies	15
Commerciality	15
Community	10
Accountability and Governance	5
Resources and Investment	5
Reputation & Political Considerations	5
Risk Management	5
Education	5
Protecting Vulnerable People	5
Supporting Enterprise, Entrepreneurship and job creation	5
Maintaining locally accessible services	5
Total	100

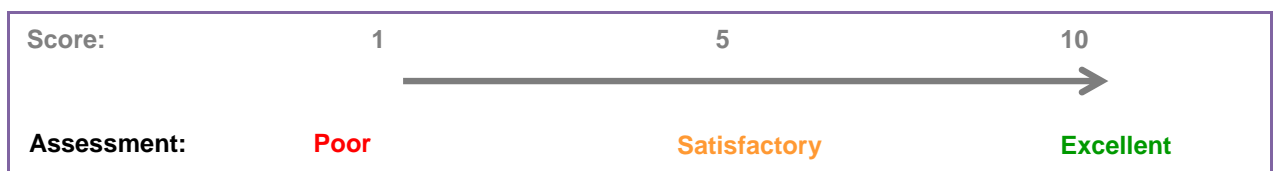
Source – Project Team

The weightings were agreed by the Project Team prior to the evaluation workshops.

3.5.2 Scoring Range

The options were scored against the criteria using the following scoring scale:

Figure 4 - Scoring Criteria



3.5.3 Appraisal Method

The options appraisal was undertaken by the Project Team at workshops in November and December 2016. The attendees had representation from across the following Council services:

- Staff from leisure, outdoor learning, youth and countryside services;
- Members of the Future Monmouthshire Team and MCC Officers;
- Senior Leadership team including Finance and Property; and
- Elected Members.

The scoring was completed in groups, with a full group discussion on each criteria across all 4 options, with a consensus score being taken. A detailed summary of this workshop is provided in Appendix F and G.

3.5.4 Delivery options evaluation summary

The table below summarises the assessment of the two chosen options against the qualitative criteria. It shows that the highest scoring is the ADM delivery option:

Table 11 - Qualitative Assessment Summary

		Option 2	Option 3
Title	Weigh- ting %	Transform Service in House	Moving the Services into an ADM
Quality	20	5.0	8.0
Operational Efficiencies	15	4.8	8.2
Commerciality	15	3.8	7.4
Community	10	6.0	7.8
Accountability and Governance	5	6.6	6.2
Resources and Investment	5	4.6	7.6
Reputation & Political Considerations	5	6.2	7.2
Risk Management	5	5.0	6.2
Education	5	6.0	8.0
Protection of vulnerable People	5	7.0	8.0
Supporting Enterprise	5	5.2	7.2
Maintaining Locally Accessible Services	5	5.8	7.6
Total score	100	66.0	89.4
Ranking		2	1

The preferred option, the ADM, scored 89.4 being 23.4 marks higher than the option of transforming the service in house. The preferred option is to move to an Alternative Delivery Model. The key points of the appraisal were:

The scoring matrix and accompanying papers created good discussions with participants and enable in depth exploration of each option against the criteria set.

Both Options 2 and 3 created the most discussion, with good reasons given that could warrant choosing either of these options. There is caution for option 2 in relation to sustainability in future years with continual reduced funding.

The summary of justification and commentary for these scores are set out in table 12. For full details and analysis of the workshop, refer to Appendix F and G.

3.5.5 Options appraisal workshop commentary highlights

Table 12 - Options Assessment Workshop Commentary

Criteria and weighting	Option 2: Transform in House	Option 3: Moving services to an Alternative Delivery Model
1. Quality (25%)	The services would require significant review to continue delivery in house to the same quality, which would result in either reduction or investment. Know business and structures already in place.	The organisation would be set up with a set of measurable objectives. This would allow the Council to have a degree of control over the quality. The flexibility and strategic focus by the organisation could allow an improvement in quality.
2. Operational Efficiencies (20%)	The Council currently has access to some economies of scale for items such as support services but there is acknowledgement that staff morale is already low from driving previous efficiencies.	This organisation would be able to buy in the expertise requirement to implement efficiencies. It would be able to continue to take advantage of the economies of scale available to the Council in areas such as support services.
3. Commerciality (20%)	This option is perceived as being able to provide a commercially focussed service but due to the size of the Council and competing priorities, it is unable to react to all opportunities. The ability to provide an enhanced service over time may be challenging.	The existing staff and expertise would build a strong foundation to the organisation. Able to supplement the team with the required expertise.
4. Community (10%)	Continued opportunity to engage with local community in a more cohesive approach; however would still reach the same cohort.	The outcomes were deemed to be similar to the current situation; however, there would an increased focus due to the specific remit of the organisation.
5. Accountability and Governance (10%)	As services staying in house continues to allow for full transparency and accountability.	As it would be within the Council's group structure, there would be more visibility than the private sector options.
6. Resources and Investment (5%)	After transformation there is an ability to share resources and access capital. Services would do less well as cannot sustain current model.	There are efficiencies of using the structure which provide opportunities for re-investment. Downside is the Council will still need to fund the service deficit.

Criteria and weighting	Option 2: Transform in House	Option 3: Moving services to an Alternative Delivery Model
7. Reputation & Political Considerations (5%)	There would be limited impact to the general public.	A potential pressure from stakeholders as legal structure is not fully understood. More accepted position than the private contractors.
8. Risk Management (5%)	The risk still ultimately rests with the public sector.	Same as option 1, the risk still ultimately rests with the public sector.
9. Education (5%)	Transform in house will attempt to ensure learning programmes are available across venues and services. The services would maintain service position e.g. leisure, outdoor education, youth.	One of the key areas of ADM would be a learning and educational development. Some services more than others although all contribute to ensure that there is a coordinated approach.
10. Protecting Vulnerable People (5%)	The Council prioritises keeping people safe and is part of the All Wales Safeguarding policy – stays the same	The council prioritises keeping people safe so the ADM would need to agree the standards expected of the authority and comply. The Teckal services would be as existing MCC services now.
11. Supporting Enterprise, Entrepreneurship and job creation (5%)	Working with colleagues in Enterprise/MCC and business to promote a culture of growth.	Working with colleagues in Enterprise/MCC and business to promote a culture of growth and opportunity. The culture of permission and swift action is one of the major benefits of ADM models. Jobs could be created.
12. Maintaining locally accessible services (5%)	Attempt to further transform services through restructure and prioritise service offer	Services in Teckal would continue to deliver local services – all services as per in house transformation would prioritise service offer run by local board

Source: Options Appraisal Workshops

3.6 Analysis of Costs and Benefits

The outcome of the qualitative assessment of the options has highlighted a transfer to a new ADM as the preferred option. In this section an analysis of costs and savings has been undertaken for the two shortlisted options to consider the value for money of implementing the new delivery model. Costs and revenues are analysed further in the Financial Case.

3.6.1 Costs

The creation of the new ADM will result in additional running costs which will need to be taken into consideration when analysing against the transform in house model. These costs may not necessarily be greater than the full back office and management costs of the services in-house and it is possible that the running costs could be less than the current overheads of the services in the Council at present. The costs are based on Anthony Collins' experience of other ADMs and Leisure Trusts and are described overleaf.

Implementation Costs	
Option	Implications
Transform in house	Potential redundancy costs
Move to a new ADM	One off costs of 155k for further professional advice (legal, VAT and taxation), staff secondments, branding and marketing but excludes the cost of redundancies

Support Service Costs	
Option	Implications
Transform in house	No change
Move to a new ADM	TUPE transfer of staff and budgets. Any remaining services provided to the ADM would attract VAT so beneficial to the ADM to provide its own back office functions. Any specialist costs would need to be identified in the full business plan but would be expected as part of the culture of the ADM and would not involve any additional costs. The initial impact for MCC is estimated at 143k, with potentially a further 71k at the end of year 3 and £109k at year 5.

Management Fee & Profit Margins	
Option	Implications
Transform in house	None
Move to a new ADM	Improvement in the authority's partial exemption position. Improved trading position through operating the service in a more commercial manner. Profits would be retained within the county and applied to service sustainability and improvement.

Pensions	
Option	Implications
Transform in house	No change
Move to a new ADM	Would apply for admitted body status in order to provide the continuation of the pension scheme under TUPE transfer. An actuarial valuation would be needed to attribute a deficit prior to transfer

Capital investment	
Option	Implications
Transform in house	No change – limited capital resources and reducing planned and reactive maintenance budget
Move to a new ADM	Property Condition surveys have established the value of backlog maintenance required. Surpluses will be reinvested. Funding and management agreement will determine maintenance budgets

3.6.2 Benefits

The analysis considers two main areas of financial benefits – NNDR and VAT changes.

3.6.2.1 NNDR

The NNDR savings assume that part of the ADM will be made up of a registered charity and that the application for charitable status will be approved. The detailed NNDR savings are set out the financial case.

NNDR Relief	
Option	Implications
Transform in house	No relief as NNDR costs would remain constant
Move to a new ADM	Part of the model would include a body with charitable status and could attract discretionary relief

3.6.2.2 VAT

It is expected that part of the ADM will have charitable status and consequently certain income it generates will be exempt for VAT purposes under the VAT Sporting Services and Culture

Services exemptions, and this can provide VAT savings. The financial case details the approach to the calculation of VAT savings. More detailed guidance is contained within appendix J.

VAT Relief	
Option	Implications
Transform in house	No relief at present – Vat Consultants have indicated that if HMRC Ealing ruling was applied to current year, Leisure services would benefit by circa 250k however the authority would breach its partial exemption limits and would have to pay extra VAT of circa 620k. This results in a net cost to the authority of 370k.
Move to a new ADM	There could be an improvement on current trading assuming sport and cultural supplies are exempt however this would be reduced significantly through the awarding of a grant to cover the service deficit.

3.6.2.3 Operational Efficiency Savings

As part of moving to an ADM model, there is the potential to realise a level of operational savings driven from either an increase in revenues and /or a reduction in costs. This is based on the track record of other similar organisations. However, these savings are not guaranteed and at this stage of the business case process, have not yet been developed. For the purpose of this analysis to ensure a prudent result, no efficiency savings have been factored into the analysis.

Improved Operational Income	
Option	Implications
Transform in house	Scope for some small improvements by prioritising certain service areas over others
Move to a new ADM	Direct control and increased autonomy would improve operational income. Potential to tender for other local authority services

3.7 The Preferred Option

The options appraisal concluded that the ADM is the preferred option which will take the form of a group company structure including a local authority controlled company, a charity and a trading company. This was the result of qualitative assessment agreed with representatives of the Project Team. This qualitative result is supported by the financial analysis which yields a net financial benefit compared to the transform in house option. The key differences from the other options are noted as:

- The organisation having objectives which can be aligned to the Council;
- The organisation has a stronger ability to adapt to services requirements and customer feedback through the focus of the organisation;
- The Council maintains an element of visibility and governance over the organisation;
- The organisation has the ability to attract the correct skill sets to improve services going forward and potentially other sources of funding; and
- There is a strong net benefit from the setup of the ADM, which could be reinvested into the services and/or off-setting the management charge paid by the Council.

It should be noted that the preferred option was selected based on the qualitative data and supported by some financial benefits, in other words, the VAT and NNDR savings. It has taken into account some potential operation efficiencies or the potential for increased commercial return.

3.8 The ADM

In the UK, a significant number of local authorities have developed ADM's or Charitable Trusts for the management of their leisure and/or cultural services with the size, scale and detailed operation varying depending on each council's circumstances.

The majority of culture and leisure facilities require subsidy to a greater or lesser degree, so it is normal for local authorities to fund the operating deficit by way of a management charge which represents the cost of the ADM providing services on behalf of the Council. The Council retains control and ownership of the assets and, being the main funder, has continuing major influence over policy.

From an operational perspective, the ADM would deliver the services through the existing staff base that would transfer from the Council to the ADM under transfer on the basis of TUPE from the Council to the ADM.

3.9 Key Drivers

The key drivers for changing the current delivery model include:

- The ability to hire new skills and focus on the commerciality of the services available, allowing them to adapt and quality to improve going forward;
- The Council still maintains an element of oversight and the objectives are aligned to its objectives and those of the Well-being of Future Generations (Wales) Act;
- The potential ability to use savings for reinvestment into the services and assets; and
- The ability to generate new income streams or commercialise existing income streams to maximise income and offset against required savings.

3.10 Conclusion

The Conclusions for the Economic Case are as follows:

- The "transform in house" has not been selected as this option would not allow the full potential and opportunities to grow and develop these services;
- The preferred delivery option for the services associated with the TLCY assets is through an ADM (table 9). The model is structured in 3 parts;
 - Charity – this offers financial savings; allows access to funding; is a not for profit organisations as is seen as " non-commercial" – addresses council key concern
 - Teckal Company. – MCC would retains control over services but would allow some limited flexibility for commercial operation
 - Trading Company to take advantage of trading opportunities and reinvest profits back into the Charity through "gift aid";
- The financial benefit is the result of VAT and NNDR savings against the additional costs of running the ADM. These savings are unlocked with the selection of a charitable part of the ADM as the preferred delivery option;
- Long term sustainability of the model should be a key priority and that if a model is established simply to reap only the VAT and NNDR benefits with no reinvestment into the facilities do not achieve long term development and sustainability; and.
- There is a potential impact to the Authority of the ADM choosing to source its support services from elsewhere. The initial implications for the authority have been estimated at 143k with a further 71k at the end of year 3 and 109k at year 5.

4. Commercial Case

4.1 Introduction

The various options have been considered and it has been determined that a 'Teckal' Company, a Trading Company and a Charity is the preferred option for the vehicle to provide the services to the Council. The options and advantages and disadvantages are set out in appendix H. A number of different considerations regarding the future commercial and operating structure of the ADM have been considered. This section develops the analysis regarding the important commercial and operating considerations for the ADM.

The assessment has been informed by:

- A discussion regarding the ADM structure, governance and commercial arrangements;
- A description of the issues related to the provision for support services and repairs and maintenance arrangements; and
- Regulatory and staffing arrangements.

4.2 ADM Structure

4.2.1 Options

The key issues to consider on formation of the ADM are:

- The type of organisation to set up;
- The type of corporate structure to choose; and
- Registration and ongoing regulation formalities.

There are a number of different options typically considered for ADM's. The recommended options are listed and summarised below. More details are provided in Appendix H with an analysis of the benefits and disadvantages for each.

4.2.2 Company limited by shares (CLS)

The ADM would include a CLS which is the most common type of private company and is a frequently used vehicle for 'Teckal' companies. CLSs have a 'share capital' which shareholders are obliged to contribute to and in return they can receive a share of the profits based upon their shareholding. The liability of shareholders' is limited to their value of their shareholding and Directors are also protected providing they act in accordance with their Directors' duties.

CLSs are regulated by Companies House and subject to the Company Act 2006 and associated regulations.

4.2.3 Company limited by guarantee (CLG)

A CLG does not have to be charitable, but it is the most common structure usually employed when creating a new charity. The key features of this structure include:

- It is incorporated under the Companies Act 2006 without issuing shares but instead the member guarantees a sum of money in the event of insolvency;
- It gives the company, and its members, limited liability in respect of the debts and obligations of the company;

- The directors have duties and responsibilities under the Companies Acts and additional duties as trustees once the company is a registered charity; and
- It is regulated by both the Companies Act and the Charity Commission.

After incorporation, an application to Charity Commission will be made to obtain charitable status. Once the Charity is formed it would enter into a number of agreements with the Council including the Licences, the Service Agreement and the Support Services Agreement. The directors will have to comply with both the requirements of the Companies Act and Charity Commission.

4.2.6 Charitable Trading Subsidiary

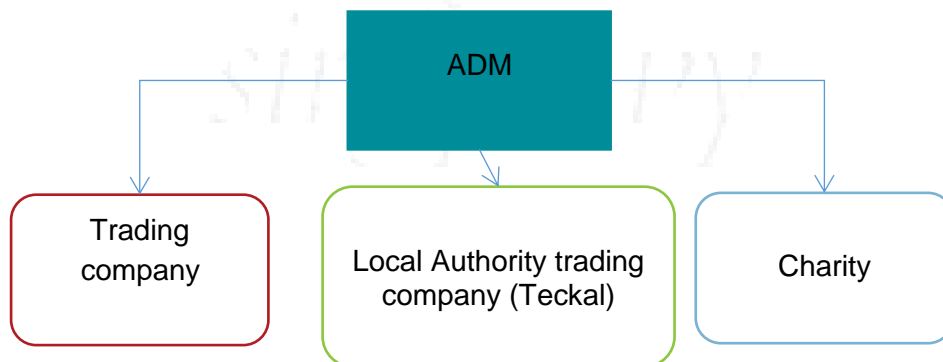
Irrespective of which option is chosen, it is anticipated that the Charity arm of the ADM will eventually require a Charitable Trading Subsidiary to undertake all non-primary purpose activities. These include all activities that do not fall squarely within the charitable objectives of the organisation (e.g. bar, café and rental of business spaces).

4.2.7 Summary

The review undertaken by Anthony Collins has recommended that the best option would be to establish a group structure comprising of a local authority 'Teckal' company, a separate trading company and a separate charity. The structure offers the protection and familiarity of the Companies Act, supported by clear and established legal precedents over the rights and obligations placed on the members of the Board.

An organisational structure that adopts this approach is defined in the following diagram. This is the model that is proposed in terms of this Final Business Case:

Figure 5 ADM Recommended Structure



4.3 Procurement Requirements

The law with regard to EU procurement, and its application to the proposed structure, is complex. One of the more significant areas of concern will be the Council's ability to demonstrate that it is complying with its procurement obligations. The recommended structure enables MCC to contract directly with its wholly owned Teckal Company without going through a procurement process and MCC can award a grant directly to the Charity. Procurement regulations and procurements routes were previously considered in the OBC and are now included within appendix W for information purposes.

4.3.1 The Grant Agreement

MCC would award a grant to the charitable arm of the ADM, which is not subject to procurement requirements. However, it is essential to ensure that it is a grant arrangement and not a de facto service contract, called by a different name. MCC will need to:

- Award the grant with specified outcomes rather than having more detailed service specifications and KPIs as would be the case with a services contract; and
- Ensure that clawback or repayment of the grant is an appropriate mechanism for any breach and withdrawal.

4.3.2 Award of Services

The Anthony Collins recommended proposed structure would not need to comply with procurement regulations as the Council can award contracts directly to its wholly owned Teckal company and can award a grant to the charitable organisation to provide services.

4.4 Governance

In simple terms Governance is a process which involves the right people making the right decisions based on the right evidence and advice and in full knowledge of all known risks, benefits and detriments, together with the right implementation processes.

- The right people – are those who are empowered to take such decisions either through regulation or delegated authority.
- The right decisions – are those made for the benefit of the organisation that the decision makers represent and one which they are empowered to make and one which is evidence based.
- The right evidence – are the ascertainable facts, their known consequences and due diligence undertaken on all the assembled evidence to ensure it is fit for purpose.
- The right implementation – are the right people undertaking the right roles and responsibilities, within the right timescales and with the right degree of oversight.

In practice, decision making is taken at many levels across an organisation and the governance framework has to be robust enough to enable the organisation to function effectively but with the right level of control and scrutiny in place to manage all the potential organisational risks.

The governance structures of each organisation will vary but there will be a focus on achieving key objectives or managing key risks; in the case of the public sector these can be mandated or regulated, in the voluntary sector it may be a moral or ethical objective and in the private sector primarily commercial.

Monmouthshire County Council currently has to demonstrate compliance with “The Good Governance Standard for Public Services” which focuses on the six core principles of good governance. These are;

- Focussing on the organisation’s purpose and on outcomes for citizens and service users;
- Performing effectively in clearly defined functions and roles;
- Promoting values for the whole organisation and demonstrating the values of good governance through behaviour;
- Taking informed, transparent decisions and managing risk;

- Developing the capacity and capability of the governing body to be effective; and
- Engaging stakeholders and making accountability real.

Governance is extremely important and has a number of strands. Effective governance can lead to improved services and greater accountability to users and other stakeholders. Governance will be influenced by the structure of the ADM; the Articles of Association will determine how the companies will be run and similarly, the charity must abide by charities law which regulate their activities. Members of the Council will be on the board of the ADM's, subject to their duties as a director (or trustee) of the company but also must be mindful of the key importance of the conflict of interest issues but this does and will create a strong link between the Council and the ADM.

The service specification agreed between the Council and the ADM would drive governance in terms of the requirement for compliance with its terms. The management and governance structure integral to the ADM itself needs to be a robust structure with clear reporting lines to facilitate the communication of key issues. An audit review of the required structure will be carried out during the implementation process.

In terms of the relationship between the Council and the ADM, how the ADM reports to the Council's governance structure will need to be established so that such issues as the business plan and periodic reports are submitted regularly to the Council. It is anticipated that the CEO will at least present an annual report to Council.

The governance and accountability for these arrangements will ensure that safe, sustainable services will continue to be provided to its communities and services users. Also, the new organisations will continue to be accountable to the Council and its communities for the provision of those Services and ultimately in assisting the Council to discharge its statutory duties. The required assurances and protections are to be embedded in a number of ways, mainly:

- Through an effective governance architecture for the new ADM;
- Through MCC's governance arrangements that it puts in place to enable it to continue to have a role as both facilitator and potential strategic partner to the ADM; and
- Through the legal contractual arrangements that the Council will put in place in respect of the provision of the Services.

However, the legal structure alone may not be enough to deliver the changed ethos and culture that such a radical transformation within the ADM may require. This would need to be embedded at the heart of how the ADM conducts itself and how it remains accountable through its governance arrangements. It is important not to underestimate the culture-shift that is necessary to successfully move from existing work practices where funding for work has generally been a 'given' to a more competitive environment. However, the transition will also provide opportunities for innovation, creativity and for doing things differently.

4.4.1 ADM Boards

The governance structure and framework that will be put in place should be focused on the delivery and safeguarding of the new organisations objectives. There should be sufficient scrutiny to ensure that the objectives have a high degree of being successfully attained.

Company Law requires the appointment of some statutory Directors and this will vary according to Articles, size and type of company. The number of Directors should however be a reflection of the company's objectives, risks and challenges. Company directors because they carry

statutory requirements are exposed to personal professional risk and their remuneration package usually reflects this.

Non-Executive Directors are not employees of the Company although may be remunerated. Their role is to provide independence and add value and critically are often appointed to roles where impartiality is necessary e.g. strategy development or risk management.

It will be vital to get a Board which has the right skills to be able to deliver the aims and objectives of the ADM and ultimately, their business plans. This would benefit from the injection of new entrepreneurial skills to:

- Spot the opportunities available and to take advantage of them; and
- Have change management skills – to help staff manage the transition from in-house provision to life in a new ADM.

Anthony Collins has prepared a paper on the Board structure, duties of directors and the suggested make-up of the Board. This paper is provided as a separate document to the overall business case.

Initially the Boards of both the Teckal Company and the Trading Company will comprise three non-executive directors and two executive directors nominated by Monmouthshire County Council. The Board could later decide to increase its numbers to also comprise other officers and independent non-executive directors. Anthony Collins have also made the following recommendations:

- Either Cabinet, or relevant Members with delegated authority, exercises the shareholder function, with appropriate support from officers;
- The Boards of the Teckal and local authority trading companies are made up of a mixture of officer directors and there may be a need to look externally for specific experience or expertise, independent non-executive directors. The Boards of the Teckal and trading companies can be identical; and
- If the Council decides that it will appoint any Members as directors of either the Teckal or trading companies or both, there should be sufficient other directors appointed to mean that, even if a Member director has a conflict of interest, a quorum is still possible for meetings and decisions can still be taken. Equally, if any Members are appointed then the Council will need to be confident that it can continue to take decisions effectively itself.

There are two options for a charitable company limited by guarantee, in terms of its membership and board:

- The charity's company members and its board of directors are the same people; or
- The charity's company members include the directors, but also other individual or corporate trustees.

If the Council chose to be a member of the charitable company (and therefore a trustee) then it would need to bear in mind the distinction between the Council and the Council as charity trustee and manage any conflicts of interest, as well as ensuring that in its capacity as trustee it acted in the best interests of the charity. The Council could choose instead to nominate trustees – officers or Members that would be members of the company and on the board of directors.

The significance of the charity's need to apply its objects is a need for greater independence than will be given to the Teckal and trading companies. This indicates that it needs a different Board (entirely or partially) to the other two companies. There can, however, be some overlap, and this does not mean that the Council cannot nominate or appoint directors. Indeed, in many other Trusts, the local authority appoints a portion of the Board.

The recommended structure for the Charity is for a Board made up of nine trustees of which two will be appointed by the Council. The remaining trustees would be appointed following a recruitment exercise. Preferred skills would include; knowledge of charity law; audit and finance experience in a charity; commercial background; breadth of knowledge; sales and marketing; working with the community and sustainability and volunteer engagement.

4.4.2 ADM Governance Function

The ADM's Articles of association will provide the basis of the rules and regulations it will operate in and these will enable the ADM to manage its internal affairs and the conduct of its business. The Articles of Association is a document that contains the purpose of the company as well as the duties and responsibilities of its members defined and recorded clearly. The Charity Commissions web site provides details of draft Model Articles of Association which provides an insight into what may be included within the ADM's articles. [Articles Link](#)

The overall responsibility, and liability, for the actions of those managing the charity rests with the trustees. It is therefore essential that trustees give both clear guidance and establish thorough reporting systems to ensure that they make the appropriate decisions about the overall direction of the charity and ensuring those decisions are enacted. As each trustee is jointly and severally liable, it is important that decisions are taken by the board as a whole, meeting together in order that they may hear arguments either in favour or against a decision before casting a vote on a proposal.

No matter how effective a board of trustees, it may not be possible for the trustees to have 'hands-on' involvement in every area of the charity's activities. The Board therefore controls the charity but will delegate day-to-day responsibility to the senior management team, except for those matters that are the sole preserve of the board of trustees. It is then the responsibility of the Chief Executive, and senior management team where appropriate, to implement the decisions of the trustees and report back to the board via the agreed monitoring process.

The Board will exercise their responsibilities by clearly setting out in the business plan, the policy guidelines within which they expect the management to operate. They will set out the short and long-term objectives of the organisation and a system for ensuring that Management act in accordance with these directions. They will also put procedures in place for measuring progress towards corporate objectives. Therefore the key decisions taken by the Board will be concerning:

- business strategy, including operating, financing and risk management policy;
- the annual operating plan and budget;
- acquisitions and disposals that are material to the business;
- authority levels;
- approval of financial statements

The CEO and Management Team will therefore be responsible for;

- all day-to-day management decisions;

- ensuring that the ADM Group is organised and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy;
- ensuring that expenditures of the ADM Group are within the authorised annual budget of the ADM Group;
- assessing the principal risks of the ADM Group and ensuring that these risks are being monitored and managed;
- ensuring effective internal controls and management information systems are in place;
- ensuring that the ADM Group has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- ensuring that the ADM Group maintains high standards of corporate citizenship and social responsibility wherever it does business;
- communicating effectively with, employees, Government authorities, other stakeholders and the public.

4.4.3 Other Key Strategic and Policy Governance for the ADM

Excepting the Board of Directors, there are three strategic issues where sub-committees of the Board may prove valuable and where the Board would benefit from Independent scrutiny. These are;

- Audit & Risk Committee
- Remuneration Policy Committee
- Commercial Development & Pricing strategy

The first two are self- explanatory, the third committee however is the key strategic ingredient to the new Group's success. This is because any decisions taken in this area will have repercussions for local communities, receive the attention of the hundreds of affiliated partners and will create a political reaction. For this reason such proposals will need to be properly considered as they will be the primary source of reputational risk.

Transformation from Council function to the ADM which would include harmonisation and rationalisation, should be the province of a specific lead officer. The Process of transformation itself should be managed by the Board.

4.4.4 Operational Governance Framework.

Whilst the Board has a fundamental duty to the company and its well-being, any sub committees of the Board will need to have well defined terms of reference.

At a strategic leadership level Board Directors should be aligned to the key objectives and risks of the company and reflected in their job descriptions and powers

At an operational level throughout the organisation there will need to be a set of documents which guide the day to day activities of the company. These will include;

- The Constitution (articles and memorandum of association)
- Contract standing orders
- Scheme of delegation
- Financial Regulations
- Policy Framework
- Statutory requirements not included in the above
- Risk Management Framework

For the purposes of transition it is suggested that the Board adopts the operational practices of the local authority until it can establish its own guidelines. A list of the policies to be initially adopted are shown in appendix Y

4.4.4 Council Governance Function and its Role as a Facilitator and Strategic Partner

MCC will need to give consideration of the amount of ownership and/or control it wants to have in relation to the new ADM. This is also dictated by overarching requirements e.g. the ability of the charity to be able to demonstrate its independence from the state. This will include consideration of what may be appropriate for Council representation on the new ADM, whether at Board level or otherwise and as indicated above, the terms and remit of any shareholders agreement entered into if MCC will continue to have some ownership in the ADM.

The ADM will involve a charity, and MCC will not be able to enjoy the same levels of control or board involvement that it may have in the 'Teckal' compliant company. The approach will need to be different for the various companies within the ADM.

MCC will continue to have a vested interest in the ADM's continued success but would need to see its role as one of a facilitator, collaborator and strategic partner, particularly in relation to any on-going grant funding arrangements or service contracts and the general way in which MCC and the new ADM will continue to work together. It would be helpful to reflect this in a form of **Collaboration Agreement** which will detail how MCC and the ADM will work together to deliver their aspirations for these Services and the communities which they serve.

There are a whole range of safeguards and monitoring and reporting requirements that that MCC can put in place in its grant arrangements with the new ADM.

4.4.5 Wider Governance

In respect of wider governance considerations, the Council will need to evaluate the range of stakeholders it wishes to engage in the Services and the means in which it will do so, whether through formal ownership of the new local authority company or through providing them with an effective voice and rights enshrined within the company's constitutional documents, primarily through its Articles of Association and establishing some form of multi-constituent rights for the various stakeholders involved. Anthony Collins recommend either Cabinet or relevant Members with delegated authority, exercise the shareholder function.

The focus on staff or community involvement may dictate whether there would be representatives of those groups appointed to the Board of Directors of the local authority company or whether they would be involved in less formal capacities such as holding regular staff and community forum meetings. There is a fine balance to be struck between ensuring that the governance is fit for purpose and appropriately inclusive, without making it unwieldy or impeding the ability of the Board to get on and make decisions about the Business. This is also true for the degree of ownership and control that MCC may wish to continue to have in relation to these Services.

4.4.6 Management, Staff and Governance

Staff would transfer with their existing terms and conditions of employment under the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE), whilst observing The Code of Practice on Workforce Matters. The ADM will also apply to be admitted to the Greater

Gwent Pension Fund. All other local authorities who have set up a Trust / ADM have been successfully admitted previously.

A Board, Chief Executive Officer and Management Team will be need to be appointed and tasked with guiding the ADM through its early years, ensuring that the transferred services are maximised for the benefit of the general public in the Monmouthshire County Council area – opening these services up to those not only geographically situated in Monmouthshire, but also to those visiting.

It is proposed that the Council will initially continue to provide some core back office support to the ADM on its establishment. These services will be subject to negotiation and the ADM will be free to source these services from elsewhere.

The ADM will be run as a wholly separate entity from the Council with its own governance and board structure. The Council will need to determine the exact treatment of assets but the Council will retain ownership of the assets. It is only the provision and management of services that will transfer from the Council to the ADM.

4.5 Council and Charity Commercial Arrangements

The relationship between the Council and the ADM will have its basis through a number of agreements. The agreements between the ADM and the Council would need to be developed to set out a range of roles and responsibilities of the parties. A summary of the key components of these are as follows:

- Transfer of control over the facilities and equipment from the Council to the ADM;
- Requiring the ADM to provide the services in exchange for payments;
- Protection for Council employees transferring to the ADM in relation to their employment terms and conditions and pensions; and
- Reporting and governance mechanisms ensuring proper public funding accountability while supporting and encouraging the ADM's purposes as a charity and the flexibility in delivery and development it can bring; and reflects good practice.

The structure of the arrangement will be as follows:

- The Transfer Agreement should set out the details for the transfer of the business from the Council to the ADM and includes the provisions for the staff transfer, licencing of premises and assets. The ADM will employ all of the Council's staff who currently work within the services in the scope of this project and will transfer by operation of the Transfer of Undertakings Regulations. The ADM may be granted either a lease or licence to occupy all of the buildings it needs to provide the services as set out in Appendix D. The Council will retain responsibility for some elements of the capital maintenance of the buildings. The ADM will also be granted a licence to use all of the Council assets to provide the services, for example sports equipment or to hold events on other Council land;
- The Services Agreement will set out the services which the ADM will require to provide as detailed in appendix D. The agreement will set out how the arrangement is governed including the ADM providing business plans to the Council in terms of the budget processes and mechanisms for monitoring the performance of the ADM; and
- The Support Services Agreement will provide the ADM with a range of support and administration services from the Council. These services will be provided by the Council on a rolling 12 month basis. The core services to be provided by the Council are detailed below

in 4.5.1. The ADM would be free to provide these services directly or source them from elsewhere.

The agreement will set out the details for the calculation of the management fee. The Financial Case demonstrates that the operations being transferred to the ADM operate at a deficit which would require external funding for the ADM to be financially viable. Consequently, the Council will pay for the services of the ADM. This will be through a grant agreement for the Charity and through a service charge with the Teckal company, their advantages and disadvantages are shown in table 14.

Table 14 - Options for the Management Fee

Nature of Arrangement	Advantages	Disadvantages
Grant Agreement	Would not be subject to procurement. VAT is not payable on the grant and it may be eligible for gift aid. May provide more flexibility.	Would need to assess any potential State Aid issues and ensure that they are appropriately addressed, Not as much as control in terms of detailed specifications and KPIs, but can define Outcomes and ultimate sanctions would be clawback or non-payment of grant. Likely to contain less reciprocal obligations that the ADV could enforce against the Council.
Services Contract	Has the potential to include more detailed service specifications, KPIs and performance monitoring regime. Can have more reciprocal obligations that can be enforced between the parties. VAT benefits.	Would be subject to procurement requirements. Would not be eligible for Gift Aid. May be subject to VAT

The fee will initially be set at a rate reflecting the operational deficit transferring to the ADM but would be expected to reduce over time as the ADM improves the service offering, drives revenue and achieves operational efficiencies.

Despite the basis of the relationship between the Council and ADM, it is important that the ADM is supported by the Council, particularly in the early years and so the ADM must be set up in such a way that the advantages of its arms-length structure and charitable status are maximised. Further information regarding the main VAT considerations are outlined in appendix J.

4.5.1 Support Services

The provision of support services to the ADM is an important consideration. These services provided by the Council will encapsulate the following: - Human Resources, Finance, Information Technology, Legal Services, Insurance, Internal audit, Procurement, Communications, Grounds Maintenance, Property services and Business support.

Currently TLCY incur central support costs estimated at £0.970m. These charges are currently being reviewed to assess their accuracy but for the financial purpose of the Final Business Case, it is assumed that these costs will continue into the operation of the ADM.

4.5.2 Maintenance Options

One of the key aspects of the ADM is that the Council will retain ownership of the assets and therefore it is in the interest of the Council to maintain these assets. There are two possible maintenance options for the properties based on whether the maintenance is supplied by the Council to the ADM or procured directly by the ADM:

- **Option 1 - Council delivery.** All necessary capital and maintenance works are delivered through the Council for no charge to the charitable arm of the ADM. This approach allows the Council to reclaim the VAT incurred on the related expenditure where it relates to the Council's non-business activities. In this scenario, where the Council does not charge the ADM for these works there is no direct effect on the management fee; or
- **Option 2 - ADM delivery.** If the ADM is given responsibility for all necessary capital and maintenance works this would mean that the ADM would incur expenditure and accordingly would require the payment of a higher management fee from the Council to the ADM to balance the income and (higher) expenditure. The ADM may not be in a position to reclaim all the VAT incurred on expenditure.

The advantages and disadvantages of the two different maintenance options are shown in the following table:

Table 15 - Advantages and Disadvantages of Maintenance Options

Option	Advantages	Disadvantages
1 - Maintenance responsibility is retained within the Council	The Council can reclaim the VAT on capital expenditure	ADM does not have control of its own maintenance regime and cannot act independently
2 - Maintenance responsibility is transferred to the ADM	ADM has control of its own maintenance regime and can operate independently of the Council	The ADM is liable for the VAT and cannot reclaim the VAT in full.

The implications of Option 2 are that the ADM will suffer a partial VAT cost on any capital works or repairs and maintenance obligations. The ADM may be able to procure external contractors at a more competitive rate reducing the price differential, subject to compliance with procurement rules and so allowing the ADM to have control of its maintenance regime may be achievable without a material financial impact on the Council.

It is recommended that a hybrid approach be taken with regard to maintenance and that capital maintenance work will be retained by the Council with day to day maintenance being undertaken directly by the ADM.

4.5.3 KPIs

The ADM should measure, monitor and analyse performance in order to ensure best practice and the highest levels of delivery. The use of KPIs is critical to this process as they are:

- A powerful tool which ensures an improving standard of delivery;
- A means of actively measuring customer and employee satisfaction;
- Enables the Council to measure and appraise the ADM based on performance; and
- Make informed decisions based on qualitative data.

The KPIs are used to ensure the progress of the ADM by actively managing and communicating with customers, staff, management and the ADM Board. There will be formal management reporting including:

- Monthly over-view by ADM Board;
- Periodic Council meetings; and
- An annual report for the Council.

The monitoring of KPIs should be linked to an Action Plan and reflected in the ADM business plan, setting out commitments to continuous improvement and targets that offer positive benefits. It should be reviewed annually in line with the ADM Business Plan.

Where performance is below target, or can be improved, the ADM should be required to develop action plans to be implemented and monitored to improve identified areas of weakness/improvement.

The ADM and the Council would agree a suitable set of measures with which to gauge performance.

4.6 Staffing Considerations

4.6.1 TUPE

With the creation of the ADM, there will be Transfer of Undertaking (Protection of Employment) ("TUPE") implications for the Council. This applies to situations where undertaking, e.g. a function of service delivery, transfers to a new provider. The individuals working wholly or mainly in the area of work being transferred will be entitled to transfer with the work and their employer will change to the new provider. Under TUPE, the individuals will receive TUPE protection which, in general terms, protects an employee's continuity of employment, their pay and their contractual conditions. Pension arrangements are not afforded the same protection under TUPE.

An assessment of the work carried out by employees will need to be undertaken to confirm whether they work wholly or mainly within the functions being transferred to the ADM. Where this is the case, the employees will transfer to ADM and become employed directly by the ADM. In this scenario, TUPE will apply and the employees will receive the protection provided by TUPE. It should be noted that temporary employees will only have a right to transfer where their contract remains in existence at the point of transfer to the ADM.

In essence, the TUPE regulations transfer the contract of employment that exists between an employee and the Council to the ADM which becomes the new employer. The protection offered

is not for a limited period of time and the ADM will only be able to amend employee's terms and conditions in limited circumstances.

TUPE arrangements will not apply to those employees who will continue to be employed by the Council. The Council has no obligation to provide work for casual workers and equally, if offered work, casual workers are under no obligations to accept it. Given the nature of this relationship, and the absence of a formal contract of employment, TUPE does not apply.

In the event that employees working within the areas identified for transfer to the ADM, do not meet the test of working wholly or mainly in these areas, they will not have an automatic right to transfer to the ADM nor will the Council be in a position to insist they transfer. All staff wholly or mainly assigned to the "transferable role" will move to the ADM. Staff will transfer with their existing terms and conditions of employment under TUPE.

4.6.2 TUPE Consultation

As is required by legislation, consultation on the transfer will take place in accordance with the TUPE Regulations. This will involve representatives from both the Council, as the current employer, the ADM and Trade Unions.

As part of the consultation, discussions will require to cover a number of areas including the following:

- When and why the transfer is taking place;
- The legal, economic and social impacts of the transfer on the employees (if any);
- Whether there will be any changes made in connection with the transfer, e.g. a re-organisation of employees, and what specific action is envisaged;
- Whether the ADM is likely to make any changes that will impact on the employees;
- Any impact on the employee terms and conditions; and
- Any other matter affecting employees, who will be transferring, not covered in the above.

Consultation on such issues will require to commence as soon as possible on confirmation of the decision to transfer services to the ADM and will continue during the implementation phase leading to the extension of the ADM. To ensure good practice, it is also recommended that a wider consultation and communication strategy beyond that required by legislation is adopted including:

- Meetings with Trade Union representatives at relevant intervals to address not only the statutory TUPE issues but also any more general operational or relevant non-employment related matters;
- Issuing individual letters to employees and their representatives as appropriate; and
- Preparing newsletters and regular web updates to keep employees advised of progress.

If any of the employee's within the current workforce do not meet the test of being 'wholly or mainly' employed within an area transferring to the ADM, specific consultation will be required including a discussion in respect of what this means to them.

4.6.3 Transfer Options for Employees

An employee working wholly or mainly in an area transferring to the ADM, will automatically transfer to the ADM, covered by TUPE protection. The list of employees in this situation will be discussed with Trade Union representatives. However, it is open to the employee to dispute that they are working wholly or mainly in such an area. In such circumstances, a process will be

agreed with the Trade Unions to ensure careful, open and transparent consideration is given to any such challenges and that all decisions on employees, due to transfer, can be justified.

If an employee who is due to transfer has requested redeployment but is unsuccessful in gaining this by the date of transfer, they should continue to transfer to the ADM on the same date as all other transferees. Otherwise this would result in the Council having supernumerary employees at an additional cost to the Council. There is equally no legal obligation for the Council to find alternative employment for such individuals.

4.6.4 Pay, Terms and Conditions

The pay, terms and conditions of employees transferring to the ADM are protected by TUPE legislation. If the ADM wished to change the pay, terms and conditions of the employees following the transfer, it would be open for it to do so provided it met the requirements of having a justifiable reason under TUPE legislation; namely for reasons not connected to the transfer or where there is an economic, organisational or technical reason. Where terms and conditions are incorporated into the contract of employment from a collective agreement, these may be varied a year after the date of the transfer providing they are no less favourable.

4.6.5 Pensions

Pension arrangements are not protected by TUPE to the same level as pay, terms and conditions. The ADM would apply to be given admitted body status within the Greater Gwent Pension Fund ("GGPF"). This will enable ADM employees to continue to participate in the Local Government Pension Scheme with no changes to pension provision and full service protection.

By entering GGPF as an admitted body the ADM would be committing to all terms that need to be met by the employer.

The appropriate management of staffing issues are critical to the successful establishment and operation of the ADM. The management case, considers how these issues should be taken forward as part of the wider project management and planning approach.

4.6.6 Trade Union Recognition

A fair proportion of the employees within TLCY services are members of a Trade Union. The majority of those members are represented by Unison, although some other Unions have members too.

It is anticipated that the ADM will recognise appropriate Trade Unions to ensure continuity in respect of recognition and consultation/negotiations arrangements. To support this, the Board of the ADM will be asked to develop a consultation mechanism.

4.6.7 Disclosure Checks

There are a number of posts within the services for which disclosure checks are undertaken to ensure all necessary steps to protect vulnerable children and adults are in place. MCC may wish to consider placing a requirement on the ADM that it meets the Council's policies on such matters and checks continue to be carried out in accordance with these arrangements. Similarly, MCC may wish to make the same requirements of the ADM in respect of the retrospective disclosure checks.

The ADM is committed to ensuring that people living within the County are safe and protected. The ADM workforce shares a responsibility, both collectively and individually, to ensure that children and adults at risk are protected from harm. Employees, volunteers and contractors who come into contact with children or adults at risk in the course of their duties will be expected to understand their responsibility and where necessary take action to safeguard and promote the welfare of vulnerable people.

The ADM will continue to have a representative on the Monmouthshire County Council Whole Authority Safeguarding Group and will ensure compliance with all policies and procedures in place. There is an appointed Safeguarding Lead Officer for the ADM and safeguarding will be a standing item on all meeting agendas across the organisation. The ADM workforce will attend the Level 1 Safeguarding course every two years, to build up a sound knowledge within the area and all those who hold managerial roles will attend a Level 2 qualification every three years. There is a central database where all names, qualifications and expiry dates are held as an audit trail and a reminder to access refresher training. The ADM would also complete SAFE audits supported by the MCC safeguarding team to ensure all aspects are covered and have a robust reporting system for any concerns that are raised or identified on site. All of the above practices will continue to be central to all services and the ADM will continue to develop this key area as it moves forwards.

All employees transferring to the ADM in posts which require disclosure checks will already have been checked through this process, however there will be a requirement to carry out checks for new employees, where relevant to their post and to carry out retrospective checks at agreed intervals. It should be noted that this will have cost implications for the ADM in the same way as it does for the Council.

4.6.8 Education Workforce Council

It should also be noted that in addition to posts requiring disclosure checks, youth workers as well as teachers are required to be registered with the Education Work Council (EWC). The initial registration is undertaken by an individual prior to taking up work as a registered youth worker and the ADM will be required to ensure compliance through undertaking pre employee check that registration is in place for a new starter. Annually, registration for existing youth workers will be through payroll transfer of the fee to EWC. The cost is borne by the employee but there will be administrative costs through the payroll SLA.

4.6.9 Employee Development

It is essential that employees are competent and capable at their jobs, understand the standards expected of them and have the necessary skills to deliver services safely and efficiently.

Employees within MCC currently have access to a wide range of learning and development opportunities. Within the ADM, there will be an added dimension which allows the staff to inter-transfer across service areas to develop new skills to operate in a third sector environment to ensure that all income generating and marketing opportunities are used to best advantage.

To ensure that the ADM excels at customer service, the behaviours and attitudes that underpin it will be fully engrained into their organisational culture. Every employee, regardless of their level of interaction with customers, will play a part in delivering outstanding customer service and achieving customer service goals and targets. Every employee will know what the organisation is trying to accomplish, that they are expected to help, and how they are helping.

In such a context, it is essential that employees continue to receive access to both job based training as well as skill development opportunities. Staff will be supported to co-produce a Personal Development Plan to set goals, monitor achievements and progress, whilst identifying immediate and future training needs. Being part of a unified team will enable peer motivation, coaching and enable increased performance, whilst giving employees “permission” to go that extra mile to make customers happy, empowering them to do what they need to do to meet the organisation’s vision.

Ultimately this will assist the ADM to deal with changing demands on services and to deliver efficient services to its customers. It is important that this is recognised and that the necessary budget remains in place to allow such training and development to continue.

4.7 Conclusions

The main conclusions from the commercial case are:

The recommended structure ensures compliance with EU Procurement. There is no procurement tendering process as MCC will be directly contracting with the Teckal Company and awarding a grant to the ADM (4.3)

There are various models regarding governance (section 4.3))

Staff would transfer to the ADM with their existing terms and conditions under the TUPE regulations. (4.6.1)

An annual management fee (grant) is required as service operates at a deficit (4.3.1). The financial amount and length of the grant needs to be determined in the final business case.

Arrangements regarding assets need to be confirmed, preference is given to ownership of assets remaining with MCC. Capital maintenance of assets should remain with the authority (4.5.2)

Further discussions need to be held with GGPF regarding the ADM applying for admitted body status (4.6.5)

5. Financial Case

5.1 Introduction

For the purposes of the Final Business Case, the financial case has been prepared in line with the following underlying assumptions:

- The financial position is based on the adjusted 2017/18 budget;
- The 2017/18 base position reflects the most recent list of assets used in the provision of TLCY services. (As shown in Appendix D);
- Updated transitional and recurring costs have been included in the analysis; and
- The NNDR savings have been updated to align with the base position.

5.2 Financial Position for 2017/18

To understand the potential financial advantages of the Council for each of the two options, a baseline financial position has been established. This is based on the 2017/18 revised budget and includes an adjustment to reflect the apportionment of NNDR costs that relate to the shared Leisure Centre Sites, this is estimated (pending revaluation) at 225k. Central support service and other indirect costs (such as building maintenance and grounds maintenance) are also included within the table. A review of the central support costs and other indirect costs has been undertaken to estimate the allocations to services.

Table16 - Financial Position for 2017/18

Budget 2017/18	£000's
Grant Income	541
School Income	484
Other Income	3,682
Total Income	4,707
Staffing Costs	5,550
Premises Costs (includes indirects)	1,396
Transport Costs	86
Supplies & Services	1,125
Contracts	136
Internal Support Services	638
Total Costs	8,931
Net Cost	4,224

Source: Monmouthshire County Council Management Accounts

There may be also additional costs identified within other service budgets which for valid operational reasons have remained in other services which will need to be identified prior to the establishment of the ADM.

5.3 Projected Financial Position

5.3.1 Projected First Year 2018/19

The first year of trading reflects a number of adjustments for the following factors:

- Inclusion of additional costs in respect of any new structure:
 - ❖ One off setting up transition costs

- ❖ The recurring annual operational costs;
- Recognition of the savings generated by in respect of NNDR and VAT; and
- Recognition that some services have identified pressures for 2017/18 and 2018/19. These pressures have been built into all of the options.

Table 17 – 2018/19 Adjusted Position (£000)

One Off Costs	Baseline Position - Stay the Same	Option 2 Transform in House	Option 3 ADM
	Amount £000's	Amount £000's	Amount £000's
Net Budget Position 2017/18	4,224	4,224	4,224
Costs			
Service pressures from 2017/18	93	93	93
Service pressures anticipated in 2018/19	40	40	40
Additional Costs	0	106	178
Capital Financing Costs	0	13	73
ADM Reserve	0	0	50
Impact of Pay and Prices Inflation	161	161	213
Costs	294	413	647
Benefits			
NDR relief	0	0	239
Savings and further Income Generation	0	63	186
Benefits	0	63	425
Revised Position	4,518	4,574	4,446

Table 17 shows that option 3, the preferred option - the ADM is the least cost to the Council at £4.446m for the continuing provision of all of these services.

5.3.2 Transition costs

The Council will incur costs associated with each of the options. Existing sunk costs that have already been incurred by the Council have been excluded. Further one off costs have been estimated.

Table 18 - Transition Cost Summary

One Off Costs	Option 2 Transform in House	Option 3 ADM
	Amount £000's	Amount £000's
Financial Support and Legal Advisors	30	75
Marketing, Media, Website, Branding	15	30

One Off Costs	Option 2 Transform in House	Option 3 ADM
	Amount £000's	Amount £000's
Recruitment / Hr Advice	0	30
Corporate Governance Costs	0	20
Total	45	155

Source – FPM

5.3.3 Ongoing recurring costs

Additionally, the options would incur a range of recurring annual costs. These have been estimated and are categorised in the following table. These costs are already included within table 17.

Table 19 - Recurring Cost Summary

Recurring Costs	Option 2 Transform in House	Option 3 ADM
	Amount £000's	Amount £000's
External auditors	0	20
Marketing	34	58
Financial Management Costs	50	70
Legal and regulatory costs	0	20
Trustee expenses	0	10
Total	106	178

Source – FPM

5.3.4 Management Restructure

The existing management structure will need to be reviewed to ensure the new organisational structure is fit for purpose and in place for the go-live date. At this Final Business Case stage, no cost or savings associated with this exercise have been factored into the financial case. Further work on the proposed structure will be undertaken once the final business case is agreed but no additional costs are anticipated.

5.3.5 NNDR Savings

It is estimated that the ADM could realise NNDR savings of £239k. This estimated range of NNDR savings assume that the ADM's application to the Charity Commission for charitable status will be approved and that the ADM will obtain the full mandatory rates relief of 80% as a charity. The ADM will need to occupy the facilities and the facility will need to be used 'wholly or mainly for charitable purposes'.

The estimated NNDR savings are based on the total NNDR costs for each facility. Where the ADM is unable to obtain the full relief this will directly impact on the NNDR savings that can be achieved. At this stage it is not possible to confirm whether or not the ADM will be awarded the full relief.

The estimated range of NNDR savings position also takes into consideration the potential complications associated with the dual use facilities at the Leisure Centres. As these facilities form part of the overall school complex for rating purposes, there will be a requirement for the District Valuer to make a judgement on the area of the sports centres which relates specifically to the ADM – it is only this area that will be eligible for NNDR relief.

Advice received so far indicates that in order to obtain the maximum NNDR relief each area which will be subject to an NNDR relief application needs to be distinct and must look and feel like an ADM facility. This is clearly a risk to the level of savings that can be generated from NNDR exemptions.

Depending on the view taken by the District Valuer there is a risk that the ADM may not achieve NNDR relief on the full area occupied within these facilities. The intention however would be to pursue the full available NNDR relief on these facilities. There is an associated risk that by splitting the sites, the rateable values may increase.

5.3.6 VAT Savings

It is expected that some elements of the preferred option will have charitable status and consequently certain income it generates could be exempt for VAT purposes under the VAT Sporting Services and Culture Services exemptions, and this can provide VAT savings. The Council is currently required to charge VAT on the provision of these services, whereas with a charitable organisation should be able to treat the provision of the services as exempt for VAT purposes. The savings arise where the price charged to customers remains unchanged and the charitable element would be able to retain the portion of income that the Council had to charge and account for as VAT.

This can be best demonstrated with a simple example:

If the Council charged £3 for admission to swimming:

- *£3 would include 50p of VAT – the net receipt for the Council would be £2.50;*
- *If the Charitable organisation £3 for admission to swimming, £3 is exempt from VAT – the net receipt would be £3;*
- *Saving would therefore be 50p.*

Where the Charitable organisation provides services to the general public free of charge there will be non-business use of those assets. As an ADM would not benefit from the Council's section 33 VAT Act 1994 status, this would require the ADM to restrict recovery of a proportion of the VAT it incurs on expenditure where it is not used for taxable business purposes. Where the ADM undertakes activities that are exempt from VAT this will also require an ADM to restrict recovery of a proportion of the VAT it incurs on expenditure.

The Business/Non-Business/Partial Exemption calculation ("B/NB/PE") will determine how much VAT the ADM is entitled to reclaim from HMRC. The B/NB/PE method used for the purposes of the analysis has been based on a method which involves treating each of the service areas as

a separate and defined B/NB/PE calculation. The B/NB/PE calculation must be agreed with HMRC. Monmouthshire's VAT Accountants along with the Council's VAT Advisors have reviewed the impact of the removal of the ADM and their assessment is that it would result in a minor benefit to the calculation for MCC.

Some sporting activities delivered by the Council are funded by grants as typically the users are not charged for the provision of the leisure service. The VAT analysis assumes the Council will continue to receive the grant funding and will act as the principal by subcontracting the management and delivery of the relevant projects to the ADM. Where this is the case, the ADM will need to ensure the correct VAT treatment is applied to its supply of services to the Council. The VAT position will need to be considered on a case by case basis to determine whether it is a non-business grant arrangement or it should be treated as a taxable service.

The VAT position has been modelled based on a range of savings depending on the acceptance by HMRC of the proposed approach. It is critical that the VAT position is agreed with HMRC as soon as possible as certainty on the potential VAT savings can't be achieved until HMRC has confirmed its approval to the proposed arrangements.

The estimated VAT savings are calculated by using the Council's actual figures from 2015/16 and the budget for 2017/18. The analysis has also been based on the Council's existing VAT treatment of income and expenditure. The calculations have been subject to independent assurance by Mazars and Monmouthshire County Council VAT Advisors and the savings are very limited and are estimated to be approximately 10k.

The estimated VAT savings would then be affected by the decision to award a grant to the ADM rather than through a service contract. This would reduce the amount of savings to a minimal level and therefore for the purpose of this financial case, VAT savings have not been included.

5.3.7 Further Income Generation

A comprehensive exercise has taken place to identify some key income streams across all of the service areas in scope and consideration given to how these can be developed with a joined up approach to ensure the full potential of each area is maximised to its full potential. More information is contained in Appendix U. Listed below are some examples of these areas:

- The Monmouthshire Games are sporting activities aimed at children 5 - 11 years during all holiday periods and initial trials have proven very successful and have further potential to expand across TLCY;
- The Learn to Swim Programme provides swimming lessons for children aged 4 months - 12 years and has real potential to grow further, especially with the newly proposed 5 lane swimming pool in Monmouth Leisure Centre;
- Review the model for personal training with our existing instructors maximising the financial opportunities with periodic agreements for rental of our facilities;
- Monmouth Leisure Centre Re-design provides a real opportunity to re-develop the site in line with the 21st Century School program to encompass a pool, spa and treatment facilities, 60 station fitness suite with toning and spinning room and a family/play area with catering facilities;

- There are opportunities to re-design and develop some of our existing buildings such as Abergavenny Leisure Centre to grow our existing membership base with a 50-60 station fitness suite with functional training and toning;
- Following on from the success of Monacademy within Leisure we will be introducing a training academy across all areas including fitness, sport, counselling, first aid, teambuilding, lifeguarding etc;
- There are opportunities to develop the catering offer across all facilities with a clear direction for both eat in and take away options with a clear emphasis on health. This will involve relocating some areas within our facilities to position them in more prominent places to encourage customers to visit;
- There will be a dedicated marketing and sales team working across to identify potential leads to create additional sales through a successful annual marketing plan. There will be specific roles within this team to drive brand, image, promotions, sales, digital marketing, social media and customer reward schemes;
- Invest in initiatives that provide additional activities to ensure customers want to visit our facilities for a multiple of reasons such as crazy golf, family play areas, additional parking, railway tunnel (specifically at Tintern Old Station);
- Explore options with camping and accommodation facilities to grow the tourism offer;
- There are opportunities to combine and grow areas of the service around play, activity, therapy and wellbeing;
- Review all fees and charges relating to green infrastructure and countryside to maximise income;
- Other areas we will be looking to maximise are room hire, secondary spends i.e. merchandise and goods for resale, sponsorship and commercial opportunities selling space to local companies; and
- A full review of the delivery of outdoor education is needed to ensure this area is maximised and sustainable with room hire, rents, accommodation, adventure therapy, training etc.

A large piece of work has been undertaken within the area of potential income streams with real emphasis being placed upon joining these areas up to identify the opportunities that currently exist but also those that can be introduced in either then transform in house model or the ADM model.. The same income generation ideas have been used for each of the options. The difference between the two options is due to the timeline of delivering projects being quicker within the ADM and the additional VAT benefits that a charitable organisation would be entitled to. The potential income streams have been independently assessed to ensure that costs and income projections are realistic and to avoid any optimism bias. Items that can be achieved are included within the business plan.

5.3.8 Capital expenditure

In order to estimate the cash position of the ADM the adjustment for non-cash items removed depreciation from the financial projections. A significant area of cash flow demand can however be the need to incur substantial capital expenditure, but the Council has yet to determine responsibility for future revenue and capital maintenance.

The majority of capital expenditure is therefore excluded from the base management fee paid by the Council to the ADM and accordingly separate arrangements will be required. However, in the preparation of the business plans for both the transform in house and ADM option, a capital sum has been identified as being required in order to enable certain income generation ideas to be achieved. Both business plans include the repayment of that capital sum over the life of the various projects.

5.3.8 Maintenance expenditure

The model for the ADM and the Transform in house model include a cost for revenue maintenance. The business plan assumes that this level of maintenance will continue however it is recognised that the money allocated is not sufficient to address the long term backlog of maintenance.

5.4 Financial Projection and Five Year Financial Plan

The table below sets out a 5 year financial projection for the selected options:

Table 20 - Five year projected position (£000)

NET COSTS	Option 2 – Transform in House	Option 3 – Alternative Delivery Model	Variance between Options
	Amount £000's	Amount £000's	Amount £000's
Year 1 – 2018/19	4,574	4,446	128
Year 2 – 2019/20	4,601	4,271	330
Year 3 – 2020/21	4,562	4,267	295
Year 4 – 2021/22	4,598	4,248	350
Year 5 – 2022/23	4,610	4,208	402
TOTAL	22,945	21,440	1,505

The projections are based on the analysis and assumptions set out within this Final Business Case. Inflation has been estimated based on Office of National Statistics (ONS) estimates. The year 1 projection assumes a 12 month year.

The analysis shows that all of the options will have an operating deficit with the ADM being the better cost option. The preferred option, the ADM needs to continue to provide these services on behalf of the Council but would also be required to reduce this deficit, these would include:

- Initiatives to grow income for the ADM (see section 5.3.7);
- Identification of efficiency savings that can be realised; and
- Payment of a management charge by the Council to the ADM.

The summary of the draft financial plan for the transform in house option is shown at appendix X. A separate business plan for the ADM option has been separately produced.

5.5 The impact of the Annual Management Fee

The proposed operating model is based on an annual management fee as the services operate at a deficit. The financial amount and length of grant will need to be determined but in similar arrangements, the amount would usually be at a fixed fee for a fixed period with the expectation that at the renewal period, the financial support would be reduced.

The table below demonstrates the impact of inflation on the transform in house option compared to the preferred option, the ADM. The proposed operating model enables the continued delivery of services within a restricted financial envelope.

With an agreement of 5 years, with contributions reducing over the fixed term agreement (£24.440m) and compared to staying the same (£23.34m) could save the Council £1.9m. The transform in house. The ADM would be expected to fund all of the service annual inflation as well as generate additional income.

Table 21 – Impact of Annual Management Fee

		Assuming 5 Year Fixed Contract			Assuming 5 Year Reducing Contract		
Baseline Position Stay the same	Year	Option 2 - Transform in House £000's	Option 3 - ADM £000's	Potential Savings £000's	Option 2 - Transform in House £000's	Option 3 - ADM £000's	Potential Savings £000's
4,518	1	4,574	4,446	128	4,574	4,446	128
4,614	2	4,601	4,446	155	4,601	4,271	330
4,674	3	4,562	4,446	116	4,562	4,267	295
4,736	4	4,598	4,446	152	4,598	4,248	350
4,798	5	4,610	4,446	164	4,610	4,208	402
23,340	Total	22,945	22,230	715	22,945	21,440	1,505

5.6 Summary and Conclusions

In this section, the baseline financial position of services remaining as they currently are operating has been calculated and shown in table 21. The next five years would cost MCC £23.340m. This option was clearly discounted at OBC but is included here to show the impact of the two options that have been considered further. The financial projections reflect:

- The most cost effective option is option 3, the ADM with a five year cost of £21.440m;
- The benefit to the Council of option 3, the ADM would be the avoidance of pay and other inflation which over a five year period could save up to £1.9m compared to the projected cost of current service delivery;
- The benefit to the Council of option 2 – transform in house would be that it could reduce the service deficit over a five year period from £23.340m to £22.945m, a saving of £0.715m;

- If a fixed five year contract was awarded to the ADM, any increased surplus could be reinvested into asset maintenance to assist with the backlog maintenance; and
- The ADM would need to build up a small cash reserve to cover any contingencies. Ideally this is anticipated to be in the order of 5% of its turnover. The ADM business plan indicates that this will be achieved by year 5.

There are potential NNDR savings within the ADM option 3 which is anticipated to be £239k. VAT savings are factored into the model but these are limited by awarding a grant to the organisation rather than a service contract.



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6. Management Case

6.1 Introduction

The purpose of this section is to:

- Demonstrate that the implementation of the ADM is achievable and can be delivered successfully in accordance with accepted best practice.

The assessment will be informed by:

- The transition and delivery plan and outline;
- The proposed governance structure and legal implications; and
- The current risk register and communication plan.

6.2 Transition and Delivery Plan

A transition and delivery plan, detailing the timing of the scheduled tasks is shown in Appendix V. It has been developed to tackle the issues identified in the commercial and financial cases. The transition and delivery plan contains details of a number of actions that are central to the implementation of the ADM. It is expected that the majority will be under-taken and completed prior to the proposed implementation date. This includes the following items:

- Completion of the TUPE transfer process and application for admission to the Greater Gwent Fund, as identified in section 4.6 of the commercial case;
- Completion of the Charity Commission application process;
- Completion of HMRC engagement;
- Setting up of financial management systems reporting protocols, management accounts, profit and loss reporting, and VAT and tax management system;
- Novate contracts from council to new entity;
- Appoint/elect new Shadow Board into new governance structures; and
- Develop and implement marketing strategy to ensure effective contact with staff, council and all other stakeholders.

6.3 Charity Commission

MCC will submit an application to the Charity Commission for charitable status for part of the ADM. They will need to confirm that the company to be established meets the charity test by having charitable objectives and providing benefits to the public.

The Council must be aware that there are additional financial and administration considerations for the Council that they must consider upon a successful charitable application. A separate set of charitable accounts must be produced that complies with the charities statement of recommended practice ("SORP").

6.4 Governance Structure

Governance is extremely important and has a number of strands. Effective governance can lead to improved services and greater accountability to users, donors and other stakeholders. Governance will be influenced by the structure of the ADM. The Memorandum of Articles of Association will determine how the companies will be run and similarly, the charity must abide by charities law which regulate their activities. Members of the Council may be on the board of the ADM, subject to their duties as a director of the company but also must be mindful of the key importance of the conflict of interest issues but this does create a strong link between the Council and the ADM.

The service specification agreed between the Council and the ADM would drive governance in terms of the requirement for compliance with its terms. The management and governance structure integral to the ADM itself needs to be a robust structure with clear reporting lines to facilitate the communication of key issues. A review of the required structure will be carried out during the implementation process.

In terms of the relationship between the Council and the ADM, how the ADM reports to the Council's governance structure in future will need to be reviewed so that such issues as the approval of the annual business plan and periodic reports are submitted to the Council. Consideration will need to be given as to how the Council monitors the ADM on an ongoing basis.

6.5 Risk Register

The Project Team have developed and manage a detailed risk register for the project. The effective identification, quantification and monitoring of risk is a critical part of effective project delivery. A full register outlining all the pertinent risks faced by the project is contained in appendix K.

6.6 Contingency Plan

Should the new model for service provision not be implemented the contingency plan would be for the current model to continue and to transform services in-house. This approach ranked second in the options appraisal and it is considered the approach that would allow service provision to continue with no impact on users.

6.7 Engagement

6.7.1 Continuous Engagement

Engagement is “how employees feel about how things are done around here.” Engagement is an aspect of workplace life that can—indeed, should—be continuously monitored in a proactive way. It is about the future of an organisation; it is a measure of corporate health and a key window into the potential for future issues and workers’ support for change. Engagement is underpinned by organisational development, building on what is already embedded and developing this to ensure that services are transformed into solutions, that hearts and minds embrace its recommendations.

The new model will be as focussed as MCC on improving the social, economic, environmental and cultural wellbeing, in accordance with the sustainable development principle. To protect local services the expectation is that every service offer within the new model is efficient and cost effective.

The three specific themes of MCC have been acknowledged to support the focus of the work:

- **Nobody is Left Behind:** so that Monmouthshire is a place of cohesive communities where everybody is treated with dignity and respect and has the same opportunity to achieve;
- **People are Confident, Capable and Involved:** where Monmouthshire is a place for people to feel safe and a place where people want to be involved; where they are confident in themselves and their abilities and how they contribute to their community; and
- **Our County Thrives:** so that Monmouthshire is a thriving county and a thriving economy to support communities and where families can live a good life. This sense of thriving also means in context of the environment and habitats and where biodiversity thrives.

6.7.2 Engagement

Today's workforce is more diverse than ever. As a new organisation the ADM will have three generations of workers, and a mix of genders, races, cultures, and sexual orientations. The ADM will have full-time and part-time staff; flexible working patterns and agile working. Almost everything that happens at work has a direct impact on employees' commitment to their work: how they are coached and evaluated; the work environment and the tools with which they work; their opportunities to grow and develop; and, of course, their relationships with managers and peers. The ADM will be keen to expand traditional definitions of engagement to drive the workforce by including five key elements: meaningful work, hands-on management, a positive work environment, opportunities for growth, and trust in organisational leadership.

One of the biggest advantages to increased employee engagement is that the ADM be surrounded by happy workers who enjoy coming to work nearly every day. Engaged employees are cheerful employees. Within the new organisation there will be a clear reward and recognition process. The ADM will create a culture of recognition where everyone can take part. Recognition provides reinforcement and spurs motivation — both key components of engagement.

Sometimes employees feel like they have reached a plateau and either hit the ceiling and can't possibly get any better or they have no place to grow. Creating a culture of continuous improvement within the organisation is a pillar of effective employee engagement. The ADM will establish systems for continuous staff improvement through training, information, and education. Every employee matters. This is crucial in creating a culture of improvement and respect. Every single employee that wears a uniform, answers the phones, cleans the offices ... every single one matters and their work brings integrity to the organisation, whilst triggering growth and success. .

To underpin continual engagement, the ADM will establish a Staff Board where representatives from within the workforce will be able to escalate good practice; discuss concerns; discuss and agree on policies and practices within the organisation. Empowering staff to inform the growth and development of the organisation will contribute to fulfilling the organisations expectations.

To prepare our team for the future, we have embarked on continual engagement sessions with staff, enabling them to create their future vision, culture and ethos. All staff will attend the 'Culture and Customer Journey' workshop to ensure we are all starting at the same level; staff are engaged and ready to deliver our offer to customers both locally and as visitors.

6.7.3 Our Engagement Principles

While the methods we use to engage with staff, service users, community and partners may vary according to circumstances and needs, the following engagement principles underpin all of the engagement activities:

- ✓ Clear purpose
- ✓ Inclusion and access
- ✓ Valuing all views
- ✓ Feedback
- ✓ Use of appropriate tools to engage

Engagement needs to be two-way, direct, transparent, open and easily understood.

The following table outlines the continual engagement undertaken with our staff, service users, elected members, colleagues and partners.

Table 22 – Engagement Process

Date	Engagement processes to date	Purpose
December 2015	Bringing together of leisure, outdoor education and youth service	To ascertain synergies; duplication and conducting a 'What Matters' exercise with staff on the processes of the new delivery model; what they needed from the process and concerns they had
January 2016	Bringing together of Cultural services as a result of the Amion report	To respond to findings of report and improve services for the future
February 2016	The creation of 'Change Ambassadors', a group of staff who have volunteered to assist in the process, with an equal membership from all service areas	Ambassadors will ensure staff and volunteers are fully involved in the change process and have access to appropriate communication channels
From January 2016 monthly	Regular meetings with nominated Members	To inform Members of progress made at each stage; to ensure messages and direction are clear and meet expectations
From January 2016 monthly	Regular meetings with Union representatives	To inform union representatives of progress being made at stages and opportunity for them to raise queries
August 2016	Engaging with our service users to establish 'What Matters' to them on the services they use	Paper and on-line surveys were distributed to services users to 'dip-test' what was important to them. Circa 1200 surveys completed and responses being analysed
September 2016	Joint Select Committee	For committee to scrutinise the Strategic Outline Case

Date	Engagement processes to date	Purpose
October 2016	Cabinet	For Cabinet to scrutinise Strategic Outline Case and to give approval for next stage of process
October/November/December 2016	Town and Community Council engagement	To engage with our local elected members and to ensure they are enabled to feed into the process and give comment
October/November/December	The BIG Conversation	To engage with our younger community members; find out what matters to them; what they think they will need in the future and what can be done to change things
November 2016	Staff engagement day for all 6 service areas	To update staff on processes to date. To enable staff to be involved and contribute to the vision and values of the new model. To evaluate processes to date and gauge staff feelings.
February 2017	Joint Select	To provide Members with an Outline Business Case (OBC) and associated papers that consider the range of alternative delivery models for the Tourism, Leisure, Culture and Youth Services (TLCY) following an independent options appraisal by Anthony Collins Solicitors and seek agreement on the next phase
March 2017	Full Council	To provide Members with an Outline Business Case (OBC) and associated papers that consider the range of alternative delivery models for the Tourism, Leisure, Culture and Youth Services (TLCY) following an independent options appraisal by Anthony Collins Solicitors and seek agreement on the next phase
May 2017	Staff engagement events to establish and design the Mission and Vision of the ADM	To allow staff members to design and inform the future Mission and Vision intentions of the ADM to ensure inclusivity and ownership
June 2017	New Members briefing	To advise all new Members on the processes and decisions made to date on

Date	Engagement processes to date	Purpose
		the options available for TLCY services
June 2017	Members Seminar – Governance arrangements	To advise Members on the Governance arrangements available under each viable company, for Members to inform the process as it proceeds
June 2017	Culture and Customer Journey Workshop for staff	To enable staff to focus on their current offer; collectively agree on ways to improve the offer; ensure all staff are giving our customers the same experience; to be the ‘rocketman’ – go over and above with colleagues to ensure success; customer satisfaction and employee fulfilment.
June/July 2017	Additional meetings with Trade Unions	To enable all Trade Union representatives to raise queries of the Full Business Case and to negotiate mutual agreement prior to final decision being made
October 2017	Joint Select	To provide Members with the Full Business Case (FBC) and associated papers to consider the two options presented for consideration.
November 2017	Cabinet	To provide Members with the Full Business Case (FBC) and associated papers to consider the two options presented and to make recommendation on preferred option
November 2017	Full Council	To provide Members with the Full Business Case (FBC) and associated papers for final approval and decision

Further information of our continuous engagement to date can be found from Appendix L to U.

6.8 Conclusion

This management case has set out that to transfer to an ADM of service delivery is achievable and can be delivered successfully. A detailed transition and delivery plan has been prepared and is set out in Appendix V. This sets out a challenging set of tasks that will need to be completed before go-live date.

The project needs to be supported by strong governance, with the Project Team reporting to the Senior Leadership Team. Effective risk management will continue through monitoring and

updating the risk register. A suitable contingency plan to continue with the current service model will be developed should unforeseen issues delay the implementation of the ADM.

Throughout this process regular communication with elected members, Council employees and service users will be essential.

6.9 Update Position

The Management Case is being systematically developed and delivered as envisaged. In order to meet the expected go-live date, priority will need to be given to producing key documents with Financial, Charity Commission and HMRC work being key. As highlighted the treatment of property assets may be covered by lease agreements and maintenance, repairs and capital expenditure will need to be determined to ensure continuity of service and maximising the potential savings.

All the other key issues covered in the management case of licences, agreements, TUPE, Charity Commission, HMRC, Governance, Risk Management and Communications are all in hand utilising the existing structures and frameworks available from within the Council.

In addition the delivery mechanism chosen and the commitment to positive partnership means that from day one the ADM will be ready to deliver high quality customer services and MCC will be ready to provide the highest quality support services that will ensure the ADM is a success.



Appendix A - Monmouthshire County Council Principles

The aims and values of Monmouthshire County Council principles were used to establish the criteria for the Options Appraisal Workshop.

Aims and Values of Monmouthshire County Council

Our Priorities

- Education;
- Protection of vulnerable people;
- Supporting Enterprise - Business and Job Creation; and
- Maintaining locally accessible services.

Our Values

- **Openness:** we aspire to be open and honest to develop trusting relationships;
- **Fairness:** we aspire to provide fair choice, opportunities and experiences and become an organisation built on mutual respect;
- **Flexibility:** we aspire to be flexible in our thinking and action to become an effective and efficient organisation; and
- **Teamwork:** we aspire to work together to share our successes and failures by building on our strengths and supporting one another to achieve our goals.

Outcomes we are working towards

Nobody Is Left Behind

- Older people are able to live their good life;
- People have access to appropriate and affordable housing; and
- People have good access and mobility.

People Are Confident, Capable and Involved

- People's lives are not affected by alcohol and drug misuse;
- Families are supported; and
- People feel safe.

Our County Thrives

- Business and enterprise;
- People have access to practical and flexible learning; and
- People protect and enhance the environment.

Appendix B - Council Priorities and Current Service Delivery

Council Priority	Current Service delivery
Education	<ul style="list-style-type: none"> • Providing learning experiences to enable young people to fulfil their potential as empowered individuals & members of communities through the provision of an adequate Youth and Outdoor Education Service.
Protecting Vulnerable People	<ul style="list-style-type: none"> • Supporting an active and healthy Monmouthshire and a healthy lifestyle through the participation in physical activity and the provision of a GP Exercise Referral Scheme. • Offering a bespoke packages to those most vulnerable NEET 16-24 year olds in order to sustain education, employment or training and reduce the potential for youth unemployment. • Offering a youth counselling service to support the County's most vulnerable young people during difficult times. • Offering training via volunteer programmes to promote community participation and cohesion.
Supporting Enterprise, Entrepreneurship and job creation	<ul style="list-style-type: none"> • Raising the profile of Monmouthshire regionally, nationally and internationally with a view to increasing visitor spend and extending the visitor season. • Increasing visitor numbers to leisure centres and visitor attractions by adding value to existing products and developing new products to attract new markets. • Create links with local businesses to provide opportunities to buy and sell services.
Maintaining locally accessible services	<ul style="list-style-type: none"> • Providing a full range of leisure services in Monmouthshire towns. • Investing in buildings to create quality spaces that will attract greater visitor numbers and improve financial viability.

Appendix C - Service Area Overviews

Leisure and fitness

Our Purpose is to provide clean, friendly, accessible facilities and services for all our customers. Our Vision is that our facilities and activities are designed to enhance the quality of people's lives and improve the health of the communities that we serve.

Leisure Services has a real passion to develop and promote an enterprising culture, which builds business resilience and creates excellent outcomes for our communities. They are responsible for the management and operations of four dual use leisure centres within Monmouthshire based on secondary school sites at Abergavenny, Caldicot, Chepstow and Monmouth. Our facilities and activities are designed to enhance the quality of people's lives and improve the health of the communities that we serve with around 1,000,000 visits per year.

There are currently 5,000 annual and direct debit members who benefit from some excellent facilities and programming to achieve their goals. There are over 4,000 members on the Exercise Referral Scheme attracting 100 new people every month and have 2,000 children in the "Learn to Swim" programme.

Leisure Services has done a great deal to provide much needed opportunities for local people to lead more active lifestyles. Thousands of residents have benefitted from taking part in cultural and leisure activities, which have literally changed people's lives. This has been largely achieved through investment in facilities, events and targeted approach to marketing. They are an ambitious service and feel there is still much scope for further improvement and development.

Leisure Services have proven that they have the ability to be resilient and self-sufficient in a challenging economic climate. Their focus is to deliver high quality facilities, wide ranging activities for all, innovative and creative ways of working, increased participation levels and income generation. Whether you are an aspiring Olympic athlete, recreational user or volunteer, there is a strong sense of personal satisfaction in all leisure activity, which prompts people to try new things, set new goals, meet new people and have fun.

This sense of personal satisfaction and achievement is easily over-looked but underpins both individual and social health and wellbeing.

Attractions

Caldicot Castle and Country Park

Caldicot Castle and Country Park is a scheduled ancient monument set on the outskirts of the small town of Caldicot. It consists of the remains of a Medieval Castle and Victorian Gatehouse within an enclosed curtain wall incorporating a garden of approximately 2 acres. Surrounding this there are 60 acres of grassland and park including a section of the River Nedern and an ornamental wildlife lake.

The vision for the Castle in the Park is to be recognised as a premier castle heritage destination providing a strong focus for engaging with the local community and for visitors to South East Wales. We will encourage greater involvement and ownership through improved access, allowing the development of recreation, interpretation and education for all.

We are a popular destination for school visits, family occasions such as weddings and private parties, caravan rallies, ghost walks, re-enactment and specialist themed weekends and memorable red letter event days. We are gaining a reputation as an excellent large concert venue with internationally

recognised performances and also as a regular host to big screen sporting occasions and annual events such as Firework displays and Christmas specials.

We are currently open 6 days a week from April to October. We are also concentrating on developing our tea room into a fully functioning café offering quality local produce and wish to provide a kiosk in our Country Park to provide a service to our dog walkers and nature watchers.

Shire Hall

Our purpose is to provide a high quality venue and other services to a wide range of people, including schoolchildren, community groups, tourists, wedding parties, art exhibitors and commercial business. We focus particularly on an extremely high standard of customer care.

Our vision (Helping to create wonderful memories) is to enable our visitors, both local and from further afield to connect with our rich history and explore our beautiful building. We strive to ensure that, whatever the occasion, our guests' experience is as special, memorable and impressive as possible.

After a complete restoration and refurbishment in 2011, Shire Hall has now been in operation for 5 years during which time we have hosted and organised a hugely diverse range of events and activities. We have been able to investigate what types of activities work best in this quirky building and where its strengths lie.

We see Shire Hall as a key player in Monmouthshire County Council's aim to build a sustainable and resilient service by generating income rather than be a drain on resources. We are faced with the considerable challenge of doing much more for much less but Shire Hall is ideally placed to embrace this challenge. We have a unique, incredibly high-quality, beautiful building which is fit for purpose and flexible enough to host any type of event. Facing a time of uncertain financial circumstances, we must be mindful of maximum possible income generation but not at the cost of providing a seamless, memorable and special event.

With our wide range of Community groups we are now an important part of the rich Community life in Monmouth and beyond. We have built the business from the ground up and now experience visitor figures of around 70,000 per annum. Despite an ever increasing and competitive Wedding marketplace in Monmouthshire, we continue to become more popular as a place to get married. Shire Hall has recently become Monmouth's centre of learning for the Welsh language and through partnership with Coleg Gwent provides the Mynediad (entry), Sylfaen (Foundation level) and Caolradd (Intermediate) levels of learning.

We aim to deliver a high quality, customer service driven business where our paramount concern is that whatever the occasion, the experience is efficient, memorable and beyond customer expectations.

Old Station

Our purpose is to provide the best possible customer focussed, accessible tourist attraction while striving to generate economic and social benefits for the local community and also to the visitors to Monmouthshire.

Our vision is to successfully create a connection with our customers and employees as many may stay loyal for life, this will lead to giving us a chance to increase overall profitability while building a solid foundation.

The Old Station is a 10 acre countryside site sitting on the River Wye in the heart of the Wye Valley area of outstanding natural beauty (AONB). The site welcomes 120,000+ visitors each season attracted

by the multi award winning tea room situated in the original Victorian Waiting room. The site also offers a good base for walking and cycling enthusiasts and offers include a small camping field, an exhibition area, adventure play area, stunning views, a children's activity programme, a retail shop, local history exhibition, tourist information point and wedding venue.

We want to create value, excite and delight our customers by providing the best possible service and products.

We will achieve this by staying true to our core values of integrity, customer focus, creativity, respect, efficient actions, and team spirit.

Outdoor Education

Our purpose is to provide a high quality, cost efficient outdoor education and adventure activities across SE Wales and beyond.

Our vision is that our facilities and activities are designed to enhance the quality of people's lives and improve the well-being of the communities that we serve.

The outdoor service is responsible for the management and operation of three specialist outdoor centres near Abergavenny, Brecon and Monmouth providing visitors with fully catered residential facilities. Each of the sites is located close to some outstanding natural environments such as the Wye Valley, Black mountains and Brecon Beacons.

The service holds licences from the Adventure Activity Licensing Authority for caving, climbing, trekking and paddle sports and is an Accredited Activity Provider for the Duke of Edinburgh's Award scheme expedition section. Outdoor staff are highly skilled and hold NGB qualifications in a wide variety of activities enabling them to teach in many different physical environments.

We provide around 20,000 visitor days annually, the vast majority being residential school groups from south east Wales. Around 90% of clients are regular, repeat users. We also work with adult and youth groups from all over the UK. All groups are provided with bespoke programmes designed to achieve their specific desired outcomes.

Adventure activities have been included in the National Curriculum in Wales since 2008 and in England since 2013. Activities are designed to promote a diverse range of outcomes, including enjoyment, confidence building, self-reliance, team development, activity skills, risk management and environmental awareness.

The service has responded positively to funding challenges over recent years and has developed new markets, amended staffing structures and working patterns to increase efficiency and remodelled the charging regime. The result of this has been an increase in revenue with the service now circa 75% self-financing with aspirations to move to 100% in the next few years, turnover in the region of £1million. Recent research by Visit Wales has put the annual value of outdoor activity tourism in Wales at £481 million.

In addition to the core business we also provide single day visits, outreach at school sites, teacher training, CPD, school site mapping, technical activity training (such as caving, climbing, orienteering, mountain biking and canoeing) , mobile climbing wall hire, minibus driver training, camping facilities, self-catered accommodation and conference facilities.

Green Infrastructure & Countryside

Our purpose is to make Monmouthshire a green and healthy place to live, work and visit, through a well-connected and accessible network of green and blue spaces which embrace our unique and special landscape and rich diversity of species and habitats, or put more succinctly “to support resilient & active environments for all”.

At the heart of our work is an integrated Green Infrastructure approach. Green Infrastructure (GI) is the network of natural and semi natural features, greenspaces, rivers and water that intersperse and connect our villages and towns. When appropriately planned, designed and managed GI has the potential to deliver a wide range of benefits for people and wildlife. Our approach is to work in a multidisciplinary and joined up manner with partners to maximise and realise these environmental, economic and social benefits.

We are driven by a twin desire to enable active lifestyles and to work with others to maintain and enhances a living natural environment with healthy functioning ecosystems that supports social, economic and ecological resilience.

To help this we provide integrated services managing public rights of way, countryside and coastal access, countryside / heritage visitor sites; protecting trees & hedgerows; conserving and enhancing biodiversity and landscape; coordinating play strategy; supporting partnerships, including the Wye Valley Area of Outstanding Natural Beauty (AONB) partnership and other landscape scale projects, such as the Living Levels Partnership. We also provide specialist advice to internal and external customers on green infrastructure issues (on landscape, biodiversity, and access) with the aim of enabling people to protect and enhance the environment.

We support the tourism economy by promoting the county's walking product and by managing distinctive countryside and heritage sites. We provide and support opportunities for residents and visitors to enjoy active and healthy lifestyles through activities, events, arts, learning and play. We provide direct and indirect volunteering and community involvement to help individuals access and benefit from education, training and skills development and contribute to healthy and fulfilled lives.

Tourism, Marketing, Development and Visitor Information

Our purpose is to increase the competitiveness of Monmouthshire as a year round sustainable tourism destination to grow the economic, environmental and social contribution of Monmouthshire's visitor economy.

Our vision is to achieve a strategically driven and coordinated approach to destination development, management and marketing to increase Monmouthshire's contribution to the regional and national visitor economy of Wales.

We will achieve this by focusing on agreed priorities to make best use of available resources and by engaging with tourism businesses and stakeholder organisations in productive partnership working that is relevant to their interests and makes best use of available budgets and manpower resources. We also deliver world class visitor information that exceeds the expectations of visitors and delivers measurable and increasing benefits to the destination. We have developed and delivered effective destination marketing campaigns, which raise the profile of Monmouthshire in target markets and promote the wide range of visitor experiences on offer in the county to new and existing audiences in the UK and overseas across appropriate off and online channels.

One of our main aims is to support an ambassador programme to increase dwell time (and spend) of visitors and distribute the benefits of tourism more widely across the county and in doing so increase

advocacy and repeat visits. We also want to support the development and marketing of council-operated attractions to enhance the visitor experience and increase sustainability. Supporting training and business skills across the county to raise standards and increase satisfaction with the Monmouthshire visitor experience is key to our success and one of our main aims is to drive up tourism business performance in the county and developing year round visitor demand. Another main function for the service is to commission and manage research projects to provide Monmouthshire tourism businesses with the destination intelligence they need to support business growth.

Youth

Monmouthshire Youth Service manages and sustains statutory youth work and young people's counselling services, supporting young people to develop holistically by working with them through voluntary relationships to facilitate their personal, social and educational development. Through its participative nature, the Youth Service provides informal and non-formal learning opportunities for young people taking into account their needs and respecting their diversity. We are a central partner in youth support services, working together with partners to ensure young people receive their entitlements, develop their voice, influence and place in society as empowered individuals and members of groups and communities. The Youth Service works with young people aged 11-25 to support their holistic development, through provisions such as youth clubs and centres, outreach work, participation work and projects such as D of E.

Museums

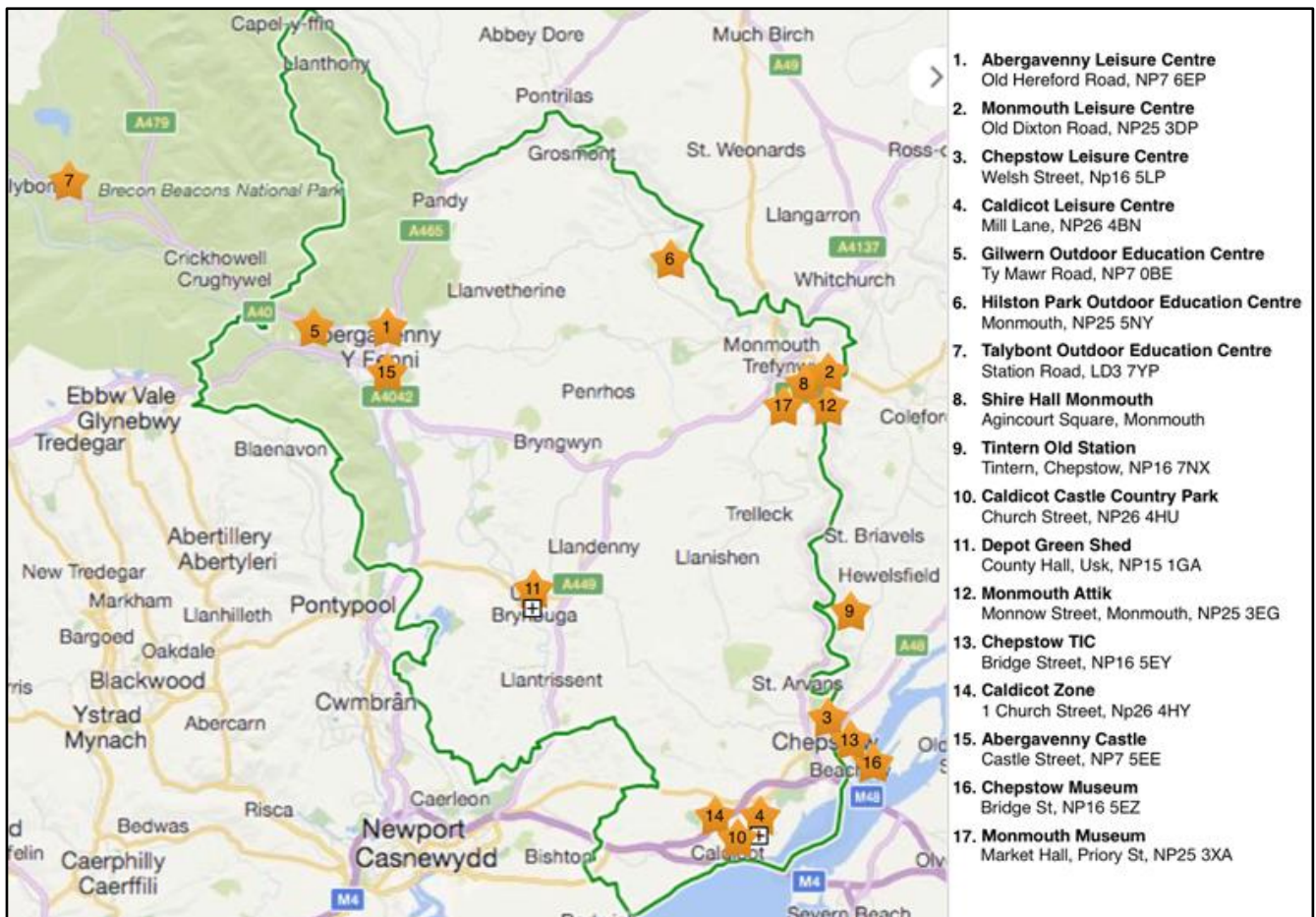
Our vision is inspiring a passion for Monmouthshire with a mission to bring heritage, collections, arts and culture alive with our communities and visitors.

We have two key strategic aims with the first being to create a cross-county museum offer to encourage a sense of pride and community identity whilst identifying opportunities for arts and culture development. This would be achieved by converting a suitable space under one roof to create a 'Collections Centre' and public exhibition area, financed through a major capital funding bid. Currently Monmouth locations are under consideration. In this space staff would be centralised, alongside provision of publically accessible storage, research facilities, learning areas, conservation lab/workshops and community/volunteer spaces. In addition to this there is the potential for public displays of the Nelson Collection and Monmouth History. The best case scenario would be for this to be in the same building, if space allows, to enable most efficient and economical use of staff, buildings and resources. At the moment options are under consideration. As part of the capital bid, proposals will be included to maintain, adapt and improve the two existing museum locations in Abergavenny and Chepstow to ensure access to Arts, Heritage and Culture across the county. Consideration has also been given within the plan to the visitor offer relating to Caldicot Castle.

The second strategic aim would be to ensure we have a resilient and sustainable service. This would be achieved by improving and extending our income streams; increasing and widening our user base and raising awareness of the Museums offer; whilst contributing to a vibrant community by adapting and working in new and innovative ways. Our guiding principle will be to further encourage the flourishing of museums, heritage, arts and culture in Monmouthshire.

Appendix D - Asset Listing

Assets of service's proposed within the new delivery model



Leisure Services

Leisure services are based in 4 sites across Monmouthshire, providing a wide range of leisure and sporting activities for the wider community



Abergavenny Leisure Centre
Address: Old Hereford Road, Abergavenny
NP7 6EP



Caldicot Leisure Centre
Address: Mill Lane, Caldicot NP26 4BN



Chepstow Leisure Centre
Address: Welsh Street, Chepstow NP16 5LR



Monmouth Leisure Centre
Address: Old Dixton Road, Monmouth NP25

3DP

Outdoor Education

Outdoor Education is sited across 3 centres, 2 of which are owned by MCC. The service offers a range of outdoor activities for schools, youth groups and adults.



Gilwern OEC
Address: Ty Mawr Road, Gilwern, Abergavenny NP7 0EB



Hilston Park
Address: Newcastle, Nr Monmouth NP25 5NY



**Talybont is owned and maintained by Newport CC*
Address: The Old Station, Station Road, Talybont on Usk, Powys LD3 7YP

Attractions and Tourist Information

We have 4 sites to incorporate our attractions and promote tourist information and visit Monmouthshire. Our attractions offer some of the most impressive buildings with historical interest and activities to engage all ages.



Shire Hall, Monmouth
Address: 3 Agincourt Square, Monmouth NP25 3EA



Tintern Old Station
Address: Tintern, Chepstow, NP16 7NX



Caldicot Castle Country Park Depot
Address: Church Road, Caldicot NP26 4HT



TIC Chepstow
Address: Castle Dell Car Park Bridge Street, Chepstow NP16 5EY

Countryside

Countryside services oversee a vast range of sites used for storage; house teams within Countryside and to provide outdoor experiences for residents



Green Shed Countryside at County Hall Usk
(and open storage as the shared PSU depot)



Wye Valley AONB Offices on Hadnock Road
Address: Hadnock Road, Monmouth NP25 3NG



Raglan Depot



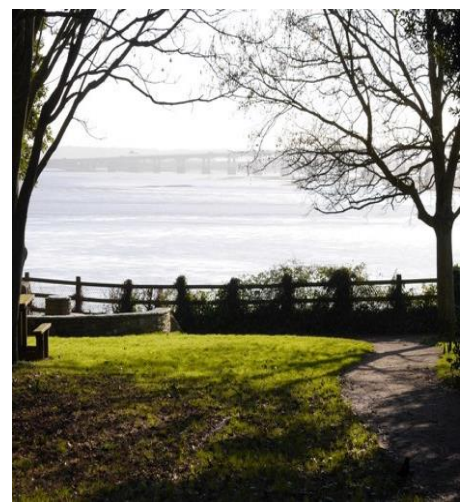
Castle Meadows



Clydach Ironworks



Warren Slade



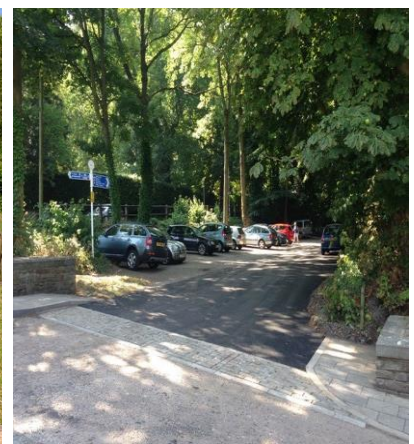
Black Rock



Rogiet Countryside Park



Tintern Abbey Furnace



Llanfoist Crossing

Museum Service

The Museum service offers visitors and local people the opportunity to experience our past, heritage and culture.



Chepstow Museum
Address: Gwy House, Gwent, Bridge St, Chepstow NP16 5EZ



Monmouth Museums
Address: Market Hall, Priory St, Monmouth NP25 3XA



Abergavenny Castle and Museum
Address: Castle St, Abergavenny NP7 5EE



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Appendix E – Possible Funding Opportunities (Not all available to Local Authorities)

Organisation	Fund Value	Grant Value (if known)	Deadline	Giving Notes	Links to Wellbeing and Future Generations Act Themes	Applications Notes
Awards For All (Big Lottery)		£500 - £5,000	Anytime	We will fund projects which support community activity, extend access and participation, increase skill and creativity or generally improve the quality of life of people in their area	1; 3; 5	
Bernard Sunley Charitable Foundation (The)	£3.1 million	Up to £50,000	Anytime	Focus on community, education, health and social welfare. Must be applying specifically for assistance towards a capital project. Will NOT fund running costs including salaries.	2; 4; 5	Must be a registered charity.
Big Lottery Fund – People and Places		Up to £1 million	Ongoing	Funding capital and revenue projects that encourage co-ordinated action by people who want to make their communities better places to	1;2;3;4;5;6;7	
Charles Hayward Foundation (The)	£59.5 million	Up to £25,000	Quarterly	Main grant programme - social and criminal justice, heritage and conservation. Project costs and capital development.	2;4;6	2-stage process.
Clive and Sylvia Richards Charity Limited (The)	£997,000	Up to £250,000	Anytime	The charity focuses its support on education, healthcare, heritage, the arts, religious institutions and overseas educational and religious institutions. Provides support to charity organisations where they seek to be a catalyst to unlock other funding so	1;2;3;4;5;6;7	Already in discussions with museum service (strong interest in Nelson collection). Must be a registered charity.
Clare Duffield Foundation (The)	£5.8 million	Up to £500,000	Anytime	Supports cultural learning, creating learning spaces within arts and heritage organisations, leadership training for the cultural and social sectors, social care and enhancing Jewish life.	1;4;6	Must be a registered charity. Rarely funds staff posts.
Comic Relief	£99 million	Up to £10,000	3 times a year	Supports UK locally-based groups or organisations which have a clear understanding of local need in improving health and wellbeing of vulnerable and disadvantaged people.	1;3;5	

Organisation	Fund Value	Grant Value (if known)	Deadline	Giving Notes	Links to Wellbeing and Future Generations Act Themes	Applications Notes
Children In Need	£46 million	£10k to £40k	3 times a year – Jan; May and Sept	Support not-for-profit organisations that work with disadvantaged children and young people of 18 years and under who live in the UK, the Isle of Man or the Channel Islands		
DCMS Wolfson Museums and Galleries Improvement Fund		Up to £300,000	July-annually	Aim to improve the quality of displays, exhibition spaces, collection interpretation and disabled access in museums & galleries	4;6	Must be a registered charity
Denza Robins Jones Charitable Foundation (The)	£268,000		Bi-Annually	Shows a preference for South Wales. Mainly supports medical and educational charitable causes which benefit the local South Wales community.	1;2;4;5	
Esmee Fairbairn Foundation	£34.3 million	Up to £50,000	Anytime	Aim to provide support to 'exceptional people with inspiring, workable ideas and organisations with latent or emerging models'. It states - "we are prepared to fund where others do not and to confront issues that are unseen or unacknowledged". Preference	1;2;3;4;5;6;7	Must be a registered charity. 2-stage process.
Foyle Foundation (The)	£5.2 million	Up to £50,000	Anytime	Support projects which facilitate the acquisition of knowledge and have a long-term strategic impact. Including: Museums, Libraries & Archives and projects which help generate additional revenue.	1;6	Must be a registered charity. Decision can take up to 4 months.
Garfield Weston Foundation (The)	£54 million	Up to £3 million	Anytime	This huge foundation makes about 1,500 one-off grants a year, typically for amounts ranging from £40 to £3 million. Areas of work: General charitable purposes with preference to education, the arts, health, welfare, environment, youth, religion and other	1;2;3;4;5;6	Must be a registered charity. Typically a one-year gift.

Organisation	Fund Value	Grant Value (if known)	Deadline	Giving Notes	Links to Wellbeing and Future Generations Act Themes	Applications Notes
Gwendoline and Margaret Davies Charity (The)	£104,000	Up to £30,000	Anytime	Donations are made to organisations which benefit the people of Wales and to other charitable organisations which are mainly Welsh.	1;6	Must be a registered charity.
HLF - Heritage Endowments Programme		Up to £1 million	Expected October 2017	Designed to build a strong and resilient future for heritage organisations and help them secure a regular source of annual income for the future in the changing economic landscape of reduced public funding.	1;2;3;4;5;6;7	2-stage process. Must provide 50% match funding through own fundraising.
Linbury Trust (The)	£7.45m	Upwards of £100,000	Anytime	Support is given to Arts (capital projects), Education, Museums & Heritage, Environment, Medical, and Social Welfare (particularly disadvantaged young and those living with dementia).	1;2;3;4;5;6;7	Must be a registered charity. Part of the Sainsbury Family Charitable Trusts.
Postcode Community Trust	£176,000	Up to £10,000 (Wales)	Expected August 2017	Interests: Community development and cohesion including support for young carers, relieving isolation, projects which enable volunteering opportunities to help regenerate communities	1;2	Must be a registered charity.
Monument Trust (The)	£74.6m	Upwards of £500,000	Anytime	Grants to: Arts & Heritage of regional importance (particularly economically depressed areas); Health and Community Care; Criminal Justice/Social Development.	1;2;3;4;5;7	Must be a registered charity. Part of the Sainsbury Family Charitable Trusts. Generally applications are invited by the Trustees.
Newbridge Charitable Trust			Anytime	Main focus is to charitable projects in Wales with purposes of advancement of education and training and; promotion of healthcare and relief of sickness.	1;2;3;4;5;7	Linked to Celtic Manor.

Organisation	Fund Value	Grant Value (if known)	Deadline	Giving Notes	Links to Wellbeing and Future Generations Act Themes	Applications Notes
People's Postcode Trust (The) - Small Grants Scheme	£1.7 million	Up to £10,000	Usually October for Wales region	Preference is given to initiatives that are 'focused on improving life for disadvantaged groups and encouraging their inclusion within society'. Welcome applications for projects that have a focus on sport, health, poverty and environmental improvement	1;2;3	Must be a registered charity. Two funding rounds a year.
Peter de Haan Charitable Trust			Usually November	Supports organisations that aim to improve the quality of life for people and communities in the following three areas: Social Welfare, The Environment, and The Arts. Trustees are keen to support substantial projects of more than £50,000 per year.	1;2;3;4;5;6;7	Must be a registered charity.
Peter Harrison Foundation - Opportunities through Sport Programme		Up to £25,000	Anytime	Supports projects which provide opportunities for people who are disabled or otherwise disadvantaged to fulfil their potential and develop personal and life skills through the medium of sport. Grants are usually made for capital projects.	1;3;4	Must be a registered charity.
Postcode Dream Trust - Dream Fund	£2 million		Usually September	Gives organisations the chance to deliver the project they have always dreamed of, but never had the opportunity to bring to life. Areas of work include: Sports; community development; environmental protection; health; human rights; prevention of poverty	1;2;3;4;5;6;7	Must be a registered charity. The lead partner in any application must have an annual income that is at least three times the amount being applied for. 3 - stage application process.
Simon Gibson Charitable Trust	£583,000	Up to £25,000 (average £5k)	March - annually	Preference for East Anglia, South Wales and Hertfordshire. Previous beneficiaries' arts/culture focused.	1;6	Must be a registered charity.

Organisation	Fund Value	Grant Value (if known)	Deadline	Giving Notes	Links to Wellbeing and Future Generations Act Themes	Applications Notes
Trust House Charitable Foundation	£1 million	Up to 10k - £45k	One off payment	Community Support: For example: work with young people; community centres; support for carers; older people's projects; help for refugees; family support; community transport; sports projects; rehabilitation of ex-offenders; alcohol and drug misuse project	1;2;3;4;5;6;7	
Waterloo Foundation (The)	£5.9 million	Under £100,000	Anytime	Arts, Education and Heritage: For example: arts projects for people with disabilities; performance or visual arts with a clear and strong community impact; alternative education projects; supplementary teaching; heritage projects in marine or industrial a	1;2;3;4;6	No unsolicited approaches currently being accepted for Wales fund.
Wolfson Foundation (The)	£49.7 million	Upwards of £5,000 (often significantly more)	1 March & 1 September	Grants are a catalyst for capital projects which are currently underfunded. Aims to encourage merit in cultural and academic spheres. Projects under £15,000 not eligible.	1;2;67	Must be a registered charity. 2-stage application process.



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Appendix F – Scoring Matrix Options Appraisal Outcomes

Individual scoring of each workshop

Below is the summary of each team’s completed matrix.

	Criteria	Option 1: Doing Nothing	Option 2: Transforming the Service in House	Option 3: Moving the Services into an Alternative Delivery Model	Option 4: Outsourcing the Services to a Third Party
Staff from service areas	Weighted Score (out of 100)	28	60	67	36
Project Team	Weighted Score (out of 100)	25	52	76	44
TLCY Managers	Weighted Score (out of 100)	26	48	57	28
Elected Members	Weighted Score (out of 100)	28	54	74	40
	RANKING	3	2	1	4

The assist in scoring each participant was aided by a detailed description of each potential option available.

1. Doing Nothing

- A reduction in revenue budget to accommodate savings over the next four years at least
- Restructuring of service
- Increased burden in National Non Domestic Rates (NNDR)
- Investment streams may be severely limited
- Capital assets still maintained by the council
- Management control of the community assets remains with the council
- Decision making process long winded and at times cumbersome
- Invest-to-save projects compete with other council services for the finance available
- Potential for local priorities to take precedence over sport and leisure needs
- Cross department and partnership working very effective
- Potential use of prudential borrowing is an advantage

2. Transform in House

- A reduction in revenue budget to accommodate savings over the next four years at least
- Restructuring of service and re-targeting of resources
- Increased burden in National Non Domestic Rates (NNDR)
- Investment streams may be severely limited
- Capital assets still maintained by the council
- Management control of the community assets remains with the council
- Decision making process long winded and at times cumbersome
- Invest-to-save projects compete with other council services for the finance available

- Potential for local priorities to take precedence over sport and leisure needs
- Cross department and partnership working very effective
- Potential use of prudential borrowing is an advantage

3. Transfer to a new Alternative Deliver Model

- National Non Domestic Rates (NNDR) and (b) VAT – (a) savings can be substantial and reinvested in the service; (b) council's threshold for VAT could be improved
- Focus on sport and physical activity and Culture services
- Greater opportunities to develop/attract other income streams. Could lack economies of scale (this would become evident as part of an assessment exercise)
- Management can grow business outside of LA control – freedom from LA framework and decision making process
- LA can retain a degree of influence and indirect control - Loss of direct control and influence over services to an independent body
- Provides flexibility in terms of grant funding - Lack of ring fencing means the ADM reliant to a degree on uncertain grant funding
- Can promote community engagement and involvement - Can be difficult finding Trustees / Board Members with right skills and experience
- Can allow savings to be reinvested in services and facilities. Can be hard to attain investment in early years
- Authority may need to realise savings in back office support costs
- Improves the LA's partial VAT exemption position
- May open up alternative sources of investment - Reliant on existing management to develop this source
- Potential for more staff and community involvement and engagement – a number of trustees on the management group will be from the community. They may include people with successful business experience
- Can boost future 'not for profit' capacity in other service areas. Too much control by the LA can limit ability of the ADM to operate effectively
- Transfer of capital assets –for example through a long term lease agreement.
- A simpler regime for board members
- Likely to involve a quicker charitable status process thus opening up the benefits of rates relief at an earlier stage.

4. Outsource to a private sector operator or other non for profit operator

- National Non Domestic Rates (NNDR) savings may be made (if charitable organisation)
- Outsourcing protects resources by ring-fencing spending through a contract to an existing operator
- Low set up costs and lower support costs if an existing operator
- Focus likely to be on an increase in income – contract needs to stress council/community objectives.
- Access to external investment
- Economies of scale and access to specialist services
- Transfer of operating risks
- TUPE transfers can be expensive
- Ties LA into a medium to a long term contract which may be inflexible. Short term contracts would in all likelihood restrict investment
- Authority will need to realise savings in back office support costs

- Savings reduced but need to pay a management fee
- External investment can be expensive but a longer contract may enable more investment. It is likely though that the council may obtain capital investment at a lower cost
- Additional contract monitoring costs have to be taken in to account - the council would have to set up a monitoring group to oversee the contract
- A competitive procurement process would need to be undertaken – costs could be quite significant.



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Score 1 to 10, where 1 is poor, 10 is excellent

Title	Objectives	Weigh-ting %	SCORING 1 – 10			
			Option A	Option B	Option C	Option D
			Doing Nothing	Transforming the Service in House	Moving the Services into an ADM	Outsourcing the Services to a Third Party
Quality	The option will deliver the set quality standard agreed with stakeholders and has the ability to adapt and improve over time.	20				
Operational Efficiencies	The option presents a clear opportunity for driving operational efficiencies through expertise of management, economies of scale and a commercial outlook.	15				
Commerciality	The option provides enhanced long-term commercial viability for Culture and Leisure assets, based on skill sets, experience and sectorial understanding.	15				
Community	The option provides opportunities to engage with and benefit the wider community.	10				
Accountability and Governance	The option provides the council and community with a degree of transparency, flexibility and comfort over the ongoing delivery of the services and the council's interest in the services.	5				
Resources and Investment	The option provides for the effective utilisation of resources and investment to allow for the successful delivery of the services in a sustainable manner. This includes staff and managerial resources working together to realise the main organisations goals and objectives.	5				
Reputation & Political Considerations	The option is unlikely to present significant objections from the Council's stakeholders.	5				
Risk Management	The option provides opportunity to manage the relevant risks associated to service delivery.	5				

Education	Providing learning experiences to enable young people to fulfil their potential as empowered individuals & members of communities through the provision of an adequate Youth and Outdoor Education Service.	5				
Protection of vulnerable People	Supporting an active and healthy Monmouthshire and a healthy lifestyle through physical activity/ provision of a GP Exercise Referral Scheme. Youth counselling service / training programmed for Volunteers	5				
Supporting Enterprise	Raising profile of Monmouthshire / attracting visitors/ links with local businesses	5				
Maintaining Locally Accessible Services	Full range of services in towns, investing in buildings/ attracting greater visitor numbers	5				
		100				

***Please total up your columns

Can you please give some reasons on why you have opted for the model that has scored the highest?



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Appendix G - Option Appraisal Workshop

Date of workshop	List of representatives / departments etc.,
22 nd November 2016	Members of the project team (5 in total)
25 th November 2016	Four groups of staff members from the service areas (26 staff in total)
14 th December 2016	A number of Members completed the matrix at the Members seminar (4 in total)
6 th February 2017	All of TLCY Managers completed the matrix (8 in total)

Background

Workshops were held with representatives of the Project Team and officers from MCC. Individuals had previously been briefed regarding the project background, including the Future Monmouthshire vision, the four proposed options as well as the specific scoring criteria. The objective of the workshops was to score each of the possible service options, based on the predefined criteria and weighting. The criteria and weighting had been previously approved by the project team. After this scoring process it was intended that the group would reach a consensus decision on the preferred option.

Scoring Process

Workshop participants were split into groups and each group scored each criteria for each of the four different service options. Scores were allocated from 1 to 10, with one being poor and 10 being excellent. Each group explained their rationale for each score they allocated. These were collated and summarised in the narrative below. Scores were collated and averaged and have been summarised below.

Results From the analysis it is clear that option 3, the transfer to a new ADM was the favoured option as outlined in Appendix F.

As part of the workshop and scoring matrix, participants gave reasons why they had opted for the model that scored their highest score. Here are some examples:-

- An ADM will give us opportunity to develop and communicate clear business goals / objectives to focus resources and activity.
- An ADM offers the best mix of local accountability, efficiency, and the ability to increase speed of decision making.

- The ADM I think gives us the greatest opportunity. An outside provider can do almost as much but will have a profit element for its shareholders .They may well be able to draw in extra investment but at a cost overall.
- We cannot not do anything, services are struggling now so we need a chance to be able to sustain and grow again in the future. Although in-house is a good option, an ADM will provide the most secure option for the future.
- I opted for the ADM as my preferred model as it met all the criteria for establishing a successful viable entity for the services in the future. It also still meets the key objectives of MCC.

Conclusion

It was agreed that the ADM is the preferred option from this qualitative analysis and will be taken forward on the Final Business Case.



Appendix H – ADM Company Structure

	Company Limited by Shares (CLS)	Company Limited by Guarantee (CLG)	Charitable Incorporated Organisation (CIO)
<i>Suitable for?</i>	Trading Company/Local Authority Teckal company	Trading Company/Local Authority Teckal company/Charity	Charity
<i>What is it?</i>	CLGs have a “share capital”, which is a nominal figure used to represent the total net assets of the company. Shares are issued to shareholders, who become the owners of the company. The shareholders’ potential liability is limited to the amount of their investment.	CLGS do not have a share capital and the members give a nominal guarantee to cover the company’s liability, normally limited to £1. By not having a share capital, CLGs do not have the inbuilt “for-profit” framework that CLGSs do (which allow investors in the company to receive a return on their investment). CLGs are traditionally associated with charities, trade associations and not-for-profit companies. CLGs are owned by its ‘members’ as it does not have ‘shareholders’.	CIOs are corporate bodies designed specifically and exclusively for charities. They are an alternative to charitable CLGs, charitable trusts and charitable unincorporated associations.
<i>What are the criteria and constitution ?</i>	Cannot be charitable. <u>Constitution:</u> The rules of the company are contained in the Articles. The Memorandum records the initial shareholders of the company which is updated with each annual return.	The organisation must be limited and cannot declare dividends to members, but other forms of distribution may be permissible, depending on the Articles. <u>Constitution:</u> The rules of the company are contained in the Articles. The Memorandum records the initial members of the company which is updated with each annual return.	Cannot distribute profits to members or shareholders. Must apply its assets to carrying out its charitable purposes. <u>Constitution:</u> Constitution must be in form specified by Charity Commission (Association or Foundation CIO).
<i>Power structure</i>	Two-tier consisting of: a small group of individuals responsible for the day-to-day running of the organisation (the Board of Directors) ; and Shareholders (who may or may not be the same people as the Board) which hold the Board to account. Shareholders have a number of fundamental powers: in particular, the power to	Two-tier consisting of: a small group of individuals responsible for the day-to-day running of the organisation (the Board of Directors) ; and Members (who may or may not be the same people as the Board) which hold the Board to account. Members have a number of fundamental powers: in particular, the power to	Two-tier consisting of: Charity trustees (responsible for day-to-day running of the organisation; and Members. Trustees and Members can be the same people but do not need to be.

	Company Limited by Shares (CLS)	Company Limited by Guarantee (CLG)	Charitable Incorporated Organisation (CIO)
	dismiss the board and to change the constitution.	dismiss the board and to change the constitution.	
<i>What are the obligations?</i>	Companies Act 2006 plus associated regulations. Regulated by Companies House.	Companies Act 2006 plus associated regulations. Regulated by Companies House. If a charity – the governing docs must be approved by the Charity Commission.	Single registration with the Charity Commission. Less onerous requirements for preparing accounts – small CIOs prepare receipts and payments accounts and larger CIOs prepare accruals accounts. Less onerous reporting requirements – only prepare an annual report (companies have to prepare directors report too). Only one annual return.
<i>Tax Incentives</i>	Corporation Tax.	Corporation Tax. No special tax treatment unless registered as a charity with the Charity Commission. Charities potentially benefit from the following tax advantages:- no corporation tax to pay on surpluses; exemption from SDLT; and partial exemption from business rates (with potential for discretionary relief for the remainder.	Charities potentially benefit from the following tax advantages:- no corporation tax to pay on surpluses; exemption from SDLT; and partial exemption from business rates (with potential for discretionary relief for the remainder.
<i>Flexibility of activities</i>	Anything (best interests of company).	If non-charitable, anything, but usually objects are for the benefit of the community in some way. If charitable – activities must be charitable or pose no significant risk to charitable assets.	Must be charitable in law.
<i>Portability of Assets</i>	No prohibition.	No prohibition unless a CIC or charity (in which case cannot usually distribute assets to members and, if charitable, must be used for charitable purposes).	Restricted – CIO has power to do anything which is calculated to further its purposes or is conducive, or incidental, to doing so and assets must be applied in accordance with the constitution.
<i>Extraction of Profits</i>	Shareholders usually entitled to dividends.	No 'shareholders' so no dividends. Profits cannot be distributed to members if a charity.	Restricted – CIO income must: be applied solely towards the promotion of its objects not be paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to any of its members.

	Company Limited by Shares (CLS)	Company Limited by Guarantee (CLG)	Charitable Incorporated Organisation (CIO)
<i>What are the benefits?</i>	<p>Usual governance structure for commercial organisations or trading/development subsidiaries.</p> <p>Limited company can provide 'financial assistance' to other members of a group structure. Very familiar structure for funders.</p> <p>Limited liability – directors are protected (unless they have acted fraudulently or continued to run the company when it is insolvent i.e. 'wrongful trading'). Shareholders liability limited to investment.</p>	<p>The structure is simple and the law underpinning the organisation (Companies Act 2006) is well known. CLGs are widely recognised and understood as a governance structure, particularly for charitable organisations. If registered with the Charity Commission it obtains a 'charity number' which is often required for funding and grants.</p> <p>Limited liability – directors are protected (unless they have acted fraudulently or continued to run the company when it is insolvent i.e. 'wrongful trading'). Members' liability limited to guarantee amount (usually £1).</p>	<p>Likely to be fine for smaller funders.</p> <p>Less onerous than charitable CLG as only registered with Charity Commission.</p>
<i>What are the disadvantages?</i>	<p>Directors feel under pressure to prioritise profits.</p>	<p>Members cannot be financially rewarded through dividends. May limit funding options as shares cannot be issued to investors.</p>	<p>Restricted membership. Trustees can only be remunerated for expenses and issues regarding payment of salaries.</p> <p>There is no register of charges held by the Charity Commission (equivalent to that maintained by Companies House for companies) due to lack of capacity of the Commission. This will mean that funders offering more substantial sums (where they want to take a legal charge as security) will be put off.</p>

Source – Anthony Collins Option Report

Appendix I - State Aid

In circumstances where the resources of a Member State are used to give some form of advantage to an organisation, there is the potential for there to be State Aid. Where there is State Aid then the ultimate sanction is for that assistance to be repaid plus interest.

In most transactions State Aid issues are usually avoided by either;

- everything being transacted at a market value or,
- given the local nature of the services, not all of the State Aid tests are met in any event or,
- the possibility of the services constituting Services of General Economic Interest (“**SGEIs**”) In this case, if MCC is proposing a grant arrangement, then this may constitute a form of State Aid and so the potential for State Aid to arise does need to be assessed.

There is the potential for State Aid in each of the following situations relevant to MCC and the ADM:

- any sale of land at an undervalue to the ADMs;
- any grant provided by MCC to the ADMs;
- any services offered by MCC to the ADMs at no cost or at below market rates; or
- Any assets transferred from MCC to the ADMs at no cost or at below market rates.

In terms of any proposed sale of land, the European Commission has issued a ‘Communication on State aid elements in sales of land and buildings by public authorities’ (OJ C209, 10/07/1997). In order to definitively avoid State Aid, the Commission expects there to be either:

- A bidding procedure “comparable to an auction” which must be “sufficiently well-publicised, open and unconditional.” The logic here is that the winning bid must equate to market value; or
- Independent expert evaluation to determine the market price “on the basis of generally accepted market indicators and valuation standards”. If there are any special obligations relating to the land (as opposed to the purchaser) then this can be taken into account in assessing the market price.

The wording of the Communication refers to “sale” of land or buildings, rather than other disposals such as by way of lease or licence. However, it is suggested that it would cover other sorts of disposals such as leases. Therefore, any other disposal where the price paid is less than market value may be seen as State Aid. The best way, therefore, to avoid possible risk of State Aid is to ensure that the ADM is paying a market rent for its use of the premises or, if there is to be a freehold disposal, that it is paying the market price.

Several of previous agreements restrict MCC from transferring the freehold of various properties as well as the granting of any leaseholder interest. If MCC is able to and decides to grant a lease and charge market rates for the reasons stated above, it would be legitimate for the ADM to take account of these kinds of costs in assessing the price it should be paid for the Services. The overall effect would therefore be costs neutral, or at least close to it.

In the context of private business, the market rates charged include an element to cover overheads such as rent, and the ADMs should be entitled to do the same. In this way, MCC may be charged certain amounts each year for the Services but, will receive some of this back again by way of rent.

To the extent that MCC is to provide (even on a temporary basis) support to the ADM by way of back-office functions such as HR, payroll and IT, then the ADM should pay an appropriate rate for these services. This is for the same reasons as set out above in relation to market rents. Again, it would be appropriate for the ADMs to take account of these overheads when agreeing the fee for the Services, as set out above.

Source – Anthony Collins



Appendix J – Main VAT considerations when Local Authorities Outsource Provision of Services to Charities

Background VAT Issues

VAT is charged on most “business” transactions in the UK where the supplier is registered for VAT. A supplier who is not registered for VAT does not charge VAT. For VAT purposes a transaction is a business transaction if the buyer pays the supplier money, or gives the supplier some other benefit of value, in direct exchange for goods or services. Neither the buyer nor the supplier need be a business in the commercial sense for the transaction to count as a business transaction for VAT purposes. A transaction in which a public body buys a service from a charity, is a business transaction for VAT purposes.

A donation to a charity is not a business transaction for VAT purposes:

- If the charity does not give the donor any benefit of value in direct exchange for the donation; and
- If the charity does not give a third party any benefit of value in direct exchange for the donation; and
- Provided that the donation is not subject to any conditions other than conditions imposed to ensure that the use of the donation is properly accounted for.

Similarly, a grant to a charity is not a business transaction if it meets those criteria. When a “grant” is referred to it means a grant which meets those criteria and is therefore not a business transaction for VAT purposes.

VAT is a tax whose burden is meant to fall on the final consumer of services. The final consumer pays VAT on the price of services which it buys and cannot recover the VAT that it has paid. The organisation which sold the services to the final consumer, while it is liable for VAT on its costs attributable to preparing and delivering the services, is allowed to recover the VAT for which it was liable on those attributable costs, thus escaping the tax burden.

The main exception to this rule is where the services sold to the final consumer are exempt from VAT. In that case, the final consumer does not pay VAT on the purchase. The organisation which sold the exempt services to the final consumer is still liable for VAT on its attributable costs, but this time – because the services it has sold are exempt from VAT – it is not allowed to recover the VAT for which it is liable on its attributable costs. In this case the burden of the tax – by way of “irrecoverable VAT” – falls on the organisation supplying services to the final consumer, not as a direct charge to the final consumer.

Although the range of services which are exempt from VAT is limited, a number of exempt services – such as social welfare care and medical services, the care of children and the elderly, and education – are commonly provided by charities. In providing exempt services charities do not charge VAT but equally cannot recover the VAT for which they were liable on their attributable costs. The burden of the tax therefore falls on charities when they provide exempt services.

Public bodies, even when they provide the same exempt services as charities, are treated differently from charities for VAT purposes. Most services provided by public bodies are entirely outside the scope of VAT, which means that they do not charge VAT to the final

consumer of their services. But, unlike charities, public bodies have a right to recover the VAT for which they were liable on their attributable costs. Section 33 of the VAT Act 1994 gives that right to local authorities and to some other specified public bodies in respect of all their non-business activities. Section 41 of the same Act gives that right to Government departments and NHS bodies for a more limited range of contracted-out services. These statutory rights of recovery are intended, among other things, to prevent VAT from acting as a disincentive to public bodies to outsource services.

What are the VAT implications of different funding methods?

When a public body outsources a service to a charity there are essentially two different funding methods available to the public body to finance the service:

- by grant-funding the charity - *this is not a business transaction for VAT purposes*
- By procurement under a contract for service – *this is a business transaction for VAT purposes.*

The VAT position, and the differences from a charity's point of view in the VAT position as between grant funding and procurement, are as follows.

A grant by a public body to a charity is not a business transaction for VAT purposes. That being so, the charity is not making any taxable supply to the public body and there is nothing on which VAT could be payable by the public body. The public body, therefore, does not have to budget for paying VAT on the amount of the grant. However, because the charity is not making any taxable supply to the public body, the charity is not entitled to recover any VAT for which it is liable on its attributable costs. The charity will have to bear the cost of the irrecoverable VAT and should take that into account when budgeting for its service and deciding how much grant money to apply for in the first place.

Procurement by a public body of a service from a charity under contract is a business transaction for VAT purposes. Where the service is subject to VAT (i.e. is not an exempt supply) the public body will pay VAT on the purchase price of the service. It will normally then be able to recover the VAT under its statutory right of recovery (see para. 7 above). Equally, the charity will be able to recover the VAT for which it is liable on its costs attributable to the service. Where the service is an exempt supply, however, the public body will not pay VAT on the purchase cost of the service, but neither will the charity be able to recover any of the VAT for which it is liable on its attributable costs.

From a charity's point of view, *where all other things are equal* a procurement arrangement leading to a contract for the provision of the service is more VAT-efficient than a grant arrangement where the charity is providing a service which is a taxable supply. Where the supply is exempt there is no effective difference between grant and contract – the VAT costs of the charity are equally irrecoverable, and there is no VAT for the public body to recover under the special recovery rules.

	Grant-funding	Procurement
Taxable service	There is no taxable supply because the grant is not a business transaction. The charity incurs irrecoverable VAT on its attributable costs.	The public body pays VAT which it will usually be able to recover under its statutory right. The charity can recover VAT on its attributable costs.
Exempt service	There is no taxable supply because the grant is not a business transaction. The charity incurs irrecoverable VAT on its attributable costs.	The public body pays no VAT. The charity incurs irrecoverable VAT on its attributable costs.

Source: Charity Tax Group – Grants and Contracts: Outsourcing by public sector bodies: VAT implications for charities



monmouthshire
sir ffynny

Appendix K – Risk Register

Risk	Impact	Probability	Mitigating Actions/Notes
Failure of ADM to achieve financial targets	High	Medium	Draw up business plan in conjunction with existing management and independent consultants. This will include a sensitivity analysis around potential income and associated costs.
Delays in agreeing support service arrangements with MCC	Medium	Medium	Need to identify staff and time currently allocated to supporting existing services - Central Finance to work on reviewing allocation methodology.
Length of process	Medium	High	Meet our deadlines and ensure all relevant officers are aware of these deadlines.
Reduced Political Interest	High	Medium	Need to ensure effective client relationship and reports to Councillors on performance/regular meetings /member workshops.
Reduced Financial support in future years	High	High	Adjustments to SLA/alter level of service in line with reduced budget.
Poor Quality Performance by ADM	High	Medium	Performance is to be monitored and controlled using a new dashboard approach on a monthly basis by the ADM Board and a set of KPIs is being developed and through establishing a clear outcome measurement framework. Regular reporting will also take place to MCC on overall performance and progress. Client staff needs to be retained by Council to plan future service requirements and to monitor ADM's performance.
Inability to recruit board trustees	High	Low	Need to establish process for establishment of shadow board significantly prior to go live date.
Lack of experience within the ADM to operate effectively as a business	Medium	Medium	Recruit Board members with expertise and commitment, particularly the Chair. Learn from other ADMs/ Trusts. Ensure have effective business support arrangements in place. Need to demonstrate VFM.
Problems with TUPE and other employment issues	High	Medium	Need to have implementation plan - need significant time for consideration of TUPE and other employment considerations. Need to include consideration of existing staffing structures and likely impact of transfer to the ADM. Need to involve MCC Personnel/Unions.
Increased costs associated with set up of Trust	High	Medium	Trust business plan needs to incorporate detailed breakdown of anticipated costs. Who is MCC's project champion?
Condition Surveys	High	High	The trust requires updated surveys. The Head of Property Services has collated existing condition surveys, identifying any substantive works since their production and identify gaps. A programme to complete a tender process and survey properties to ensure due diligence is addressed is in progress to mitigate this issue.
Failure to achieve charitable status	High	Low	Early engagement needs to take place with Charity Commission for implementation including corporate governance structure as well as refinement of the appropriate Article of Association. All trusts set up by councils have gained charitable status.
Unable to Secure NDR Relief	High	High	The project team has engaged with the Rates Section and Assessor at an early stage of the process. Based on the project team's review of the properties, no issues are anticipated. This is,

Risk	Impact	Probability	Mitigating Actions/Notes
			however, extremely unlikely given the importance of this relief to a vast diversity of charitable organisations.
Financial benefits lost because of change in government policy on NDR relief	Low	High	No indication of desire to change current policy. Should the policy change in future the cost of the services would be no greater than if it remained in house.
HMRC Ruling on Approach to VAT	High	Medium	We will continue consultation with HMRC to proactively address this issue.
Not achieving VAT savings or vat liability greater than expected	Medium	Medium	Advice from VAT Consultants.
Challenge in relation to State Aid / Procurement	Low	Low	Providing the Services Agreement between the Council and an ADM is structured in a manner which reflects the principles (including the level of payments under the services agreement being similarly in line with these principles), Anthony Collins to advise.
Due Diligence uncovers property Issues	High	High	An early start to property review has commenced and regular updates to inform on progress will be provided to the Board to enable action to be taken to address any issues arising.
Stakeholders do not support ADM	High	Low	Extensive consultation has taken place with staff, community organisations/groups and the public and feedback has been largely positive. Any concerns raised throughout the consultation will be addressed and are included in section six. Following any decision by members, further engagement will take place with all aforementioned groups on the requirements for the implementation phase.
Benefits of Integrated approach lost if some services are transferred to ADM and some remain with MCC	Medium	Medium	Could produce fragmented approach to delivery and ineffective strategic planning (think Youth - Education team).
Trade Union & Staff Opposition	Medium	Medium	Trade Unions oppose out-sourcing of services. Will work with MCC but need to be assured on protection of terms and conditions. Some staff are anxious about change but regular briefings to staff/answer questions are taking place as part of the engagement process.
Lack of capacity to complete all the work required in setting up a trust	Medium	Medium	Project Manager - to oversee establishment of trust. Could use external expertise but there are cost implications.
Business Case being ready in time and fit for purpose	High	High	Limited resources, additional changes required by MCC Senior Management Team is delaying the process.
Withdrawal of Grant Funding	High	Medium	There should be a lengthy consultation period which would mean that plans could be made to assess the impact of the funding withdrawal and reduce resources/make changes to the staffing structure.

Risk	Impact	Probability	Mitigating Actions/Notes
Regional models and changes in WG funding	Medium	Medium	Work is continuing with Sport Wales, Art Wales and also Museums NGB (MALD) to look closely at regional models for delivering services across Gwent. Clearly, the ADM would work in collaboration to drive the best delivery of services and ensure better outcomes are delivered should Welsh Government wish to develop these models over the future years.
Lack of financial assistance to invest in facilities	High	Medium	There is a need to re-design update certain facilities to ensure there is growth and development leading to a return on investment.
Need to recruit specialist positions	High	Medium	Likely to recruit the required personnel and skills from the market.
Business Resilience (loss of staff)	High	Medium	Up to date policies and procedures, role sharing/knowledge transfer.
Business Continuity	High	Medium	Develop Business Continuity Plan.
Contract with MCC - Lack of flexibility inhibits commerciality	Medium	Medium	Negotiation with MCC.



Appendix L - Engagement

Employee Engagement

Our staff are at the heart of delivering a genuine, personalised experience wherever they are sited within the organisation. We will engage and enable them to anticipate what the customer will want next, not just now, which will give us a competitive advantage in the future.

At the core of any successful organisation is a motivated, engaged and focussed workforce. The challenge that we is facing is considerable and our plan sets out a clear people engagement process. The employees are the most valuable asset the business has, all successful business understand this and put them at the centre of everything they do.

Employees come first – we will take care of our employees and they in turn, will take care of the customer. If they believe in the organisation and what we are trying to do, they will feel more confident about the long-term prospects. Ultimately making them engaged and offering the optimum customer experience. It's a virtuous circle.

Employee engagement is continuous and will happen through varying formats to ensure all are able to have an input at each stage.

- Staff engagement meetings (using key messages, encouraging everybody to open up and speak honestly about the need to change, recording the key messages and feeding back to team members afterwards) Engage with Senior staff to ensure they are clear about timetable and future actions (as much as possible)
- Team meetings
- One to ones where required, held at the convenience of the team members in the most cost effective way
- A questions box where people can leave written questions
- Open drop in sessions
- Blog; regular newsletters; posters
- Ensuring the team responsible for this task are visible and easily contactable by phone, e-mail
- Ensure all levels and teams are able to access all information
- Create an ambassador group from all levels and parts of the organisation and enable them to be the positive voice of change with colleagues.

Community / Service User engagement

Engaging community and service users in our work is a powerful force for positive change and improvement. By focusing on people in all we do, we can ensure the services they access can be sustained, improved and meet the needs of users.

Visual representation from our Engagement with service users and staff

Results of the 'What Matters' exercise carried out with service users during August 2016
<https://www.youtube.com/watch?v=XsyohXe7muc&feature=youtu.be>

What looks good to staff members?

<https://www.youtube.com/watch?v=XsyohXe7muc>

Internal engagement

As part of the internal engagement, we have ensured that all relevant colleagues from within Monmouthshire County Council have been involved. At each stage of the process we have accessed support from colleagues in Legal, Human Resources, Economic Development, Finance, Organisational Development, Estates and Property Service. We have also regularly met with officers within the Senior Leadership Team.

Throughout the process we have been afforded support, expertise, resources and at times have acted as a critical friend to challenge and scrutinise each stage of the process.

County, Town and Community Council engagement

We have continued our engagement with locally elected members and have ensured they are able to comment on each stage of the process leading up to final decision. Post decision we will continue to engage and build on strong partnerships to ensure all areas of Monmouthshire benefit from the services offering.

Trade Union Engagement

We have continued to inform/consult with our employees through "appropriate" elected representatives and recognised Trade unions.

We will continue to ensure that all Trade Union representatives are engaged in the process at each stage, and are able to feed comments into papers where decisions are to be made. We are aware of our statutory responsibilities under TUPE and will ensure that employees have the appropriate representation undertaken in the future when required. (Appendix F gives a more detailed overview).

Trade Union engagement will happen through the following channels:-

- Informal Trade Union meetings
- JAG monthly meeting
- Specific meetings for TU's to discuss final Business Case prior to political approval
- Invitation to attend staffing events
- Email updates

Continual Future Engagement

We are fully aware that we will be required to carry out additional engagement as we go through this process. Engagement will be crucial to ensure that we get the right services and involve all necessary stakeholders at relevant milestones.

Appendix M – Outcomes of staff workshop to inform Mission and Vision statements

Staff Engagement

During May 2017, 8 workshops were held for staff to discuss potential Mission and Vision statements that would represent our collective offer to the public. 120 staff in total attended the workshops and collectively created 5 statements for both the Mission and Vision. These statements were then sent out to all staff via Survey Monkey to allow staff to vote on their preferred statement.

The 5 collective statements for the Vision statement were:

- ▶ Celebrating the proud heart of Monmouthshire through inspirational experiences and our historic culture
- ▶ Promoting the vibrancy of Monmouthshire through pioneering attitudes at every level
- ▶ Encouraging a lifetime of memories through a range of diverse opportunities
- ▶ Celebrating the vibrant heart of Monmouthshire through inspiring attitudes and strong communities by investing in our people and places
- ▶ Enriching people's lives and creating vibrant places

The 5 collective statements for the Mission statement were:

Tag: **Enriching, Inspiring, Enabling**

- ▶ Enriching our diverse communities, inspiring visitors, enabling development of our people and places.

Tag: **Promoting, Growing, Sharing**

- ▶ Promoting people, growing economic success and sharing our valued legacy

Tag: **Innovating, Investing, Inspiring**

- ▶ Reinventing our culture through investment to continue inspiring our communities and visitors

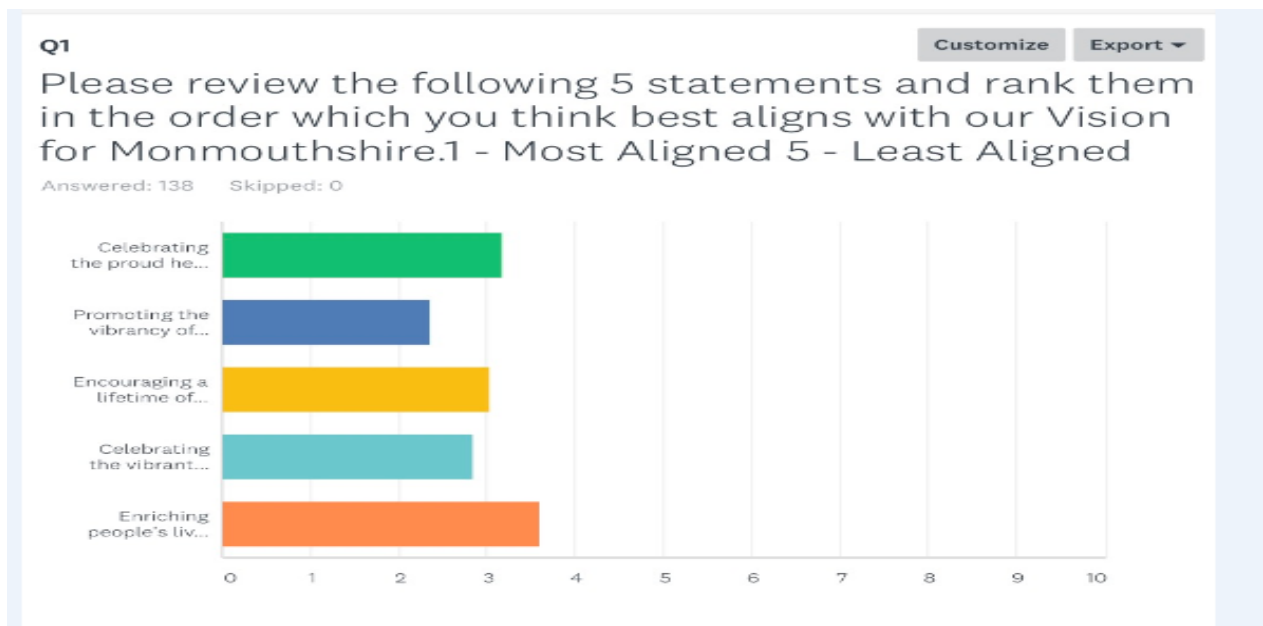
Tag: **Increasing, Optimising, Strengthening**

- ▶ Increasing visitor footfall and awareness, optimising operational efficiencies, strengthening our communities

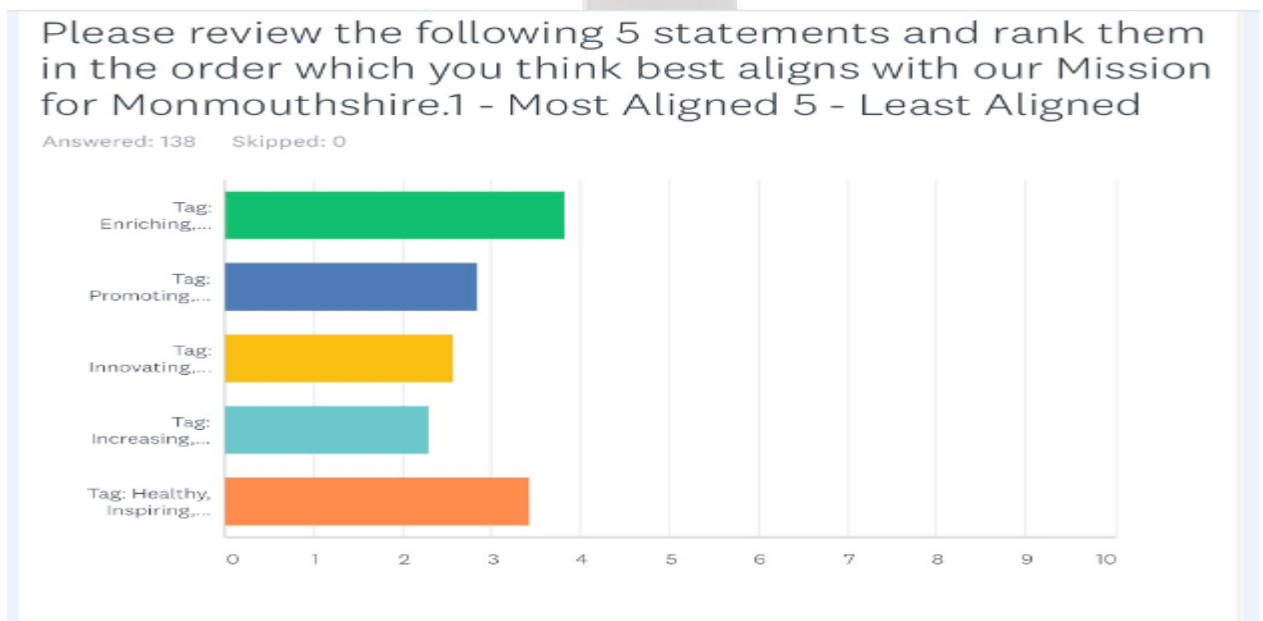
Tag: **Healthy, Inspiring, Vibrant**

- ▶ To promote healthier lives and inspirational experiences, and promote the vibrancy of Monmouthshire as a great place to be

Example of the Vision statement during the 3 week voting period:-



Example of the Mission statement during the 3 week voting period:-



The final outcome of the Survey Monkey vote by staff have created the following statements:-

Vision

Enriching People's lives and creating Vibrant Places **Mission and Tag**

Enriching our diverse communities, inspiring visitors, enabling development of our people and places

Tag line

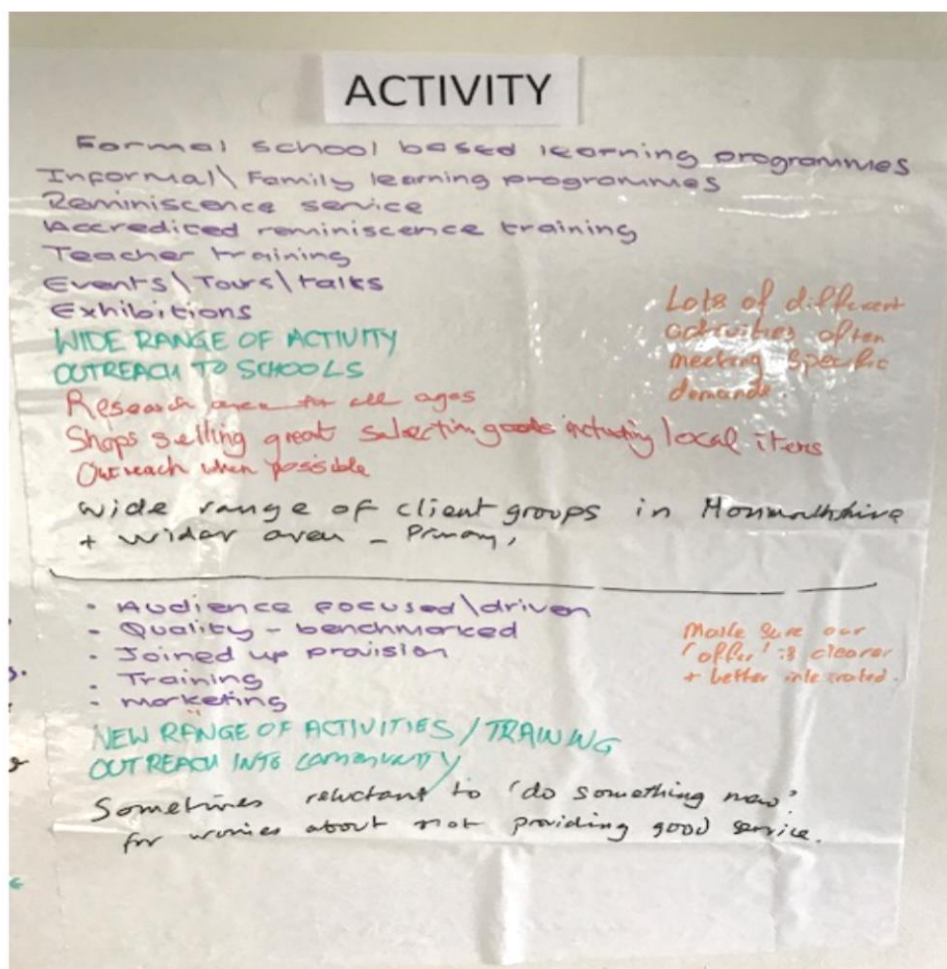
Enriching, Inspiring, Enabling

Culture and the Customer Journey workshops for staff

Over the period of June to October, 145 staff have attended a two hour workshop to look at key areas that are pertinent to the future direction of the organisation. Staff were able to discuss their existing service offer and how collectively they can strive for change making their offer exciting; value for money; a destination; excellent resources, memorable and an adventure for everyone who accesses our services.

Staff were aware of their competitors and how we can improve our product to ensure we become a brand of excellence that sets us apart from others. We want staff to become our brand ambassadors - our positive spokesperson, who will boost product or service sales and create brand awareness.

Here are examples of how they have suggested we can improve our offer.



COMMUNITY

Exhibitions ^{+ events} that interest our communities

OUTREACH

JOINING COMMUNITIES WITH A COMMON GOAL FOR
OUTDOOR RECREATION

All Inclusive

HELPING PEOPLE KNOW
THEIR PUBLIC RIGHTS

Enable communities
to manage their
Local green spaces

PROVIDING CLEAR CONSISTENT ADVICE

PROVIDING LOCAL GREEN SPACES.

Ensuring links between social, economic + environmental
approaches through a (GI) approach.
(Green Infrastructure approach)

More

Engaged

SUPREMACY OF US

More exhibitions + events that are chosen by communities.

OPEN DAYS

WHAT DO COMMUNITIES/PEOPLE WANT?

ENABLE COMMUNITIES TO GET WHAT THEY WANT/NEED
IN OUTDOOR RECREATION.

Enable all people within community to access all

ANSWER THEIR QUESTIONS ON
PUBLIC AND OR PRIVATE RIGHTS

LEAFLET/WHAT'S ON OFFER

Provide more
consistent support to
community groups.

SERVICE

leisure - sports dev, training, education

visitor information

business support

destination marketing - digital / e-commerce
management
development

Outdoor education & learning (caving, canoeing etc)

Youth work, training, educating, supporting,
preparing young people for life

Countryside - public rights of way, biodiversity, trees,
landscape

Public Spaces/parks

Equality - lessons, development, training.

Investment

grow + develop

more clearly defined roles

less silo working

better communication

clear brand for new organisations

More staff and better use of facilities (all year round)

Increasing engagement & numbers. Offer more parking

New facilities

Right staff for right job

More involvement with schools + young people for future.

Maintenance of PARKS + public spaces

more qualified staff.

As part of the workshops staff were also asked to complete a promise. They had to identify 3 key words that described them as an individual; a skill or interest and then turn them into a promise that will enhance the service offer for the future, give them ownership and ensure they are working in the right area to enable growth and personal development.

Examples of promise made by staff at recent workshops:

Proactive : Get out there and see what our competitors offer
If I have an idea speak up. Good at upselling. Go
out to companies and deliver fitness classes, market our brand.

MOTIVATION

KEEP ENERGY LEVELS HIGH CAUSING MOTIVATION TO ALWAYS
BE POSITIVE AND DRIVEN ON A PERSONAL BASIS

Hard-working I promise to give 110% (at least!)
to make sure the ADM is a success

CHATTY + FRIENDLY - I PROMISE TO BE APPROACHABLE, FRIENDLY
WELCOMING TO EVERY CUSTOMER / PERSON I SPEAK TO &
MAKE THEM WANT TO RETURN OR BE A PART OF MY TEAM.

Consistent service - to exceed
customer expectation time and again
To create memories by giving excellent
service.

I am going to use my commitment to improving our
environment to inspire volunteers and volunteer projects that will
improve our environment.

To ensure I do everything in
my power to make this new
entity a success + feel part
of one unique team.

Appendix N - Service User Engagement

Making the customer the focus of our engagement programme will help us to meet the challenges we face head on. It is important that we listen to our service users and customers to ensure future services are relevant, meet need and are fit for purpose.

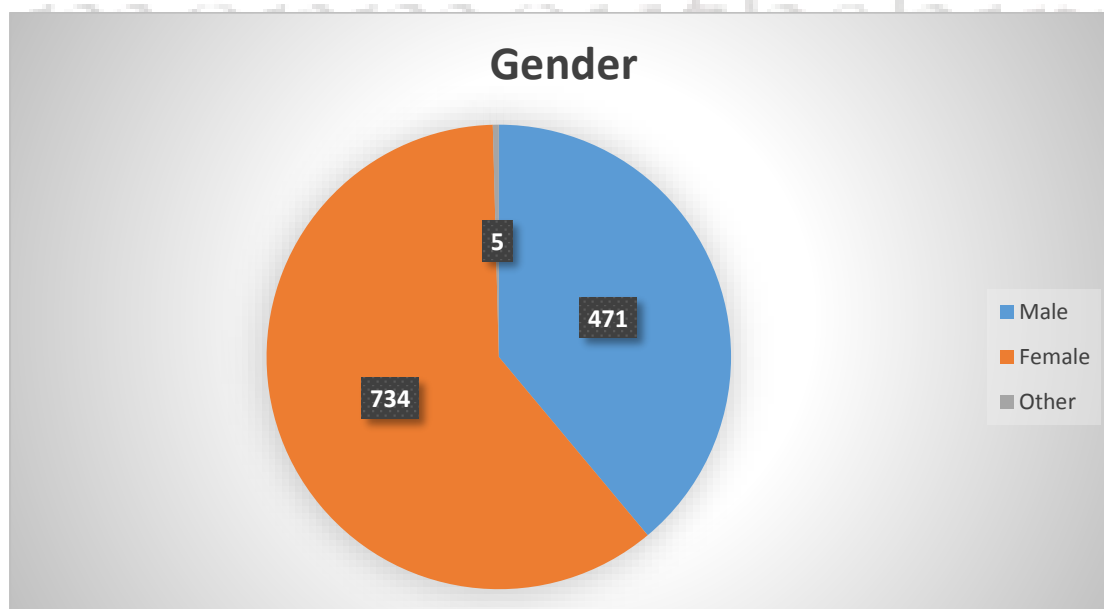
As we are at the early stages of the development of the new Delivery Model, we identified the need to carry out a 'dip-test' with service users to find out what was important to them regarding the services they accessed and used regularly.

During the three weeks of 1st August – 19th August 2016, services engaged their users through paper surveys and an on-line survey asking 'What Matters' as well as some basic demographic and geographical information. A total of 1210 surveys were completed during this three week period, from all age groups and areas of Monmouthshire giving us a wealth of initial data to use to inform our business plan and future model. The following is an analysis of the service user feedback.

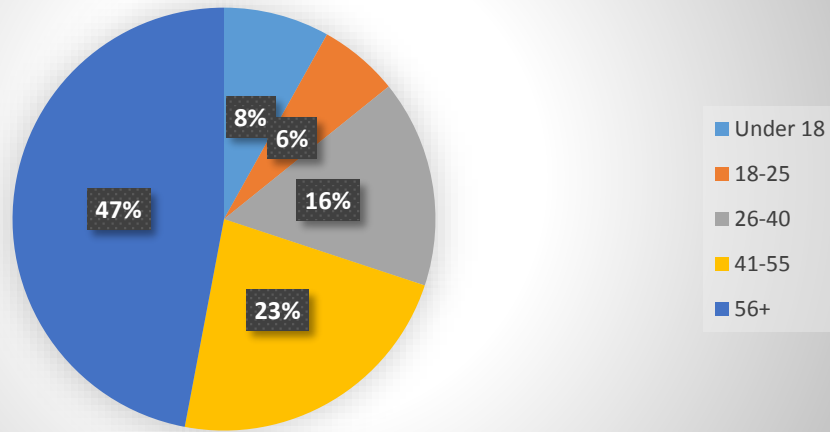
From across all surveys completed these were the top 5 themes that mattered to service users:-

- ✓ 28% - Staff: were approachable; knowledgeable; friendly and welcoming
- ✓ 24% - Accessibility: services were local; open regular and open to all
- ✓ 13% - Cleanliness: sites and facilities were clean; had good hygiene and
- ✓ 12% - Equipment: maintained; up to date; accessible for all and available
- ✓ 9% - Cost: prices are as low as possible; fair and worth the service receiving

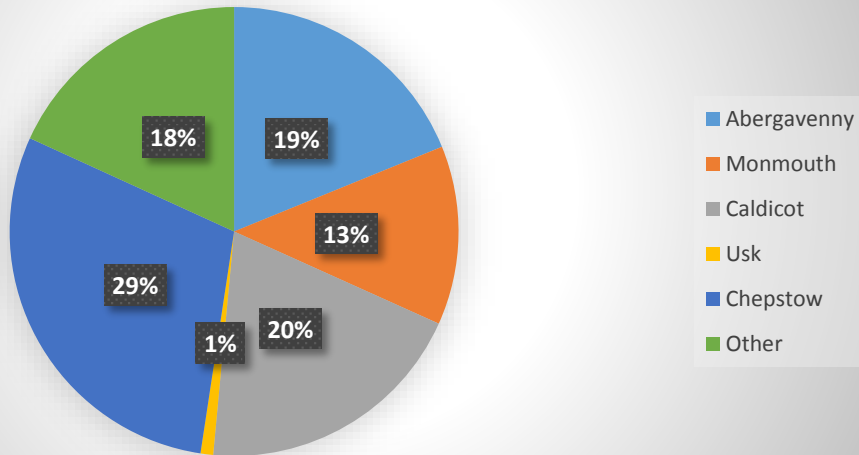
Demographic information:



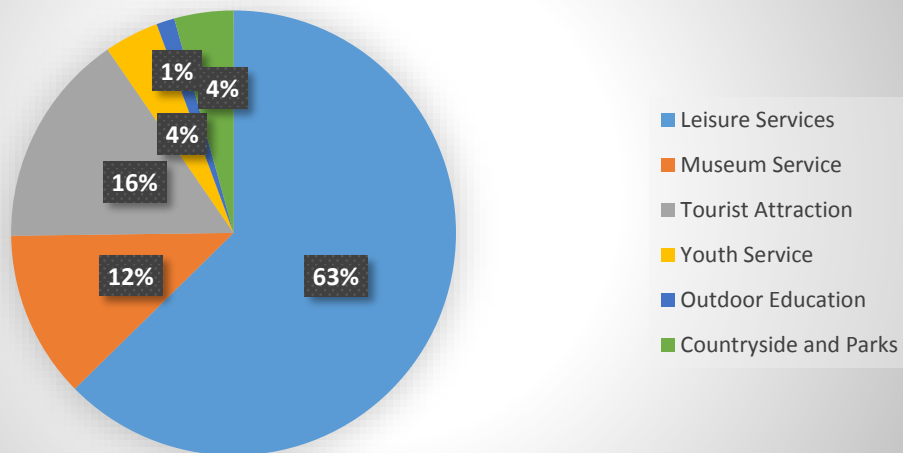
Age



Residential Area



What service are you using?



The following are extracts of what users shared about each service individually (leisure; museums; countryside; tourist attractions; youth service and outdoor education) and indicated 'What matters' to them:

Leisure (758 of the surveys submitted)

- ✓ 19% said 'Staff approachable and friendly'
- ✓ 17% said 'Clean buildings, equipment and good hygiene'
- ✓ 12% said 'Equipment maintained, up-to-date and more available'
- ✓ 11% said 'Being able to access classes to help people stay fit and healthy'
- ✓ 7% said 'Opening times extended'

Countryside (52 of the surveys submitted)

- ✓ 25% said 'Pathways and services are clean and not overgrown'
- ✓ 19% said 'Pathways are accessible'
- ✓ 8% said 'Having appropriate reasonably priced parking'

Museum Service (147 of the surveys submitted)

- ✓ 33% said 'Museums need to be interesting and educate people'
- ✓ 23% said 'Information is available and relevant'
- ✓ 21% said 'History should be preserved and shared with everyone'
- ✓ 14% said 'Important that museums stay free'
- ✓ 14% said 'Being able to learn about local history locally'

Youth Service (49 of the surveys submitted)

- ✓ 24% said 'Staff are approachable, helpful and fun'
- ✓ 22% said 'Need somewhere to go that is safe, fun and our space'
- ✓ 10% said 'Something to do and meet friends'
- ✓ 8% said 'Help to look for jobs and training'

Outdoor Education (15 of the surveys submitted)

- ✓ 20% said 'Cost - value for money is important'
- ✓ 20% said 'Safety whilst on activities'
- ✓ 20% said 'Equipment is tested, safe and appropriate'

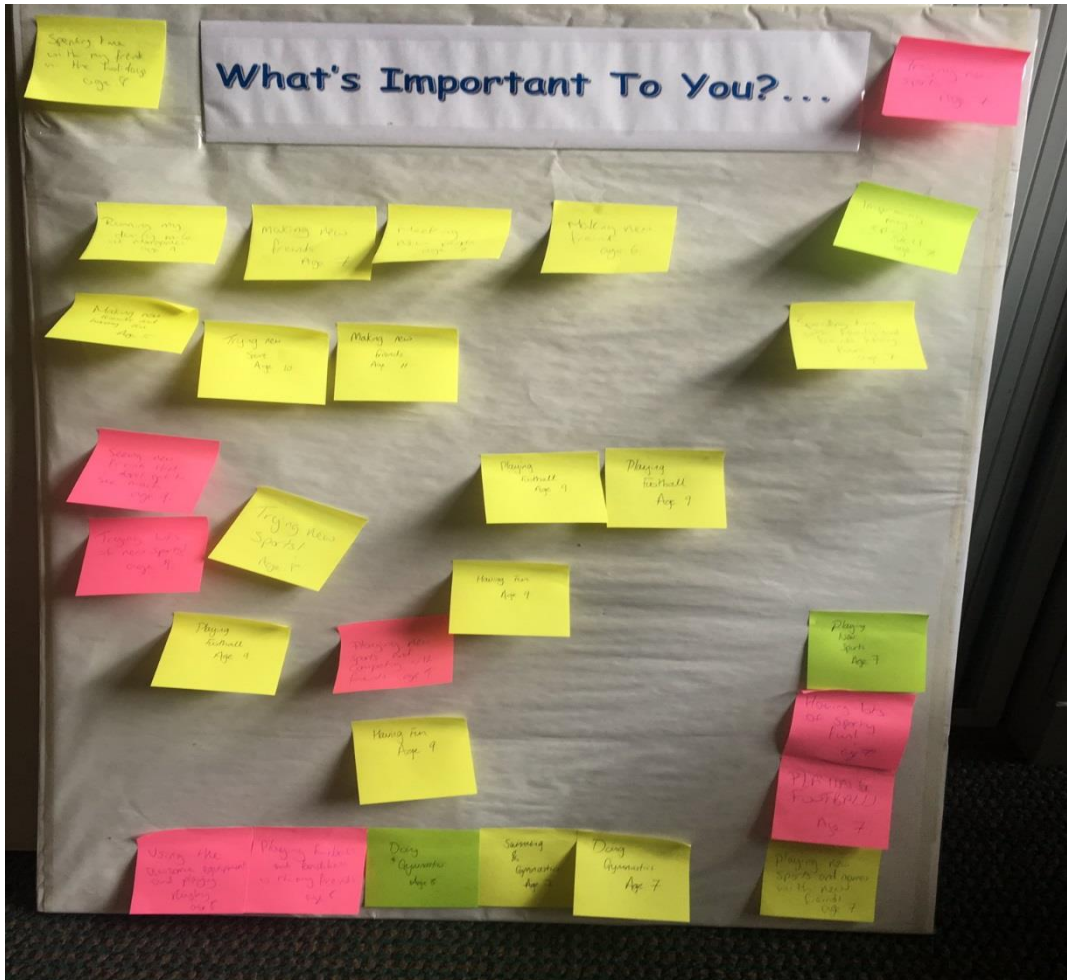
Tourist Attractions (Shire Hall; Old Station; Caldicot Castle; TIC's) (189 of the surveys submitted)

- ✓ 57% said 'Staff welcoming, helpful and knowledgeable'
- ✓ 12% said 'Local, accessible attractions are important'
- ✓ 12% said 'Attractions clean and litter free'
- ✓ 13% said 'Information is provided on local areas'

In addition and to ensure we had the voice of our youngest service users, over 120 children and young people (aged 5-11) responded on Graffiti boards sharing their thoughts on what was important to them regarding the service they were using.

A flavour of their comments:-

- ✚ To be able to swim
- ✚ Stop me being bored
- ✚ Make new friends
- ✚ Everybody taking part
- ✚ Learning new things
- ✚ Being healthy
- 😊 Being safe
- 😊 Yummy breakfast
- 😊 Staff friendly
- 😊 All treated the same
- 😊 Teamwork
- 😊 Happy



Appendix O - What Matters Service User Survey



Monmouthshire Service Users – What Matters to You?

Gender M F Other

Age Under 18 18-25 25-40 40-55 55+

Resident area

Abergavenny Monmouth Caldicot

Usk Chepstow

Rural area _____ Other _____

Reason for your visit: _____

What matters to you about the service you are using?

monmouthshire
sir fynwy

What is important to you?

If you would like to be kept informed of future service developments then please leave your contact details _____



Defnyddwyr Gwasanaethau Sir Fynwy - Beth sydd o Bwys i Chi?

Rhyw G B Arall

Oed Dan 18 18-25 25-40 40-55 55+

Ym mha ardal ydych chi'n byw:

Y Fenni Trefynwy Cil-y-coed

Brynbuga Cas-gwent

Ardal wledig _____ Arall _____

Rheswm am eich ymweliad: _____

Beth sydd o bwys i chi am y gwasanaethau yr ydych yn eu defnyddio?

monmouthshire
sir fynwy

Beth sy'n bwysig i chi?

Rhowch eich manylion cyswllt os gwelwch yn dda os hoffech gael gwybodaeth am ddatblygiadau gwasanaeth yn y dyfodol

Appendix P - The Big Conversation

Big Conversation –The Results

From October through December 2016 The Big Conversation took place in Monmouthshire. This was a valuable opportunity to have an authentic and honest conversation with our young people!

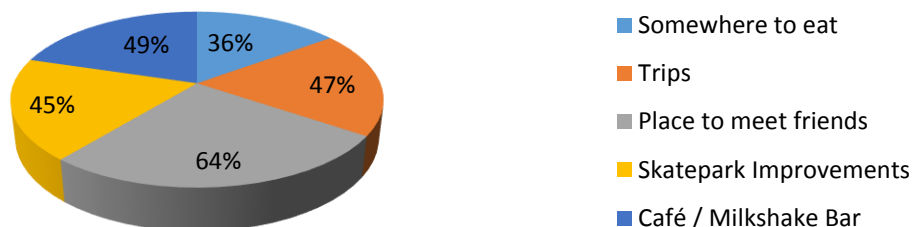
The aim of the consultation was to ultimately find out what young people *really* want in their area and to also help shape the future of a youth offer from services in the new delivery model.

The Big Conversation engaged with 345 Young People aged 5 – 25 years from groups such as;

- Primary schools,
- Comprehensive schools,
- Young Carers,
- Global Entrepreneur Event
- Scout Group
- Community Events
- Engagement Roadshow - Outreach Sessions (All towns)
- Youth Councils
- School Council
- Alternative Education Providers
- Monmouthshire Games sports Activities
- Youth Service trips and sessions
- Young People gym sessions

From the overall outcomes of the conversation, here are the top 5 priorities that children and young people wanted us to know

Results



*% are based on 345 responses

While the data allows us to identify new trends and demands from the children and young people, it also challenges us to think differently. The vast range of needs presented, encourages us to think wider and to consider all service areas when forming the youth offer. There are multiple data entries that can be amalgamated, calling on the resources and skills of the team that will potentially fall under the new delivery model to ensure that we offer the optimum opportunities.

Next steps will be to visit independent youth groups (Youth/ School Councils, Young Sports Ambassadors) and feedback the data analysis and prioritising from a young person's perspective. We are keen to have the young people lead the way on the formation of the youth offer and being involved throughout the process is paramount.

Moving forward, young people will be consulted with and invited to be involved in the creation of specific projects, these projects will be identified as a result of the analysis and prioritising workshops.



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Appendix Q - County, Town and Community Council Engagement

Meeting dates as confirmed by Town and Community Councils – Autumn 2016

Date	Time	Town/Community Council
17 th October 2016	7.00pm	Trellech Community Council
18 th October 2016	7.30pm	Crucorney Community Council
18 th October 2016	7.00pm	Portskewett Community Council
26 th October 2016	8.00pm	Gwehelog Community Council
31 st October 2016	6.30pm	Magor/Undy Community Council
2 nd November 2016	6.30pm	Llanbadoc Community Council
3 rd November 2016	7.30pm	Llangattock Community Council
10 th November 2016	7.00pm	Caerwent Community Council
10 th November 2016	7.15pm	Llantrisant Fawr Community Council
14 th November 2016	7.00pm	Mathern Community Council
14 th November 2016	7.30pm	Usk Town Council
14 th November 2016	7.30pm	Grosmont Community Council
15 th November 2016	7.30pm	Llangybi Fawr
15 th November 2016	6.00pm	Llantillio Pertholey Community Council
16 th November 2016	7.00pm	Llanfoist Community Council
21 st November 2016	7.30pm	Goytre/Little Mill Community Council
23 rd November 2016	7.00pm	Chepstow Town Council
23 rd November 2016	7.00pm	Raglan Community Council
24 th November 2016	7.00pm	Abergavenny Town Council
28 th November 2016	7.00pm	Tintern Community Council
28 th November 2016	7.00pm	Devauden Community Council
5 th December 2016	7.00pm	Monmouth Town Council
17 th January 2017	7.30pm	Llantillio Crossenny Community Council
13 th February 2017	7.00pm	Gilwern Community Council
15 th February 2017	7.00pm	Llanfoist Community Council

Members Seminars

4 th February 2016	Led by Anthony Collins ADM team	To discuss the initial proposals of gathering information in order to inform a decision on a future delivery model for TLCY and youth service's	Number of Members attended = 19
14 th December 2016	Led by Anthony Collins and ADM team	The reason why to do a new delivery model Finance for ADM	Number of Members attended = 9

		Governance	
12 th June 2017	Led by Anthony Collins and ADM team	Presentation on Governance and models that could be adopted	Number of Members attended = 11



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Appendix R - County, Town and Community Council Engagement



Briefing Paper for Town and Community Council meetings 2016

Rational

Why change?

- ▶ The ongoing Local Government funding review resulting in further cuts to services, job losses and dissatisfied communities;
- ▶ An opportunity to change things for the better, e.g. better services, different services, a new way of doing things;
- ▶ Involve everybody in creating a stronger, sustainable future model i.e. sustaining locally accessible services;

If we don't:-

- ▶ Budgets are decreasing – circa 12% or £14m over next four years; no capital investment available; services and teams under immense pressure; teams under pressure and morale is low, ultimately resulting in services being lost

Services in scope:

- ▶ Leisure, Sports Development and Outdoor Education;
- ▶ Youth services provision;
- ▶ Countryside services including our Heritage sites;
- ▶ Tourism Marketing, Development, Visitor Information; Arts and Events;
- ▶ Management and marketing of Monmouthshire's Visitor Attractions;
- ▶ Museums (to transition at a later phase)

Vision for new delivery model

- ▶ Increased flexibility and agility in responding to needs and change;
- ▶ Freedom to market and trade its services;
- ▶ Improved 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;
- ▶ Empowered & motivated staff thus raising productivity;
- ▶ Access to funding and tax efficiencies currently outside the scope of the Council; and
- ▶ Offer higher levels of engagement and achieve economies through collaboration and partnership.

Range of options, four principle options identified:

- ▶ Delivery Option One: Do Nothing
- ▶ Delivery Option Two: Transform the Services 'in house'
- ▶ Delivery Option Three: Move the Services into an Alternative Delivery Model(ADM);
- ▶ Delivery Option Four: Outsource the services to a third party.

*It should be noted preference was given to put more resources into exploring an alternative delivery model

Timescales 2016 - 2017

- ▶ January – February Information gathering and due diligence
- ▶ February – July Options Appraisal

- | | |
|-----------------------|---|
| ▶ July – September | Strategic Outline Case |
| ▶ September - October | SOC for Political approval |
| ▶ October – December | Business plan development subject to SOC approval |
| ▶ December – January | Draft Business Plan requiring Political approval |
| ▶ October – March | Transition process |
| ▶ April 2017 | Implementation of new model/s |
| ▶ September 2017 | Completion and 'Go Live' |

For further information and papers associated with this piece of work please go to

<http://democracy.monmouthshire.gov.uk/ieListDocuments.aspx?CId=144&MId=949&Ver=4>

Contact details:-

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Appendix S - FAQ and responses compiled from Town and Community Councils visits

Monmouthshire County Council are currently exploring options that will enable the sustainability and future longevity of services within Tourism, Leisure and Culture services.

During the autumn of 2016, the core team for the proposed new delivery model were invited to attend Community and Town Councils to share information with local councillors and to advise on the processes and proposals presented to MCC elected Members. Local councillors will be able to ask questions to the team members present.

Questions were verbally taken at each meeting. To ensure transparency and to share the questions asked, a list of frequently asked questions are hereby presented under themed headings.

Resource and Finances

LA could save money in other areas before looking to spin out these services?	<i>The authority is committed, rightly so, to supporting Education and Vulnerable people as 2 of its priorities. The budget sits substantially in these two areas leaving little resource for other services to continue and thrive. To ensure that local services are sustainable we need to explore alternative models.</i>
How will this save money for the local authority?	<i>The new delivery model/s will be able to access alternative funding/income from several sources which will enable the authority to reduce subsidy over a period of time therefore saving money.</i>
Will the LA still continue to fund the ADM when budgets are getting smaller?	<i>The local authority and the new delivery model/s will have an agreement in place with a Business Plan demonstrating the reduction of subsidy over a period of time from the LA, against the increasing income sourced by the new delivery model</i>
Timescales are unrealistic and putting pressure on current administration	<i>The process has been ongoing for over a 12 month period and has involved the current administration. The current administration are supportive of looking at new models and want to ensure that services are sustainable as soon as possible. The timeline fits with the processes required for completion once approval is given through the current and future administration.</i>
What will happen to the assets – will they remain the property of MCC?	<i>Currently we are exploring options around the assets. It is anticipated that assets will remain the property of MCC with a lease in place with the new delivery model/s for a set period of time</i>
Can you give an example on how you will generate more income that you cannot currently do in house?	<i>Having Charitable status will enable access to grants that we cannot currently access as a statutory body.</i>
What about the implications of Brexit?	<i>There are no foreseeable implications of Brexit within the current timescales.</i>

Community and Community Council role with new model

Will CC's be asked to contribute or precept monies to assist with new model?	<i>We will not be asking for Community councils or Town councils for precept to assist with this new model. We would welcome future collaboration on funding applications to benefit our local communities</i>
Why ask CC's as our views are not taken into account as CC make the decisions and local, rural areas suffer as a result	<i>We value all views on this decision as local communities are the main users of these services. We value the close working relationship we have now and wish to develop this in the future so services are provided that meet local need</i>

How will we benefit from this new model in a rural community?	<i>Through partnership working we will aspire to develop and grow services to ensure rural areas have access to services that meet local need</i>
How will this involve the Community?	<i>We are keen to involve all community service users old and new, to assist us in developing services that are fit for purpose and meet evolving needs</i>
How will Community Councils be involved in the future model as have vested interest in local services?	<i>We will regularly engage with local community councils to seek views and opinions on local services and through partnership develop and grow local services for the benefit of local communities</i>
Would welcome further opportunity to discuss with LA this programme	<i>Visits will be made again in the spring to give local councillors an update on progress and to seek views</i>

Staffing concerns

Will staff be protected and carried over to the new model?	<i>The pay, terms and conditions of employees transferring to the ADM are protected by TUPE legislation which will be adhered to</i>
What are the implications for staff?	<i>Staff are the biggest asset we have and are fully engaged in the process to date. It is the intention that all staff will transfer over the new model/s with limited disruption to services and posts</i>
How involved have the Trade Unions been in the process so far?	<i>Trade Unions have been involved in conversations with HR and the core team for the last 12 months and will continue to do so throughout the transition period</i>

Services in scope for options presented

What services are we talking about here?	<i>Leisure and sports development Youth service Outdoor Education Countryside Tourism Attractions Events Museums</i>
Who decided on the services in scope for this new organisation?	<i>The services that are highlighted to move into a proposed alternative delivery model and to secure future sustainability, were proposed through the budget mandate consultations in 2015/16 with the public and senior officers. Most of these services do not have statutory responsibilities through local authority delivery (with the exception of elements of Youth and Countryside).</i>
What would these services look like if you walked in, in the future?	<i>Apart from a new logo and branding, we anticipate that the same great service will be available to our community and service users. We will be able to grow our offer and increase services available to communities. We anticipate reinvesting into the assets so our services are fit-for-purpose and offer the optimum service to our communities</i>

Models currently being explored

<p>As we are only one of a few in Wales not to have looked at other models, what have you learnt from their processes?</p>	<p><i>We have talked to neighbouring authorities and gathered intelligence from further afield. They have all shared a wealth of knowledge with the team. As well as gathering intelligence on processes they have gone through, we were keen to find out what they would have done differently; what went wrong and what they have had to change since their inceptions. All were keen to express the importance of having the scope to grow services and having more than one model available. Consultation is crucial with users, staff and stakeholders to ensure we have the right model/s that will accommodate our services and offer longevity.</i></p>
<p>Would this model apply to other local authority services– will they be able to join the new model or will they be cut?</p>	<p><i>The new delivery model/s will be set up to ensure that in the future additional services can be transferred across should the need arise.</i></p>
<p>Has the authority got the business skills to deliver a more commercial model?</p>	<p><i>We believe that we have the skills required in many aspects of running a new model/s using many of our existing staff. Many of the services identified in this new model/s already operate under a business acumen. When we recognise areas where additional expertise is required we will ensure that this is addressed.</i></p>
<p>Will Welsh Government be involved in this decision for an alternative delivery model?</p>	<p><i>Welsh Government have issued guidance to all LA's on setting up of alternative delivery models and are supportive of this approach locally. The decision is that of the local authority to make rather than WG</i></p>
<p>How will the governance work – what will be the make-up of your members?</p>	<p><i>Depending on which model/s is selected, Boards will be set up from a make-up of community members; professionals; elected Members and Senior Officer from MCC</i></p>
<p>The private sector should be an option to run some of the services rather than the LA – have you approached anyone to do this?</p>	<p><i>If this is an option chosen through the political process then we will investigate further.</i></p>
<p>Have all of the options being given the same due process for a decision to be made on which model will be given approval?</p>	<p><i>Yes all options have gone through the same due process to ensure transparency and fairness on the 4 options presented</i></p>
<p>What is a TECKAL and can you explain the grouping again?</p>	<p><i>The preferred delivery option for the services associated with the Tourism, Culture and Leisure assets is through an Alternative Delivery Model. The model is structured in 3 parts;</i></p> <ul style="list-style-type: none"> <i>• Teckal Company. – MCC would retain control over services but would allow some limited flexibility for commercial operation</i> <i>• Charitable trust – this offers financial savings; allows access to funding; is a not for profit organisations as is seen as “ non-commercial” – addresses council key concern</i> <i>• Trading Company to take advantage of trading opportunities and reinvest profits back into the Charity</i>
<p>What would transforming in house mean?</p>	<p><i>Transforming in house would mean a remodelling of services identified to realise</i></p>

	<i>efficiencies and operate in a streamlined way. This option would also limit access for both capital and revenue streams so could potentially see services in the same position in the future and managing decline.</i>
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Miscellaneous

How will you be able to promote what we do in Monmouthshire?	<i>We will aspire to have a dedicated Marketing team with the new delivery model that will put Monmouthshire on the map for local residents and tourists. We value the importance of the wider Monmouthshire tourism offer and will ensure this is enhanced at every opportunity.</i>
How does this tie in with the work being undertaken as part of the RDP study of non-statutory services in rural areas?	<i>The project team will meet with the consultant who is leading on this research to create synergies and share ways of working</i>
How will you continue to work with Social Care to support our increasing aging population and social care needs?	<i>We continue to work with our colleagues in Social Care and Health to assist in the early intervention and prevention agenda which will ultimately lessen the burden on said statutory service in the future.</i>



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Appendix T - Trade Union Engagement

Informal Union and Local Authority meetings

Date	Meeting attended by	Discussion Points
31 st May 2016	Tracey Thomas	General update on where we are in the process to date
29 th November 2016	Tracey Thomas	General update on progress Strategic Outline Case approved by Members Approval to go to next stage of Draft Business Case
28 th May 2016	Ian Saunders	General update on progress of Draft Business Case.

JAG meetings

Date	Meeting attended by	Discussion Points
7 th March 2016	Tracey Thomas	General update on proposed work programme for intelligence gathering; options appraisal
28 th June 2016	Tracey Thomas	Update on progress to date Detailed Options Appraisal written Writing draft Strategic Outline Case
26 th September 2016	Tracey Thomas	Papers have been written along with report for Joint Scrutiny and Cabinet Papers to be sent to Unions for reference/comment Awaiting a political decision to go to next stage of process
21 st November 2016	Tracey Thomas	Strategic Outline Case presented to Members and approval given to go to next stage for Draft Business Case Advised on timescale for papers for SLT; joint Scrutiny and full Council Papers will be circulated to Unions at the same time as part of consultation
January 2017	Tracey Thomas	Draft Business Case for approval at next stage of political process. Advised on timescales and papers to be circulated for consultation.
June 2017	Tracey Thomas	Outcome of Council meeting in March 2017 to

		go ahead with 2 options in comparative Business Case models for approval and final decision in September 2017. Advised on dates for circulation of papers for consultation and set up additional meetings to discuss papers.
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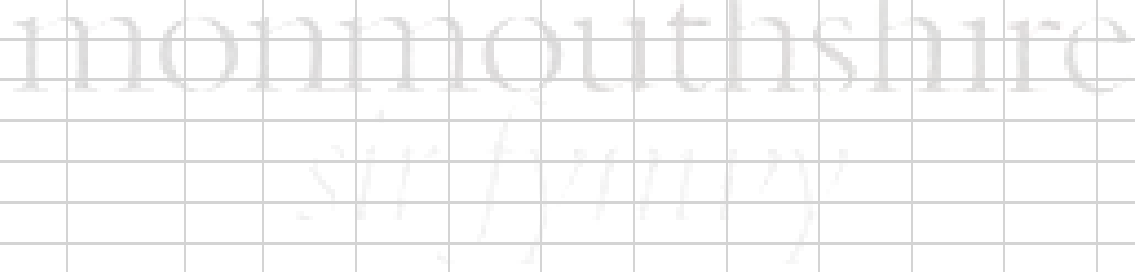
Appendix U – Potential New Income Sources

Service	Potential sources of new income (outside MCC)									
	Sales of services to customers	Sales of merchandise etc.	Cafes, food and coffee	Commercial tie ins and sponsorship	Contracts to provide services for other public bodies	Contracts to provide commercial services	Membership schemes	Individual donations	Corporate and charitable foundations; Lottery; legacies	Grants from local and national government
Leisure and Fitness	G	A	G	G	G	A	G	R	A	A
Outdoor Education	R	A	A	A	G	A	A	R	A	A
Visitor Attractions	G	G	G	G	A	A	A	A	A	A
Green Infrastructure & Countryside	R	R	A	A	A	R	A	R	R	A
Tourism	A	A	A	A	R	R	A	R	R	A
Youth Service	R	R	A	A	G	R	A	R	G	G

G = Likely, A = Potential, R = Unlikely **Appendix V – Transition and Delivery Plan 2017-18**

	Tranche 3: Go live (July 18)																	
HR	Complete TUPE transfer of all relevant staff	TP																
F	Management and Grant agreements fully operational	MB																
G	Full Board take over from Shadow Board	IS/new Board																
E	New entity takes over communications from the council - Launch	RS/TT																
F	Stamp Duty Land Tax and registrations completed	ACS/MB																
HR	Resolve any staffing issues relating to work in the new entity	TP																
S	Implement delivery plan for the new business (based on business plan and agreements with council).	Leadership team																
E	Stakeholder engagement	TT																
F	Business development financial targets	MB																
F	Risk register and risk mitigation plans	MB																
F	Establish new contracts and relationships with suppliers	TT/RS/MB																
F	Establish new SLA's with partners	MB/RS/TT																
HR	Review policies and procedures for new entity	TP																

- KEY**
- P Policy
 - L Legal
 - F Financial
 - HR Human Resources
 - E Engagement
 - G Governance
 - S Strategy
 - M Marketing



HR Planning

Activity	Lead person	RAG Status	June	July	August	September	October	November	December	January	February	March
Planning												
Agree communication and relevant roles between project HR, transferor HR and transferee HR	TP	Green		Green								
Request establishment reports check against department records	TP	Green	Green	Green	Green	Green	Green	Green	Green			
Request role profiles and check applicability	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Where changes needed (on data cleanse) managers to complete change form (multiple change spreadsheet if required) to correct hierarchy unit and/or budget codes	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Check continuous service dates, check against personnel files.	TP	Red	Red	Green	Green	Green	Green	Green	Green			
Check politically restricted posts	TP	Green	Green	Green	Green	Green	Green	Green	Green			
Career breaks	TP	Green	Green	Green	Green	Green	Green	Green	Green			
Maternity leave	TP	Green	Green	Green	Green	Green	Green	Green	Green			
Casuals who may have acquired rights	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Secondments	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Contractors e.g. caretakers, cleaners etc	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Other services that work with service and could be in scope (e.g. caretakers, cleaners, business support)	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Agreement with project lead, staff in- scope for TUPE.	TP	Green	Green	Green	Green	Green	Green	Green	Green			
Any overtime/bank holiday pay etc.	TP	Green	Green	Green	Green	Green	Green	Green	Green			
Agree engagement with Unions- schedule meetings and agree T of R for reporting into JAG	TP	Green	Green	Green	Green	Green	Green	Green	Green			
Request redundancy and pension estimates if indemnifying costs	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Pensions, Admitted body status timeframes	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Ascertain the People Services:Support team input needed for pre transfer - agree this	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Ascertain post transfer support-will this be SLA? Agree SLA	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Check with Pensions re charges for setting up/transferring pensions	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Ensure any new provider explores any applicable registration with industry body, e.g. EWC etc registration, Microsoft licenses	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			
Advice directorate and MCC HR that if there is a likelihood that TUPE could not take place but redundancies could occur, consider submitting S188 and also consulting on the possibility of redundancies	TP	Yellow	Yellow	Green	Green	Green	Green	Green	Green			

Agree how due diligence data will transfer (all personal data must be secure – seek advice on this)							
All data provided needs to be checked and authorised by directorate manager (IA).							
Policies (transfer does not need to be encrypted)							
Confirm what policies / procedures are contractual,							
Personal files (hard copy) – transferee responsible for arranging secure collection if applicable(note:under SLA MCC can retain hard co[y files -if and when hard copies to be handed over consider the archived information)							
Directorate responsible for arranging – can they take to nearest MCC building to transferee?							
Check all pay deductions that may be applicable, ie childcare vouchers, credit union payment, Tusker. Inform staff of payments that will not be part of TUPE.							
Ensure contract is ended on for MCC (People Services:Support team and payroll) prior to Payroll run. Also ensure that P45 is not sent out if the TUPE transfer has not been confirmed							
Leavers form (managers to complete)							
Agree a date for final information / data to be provided to the transferee, ie updated personnel details / updated absence details /bank details / etc. (usually provided 6 weeks prior to transfer).							
The absolute final deadline for all data is 2 weeks prior to transfer. (Legal requirement) (Fines of up to £500 per person). Note to TP check this against 2014 changes							

Finance VAT

Activity	Lead person	RAG Status	June	July	August	September	October	November	December	January	February	March	April	May
VAT														
Submit VAT Registration Form	MB													
Provide details of directors / trustees	MB													
Company Terms of Reference	MB													
Trading Plans	MB													
Financial Statements / Estimates	MB													
Contact Details	MB													
Bank Details	MB													
Vat Consultancy	MB													



Appendix W - The Regulations and Preferred Procurement routes

As the Council is a contracting authority and subject to EU and national procurement law, a contract of that nature would usually require to be advertised in the Official Journal of the European Union and an open and transparent tendering process to be followed.

MCC will need to ensure that it complies with the requirements of the new Regulations which are a consolidation of existing procurement law, including case law. One of the key changes the Regulations make is the removal of the distinction between Part A and Part B services. This means that contracting authorities can no longer grant an uncontested contract for services worth over 750,000 euros (approximately £625,050) to spin-outs, although a 'light touch' regime has been proposed for 'health, social and other service' contracts with a value greater than this threshold.

The most relevant potential procurement options open to the Council are therefore to;

- **Option A** - Form a Local Authority Trading Company (LATCO) as a Company Limited by Guarantee or Shares (though note this vehicle could not have charitable status because of issues with it being independent of the state). There would not be a requirement to undergo a procurement exercise, if the Council ensured compliance with the requirements of Regulation 12 of the Regulations (otherwise known as the 'Teckal' exemption which has now been codified in the new Regulations);
- **Option B** - Procure the services in accordance with the new "light touch regime";
- **Option C** - Run a limited "public service mission organisation" competition, also referred to as a "social enterprise" competition; or
- **Option D** - Consider whether MCC would like to procure a partner to help leverage in some additional expertise or investment. If it were to pursue this route it may need to consider, what, impact this may have on its charitable status, depending upon what type and level of expertise and investment is secured. This would also need to be in accordance with any requirements set out in the company's constitutional and governance documents.

Option A: Teckal Compliant LATCO

A public authority can procure directly from a Teckal compliant company without going through the European OJEU process. A Teckal compliant company is one that:

- Is managed so that the local authority exercises control which is similar to that which it exercises over its own departments
- Carries out at least 80% its activities for the controlling local authority
- Has no private financial involvement in its ownership.

Option B: Light Touch Regime – Regulation 74

The new light touch regime applies to contracts valued at over 750k euros (£625k) over the life of the contract for services covered by Schedule 3 of the Regulations. Schedule 3 includes youth and social services, educational and cultural services

Although greater flexibility in the process is introduced, MCC will have to comply with the EU General Treaty principles of transparency and equal treatment. This means that there can be no favouritism or bias and all bidders must know the rules of the process. To this extent the fundamental principles of the process has not changed, though note the increased possibilities for taking into account the "relevant considerations" detailed below. MCC should consider how it can best incorporate those elements into any procurement process that it may follow.

MCC must set out in the Notice the conditions for participating, the time limits that apply and a brief description of the main features of the award procedure. Regulations allow MCC to determine the procedures to be applied in connection with the award of contracts, taking into account the nature of the services being procured but there must be;

- Compliance with the principles of transparency and equal treatment of bidders.
- The procedure must be conducted in accordance with the published conditions for participation, time limits for applying and the award procedure to be applied.

The regulations would allow MCC to make changes to the procedure during the process provided it has considered carefully that the changes do not breach the principles of transparency and equal treatment, that due and adequate notice has been given to all of the change (all bidders who responded to the notice even if not shortlisted) and it has adequately recorded the reasons for change and that those records are maintained. All time limits imposed in the process must be proportionate and reasonable.

MCC can still follow the traditional routes of, for example a restricted or open procedure, though this should not be the default position or there would be little benefit in having these additional flexibilities. Equally, MCC may introduce different procedures consistent with the regulation requirements to take into account relevant considerations, including:

- The need to ensure quality, continuity, accessibility, affordability and comprehensiveness of the services;
- The specific needs of different categories of users, including disadvantaged and vulnerable groups;
- The involvement and empowerment of users; and
- Innovation.

These are the areas where the more innovative and community focused aspects could be factored in as part of the procurement process. Whatever the process, having clear objectives and implementing them in a transparent and non-discriminatory way will be key.

The Regulations also require the same debrief for most forms of procurement, including under the Light Touch Regime. There is now therefore a stricter requirement to provide comprehensive feedback at the end of a procurement process under the Light Touch Regime.

Whatever procurement process is followed, there is a further requirement for MCC to prepare a procurement report which documents progress of the procurement. MCC must keep sufficient documentation to justify decisions taken at all stages of the process, including the decisions to depart from the procedures originally set out.

MCC continues to have public law duties, including to act reasonably and to ensure that it runs a process that meets the actual cost of delivering services. Therefore, the new flexibilities not only need to comply with the Regulations themselves but also with wider public law duties

Option C: Public Service Mission Procurement

MCC can run a limited “public service mission” competition for the Services. The use of this process would be dictated by whether MCC is prepared to consider, and wants to encourage, vehicles focussed on “public service mission” and based on “participatory principles”. MCC has a duty to promote the development, in their area, of not for private profit organisations such as social enterprises, co-operatives, user led organisations, and the third sector to provide care and support.

A final check would need to be completed to ensure that all services in scope fall within the permissible services that can follow this procedure. This process is the result of the Cabinet Office campaigning for

the EU to include a restricted-competition procedure in the new directive, in order to acknowledge the difficulties that new public sector mutual face and it has now been reflected in Regulation 77 of the Regulations. The procedure effectively allows contracts to be reserved to competition amongst “qualifying organisation(s)” that satisfy the following conditions:-

- Its objective is the pursuit of a public service mission linked to the delivery of the services referred to in Part 2 (i.e. cultural services);
- Profits are reinvested with a view to achieving the organisation’s objective. Where profits are distributed or redistributed, this should be based on participatory considerations;
- The structures of management or ownership of the organisation performing the contract are (or will be if and when it performs the contract) based on employee ownership or participatory principles, or require the active participation of employees, users or stakeholders; and
- The organisation has not been awarded, pursuant to this regulation [i.e. utilising the limited competition procedure], a contract for the services concerned by the contracting authority concerned within the past three years.

The maximum contract awarded under this Regulation cannot be longer than 3 years, so this will also need to be factored in to any decision made. Although this may not be the length of contract that MCC would like to award initially, it would give the ADM the opportunity to ‘bed-in’ and potentially set up a partnership (if they wanted to do so) to begin winning contracts. The expectation would be that the ADMs would then be ready to compete on the open market after 3 years. Other social enterprises bidding could be selected as collaborators with the ADM if that is something that would increase the service provision opportunities.

The ADMs could satisfy these conditions if it set up a CIC limited by shares or a charitable CBS provided that these principles are properly enshrined in its constitutional documents. The articles of association would need to be drafted with an eye to the future to ensure that they are able to meet these requirements, if the ADMs wants to be eligible to participate in these sorts of procurements in the future.

Option D: Procurement of a Partner

If MCC wanted to leverage in greater external investment or expertise, MCC could undertake a joint procurement exercise with the ADM to choose a partner with which to run the Services. The difficulty with this option is that MCC would not be able to make it a condition of the contract award that the winning bidder or ‘partner’ awarded the contract to the ADM (this is the rule that a contracting authority cannot nominate a sub-contractor). MCC and the ADMs would also need to decide what services they would be procuring from the partner.

One way that this might be achieved is to advertise for a partner organisation and require it to state how the public service mutual would fit within the proposals to run the Services. For example, the procurement could be a for a partner organisation to assist the ADM to reconfigure the Services through working directly with staff. That does leave the outcome in the hands of the marketplace. However, to ensure that an appropriate partnership model was put forward, the tender documents could refer to the type of model that MCC/ADM would want to see in place. This sort of process is likely to be more complex and have longer timescales.

Appendix X – Transform In House Business Plan Figures

TRANSFORM IN HOUSE FINANCIAL PLAN	2017/18	2018/19 Base	2019/20 Base	2020/21 Base	2021/22 Base	2022/23 Base	Five Year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<u>SUMMARY - EXISTING SERVICES</u>							
Grant Income	541	542	543	543	544	544	2,716
School Income	484	384	384	384	384	384	1,920
Other Income	3,682	3,768	3,831	3,896	3,962	4,029	19,486
Total Income	4,707	4,694	4,758	4,823	4,890	4,957	24,122
Staffing Costs	5,550	5,637	5,731	5,789	5,847	5,906	28,910
Premises Costs (includes indirects)	1,456	1,554	1,590	1,624	1,661	1,697	8,126
Transport Costs	86	89	91	93	96	98	467
Supplies & Services	1,065	1,117	1,135	1,155	1,176	1,197	5,780
Contracts	136	170	174	178	183	187	892
Internal support Services	638	645	651	658	664	671	3,289
Total Costs	8,931	9,212	9,372	9,497	9,627	9,756	47,464
Net Cost	4,224	4,518	4,614	4,674	4,737	4,799	23,342
<u>INCOME GENERATING PROPOSALS</u>							
Grant Income	0	0	0	0	0	0	0
School Income	0	0	0	0	0	0	0
Other Income	0	114	213	327	368	428	1,450
Total Income	0	114	213	327	368	428	1,450
Staffing Costs	0	33	35	61	78	86	293
Premises Costs (includes indirects)	0	0	0	1	1	1	3
Transport Costs	0	0	0	0	0	0	0
Supplies & Services	0	18	26	33	35	42	154
Contracts	0	0	0	0	0	0	0
Internal support Services	0	0	0	-20	-25	-30	-75
Total Costs	0	51	61	75	89	99	375
Net Cost	0	-63	-152	-252	-279	-329	-1,075
<u>ADDITIONAL COSTS</u>							
Grant Income	0	0	43	43	43	43	172
School Income	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0
Total Income	0	0	43	43	43	43	172
Staffing Costs	0	106	106	106	106	106	530
Premises Costs (includes indirects)	0	0	0	0	0	0	0
Transport Costs	0	0	0	0	0	0	0
Supplies & Services	0	0	0	0	0	0	0
Contracts	0	0	0	0	0	0	0
Internal support Services	0	0	0	0	0	0	0
Total Costs	0	106	106	106	106	106	530
Net Cost	0	106	63	63	63	63	358

TRANSFORM IN HOUSE FINANCIAL PLAN	2017/18	2018/19 Base	2019/20 Base	2020/21 Base	2021/22 Base	2022/23 Base	Five Year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
OVERALL DRAFT FINANCIAL PLAN							
Grant Income	541	542	586	586	587	587	2,888
School Income	484	384	384	384	384	384	1,920
Other Income	3,682	3,882	4,044	4,223	4,330	4,457	20,936
Total Income	4,707	4,808	5,014	5,193	5,301	5,428	25,744
Staffing Costs	5,550	5,776	5,872	5,956	6,031	6,098	29,733
Premises Costs (includes indirects)	1,456	1,554	1,590	1,625	1,662	1,698	8,129
Transport Costs	86	89	91	93	96	98	467
Supplies & Services	1,065	1,135	1,161	1,188	1,211	1,239	5,934
Contracts	136	170	174	178	183	187	892
Internal support Services	638	645	651	638	639	641	3,214
Total Costs	8,931	9,369	9,539	9,678	9,822	9,961	48,369
Net Cost	4,224	4,561	4,525	4,485	4,521	4,533	22,625
Extra Capital Financing Costs	0	13	76	77	77	77	320
Total	4,224	4,574	4,601	4,562	4,598	4,610	22,945

Sample Income Generation Ideas

- Increase the sales of merchandise across sites – particularly at the Visitor Attractions through a better offer.
- Review the catering offer across sites - increase sales of food drink snacks by providing a better quality product.
- Establishment of a Training Academy for all services to provide both internal and external training
- Increase and establishing new camping opportunities across sites (including camping pods)
- Increase the numbers attending Monmouthshire Games and Dryside Sport Activities
- Increase number of Personal Instructors used in the leisure sites
- Increase uptake of Swimming Lessons and operate at full capacity
- Abergavenny Leisure Centre gym refurbishment to increase to 50-60 Station Fitness Suite
- Abergavenny Leisure Centre Catering Offer - enhance facilities
- Duke Of Edinburgh Award - increasing uptake of courses
- Attract new client groups at Outdoor Education sites – so schools outside of Gwent area / NCS, also aim to attract the private sector such as corporate organisations
- Increase Activity With Schools - operate at higher occupancy levels across sites
- Tintern Old Station - Provide activities to make more attractive for visitors - crazy golf courses, increase availability of train rides
- Increase hire of sites such as Grounds - Abergavenny and Caldicot Castle

Appendix Y - Policies and procedures for adoption and implementation by the ADM

Strategic relevant to the ADM

Name of document	Relevant to:
Business Plan	Whole workforce
Specific Outcomes and Performance Indicators	Whole workforce and Board members
SLA between LA and ADM	Board Members and senior staffing team
Memorandum of Understanding for Board Members	CEO ADM and Board Members

National Policies/Acts

Name of document	Relevant to:
The Wellbeing of Future Generations (Wales) Act 2015	Whole workforce
Active Travel (Wales) Act 2013	Across ADM activities
Social Services Wellbeing Act 2014	Whole workforce
Environment (Wales) Act 2016	Across ADM activities
Extending Entitlement (Wales) 2002	Work with children and young people 11-25
Children and Families (Wales) Measure 2010	Work with children / play
Welsh Language (Wales) Measure 2011	CEO / Board Members / Senior staffing team / Whole workforce

HR/ Staff Policies and procedures which are relevant to whole workforce

Name of document	Name of document	Name of document
5 Steps to your retirement	Equal Opps in Employment Policy	SEWSCB - Safe Recruitment Guidance
Adoption Guidelines		Shared Parental Leave Policy 2015
Advert Role Profile and Person Spec Template (Corporate)	Equal Pay Policy	Sickness Absence Categories
Agency and Self Employed Workers Policy	Extreme Bad Weather - Guidelines	Sickness Monitoring
Agile Working Policy		Statement of Good Conduct
Alcohol and Substance Use Policy	Fitness for Work - Employee Brief	
AM WB Managers Protocol Workflow	Fitness for Work - Managers Guide	Stress Risk Assessment Manager Self Review
AM WB - AMR guidance for managers	Flexi Recording Sheet Jan - Dec 2017	Stress Risk Assessment Observations Sheet
AM WB - How to- reasonable adjustments	Flexi time scheme	Stress Risk Assessment Sheet
AM WB- How to- ill health capability meeting	Flexible Retirement	Strike Guidance for Managers 2014

AM WB- How to- phased return to work	Flexible Working Application Procedure	Term Time Only Weeks Per Year Calculation
AM WB -Template letter placement on a formal monitoring period	Harassment Policy	Travel and Reimbursement
AM WB- Template letter placement on a formal extended monitoring period.docx	Harassment Procedure	Trial Period Process - Guidance for Managers
AM WB -Template outcome letter following Ill Health Capability Meeting	HOLIDAY ENTITLEMENTS	Volunteer Policy
AM WB -Template outcome letter following Welfare Meeting	Honorarium Policy	Wales Adult Protection Policy
AM WB-Template letter invite to Ill health Capability Meeting	Hours and Leave	Well-being Solutions management leaflet
AM WB-Template letter invite to Welfare Meeting	Interview Form - APPENDIX 10	Welsh Language Skills Assessment Guide
AM WB-Template outcome letter following successful completion of Monitoring Period		Whistleblowing Policy
AM WB-Template outcome letter following welfare meeting after OH Report	Interview Form - APPENDIX 11	Whistleblowing Procedure
At Risk Proforma	Interview Form - APPENDIX 12	Workforce Development Planning Workflow
Attendance Wellbeing - RTW guidance for managers	Interview Form - APPENDIX 13 - NOTIFICATION OF APPOINT	Workforce Planning Analysis Report
Attendance Management Policy	Interview Shortlist Form	
Attendance Review Form	Job Share Scheme	
Attendance Review Guidance	Kiddivoucher Scheme Rules	
Attendance Wellbeing Managers Protocol Workflow		
	Market Forces Policy	
AWB Home Working Checklist	Maternity Guidelines - Maternity Rights Flowchart Local Government Employees	
Capability Policy	Maternity Guidelines - Notification Document	
	Maternity Guidelines	
Career Break Scheme	Mileage - Correct use of Home to Work Mileage	
Carer in Employment - Carers Toolkit for MCC Staff		
Carers in Employment - Toolkit for Managers	Mobile Phone Policy	
Carers in Employment Policy	National Agreement 'Green Book' Updated Edition	
	Net pay estimate tool	
CICO Performance Appraisal	New and Expectant Mothers at Work - Arrangement Guidelines	
Code of Conduct	Occupational Health Referral Form	
Contracts of Employment Protocol	Parental Leave Procedure	
CORPORATE Restructure - Service Redesign Protocol	Paternity Guidelines	
DBS - Applicant Guidance	Pay Policy	
DBS briefing note		

DBS guide to eligibility by Home Office v2.2	Pensions (lgps 2014) Employer Discretions	
DBS Policy	People and Organisational Development Strategy draft	
DBS Protocol		
DBS1 - Appendix H - Secure Storage Use and Disposal	POLICY Attendance Management 2017	
Disciplinaries and Grievances - Guidance for Investigating Officer	POLICY Fairness at Work Policy (Grievance) 2017	
Disciplinaries and Grievances - Investigating Officer's Report	POLICY Performance Appraisal CICO	
Disciplinaries and Grievances - Investigation Pro Forma	Politically Restricted Posts Advice	
Disciplinaries and Grievances - Investigation Process	Pre-Employment Checks at Interview - Applicant Guide	
Disciplinaries and Grievances - Witness Signature Request	Professional Strategy Meeting Guidance	
Disciplinaries and Grievances - Witness Statement	Protection of Employment Policy	
Disciplinary Policy (Corporate	Recruitment and Selection Policy	
Documentary Evidence Sheet	Relocation Policy	
Domestic abuse policy	Retiring from Work Guide	
Emergency Payments Guidance	SAFE 2017 WASG (004	
Employee Basic Hours Timesheet (MONTHLY)	Safeguarding Policy	
Employee Disclosure Register Form	Safeguarding Strategy	
Employee Disclosure Register Form		

monmouthshire

Request Forms

Form	
Additional Annual Leave Decline and Appeal Letter	Expense claims with Multiple Posts - My View
Additional Annual Leave Purchase Application Form and Appencies	ID Card Request Form
Additional Annual Leave Purchase Record	Interview Expenses Claim Form
Additional Annual Leave Purchase Scheme	Leave Record Card
Additional Annual Leave Purchase Workflow	Mileage Claim Form
Adoption Guidelines	Pension opt in form
Annual Leave Calculator	Self Certification (Return to Work Form
Attendance Review Form	Special Leave form
Authorised signatory request form payroll	
Booking half day off - My View	
Change of bank account form	
Employee overtime form	

Health and Safety Policies

Name of document
Health and Safety in the Workplace
Health and Safety Arrangement Guidelines
ICT Safe Use Policy
Safe Equipment Policy
Manual Handling Policy
Risk Assessment Policy
Stress Risk Management Policy
Transport Policy
MIDAS and other driving certs
Vehicle Maintenance Policy
PPE Policy
Visiting Contractors Policy



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