Project Option	**ADM Model (MonLife and MonLife Plus, Trust and Teckal)**	**Transform In-House**
Description	Alternative Delivery Model (ADM) for Tourism, Culture, Leisure and Youth Services	In-house transformation
Key Assumptions	• Facilities and services are managed strategically and operationally by Trust and Teckal • Would be based upon a reducing budget year on year • Funding and management agreement would be reviewed and renegotiated subject to performance • Continued board representation from the Council • TUPE and Admitted Body Status would offer some protection for existing employees • Service Level Agreements will be established between the new entity and Council	• Facilities and services are managed within the Council • Employees employed directly by the Council • Day to day decisions being made by the Council • The Council continues to face significant reductions from central government, some aspects of the current services are discretionary and policy commitments would be needed by the Council to secure the future of all services in the long term • Further opportunities can be explored for collaboration across the region and where this is of benefit to the authority in sustaining and improving services • New investment plan will be required to maximise economic growth
Benefits	• The Charitable Trust is able to gain NNDR relief for circa. £272,000 • A fresh start for the service and opportunity to rebadge and re-motivate the management and operational team • An outsourced Trust operator has the potential to continue to generate revenue savings • Greater opportunity for career progression and more structured training programmes • Solution devised to have the potential to realise the synergies and improvements across services that are often missed when reviewed and developed in isolation	• A Council in-house team could make long term revenue improvements subject to appropriate revenue and capital investment • Can access internal capital funding through prudential borrowing at a lower interest rate than any of the other options • In-house provision provides the Council with maximum control at both a strategic and operational level • An in-house delivery will be able to guarantee protection of employee terms /and conditions • A business culture has been developed within the

	• Model designed so that where the services still need to obtain a degree of independence from the Council they can be able to be more innovative in their service delivery. The benefit of an external Teckal vehicle also lies in part in its ability to work alongside a charitable vehicle more effectively to deliver the shared vision, purpose and aims in the draft MonLife business plan (Appendix D).	Council over the last 3 years capable of maximising efficiency and income generation within an in-house environment:
		  ○ Commercial mind set
		  ○ Risk aware but not risk adverse culture
		  ○ Freedom & Flexibility
		• Support Services such as Finance, Business Transformation, Audit, Employee Services, Procurement, Landlord Services and Digital Programme Office will be on hand to provide support and guidance.
		• Upon adoption of Ealing ruling VAT treatment of income from sporting facilities are exempt from VAT leading to a circa £250,000 per annum benefit to the Council.

Dis-benefits	• Raising capital finance may be a problem. Would be likely to require the Council to borrow on its behalf. • Further enabling funding would be required to agree contracts between County Council and new entities • Transfer would not be possible until October 2019, following completion of all contractual due diligence, consultations • Terms and condition of a Grant Agreement are likely to limit the strategic and operational control of the authority • The County Council will retain responsibility for commercial risk in relation to overspends and subsequent budget shortfall • Major maintenance obligations relating to assets will remain with the authority • Liability for redundancy costs to be negotiated and agreed but it is usual that they will rest with the Council for a period of 2 years after transfer • The Council will be responsible for any underlying pension deficits upon the start of the employment	• Some of the monetary advantages of a Trust and Teckal model are not available to the Council, though these are principally in relation to NNDR savings which themselves are not guaranteed into the long term as a result of ongoing taxation reform. • It is subject to external market fluctuations / influences, which would mean that it could not guarantee any future level of savings. • Unlikely to attract significant external grants to support capital development, though such grants are reducing nationally • NNDR costs are incurred by the Council, which are included in its 19/20 budget – Additional Pressure of £272,000. • NNDR costs are incurred by the council going forward therefore impacting on the Councils MTFP • No opportunity to transfer risk to a 3rd party • Limited ability to affect staff terms and conditions

	arrangements that it must pay in respect of any transferring employees • Marginal Business Case: £200k savings at best, benefits reducing as momentum is lost e.g. Business Rates, reduction of services in scope for transfer;	
Risks and Mitigations	• External factors would continue to affect the Trust, in areas of new competition and the national and local economic climate. • Staff terms and conditions for employment may be adversely affected by an outsourced operator • Significant legal and commercial risks relating to employment and pensions matters • Introduction of more County Council control within the Grant Agreement could increase the risk of procurement challenge • Pressure to maintain a commercially viable operation could lead to a 2-tier workforce with all new employees being recruited on reduced terms and conditions • Pressure to maintain a commercially viable operation may impact on the terms, conditions and longevity of service level agreements with the Council, leading to a residual financial pressure for the Council to manage	• The Council will continue to face significant financial challenge and increasing expectations from customers, therefore the service will have to manage an ongoing funding gap. Mitigation – MCC will need implement a continuous service transformation programme exploring all opportunities for efficiency and commercial development. • Adopting the Ealing VAT ruling will mean income from sporting facilities will be exempt from VAT and will benefit the Authority's revenue account. However, this may constrain the authority in terms of the Council's VAT partial exemption threshold being triggered and which could have significant consequences on the level of VAT payable by the Authority. Mitigation – MCC are receiving ongoing advice from the Authority's VAT accountant and appointed VAT consultants. Once the 5 year Capital Investment Programme is available the VAT consequences will be assessed and the Authority will then engage in discussion and negotiation with HMRC to optimise its VAT position and such as to not prohibit any planned capital investment requirements. • External factors would continue to affect this operating model in areas of new competition and the national and local economic climate. Mitigation – MCC will continue to monitor the external market place to ensure all external pressures are managed

		accordingly • Demotivated management and operational team following decision to deliver an in-house model. Mitigation – MCC will develop an ambitious and challenging 5-year business plan with the capability to sustain and develop service provision. • Reputational damage from new proposals. Mitigation – MCC will clearly demonstrate the necessity for an in-house model in the context of the current environment together with the ability of the authority to deliver against customer expectations. • Asset investment needs to be present to ensure opportunity for development in line with business Plan. Mitigation – MCC will substantiate capital investment following robust option appraisal and business case development • Bureaucracy - all of which add overhead and intransigence at officer and member level prolonging decision-making. Mitigation – MCC will review and adapt processes accordingly to ensure effective decision making