

ANGUS COUNCIL

10 SEPTEMBER 2015

FUTURE SERVICE DELIVERY MODEL FOR CULTURE AND LEISURE SERVICES – UPDATE

**REPORT BY ALAN MCKEOWN, STRATEGIC DIRECTOR COMMUNITIES/ALASTAIR WILSON,
INTERIM HEAD OF SERVICES TO COMMUNITIES**

ABSTRACT

To provide the Council with an update on the Transforming Angus project for the future service delivery of Culture and Leisure Services through Angus Alive.

1. RECOMMENDATION(S)

It is recommended that the Council:

- (i) Note the progress against the recommendations contained in report 71/15;
- (ii) Note the appointment of the five Independent Directors to Angus Alive;
- (iii) Note the updated position on the appointment of the Chief Executive Officer for Angus Alive and delegate the Strategic Director of Communities to make all necessary arrangements for recruitment and selection in conjunction with the Head of HR, IT and OD;
- (iv) Note the progress on Business Case contained within the report;
- (v) Agree that a full report on the Go Live decision for Angus Alive for 1 December 2015 is submitted to Angus Council on 22 October 2015;
- (vi) Note that Union representatives have been fully briefed on this report and its contents. Staff briefings have taken place in line with the Managing Change Policies.
- (vii) Agree that the companies established for the delivery of Angus Alive which were registered with Companies House as Angus CLT Limited and Angus CLT (Trading) Limited are formally changed to Angus Alive and Angus Alive (Trading) Limited respectively.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Communities that are prosperous and fair
- Communities that are learning and supportive
- Communities that are safe and strong
- Communities that are caring and healthy

3. BACKGROUND

3.1 Report No 506/14 to Angus Council on 11 December 2014 noted that further reports would be brought back to Angus Council providing detail on the further development and proposed

governance arrangements surrounding the proposed charitable trust model for the delivery of Culture and Leisure services.

3.2 Report No 71/15 to Angus Council on 12 February 2015 contained a number of recommendations which are noted below with actions to date.

- (i) Company and Trading Subsidiary have been incorporated;
- (ii) Shadow Board has been established;
- (iii) The Independent Directors have been appointed;
- (iv) The Chief Executive Officer recruitment process is in hand;
- (v) External Advisors to The Trust is being progressed;
- (vi) Target date 1 December 2015 is still the Go Live date;
- (vii) NDR arrangements are still being finalised with the Rates Assessor;
- (viii) OSCR application has been submitted;
- (ix) VAT registration still to be concluded;
- (x) Admission to LGPS is in hand;
- (xi) Libraries and ACCESS integration has commenced consultation process.

3.3 The trade unions have been involved in the project team and board and have been represented at the Employee Forums and drop-in Sessions and will be consulted on the proposed Employee Structure for the Trust.

4. CURRENT POSITION

4.1 The Angus Alive Project Team continue to work hard towards the tight deadline of 1 December 2015 Go Live date and are delivering against other pressures with regard to day-to-day duties.

4.2 Finance and Legal & Democratic Services have been supported by external resources to ensure delivery against the project plan.

4.3 As stated above the actions required to ensure a smooth transfer to the trust continue to be delivered by representatives of the project team as lead officers for the work streams which are critical to the success of meeting the forthcoming deadlines.

4.4 The recruitment of the five independent directors/trustees to Angus Alive has been completed. The Directors and their full biographies are appended to this report.

4.5 The recruitment of the Chief Executive Officer has still to be completed with two external candidates being invited to a second interview on 15 October 2015.

4.6 The recruitment of the structure below the Chief Executive will be progressed in October following consultation on the staffing structure with staff and unions in line with the Council's Managing Workforce Change policies.

4.7 The other main areas of work has been to update the Outline Business Case (OBC) contained in Report No 506/14. That is work in progress but the key areas of progress are highlighted in this report. It should be noted that there will be a Final Business Case presented to the Council at a later stage (22 October) once all the outstanding works from the relevant work streams are concluded. This iterative development of the Business Case is expected to follow the same style as the presentation of draft accounts and final audited accounts with some final numbers still subject to change depending on the final treatment of some of the financial elements by HMRC.

5. OUTLINE BUSINESS CASE UPDATE

5.1 The headline summary is that all the key work that was envisaged and approved by the OBC has been and is currently being delivered with the key 5 case areas updated as below:

Strategic Case

- 5.2** During the development process the Shadow Board have visited a number of other Scottish Trusts and witnessed first-hand the strategic advantages for both the respective Councils and the Trusts. These advantages have included ability to recruit for and utilise specific skills that have added a different and positive dimension to the operational, commercial and strategic thinking of the trusts.
- 5.3** The Shadow Board have heard first-hand how the new operational and governance arrangements have new and positive relationships with Council and other public sector services and unlocked the potential to work more closely with private sector partners in the pursuance of improved outcomes.
- 5.4** In addition exposure to experienced support services has also enabled a development of a critical analysis of the direction of travel, a testing of ideas and a pushing of the limits of what can be included. All of that has reinforced the view of the Shadow Board that direction of travel is strategically sound.
- 5.5** Members are asked to note that not all the learning was necessarily positive. Members heard first hand of the challenges of budget reductions outside the Council, governance challenges, assimilation of non-council directors and of not making all the decisions before the non-council directors were appointed. In addition the challenges of investing in a positive ongoing relationship, particularly in relation to shared campus, were explored in some detail. This learning has helped inform the shadow board and reinforced its commitment to a positive and functional relationship with Angus Council post Go Live.

Economic Case

- 5.6** The development of Angus Alive has proceeded as envisaged within this section of the OBC as overseen by the Shadow Board. Detailed work on the VAT/NDR position is underway taking further advice from EY regarding the position of the shared campus and with HMRC. The decision has been taken to utilise the audited 2014/15 accounts which have been recently released. This element of the work is the most critical and represents the greatest risk to the projected Go Live date and this is reflected in the risk section of the report. The risk is not one of complexity or difficulty but one of volume and time.

Commercial Case

- 5.7** Since the approval of the OBC significant work has been undertaken in relation to the Commercial Case. Angus Council has made the decision to create a Company Limited by Guarantee and also to establish a Charitable Trading Subsidiary. Angus Alive is the Company name and a brand has been developed and agreed by the Shadow Board. Members are asked to make a formal amendment to the Company name and that of the trading subsidiary, which will be registered at Companies House.
- 5.8** The Shadow Board has overseen the core work and ensured the Council's original intentions have been adhered to. The Council has agreed to adopt a structure of four elected member representatives of Angus Council, with political balance, and five non Council Directors. All five independent directors have been appointed and the pen portraits are appended to this report. The recruitment has been done through an open and transparent process seeking specific skills, as recommended in Report No 246/15, and the process has set a positive model that can be followed in the future.
- 5.9** The contracts transferring the services to the trust are under development. Given the timescales of the project these are not yet complete and will be concluded prior to the Go Live dates. Details of the commercial terms of these agreements will be reported to members in the report to the follow on 22 October 2015. Members should note this element will be work in progress but given the agreement is to run services and facilities within known and current frameworks this element of work is both expected and manageable without any negative impact on Angus Alive or Angus Council customers. This work presents significant challenges for Angus Council as it will require a disaggregation of "corporate services" and

the development of detailed service specifications that will be SMART and this will require considerable work and negotiation.

The proposal is that occupancy of all facilities and properties required by the trust will be granted by way of occupancy agreements containing provisions regarding the Council and the trust's responsibilities in terms of the facilities. The trust will deliver all of the services currently delivered by the council from these facilities and core council support services such as legal, property, information technology, human resources, finance and insurance will be provided to the trust from the Council.

- 5.10** As highlighted, given the path chosen existing services will continue uninterrupted and there will be no disruption to services but development and refinement of services will be at the discretion of the Angus Alive Board within the envelope of the Services Agreement with Angus Council. This work will include the capture of the relevant Statutory Performance Indicators and Key Performance Indicators. A critical advantage of the early establishment and recruitment of the Angus Alive Board is that this work can be done in conjunction with the full board whereas other organisations that lessons have been taken from have highlighted that a later recruitment of the full board resulted in their boards spending a considerable amount of their early period refining these rather than focussing on strategic development issues, Angus Alive will have that balance built in from its inception.
- 5.11** In terms of staffing considerations, there is a commitment to protecting front line staff through retention of posts, TUPE and securing admitted body status for pensions. All of these are in hand but normal budget reductions are taking place as envisaged and approved through the Angus Council budget process.

Financial Case

- 5.12** As indicated in the economic case above the 2014/15 actual figures are being used in the preparation of the Business Case in order to reflect the most up to date estimate of potential savings the Council could achieve from this project.
- 5.13** The potential savings will however be limited to a range within the Business Case for prudence as these potential savings are dependent on external factors such as agreement with HMRC on the VAT arrangements. The updated Business Case will include three scenarios to reflect this uncertainty at this stage - a prudent scenario along with an upside and a downside scenario with regards to the VAT arrangements.

Management Case

- 5.14** The Management Case is being systematically developed and delivered as envisaged. Given the timescales a prioritisation of key documents is underway with financial, OSCR and HMRC work being key. As highlighted the treatment of property assets including common good assets is covered by lease agreements and maintenance, repairs and capital expenditure will continue as per the existing arrangements providing continuity of service and maximising the potential savings.
- 5.15** All the other key issues covered in the management case of leases, agreements, TUPE, OSCR, HMRC, Governance, Risk Management and Communications are all in hand utilising the existing structures and frameworks available from within the Council.
- 5.16** In addition the delivery mechanism chosen and the commitment to positive partnership means that on day one Angus Alive will be ready to deliver high quality customer services and Angus Council will be ready to provide the highest quality support services that will ensure Angus Alive is a success.

6. FINANCIAL IMPLICATIONS

- 6.1** The cost of the continuing work undertaken by EY will be met from the Transforming Angus budget and will continue to be scrutinised by the Transforming Angus Project Board.

- 6.2** The transition costs associated with the transfer of the leisure and cultural services to Angus Alive have been identified as part of each project work stream and for the purposes of the updated business case have been estimated at circa £0.560m. Some of these transition costs have already been met through the TA change fund and the estimated remaining costs are anticipated to be met from the TA change fund subject to obtaining the relevant authority from the TA Board where this has not already been approved.
- 6.3** By implementing a go-live date in December 2015 the financial savings which could be achievable from VAT and NDR, as long as the relevant arrangements and exemptions are agreed and granted, will accrue ahead of the budget savings needs. The risk of not going live on December 2015 is that the potential savings and benefits from this project would not be realised from December 2015.

7. STAFFING IMPLICATIONS

- 7.1** This section covers the staffing implications both as they are directly related to Angus Alive and also other reviews that are being progressed that will directly impact before or after the proposed formation of Angus Alive. The structural reviews have been driven by the desire to modernise but to also meet the savings contained in past and current Council Savings, documents which have been previously agreed by Angus Council. Whilst the savings run with the development of Angus Alive, they are to meet existing and future savings to meet the need to deliver reduced Council budgets and are not driven by the creation of Angus Alive. The full financial impact of these changes will be reflected in the final business case.

Angus Alive

- 7.2** The overall structure for the Trust has been developed with 3 main strands of Leisure, Culture and Business Support. In each of these areas the frontline staff has been recognised as critical to the success of Angus Alive.
- 7.3** This approach delivers devolved responsibility to the new management structure and existing operational structure and protects front line staff. There will be a reduction in senior managers below the Chief Executive and this aspect is being consulted upon and is subject to the managing workforce change policies and in line with this will include VR/ER and redeployment, matching and internal recruitment (restricted where necessary).
- 7.4** The recruitment for the senior officer structure below the Chief Executive is planned for mid to late October allowing for an orderly transition and preparation for 1 December.

Access & Libraries

- 7.5** As part of the Council's service review to re-focus the ACCESS and Libraries Services, seek efficiencies and make best use of the Council's property estate, a detailed examination was undertaken to investigate the possibility of integrating ACCESS and Library Services into one service to deliver better customer services and to prepare for Channel Shift has been undertaken. This review has the potential to see focussed provision in every burgh through refreshed library buildings becoming service, learning and community Hubs (subject to resources being available) with building works in Monifieth, Carnoustie, Brechin, Forfar and Montrose with the potential for a single model also being explored in all areas through the Agile Angus work stream.
- 7.6** Unions and Staff are currently being consulted on this structure and its implementation is following the managing workforce change policy. The final details of this review is currently under development and are impacted upon by the Income Management and Channel Shift agendas and will be reported in the Business Plan being presented to Council in October. This revised structure and integrated service is planned to be implemented in November 2015.

Service Redesign – Payment Facilities At ACCESS Offices

- 7.7 The separate report (Report 349/15 refers) on this which is also on the agenda for the Council to consider sets out the enhancements and efficiencies that can be generated through moving away from cash payments to more on line payments and Direct Debits. In following this approach there will be a reduction in the footfall in ACCESS offices and this has been factored into the calculations of the ACCESS/Libraries review. Staff and unions have been consulted on this element of the change process. Whilst the reduction in hours required is broadly in line with the front line hours provided by staff in temporary posts, there will be local adjustments that need to be made to ensure each burgh is right sized. This aspect of the modernisation will also deliver a saving that will be delivered after the Go live date.

8. Risks

- 8.1 There are a number of risks associated with the project. These are set out below:

External Decisions

- 8.2 A number of decisions will be in the hands of external agencies and these are not in the control of Angus Council or the Shadow Board or Project Board. The three key areas these can impact are Admitted Body Status for the Pension provision of Angus Alive, HRMC and Assessor input into the final business case and associated savings and OSCR's decision on charitable status. Whilst the HMRC/Assessor decision can be worked around vis-à-vis estimated savings, the lack of a positive result from OSCR and the Pensions decision would result in a delay of the Go Live date until those decisions were made. To control this risk, high quality, experienced advice and assistance has been sought, received and acted upon in the preparation of all submissions.

The application for charitable status has been submitted to OSCR and a decision on this is awaited.

With regard to the application to the Tayside Pension Fund, discussions are ongoing with Dundee City Council who manage the fund. Dundee City Council will require to take a report to their relevant committee to seek approval for the trust to be admitted to the fund and officers are working with Dundee City Council to achieve this.

Internal Decisions

The key internal decision making risk is that of the timely appointment of the Chief Executive Officer. The shadow board have discussed and understood the risk and if necessary interim management arrangements will be made that will not prevent a successful go live on 1 December 2015.

Timescales

- 8.3 The timescales for Angus Alive are ambitious. The pace at which work is happening and the volume of work required is significant. All deadlines are tight but members have shown considerable understanding of this and provided flexibility on timescales for submission on reports and key documents. This grace will be required right up to the Go Live date and beyond. To control the risk it is clear that key officers will be required to immerse themselves in Angus Alive work. To be clear this will absolutely mean other work will not be carried out by those officers, it will be re-allocated but delays in other work will be created. Implications may be seen in HR, IT, Legal, Finance and Communities whilst this work is prioritised. In approving this report members and the Council as an organisation are explicitly signing up to this prioritisation with Service leads making prioritisation decisions on an operational basis.

9. OTHER IMPLICATIONS

- 9.1 The transfer of Culture and Leisure Services to Angus CLT will see the Council move from being a provider of core culture and leisure facilities and services, to an enabler. Whilst this is a significant shift it is expected a positive relationship will be developed and maintained and a

positive partnership that extends beyond the terms of the written agreement is the aim of all parties.

- 9.2 The Employee Structure once fully agreed will require Union and employee consultation within a tight time period to allow the transfer arrangements (TUPE) to be put in place for 1 December 2015 and all statutory requirements will be followed.
- 9.3 There are still further discussions to take place between the Council and the Rates Assessor specifically in the areas of the dual use and Community Campus facilities.
- 9.4 External factors may also impact upon the ability to meet certain milestones within timescales which, if substantial, may also require adjustments to the programme.

10. CONSULTATION

- 10.1 The Chief Executive, Strategic Director – Resources, Head of Corporate Improvement and Finance, Head of Legal and Democratic Services and Trade Unions have been consulted on the terms of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

REPORT AUTHORS: Alan McKeown – Strategic Director Communities/Alastair Wilson, (Interim) Head of Services to Communities

EMAIL DETAILS: Communities@angus.gov.uk

Appendix 1

Robert Carroll

Business executive Robert Carroll brings a wealth of strategic and operational experience to our board. A time served engineer Robert now works in the international oil and gas and manufacturing sectors. His extensive experience in quality management and system improvement will ensure Angus Alive keeps it focus on continuous improvement.

Hannah Whaley

In her role as assistant director in the University of Dundee's Library and Learning Centre, Hannah Whaley has responsibility for research and resources. A qualified software engineer, Hannah is known in the field of e-learning. She specialises in system design, service development and innovation within Higher Education teaching and research.

Kenneth Fraser

Kenneth Fraser recently retired from the Scottish Fire and Rescue Service, following a career spanning almost 30 years. Having risen through the ranks Kenneth served most recently as business manager and strategic planning advisor to the Chief Officer and Scottish Fire and Rescue Board. He has work extensively at the national level but has in depth knowledge and understanding of Angus from his time in Tayside.

Ken McKay

Ken McKay comes to Angus Alive following a successful career in education, specialising in the development and improvement of PE and sport in schools. A former Commonwealth Games athlete, Ken's sporting career in track and field has given him exceptional team building and team work skills as well as lengthy experience in sports administration.

Donald Archibald

Former Detective Chief Superintendent Donald Archibald has a strong background in strategic management. His performance management and scrutiny skills were honed during a highly successful career with Tayside Police. Donald's considerable experience of promoting and delivering positive outcomes for vulnerable adults and children is now benefiting Barnardos in Angus and will be an asset to Angus Alive.