

ANGUS COUNCIL

11 FEBRUARY 2021

ANGUSALIVE: UPDATE

REPORT BY VIVIEN SMITH, DIRECTOR OF STRATEGIC POLICY, TRANSFORMATION & PUBLIC SECTOR REFORM

ABSTRACT

This report provides an update in relation to ANGUSalive, including the latest impact of COVID-19 on the temporary operating plans and the ongoing development of the transformation project previously agreed by the Council.

1. RECOMMENDATIONS

1.1 It is recommended that the Council:

- (i) Note the recent impact of COVID-19 on ANGUSalive which resulted in their main operations being suspended to comply with Level 4 legislation of the Scottish Government Protection Levels Framework on 26 December 2020 and the new lockdown announced from 5 January 2021 for a four week period, subject to review;
- (ii) Agree the interim changes to the Services Specification which will form the content of a formal change notice between the Council and ANGUSalive which will reflect the current temporary operating position;
- (iii) Note the current 'going-concern' update reflecting ANGUSalive's latest financial position;
- (iv) Note that ANGUSalive has continued to make successful applications for external grant funding, including government support schemes, to contribute to the charity's short term business viability, amounting to £2,023,412.35 (up to 31 December 2020), with details included in Appendix 1 of this report;
- (v) Note the progress with the ongoing development of the transformation project, including the key actions emerging from the Rapid Improvement Events involving ANGUSalive, a range of Council services and key partners;
- (vi) Agree the approach to developing ANGUSalive's Business Plan; and
- (vii) Agree the updated timetable and approach for the transformation project, reflecting the impact of the emerging circumstances surrounding the COVID-19 pandemic.

2. ALIGNMENT TO THE COMMUNITY PLAN/ COUNCIL PLAN

2.1 This report contributes to the following local outcome(s) contained within the Community Plan:

- An inclusive and sustainable economy
- A skilled and adaptable workforce
- Attractive employment opportunities
- The best start in life for children
- More opportunities for people to achieve success

- Improved physical, mental and emotional health and well-being
- Safe, secure, vibrant and sustainable communities

3. BACKGROUND

- 3.1 Reference is made to Report 334/20, considered by the Council at its meeting on 17 December 2020; and Report 272/20, considered by the Council at its meeting on 5 November 2020. These reports provided ongoing updates in relation to ANGUSalive, including progress with the recovery plans at that time and the initial steps of the transformation project agreed at Council in September (Report 224/20 refers).
- 3.2 Since the time that Report 334/20 was considered by Council, the Scottish Government has changed its response to address the latest wave and variant of the COVID-19 pandemic. Members will be aware this placed Angus, along with the rest of mainland Scotland, into Level 4 restrictions from 26 December 2020 and subsequently into a new lockdown from 5 January 2021 for a four week period, subject to review.

4. CURRENT OPERATING POSITION UPDATE

4.1 Overview

- 4.1.1 At the time of writing this report (18 January 2021), the latest Level 4 restrictions and lockdown measures have resulted in ANGUSalive's main operations being suspended in their entirety from 26 December 2020, with the sole exception of a limited Countryside Ranger presence only being retained at the Countryside Adventure locations.
- 4.1.2 Members may recall from Report 334/20, that Angus moved from Level 2 into Level 3 of the Protection Levels Framework on Friday 13 November 2020. That change resulted in additional restrictions being in place which impacted some of the services which could no longer be provided (e.g. group exercise classes) or restarted (e.g. adult sports club bookings).
- 4.1.3 Report 334/20 Appendix 1 set out the scope of services being provided up to 27 November 2020. That same position was maintained, plus a number of additional services (e.g. family swim sessions) resumed over the next four weeks, and were available up until the change into Level 4 restrictions on 26 December 2020, and subsequent lockdown measures.

4.2 Proposed Temporary Amendments to Services Specification

- 4.2.1 ANGUSalive have now been required to suspend their main operations in order to comply with the Scottish Government legislation. However, this temporary operating position, along with the operating position between 27 November and 26 December 2020, does not meet the requirements of the current operational services specification as agreed between the Council and ANGUSalive and as operated prior to COVID-19.
- 4.2.2 Accordingly, members are asked to agree that a formal change notice between the Council and ANGUSalive can be issued which reflects this interim position as described above.
- 4.2.3 Members are again reminded that, in accordance with recommendation (v) of Report 224/20, approved by Council on 10 September 2020, agreement to proceed with this change notice on these terms will not reduce the Council Management Fee agreed by full Council on 27 February 2020 as detailed in Report 81/20. This is a temporary position agreed up to 31 March 2021.
- 4.2.4 A further report updating members with the latest operating position will be brought to the full Council meeting on 18 March 2021. A further report in relation to ANGUSalive's budget position for 2021/22 will also be included in the suite of Council reports to be considered as part of the overall Council budget setting process and that will address the position with the Council Management Fee going forward into next financial year.

4.3 'Going Concern' Update

- 4.3.1 This is an important area in light of the ongoing coronavirus circumstances as the ANGUSalve Board need to be assured that the charity can continue to trade legally.

Although there is no issue with ANGUSalve moving forward on a going concern basis and trading legally at this time, the position is being very closely monitored by the Board as it remains under pressure. There continues to be a lot of uncertainty, both positive and negative, in the projection assumptions with the significant changes in the external operating environment since the Council meeting on 17 December 2020 highlighting the challenge.

To maintain a going concern assessment to enable the charity to continue to trade legally during the new financial year, it is still expected that the Council's support package will be required during 2021/22 based on the information available at this time. The Council's support package for 2021/22 will therefore be reviewed and updated as part of the forthcoming Council budget setting process and included in ANGUSalve's budget report for members' consideration at that time.

The financial measures in the support package alone however will not be sufficient and there is a continued need to transform the business to be sustainable over the longer term.

- 4.3.2 Successful applications to obtain CJRS grant funds to the value of £1,678,659.51 for the period to 31 December 2020 have been received by the charity. The claim for December 2020 was submitted to HMRC in advance of the new 14 day deadline from the end of the month and funds were received by the charity before the end of January 2021.

On 17 December 2020, the Chancellor announced two further changes to the furlough scheme. The end date has been extended from 31 March 2021 until the end of April 2021 and the UK Government will now continue to contribute 80% towards wages for hours not worked throughout this period. Previously a review of this policy, to consider if the employer contribution element of the CJRS should increase, was to be conducted in January 2021.

Employers, including ANGUSalve, continue to be required to pay wages, National Insurance Contributions (NICS) and pensions for hours worked as well as NICS and pensions for hours not worked.

With the announcement that mainland Scotland would be going into Level 4 of the Protection Levels Framework from 26 December 2020 there will be no opportunity for ANGUSalve to offer work, where available, to their casual workers for the duration of Level 4. These restrictions required a return to full closure of the charity's facilities for a minimum period of 3 weeks although that was subsequently extended to the end of January 2021 and is subject to change after the Scottish Government review scheduled to take place every 2 weeks.

This change in circumstances with regards to the operating environment has prompted a review of the furlough arrangements for the charity's casual workers.

The Board met on 23 December 2020 to review ANGUSalve's furlough arrangements following the announcement by the First Minister of the move into Level 4 and the recent changes by the Chancellor to the Coronavirus Job Retention Scheme.

The Board took the decision to offer to furlough casual workers for any periods when Angus is in Level 4 (or above) from 26 December 2020 to the end of the Scheme on 30 April 2020. Separate arrangements are already in place for Coaches who have completed work for ANGUSalve since 14 September 2020 and continue to remain available for work with us.

However, if there is a change to the Coronavirus Job Retention Scheme before 30 April 2020, e.g. employers are required by the UK Government to contribute more, the ANGUSalve Board reserves the right to review if it remains financially viable for the charity to continue to include casual workers in the furlough arrangements.

The majority of ANGUSalve salaried employees have been furloughed until further notice with the move into Level 4 restrictions on 26 December 2020 and Lockdown on 5 January 2021. A small team of salaried employees are continuing to work on a full time or flexible furlough basis according to business need during this period of full closure of the charity's facilities.

Four further CJRS claims are now expected to be made to cover the remainder of the Scheme following the most recent extension to 30 April 2021 and updated estimates in this regard have been incorporated in the charity's cash flow projections.

The UK Government has announced that more support will be available beyond March, through a successor loan scheme but details are not currently available. A further update on wider Covid-19 economic support, including what happens beyond the CJRS currently scheduled to end on 30 April 2021, is anticipated as part of the UK Budget announcements on 3 March 2021.

- 4.3.3 The Scottish Government made a £90 million fund available to help offset lost income issues within Local Government, including their associated arm's length organisations like ANGUSalve.

Information received on 7 January 2021 highlighted that from this fund Angus Council has received an allocation that unexpectedly includes an amount of £119,000 relating to ANGUSalve.

The Council's Director of Finance has requested approval from the Policy and Resources Committee to put the whole of the Council's allocation, including the amount attributable to ANGUSalve into the COVID Contingency Reserve (Report 17/21 refers). The £119,000 will be earmarked for the charity's purposes and made available as part of the Council Support Package. ANGUSalve can then draw on the Lost Income Scheme funding when it is required prior to accessing the wider Council support package.

- 4.3.4 Members are reminded that to enable ANGUSalve's 2019/20 Accounts to be prepared and audited on a going concern basis, members agreed the package of support measures outlined in Report 224/20 on 10 September 2020. An update is provided below on each of the financial support measures which it is anticipated will be the position for the remainder of the current financial year 2020/21. As noted earlier, the support package for 2021/22 will be reviewed and included in ANGUSalve's budget report for members' consideration at budget setting time.

Flexibility on the timing of agreed management fee payments

The Quarter 4 management fee payment from Angus Council was received by ANGUSalve in line with the normal quarterly schedule. This concludes management fee payments due in 2020/21. This flexibility will continue to be required on the timing of agreed management fee payments for 2021/22.

2020/21 Budget Savings

In accordance with recommendation (v) of Report 334/20, approved by Council on 17 December 2020, members may recall the 2020/21 Change Programme savings target for ANGUSalve of £458,000 continues to be set aside as part of the budget planning for 2021/22.

The cashflow projections to the end of this financial year still do not forecast a requirement to access the £458,000 in 2020/21 but currently illustrate a potential requirement to access this support during the new financial year in 2021/22. This position continues to remain subject to change and could alter rapidly given the volatile external operating environment resulting in a requirement to request this support.

Additional cash flow support of up to £0.5m

There is no current requirement for additional cashflow support to allow the charity to remain as a going concern and meet everyday cash liabilities in 2020/21. Cashflow projections indicate that it is likely that this will be needed to help manage peaks in cash outflow versus available cash balances during 2021/22, and the potential for this to be an ongoing Council commitment during 2021/22 will be included in ANGUSalve's budget report.

- 4.3.5 ANGUSalve has also made successful applications for external grant funding to contribute to the charity's recovery and renewal planning. The total value of the successful funding applications is £2,023,412.35 (up to 31 December 2020) and further details are included in Appendix 1. This figure includes £1,678,659.51 funding received via the Coronavirus Job Retention Scheme (CJRS).
- 4.3.6 Given the change in circumstances, with the closure of all ANGUSalve facilities from 26 December 2020, all income generation channels have been put on hold indefinitely. ANGUSalve cancelled the bACTIVE membership direct debit payments due for collection from customers on 1 January 2021 since their sports facilities are currently unavailable until further notice. This will have a significant impact on the charity's income and it is therefore essential ANGUSalve continues to maximise support from the Coronavirus Job Retention Scheme during this period of closure.

5. ANGUSALIVE TRANSFORMATION PROJECT UPDATE

5.1 Overview

- 5.1.1 Members may recall that the reports in November and December included summaries of financial and performance information. This information is being used to identify key issues and opportunities for transformational change and improvement.
- 5.1.2 Also, as part of the planning and delivery of the project, an essential element is the involvement of key Council services, along with Angus Health & Social Care Partnership (AHSCP) and Voluntary Action Angus (VAA), who work closely with ANGUSalve. Three Rapid Improvement Events (RIEs) have now been held over the past few months to facilitate that input to the design of the new services specification, including identifying opportunities to explore new ways of working.

5.2 Rapid Improvement Events

- 5.2.1 The initial RIE was held in July 2020 to provide an opportunity to set the context and need for the project. It also considered the timeline, including the key stages; the initial recovery and renewal plans being developed by ANGUSalve; and provided the forum to initiate a conversation to identify opportunities for transforming service delivery.
- 5.2.2 The second event held in August last year, focussed on ANGUSalve's emerging recovery plans at that time and the implications for Council services. This included consideration of short, medium and longer term issues. Some key themes emerging from that event included:
- Accessibility – maximising inclusion across Angus for all the public to improve health and wellbeing
 - Evolving Customer Needs – capturing the different cultures developed during and after the COVID-19 pandemic
 - Service Transformation – continuously shaping the service delivery model to best reflect the needs of the public
 - Collaboration – seek out and maximise opportunities by collaborating with partnering organisations such as AHSCP and VAA
 - Local Opportunities (Communities/ Volunteering) – investigate the possibilities of allowing some services to be managed/ delivered directly by our communities
 - Efficiencies – maximising staff and resource use to effectively deliver services
- 5.2.3 The third event was held on 14 January 2021. This was aimed at building on the information emerging from the financial and performance summary information, along with the feedback from the earlier events. The main area for focus at this event and resultant actions emerging to progress were as follows:

(i) Health & Wellbeing

This topic featured significant contributions from colleagues in AHSCP and VAA who are actively developing a Social Prescribing offering. There was clear recognition that this is an area in which ANGUSalve can become more involved, make a valuable contribution and all the organisations as well as the people they serve can benefit from improved partnership working. Broader opportunities and funding streams were also discussed where a collaborative approach, including the Councils Communities teams, would lead to positive outcomes for the public. Representatives from each of the above organisations are to meet in due course to investigate these further.

New and expanded opportunities for our young people were also discussed with representatives of our Education & Lifelong Learning service. It was recognised that ANGUSalve are in an excellent position to provide broader learning initiatives involving leisure and culture especially with the current and future limitations COVID-19 may leave us with. Council officers and AA will be discussing this further to design new offerings for consideration and also improve school uptake of existing offerings.

(ii) Customer Services

A broad discussion highlighted the various customer facing services offered by AA and potentially how these could be delivered in a more efficient or accessible way for the public. This included ideas surrounding provision of ACCESS services, links to the Councils forthcoming Customer Services Strategy, co-located services, and links with the Community Planning Partnership. Attendees volunteered to identify opportunities for potential development and report back to the Council nominee.

(iii) Future Model of Service Delivery

Acknowledgement that service delivery will need to be adaptive for the foreseeable future ensuring what is provided by way of service offering, aligns with the service demand, government restrictions and financial position. Attendees recognised and discussed the similar circumstances which led to the Councils current approach to developing its focus on Demand Management and how this may be an opportunity to align future priorities together. AHSCP representatives noted examples of models they utilise that may lend to the type of service delivery here. Specific attendees have taken on an action to investigate this topic and its potential alignment to the Demand Management approach being developed by the Council. By following this thread it will allow for engagement and collaboration with the public to ensure their needs are identified and managed.

- 5.2.4 The actions from the above RIE will be progressed to start to develop options/ proposals which will be considered by members as the new specification starts to be developed in due course. Further Rapid Improvement Events will also be held as required to ensure that the proposals are developed on a partnership/ collaborative basis.

5.3 Development of the ANGUSalve Business Plan

- 5.3.1 As part of the Services Agreement, ANGUSalve are required to provide the Council with a draft Business Plan for review and mutual agreement six months in advance of the start of each new financial year. Unfortunately, this process to date has not been properly implemented or applied in practice.

- 5.3.2 The Council is seeking to address this and from discussions with other councils who also manage ALEOs delivering similar services, the Business Plan is considered to be an essential element of managing the partnership, including the alignment with council priorities. This ensures the parties are working in a consistent and coherent direction and making best use of available resources. It is therefore imperative during this transformation process that the situation is rectified.

5.3.3 While the impact of COVID-19 on ANGUSalive's resources have prevented the production of the draft Business Plan for 2021/22, discussions at ANGUSalive Board meetings have also highlighted the need for this to be developed and the Board have committed to ensure this is provided from 2021/22 onwards.

5.3.4 Accordingly, it is proposed that ANGUSalive, in consultation with Council colleagues as required and running alongside the transformation project, are extended the opportunity to now work collaboratively towards providing this Business Plan, covering a 3-year rolling period, so that it may be agreed by the Council for implementation from 1 April 2022, and thereafter on an annual basis. It is anticipated the Council agreement process would coincide with budget setting each year so that members would have a greater understanding of what the Management Fee is supporting in terms of ANGUSalive service delivery.

5.4 Timetable Update

5.4.1 An outline timetable was included as part of Report 224/20 considered at full Council at its meeting on 10 September 2020. At that stage an ambitious target of having all matters resolved, including a new services specification and business plan in place for 1 April 2021 was targeted. Due to a number of factors, including the ongoing impact of the COVID-19 pandemic and the limited availability of staff resources, this is no longer achievable.

5.4.2 The approach now being proposed is that the project will be developed over the course of the next 12 months with a view to having the new Services Specification and updated documents available and signed off for commencement on 1 April 2022. This would also coincide with the proposed timing of the new Business Plan as set out above.

5.4.3 The additional benefit from this approach is that it will allow the learning and new information emerging from ANGUSalive's recovery arrangements to be factored into the new specification and Business Plan. It will also allow the opportunity to include broader customer consultation/engagement and demand analysis to better understand the emerging needs of our citizens and communities in a post COVID environment.

5.4.4 During the period to 1 April 2022, members will continue to be kept up to date through regular progress reports with information setting out ANGUSalive operational recovery plans and the requirement to agree interim change notices reflecting the difference between the 2015 Services Specification and the latest services being delivered at the relevant time.

5.4.5 In terms of the updated timetable, it is highlighted that there will continue to be an ongoing high risk of slippage due to the ongoing impact of the COVID-19 pandemic. With that caveat, the update timetable is as follows:

Stage of Project	Indicative Dates
<p>Phase 1: Initiation - collectively understanding the current provision while determining what culture, sport and leisure services we need, want and can afford to deliver for communities across Angus in future given reality of the forecast financial position</p>	<p>July 2020 to March 2021</p>
<p>Phase 2: Planning and Delivery - undertaking of designing what the amended Services Specification would look like. This would be informed and evidenced through the specialist area knowledge of ANGUSalive and consultation with the related Angus Council and Angus Health & Social Care Partnership services, Angus Community Planning Partnership, VAA as well as stakeholder consultation and market analysis.</p> <p>The specific costs of these proposals would require to be financially modelled for viability and to assess the sustainability of the proposals.</p>	<p>April 2021 to December 2021</p>

<p>This collaborative piece of work will inform the mutual creation of a 2021 - 2024 Business Plan.</p>	
<p>Phase 3: Finalise & Close - the finalisation of the updated specification and accompanying Business Plan for Angus Council and ANGUSalve Board approvals.</p> <p>Regular reporting with Councillors and Trustees up to this stage would ensure minimal amendments to the product created are required.</p>	<p>January to March 2022</p>
<p>Phase 4: Go-Live & Review - The commencement of delivery of the new Business Plan now under ownership of ANGUSalve. This Business Plan would link with the agreed amended Services Specification.</p> <p>The continuation of liaison meetings between Angus Council and ANGUSalve nominees will monitor delivery of the updated Services Specification. The scope of the Services Specification will be required to adapt over time and this process will be managed through the annual Business Plan process or via change requests (e.g. to introduce new services, remove services, change delivery model of services, modify target groups, etc.) and we will need to continue building the partnership as the wider operating environment continues to evolve.</p> <p>The 3-year Business Plan will then be reviewed and updated on a rolling annual basis linking to Angus Council Medium Term Budget Strategy.</p>	<p>April 2022 onwards</p>

6. FINANCIAL IMPLICATIONS

- 6.1 Various financial aspects have been included throughout the body of the report and these will be further reviewed and expanded upon in future update reports. This will include whether there is likely to be a need to call on the Council support package either in the current and/ or next financial year as the impact of the Protection Levels Framework and the latest Lockdown become clearer.
- 6.2 There are no other specific financial implications at this time in respect of this update report.

7. RISK

- 7.1 This report sets out the updated position with ANGUSalve due to the changing circumstances around income generation capability crystallised by the COVID-19 pandemic.
- 7.2 It continues to be emphasised that the cash flow projections are being prepared in an environment of significant uncertainty and include a number of assumptions which have been made on the basis of the known information available at this time. There is therefore a high risk given the fluctuating position that some of these assumptions prove to be inaccurate depending on how measures to tackle the pandemic progress and further revisions will be necessary on an ongoing basis.
- 7.3 There is also a high risk that the updated transformation project timetable may require to be adjusted depending on the impact of the ongoing COVID-19 pandemic.

8. CONSULTATION

- 8.1 The Chief Executive Officer of ANGUSalve has been consulted in the preparation of this report.

9. EQUALITIES IMPACT/ FAIRER SCOTLAND DUTY ASSESSMENTS

- 9.1 There is no update to the Equalities Impact and Fairer Scotland Duty assessments which were prepared in relation to Report 224/20.

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.

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Appendices:

Appendix 1 – ANGUSalve Successful External Funding Summary