

## Deputy Chief Executive's Office

Dean Taylor

### Members of the Overview and Scrutiny Committee:

AM Atkinson, PL Bettington, WLS Bowen, MJK Cooper, PGH Cutter, EPJ Harvey, MAF Hubbard, RC Hunt, TM James, Brig P Jones CBE, JLV Kenyon, JW Millar (Vice-Chairman), R Preece, SJ Robertson, P Rone, A Seldon (Chairman) and PJ Watts

Your Ref: N/A

Our Ref: Tuesday 21 February 2012

Please ask for: Paul James, Democratic

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14 February 2012

Dear Councillor,

### Overview and Scrutiny Committee - Supplementary Report

Please find attached a supplementary report that was not available prior to the publication of the agenda for the forthcoming meeting (Tuesday 21 February 2012, at 2.00 pm). Please bring these papers to the meeting.

#### 6. MANAGEMENT OPTIONS FOR CULTURAL SERVICES

To explain the process of the review of Cultural Services to enable the Overview and Scrutiny Committee to consider the management options for cultural services.

Ward:

Yours sincerely,

**Paul James, Democratic Services Officer**

enc.

cc. Members and officers in receipt of Overview and Scrutiny Committee papers

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**Economic impact study of West Midlands theatre**

**Dominic Shellard, University of Sheffield**

**April 2005**

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The University of Sheffield

Julie Eaglen, Arts Council England West Midlands

**Dominic Shellard**

## **Introduction**

Theatre in the United Kingdom is admired throughout the world for its quality and creativity. The excellence of its plays, actors and performances are unrivalled.

This study of West Midlands theatre builds on the work of the *Economic Impact Study of UK Theatre* (Arts Council, 2004), which was the first national study of the contribution that theatre makes to the local and national economy. It established that the economic impact of UK theatre was £2.6bn: £1.5bn coming from London theatre and £1.1bn from regional theatre.

The impact of regional theatre had previously been undervalued and this new study – of the economic impact of West Midlands theatre – further highlights the fact that regional theatre is economically as well as artistically vibrant.

It also represents extremely good value for money. The total revenue investment from public sources to produce the figures shown on the following pages amounted to a little over £25 million: £18.9 million from Arts Council England, and some £6.1 million from the local authorities of the West Midlands.

## **Executive summary**

### **Overall economic impact**

Theatre in the West Midlands has a significant economic impact – it is worth at least £148 million annually. This is a conservative figure. It does not include, for instance, the impact of individual touring theatre companies or non building-based theatre activity.

Data for this study were collected from 22 venues. These include commercially-run theatres, venues run by local authorities and subsidised theatres.

### ***Key components of this economic impact figure are:***

- 1 spending by theatre audiences: in particular food bought outside the theatre, transport costs to get there and back, and necessary childcare costs

The study also takes into account spending by theatres, notably:

- 2 expenditure on staff (including actors, directors and other creative team members) and goods and services
- 3 subsistence allowances to freelance staff to enable them to stay in the area while a project is under way. This generates important income for local landlords and hoteliers

### ***A more comprehensive formula also includes:***

- 4 income generated by theatres: including ticket sales, sponsorship, grants, donations, programme and refreshment sales, merchandise and catering sales
- 5 income generated by working overseas: the fees received by sending productions abroad or any sponsorship or grants relevant to that work

In which case the figure rises from £145m to £264m.

## **Economic impact of West Midlands theatre**

As part of this study, six theatres underwent an exercise looking at their local economic impacts. Their individual impact – excluding turnover – is as follows:

The Courtyard, Hereford	£4,172,851
Ludlow Assembly Rooms	£2,905,798
The Drum, Aston	£2,619,627
Old Rep Theatre, Birmingham	£903,444
Arena Theatre, Wolverhampton	£724,136
Arts Alive	£103,586

Each theatre makes both direct and indirect contributions to the local economy. The direct impact is local spending on purchasing supplies; and wages paid to staff who live locally. The indirect impact is the 'knock-on' effect generated by the direct impact, where spending money leads to more money being spent. When theatres purchase supplies from a local company, that income helps the company pay wages to its staff who then use it to buy other goods. All that expenditure is constantly circulating around the local economy, helping to preserve jobs, and boost economic growth.

The additional visitor spend (AVS) also demonstrates how audience spending can make a significant difference to the local economy. By attracting people into an area – where they might eat out, spend money on transport or buy local produce – theatres help sustain jobs, generate additional economic activity and act as forces for economic and social regeneration.



## **Report findings**

**West Midlands theatre has a significant economic impact: at least £148m annually.** This is a conservative figure. It does not include, for instance, the impact of touring theatre companies or non building-based theatre activity. This huge impact is generated by a minimal amount of public subsidy: for example, £18.9m from Arts Council West Midlands and £6.1m from the various local authorities of the West Midlands.

**The Royal Shakespeare Company (RSC) accounts for 43% of this impact.**

**West Midlands theatre has considerable impact on local economies,** both in terms of direct spending on goods and services and in terms of visitor spending. Taking additional factors into account, the full economic value of West Midlands theatres is £264m annually.

**West Midlands theatre is a popular area for volunteering.** There are about 1700 volunteers working in West Midlands theatre.

## **Recommendations**

- 1 encourage individual venues to include economic impact studies in their annual reports on a three-yearly basis
- 2 devise an impact formula for touring theatre

## **Key conclusions**

- 1 the theatre sector has not yet developed a framework for establishing its impact
- 2 both the national *Economic Impact Study of UK Theatre* (Arts Council, 2004) and this study have encouraged individual theatres to carry out their own studies
- 3 the study has commanded significant sector support

## **Key findings**

### **1 Research for the study**

#### **1.1 Previous economic impact studies of theatre**

In May 2004 the *Economic Impact Study of UK Theatre* (Arts Council England, 2004) was published. This was the first economic impact study of national theatrical activity and was undertaken with the full support of SOLT, TMA, ITC and Arts Council England, Arts Council Wales and the Scottish Arts Council. It calculated that theatre contributed £2.6bn to the UK economy and provided a formula for the calculation of impact which has been subsequently taken up by a large number of theatre organisations.

Previous impact studies of arts activity had been characterised by a large variation in impact formulas and one aim of the 2004 study was to produce a formula which the theatre sector could use on a consistent basis.

This report is one of a series which have been produced since the publication of the 2004 study (e.g. Hull Truck Theatre, Palace Theatre, Mansfield, Corn Exchange, Newbury). It is clear that the theatre sector welcomes the ability to compare impact study findings on a like-for-like basis.

#### **1.2 Definition of economic impact**

As with the national study, this report uses two main ways of defining economic impact. The first formula defines economic impact as being purely what a theatre contributes to the local and national economy and ignores turnover and overseas earnings.

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#### **Formula 1: Calculating the economic impact of theatre venues excluding turnover**

(Additional visitor spend + salaries + subsistence allowances + goods and services expenditure) x a multiplier of 1.5

(The multiplier takes into account the knock-on effect in the local economy.)

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Formula 2 can be used to define economic impact as the total economic

activity generated by a theatre (in other words, what economic activity an area would lose in total if the theatre was not there). This second, more comprehensive formula, also includes turnover (income).

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**Formula 2: Calculating the economic impact of theatre venues including turnover**

(Turnover + overseas earnings + additional visitor spend + salaries + subsistence allowances + goods and services expenditure) x a multiplier of 1.5

(The multiplier takes into account the knock-on effect in the local economy.)

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Including turnover in this formula establishes the scale of the economic activity related to the theatre, and economic impact is viewed as inputs and outputs, rather than profit and loss. So, for example, turnover is made up of money from customers, funders and businesses, and produces a specific economic effect, while a theatre's expenditure on wages and supplies produces a completely separate economic effect. It is not a strictly linear model.

This defines economic impact as what a theatre contributes to the local and national economy.

This study would ideally like to employ this wider formula, which includes turnover. However, because it was not possible to collect sufficient data from SOLT organisations for the national study – through no fault of their own – it has been decided to employ formula 1 to calculate the headline figure for economic impact. However, it should be noted that if the national survey is repeated in 2007 and if sufficient data from SOLT were to be obtained in the future, a recalculation could be made, which would produce a larger figure for the overall economic impact of both UK theatre and West Midlands theatre.

To give an indication of the difference that the two formulas make, both formulas have been employed in the calculation of the individual impact of the five West Midlands venues not previously included in the national study. These calculations can be found in Appendix B.

Both formulas employ multipliers. Multipliers are used in impact studies to

take into account the knock-on effect of spending by the theatre throughout the local economy. To ensure that this study produces a viable but cautious result, a multiplier of 1.5 has been used, the smallest that is realistically possible.

## **2 Methodology**

Questionnaires were devised to collect the following information from individual venue-based organisations for the 2002/03 financial year:

- 1 turnover
- 2 overseas earnings
- 3 additional visitor spend (an estimate of what an audience member spends on food, transport and childcare)
- 4 salaries
- 5 subsistence allowances paid
- 6 goods and services bought

A list of venue-based organisations was compiled from information held by Arts Council England West Midlands to define the parameters of the region.

The questionnaires were distributed from August 2003 to 492 UK venue-based organisations (excluding SOLT members) and were returned between August and December, 2003. Relevant data for the West Midlands theatres were then extracted. A number of new venues were also approached between January 2005 and March 2005 to produce additional data, which were not available to the national study. The total list of respondents appears in Appendix A.

In addition to the research for the national study, several activities were undertaken to create a good awareness of the West Midlands study and to generate the highest possible response rate. These included:

- 1 the distribution of questionnaires via hard copy and email (where appropriate) (January-March 2005)
- 2 the publicising of the study through Arts Council England West Midlands (January 2005)
- 3 the sending of email reminders (February/March 2005)
- 4 telephone reminders (February/March 2005)

### 3 Results of the study

#### 3.1 West Midlands Theatres

Economic data were collected from 22 venue-based organisations out of a total sample of 26. This represents an 85% response rate.

The following results from the venue-based organisations were used to calculate impact.

**Table 1: The data returned by the 22 responding venue-based organisations**

<b>Venues supplying data (22)</b>	<b>£</b>
Additional visitor spend	28,148,470
Salaries	32,327,193
Subsistence allowances	874,450
Goods and services	33,941,706
<b>Total (for 22 venues)</b>	<b>95,291,819</b>

Additional visitor spend is expenditure on transport, food and drink, and childcare, incurred by audience members as a result of a visit to the theatre.

The total AVS per venue was calculated by taking the mean (average) AVS per head as stated by the venue, i.e. £10–15 produces a mean of £12.50, then multiplying this by the number of tickets sold in the year.

The results on additional visitor spend demonstrate how audience attendance can be significant for the local community. By attracting people into an area – where they might dine out, spend money on transport or buy local produce – theatres help sustain jobs, generate additional economic activity and act as forces for economic and social regeneration.

Four venues did not respond to the questionnaires, but will still have an economic impact that needs to be factored in. Because all the major venues took part in the study, however, it is **not** appropriate to scale up the figures pro rata.

Therefore, the following cautious method of calculation was adopted for non-responding venues.

**Table 3: The calculation of the ‘return’ of the four non-responding venues**

Average return for non-responding venues in 2004 national study	£885,953
Plus inflation based on RPI for March 2003 and March 2004 (2.5%) x 4 venues	£3,632,407

#### 4 Calculation of economic impact

The economic impact of West Midlands theatre can be calculated as follows:

##### Using Formula 1: The calculation of the economic impact of West Midlands theatre

<b>(AVS, Salaries, Subsistence Allowances, Goods and Services + Non-Responding Venues' Impact) x 1.5</b>  <b>(£95,291,819 + £3,632,407) x 1.5</b>	<b>£148m</b>
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The RSC represents 43% of this figure.

Theatre in the West Midlands generates a significant economic impact. This reflects the vibrancy of theatre throughout the whole of the UK and is a very healthy balance. It also counters the perception of a sector dominated by theatrical activity in London.

The economic impact of West Midlands theatre is therefore £148m.

However, it should be noted that if we employ a formula that includes turnover (see Formula 2, page 8), the total for West Midlands theatre rises to £264m.

This is calculated in the following way:

**Table 5: The data returned by the 22 responding venue-based organisations, *including* turnover**

<b>Venues supplying data (22)</b>	<b>£</b>
Turnover	74,376,259
Overseas earnings	589,000
Additional visitor spend	28,148,470
Salaries	32,327,193
Subsistence allowances	874,450
Goods and services	33,941,706
<b>Total (for 22 venues)</b>	<b>170,257,078</b>

To take into account the non-responding venues, the following calculation was made:



**Table 6: The calculation of the ‘return’ of the four non-responding venues, for the calculation of impact *including* turnover**

Average return for non-responding venues in 2004 study	£1,452,968
Plus inflation (2.5%) x 4 venues	£5,957,169

The economic impact of venue-based organisations including turnover was therefore calculated as follows:

**Using Formula 2: The calculation of the economic impact of West Midlands theatre: venue-based, *including* turnover**

<b>West Midlands venue-based</b>  <b>(170,257,078 + £5,957,169) x 1.5</b>	<b>£264m</b>
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The RSC represents 44% of total

**5 The number of volunteers in the West Midlands sector**

Organisations were asked to report on the number of volunteers who worked at their venues.

The responses showed that there are circa 1700 volunteers working in the West Midlands theatre sector.

This was calculated in the following way. 22 responding venues reported 1435 volunteers, an average of 65 per venue. This would give the four non-responding venues approximately 260 volunteers, producing a total of circa 1700 volunteers.

The number of volunteers in the West Midlands theatre sector represents a significant 'invisible' contribution by theatres to their local economies.

## **6 Recommendations for future work**

There has been widespread sector support for this study.

To capitalise on this enthusiasm for relevant economic impact studies – and to address the concern that up until now, economic impact studies have not adopted a consistent methodology for calculating impact – the following recommendations are made for future work:

- 1 individual organisations in the West Midlands should be encouraged to undertake economic impact studies using a consistent formula for inclusion in their annual reports on a three-yearly basis
- 2 touring theatre and outdoor theatre make a contribution to economic impact but were outside the remit of this study. An impact formula needs to be devised to assess their contribution, while ensuring that the danger of double-counting is avoided

## **Appendix A**

### **Economic impact study responses**

There were 22 responding venue-based organisations in the West Midlands (sorted by turnover, in descending order):

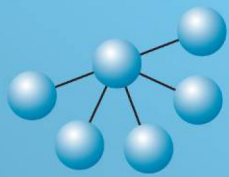
Royal Shakespeare Company  
Birmingham Hippodrome Theatre Trust  
Birmingham Repertory Theatre  
Grand Theatre, Wolverhampton  
Belgrade Theatre  
Warwick Arts Centre  
Midlands Arts Centre  
Malvern Theatres  
New Vic Theatre, Newcastle-Under-Lyme  
The Drum, Aston  
The Courtyard Theatre, Hereford  
Birmingham Alexandra  
The Music Hall, Shrewsbury  
Ludlow Assembly Rooms  
Arena Theatre, Wolverhampton  
Library Theatre, Solihull  
Oakengates Theatre, Telford  
Live and Local  
Black Country Touring  
Worcester Arts Workshop  
Arts Alive  
Old Rep Theatre, Birmingham

## Appendix B

### Calculation of the economic impact of the West Midlands venues not originally included in the *Economic Impact of UK Theatre*:

	Formula 1 (excluding turnover)	Formula 2 (including turnover)
The Courtyard, Hereford	£4,172,851	£6,521,004
Ludlow Assembly Rooms	£2,905,798	£3,627,026
The Drum, Aston	£2,619,627	£5,891,997
Old Rep Theatre, Birmingham	£903,444	£972,056
Arena Theatre, Wolverhampton	£724,136	£1,371,741
Arts Alive	£103,856	£255,232



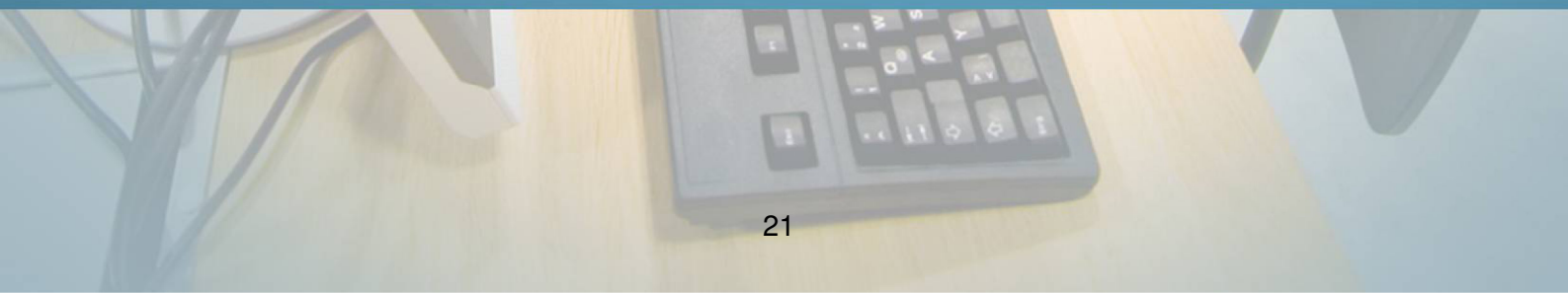


SHARED INTELLIGENCE

# **FUTURE LIBRARY PROGRAMME**

HEREFORDSHIRE  
AND SHROPSHIRE

**MARCH 2011**



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# 1. BACKGROUND AND SCOPE

- 1.1. The Herefordshire and Shropshire Future Library Project (FLP), led by Herefordshire, is one of ten such projects funded by the MLA to support library authorities in developing their library services through sharing approaches, services and learning for cost-effective services in a time of financial pressures.
- 1.2. Herefordshire and Shropshire are both keen that this work should look at the potential for **transformational change** in library services as their preferred approach to meet these challenges.
- 1.3. The primary work stream of the FLP has therefore been to consider the **model for delivering a library service that matches with the needs of residents**, with specific reference to the geographic profiles of the counties. Specific reference has also been made to the importance of residents accessing services in rural areas and to services for vulnerable people. The project and the emerging options discussed in this report have taken account of the two authorities' current and future demographics in terms of age profile and population change.
- 1.4. Consideration has been given to the type of services the library can offer – reflective of what is needed and wanted (by users and non-users) - and also to how libraries can contribute to **wider agendas** of health, well-being, access to services and economic prosperity. Therefore, this work has been mindful of wider policy and strategy for the counties to ensure that any library service can contribute to the changing nature of the areas.
- 1.5. In particular, the project has taken account of the local authorities' own policy developments on **localities** and current work on locality based services. This includes the key role of localities in shaping future service provision, including the digital agenda both in terms of demographics and geography and in the needs and wants of citizens.
- 1.6. In this context it has explored the potential to extend the current activity of the local authorities in **co-location and sharing of services** with other functions provided by the public, voluntary and private sectors. This has covered consideration of the benefits of co-location and integration at a micro level (e.g. libraries in community shops) to wider involvement in being the hub of services in localities.

## 2. ACTIVITY

2.1. The FLP has worked to a detailed project plan agreed and managed by a Steering Group. The key activities have included:

- Assessment of current library offer
- Research of current needs including two non-user focus groups (summaries appended)
- Member, staff and stakeholder workshops (summaries appended) and one to one interviews with senior staff – including the Chief Executive, Director responsible for library services, Head of Library Services and customer services/strategy staff both authorities
- Workshop with local authority staff and the MLA about community-run libraries
- Financial analysis and implications of options
- Steering Group discussions of emerging findings, options for shared services in front line, back office and specialist functions, and concept consideration
- Report write up
- Presentation of findings

### 3. CURRENT OFFER AND FUTURE NEEDS

3.1. The consultations with elected members, library services staff and other council officers and stakeholders from other public services as well as from voluntary and community organisations all considered those aspects of library services that are most valued – specifically by the public and also by partner organisations.

3.2. There was a remarkable degree of consistency in the findings from across the different consultations in relation to what might be thought of the **core offer** of library services – what is needed and wanted by users and non users – as shown below.

- Providing a safe, accessible and inclusive community space
- Encouraging and enabling reading and literacy – particularly for children - through books to borrow and the approach and expertise of library staff
- Providing information – increasingly electronic - for increasing knowledge and improving access to employment, health care and other services
- Being free – and so available to all and especially to more vulnerable and disadvantaged groups of people and encouraging people to ‘try new things’

3.3. The consultations and also the two non-user focus groups also raised a number of ways in which library services could become more attractive to **non and/or lapsed users** through a **better choice of books**, provision of a **coffee shop** and **toilets**, and more **publicity** on what is available.

3.4. The report now looks into these key features of library services in more detail.

#### Libraries as a community space

3.5. Both groups of elected members, the Herefordshire stakeholder workshop and many of the council officer interviewees stressed the importance of libraries as providing a community space. They saw this space as ‘accessible’, ‘inclusive’, ‘welcoming’, ‘warm’ and something that libraries can provide – while most other services cannot.

3.6. The ‘space’ aspect of libraries related to both a space for individuals to go to for reading books and newspapers, and using the computers and Internet and somewhere where events and activities could be held in local communities. These activities may be linked to core library services – such as children’s summer reading schemes, reading groups etc – or they may be wider information or cultural/leisure based activities.

#### Reading and literacy

3.7. Research with both users and non-users shows that when people are asked what they associate with libraries, the response comes back as ‘books, books, books’. However, the consultations with library staff, other senior council officers and stakeholders showed that the value of libraries goes far beyond ‘books to borrow’

and is seen as a vital service to encourage reading and promote literacy. This is particularly important for children, through specific activities like holiday reading schemes, as well as through links with schools and youth groups (over and above the Schools Library Service) and encouraging parents to visit libraries with their children.

- 3.8. Another group of people for whom these aspects library services are very important are those from minority ethnic backgrounds, who value access to books in their own/first language as well as activities to help them improve their English. Although both authorities have a relatively low BME population, the Herefordshire stakeholder and staff groups flagged up that this use had been increasing recently, especially from 'new arrivals' to the country.

## Information

- 3.9. All consultations raised the importance of library services building on their valued information role, although the Herefordshire stakeholders and several senior council officers thought this was particularly important in developing the service in the future.
- 3.10. There were a number of different aspects to how consultees saw both the current information services and future opportunities. These included the importance of skilled library staff helping users find the information they want and how this could be developed into an improved offer through better digital reference and other information sources. Several of the workshops raised Local History and Family History as growing areas of interest among the public and ones that people do not always find it that easy to research on their own, without knowledgeable staff and specialist archives to consult.
- 3.11. Some specific types of information, such as on job seeking, local skills provision, consumer advice etc were highlighted as very important to people from more disadvantaged/low income groups as these are both more likely to need the information and less likely to have the resources from home and/or be able to pay for them.
- 3.12. Another perspective, voiced by council officers responsible for customer services and stakeholders who provide information (e.g. CAB, JCP), was how libraries could play a more active role as information providers within integrated or co-located services to avoid current duplication.

## Free to all

- 3.13. The importance attached to libraries being free to users (although paid for through taxation as a public service) spans the three other features of a 'core offer' above. Two aspects of this were highlighted; the first being that library services were available to all, whatever your income, and this was seen as essential to reach more disadvantaged and vulnerable communities.
- 3.14. Secondly, libraries being free means that people can 'try things out' whether it is reading a 'new' author, investigating their family history or browsing the internet,

which may be essential to encouraging them to improve their literacy, learning and knowledge.

- 3.15. Notwithstanding the value attached to free borrowing and computer use, a number of consultees raised the possibility of income generation by charging for services over and above 'the core offer' possibly by having some sort of enhanced membership. One council officer suggested that this would promote libraries as a positive 'lifestyle choice'. However opinion was divided on this, both in terms of the principle and where the boundary between the 'core' and the 'extra' services should (and could) be drawn.

## Non-users

- 3.16. The two focus groups with non users raised a number of important insights into why some people do not use libraries or have used libraries in the past but have now lapsed<sup>1</sup>.
- 3.17. Generally libraries were seen as for children (and their parents) and for older, retired people who were thought to have the time and a habit of using libraries. Borrowing books was seen as the main reason to use libraries and some non users were either not really interested in reading or preferred (and could presumably afford) to buy books, especially if they felt that libraries had a rather limited selection or they preferred paperbacks and/or new books.
- 3.18. Several participants of both focus groups expressed surprise that libraries provide desk top computers and access to the Internet and said that now they knew this, they may well use them. This suggests that publicity about libraries needs reviewing to ensure that people have up to date information on the library services' offer, rather than being put off through out dated stereotypes.
- 3.19. Suggestions for improving access to libraries included the provision of cafes, or at least refreshments, and toilets. Both groups also felt that a wider, well published programme of events could attract new users. Suggestions included one off events, ranging from book signings to family days, and regular sessions such as reading groups and adult learning classes.
- 3.20. Other groups and individuals who were consulted stressed the importance of encouraging more young people to use library services.

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<sup>1</sup> The national research into use and non use of library services showed similar findings. See Shared Intelligence and Ipsos MORI 'What do the Public want from Libraries? MLA November 2010

## 4. A TRANSFORMATIONAL APPROACH

4.1. Elected members, staff and stakeholders were also asked about how libraries should and could develop so they continued to provide those aspects of the service that are valued by users – and would attract new users – in a more cost effective way. The various consultations showed broad agreement on the **need for a transformational approach** in developing library services to:

- Make library services fit for purpose in the 21st century
- Meet current user needs and reaching new users
- Support wider council localities approach
- Save money without 'salami slicing'

### Links to the Localities approach

4.2. The consultations went on to suggest how library services could contribute to the authorities' wider policy and strategy development, particularly as part of both authorities' emerging **localities approach**. The main suggestions about how library services could make this contribution to locality working included:

- Building on libraries' **information role** - for wider reference services and other information services in relation to council services, employment and skills, health, leisure and tourism, and community facilities
- Placing library services at the heart of the **digital agenda** – by making use of digital technologies for improved access to specialist reference services, archives and other information (e.g. family/local history), for e-books and improved digital resources (e.g. DVD) and for more cost-effective library services through self service issuing, enhanced on-line ordering/borrowing and improved stock management (e.g. RFID, LMS)
- Libraries as part of the **wider culture and leisure** portfolio – through making better links between other services e.g. art galleries, theatres, sports centres to improve the overall offer and encourage new users
- Libraries as the **heart of community hubs** – to better integrate services for residents, increase usage and improve cost-effectiveness including through co-location and closer working with other services (e.g. in **Hereford, Shrewsbury and Market Towns**) and with community organisations and/or facilities (e.g. outside Market Towns in more **rural areas/villages**)
- **Central libraries as 'centres of excellence'** - and important to the positive profile of each county. This was particularly strongly felt in Herefordshire, where Members, stakeholders and users clearly have concerns about the current **Hereford Library** building and also see the potential for a more integrated service offer bringing together library services, other cultural services (including the Art Gallery and Museum) and adult learning under one roof if a suitable building or potential development could be identified.

4.3. The consultations also asked about the potential of a **greater role for local communities** in delivering library services. Feedback identified two main ways through which this could be encouraged:

- Encouragement of more **volunteering** in conjunction with the Friends Groups and through developing closer partnerships with VCS organisations, both specialist e.g. Rural Access Partnership in Herefordshire and more general (e.g. Voluntary and Community Sector Assembly in Shropshire). Volunteering could be applicable to both library services in market towns and villages but was generally seen as complementing 'core services' through providing additional activities in libraries, distributing books to housebound people etc. rather than substituting for professionally run library services
- Local **communities running library services** in more rural areas (i.e. outside market towns) potentially replacing mobile library services. This model could cover running a library service through a service level agreement with a community organisation (e.g. as for Peterchurch) or local service (shop or post office) to encouraging a group of residents to operate a 'book box' on a purely voluntary basis. Findings from the consultations highlighted a number of concerns about the viability and sustainability of this approach and the amount of capacity building and library services support likely to be required.

## 5. CONTEXT AND POLICY CHANGE

- 5.1. Before developing and considering options for how these views and ideas could shape a future library services strategy across and within the authorities, this report looks at the current context and future opportunities for developing library services.

### Localities

- 5.2. Both authorities are currently developing localities approaches to service delivery. In **Herefordshire** the Director of Sustainable Communities has been leading work to agree a common approach to localities in the county. This has resulted in Civil Parishes being grouped to form nine 'natural communities' that form the basis for engagement and provide an opportunity to deliver joined-up customer access points for people. The nine localities are the five market towns (Bromyard, Kington, Ledbury, Leominster and Ross on Wye), Hereford City, Weobley, Golden Valley and Mortimer.
- 5.3. Library services are already co-located with other services in some of the market towns (i.e. with sports and leisure facilities in Bromyard as part of the Bromyard Centre) and in Kington with a wide range of council/NHS and other customer/information services), or moves towards this approach are in progress (e.g. in Ross) or being planned (e.g. in Ledbury).
- 5.4. A recent development in relation to library services is the move to an internal commissioning model with four former library services' managers having taken up new roles as Localities' Managers, reducing the LMT from eleven to seven staff.
- 5.5. The Schools Library Service (SLS), although part of the library service, is funded through the Children's Services budget.
- 5.6. In **Shropshire**, council restructuring has included three new senior posts of Area Directors (one for each of North, South and Central Shropshire) of which two have been appointed. These will be responsible for library services in these areas and will ensure services respond to the needs of local people.
- 5.7. There are a number of market towns in Shropshire where library services are already combined with other services. These include the Library and Learning Centre in Wem, and Ludlow Library which shares a new building with Jobcentre Plus and the museum's store and learning resources.
- 5.8. Shropshire has commissioned consultants to look at how a range of services are delivered in the future in relation to commissioning and externalisation. From the consultants' findings to date, it does not appear that library services will be recommended as an early candidate for externalisation.



## Community and village libraries, mobiles and delivered services

- 5.9. Both authorities already encourage volunteering as part of library services and have seen an increase in the numbers of volunteers in recent years. Shropshire has a website page offering a range of Library Volunteering Opportunities including with the Home Library Service, Computer Support and Local History. Herefordshire expects the total number of volunteer hours for the library service for 2010-11 to be 2,299. This compares with a total of 618 for 2009-10.
- 5.10. There is also experience of 'community run libraries' in each authority. The Peterchurch library has been run by the diocese since January 2010 (together with a Surestart Children's Centre and community café) using local volunteers to operate the library with the library service providing books and furnishings and professional support<sup>2</sup>. This arrangement has replaced the previous mobile service to Peterchurch and is generally seen as a successful approach to delivering library services in a rural area in conjunction with the local community, although the costs of doing this are comparable to those of running one of the smaller libraries in the county.
- 5.11. Shropshire has had experience of two 'community run libraries' in local shops/garages including in Clun. Both of these have now closed as the usage was poor and did not justify the costs. This experience may have coloured the views of both elected members and library services staff who were consulted in Shropshire as they were quite pessimistic about whether there was either the community motivation and capacity to run community libraries or the staff resources to support them.
- 5.12. There are however a number of smaller rural libraries in Shropshire that are co-located with other facilities. These include library in the Severn Centre, Highley's leisure and community complex, at Cleobury Mortimer where services are delivered in part by a social enterprise and at Craven Arms where the service is delivered by the arts service from Shropshire Hills Discovery Centre. Others are run out of community facilities such as Shawbury Village Hall.
- 5.13. Shropshire has completed a member-led review on mobile library services. The number of mobile vehicles will be reduced from eight to five and the mobile services restructured to provide a greater focus on the rural areas and reduce the number of stops in close proximity while ensuring the most vulnerable continue to receive a service.
- 5.14. There may be opportunities for more community involvement in delivered library services in both authorities. These could include residential homes taking more responsibility for borrowing books on behalf of residents, voluntary organisations such as the WRVS being commissioned to run mobiles/deliver books or individual volunteers delivering books to housebound or less mobile residents.

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<sup>2</sup> Herefordshire Library Service undertook an internal review of the Peterchurch library development in June 2010.

## The digital agenda

- 5.15. Consultation in both authorities stressed the importance of improving digitisation within the library services, both for services to users and cost-effective management.
- 5.16. Shropshire has found that usage of public access PCs has dropped over the last 10 years and this trend is likely to continue and the number of PCs required will drop over the next 5-10 years. At the same time the take-up of ebooks is expected to expand and the authority is monitoring the market, which is currently uncertain due to restrictions on digital rights.
- 5.17. Herefordshire is keen to use digital technologies in libraries to improve and extend services, enhance links with customer services and other potential partners, and reduce costs where possible.

## Financial pressures and savings targets

- 5.18. Given the reductions in public sector finance in the coalition government's Comprehensive Spending Review, both authorities need to make savings in their library budgets as well across council services. At the time of writing the precise targets are still under discussion, although there is recognition that radical changes will be required to meet them.
- 5.19. Data on Herefordshire's and Shropshire's library service services and budgets for 2009/10 are appended. This contextual information provides an overview of the pattern of expenditure on library services in both authorities, but is higher than the budgets and estimated outturn expenditure for 2010/11 as both councils are already making changes to the delivery and management of their library services<sup>3</sup>. For example, Shropshire Council is integrating information services into Shrewsbury Library and thus consolidating library services in central Shrewsbury on one site.
- 5.20. Both authorities are restructuring their library management teams towards flatter structures with a reduction of senior posts and a move towards the appointment of Localities or Area Managers to reflect the localities agendas discussed above. Some savings have already been made in both authorities through freezing and/or delaying appointment to vacant posts or deleting posts when staff retire or leave the service. Other posts which become vacant are likely to remain unfilled.
- 5.21. Mobile library services are being restructured in Shropshire as mentioned above, and similar changes are being discussed in Herefordshire. These restructurings are also expected to make savings through a reduction in the number of mobile vehicles and improved cost-effectiveness.

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<sup>3</sup> Herefordshire's library services budget for 2010-11 is £1,873,785 plus corporate recharges for support services (£246,000) whereas in 2009-10 the expenditure was £2,602,618 plus corporate recharges (£764,959). Shropshire is projecting net expenditure on library services in 2010-11 at £3,775,416 plus corporate recharges (£196,565) compared to £3,812,569 plus corporate recharges (£571,844) in 2009-10.

## 6. CONCEPT CONSIDERATION

- 6.1. This section uses the findings from the interviews, consultations and community engagement focus groups together with the policy and financial context in both authorities to discuss options for future library services in Herefordshire and Shropshire and recommend a framework for a way forward.
- 6.2. **Options for transformational change** can come from *within* library authorities and from sharing approaches and services *between* them. Both possibilities are considered and the recommended framework includes a shared approach to changes within the two authorities as well as some options for shared services.
- 6.3. The recommendations then need to be considered in relation to each authority's own library strategy and other corporate policy developments.

### Options for locality library services

- 6.4. There is **overwhelming support** for putting **libraries 'at the centre' of community hubs in market towns**. This came from staff, stakeholders (including Friends Groups) and members.

#### Benefits

- 6.5. A wider offer from libraries – and using libraries, as a trusted brand and inclusive community space to house and/or signpost to other services – should **improve the service offer** for residents – both library users and potential users.
- 6.6. There is also a **good policy fit** as this approach will help drive the localities and customer (services) strategies in both authorities.

#### Savings

- 6.7. Over and above these benefits, **savings** should be able to be made through:
- reductions in **staffing costs** if services are better integrated e.g. shared management, removing duplication of information points/services, better co-ordination, seamless referrals
  - lower **premises costs from co-location** from reductions in total rents and costs of building maintenance
  - income from **realisation of assets**, although this will depend on whether current premises for libraries or other services are owned or rented and the likelihood of disposing of the assets
  - **common reception/referral arrangements** and sharing ancillary facilities – both for the public (e.g. toilets, coffee shop/point) and for office support (IT, storage, other equipment) whether co-located or within integrated services across a more physically dispersed 'community hub'.

## Implementation

- 6.8. The potential for co-location and thus both the improved, integrated service offer and the potential savings will be **place specific**. Community hubs may include some or all of library services, customer services, children's and young peoples centres, adult learning facilities, sports and leisure facilities, cultural and heritage services, tourist information and attractions, employment support and advice (JCP) and NHS health services. One size certainly won't fit all and the opportunities, nature of the integrated/co-located services and the consequent savings – and the likely timescale for delivery of both – need to be explored for each market town individually.
- 6.9. In relation to library services, it is also important to 'test out' the options in each market town against the ability of the library services to **maintain its core offer and attract new users**. The consultations with staff in both authorities raised issues that had arisen in some of the current co-located libraries in relation to the inclusive community space and staff approach being compromised due to the different organisational cultures involved.
- 6.10. There is a specific need to explore what this approach means for **Hereford Library**. The benefits of better integration apply here as much as in the market towns – especially with the arts and cultural offer and adult learning as these services are also concentrated in the city. However this will require an improved building or group of networked buildings so consideration needs to be given to a feasible and cost-effective way of pursuing this.
- 6.11. It will also be necessary to **communicate** the localities approach to the public to stress the intended improvement in library (and other) services, rather than the changes being seen as closing/moving particular library *buildings*. It will also be beneficial to involve and engage current and potential users and other customers in developing the in co-located sites.

## Beyond the market towns: Community run libraries

- 6.12. The provision of library services to **rural villages** and especially to less mobile, **vulnerable people** who live there is very important in both authorities. Currently these services (through library building and mobiles/delivered services) are provided in a historic and rather ad hoc fashion. The consultations raised several examples about people in some villages being relatively 'overprovided for' through village libraries/mobiles when their distance from one or more market towns was taken into account.
- 6.13. There is also recognition that some people would not be able to access library services at all were it not for the mobiles and/or village libraries.
- 6.14. One option that was supported strongly by the Herefordshire members' briefing/workshop, Shropshire Cabinet discussions and by senior officers from a range of services/with corporate roles is the idea of '**handing over**' **small rural libraries, and possibly some aspects of mobile and/or delivered library services, to local communities** which would run them by using volunteers.

## Benefits

- 6.15. The 'community run libraries' option has a **good policy fit** with 'the Big Society' and may encourage community participation and thus stronger communities.
- 6.16. It also allows libraries to be (re)developed where they are wanted and in a way that **meets local circumstances** and needs. Current provision, particularly in more rural areas is very variable and not necessarily related to need or distance from a larger library. Most consultees agreed that 'if you were designing a library service today – it wouldn't look like the current provision'
- 6.17. Arguably, community run libraries will also be more **sustainable** than council run ones because of the 'ownership' and 'buy-in' of the local community. They may also be more **flexible** about how they are run and what other services they are linked with (e.g. with longer opening hours if in a shop or pub).

## Savings

- 6.18. Whether this option generates significant savings is likely to depend on the type of community library model that is chosen. There are three main models, albeit with various hybrids in between. These are commissioning, franchising and transfer of responsibility.
- 6.19. The **commissioning** model is where the council commissions a community organisation to run a library (e.g. as a Trust) and/or agrees an SLA through which the authority provides book stock, access to the catalogue, and professional support and training to the volunteers. This is the Peterchurch type model, where Herefordshire Council commissions the diocese to run the library out of the church hall (which replaced the previous mobile service to the village).
- 6.20. This model can be developed through partnership negotiations or through competitive tender, and there are an increasing number of examples across the country. Dudley MBC has three 'Library Links', the most recent at Quarry Bank Community Centre, with 1,500 books, internet access, regular activities and self issue facilities, and with library staff available at certain times.
- 6.21. In a relatively isolated and socially deprived area of Weston Super Mare, a community library - the first ever permanent library within the neighbourhood - shares a building with a GP surgery, children's centre, council information point, a church and a community hall and café. The library is run by a social enterprise with a resident-led independent board that includes the council, which provides staffing and other support through an SLA.
- 6.22. As part of the Northumberland and Durham FLP, the two authorities are about to trial two 'Community Book Points' in village halls. These will receive professional support from community librarians for reading activities and access to the catalogue for users to order books which will then be delivered to the Book Points. The library services support (through community librarians) and infrastructure costs are financed through reinvesting planned savings from reducing mobile library services.

- 6.23. The specific arrangements will affect the likely savings from establishing a community run library compared to a council run library<sup>4</sup>. The difference in annual net costs to Herefordshire Council between Peterchurch and Leintwardine libraries is around £1,600 which indicates that the savings in comparable situations are also likely to be modest. This is for two main reasons; first because the costs are relatively low anyway for a small council run library with restricted opening hours so there is only limited scope for cost reductions; and secondly because of the costs of support staffing. A breakdown of the costs for Peterchurch and Leintwardine libraries is appended.
- 6.24. The **franchising** model enables authorities to make savings through effectively franchising out libraries to other organisations such as Parish Councils or community organisations, which would then pay the council for access to the support and catalogue to run a library. Clearly this would result in savings but there are two potential problems.
- 6.25. Although Parish councils could provide both funding and organisation for community libraries, council officers and stakeholders have expressed concern that they are also facing budget reductions so 'taking on a library' may not be a priority.
- 6.26. The other potential problem with franchising is that it could be seen as a way of closing public libraries if there is not enough interest in franchising. This could mean an authority falls foul of its statutory duty to provide a 'comprehensive and efficient' library service under the terms of the Public Libraries & Museums Act 1964<sup>5</sup>.
- 6.27. This can also be risk with the third model of community run libraries – **transferring responsibility to the community** – so that a community or voluntary organisation runs and funds a library itself, with little or no input from the local authority.
- 6.28. At its minimum, this option may be little more than a '**book box**', whereby a community centre, village hall or local shop runs an informal book borrowing (and recycling) service from donated stock. This can be part of encouraging communities to become involved in books and reading, alongside other community activities.
- 6.29. At a more sophisticated level, it could mean a community organisation or Trust running a library as a social enterprise, and funding the library services through charging fees, attracting grants and/or cross-subsidising them through other profit making activities. Running a library in this way requires a high level of community capacity and experience in this sort of enterprise but could attract retired business and library services professionals as volunteers. However, this may be more difficult in relatively disadvantaged areas where there are less likely

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<sup>4</sup> Although there may not be savings over existing village libraries with limited opening hours, this sort of library might present some opportunities to make savings on mobiles, depending on local circumstances.

<sup>5</sup> The Wirral inquiry determined that the 'comprehensive and efficient service' that local authorities are expected to provide is a balance between meeting local needs within available resources in a way that is appropriate to the needs of the local community.

to be either the skills or the levels of disposable income needed to support such community run libraries

- 6.30. As an add-on to a public library service and/or linked to the catalogue with some level of professional support, wholly community run libraries can be a cost-effective, environmentally friendly way of promoting reading. If they are seen as a substitute for public libraries as part of a programme of library closures, the approach may fall foul of the Act and therefore not likely to generate savings.

### **Implementation**

- 6.31. Taking account of the benefits and potential savings of, and risks to, different types of community run libraries in the context of the localities' approach, a **model for encouraging community run libraries** in Herefordshire and Shropshire might include:
- Publicising that the council is interested in developing community run libraries
  - Developing communities libraries through a negotiated agreement with interested organisations and residents
  - Running the community library as a partnership between library services, a local community organisation and resident volunteers
  - Making clear the resources that are available from all partners – especially in terms of premises, equipment and staffing
  - Exploring options to link the community library with other local services such as Surestart, schools, adult learning, community café, village hall etc.
  - Agreeing the levels of volunteering and professional support required and available now and in the future
- 6.32. A key consideration for any sort of community library is whether sufficient **community capacity and infrastructure** exists. Community libraries have generally been more successful when they can be combined with a range of other services either in a Village Hall or other community venue, or in a social or private enterprise which could range from a leisure facility to a shop or post office.
- 6.33. Given the localities approach in both authorities it may be productive to take a **wider view of rural library services** and link any changes to service delivery more generally. For example, there may be opportunities for volunteers or voluntary organisations to play a larger role in helping housebound people (whether living independently or in residential homes) access a range of services including meals on wheels, help with personal care and shopping, post office/banking services etc. In addition, some of these services could potentially be better 'joined up'.
- 6.34. As with community hubs, the opportunities and likely approaches will vary from place to place. This means that within a **framework of reducing village and mobile library services to priorities those people most in need** (i.e. with least alternatives), it would make sense for the locality managers/area directors to be given responsibility for redesigning library services (along with other services) in rural areas outside market towns.

- 6.35. This brief should include responsibility for developing community interest and involvement in library services and working closely with VCB intermediary organisations to build capacity and **negotiate partnership arrangements with community organisations** on a case by case, place by place basis.
- 6.36. In the **short term** this approach may mean reducing library services opening hours, delivered services and numbers of buildings/mobiles. Developing community capacity and partnerships for alternative arrangements will take longer and this transition will need to be managed carefully.
- 6.37. In relation to market towns and more rural villages, the similar approaches to developing localities working in Herefordshire and Shropshire mean that there should be **regular, structured opportunities for sharing learning** and ideas between the two councils about how to implement these strategies in each authority.

## Collaboration – digital opportunities and cross boundary working

- 6.38. The localities approaches in Herefordshire and Shropshire mean that the main opportunities for transformational change are likely to come from a **shared approach to 'in authority' service redesign**.
- 6.39. By definition, the localities approach will require decentralisation of services and devolution of responsibilities to localities managers/area directors to ensure that services join up – through co-location and better integration – in ways that meet local needs.
- 6.40. The FLP discussions showed that there is **little to be gained in service improvement from integrating senior management and front line staffing** for, effectively, a single library service. This could cut across the localities approach in each authority and potentially just increase bureaucracy and unnecessary standardisation when local flexibility and innovation are required over such a large geographical area.
- 6.41. There are also **unlikely to be significant savings from moving to a single management structure** as both authorities are already restructuring to reduce the number of senior posts and to include localities responsibilities in the ones that remain. Similarly, other staff will need to be able to develop flexibility to work across services in a locality, rather than for a single service across both authorities.
- 6.42. There are more **promising possibilities** for **shared library services in IT** and other back office functions across Herefordshire and Shropshire. This could improve cost effectiveness in a way that is transformational through a **joint digitisation project** to support increased digitisation that has emerged as a priority in both authorities.



## Benefits

- 6.43. In contrast with the localities considerations, the digital agenda and making better use of IT is **not place-specific** and there are potential service improvements and savings from common IT systems and support contracts across both authorities.
- 6.44. Digital facilities would bring **service improvements** for users through improved **on-line/TV access** for ordering and borrowing books, the introduction of **e-books** and enhanced on-line access to **specialist reference** catalogues.
- 6.45. Digitisation would support **common library membership and issuing systems**, which would enable residents living near county boundaries to benefit from a joined up service and remove the costs of ordering books from libraries in 'another authority'.
- 6.46. These service improvements would need to be supported by **'back office' improvements**, using IT to align and/or share systems and processes. **Joint stock management** would be a key part of this support this, with moving to a joint LMS system agreed as a priority to pursue when current LMS contracts allow. The introduction of **RFID for self service** would also be part of the digital project.

## Savings

- 6.47. **Savings** would be made from joint procurement of digital systems and, following the necessary capital investment, in staffing costs. These are likely to take up to two years to realise and then be **between 2.8 per cent and 3.2 per cent of annual library services budgets** for each authority. A one off saving of around 0.7% is estimated to be achieved through a strategic approach to the introduction of RFID. Details are appended.

## Implementation

- 6.48. It is suggested that the two authorities establish a **joint task group** to scope, design and deliver a Shared Library Services Digital Project. This should explore opportunities for improving user services and reducing costs through the introduction and better use of IT across both authorities.
- 6.49. As discussed in the recent West Midlands report on Shared Library Services by Black Radley, there are opportunities to share digital services between several authorities. It would be useful for the task group to consider opportunities to share specific 'back office functions' with **other authorities** in England and Wales that border Herefordshire and/or Shropshire.
- 6.50. Alongside the introduction of improved digital services, there are also opportunities for joint working on **events and activities**, and provision of information **'across boundaries'**, which would enhance the offer to users and be cost effective by avoiding duplication.

## 7. FUTURE MANAGEMENT AND GOVERNANCE

- 7.1. New governance arrangements will be required for any new framework for future library services as described above. The proposed option is to establish a **Library Services Partnership Board** across Herefordshire and Shropshire. This will realise the benefits of joint working through:
- On-going collaboration through the development of common localities approaches, sharing learning from these and other good practice, and instigating formal and ad-hoc arrangements across administrative boundaries for service improvement
  - Agreeing, commissioning and monitoring specific shared service(s) on joint LMS/Stock management/RFID systems to support new digital and joint library membership arrangements
  - Member involvement and strategic leadership, with the ability to link to other cross authority governance arrangements e.g. the Local Enterprise Partnership (LEP), supported by joint officer group.
- 7.2. Further discussion will be required on delivery options for the locality and community library services. At this stage it is important to agree *what* should be provided by library services – *to whom* and *why* - before deciding on contractual delivery arrangements. These are likely to vary from place to place and proposals should consider a range of delivery possibilities including external commissioning.
- 7.3. The consultancy work on commissioning and externalisation for Shropshire Council and the consultations that have been undertaken for this FLP suggest that setting up a single Trust for library services would be inappropriate. In contrast, the localities approach should encourage individual Trust arrangements would provide this, build on this type of commissioning where it already exists and give flexibility to partner with a range of different statutory and voluntary and community sector through setting up Trust and/or other governance arrangements that suit the specific circumstances.
- 7.4. Any delivery arrangements would need to fit into the two authorities' policies and proposals on commissioning and externalisation more generally.
- 7.5. It may be useful to undertake further work with LGA/MLA on the details of governance and delivery arrangements when the future libraries framework has been agreed, the proposed Partnership Board has been established and both councils have made decisions on any externalisation arrangements they wish to pursue.

### Three year financial plan

- 7.6. The original project plan for the FLP included the development of a three year financial plan based on the findings of the consultations and concept consideration.

- 7.7. The nature of the FLP recommendations on transformational change, together with fast changing financial targets and 'within-year' savings for both authorities means that this is not possible at present.
- 7.8. Specifically, the localities approach is proposed as the focus for transforming library services in both Herefordshire and Shropshire. This means that there will be different arrangements in different localities to meet local needs and take account of local opportunities and constraints, especially in regard to other services with which to co-locate and/or integrate library services.
- 7.9. Locality arrangements will also have to be developed locally, led by the senior staff in both areas under the new management arrangements and involving current and potential partners from the statutory, private and voluntary and community sectors. So future budgets and timescales to realise these will vary between localities and these need to be developed before they can contribute to a future financial plan.
- 7.10. This report does include estimated savings from shared digital and back-office functions (details in Appendix 5). These can be used as a basis for future financial plans when the timescale for implementation has been agreed.
- 7.11. Lastly, each authority is developing its own library services strategy for the future. The financial plans for both councils will need to take account of the service plans that support these, which will include efficiency savings as well as transformational change.

## 8. RECOMMENDATIONS

8.1. Taking account of these different options, the **recommended way forward for a future library services framework** in Herefordshire and Shropshire is, in summary to:

- Develop/continue to redesign **library services to be at the heart of 'community hubs'** in Hereford, Shrewsbury and market towns to drive and support the localities policies
- Consider redesigning rural library services, including through restructuring/reducing mobile/delivered library services to **focus on those communities and individuals most in need** (i.e. with least alternative access to library services)
- As part of the localities approach, and led by localities managers, **encourage and enable community organisations and resident volunteers to become involved in running libraries** and supporting access to library services, through a partnership approach.
- Set up a **digital project task group** to improve user services and reduce back office costs. This would work up proposals for shared back office and specialist functions, around the introduction of new digital front line and support services (e.g. on joint LMS/Stock management/RFID system) with joint procurement to deliver these.
- Improve **ongoing collaboration** through sharing emerging localities approaches and other good practice, and improving ad-hoc arrangements across boundaries for joint activities and promotion.
- Establish a **Library Services Partnership Board** across Herefordshire and Shropshire to provide strategic leadership and oversee the implementation of the above recommendations for a future library services framework.

## APPENDIX 1: SUMMARIES OF NON-USER FOCUS GROUPS

### Non User Focus Group Bromyard Centre: 6.12.10

#### *Awareness of what is in the library*

Most of the group associated the library with "books and reading". This included mentions of 'talking books', being able to order books and being told "when the latest good books are coming out". Computers, newspapers, videos and DVDs were also mentioned. Several people knew about activities for children such as the summer reading challenge and the "reading corner for kids".

#### *Library usage over time/motivations at different points in time*

Most of the group had used libraries at some different points of their life, most commonly when they were a child and then (after a break) to bring their own children. People had often stopped using the library when their children were older or used another library, such as a mobile. Others said they didn't have time. One person started using Bromyard library when he came to use the gym.

*"My mum took me when I was small. I now take my little boy."*

*"I'll carry on coming with the children until they stop."*

*"Time is the factor – I love reading but don't have time when I'm working."*

There was a strong feeling that people who don't currently use the library might do so when they retire. There also seemed to be a perception that libraries were mainly for children and older people but that computers might appeal to all those in the age bands in between the two extremes of the life cycle!

#### *How public perceptions of libraries have changed over time*

There was a general feeling that libraries had some importance but were becoming less relevant.

*"More and more people have computers at home to access information so don't need the library."*

There was an awareness of developments such as computers, drinks and CDs however a number of people missed the old, "traditional" Bromyard library. Everyone in the group was most likely to use a library for books and some people were surprised by libraries having computers and a jobcentre pc with local job vacancies on (although both were considered to be a good thing)

### ***What would make libraries more attractive/used?***

Other than the fact the libraries had books, DVDs and computers there was no awareness of a library 'offer'. There was a general feeling that Bromyard was always bottom of the pile when it came to being dealt with by Herefordshire Council and that other places (e.g. Hereford, Leominster and Ledbury) got preferential treatment.

Suggestions for new activities included: Book signings, Reading Groups and Adult Learning. There were also suggestions for better promotion of the library offer:

*"Advertise what's on offer and appeal more to families"*

*"Put regular leaflets in the book bags of school children"*

*"Produce monthly lists of new books in stock"*

*"Put something in 'Off the Record' (a local community magazine)"*

*"Leaflets through the door"*

### ***What would happen if there were no longer free public libraries?***

When asked this question, only one person thought it wouldn't make any difference. Others were concerned that *"children and the elderly would lose out"* and even if they didn't use it regularly, others felt *"it's nice to know it's there"* and that losing it would mean *"part of our heritage would be gone."*

## **Non User Focus Group Ludlow Library: 6.12.10**

### ***Awareness of what is in the library***

The group mentioned: Books, Public Toilets. Job Centre Plus, Children's

activities, Shop, Gallery, Meeting rooms, Tourist Information Centre with local information and OS maps, Family history/archives and that it was warm!

People were not aware of all facilities e.g. *"I didn't know there was free internet access for on line family research"*.

### ***Library usage over time/motivations at different points in time***

Most of the group had used libraries at some different points of their life, but not recently for various reasons including: children having grown up; no longer studying, have a home computer; buy books on-line; or shortage of time. One person used Shrewsbury rather than Ludlow (to research family tree).

People thought they might use the library in future as a quiet place to work, to rent DVDs (which they had not known about) or if their home internet broke.

### ***How public perceptions of libraries have changed over time***

Libraries were seen as inconvenient compared with offers from book shops and on line.

*"Libraries don't fit with the way people want books"*

*"They don't fit in with modern lifestyles"*

*"I don't have time, the internet is easier"*

### ***What would make libraries more attractive/used?***

People thought advertising/marketing was important to *"remind people of what is available"*. It was noted that *"the Town Hall does not advertise"* and that local papers should be used more.

There were a number of suggestions about how libraries could get more people in including: Having a café; Changing opening hours (as most people come on a Saturday); encouraging book donations; and having events e.g. book signings

*"Café would encourage, sit down, have a coffee and browse"*

*"Have event in the evening, then it is not intruding and is more accessible"*

Only one person in the group of eight would volunteer to support the library service and although some thought volunteering would be a good idea, others were sceptical about how practical and acceptable it would be.

*"Hours would be a problem, volunteers only want to do certain times and days"*

### ***Changed perceptions through coming into the library***

The group were asked whether coming into the Ludlow Library for the focus group had changed their perceptions and made it more likely they would use a library in the future. Most said it hadn't really changed their views but even though they might not use it they thought it was a good community resource. Several people said that they might use it for the computers/internet or use the on-line service.

*"Yes, reminded me how much I used to use it, will go on line"*

*"I will look at using the internet"*

*"Valuable resource for the community, good resource for the public"*

*"Does not change my perception but am more aware of what is on offer and more likely to visit"*



## APPENDIX 2: CONSULTATION WORKSHOPS

### Herefordshire Members Briefing session: 29.10.10

#### ***Why do people use the library service/what do they value?***

- Source of books and information - for interest, recreation, leisure and study, research, reference and historical documents, information on events
- A social meeting place - for parents with children, with newspapers and social media, cross-generational resource for the community, warm and safe place to go for homeless and vulnerable people, point of contact e.g. for migrants
- Sanctuary, restful and peaceful
- For young people - CDs, films and computer games, peace and quiet for study
- For older people – brain training, helps to keep active
- Resources – to use computers, to search for work, health and well being info
- To attend events, part of the Herefordshire cultural offer
- Schools resource, early years offer
- Informative, helpful staff, knowledgeable librarians
- Free at point of delivery, equal access, something for everybody

#### ***Why don't people use the library service?***

- Not aware of wider facilities and what's on
- Don't read books
- Web bringing service direct to homes e.g. home internet access
- Access - Opening hours, rurality/lack of transport, mobility, disability, parking
- Dated images of service and facilities e.g. not cool
- Non-integration, people want to use more than one service.
- Limited facilities, non –integration, lack of space, conflicting interests of users

#### ***What links are there or could there be to other services in the community?***

- Rationalise sites e.g. one-stop services (look at Leominster?)
- More locality working e.g. police, social services, marrying up of services
- Church projects-Peterchurch, Bridge Sollers, a community centre for 5 villages
- Community Access Points e.g. Burghill
- Improve links to young people
- Links with schools (Cultural offer to schools)

- Multi-use facilities e.g. in market towns
- Hereford-Why not put banking , police, visitor centre, PCT under one roof
- Yarpole community shop
- Think about business needs
- Consider impact on existing services
- Link marketing of services
- Hereford as a Centre of Excellence for the service
- Mobile service-link to other services e.g. social care, customer services etc
- Video conferencing for services through libraries
- Use Village Halls and post offices, commission local shops

## Herefordshire Stakeholders Seminar: 1.11.10

### ***What is a Library?***

- Books (Reading, Lending, Free)
- Resource (Collection. Store)
- Space (Social, Mobile, Local, Cultural hub, Quiet, Silence)
- Information (Computers)
- Knowledge (Enlightenment, Power)

### ***Who uses libraries and why?***

- Largest group - 35 – 44 age group: especially those with children
- Smaller Libraries & mobiles - older/retired people and younger children
- Migrant workers for Internet access – reflects changing languages
- Older people – increasing use reflects demographics/familiarity
- People with extra needs e.g. Large print, help with literacy/ reading
- Less affluent people – library is free and they have the time
- People wanting help with informal advice e.g. links to CAB, JCP
- Vulnerable people e.g. libraries as a refuge, safe, warm, have newspapers
- Users of outreach activities/ public access points based in libraries e.g. PCT information/events, Councillors' and MPs' surgeries

### ***Who doesn't use libraries and why not?***

- Lack of knowledge about library services/'offer'
- Time constraints
- Choice - Don't want hard back books (vs. paperback), range too small
- Some books too expensive to stock, charges across country boundaries
- Alternatives - cheaper books elsewhere, discount in supermarkets, charity shops
- Young people - use IT but not books and at schools / home - not library. Not 'cool' establishment -prefer downloads, want e-books
- Problems with physical access to libraries (& other services)
- Libraries not pro-active enough? Want themed events etc

### ***Ideas for better library services through partnership and at less cost***

- Better use of Internet - specialist reference, on-line lending

- Increase charging - Nominal fees (on top of membership – second level) but need to define core (free) offers as part of Library strategy & enhanced offer
- Income strategy – if charging, have to offer something in return, be competitive
- Links though C.A.Ps - 'in every village'. Could include: WiFi in public buildings, range of community spaces, access from own homes, video links
- Volunteer support: Links to Big Society, need to work with Volunteer Bureau, balance of volunteers / staff important for quality, training, knowledge
- More commercial e.g. Coffee shops, premises, franchising,
- Social enterprise/Trust model – Pluses / minuses
- Collaboration / joint work with other authorities for: Consortium to buy books, using libraries across boundaries, back office processes (e.g. LMS), co-ordination on events (But which boundaries? (LEP?), Have to be sensitive to locality and keep Hereford as a centre for Herefordshire identity)

## **Herefordshire Libraries staff, Plough Lane: 1.12.10**

### ***Core offer***

- a) Free books - Talking books, E-books (cost?)
- b) Provision of diverse info - Through staff, books, IT, local studies/history
- c) ICT - Facilities and equipment, as gateway to information
- d) Activities around learning, literacy
- e) Safe, welcoming community space- friendly knowledgeable staff, good facilities
- f) Delivered services for vulnerable groups

## Our library services in 2013

<b>LGA competition</b>	<b>Public poster</b>
<ul style="list-style-type: none"> <li>• Wi-fi available in all libraries</li> <li>• Super fast broadband available in all homes</li> <li>• IT equipped mobiles</li> <li>• Online reference library</li> <li>• E-books downloads</li> <li>• 24/7 library service</li> <li>• Online ordering and delivery to door or hub</li> <li>• Online books recommendations</li> <li>• State of art HFD library – building in process</li> <li>• Record number of readers group</li> <li>• Wide range of activities for all ages e.g. storytimes, talks, IT demos</li> <li>• Wide range of bestselling books, films, DVDs, spoken word</li> <li>• Modern facilities including coffee shops, baby change facilities</li> <li>• Social meeting space/exhibition space</li> <li>• Community health facilities</li> <li>• Business facilities, scanners, printers, etc</li> <li>• Author events/book signings</li> <li>• Job seekers info</li> <li>• Book store</li> </ul>	<p><i>Welcome to your award winning library</i></p> <p><i>Friendly faces to help you out</i></p> <p><i>Come inside your space</i></p> <ul style="list-style-type: none"> <li>• Books</li> <li>• Self service</li> <li>• Good value</li> <li>• Community space</li> <li>• All services</li> <li>• WiFi</li> <li>• Free</li> <li>• Super fast access</li> <li>• Information</li> <li>• Plug in</li> <li>• Games</li> <li>• Community services</li> <li>• Accessible from home</li> <li>• Education</li> <li>• Events</li> <li>• Fun</li> <li>• Events</li> <li>• Learning</li> <li>• Volunteering opportunities</li> <li>• Families welcome</li> <li>• Exhibitions</li> <li>• Shops</li> <li>• Welcoming space</li> <li>• E-books</li> <li>• Cafe</li> <li>• Local produce</li> <li>• Award winning</li> </ul>

## **Shropshire Members Workshop, Shirehall: 15.12.10**

### ***What our residents like about libraries***

#### **Libraries encourage reading**

- Flexibility/chance to try out books
- Access to variety of reference books;
- Free IT provision & advice
- Sales of old stock
- Periodicals/ newspapers

#### **Libraries as a community space with good staff and service**

- Interaction with library staff who have local knowledge – and time for customers, to advise and recommend reading;
- Local and focus for village with accessibility/convenient walking distance, ease of parking (free), acts as community centre (including mobile library services)
- Inclusive – for all and with variety of services e.g. music, storytelling, competitions;

<b>Possible types of Community Input</b>	<b>How to increase the use of libraries</b>
<ul style="list-style-type: none"> <li>• Book donations;</li> <li>• Volunteer bureau for libraries;</li> <li>• Friends of libraries groups;</li> <li>• Local history groups;</li> <li>• CAB, Business Link – need right space;</li> <li>• Work experience by young people;</li> <li>• Cultural groups/skills for work/work clubs;</li> <li>• Discussion with youth parliament;</li> <li>• Banks involved in/sharing mobiles;</li> <li>• Story times/baby bounce;</li> <li>• Liaison with youth groups for libraries with link to SLS e.g. Storchley, Hadley, St. Martins</li> <li>• Volunteers need input from professional staff:               <ul style="list-style-type: none"> <li>- Supervision;</li> <li>- Sustainability;</li> <li>- Time and availability;</li> <li>- Qualifications;</li> <li>- Legal liabilities;</li> </ul> </li> <li>• Discovery Centre;               <ul style="list-style-type: none"> <li>- Self-issue (no longer opening in community venues);</li> <li>- Enhancing minimum level of service;</li> </ul> </li> <li>• Volunteers additional (not replace);</li> <li>• Grannies, Grandpas; Mums and toddlers</li> </ul>	<ul style="list-style-type: none"> <li>• Family history help;</li> <li>• Community groups/meetings;</li> <li>• Better info/marketing;</li> <li>• Community Hub;</li> <li>• Schools;</li> <li>• Leisure centres;</li> <li>• GP surgeries;</li> <li>• Mums and toddlers;</li> <li>• Downloading e-books;</li> <li>• Common services;</li> <li>• Parish Clerk;</li> <li>• More info – electoral register;</li> <li>• Councillor surgery;</li> <li>• Police surgeries;</li> <li>• Take opportunities of new clients?</li> <li>• Longer opening hours (evenings/Sundays).</li> </ul>



## Shropshire Staff Workshop, Shrewsbury Library: 15.12.10

### *Our library service in 2013*

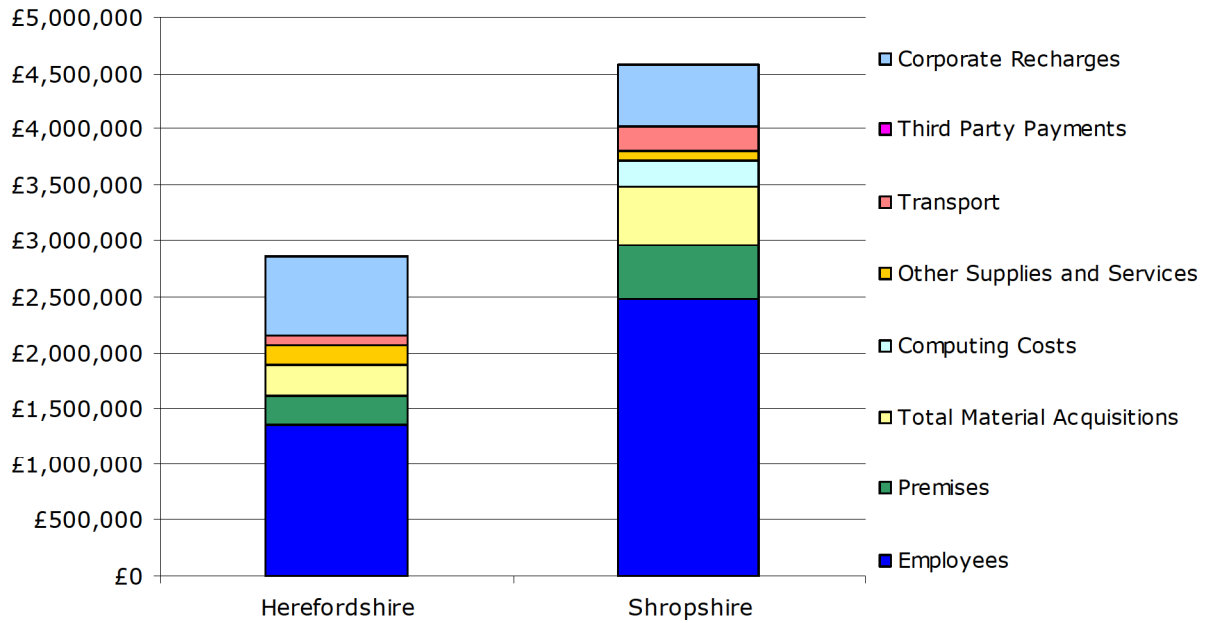
<p><b>LGA COMPETITION</b></p> <p><b>Shropshire Libraries</b></p> <p><i>Working together with Local Communities to be inclusive to all</i></p> <p><b>We are known for:</b></p> <ul style="list-style-type: none"> <li>• Great Service;</li> <li>• Great Reading;</li> <li>• Events for 0 – 99;</li> <li>• Services to your home;</li> <li>• IT and WiFi on your door step;</li> <li>• Other council services e.g. blue badges.</li> </ul>	<p><b>PUBLIC POSTER</b></p> <p><i>Our Library can give you</i></p> <p><b>Leisure made easy;</b></p> <ul style="list-style-type: none"> <li>• Recommended reads</li> <li>• Quick picks</li> <li>• Events</li> <li>• Reading groups             <ul style="list-style-type: none"> <li>- Real</li> <li>- Virtual</li> </ul> </li> </ul> <p><b>Wellbeing</b></p> <ul style="list-style-type: none"> <li>• Clinics for young and old</li> <li>• Bibliotherapy</li> <li>• Meet friends</li> </ul> <p><b>Opportunities to learn and develop new skills;</b></p> <ul style="list-style-type: none"> <li>• Job clubs</li> <li>• CV writing</li> <li>• Online reference</li> <li>• Volunteering</li> </ul> <p><b>Safe, neutral community space</b></p> <ul style="list-style-type: none"> <li>• It's your space – use it and have a say in what happens here</li> <li>• Children</li> </ul> <p><b>Premium service</b></p> <ul style="list-style-type: none"> <li>• Your choice of books delivered to your door, PC or gadget</li> </ul>
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### *Shropshire Library Service Core Offer*

- Free inclusive core service;
- Service to rural communities/villages;
- Learning and literacy;
- IT access, reference, online service – all well promoted;
- Staffed Service.

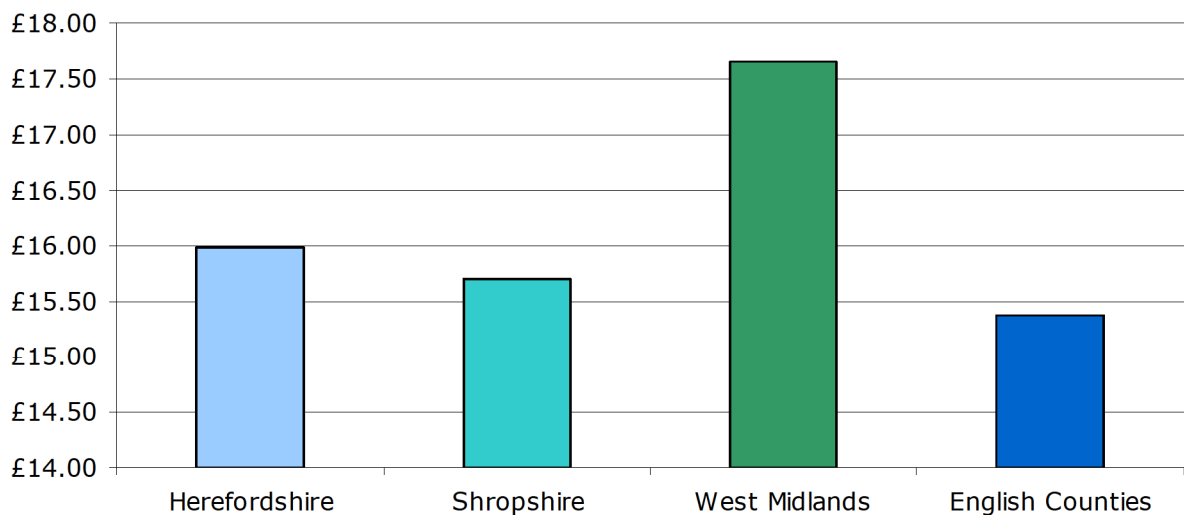
## APPENDIX 3: LIBRARY SERVICES STATISTICS

**Herefordshire and Shropshire Libraries Revenue Expenditure (2009 / 2010)**



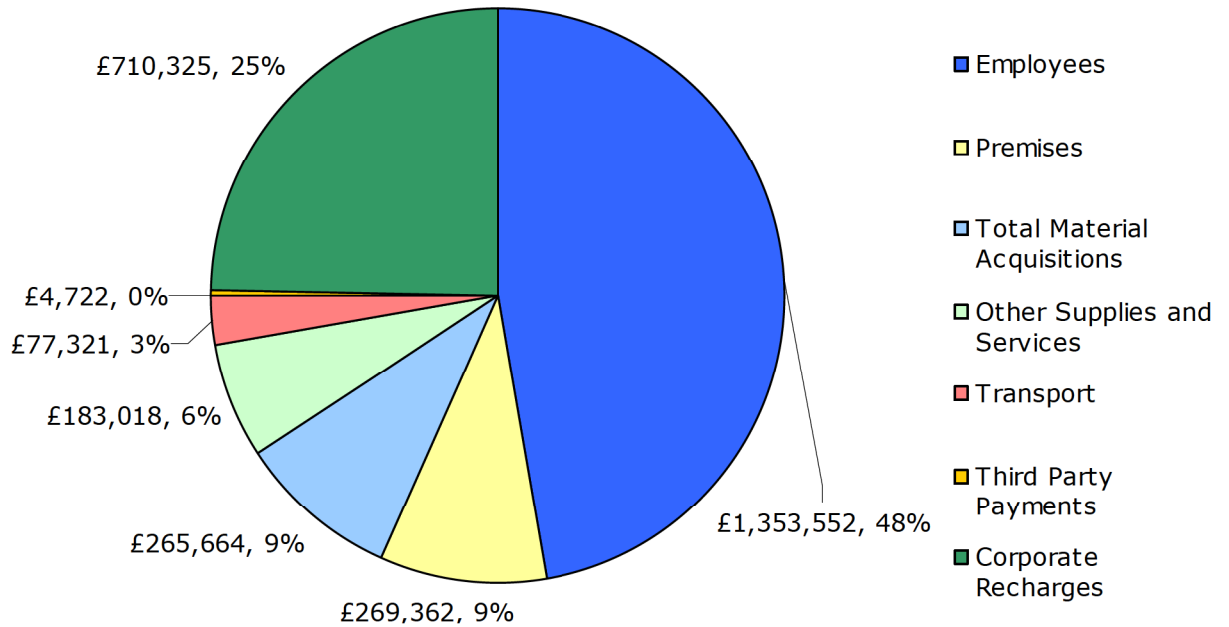
Source: Cipfa returns Note: All expenditure figures exclude capital financing charges which were £342,247 for Herefordshire and £432,866 for Shropshire in 2009/10.

**Libraries Expenditure per Resident (2009 / 2010)**



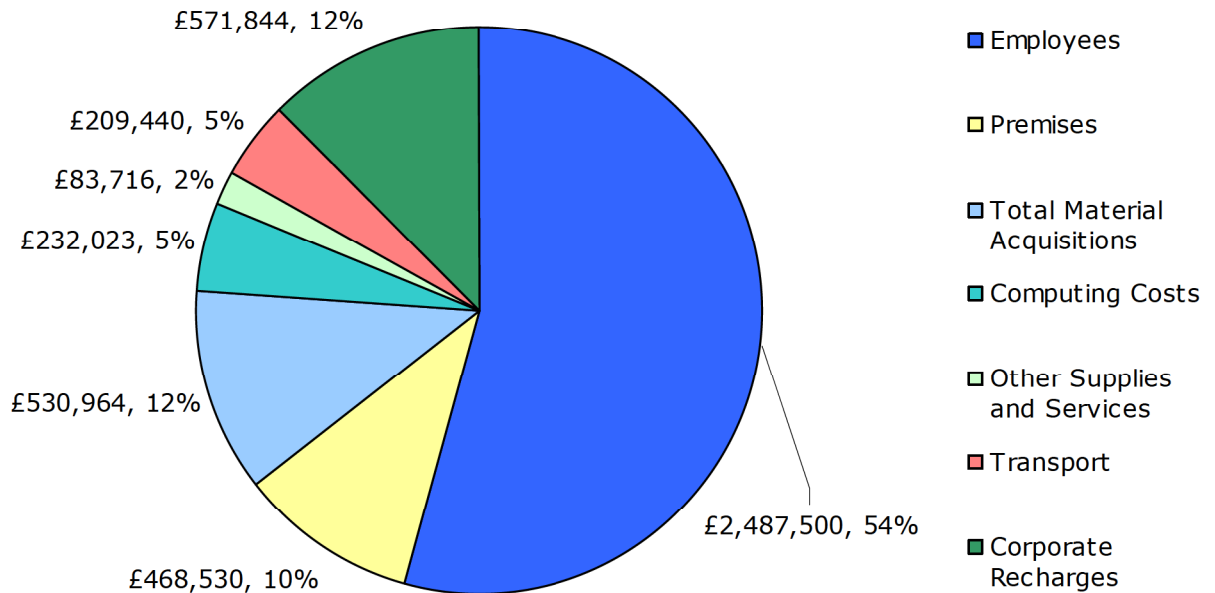
Source: Cipfa returns

### Herefordshire Libraries Revenue Expenditure (2009 / 2010)



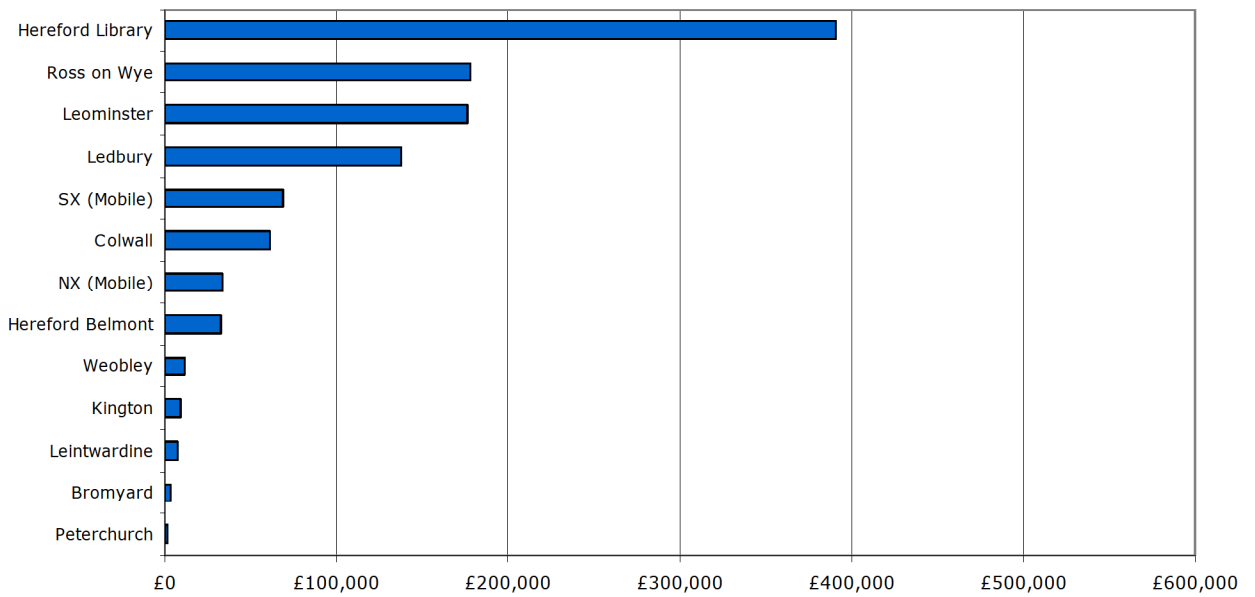
Note: The £710,325 for corporate recharges for support services including legal, ICT, Human Resources and customers' services is in addition to the operational running costs of the service and are costs the service does not have direct control over.

### Shropshire Libraries Revenue Expenditure (2009 / 2010)

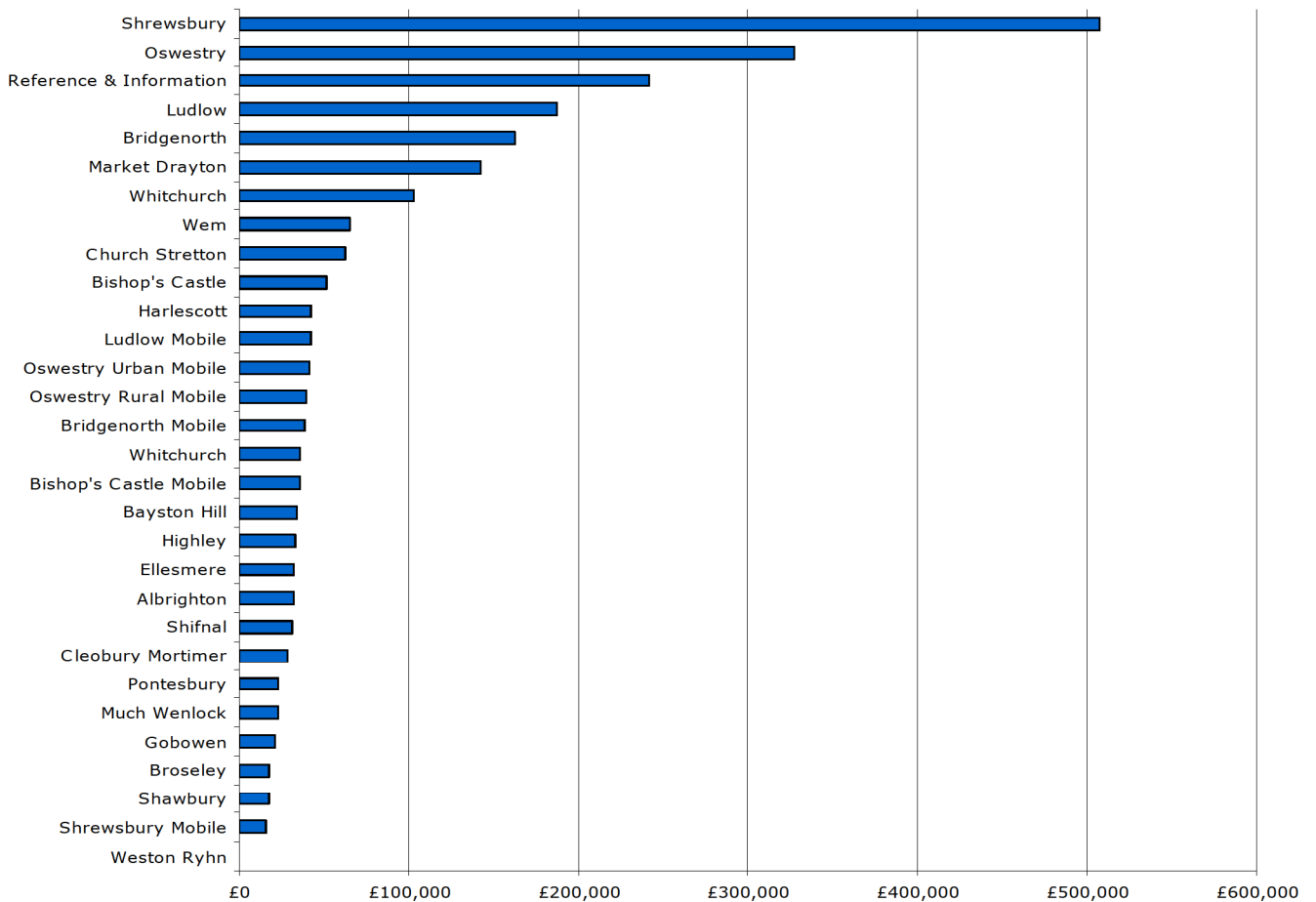


Source: Cipfa returns

**Herefordshire: Expenditure by Library (2009 / 2010)**



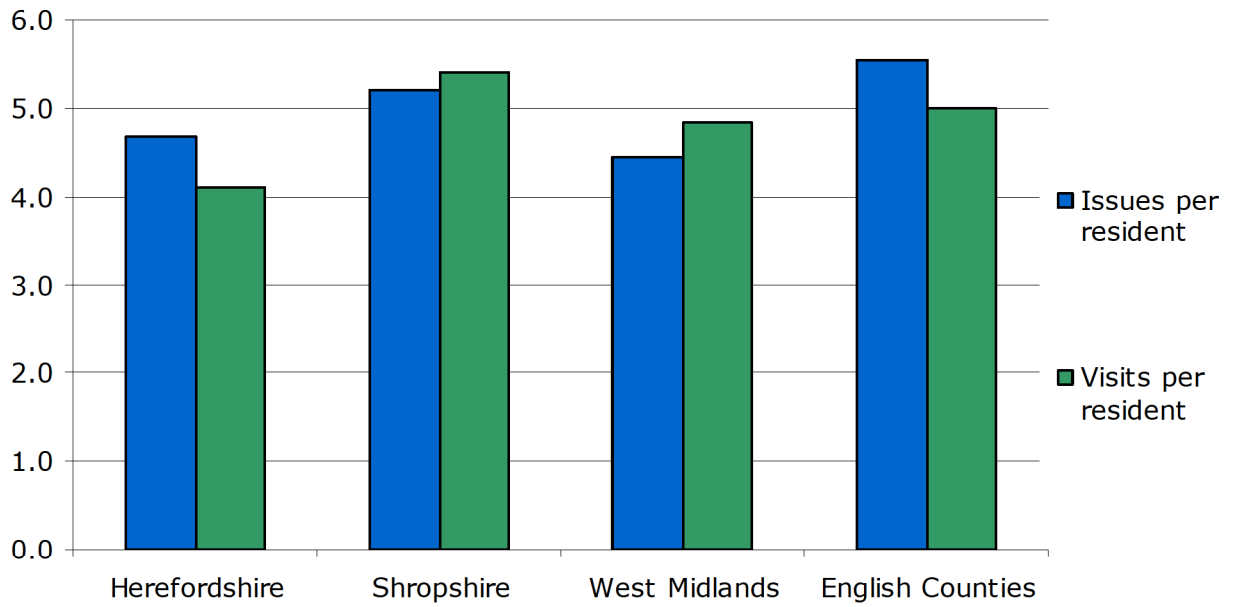
**Shropshire: Expenditure per Library (2009 / 2010)**



Source: Herefordshire and Shropshire library services statistics.

Note: For Shropshire library services, because of the way staffing covers more than one library these costs are not necessarily the true costs of running each library, which could be higher or lower.

### Library Usage (2009 / 2010)



Source: Cipfa returns

## APPENDIX 4: INDICATIVE COSTS FOR COMMUNITY RUN LIBRARIES

### Comparison of Peterchurch and Leintwardine libraries

The table below shows comparative costs for 2010/11 (actual/estimates) for Peterchurch library, a community library based in Peterchurch church hall run by the Diocese through a service level agreement and Leintwardine library, the smallest public library in Herefordshire.

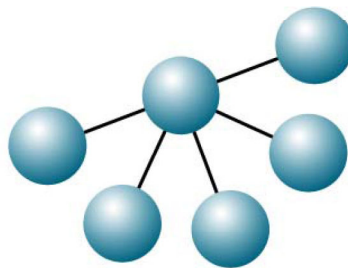
Leintwardine		Peterchurch	
Cost	£ per annum	Cost	£ per annum
Employees	5,618	Employees	-
Premises (rent, electricity, cleaning)	2,061	Premises (rent and electricity only)	1,250
Supplies & services	331	Supplies, services and transport	58
Support services	286		-
Income	(109)		(384)
Total net expenditure	8,187		784
		Staff support*	5,681
<b>Total net costs</b>	<b>8,187</b>	<b>Total net costs</b>	<b>6,464</b>

\*Note: Staff support for Peterchurch includes a Stock Librarian/Officer for 23 hours a month and a Stock Unit assistant, Customer Service Officer and Reader Services Librarian, each for 7 hours a month.

# APPENDIX 5: INDICATIVE COST SAVINGS FROM SHARED DIGITAL SYSTEMS AND RELATED PROCESSES

Building Block	Herefordshire Estimated Saving	Shropshire Estimated Saving	Total Saving Estimate	Notes / Rationale
Frontline - RFID Reducing Staffing Costs (pa)	£45,500	£84,500	£130,000	Rolling out RFID across the two authorities has the potential to generate cost savings through reducing the frontline staffing requirements in medium and large libraries in the two authorities. The existing cost of frontline staffing in these libraries is estimated at £1.3m. Assuming that RFID could reduce staffing in such libraries by 10%, then this implies that cost savings of approximately £130,000 could be achieved. We have assumed that this would be split according to the current ratio of salaries which is approximately 35-65.
Frontline - RFID Contractual Savings (pa)	£11,000	£20,500	£31,500	Shropshire has estimated that RFID running costs are approximately £210,000. We have assumed that Herefordshire's RFID running costs are approximately half of Shropshire's (in line with the proportion of total costs across the two authorities). This yields an annual RFID running cost of £315,000 across both authorities. We have assumed that contractual savings of approximately 10% can be made through economies of scale in terms of staffing and maintenance and that savings would be split proportionately across the two authorities.
Specialist Library Management System (pa)	£4,500	£7,500	£12,000	Herefordshire's annual LMS cost (Talis contract) is approximately £45,000. We have estimated annual costs for the LMS at £75,000 for Shropshire (based on Axiell system across 31 service points). This estimate is based on information from other Future Libraries Programme authorities. Clearly, actual figures would be preferred, however this does give us an indicative current annual cost of £120,000. We have assumed that savings of 10% could be made through procuring a lower cost system across the two authorities utilising economies of scale. There would presumably be costs associated with this but there would also be performance improvements associated with a joint system which have not been costed. Procuring a joint system would also benefit from economies of scale.
Specialist - Stock Management (pa)	£18,000	£32,000	£50,000	There is no direct information on the staff costs of stock procurement. Experience from other authorities suggests that these costs are in the region of 2% of employee costs. We have therefore used this as a benchmark to estimate the staffing cost across the two authorities at £77,000. Assuming this cost could be halved across a shared service generates a saving of approximately £38,500. In addition, joint procurement could reduce the amount of stock duplication across the two services as stock could be procured centrally and transported across the libraries of the two authorities as required. We have assumed this would generate savings on the material acquisitions budget of 5%, or approximately £40,000. We have assumed that this saving will be partially offset by increases in transport costs as the two authorities would have to spend more to transport books around if there were fewer copies. For this purpose we have assumed an increase in cost associated with this option equivalent to 10% of existing transport expenditure or £28,500. In total therefore, the combined savings associated with sharing of stock management functions is approximately £50,000. We have assumed stock management savings follow the broad 35-65 split between the two authorities in terms of employee costs.
Strategic Introduction of RFID (one-off)	£17,500	£35,000	£52,500	Introducing RFID would incur a cost associated with issuing RFID tags, installing RFID terminals, etc. Shropshire has estimated this cost at approximately £350,000. We have no data on Herefordshire's implementation cost but have assumed that Herefordshire's cost of introducing RFID would be approximately half of Shropshire's (in line with the proportion of total costs across the two authorities). This yields a total RFID investment cost of £525,000. We have assumed that implementing the same RFID programme jointly across the two authorities can save 10% of overall costs - through more efficient staffing and procurement.
Total per annum	£79,000	£144,500	£223,500	
Total (As a % of total expenditure)	2.8%	3.2%	3.0%	Total as a percentage of 2009 / 2010 expenditure

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Herefordshire Heritage Services Strategy Review  
Outcomes and Recommendations

Helen Maclagan

December 2011

## Introduction

A review of the Herefordshire Council's Heritage Services was initiated with the purpose of ascertaining its **purpose, function and audience** in the context of **changing national priorities and continuing financial pressures**, and to **assist in providing a sense of purpose and identity** to carry the service forward in a changing landscape (including the recently published Arts Council England framework for museums and libraries<sup>1</sup>). The scope and objectives of the study are summarised in Appendix 1.

## 1 Identity

1.1 The consultation process and background reading undertaken for the study demonstrated that, whilst there is widespread general agreement as to what the service is generally seeking to do, its Identity and Purpose are not currently clearly presented to the outside world.

1.2 On balance, the name Heritage Service is potentially misleading: the services offered are those which are generally known in the UK as Museum Services, whereas many services commonly banded together under the name Heritage (eg Archives, Archaeology, Historic Environment) are not part of this service in Herefordshire. The effect of this is to complicate, unnecessarily, communication with both present and potential audiences.

**Recommendation 1: The Service should be renamed as Herefordshire Museum Service.**

## 2 Purpose

2.1 There is also fairly general agreement amongst those consulted that the purpose of the Service has two principal interlinked, even inseparable, strands, which are:

- Care of collections representing the heritage of Herefordshire, together with associated information and stories, for the future.
- Celebration of that heritage through providing and enabling various forms of interaction with those collections for people in the present.

Support is also widespread for these strands to be pursued in a particular way, contributing to the organic sustainability of communities and this can be expressed as a third element along the following lines:

- Fostering public and community understanding of the value of heritage.

2.2 The third element may seem to relate more to access than to collection care. However, since the continuing development of the collections will require dialogue with the people of Herefordshire, to encourage donations (the primary means of acquisition) and support collection of associated information and stories, it should be woven in with both strands.

---

<sup>1</sup> <http://www.artscouncil.org.uk/news/arts-council-england-sets-out-plans-working-museum/>

2.3 The main point within Identity and Purpose on which there is less convergence relates to the Art Gallery in Broad Street, addressed below.

2.4 Versions of all the elements discussed above do appear in various documents which were supplied to the study and/or are available on the Herefordshire Council website, as do other themes which may perhaps be regarded as subsidiary. However there is a lack of consistency and clarity in how they are presented and communicated, with perhaps rather too many different versions, of different lengths, which may have evolved over time. Staff may be clear what they are doing and why, but if this is not clearly communicated to the outside world, parts of their efforts are wasted. Resolution of this should significantly improve perception and understanding of the service.

2.5 The final wording of such a statement should be finalised and owned by the Service and the Council; the draft below is offered to start the debate.

**Recommendation 2: The Service should adopt a concise statement of Purpose and Vision, limited to say 70-100 words, and use this consistently wherever relevant – amplified and expanded if necessary for specific purposes - along the following lines (but to be finalised by the service and the Council)**

*'Herefordshire Museum Service:*

- *Collects and cares for the material evidence of Herefordshire people and places, and associated information, for people today and in the future*
- *Celebrates that diverse heritage and encourages people to use, learn and benefit from the collections*
- *Offers advice and support to independent museums and heritage bodies*
- *Promotes wellbeing and fosters a sense of place and community.'*

### **3 Strategic Approach**

3.1 Both the Council's priorities and the long-term needs of a service with an inherently long-term perspective should shape the nature of that service. The UK Museum Accreditation Standard<sup>2</sup>, now managed, and recently re-launched, by Arts Council England (ACE), provides an objective external means of benchmarking the service in a way which meshes well with the Herefordshire Public Services Vision Values, particularly that of Excellence, and with the parallel ACE Goal 1 for Museums and Libraries – 'Excellence is thriving and celebrated in museums and libraries'.

---

<sup>2</sup> *'Accreditation is the UK standard for museums and galleries. It defines good practice and identifies agreed standards, thereby encouraging development. It is a baseline quality standard that helps guide museums to be the best they can be, for current and future users.'*

3.2 The benefits deriving from taking part in Accreditation appear at Appendix 2. The current Collections Management Plan provides a firm foundation for this process but is now due for update.

**Recommendation 3: Forward plans and policies for the Herefordshire Museum Service, including an update of the Collections Management Plan, should be drafted to ensure continuing compliance with the UK Museum Accreditation Standard.**

#### **4 Core Offer**

4.1 **Collections:** Ongoing care of the collections (including conservation and documentation) for the benefit of future generations is a key responsibility and an obligation to donors past and present. The Collections should also be developed through acquisition, and where appropriate rationalised through disposal. The study identified no need for the update of the Collections Management Plan, which deals carefully with these issues, to be radical in its approach and scope.

4.2 The Service is well placed to fulfil its collections care role. In terms of premises the recently developed Museum Resource and Learning Centre (MLRC) offers exemplary conditions of an exceptionally high standard in which the Council can justifiably take pride. It should be regarded as an essential ingredient of the Core Offer and a significant contribution to meeting the targets for excellence. The staff team includes high levels of qualifications, experience and expertise – linking to ACE Goal 4 ‘The leadership and workforce in museums and libraries are diverse and highly skilled’ – and there is also a strong and dedicated corps of volunteers.

4.3 **Usage:** The purpose of collections is for the public to benefit from them through various forms of access and use. The collections therefore need to work hard and earn their keep.

4.4 In Herefordshire (not unusually for a County Museum Service), the Council runs fully-fledged museums in only one town – Hereford - and has at its disposal very limited fully public display space in relation to the size of its collections. This is supplemented by the access offered through MLRC and other programmes discussed below, but it remains the case that there are extensive collections with only limited in-person access. Museum galleries remain one of the most effective ways for people to interact with museum collections; retaining (or replacing) the existing museum display space is therefore a priority.

4.5 Given Herefordshire’s rural nature<sup>3</sup> and the acknowledged importance of museums for both formal and informal learning, the centralised ‘drop-in visit’ provision (at Broad Street and Old House) is insufficient to fulfil Council

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<sup>3</sup> The authority is classified as R50, that is with between 50 and 80 percent of the population living in rural settlements or large market towns.

objectives or to meet the ACE Goal 2: 'More people experience are inspired by museums and libraries'.

4.6 In Herefordshire, the Cultural Services Learning Team (largely outside the scope of this study) deals with formal and some informal learning provision, drawing on museum resources and co-operating with museum staff as appropriate; this type of provision is integral to the Core Offer and to ACE Goal 5 'Every child and young person has the opportunity to experience the richness of museums and libraries'.

4.7 At present, contact with the service in rural areas is improved through initiatives such as Museum on the Move (largely externally funded) and Community Heritage events, and also through the Heritage Centres in Ross-on-Wye and Ledbury. The nature and format of such initiatives may need to change in the light of external funding, other financial circumstances and council objectives, but some form of community access programme should form part of the Core Offer.

4.8 Surprisingly little reference was made during the consultation to the museum's website and online resources. The comments which were made suggest that this may be an area for development; this study was not able to investigate the constraints and opportunities in detail. However, use of the internet and social media, as part of a varied offer, is a powerful way to reach a county-wide and even wider audience, who may not wish or be able to be regular in-person visitors. The use of the Internet by the Staffordshire Hoard was cited during the consultation as an example of good practice.

4.9 The museum and heritage sector in Herefordshire is a diverse one. Whereas in some West Midland counties, there is a single visitor attraction which dominates in terms of visitor numbers, or a majority of museums operated by local authorities, in Herefordshire there are a multiplicity, and between them they attract over 360,000 visits per year (more than twice the population of the county)<sup>4</sup>. The Council's support to voluntary and independent museum and heritage bodies and its sector leadership and access to (and cascading of) a wide range of specialist expertise, emerged as highly valued. Given the importance of tourism to the vitality of the county, and the pride and involvement of citizens in their local heritage, this is a crucial role.

**Recommendation 4: The Core Offer should include the following:**

- a) Management of the collections in the Museum Resource and Learning Centre in accordance with the Collections Management Plan**
- b) Retention of currently available museum gallery space, (or replacement with equivalent space with as good or better conditions for museum display)**

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<sup>4</sup> <http://www.collectionslink.org.uk/discover/sustaining-digital/1144-fast-forward-2010>

- c) **A formal and informal learning programme via the Cultural Services Learning Team**
- d) **A community/outreach programme**
- e) **Improved access to the museum's resources online**
- f) **Sector leadership, advice and support for voluntary and independent heritage bodies.**

## **5 Key Audiences**

5.1 The consultation process prompted some lively discussion around key audiences. Significant themes were the balance to be struck between residents and tourists, and whether or not there should be particular focus on individual audience segments (eg children, specific socio-economic groups).

5.2 The external consultees and museum staff placed greater emphasis on the importance of planning for tourists as well as residents, stressing the importance of the visitor economy to the County, and of museums to the visitor economy, whilst the Cultural Services Management Team strongly favoured residents as the key audience.

5.3 As far as individual audience segments are concerned, some strong views were expressed that the services must cater for everybody, as was a reluctance to single out audiences for special treatment. There was however recognition that particular projects and programmes could and should be targeted at particular groupings. There was most support for focusing on family groups, older people and socio-economic groups C2/D/E, although concern was expressed about defining people by their socio-economic status. There was acceptance that, particularly when financial resources are very stretched, it may not be cost-effective to seek to work with the very hardest to reach audiences, but better to concentrate on those current non-users most likely to convert to becoming users.

**Recommendation 5: In long-term planning and collections management, the service should bear in mind the needs of a wide and diverse audience. In developing specific short-term initiatives, service planning should recognise current Council and other relevant priorities and themes.**

## **6 Perception**

6.1 The service currently appears to be hampered by issues of perception. For some users and non-users, the Museum service is seen as synonymous with the Broad Street venue, about which there may be misconceptions (eg that the displays rarely change, discouraging repeat visits). Others may be aware of one or two other service components. It would appear to be the case (emphasising that these comments are based on anecdotal evidence not any systematic investigation) that awareness of the full breadth of the service is not widespread.

6.2 The creation of a new name and Statement of Purpose and Vision provides a good opportunity to address this. Once a clear and concise Statement has been produced, this could be promoted to internal and external audiences in a range of ways, in a co-ordinated approach.

6.3 Internal options might include Council media such as intranet, website and staff bulletins or newsletters, making good use of any quiz or competition elements which may already exist. A prize could be 'a private behind the scenes tour for you and 3 of your friends'. A creative approach should be taken - 'Things you never knew' rather than 'Our New Vision' – and the staff are well positioned to generate such ideas. A programme of visits by invitation to the MLRC (book your place, numbers limited) for Council members and staff at lunchtimes or in twilight sessions could be run.

6.4 In parallel with this could be a series of press releases with stories focusing on individual objects. Presentations could also be made to the museums forum and other gatherings of stakeholders.

**Recommendation 6: That the new Statement of Purpose and Vision be taken as an opportunity to increase awareness of the range of the Core Offer and of all the ways in which the service touches the lives of individuals.**

## **7 The Temporary Exhibition Space/Art Gallery**

7.1 There are good examples of collaboration between the museum and the arts – evidenced for example by the work by art students on show at Old House in November 2011.

7.2 There are however divergent views – the most strongly expressed in the consultation process - relating to the identity, purpose, and programming of the Temporary Exhibition Space, also known (and labelled at the front door) as the Art Gallery. The divergent views did not generally appear to reflect bad experiences, but could be expressed rather as greater demand for space than can be satisfied. The situation can be crudely summarised as follows:

- One point of view considers that the museum service needs all available suitable space to show their collections (including the fine art collection), conscious that there are more deserving collections in store than are ever displayed; displays of 'Art' (and this is not the place to go into a debate of what constitutes art) not connected to the museum collections constitute a museum display opportunity missed.
- The conflicting view is that the space is needed as an essential part of the arts offer in Hereford(shire); that the space is designated an Art Gallery and should be available as such; that supporting local artists is a legitimate objective of the Council and this space has a role to play in so doing.

7.3 Linked to this debate some interesting points emerged about the mutually beneficial effects of having an art gallery linked to a museum – such

as artists inspired by the collections, different perspectives on the collections for museum staff and visitors. These points had a flavour of post-hoc rationalisation, and of trying to find strong points in a situation with which no-one is completely content. Analysis of these discussions reveals the points that follow.

**7.4 Identity:** the name(s) used for the space contribute to the confusion – the nameplate and the website say Art Gallery; museum staff regularly say Temporary Exhibition Space. This may give staff comfort but does not give a clear message to the public. Separately from any other outcomes or changes, and depending on the choices made in relation to other issues, the situation could be improved by establishing and enforcing a single name and identity. One neutral approach sometimes used in such circumstances would be to select a name which gives no indication of its content – for example to call it the Broad Street gallery. To go further, this could be an opportunity to encourage significant long-term patronage or sponsorship, if suitable individuals or organisations in whose honour the gallery could be named (and perhaps refitted) can be identified – or the gallery could be named after a distinguished local citizen or historical character.

**7.5 Programme:** There are multiple views as to how the programme should be put together, who should make the decisions, and the roles and responsibilities of voices external to the Council in that process. It would not appear possible to meet the aspirations of all stakeholders in the short-to-medium term. A reasonable compromise might be to devise an outline programme over an extended period, say 3 years, allocating blocks of time to be used in different ways to achieve different objectives. Once the blocks had been allocated, a lead individual for each block could be nominated, and varying selection and management procedures (with external participation as appropriate), suitable to the respective objectives, could be implemented. This would enable each constituency to plan ahead, to involve their own stakeholders and (taken together with the next initiative) ensure that the needs of a range of users are met at least in part.

**7.6 Alternative spaces:** It became apparent during debate that pressure on this space could be reduced if more alternative spaces for displaying art could be identified, and that there are some options for this under consideration. It would be beneficial to pursue this investigation in a co-ordinated way during the implementation of the medium-term programme.

**7.7 Income generation:** In developing the programme, specific attention should be paid to maximising potential for income generation – possible ideas include craft exhibitions with items for sale in the pre-Christmas and/or peak tourist season; ‘blockbuster’ exhibitions for which admission could be charged; selling-exhibitions for artists which would generate commission; including in the medium-term programme one or more blocks of time when the space is rented out.



7.8 Attention was drawn to the potential to re-introduce a shop and if practical a café (both successful in many museums); to be effective this would need careful design and a proper shop window on to the street – and hence some up-front investment.

**Recommendation 7: In relation to the Temporary Exhibition Space/Art Gallery**

- a) **Decide upon a single name/identity for the Temporary Exhibition Space/Art Gallery and enforce consistent implementation.**
- b) **Develop a medium-term outline programme for the to-be-renamed gallery, identifying lead individuals for each block**
- c) **Initiate a systematic investigation of alternative display spaces for art exhibitions.**

## **8 Partnerships and joint working**

8.1 The service is generally well regarded as a partner amongst those consulted (despite some issues in relation to the Art Gallery, discussed above). Realistic and well-managed expectations are seen as crucial for successful partnership working; the Council service is perceived as a reliable, trusted and solid partner, respectful of the needs of other partners, willing to share expertise and to learn, to deliver on agreed shared objectives, and a partner whose involvement adds value.

8.2 **Partnership with other Public Museum Services:** The main vehicle for this form of partnership is the Marches Network (of county museum services in the West Midlands region), which has a well-established successful track record in joint working to obtain funding and deliver services at a greater-than-county scale, notably the Museum on the Move and the Museum Development Officers projects. These would not have been possible without this critical mass; the partnership is seen as enabling innovation and risk-taking. The approach links well to ACE Goal 3 'Museums and libraries are sustainable, resilient and innovative'. Discussion as to whether this success should perhaps lead to some form of merger reached the view that close partnership working, and the flexibility to form different partnerships at different levels for different objectives, offered a better and more nimble solution – even without considering the one-off costs of merger. For example, the most obvious merger at present might appear to be with Shropshire, but the best partner for a particular project might lie in another direction. However, there is potential to continue to explore new ways of working together and the benefits and improvements in effectiveness this could bring.

**Recommendation 8a: The service should continue to support and sustain the Marches Network, and explore new areas for co-operation.**

8.3 **The Marches Local Enterprise Partnership:** Understanding of, and engagement with, The Marches Local Enterprise Partnership (LEP) which covers Herefordshire and Shropshire was not well developed amongst those participating in the consultation. Museum services do not appear to be

heavily involved in whatever engagement the local authorities may have with the process. There may be potential for the museums across the two counties, working together, to engage with the LEP; such an approach might best be led by one or more of the larger independent museums on behalf of the sector.

**Recommendation 8b: The Museums Forum to discuss whether to pursue, collectively and in collaboration with Shropshire, the potential benefits of initiating contact with The Marches LEP.**

**8.4 The Independent Museum and Heritage Sector in the region:** It was clear from the consultation that the service is highly valued both as sector co-ordinator, collective horizon-scanner and leader (see above) and as a partner in various individual projects and programmes. There are two-way benefits from these partnerships. The service can open doors and offer expertise not otherwise available and provide connections to regional and national initiatives. Partners often bring audiences who are not traditional museum-goers (the Portable Antiquities Scheme demonstrates this clearly), they may be able to tap into other funding streams and pools of volunteers and indeed can broaden the range of heritage resources for people to enjoy (for example, providing access to private collections).

## **9 Herefordshire Cultural Services**

**9.1** Cross-service working within Herefordshire Cultural Services was also explored. There is extensive – but by no means total – overlap of the audiences seen as important by the services which constitute this grouping. Linkages into the ACE Goals and Herefordshire priorities were also debated. Amongst the sister services, the ACE Goals apply directly only to Libraries; nonetheless some synergies, and good correlation to the Herefordshire themes, were identified.

**9.2** The Herefordshire Council is currently undertaking a Review of Cultural Services and producing an Options Appraisal for the future delivery of its cultural services portfolio. The timing of this study is well placed to feed into this process.

**Recommendation 9a: That this report be used constructively to help support the outcomes of the Cultural Services Review where appropriate.**

**9.3** The joint working undertaken to date was generally well regarded, and the principal barriers to extending this activity were seen as time, resources, lack of joint planning – and differing national drivers. An imaginative range of ideas for cross-service working between some or all of the services was put forward and these ideas will be fed into the Service Planning process.

9.4 Examples of themes and audiences suitable for joint approaches include historic cycling/cycling for health, work with residential care homes and volunteer training and development.

**Recommendation 9b: In developing the Cultural Services Service Plan for 2012 onwards, consideration should be given to some joint planning specifically targeting one or more of the following: Family Groups, Children, Older People, Socio-economic groups C2/D/E.**

## **10 Conclusion**

10.1 Perception is crucial. There appears to be considerable good will towards the service, and commitment to the heritage of Herefordshire, amongst its citizens and their elected representatives. Museums and heritage are good value for money – these services generate a positive image for the Council, they lever in external funding and harness immense voluntary commitment, and they make a contribution to social wellbeing disproportionate to their budget.

10.2 The service needs to focus on expressing more clearly, and more widely, its purpose, functions and identity. This should enable it to communicate better with users, non-users and other stakeholders, to secure the recognition it deserves for the current areas of good practice, and to improve performance where that is needed. The service has in its care extensive and fascinating collections, and these need and deserve greater use and wider appreciation. The challenge is twofold – to deliver services which merit every penny invested, and to make sure this is well known and understood.

## **Acknowledgements**

I would like to thank all those who participated in the consultation (listed in Appendix 3) for their time, ideas, willingness to engage in debate, and good-natured and active contributions, and to salute the strong, even passionate, commitment to the heritage and culture of Herefordshire which was evident throughout the process. Particular thanks are due to Kate Andrew and to Mick Ligema, and to those administrators who assisted the process behind the scenes.

## Summary of Recommendations

1. The Service should be renamed as Herefordshire Museum Service.
2. The Service should adopt a concise statement of Purpose and Vision, limited to say 70-100 words, and use this consistently wherever relevant – amplified and expanded if necessary for specific purposes - along the following lines (but to be finalised by the service and the Council).

*'Herefordshire Museum Service:*

  - *Collects and cares for the material evidence of Herefordshire people and places, and associated information, for people today and in the future*
  - *Celebrates that diverse heritage and encourages people to use, learn and benefit from the collections*
  - *Offers advice and support to independent museums and heritage bodies*
  - *Promotes wellbeing and fosters a sense of place and community.'*
3. Forward plans and policies for the Herefordshire Museum Service, including an update of the Collections Management Plan, should be drafted to ensure continuing compliance with the UK Museum Accreditation Standard.
4. The Core Offer should include the following:
  - a) Management of the collections in the Museum Resource and Learning Centre in accordance with the Collections Management Plan
  - b) Retention of currently available museum gallery space, (or replacement with equivalent space with as good or better conditions for museum display)
  - c) A formal and informal learning programme via the Cultural Services Learning Team
  - d) A community/outreach programme
  - e) Improved access to the museum's resources online
  - f) Sector leadership, advice and support for voluntary and independent heritage bodies.
5. In long-term planning and collections management, the service should bear in mind the needs of a wide and diverse audience. In developing specific short-term initiatives, service planning should recognise current Council and other relevant priorities and themes.
6. That the new Statement of Purpose and Vision be taken as an opportunity to increase awareness of the range of the Core Offer and of all the ways in which the service touches the lives of individuals.
7. In relation to the Temporary Exhibition Space/Art Gallery:
  - a) Decide upon a single name/identity for the Temporary Exhibition Space/Art Gallery and enforce consistent implementation.
  - b) Develop a medium-term outline programme for the to-be-renamed gallery, identifying lead individuals for each block.
  - c) Initiate a systematic investigation of alternative display spaces for art exhibitions.
8.
  - a) The service should continue to support and sustain the Marches Network, and explore new areas for co- operation.
  - b) The Museums Forum to discuss whether to pursue, collectively and in collaboration with Shropshire, the potential benefits of initiating contact with The Marches Local Enterprise Partnership.
9.
  - a) That this report be used constructively to help support the outcomes of the Cultural Services Review where appropriate.
  - b) In developing the Cultural Services Service Plan for 2012 onwards, consideration should be given to some joint planning specifically targeting one or more of the following: Family Groups, Children, Older People, Socio-economic groups C2/D/E.

## Appendix 1

### Scope

The scope of the externally commissioned study was defined as including the Museums (Broad Street, Old House), Heritage Centres (Ledbury, Ross-on-Wye), the Resource Centre (Friar Street) and the work of the Cultural Learning Team (insofar as it relates to these) but not Archives, Archaeology/ Conservation Officers/Historic Environment, or County Arts.

### The study addressed the following questions, aiming to achieve the outcomes shown

<b>Strategic Issues</b>	
<ul style="list-style-type: none"><li>• What constitutes the core offer of the service?</li><li>• What/who is/are the key audience(s)?</li><li>• What is the vision for the service?</li><li>• What should the service be called?</li></ul>	Clear proposals framed in with regard to national and regional context
<b>Developmental and Internal Issues</b>	
<ul style="list-style-type: none"><li>• How might access to the collections be developed or improved?</li><li>• In relation to the temporary exhibition space:<ul style="list-style-type: none"><li>○ What is its purpose and identity?</li><li>○ Who is the audience</li><li>○ How is the programme developed</li><li>○ What are the opportunities for raising income?</li></ul></li><li>• What is the relationship between the museums and the Learning team (in relation to both formal and informal learning)?</li><li>• What are the relationships between the front of house and collections team?</li></ul>	Summary of information gathered in consultation process

## **Appendix 2**

### **Benefits of taking part in the Accreditation Scheme**

#### **Performance**

A quality standard that serves as an authoritative benchmark for assessing performance, rewarding achievement and driving improvement.

#### **Profile**

It raises awareness and understanding of museums, so building confidence and credibility both within the governing body and among the public.

#### **People**

It helps museums to improve their focus on meeting users' needs and interests and developing their workforce.

#### **Partnerships**

It helps museums to examine their services and to encourage joint working within and between organisations.

#### **Planning**

It helps with forward planning by formalising procedures and policies.

#### **Patronage**

It demonstrates that the museum has met a national standard, which strengthens applications for public and private funding and gives investors confidence in the organisation.

### **Appendix 3: Participants in the Consultation Process**

(Kate Andrew, Principal Heritage Officer, present as note-taker throughout)

#### **21<sup>st</sup> November**

##### **Session 1: Art Gallery/Temporary Exhibition Space**

Jason Hodges	Artist working on an exhibition for the museum
Mel Potter	Principal Arts Officer, HC
Hugh Fowler-Wright	Private collector who has loaned artworks
David Marshall	Chair of The Friends of Herefordshire Museums and the Arts
Catherine Willson	Curator of fine and decorative art, HHS
Peter Young	Exhibition officer, HHS
Siriol Collins	Heritage Learning Officer, HC
Alexia Clark	Visitor Services Officer, HHS
Richard Heatley	Principal of Hereford Art College
Miranda Schofield	Museum assistant, HHS
Moira Grafen-Campbell	Courtyard Centre for Arts exhibitions officer
Judy Stevenson	Senior Collections Officer, HHS

##### **Session 2: Heritage Staff**

Sue Knox	Museum Development Officer
Siriol Collins	Heritage Learning Officer
Sarah Skelton	Senior Collections & Access and Community Heritage Officer
David Stevens	Collections Officer, Social History and Documentation and Registration Officer
Catherine Willson	Curator of fine and decorative art, HHS
Peter Young	Exhibition officer, HHS
Siriol Collins	Heritage Learning Officer, HC
Alexia Clark	Visitor Services Officer, HHS
Miranda Schofield	Museum assistant, HHS
Judy Stevenson	Senior Collections Officer, HHS

#### **7<sup>th</sup> December:**

##### **Session 1: Partners and Stakeholders:**

Tina Salter	National Trust – Berrington property manager representing regional manager
Robin Hill	Worcestershire Museums – Development & partnerships manager
Liz Hill	Visit Herefordshire Travel & Tourism development manager
David Marshall	Chair of The Friends of Herefordshire Museums and the Arts
Paul Haley	Director of two local businesses working with the museum team SHARE Initiative
Peter Reaville	Finds Liaison Officer, Herefordshire & Shropshire
Nigel Nixon	Shropshire Museums service and Marches Network

##### **Session 2: Senior Council Officers**

Andrew Ashcroft	Assistant Director, Economic, Environment & Cultural Services
Mick Ligema	Cultural Services Manager

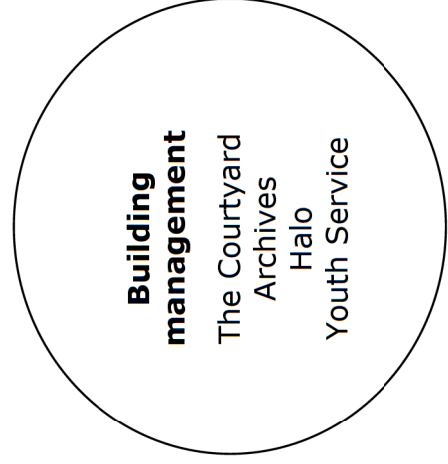
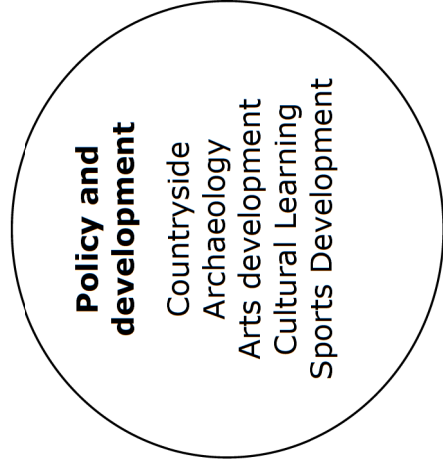
##### **Session 3: Cultural Services Management Team**

Jon Chedzoy	Library Service
Sarah Chedzoy	Cultural services learning team / INSPIRE
Julia Radburn	Cultural services learning team / INSPIRE
Jan Perridge	Cultural services learning team / INSPIRE
Steven Ashton	2012 Officer
Liz Bowerman	Paper conservator, Record Office
Rhys Griffith	Senior archivist, Record Office
Mick Ligema	Cultural Services Manager

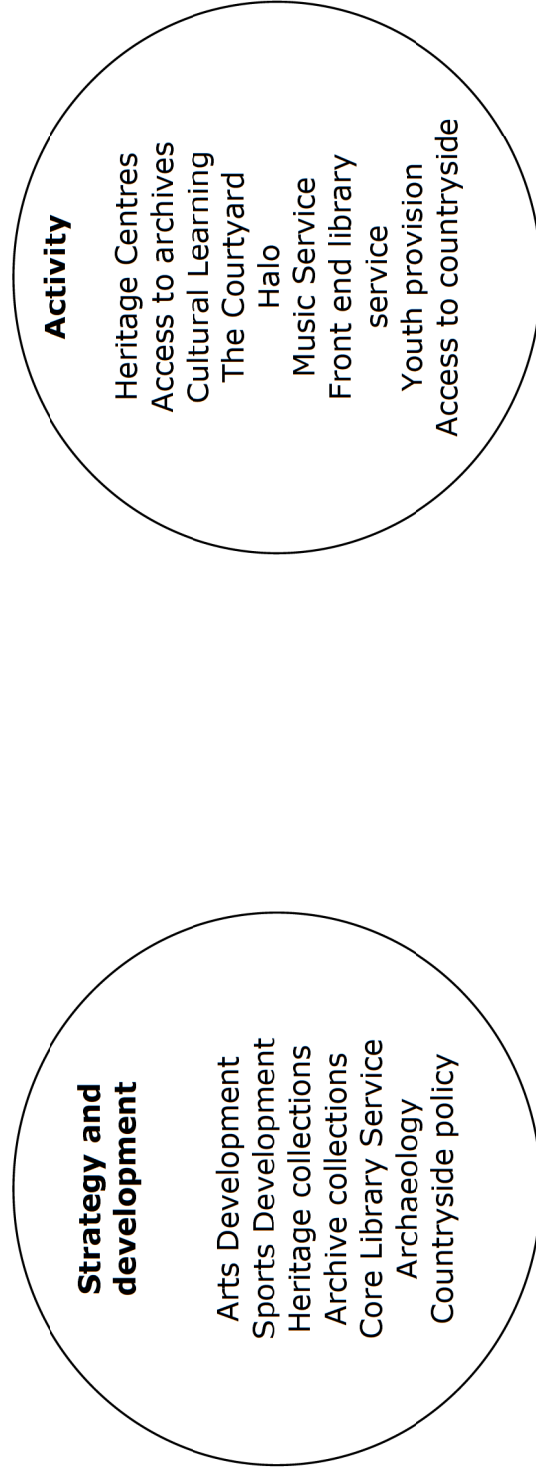




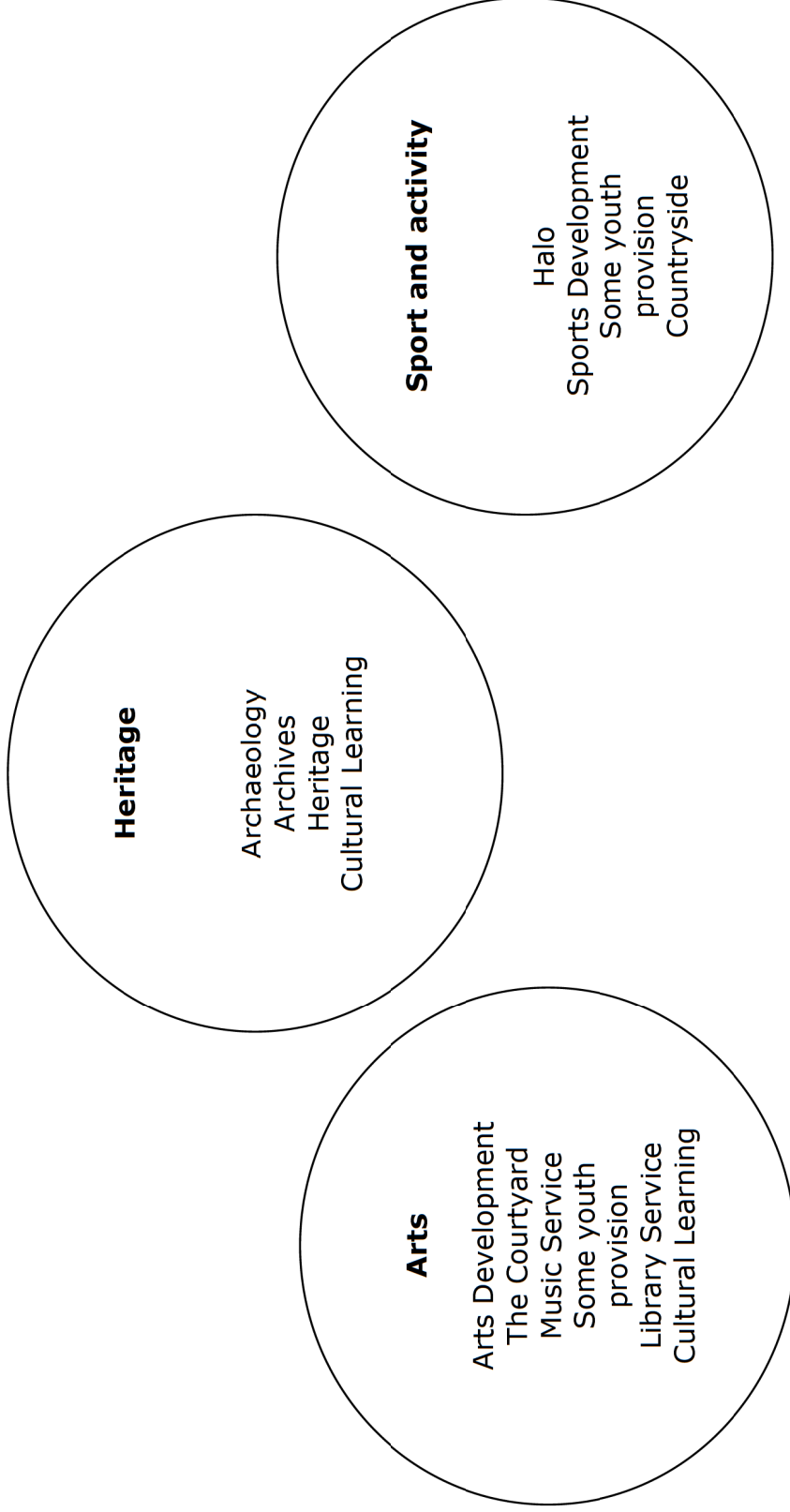
Commonalities by Process



Commonalities by core functions

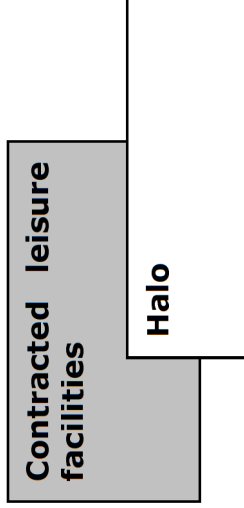
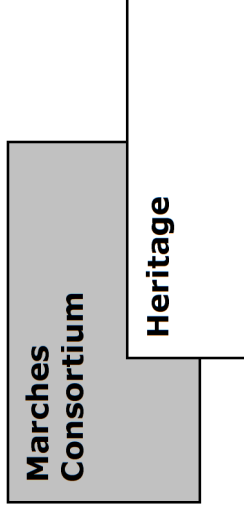
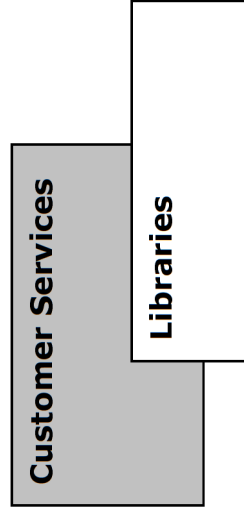
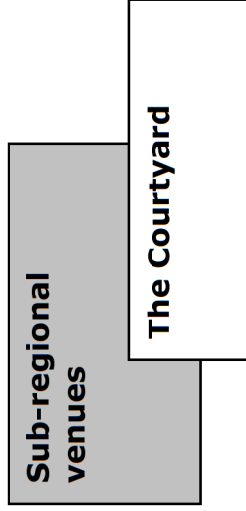
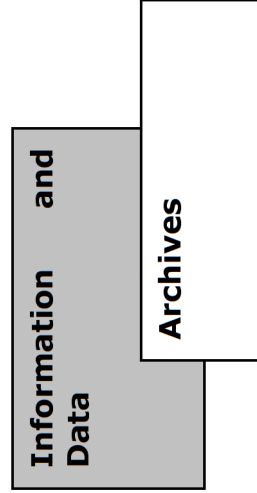
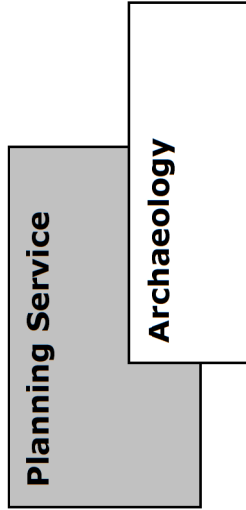


Commonality by specialism



# Reference Document 4 Commonalities

## Commonalities by association



# Equality Impact and Needs Assessment Form

## A) Description

### Name of service, function, policy (or other) being assessed

Cultural Services – arts development, sports development, libraries, archaeology, Herefordshire Music Service, archives, commissions to Halo and the Courtyard. In scope of the review is youth service functions of Positive Activities and Outdoor Education.

### Directorate or organisation responsible (and service, if it is a policy)

Places and Communities Directorate / People's Directorate

### Date of assessment (DD/MM/YY)

Phase one of review: shortlist of options (15<sup>th</sup> December 2011 to 16<sup>th</sup> February 2012)

### Date next assessment due (3 years)

Phase two of review: final option (February/March 2012); Phase two of review: impact on services (April 2012 onwards)

### Names and/or job titles of people carrying out the assessment

Natalia Silver, Project Director

### Accountable person (e.g. Head of Service)

Geoff Hughes, Director for Places and Communities

### Date EINA Form approved by accountable person (e.g. Head of Service)

14.12.11 (Geoff Hughes)

### 1 What are the aims or main purpose of the service, function or policy? What does it provide and how does it provide it?

Aims of the review:

**Better Services** – opportunity to use cultural services to create better outcomes for people through links with health and well being, learning and economic development;

**Community** – a co-ordinated approach to cultural services that supports third sector sustainability;

**Commissioning** – develop services through commissioning that meets the council's corporate objectives;

**Financial** – ability to make savings, share resources and maximise income.

### 2 Location or any other relevant information

This INA covers the phase one of the "Options of Cultural Services" which is a review of the management and delivery of a range of Cultural Services. There is an INA for each phase of the review.

### 3 List any key policies or procedures to be reviewed as part of this assessment.

The three shortlisted options being presented to Cabinet on 15<sup>th</sup> December are:

**Options 1:** Combined Services. Retaining a small client function within the local authority that has the role of commissioning and development. The “delivery” of services would be commissioned through a single external body to manage a group of services. Library delivery through Customer Services would remain as part of the local authority.

**Option 2:** Segmentation. This option builds on an understanding of the customer base for the services, grouping functions that best meet the people who use them and the way they are used. This option is also building on what is already operating in the county and could be seen as a further step in the wider re-engineering of services and functions. The option retains a core commissioning and development team within the local authority, whose role would be to interact with other related departments in HPS and will set the standards and policies for any commissioning. The segments are based on:

- Leisure and Physical Activity
- Arts and Heritage
- Customer Services Libraries
- Archives, Records and Collections

**Option 3:** Status Quo Improvements. The status quo with improvements means retaining majority of services within the local authority but with clear internal commission arrangements, along with small contracts to providers to run specialist services. Halo and the Courtyard retain the current remit. There is also the potential of working with neighbouring counties over sharing specialisms.

#### 4 Who is intended to benefit from the service, function or policy?

Benefits are the users of the range of cultural services. Most of the services have universal access, though there is some targeted provision to specific groups, e.g. young people, older people, schools or interest groups.

Figures are below:

Service	Out turn 2010-11	Notes or explanation
Halo	1,404,597	Total number of visits to Halo sites
Kington/ Wigmore Leisure Centres	27,500	Total no visits to Lady Hawkins Leisure Centre, Kington
	9,500	Total no of visits to Mortimer Leisure Centre, Wigmore
The Courtyard	78,789	Total known attendance for paying customers
	200,000	Total estimated attendance for paid and unpaid activities
Heritage	132,737	Total number of visits to Council owned heritage centre sites
Archives	3902	Total visits to Records Office
	672	Attendance at talks
	883	Attendance at exhibitions and events
Libraries	700,312	Total no of visits to libraries
	209	Home Delivery Service (from January 2012)
	31	Nursing Homes visited.
Learning Team	13,848	Includes attendance by adult and children at events, reading groups and school

		visits.
Herefordshire Music Service	2,500 pupils pw 850 pupils pw 325 pupils pw 576 pupils Approx 750 pupils	Individual and paired instrumental lessons (for 32 weeks) Wider Opportunities/whole class instrumental lessons (for 32 weeks) Music Centre bands and orchestras (for 19 weeks) SingUp/Vocal (3 sessions) Other projects/residential course etc.
Youth Service	3,411 533 1,129	No of 13-19 year olds in contact with youth service No of 13-19 year olds contact through 3 <sup>rd</sup> sector contract Accessed outdoor education services through Duke of Edinburgh's award scheme.
Arts Development Service	103,188	Consists of h.Art / Craft Fair visitors, artists taking part in arts markets, those receiving training and audience/participant figures from our 10 commissioned arts organisations.

#### 5 Who are the stakeholders? What is their interest?

Stakeholders are:

Staff – people employed to run services

Members of the public – users of the services and sites

Interest groups – specialist groups who are supported by the services through advice, guidance or funding. Also, lobby groups and promotional groups.

Regional / national partners – specialist agencies, and regional government funded agencies.

Funders – external funding bodies (often regional agencies in a dual role)

Council members – representing their constituents interest in cultural services.

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## 6. Partnerships and Procurement

**If you contract out services or work in partnership with other organisations, Herefordshire Council remains responsible for ensuring that the quality of provision/delivery meets the requirements of the Equality Act 2010, i.e.**

- **Eliminates unlawful discrimination, harassment and victimisation**
- **Advance equality of opportunity between different groups**
- **Fosters good relations between different groups**

**What information do you give to the partner/contractor in order to ensure that they meet the requirements of the Act? What information do you monitor from the partner/contractor in order to ensure that they meet the requirements of the Act?**

Through the commissioning agreement with Halo the organisation has been requested to become signatories to the 2010 Herefordshire Equality and Human Rights Charter, to complete Equality Impact Needs Assessments for their services and for managers to attend Equality and Human Rights training. This is monitored through the quarterly commissioning review process. The actions arising from the Equality Impact Needs Assessments will be monitored to ensure their implementation.

The Courtyard commission states: In connection with delivering the Services the Provider must comply with any relevant laws and government requirements and apply best practice in governance and operation, including:

Following best practice in having appropriate policies and procedures in place to ensure the protection of children, young people and vulnerable adults. Guidelines on best practice can be found on the Herefordshire Safeguarding Board site or the NSPCC website [www.nspcc.org.uk/inform](http://www.nspcc.org.uk/inform)

The Commissioner has general and specific duties to promote equality under the Race Relations Amendment Act (2000), the Disability Equality Duty (2005) and the Gender Equality Duty (2006). Funded organisations will need to develop disability and gender equality action plans by *April 2011*, as well as developing and monitoring existing race equality schemes. A single diversity plan that incorporates each of these areas will also be acceptable. The Commissioner will invite the Provider to relevant training and support seminars. *There will be training and seminars on disability equality during 2010/11*

## 7. **Are there any concerns at this stage that indicate the possibility of inequalities/negative impacts? For example: complaints, comments, research, and outcomes of a scrutiny review. Please describe:**

Initial consultation has taken place on the Options for Cultural Services. 19 responses have been received. The concerns are predominately concerned with retaining the level of service. At this stage the review does not see a negative effect on the level of service, with an intention to retain functions and front line services under a reorganised management arrangement.



**B) Relevance – Note: if not relevant, do not complete this form**

Select <b>all</b> that apply:		Scale of relevance	
8. Service or function that people use.	<input checked="" type="checkbox"/>	<b>Low</b>	<i>Section C applies</i>
9. Discretion is exercised, or potential for people to experience different outcomes or level of satisfaction.	<input type="checkbox"/>	<b>Medium</b>	
10. Employment policy – where discretion is not exercised.	<input type="checkbox"/>	<b>Medium</b>	<i>Sections C &amp; E apply</i>
11. Employment policy – where discretion is exercised (e.g. recruitment or disciplinary process).	<input type="checkbox"/>	<b>High</b>	
12. Concerns at a local, regional or national level of discrimination/inequalities.	<input checked="" type="checkbox"/>	<b>High</b>	
13. Major change such as the closure, removal or transfer of a service/provision.	<input checked="" type="checkbox"/>	<b>High</b>	
14. Community and regeneration strategies, local area agreements and organisational or directorate/partnership strategies/plans.	<input checked="" type="checkbox"/>	<b>High</b>	

**Other:**

**State why it is relevant:**

**How relevant (high, medium or low?):**

**Mark 'X' to confirm which strands are relevant to the review:**

<b>Age</b>	<input type="checkbox"/>	<b>Disability</b>	<input type="checkbox"/>
<b>Gender (men and women)</b>	<input type="checkbox"/>	<b>Race/ethnicity</b>	<input type="checkbox"/>
<b>Transgender</b>	<input type="checkbox"/>	<b>Religion/belief</b>	<input type="checkbox"/>
<b>Sexual orientation</b>	<input type="checkbox"/>	<b>Other (state below)</b>	<input type="checkbox"/>

**Any other (such as Human Rights, people on low incomes and specific sub-strands requiring particular focus such as Travellers and Gypsies, Deaf people):**

On the basis of consultation the potential impact and concerns can be addressed through an Equality Needs and Impact Assessment at stage 2 and 3 of the project.

**C) Information**

**15 What information (monitoring or consultation data) have you got and what is it telling you? Required where relevance is Medium or High.**

Performance data and standards for each service (see enclosed)

## D) Assessment

16 Describe any **NEGATIVE** impacts (actual or potential):

Strand/community	Impact (how they may be affected). Include assessment of risk (likelihood and severity).
Users	Services disruption during transition / development of options Moderate impact / very likely
Employees	Requirement to work on the review Moderate impact / very likely

17 Describe any **POSITIVE** impacts:

Strand/community	Impact (how they may be affected)
Users	Greater integration of services through dialogue Moderate impact / likely

18 Provide any information about NEUTRAL impacts that have been identified (there is neither a positive or negative impact):

Strand/community	Why there is 'no differential impact'
Users	Continuation of services Moderate impact / likely

### E) Consultation

19 Did you carry out any consultations? Required where relevance is High.

YES  NO

20 Who was consulted? Include your findings in boxes 16, 17 and 18.

Stakeholders in provision of cultural services (19 responses)  
Consultation / workshop with managers of the services and key service providers.

21 Describe other research, studies or information used to assist with the assessment and your findings in boxes 16, 17 and 18.

Desk research: practice and approach in different parts of the country; best practice guides.  
Workshop / seminars: workshop sessions with managers and providers; function analysis workshops; one to one sessions with service managers. All council member session.

22 Do you use diversity monitoring categories? Yes  No

*(if No you should use this as an action as we are required by law to monitor diversity categories)*

If yes, which categories?

- Race
- Gender
- Sexual Orientation
- Religion & Belief
- Disability
- Age

What do you do with the diversity monitoring data you gather?

NA

Is this information published? And if so, where? (I.E. website, service plan)

NA

## F) Conclusions

	Action/objective/target OR Justification	Resources required	Timescale	I/R/S/J
a)	Presentation to Cabinet on shortlisted options for further consideration.	Internal	15 <sup>th</sup> Dec 2011	R
b)	Public consultation on shortlisted options	Internal	18 <sup>th</sup> Dec 2011	J
c)	Decision on final option	Internal	March 2012	R
d)	Develop service options with providers	Internal / service providers	April 2012	R

**(I)** Taking immediate effect.

**(R)** Recommended to Council/Directors through a Committee or other Report\*.

**(S)** Added to the Service Plan.

**(J)** To be brought to the attention of the Joint Corporate Diversity Group\*\*.

**- DELETE THESE NOTES FROM YOUR FINAL DOCUMENT -**

### Conclusion notes:

\*Summarise your findings in the report. Make the full assessment available for further information.

\*\*The Corporate Diversity Team will extract any crosscutting organisational improvements.

Use the table to:

- Explain what and how negative impacts have been reduced or removed and positive impacts improved or included. Mark these as having taken immediate effect (I) if this is the case.
- State final decisions or recommendations that may include making immediate changes, justifying a decision, stopping or proceeding with a new policy or adding objectives/targets to the service plan (long term changes). Provide timescales or dates and 'resources required' where appropriate.
- State what ongoing monitoring systems will be set up.

Don't forget to add actions to your service plan, where relevant.

Send your form to <a href="mailto:diversity@herefordshire.gov.uk">diversity@herefordshire.gov.uk</a> for publishing on the council / PCT website.
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NB: Make sure your final document is suitable for publishing in the public domain.
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# The opportunity of devolved governance

for museums, libraries and archives

April 2010

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## 1. Executive Summary

### Purpose

- 1.1 This paper is intended to act as a think piece to stimulate debate around the concept of devolved governance for museums, libraries and archives. It outlines the range of devolution models that MLA considers applicable to museums, libraries and archives and the potential it considers such models offer to the sector.
- 1.2 The central problem it seeks to explore is how, in the long term, local authorities can seek to shape, improve and sustain cultural service delivery - with less.
- 1.3 In 2006 MLA commissioned Egeria to develop a series of papers exploring trust options for museums. This remains a valuable piece of work that continues to shape and inform MLA's thinking.
- 1.4 However this Executive Summary and the accompanying report sought to extend this piece of work by:
  - widening the analysis to explore potential impact on libraries, archives and joint service devolutions – as well as museums
  - exploring an increased range of delivery options
  - reviewing the potential for devolution to support a financially more sustainable sector (ie. a funding model where local authority funding is more proportionate to earned income) – as well as create increased user benefits and drive sector improvement.
- 1.5 This paper is *not* intended to provide a practical framework for organisations considering devolution, as work has already been done in this area by Renaissance Yorkshire and made available by MLA.

### Context

- 1.6 The central problem facing local authorities and cultural services is how to shape, improve and sustain cultural service delivery in the context of a market driven by greater user expectation, more choice, and greater demand for accessibility - with less resource.
- 1.7 The exploration of new or alternative models of delivery for museums, libraries and archives within this context is by no means straightforward, representing significant change for service, authority, and user. Whilst the operational activity of a library service can be devolved, statutory responsibility for it remains with a local authority, and public perception around the responsibility of the state towards the cultural sector affects museums and archives. The issue of universal versus targeted service delivery brings additional tension to the mix of strategic considerations around new delivery models.

- 1.8 But these are times of change. Services are expecting cuts of 15-30% over the next three years, and there is a limit to the impact that creating savings can make. Service improvement that has been ‘purchased’ by additional investment over the past decade is no longer sustainable. Because additional resource – investment in new galleries, buildings, staff – cannot be relied upon to drive service improvement, there is an increased imperative to improve sector productivity and contribute demonstrably to economic regeneration.
- 1.9 Although the need to respond decisively to the economic downturn - the need to reduce costs and increase effectiveness – is providing the stimulus for many services, devolved delivery presents a longer term opportunity for museums, libraries and archives to re-vision their service delivery in the context of wider social change
- 1.10 The MLA recognises that the services that will thrive in this environment are those that are able to re-vision and re-think their service delivery models, traditional working structures and partnerships. In this context, it considers there is sufficient evidence that devolution of museums, libraries and archive services from local government direct delivery accelerates organisational innovation and growth, and increases user benefit and financial sustainability. Devolution is an innovation that accelerates improvement.

### Why devolve? What devolving services offers

- 1.11 Forward thinking local authorities are already seeking to develop ‘new’<sup>1</sup> delivery models for their cultural services, including:
- strategic commissioning (Suffolk)
  - jointly commissioned services (Colchester & Ipswich Museums, Tyne & Wear Museums)
  - integrated and co-located services (Sport & Culture Glasgow) and
  - devolved services (Luton, Wigan).
- 1.12 Evidence to date suggests that *all* the above models catalyse the following positive impacts:
- Efficiency savings
  - Improvements in service delivery
  - Increased productivity
  - Increased user benefit – social outcomes
  - Increased partnership working both across geographical and sector domain boundaries

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<sup>1</sup> Alternative models are not necessarily new, but resurgent



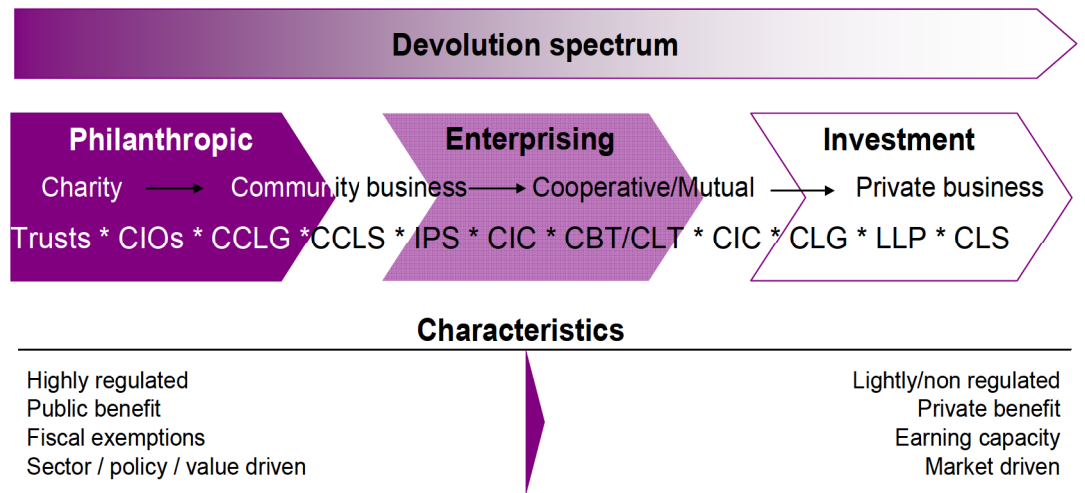
- 1.13 There is evidence that, devolving services catalyses the development of an organisation capable of achieving greater ongoing financial sustainability through the generation of diverse income streams.
- 1.14 Achieving successful financial sustainability is the key risk faced by all devolving services.
- 1.15 For this reason, debate has centred around the question of whether devolved services should be created as specialist, single-service businesses, or multi-model businesses managing any combination of museums, libraries, archives as well as arts, theatre, sport, health, community and third sector services.
- 1.16 Most recent devolutions have devolved as joint services. Joint services create significantly increased efficiencies and economies of scale to support financial sustainability. Wigan Leisure & Culture Trust restructured their management team and changed terms and conditions of employment and was able to reinvest efficiencies in its services. This positively impacted on the library service by enabling two new outreach libraries, £350K in building improvements, a new branch library, a project development post, stock fund, marketing and branding. It is worth noting, however, that to date few joint service devolutions have developed a funding model where local authority funding is more proportionate to independent earned income.
- 1.17 Devolved single service museums, libraries or archives have adjustments to make around a business model more generally predicated towards free entry - unlike the arts or leisure services. However, the independent museum sector evidences single services that achieve financial sustainability, with organisations such as Chatham Historic Dockyard and Ironbridge Gorge Trust achieving a funding mix of philanthropy, earned income and private investment. The common key to successful income diversification in these cases has been the existence of capital assets that the newly independent organisation can exploit as a regular income stream to feed back into the charity or community benefit. This indicates that the successful devolution of museums, libraries and archives - and other cultural or leisure services - has implications for the programme of community asset transfer championed by local government since the Quirk Review of 2007.
- 1.18 As well as the transfer of capital assets, and whether single or joint service, financial sustainability is positively affected by the development of a flexible governance model that plays to the strengths of the service(s), and enables growth through a blend of partnerships - in local and community enterprise - in increasing inward investment through philanthropy, and in attracting mutually beneficial contractual relationships with the private sector.
- 1.19 Successful examples of devolution elsewhere – including in the wider third sector – can inspire change and inform the strategic planning for devolution, but the decision over which devolution model to use should not be based merely on what has worked elsewhere. The devolution model selected should be determined by a thorough service review incorporating community

consultation and based on the strengths of the existing services and the local market opportunities.

**Applicable devolution models**

1.20 There are six devolution models applicable to the sector, comprising eleven legal formats: charitable trusts; charitable companies limited by guarantee; charitable incorporated organisations; community interest companies limited by guarantee; industrial provident societies; co-operatives; community benefit trusts; community land trusts; community interest companies limited by shares; companies limited by guarantee; and limited liability partnerships.

The devolution spectrum (Fig 3)



1.21 This spectrum is helpful as a tool to rationalise the models but it should be noted that organisations are rarely on one single point within the spectrum and there is a great deal of flex and overlap between the models. Whichever model or combination of models is used, benefits can be gained.

1.22 The philanthropic models (the charitable formats) offer the most potential to exploit philanthropic, enterprise and investment opportunity through the creation of appropriate subsidiary structures. For this reason, although they are applicable to joint service models, the philanthropic models are particularly suited to the creation of strong, single-service businesses able to exploit a wide range of assets. There are multiple examples - both within the national museum sector and regionally within the independent museum sector - that bear this out. The philanthropic models are the most used by devolved museums, libraries or archives.

1.23 In terms of the risk, philanthropy is an extremely competitive market and evidence suggests that it is not automatically a competitive strength for local museums, libraries and archives. Many of the already devolved museum or joint service charities have extremely low or non-existent philanthropic

income streams, and despite demonstrable public affection no library service has attempted to develop a single service philanthropic model. As a governance model it requires the least change from direct delivery. Museums, libraries and archives can maintain local funding arrangements whilst reacting to philanthropic support, but this could represent a potential barrier to success as change in structure and culture are, more often than not, key factors in successful devolution.

- 1.24 The investment models (devolving management of assets to the private sector) are the next most used model. Whilst the evidence base remains insufficient, it seems demonstrable - by Haringey's example - that these models offer restructure, culture change and the implementation of performance management to achieve standards. Arguably a partnership with the private sector is a rapid route to developing business model innovations – for example around digital – within service provision. Most significantly, the models offer the particular advantage of year-on-year funding reserves, enabling the sector to break the cycle of annual, short term, reactionary strategic planning.
- 1.25 In terms of risk, debatably there is a risk (reflected in the recent scale-up of contracted private and third sector leisure service providers) of handing virtual monopolies to large national private and third-sector businesses. This could result in the creation of an improved but homogenised service rather than one determined by, and suited to, local need. The creation of a well managed contract partnership with the local authority would avert such risk. More significantly, because they deliver private as well as public benefit, investment models could potentially discourage philanthropic support and therefore offer the least potential to exploit the full range of market opportunity open to museums, libraries and archives.
- 1.26 The philanthropic and investment models have been trialled by the sector. In addition to these models, there are community-based, enterprise-driven governance models that may well have the capacity to contribute to a stronger sector in the longer term. They include the resurgent business models of community ownership and staff ownership - in themselves a significant innovation to an overwhelmingly locally-governed museum library and archive sector. Third sector evidence points to community and staff ownership as a key driver in productivity and performance as well as economic regeneration.
- 1.27 These community enterprise models offer flexible, partnership-focused governance formats based around income generation that can support either philanthropic or private investment partnerships. For this reason, although they are applicable to single-service models, the community enterprise models are particularly suited to the creation of multi-faceted, joint-service businesses able to exploit a wide range of assets. Such a business could be a geographically joint service. The CIC structure offers a potentially strong legal format for enabling single services across multiple geographical boundaries to achieve scale within a specialist business model, or a locally joint service, delivering arts, leisure, sport or other local need. It is worth

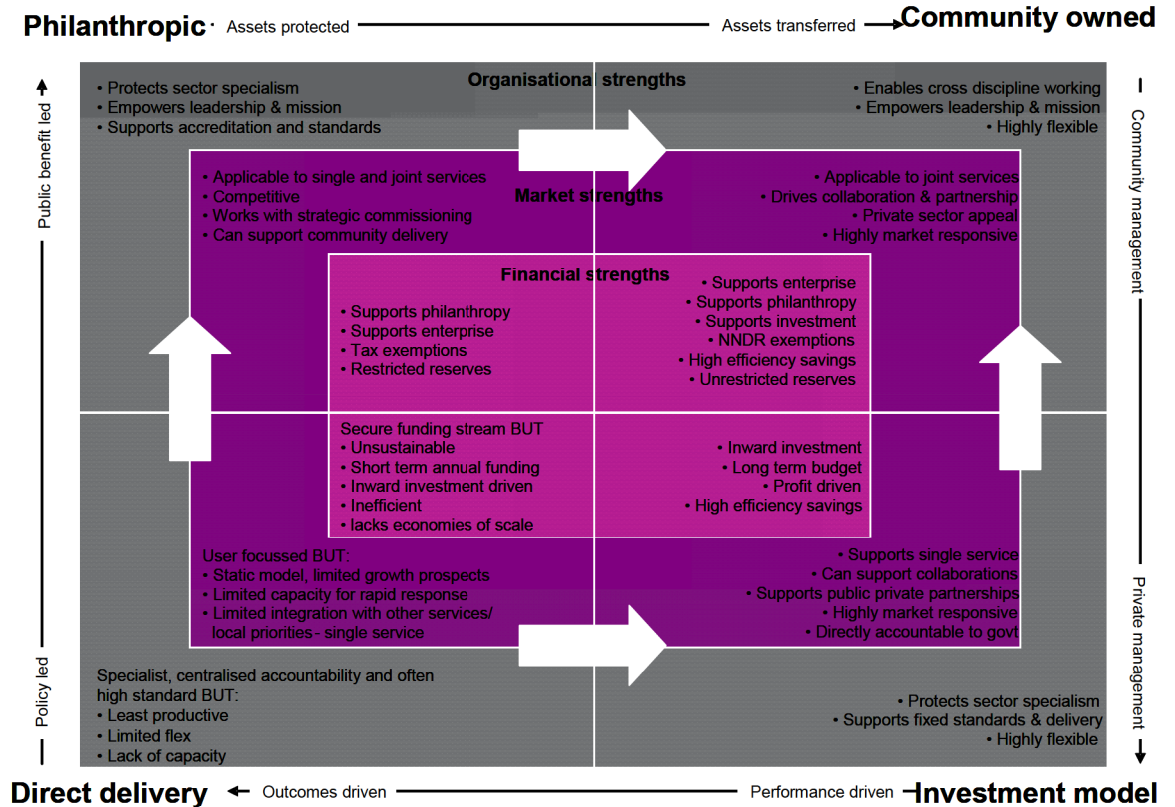
noting that the growth of the community enterprise sector over the past six years has created an existing pool of viable community development trusts to which, in the appropriate local conditions, local museums, libraries and archive services and their assets could be handed.

- 1.28 The significant risk associated with community enterprise models is that asset transfer, albeit with claw-back clauses, is required for success. Although more unfounded, there are also likely to be concerns around loss of the local authority's powers of direct influence.
- 1.29 The type of devolution models utilised by the sector to date remain confined within a fairly narrow range of constitutional formats – charitable companies limited by guarantee, charitable trusts, companies limited by guarantee and, mainly within the leisure sector, IPSs. This could indicate a lack of confidence or clarity about opportunities presented by newer models.
- 1.30 It is a misconception that money only 'leaves' the sector in some models; there is always a cost. Under direct delivery or philanthropic models, money leaves the sector in the form of staff salaries and high public-sector pensions. Under the investment models, money leaves the sector in the form of private profit. Under the enterprise models, money potentially leaves the sector to cross-subsidise other less profitable community organisations. It is more appropriate to judge financial sustainability on the basis of value for money – the value of the service and the outcomes it achieves relative to the public cost of provision – by tracking a proportionate decrease in public subsidy relative to earned income.

### Developing a devolution strategy

- 1.31 Devolved services need to develop business plans that seek to a) halt any existing financial decline, b) stabilise operation and c) plan for growth. The selection of a devolution model should be based upon the identification of opportunity(ies), around which the strategic business plan is built. If it is:
  - philanthropic, there is opportunity for fundraising and philanthropy
  - community enterprise, there is opportunity for the launch of an asset-based service for financial and social return
  - investment, there is opportunity for a business proposition that requires investment to achieve mutually beneficial financial and social return
- 1.32 Where applicable, the most sustainable models diversify their funding models by successfully exploiting opportunities for all three. The charitable format is the most applicable legal model for such a business model. Whilst the characteristics of the models can be distilled into their purest form as demonstrated on the following figure, the business models of devolved organisations can grow in different directions to develop any unique combination of characteristics:

Fig 1: Progressive devolution



1.33 This is not to suggest that a devolved service should expect to have to change its governance model capriciously over time; rather that it should select the model that allows it the most flexibility to develop the combination of characteristics needed to grow in a planned manner. A thoughtful devolution strategy could envisage strategic direction at the outset.

1.34 There is no reason why a devolving service, to mitigate risk of failure and to gradually build capacity for the challenges of devolution, could not structure its devolution process progressively. Whilst setting its aspiration for community ownership, it could stagger progress through the creation of a philanthropically focused charity before setting up community membership structures and subsidiary community enterprises. Equally an investment model could move towards community ownership through the formation of a CIC limited by shares. For smaller organisations, such progressive devolution could enable it to begin simply but to add layers of complexity to its governance as it grows and achieves scale. The figure also outlines a framework for progressive devolution.

1.35 The model(s) selected should offer the best foundation for success. The determining factors should be what serves the public best, and best meets the interests of the organisation in the long term.

### MLA support

1.36 With the right, locally appropriate plan in place, there is no reason to suppose that any service, however low performing, could not successfully devolve.

1.37 The MLA intends to offer support to services deciding to review their governance and delivery models. This support could include:

- the full report summarised by this Executive Summary
- Field Team support including presentations to Members and Heads of Services providing an overview of the models available and the contexts in which they might work, and option appraisal facilitations
- best practice case studies including museums, libraries and archives as well as other heritage / leisure sector organisations
- regional workshops exploring the opportunities of devolution for the sector from May 2010
- online publication of strategic research including:
  - strategic overview of museums that have devolved to museum trusts (Egeria)
- practical frameworks including:
  - 'The Road to Devolution: the Review Process & Legal Transfer Issues' (Egeria)
  - 'Feasibility framework for developing trust options for museum services' (Renaissance Yorkshire)
  - precedent documents including a Transfer Agreement, Collections Agreement & Services Agreement for museum services devolving to charitable trusts (to be followed by additional precedent documents for other governance models) developed by Egeria

1.38 Strategically, the MLA will continue to interrogate available evidence to shape and inform policy on devolution for museums, libraries and archives. It will collect and facilitate knowledge sharing amongst museums, libraries and archives. It will work with other NDPBs to provide coherent guidance and create networks with relevant organisations such as the Charity Commission, Development Trust Association, CIC Association, bassac, and third and private sector organisations seeking contracts within the sector.

- 1.39 It could also consider – as a means of smoothing the difficulties of transition and facilitating knowledge share for the wider sector - the provision of challenge funding to help support newly devolved services in developing financially, in successfully entering a less supported marketplace, and in embedding excellence and improvement.

## 2. The policy context

2.1 The term ‘devolution’ is commonly used in a local authority context as the transfer of responsibility from national government to local government. Throughout this paper, the term ‘devolution’ refers to what the Quirk Review identifies as ‘double devolution’ – the transfer of power and accountability from local government to local organisations. Devolution requires the creation of new organisations to receive the transfer of management responsibilities for cultural sector organisations – or the transfer to existing local organisations.

2.2 Devolution represents a positive and realistic response to a number of political and policy imperatives which are outlined below:

### 2.3 The imperative for improvement

The level of sector investment of the past 10 years is no longer sustainable. Without additional investment, improvement must be sustained by considerable, embedded change or reform. Devolution enables services to reform before, or as cuts or efficiencies, are applied, offering the opportunity to shape change rather than become its victim.

### 2.4 The financial imperative

The level of public sector retraction from April 2010 will be such that maintaining the status quo in service delivery will no longer be an option. There is a likelihood that cultural services will take a larger than average proportion of public cuts. *After the Downturn*<sup>2</sup> posits a growth in localism – the devolving of more decisions taken by local bodies with minimal oversight, the empowering of front line staff, significant de-layering of the public sector management machinery, and a greater variability in service provision across the country as judgements reflect priorities appropriate in different localities – as one of three strategic responses for managing the cuts.

### 2.5 The imperative for efficiency

To help protect improvement and innovation within financially constrained services, there is an imperative to save money and increase value for money. Despite high investment, public sector productivity has declined over the past decade; *The Ownership State*<sup>3</sup> cites Office of National Statistics figures showing a 3.4% decline compared to a 27.9% rise in the private sector and values the loss as worth £58.4 billion per annum. Devolution opens the possibility for efficiency to be delivered through innovative new business models.

<sup>2</sup> *After the Downturn – Managing a significant and sustained adjustment in public sector funding*, produced by the Chartered Institute of Public Finance & Accountancy in conjunction with Solace, [http://www.cipfa.org.uk/pt/cipfasolace/download/After\\_the\\_Downturn.pdf](http://www.cipfa.org.uk/pt/cipfasolace/download/After_the_Downturn.pdf)

<sup>3</sup> *The Ownership State: Restoring excellence, innovation and ethos to the public services*, NESTA / NAME



## 2.6 The imperative for economic regeneration

Since the 2004 *Lyons Report* highlighted the relationship between active communities and economic development the role of local government has been increasingly about promoting community welfare, cohesion and capacity for self-management. Although local authorities have been stimulated to adopt a convening role in respect of other public services in their localities by the LAA and LSPs, the 2007 *Quirk Review* suggested that community management and ownership of public assets provided further significant benefits both for the community and stake-holder (local authority)<sup>4</sup>. Quirk determined that local authorities have the powers to transfer their assets into community ownership and that there were no substantive impediments to community management and ownership. This includes traditional charitable structures managed by service staff whereby the community influence as consumers or members and more transformative forms of staff ownership or community enterprise volunteer run models whereby local communities influence as co-producers.

- 2.7 Interest has grown in developing community anchors – organisations rooted in a sense of place and with a mission to improve things for the whole community, not simply a part of it<sup>5</sup>. In November 2009 The Asset Transfer Unit estimated that there were 1,000 asset transfers to third sector organisations in train across England, of which 45% were in rural areas and 50% in areas of deprivation<sup>6</sup>. The 450 organisations within the Development Trusts Association have accumulated nearly £500 million of assets in community ownership, and the 90 members of bassac have a community assets portfolio worth £61 million. Importantly, in these markets very small and localised organisations can also thrive; most of the 900 members of Community Matters (mainly small, volunteer based associations) manage community buildings worth £76 million on peppercorn or low leases.
- 2.8 Case studies explored as part of this paper indicate that new governance models can be used to accelerate improvements in the productivity and quality of services and social outcomes which is traditionally how the sector has used devolution. This can be done through increased capacity, professional standards, greater adaption to new services such as digital, and local political relevance.
- 2.9 Whilst there are fewer examples from within the cultural sector, a more radical approach to devolution could utilise new governance models as the innovation that achieves both service improvement and other imperatives

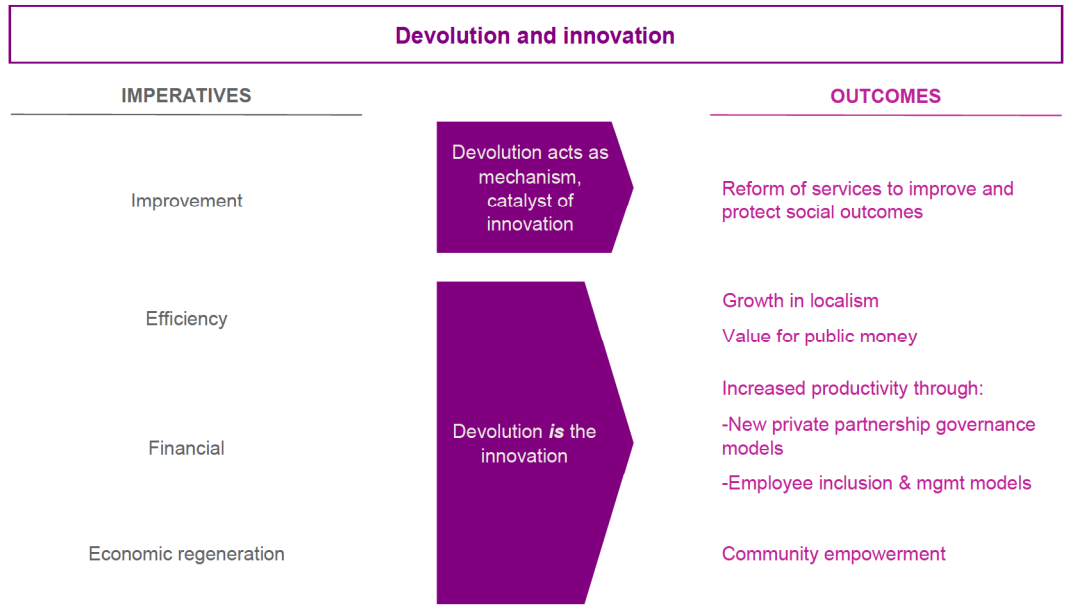
<sup>4</sup> *Making Assets Work: The Quirk Review of community management and ownership of public assets*, Chapter 4 identified that community outcomes include: increased income and improved health; the promotion of community cohesion, confidence and sense of worth; the surpluses generated by the organisation remain in the area and support innovation; a psychological boost and new hope; and the multiplier effect of success. Benefits to local authorities include: the gaining of a local partner able to tap resources closed to the public sector, complement their services and act as a channel for user and community feedback; a base for neighbourhood-based service provision; delivery of objectives in ways that are more community-responsive; a direct positive impact on pressures experienced by local NHS, welfare, education and criminal justice services.

<sup>5</sup> *Anchors of tomorrow: a vision for community organisations of the future*, Community Alliance

<sup>6</sup> <http://atu.org.uk/LatestNews/ATUSurvey>

such as productivity, value for public money, increased community empowerment and demonstrable contribution to economic regeneration.

2.10 Fig 1: The relationship between devolution and innovation



2.11 Devolution can act as a process for accelerating and driving improvement, but requires commitment to the long term rather than a response to short term need. Given the complex mix of factors including statutory and discretionary powers, ownership of collections or assets, and funding capacity, many devolutions are reversible. However, the success of devolved organisations depends on commitment to the process.

### 3. The devolution spectrum

- 3.1 The advantage of the range of legal models available for devolved governance is the freedom to create a structure designed to be locally appropriate. This section reviews the governance structures available to devolving services.
- 3.2 There is no general agreement about what constitutes positive improvement in devolved delivery from direct delivery in a museum, library or archive context. The models have been reviewed against how well they facilitate:

**financial security or sustainability, including:**

- cashable and non-cashable savings
- greater diversity of income streams
- the holding of sufficient financial reserves.

**organisational growth, including:**

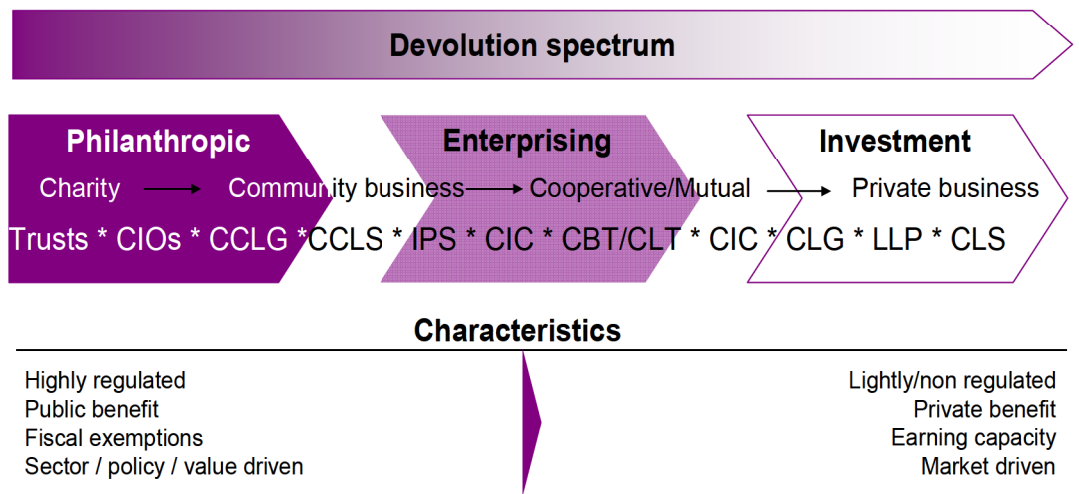
- greater flex, facilitated through the versatility of the model to support a range of market opportunities (enterprise, investment, philanthropy) and through the level of regulatory restrictions
- increased capacity at strategic level through channelling boards, partnership collaborations and members/voters
- use and security of assets in supporting the business model.

**social impact & scale, including**

- market-responsiveness: user-led, relevant service provision for users
- collaborative and strategic partnerships to best deliver local need
- scaling up: increased and diversified usage of services through market expansion.

- 3.3 There are six models of governance that are applicable to museums, libraries and archives, comprising 11 legal formats:
- Charities (CCLGs, trusts, CIOs)
  - Community Benefit Societies ( IPSs, Co-ops)
  - Community Interest Companies (CICs limited by guarantee and CICs limited by shares)
  - Community Benefit and Community Land Trusts
  - Limited Liability Partnerships
  - Companies Limited by Guarantee

Fig 3: The devolution spectrum



3.4 This spectrum is helpful as a tool to rationalise the models but it should be noted that organisations are rarely on one single point within the spectrum and there is a great deal of flex and overlap between the models. For example, the characteristics of a charity differ according to which constitutional form it takes. Equally, the characteristics of a Community Benefit Trust vary based on whether they take a CIC or charitable format. Where possible, the scope for differences has been identified but the intention of this paper is not to explore every possible legal ramification of the models; rather, to create an idea of where the models provide strengths most applicable to the sector.

3.5 Whichever model or combination of models is used, there are benefits that can be gained.

## 4. The philanthropic models (charitable formats)

### Summary of format

4.1 A charity is an umbrella term for the delivery of services by a non-profit distributing organisation for public benefit. It must be wholly and exclusively charitable. Governance models that could act as a charity include:

Constitutional form	Broad characteristics
Charitable company limited by guarantee (CCLG)	Traditional corporate charitable model owned by members and controlled by directors / trustees, and as a legal entity with full financial and contractual capabilities offering limited liability protection. Restricted from non-charitable commercial activity. Subject to dual regulation by Charities Commission and Companies House and therefore more fixed governance provisions than Charitable incorporated organisations.
Charitable incorporated organisation (CIO)	New corporate vehicle <sup>7</sup> subject only to regulation by the Charities Commission, subject to fewer fixed governance provisions and offering more flex for merger and reconstruction, with less liability (the CIO will not to be penalised for the conduct of its directors). An untested model (with a projected launch date late in 2010).
Unincorporated charitable organisation or charitable trust (UIO)	The formal 'trust' format – assets held by a body of trustees for the benefit of agreed beneficiaries. This legal form offers no legal personality, requiring the body's members to take full liability for all contractual or financial responsibilities, and is only suited for small organisations or those without significant liability.

4.2 There are a number of cultural service charities or 'trusts' already in existence and of these, the CCLG is the most common devolution format, so the following summary applies only to this.

### 4.3 The key advantages of the CLG format are:

- financial: tax exemptions including gift aid, VAT and NNDR; eligibility for all grant funds and commissioning
- market: the format is tried, tested and trusted across all sectors
- organisational: a risk averse regulation that protects the liability of its trustees
- organisational: although it's not straightforward, the structure enables the development of more flexible subsidiary structures, eg. enterprises, tax efficiently. There are also benefits associated with the familiarity of the format – although the CIO, which offers the most flexible format, is to date the most untested model.

<sup>7</sup> specifically created for charities by the Charities Act 2006

#### 4.4 The key limitations of the charitable format are:

- financial: tax still applies to most enterprise activities undertaken by the charity. They cannot access debt finance because they cannot borrow against assets, and they cannot hold significant financial reserves and are therefore vulnerable in the long term or restricted to the short term, cyclical annual planning of grant funding
- market: the structure does not support collaborative working as much as competition; there is no flexibility for welcoming external stake-holders within the governance structure – such as universities and local authorities<sup>8</sup>; and private sector partnerships offer a very restricted appeal
- organisational: board have traditionally been unpaid and this can detract from the quality of leadership required especially in high need areas – although this is starting to change. The protection offered to boards by limited liability can make them less accountable for success/failure.

#### 4.5 Could suit:

- a local authority in a highly philanthropic area where cultural services already earn significant additional income from giving
- a local authority subsidising a private/public venture that is able to use its subsidy to lever philanthropic private sector investment in a cultural services trust and claim back gift aid benefits

After the UK change in accounts preparation to align with the IFRS, PFI liabilities were made transparent in accounting. The result is that the NHS trusts (who would suffer approx £16bn of added debt) are exploring new structures – models where the trust opens new charities who would own the building for the purposes of the NHS trust. In such a model, the charitable format has more uses for private investment – as part of a PFI/PPP structure.

### Summary of format

- 4.6 There are 120 leisure services devolved from local authority direct delivery that now operate as charitable trusts but the vast majority focus on sports provision. Take up has been much more gradual in the cultural sector where mainly free services create a more complex business model in terms of sustainability. An assessment of devolved museums in 2006 found that approximately 76% of councils delivered museum services directly, that 15% were delivered through joint arrangements, and 8% had been devolved to charitable trusts. The charitable format is the most common to devolved cultural services.

<sup>8</sup> Charity trustees are required to be independent of all outside concerns and act only in the charity's best interests – the Charity Commission would closely assess the independence of a Board featuring local authority representatives, to ensure that they are not functioning under local authority control in any aspect of their work.

- 4.7 There is little evidence to suggest why the charitable formats are those most commonly used by the sector<sup>9</sup>, but it is probably linked to the cultural sector's traditional philanthropic earnings, which are proportionately high. CAF's report *UK Giving 2009* lists arts and culture as the second most funded cause in the UK in terms of voluntary donated income. At first glance this would single out the charitable form as the most appropriate for local cultural services.
- 4.8 This premise bears closer examination. Philanthropy is not 'free' money – it is a competitive market the same as any other, and it requires investment, skill and time to build a philanthropic base and competitive 'offer'. In addition, the market is becoming more, not less, competitive: the CAF report demonstrated that UK giving has decreased by 11% with recession. Whilst a number of trusts, foundations and philanthropists exclude museums libraries and archives on the grounds that their offer is 'primarily the responsibility of central or local government' it is worth noting that virtually no regional organisations<sup>10</sup> are listed within CAF's top 50 philanthropy-converters. For regional cultural services, philanthropy is not automatically a competitive strength and should not necessarily be considered the determining factor in selecting a devolved model.
- 4.9 Although all charitable devolutions stand to achieve demonstrable savings, the key fiscal advantage in taking charity form (the opportunity to create development and fundraising capacities, and capitalise on the virtually unique opportunity offered by gift aid tax exemption) in many devolved cases has not been exploited at all. This begs the question: why then, become a charity?
- 4.10 The charitable formats offer the most potential to exploit philanthropic, enterprise and investment opportunity through the creation of subsidiary governance structures. For this reason they are particularly suited to strong, single-service businesses able to exploit a wide range of assets. A devolution linked with asset transfer is also likely to be pivotal to a single service's prospects of success. Multiple examples within the independent museum sector – including Chatham Historic Dockyard, the SS Great Britain, Ironbridge Gorge Museum Trust – bear this out.
- 4.11 Organisationally, the assumption of strategic and financial control is a significant change that is likely to support the growth of market-led decision-making and a higher performing management. This has been echoed by case studies from across the joint/single services spectrum, from Luton CST to Woking Lightbox.
- 4.12 The modernised charitable format, the Charitable Incorporated Organisation (CIO), is currently envisaged to be ready for implementation

<sup>9</sup> The CCLG is the most common governance option chosen – although the CIO will not be available as a format until April 2010.

<sup>10</sup> Excluding national organisations based regionally

from April 2010. Although untested, this format is likely to be attractive to museums libraries and archives, as it reduces bureaucracy and creates a more flexible charitable format similar to that of the company format.

- 4.13 Whilst VAT exemptions are exclusive to the charitable format - which could be, although rarely is, significant if the charity's trade is mission related - NNDR relief is not<sup>11</sup>. NNDR should not be the determining factor in following the charitable trust option.

### Managing risk

- 4.14 The charitable models are restricted to specific public benefit. Care needs to be taken in identifying the charitable purpose to ensure that it does not restrict flex in their capacity to respond to unknown future market need, or to restrict future commercial development<sup>12</sup>.
- 4.15 The constraints around charitable governance and disinterested Board membership limit the versatility of the charitable format – in comparison to other models - in enabling stake-holding collaborative partnerships at governance level.
- 4.16 For local authorities considering the future options of several services, there is a greater risk associated with the creation of several single-service cultural charities in a local area. The CAF report's evidence shows regional philanthropy is usually weaker than national and increasing market competition decreases the viability of all. Competition is likely to ensure a natural plateau effect to any growth as regional philanthropy peaks – and a growth strategy would need to consider further developing income generation through enterprise activity and investment partnerships.
- 4.17 **A danger for cultural services** devolving to the charitable model is that the motives for transition are simply to gain slight fiscal savings through NNDR and VAT rather than developing the organisation's philanthropic capacity, income diversification and organisational growth. The Charity Commission warn that a key factor in achieving long term successful devolution will be the ability of the local authority to 'let go'. Strategies for underlining the genuine independence of the devolved service into a governance contract or agreement include:

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<sup>11</sup> Charities are entitled to mandatory rate relief of 80% of the full bill with the remaining 20% at the discretion of the Council. However Section 47 of the Local Government Finance Act 1988 provides discretionary power for the Council to grant rate relief in respect of a non-domestic property occupied by NPDOS - bodies not established or conducted for profit. As with the mandatory provisions, discretionary rate relief can also be considered in respect of Empty Property Rates due on unoccupied non-domestic property. The Government reimburses the Council with 25% of the discretionary rate relief for charities but 75% of the discretionary rate relief granted to NPDOS.

<sup>12</sup> as VAT exemptions relate only to mission-related trade



- accountability to local authority funders managed officially through the reporting process of a LAA/LSP rather than unofficially through board membership
  - realistic business plan created pre-devolution that is adhered to post-devolution and clearly outlines the expectations of the local authority in relation to the charity (objectives) and an agreed system for measuring delivery (outcomes)
  - equitable relationship with LA supported through the short-term engagement of other funders (income diversification).
- 4.18 A good charity requires a good Board, ideally comprising strong philanthropists or fundraisers able to support the development function – but there is a risk that the limited accountability associated with limited liability, and the traditionally unremunerated nature of board participation can compromise its ability to be excellent. This risk is mitigated by the Charity Commission's recent recognition that heritage charities cannot be run exclusively by professionals and some paid board membership is permitted to support business capacity and performance-management, but this 'solution' increases costs (and therefore potentially decreases efficiency) still further.
- 4.19 Additional investment has traditionally been achieved primarily through public-sector or associated grants - including HLF, Art Fund and MLA. These are potentially unsustainable in the longer term if public sector funding decreases, but crucially they are also likely to stress an organisation's capacity for market responsiveness as they require the satisfaction of grant conditions as well as the needs of the user market. Babbidge rightly points out that another danger of this is the replacement of one layer of administrative bureaucracy (that of a local authority) with another (that of the funders).
- 4.20 Whilst charities can create trading sub-bodies (CLGs, CICs) there is a danger that the separate governance, reporting and auditing requirements of such bodies distances them strategically from the 'mother' charity, limiting their capacity to really deliver.
- 4.21 For small single service charitable models the creation of a separate trading entity to develop chargeable products and services is not always cost-effective.
- 4.22 The historic statutory provision of 'free' services makes a move to a philanthropic model a more significant cultural change for libraries, their existing local authority funders and their potential donors.

## 5. Investment models

### Summary of format

5.1 The term ‘investment model’ is used here to refer to governance or constitutional forms that enable private sector contractors or investors to invest in the sector with a view to generating a return on their investment, ie. profit. The creation of an investment model is likely to reflect an acknowledgement that the requirements of the service within an area (whether statutory, free accessibility, or target users) would constrain an independent model from earning income through philanthropy or enterprise. Governance models that support investment include<sup>13</sup>:

Constitutional form	Broad characteristics
Limited Liability Partnership (LLP)	A body corporate with a legal personality separate from that of its members, the LLP is a hybrid entity combining the advantageous tax characteristics and organisational flexibility of a partnership with limited liability for members. LLPs are governed by the Limited Liability Partnerships Act 2000 and are subject to light touch regulation by Companies House. Governance is a matter of member choice – with no requirement for directors, board structures or management structures. Members have a joint responsibility to divide the running of the business but no individual responsibility for each other’s actions – and as with a limited company cannot lose more than they invest. <sup>14</sup> LLPs have ‘unlimited capacity’ – ie. no restrictions on any activities.
Company Limited by Guarantee (CLG)	A CLG <sup>15</sup> is a not for profit organisation owned by members who guarantee to pay the debts of the organisation up to a set limit, typically £1-£20. The format is frequently used by charities. There are no restrictions on trading or borrowing against assets. Although not a legal requirement, a CLG would typically qualify as a NPDO, restricting its objects and prohibiting the distribution of profits; without qualifying it would not be able to reap any tax benefits and would not offer any additional benefits to a company limited by shares. Despite qualifying as a NPDO – thereby forming to all intents and purposes a charitable vehicle – it is only subject to the light touch regulation of Companies House.
Company Limited by Shares (CLS)	The most commonly used business form. It is owned by shareholders whose other assets beyond their investment are protected by limited liability, should the company fail. The limitations of the (non charitable) CLG limited by shares model are so complete that it requires no independent regulation and can be sold or absorbed – this makes it a generally inapplicable model for the museum library and archive sector. Whilst some UK museums have constituted themselves in this way by vesting all shares in a single party solely for the benefit of the organisation, the other

<sup>13</sup> The CIC limited by shares also supports investment but has been reviewed with the other community enterprise models at section 6

<sup>14</sup> in the absence of fraud or wrongful trading

<sup>15</sup> Sometimes known as a Non Charitable Company Limited by Guarantee

	models are considerably more applicable for investment partnerships and it is included here for definition purposes only.
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### *The Limited Liability Partnership*

#### 5.2 The key advantages of the LLP format are as follows:

- Financial: taxation is applied as a partnership – members are each liable for tax on their share of the income or gains of the LLP; no restrictions on reserve holdings.
- Market: supports joint (public/private) ventures by bringing all stakeholders inside a partnership so that their interests are aligned, but offering the protection of limited liability for members in the event of failure. Appeals to private sector through tax, dividend and contracting opportunities and to the public sector through share restrictions and shared agency control.
- Organisational: unlimited capacity for flexible governance, flexible objectives and flexible profit share agreements without restriction or regulation.

#### 5.3 The key limitations of the LLP format are as follows:

- Financial: no NNDR exemptions and ineligibility for grant or social enterprise funding.
- Market: less direct opportunity to fulfil community engagement and empowerment agendas.
- Organisational: lack of security provided by asset lock; probably ineligible for some professional standards such as Accreditation.

#### 5.4 Could suit:

- a local authority in a deprived area or with services requiring high capital investment and wishing to contract out services to private partners in a PPP. The model offers a partnership system robust enough to attract the private sector but is flexible and easy to establish for social enterprises
- a local authority wishing to donate profits earned from LLP membership to other services and claim gift aid.

### *The Company Limited by Guarantee*

#### 5.5 The key advantages of the CLG format are as follows:

- Financial: eligibility for NNDR savings and some VAT savings as a non profit distributing organisation; eligible for certain grants, most social enterprise funding and commissioning contracts; no restrictions on reserve holdings.
- Market: model can be used in a flexible and commercial way as part of a group structure. It is therefore attractive to newly independent organisations with 'parent' organisations wishing to exercise control over the company in a manner that charitable companies and CICs do

not allow; flexible governance for private sector partnerships – enables operation within a wider commercial structure, flexible contracting, interest bearing loan agreements; flexible structure for collaborative approaches – directors associated with third party organisations can be employed.

- Organisational: directors are paid for their expertise and although they hold limited liability are performance accountable. As they can also operate as CICs they can form social enterprises.

#### 5.6 The key limitations of the CLG format are as follows:

- Financial: ineligible for much grant funding.
- Market: prohibition on profit distribution could reduce its appeal to the private sector.
- Organisational: no asset locks reduces security for local authorities in transferring assets; no independent regulation, reducing security for local authorities in considering future management of assets; probably ineligible for some professional standards such as Accreditation.

#### 5.7 Could suit:

- a local authority looking for a model that enables its devolved service to commit to public benefit but to achieve significant improvement and become financially self sustaining before becoming constrained by regulation. The CLG format is a useful ‘first step’ model for liberated cultural services because the local authority can retain control in a manner that charitable companies and CICs do not allow. The format also enables transfer to CIC status when the organisation is ready. In the meantime it benefits from the savings opportunities available to charities and social enterprises.

### Sector applicability

5.7 In 2006 Adrian Babbidge identified that less than 1% of devolving museums devolved to private sector management; there are two library services that have devolved delivery to private management<sup>16</sup>. There are additional services that have piloted innovative partnership arrangements with private sector providers. This review will restrict itself to the evidence available.

5.8 The most likely form for such a model is the CLG. No investment models have yet utilised the possibilities for the creation of a partnership model to deliver social mission and generate return – the CIC limited by share.

5.9 The two key advantages inherent in investment models are performance efficiency and investment.

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<sup>16</sup> *Haringey Libraries were contracted to the management of Instant Library; this service has reverted back to direct delivery after the short term of contract ended, in 2008 Houslow Council has transferred management of its library service to John Laing Ltd.*

- 5.10 Outsourcing provision to the private sector undoubtedly generates efficiency. According to the Office for National Statistics<sup>17</sup>, even during the prosperity years of 1997-2007, public sector productivity declined by 3.4% - against a private sector rise in efficiency of 27.9%. The adoption of private sector operational practice harnesses high-level, centralised administrative or 'back room' skills, improves the skills range available to a service through supplying HR, ICT, business administration and marketing, and puts in place performance management techniques to deliver economies of scale which, combined with a profit motivation, can generate real increases in productivity at value for money.
- 5.11 To date most devolved investment models have seen efficiencies achieved at a reasonably sensitive process of change management, involving the transfer or management of full professional staff. Savings have been driven through the transfer of administrative operations from a centralised local authority team. The change-management difficulties inherent in transferring whole-scale cultural service teams have been averted by bringing additional staff with new skills to the mix.
- 5.12 The ability to harness efficiency, whilst a strength of investment models, is not exclusive to them – efficiency relies more on effective leadership and good operational practice than the type of governance selected.
- 5.13 For this reason the *key* strength of the investment formats is the capacity to bring significant additional investment to smooth transition and restore, regenerate or improve deteriorating assets. This creates a key strength that the other models lack – which is the ability to guarantee long term, year on year funding or budget projections, rather than limit a service to the short-termist planning enforced by annual budgets.
- 5.14 It is a possibility as yet unproven, that investment models are likely to have a greater and speedier capacity for market responsiveness than the other models. The capacity of the private sector for business model innovation could see significant digital and other product innovations to a service – which is likely to expand and improve user levels and experiences.
- 5.15 The investment model lends itself to both single and joint service provision. For single services it enables specialisms to be preserved whilst efficiencies are embraced; for joint services the shareholding structure of the CIC limited by shares embeds equitable status of joint services at governance level.
- 5.16 The CIC limited by shares offers a format with the most potential to combine the advantages of private sector involvement with the social and ethical missions of the cultural services.

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<sup>17</sup> Referenced by *The Ownership State*, NESTA/Respublica

## Managing risk

- 5.17 The key strength of the investment model comes with its own challenges. In an investment model the proportion of investment is, over time, likely to be offset by gross profit – as the private partner is involved to make a profit from the operation.
- 5.18 There is a risk that unless significant consumer demand influences service provision, investment models will innovate only to achieve efficiency. Here one model stands out – there is (unproven) potential for the CIC limited by shares to offer attractive investment propositions to the private sector to combine innovative business models with demonstrable, targeted social outcomes. The ability of non-CIC investment formats to provide a multi-faceted community service is determined only by the strength of the service agreement and the local authority team tasked with managing and evaluating it.
- 5.19 In a commissioned or PFI model (where the private partner is commissioned or contracted to manage the service) there is little incentive to embed key entrepreneurial and management skills within the cultural service. This would be self-defeating for investors (by removing demand for their services) in the longer term. There is a risk that at the end of contract the service would be improved for the user but not integrally – leaving it permanently dependent on the private sector.
- 5.20 The CIC limited by shares format can offset this risk as profit distribution is capped. It is also in the interests of the private sector partner to maximise net profits with as little additional investment as possible – ie. to embed the skills that are necessary to enable the enterprise to self-sustain and increase its overall profits, two thirds for reinvestment in growth and a third for distribution to shareholders. The CIC limited by shares offers the best scenario for embedded improvement of the service in partnership with the private sector.
- 5.21 There is a risk that investment models discourage philanthropic support because they deliver private as well as public benefit and therefore offer the least potential to exploit the full range of market opportunity open to museums, libraries and archives.
- 5.22 Investment formats have capacity to achieve scale-up, but there is a heightened risk of handing virtual monopolies to large national private and third sector businesses, and the creation of an improved but homogenised service which does not automatically equate with meeting local need.
- 5.23 There are greater challenges for an investment model in progressing towards a long term strategic goal of community ownership (although the CIC format offers the most flexibility for this). This is because the involvement of private sector partners limits the capacity for asset transfer without the additional contractual complexities of claw-back guarantees.

## 6. Enterprising models

### Summary of format

6.1 The term ‘enterprise model’ is used here to refer to governance or constitutional forms that actively embed entrepreneurialism (the generation of profit) within the heart of their business operation. The models range from those in existence for centuries (IPs) to those only a few years old (CBTs, CICs) and many choose also to gain charitable status. Governance models that support enterprise include:

Constitutional form	Broad characteristics
Industrial Provident Society (IPS)	An IPS is a society conducted for the benefit of a community. It is primarily a corporate body <sup>18</sup> which can hold charitable status - setting it apart from other charitable structures because its aim is not simply to provide public benefit but to produce a definable value and to generate income. Historically, charitable IPs have been able to benefit from the tax exemptions available to charities whilst not requiring registration with the Charity Commission – but the Charities Act 2006 changed this. Many leisure trusts have devolved into IPs but the structure is an archaic one and it is anticipated that the CIO will offer a better alternative for corporate charities.
Community Interest Company (CIC)	CICs are limited companies created for organisations that wish to conduct a business activity for community benefit. The majority of profits of CICs must be used for community benefit. CICs may engage in trading and, with approval, borrow against their assets. Some CICs are limited by guarantee and set up as NPDOs (thereby prohibited from distributing profits, which must be fully reinvested in the organisation) but it is more common for CICs to be established as companies limited by shares (using the CLG format) <sup>19</sup> - because one of the key attractions of a CIC is that it combines a social mission with the provision of dividends).
Community Land Trust (CLT)	Not a legal form in itself but the Housing & Regeneration Act 2008 defines the CLT as a corporate body <sup>20</sup> holding property for the purposes of the community rather than for private profit, and offering the opportunity for members of the local community to become involved in its governance. Its property represents fixed assets to be held in perpetuity for local use <sup>21</sup> . Its profits must be used to benefit the community, other than being paid directly to its members (if a CIC). Its purpose is to facilitate locally-driven long term and affordable development – providing regeneration, conservation, or cultural benefit locally. In addition to an asset lock protecting its property, a CLT is required to have a democratic membership. Its governance is flexible - it can choose to establish as a charity or a CIC and take on additional regulation - and its tax position depends on the legal form it uses.

<sup>18</sup> i.e. a legal entity separate from shareholders and employees, with limited liability

<sup>19</sup> The ratio of CICs ltd by guarantee against shares is approximately 30:70

<sup>20</sup> The organisation could be a charity, CIC or non-charitable company limited by guarantee, or co-operative

<sup>21</sup> as well as or instead of land, a CLT's property could comprise workspaces, agricultural facilities, commercial outlets or community facilities

### *The Industrial Provident Society*

- 6.2 There are two forms of IPS – a co-operative society and a community benefit society (CBS). The mutuality implicit in co-operatives requires that although it can perform a user/consumer benefit it cannot be a charity and therefore benefit from the fiscal advantages that are likely to give the enterprise competitive edge in a free market. Only a community benefit society can register as a charity by citing special reasons for its difference from company status; those usually given include non distribution of profits and the vesting of control in its members equally. In addition the CBS would need to demonstrate exclusively charitable objectives and sufficient public benefit. Despite a historically light touch FSA regulation, accountability for CBSs will this year increase as they will be required to register with the Charity Commission. The tax benefits and regulatory burden for CBSs are similar to charitable CLGs and there is little material advantage in selecting a CBS over a CLG – except for the possibilities they offer for directly involving a democratic community ownership within governance.
- 6.3 **The key advantages of the IPS format are as follows:**
- Financial: the IPS model effectively combines charitable status and risk-averse regulation with a model designed to generate income (that must be reinvested in the organisation); the fiscal benefits that come with charitable status are likely to provide additional competitive edge.
  - Organisational: democratic management of assets can embed change within an organisation; strategic-level transparency to all workers supports unity and creates understanding of entrepreneurialism, and the model supports investment in skills and staff development.
- 6.4 **The key limitations of the IPS format are as follows:**
- Financial: set up costs can be high.
  - Market: IPSs do not support collaborative working as much as competition.
  - Organisational: old fashioned administrative and regulatory structure compared with CCLGs; largely unfamiliar within cultural sector.
- 6.5 **Could suit:**
- a local authority interested in using its annual subsidy as an investment to generate a growth social enterprise business that supports community ownership, empowerment and engagement in political processes
  - a local authority interested in creating a cross-domain leisure and cultural services trust capable of earning significant revenues to reinvest in its own development and reduce the need for local authority investment over time.



### *The Community Interest Company*

- 6.6 A CIC limited by guarantee can share the benefits open to charities (NNDR relief, VAT exemptions, virtually full access to philanthropy). The difference between a CIC limited by guarantee and a typical charity lies in its entrepreneurial focus (the aim of the format is to create profit to reinvest in its social business) and its capacity to engage the participation of stake-holding companies, community associations, or individuals at board level.
- 6.7 CICs that are limited by shares are able to pay a capped dividend per share and can be used to stimulate increased private or equity investment. The asset lock caps distributable profits at 35% of total profits and requires a minimum of 65% of total profits to be reinvested. A further attraction of such a model to private sector investment lies in tax benefits; although CICs are not entitled to tax benefits, its investors are.
- 6.8 In the four years since legislation created the CIC format there has been a steady growth in registrations with the CIC Regulator across the UK regions, indicating a national growth market<sup>22</sup>. There is already a very broad range of organisations formed as CICs<sup>23</sup>, many of which are involved in public sector service delivery at a community level – including in particular transport and in health.
- 6.9 **The key advantages of the CIC format are as follows:**
- Financial: CICs are eligible for most grant funding and commissioning contracts; they can also access loan finance and hold unrestricted reserves without intervention; the structure supports enterprise and trade income generation.
  - Market: the structure enables multiple shareholders at governance level and therefore underpins both collaborative working across private, public and third sector, and community engagement; equally it appeals to private sector collaborators because of ability to pay dividends, reward loans and contract out services.
  - Organisational: it is reliably regulated, includes a capital and asset lock which prevents cultural property being used wrongfully; and its board members can be paid so are accountable and performance managed.
- 6.10 **The key limitations of the CIC format are as follows:**
- Financial: there are no tax benefits and the model arguably offers limited philanthropy.

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<sup>22</sup> This growth trend can be accessed on the CIC Association website at <http://www.cicdev.org.uk/regions/index.php>

<sup>23</sup> Examples include recycling companies, festivals, community radio stations, bus companies, catering companies.

- Organisational: a CIC's shareholders can vote to change its purpose. This offers benefits for market flexibility but to safeguard cultural holdings, ownership should be clearly delineated or, in the event of transfer of ownership, claw back clauses should be adopted

#### 6.11 Could suit:

- a local authority interested in actively enabling regeneration in deprived local areas
- a local authority able to broker strong relationships and partnerships between a thriving local private sector and its third sector / cultural sector direct delivery services – or working to a Total Place model
- a local authority interested in empowering small and specialist services to become fit for full devolution – by devolving management powers without either full liabilities or cultural asset ownership.

#### *The Community Land Trust*

#### 6.12 The key advantages of the CLT format are as follows:

- Financial: CLTs can access loan finance, mortgage land assets and hold reserves.
- Market: CLTs are free to extend membership to private and public sector organisations (eg. investors and local authorities). The democratic influence of the community in decision making provides public and third sector stake-holders with some guarantees of independence should the CLT establish working partnerships with the private sector. They can work across domain boundaries and are likely to support collaborative, cross-agenda approaches to local issues and concerns and work positively across the public, private and third sector.
- Organisational: their statutory recognition provides confidence to parties interested in investing in them as it is a form that the government takes seriously and views as a significant long-term player in redevelopment and regeneration; they qualify as bodies that the Homes and Community Agency deal with and therefore are associated with the key programmes delivered by the Dept of Communities & Local Government; they cannot be sold but are able in principle to assimilate other models and scale up.

#### 6.13 The key limitations of the CLT format are as follows:

- Market: in principle the democratic format could discourage the scaling up of activity beyond local area.
- Organisational: CLTs express the limitations that their constitutional form takes: if they take charitable status their restriction on the distribution of profit reduces the appeal of collaborations to the private sector, as investors cannot receive a financial return on investment; if they take CIC limited by share status, they restrict the fiscal benefits they can receive from Treasury.

6.14 **Could suit:**

- a local authority interested in furthering a policy programme of community asset transfer and participation in decision making and strengthening community influence in political processes
- a local authority interested in developing a private finance initiative (PFI) whereby the CLT would take ownership of the freehold and lease out the facility to the PFI provider for the duration of the agreement. In the short term, such an arrangement would provide a sustainable income stream for the CLT to fund its ongoing function of managing/promoting to/engaging with the community; in the longer term, it would ensure that the CLT was at the heart of the development and would take ownership of increased, well-invested community based cultural assets following development.

**Sector applicability**

- 6.15 The enterprising models have to date been most often adopted by devolving leisure sector operations, where both customers and service providers have been used to operate a chargeable, albeit subsidised, public service. The focus on earning income means that culturally such models represent the most significant shift for museums, libraries and archives, but this should not prevent the models from being considered when reviewing the options for devolution. There are several excellent examples of innovative community run museums, libraries and archives.
- 6.16 The enterprise formats offer the most versatility for governance – including staff ownership, community ownership and shareholding membership models. As well as the option of establishing itself as an enterprise, a museum, library or archive enterprise business model could include forming an enterprise format as a funding subsidiary. This could either be mission or non-mission related. They could also form an umbrella enterprise format in partnership with other organisations amongst which the museum, library or archive is a member and/or a service provider. This versatility makes them applicable to either joint or single services and crucially, puts them in a uniquely strong position - comparatively to the other models discussed in this paper - in enabling stake-holding collaborative partnerships at governance level. The formats should appeal to local authorities wishing to drive Total Place or localism agendas.
- 6.17 Asset development (especially capital/land assets) is a common feature of enterprise models. This not only enables them to sustain independently and support ongoing organisational growth, but contributes to a significant impact on economic and social wellbeing within deprived areas, whether rural or urban. There are now 350 CDTs in the UK owning £550 million in assets and the majority of their income (£135 million out of £260) is generated through enterprise. A large number of development trusts are independent of public subsidy, with 42% relying on earned income as over 50% of their financial

sustainability<sup>24</sup>. There are examples of museums or libraries managed by development trusts independent of the publicly-funded museum library and archive sector<sup>25</sup>.

- 6.18 Efficiency is another common strength of the enterprise models. In many cases this is simply a direct effect of the need to operate cost effectively to maximise profit, and the employment of community volunteers to increase operational margins. However, emerging research links staff and community ownership models to increased efficiency. The Nuffield Trust researched four staff-ownership models and concluded that the efficiency of the models was also rooted in:
- less risk aversion than the public sector and therefore greater potential to innovate
  - greater entrepreneurialism than the voluntary sector
  - greater sense of mission than the private sector
  - an open, egalitarian culture.

NESTA's recent report 'The Ownership State' cited the compelling statistic that in the UK over the past 10 years employee-owned companies have outperformed FTSE All-Share companies each year by an average of 10%.

- 6.19 The potential of a service devolving to an existing CBT or CLT - as Salford Museum has recently undergone - offers even greater efficiency savings, initially through reduced 'set up' costs, but mainly through the transference to a model where day to day operation is managed through volunteers. Community-run organisations are arguably by nature more closely aligned to the profile and needs of the community they service.
- 6.20 As social enterprises the enterprise models can be eligible for almost the same range of public/private grants, as well as individual and corporate philanthropy – although eligibility is likely to be limited to non profit distributing organisations, and models which include the private sector (eg. CICs limited by shares) are unlikely to benefit from a wide range of philanthropy.

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<sup>24</sup> *in some ways this figure is misleading as a ratio of financial sustainability of DTs in that the more successful a DT is in accessing grants the lower the ratio earned income becomes. – and very few DTs don't apply for grants*

<sup>25</sup> Examples include: Lyme Regis Development Trust (<http://www.lrdt.co.uk/>) stage an annual Fossil Festival and are leading work on developing a world class Jurassic Coast Field Studies Centre. A Cultural Development Consortium has also been set up to progress the development of the Malthouse at the Town Mill and will also provide support for upgrading the Marine Theatre and the extension of the Lyme Regis Museum. Stourport Forward have a 'heritage room' as part of the building they have on a 40 year lease from British Waterways and are working with the local civic society to open another attraction in a former ticket office. Burslem School of Art runs a gallery space (sustained by tenants' rents) and houses the local library (although that is still run by the local authority). Spon End Building Preservation Trust is has restored a former weavers house and associated exhibition space. Great Torrington Development Trust manages the 1646 Visitor Centre – see <http://www.torrington-1646.co.uk/about-us.html>. Constantine Enterprise Company (see [http://www.dta.org.uk/our\\_inspirations/cecruralassets.htm](http://www.dta.org.uk/our_inspirations/cecruralassets.htm) for background and contact details) runs a small local museum. See [http://www.constantinecornwall.com/tolmen/?page\\_id=11](http://www.constantinecornwall.com/tolmen/?page_id=11). Fresh Horizons runs the Chestnut Library and Information Centre for Kirklees Council. [http://www.freshhorizons.org.uk/?page\\_id=82](http://www.freshhorizons.org.uk/?page_id=82)

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- 6.21 The market challenge facing the model is identifying a commercial business opportunity sufficient to generate return and demonstrate social impact or support the social mission. Although the models are not all eligible for the fiscal exemptions of charities, it is possible that the transference to an enterprise culture would earn a cultural service a greater sum in profit than the actual value of VAT and some NNDR exemption savings.
- 6.22 The organisational challenge in applying this model to the cultural sector lies in managing the compatibility of charged services with a free core service. This charge could be applied to the local authority, to the customer, to business customers, or to a combination of these.
- 6.23 Evidence suggests that the enterprise models are extremely applicable for very small and specialist community or local services, but that if appropriately planned and managed, they have capacity to scale up, either geographically into regional or national bodies, or in terms of their market penetration.

### Managing risk

- 6.24 Successful enterprise models can be very significant within a local context but require a leadership and capacity to think laterally and opportunistically about income generation opportunities.
- 6.25 The success of some cultural services demonstrates that there is scope for cultural services devolving to enterprising organisations in appropriate local circumstances although there is a greater risk of staff cuts.
- 6.26 The key risk associated with community enterprise models is that the model is predicated upon asset development and that asset transfer must occur to underpin success. There is a shared body of experience in assessing this area of risk that can be accessed – Quirk developed and appended a risk assessment to his report; the DTA, Community Matters and bassac all provide advice, and a number of funders in this area including Big and the ACF are accustomed to providing frameworks for successful growth.
- 6.27 Whilst community enterprise models are well placed to be market responsive, managing diversity is a risk associated specifically with community management or ownership models. For example, where running a service requires community participation it is possible that sections of the community or workforce are unable or excluded from participation. This risk can be mitigated with a clear workforce policy championing inclusion and diversity.
- 6.28 The CIC format has been in operation for about five years and is frequently regarded as an untried medium. This said, most of the enterprise formats represent largely untried mediums for the museums libraries and archives sector. Examples of best practice can be drawn from the broader third sector to help manage this transition. The Social Enterprise Coalition is also

spearheading activity to raise trust levels in enterprises, with charter mark initiatives such as the Social Enterprise Mark<sup>26</sup>.

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<sup>26</sup> <http://www.socialenterprisemark.org.uk/>

## 7. Concluding comments

- 7.1 There is no single shared business model common to devolution. Successful devolution of cultural (or any) services requires a focus on what is appropriate for the local market, and the selection of a governance model that plays to the strengths of the local service. Implicit within this selection is the need for a local authority to clearly identify its priorities for the devolved service and embed these within the outcomes it sets.
- 7.2 There are wide-ranging views within the sector as to the appropriateness of particular models over others, but ethical considerations should only form a part of the mix. In moving to a devolved model there are huge challenges facing organisations in managing culture change, capacity building, performance, cross domain working, market responsiveness and user need. The model selected should offer the best foundation for success in achieving local priorities, delivering social impact and increasing sustainability in the long term. The determining factors should be a) what serves the public best, and b) what is in the best interests of the organisation long term.
- 7.3 It is a misconception that money 'leaves' the sector in some models. Whichever model is used, there is a cost to the sector. Under the direct delivery or philanthropic models, money leaves the sector in the form of staff salaries and high public-sector pensions. Under the enterprise models, money could potentially leave the sector to cross-subsidise other less profitable community organisations. Under the investment models, money leaves the sector in the form of profit.
- 7.4 It is more appropriate to judge financial sustainability on the basis of value for money – ie. the value of the service and the outcomes it achieves relative to the cost of provision. In this scenario, the enterprise model is most likely to offer the greatest sustainability.
- 7.5 There is no evidence to identify a common or most likely financial trajectory of devolved governance: financial decline, stabilisation, or stabilisation followed by growth. Babbidge found that 'generally, the experience of devolved museums has been positive, with performance and morale achieved within short time frames'. A body of work is needed to assess more exactly how successful devolution is at improving financial prospects and diversity for a cultural service.
- 7.6 It is a common assertion that the service under transfer needs to have existing strengths ie. to be a successfully developed and maintained service, in order to develop a strong devolved model, and that a failing service cannot be expected to achieve transformation without additional investment. The Haringey example, which saw performance turned around by a private sector contractor without budgetary increases, disproves this assumption.
- 7.7 Successful devolution requires that the governance model selected is appropriate to the needs and strengths of the service. Devolved services

need to develop business plans that seek to a) halt any existing financial decline, b) stabilise operations and c) plan for growth. The selection of a devolution model should be based upon the identification of an opportunity(ies) around which the strategic business plan is built, which:

- if philanthropic: a market strength / opportunity for fundraising and philanthropy
- if community enterprise: the launch of an asset-based service for financial and social return
- if investment: a business proposition that requires short term investment to achieve mutually beneficial financial and social return.

7.8 Key factors underpinning success include:

- appointing senior management and a chair with the experience and skill sets to complement the business plan. This process could include the consideration of remunerated board members
- achieving efficiencies in operations (restructure and reductions, increased value for money, capacity increases) and increased productivity
- diversification of income sources and proportionate increasing of earned income
- achieving economies of scale through scale up in terms of service provision (seek to include other services within a joint governance structure) or in geographical area (include library services from other local authorities)
- embedding real change within service culture, organisation and delivery.

7.9 With the right, locally appropriate plan in place, there is no reason to suppose that any service whether single or joint, high or low performing, or museum, library or archive, could not successfully devolve.



Appendix: Case studies

Sector case studies demonstrating various types and levels of devolved governance and constitutional formats are becoming available on the MLA website on an ongoing basis. Each model offers complexities that cannot be easily summarised, but for the purposes of easy reference, the following attempts to capture some of the key characteristics of the organisations used as case studies have been made.

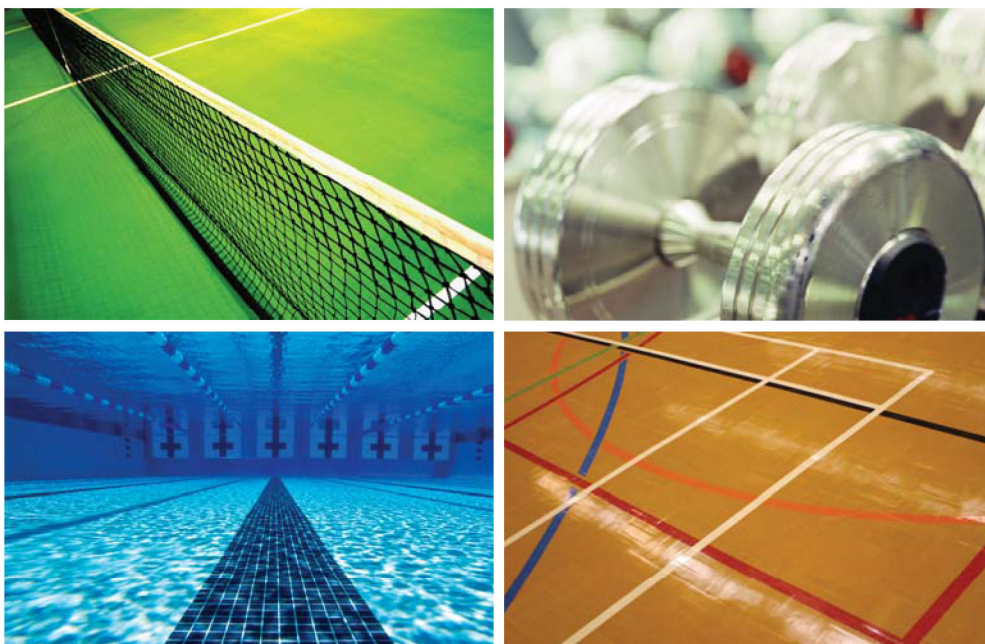
	Format	Organisational model	Financial model	Market impact
Black Country Arts Partnership	CIC	Joint	Commissioning	Health
Cambridgeshire Library Access Points	Community delivered	Single	Public subsidy	Community
<a href="#">Chatham Historic Dockyard</a>	CCLG	Single	97% earned income	Regeneration
<a href="#">Greenwich Leisure</a>	IPS	Single	Commissioned and earned	Health
Haringey Libraries (was Instant Library)	CLG	Single	Contracted	Improvement
Historic Royal Palaces	CCLG (Trust)	Single	100% earned	
Hounslow (John Laing)	CLG	Joint	Contracted	Improvement
Kingsbridge Cooksbury Museum	IPS	Single		
London Transport Museum		Single	Earned	
<a href="#">Luton Cultural Services Trust</a>	CCLG	Joint	Public subsidy	Improvement
Morwellham Quay				
<a href="#">Museum of East Anglian Life</a>	CIC	Single	Commissioning	Workforce
Museum of Kent Life 'Farmtastic' (Continuum)		Single		
North Pennines Heritage Trust	CCLG & Development Trust	Single	Earned	Community
Northumberland Museum & Archives		Joint		
Salford Museum	Development Trust	Joint		
Topsham Museum	CCLG	Single	Earned	Community
<a href="#">Wigan Leisure Trust</a>	CCLG	Joint	Public subsidy	Improvement
<a href="#">Woking Lightbox</a>	CCLG	Single	Public subsidy	Community
Worcester Library		Joint	PFI	
<a href="#">York Museums Trust</a>		Single		

Leading strategically, we promote best practice in museums, libraries and archives, to inspire innovative, integrated and sustainable services for all.

Local government

National report

June 2006



# Public sports and recreation services

Making them fit for the future

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

For further information about the Audit Commission, visit our website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)



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# Preface

The Audit Commission in association with Sport England has undertaken this study to examine how local authorities in England are managing their approach to providing their public sports and recreation<sup>I</sup> facilities and their attempts to improve access and value for money.

This study has involved a survey of all councils in England to which 95 councils responded, detailed fieldwork in 30 councils<sup>II</sup> and interviews and focus groups with consultants, relevant national organisations and government departments<sup>III</sup>. It has looked at the investment challenges and how councils have decided what the future shape of their sports and recreation facilities should be.

The three main delivery options have been examined, which are:

- in-house management;
- leisure trusts<sup>IV</sup> (including hybrid trusts); and
- private sector management contracts.

- 
- I** The study focuses on public indoor sports centres and swimming pools – generally excluding outdoor recreational facilities (parks, playgrounds, pitches and golf courses) community centres, privately managed facilities, voluntary run facilities and school facilities (unless dual use and managed as part of a council's leisure portfolio).
- II** The report will refer to: findings from the survey as the study's survey findings, findings from the study's 30 fieldwork sites as the study's fieldwork findings and if a combination of these (including interviews and focus groups) as the study's findings.
- III** See Appendix 1 for full list.
- IV** A trust is a not-for-profit making distributing organisation (NPDO). This means it retains surplus funds for the purposes of the trust rather than distributes them to shareholders. It may or may not have charitable status. Local authorities can transfer their leisure services to a trust (new or established) which manages the facilities on behalf of the council through a board of trustees. The council generally retains ownership of the facilities which are leased to the trust. The trust receives an annual grant or management fee to make up the difference between its income from user charges and the cost of operating the service.

The councils involved in this study cover all these delivery options and included all types of councils (except county councils) in both urban and rural settings.

This study aims to assist central government and local authorities in the development of policy and the pursuit of increased access, participation and value for money in the management and procurement of sports and recreation assets.

To accompany this study the Audit Commission has produced a web-based guide to help councils challenge their approach to their sports and recreation options appraisals. The guide, which includes more detail of good practice, is available on the Audit Commission's website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

The Audit Commission is grateful to all those involved in commenting on drafts of the report and the councils that directly contributed as fieldwork sites (**Appendix 1**).

# Summary

## Background

- 1 Councils have a major role in contributing to the promotion and delivery of increased participation in sport and physical activity. The government has set a challenging target to increase participation from current levels by 1 per cent year-on-year for the next 15 years. In parallel it has ambitious plans for elite performance running up to the London Olympics in 2012 and its legacy. However, the quality and accessibility of public sports and recreation facilities are in danger of failing to support and match these aspirations.
- 2 Until the mid-1980s council sports and recreation facilities were almost wholly managed in-house. Since then, there has been a shift towards management by private sector contractors, and more recently to management by trusts. Although in-house management still predominates, the proportion of trust-managed facilities has nearly doubled over the last four years to 21 per cent, with private contractors maintaining a constant 17 per cent share of provision.

## Strategic planning

- 3 Our research has concluded that progress towards ensuring the appropriate management of public sector sports and recreation facilities has been slow and uncertain. Buildings are ageing and they frequently fail to meet changing needs and customer expectations.
- 4 The strategic planning of local sport and recreation services is underdeveloped with little robust assessment of current private and public leisure provision, community needs and future demand. Performance management is weak, and this restricts the ability of councils to assess the impact of services on local and national priorities.
- 5 Strategic partnerships between councils, with the private sector and with other external partners, including the voluntary sector, provide the potential to improve planning and develop facilities. However, such partnerships are rare. Where private partnerships<sup>1</sup> exist they are generally driven by external funding opportunities rather than a planned strategic approach across sectors.

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<sup>1</sup> Excluding private sector contractors who manage public sports and recreation facilities.



- 6 Councils often focus on maintaining and managing their historic pattern of local sports and recreation provision. Cross-boundary planning and rationalisation of sport and recreation facilities is limited. Few councils work in partnership in the procurement of their sports and recreation services.
- 7 Successful strategic engagement between sports and recreation services and the health and education sectors is not common. Engagement is weakest where there are two tiers of local government. Partnership working with education providers has been encouraged through specific funding initiatives. But the large and increasing investment in school sports facilities is not being used as effectively as it could be to provide fit-for-purpose community sports and recreation facilities.
- 8 There are nevertheless some examples of good practice in the management of sports and recreation provision. These are where councils with their community and with prospective partners have reviewed together the balance of local need and provision. These examples of good practice include all types of management arrangements (in-house, trusts and private contractors) and are characterised by clarity of purpose and strong partnership working. Leadership and commitment from the top within the council and partner organisations are strong in successful services.

## Operational management

- 9 No single management option delivers the best overall value for money, or consistently results in more investment or higher levels of participation. However, in-house services tend to be significantly more expensive than the other options. This is becoming more marked over time.
- 10 The transfer of facilities to trusts has assisted councils to avoid the payment of non-domestic rates. This has potentially released funds for much needed local investment. However, our research has found that the re-investment of significant levels of savings in sports and recreation provision is infrequent.
- 11 Where taxation savings are re-invested they have tended to support maintenance budgets rather than assist significant and often needed rationalisation and improvement of provision.

- 12 Investment in sports and recreation facilities is increasing but not at a pace that will address the consequences of years of low spending on stock maintenance. The transfer of the management of the business to trusts and to private sector contractors provides an opportunity to secure necessary investment. There are few examples of new facilities or essential large scale refurbishments.

## Options appraisals

- 13 There has been a marked increase in the number of councils that review the management of their sports and recreation facilities. But these approaches have been inconsistent and limited. In the study's survey of single tier and district councils in England to which 95 responded, of those that have changed their management arrangements, two-fifths had based their management option decision simply on a desktop analysis, and one in ten councils undertook no options appraisal. In a fifth of cases councils had limited the options to be assessed. Where market testing had taken place, it was often poorly managed and focused on financial criteria rather than outcomes for the community.
- 14 Councils are not helped in making secure, long-term decisions by complicated taxation laws and regulations. Additionally they often lack the internal capacity to assess the options they face. As a result, most employ consultants in their appraisal process. But the benefit is lost where councils limit the range of options to be assessed or decide not to respond to the resulting recommendations.
- 15 Nevertheless the inconsistencies in options appraisal and weaknesses in market testing mean that many councils are missing both significant cost savings and efficiency opportunities. As a result they are failing to reconfigure current provision to be able to meet future participation targets and community needs, and are unable to demonstrate value for money for the community assets for which they are responsible.

# Recommendations

## Councils should:

- 16 Improve the strategic planning of sports and recreation provision and increase overall efficiency by:
  - assessing current and future sports and recreation needs locally and their relationship to regional and national needs;
  - collaborating with the private, voluntary, health and education sectors and working across administration boundaries in the planning, procurement and delivery of services;
  - appraising the options for delivering sports and recreation services systematically in an open and transparent way and testing the market to ensure that the best value option is identified; and
  - improving the collection, analysis and use of performance information in order to demonstrate value for money, for example by including financial performance and social outcomes in all contracts.

## Government should:

- 17 Through the Department for Culture, Media and Sport (DCMS), ensure greater coherence of funding streams and initiatives across government departments that directly or indirectly affect investment in sports and recreation facilities.
- 18 Through the Department for Education and Skills, working with partners and councils, ensure that schools seek specialist advice, at an early planning stage, on the design and management of school community sports facilities.
- 19 Develop concise guidance and advocate the use of standard contract documentation for the procurement of contracts, building on the Public Private Partnerships Programme (4ps) Leisure Procurement Pack.
- 20 Promote the opportunities for councils to work together in strategic partnerships to develop capital development proposals which will be eligible for private finance initiative (PFI) credits and provide the basis of better engagement with the private sector.

- 21 Use the Centres of Excellence and their partners as regional advocates of these procurement standards and guidance and for capacity building, advice and training.

### The Audit Commission will:

- 22 When reviewing and reporting on councils' value for money arrangements, consider the extent to which councils, where appropriate, have appraised the options for delivering sport and recreation services.
- 23 Develop a planning guide to assist and assess councils' planning and procurement of sports and recreation services.

# 1

## Background

### The national context for sports and recreation

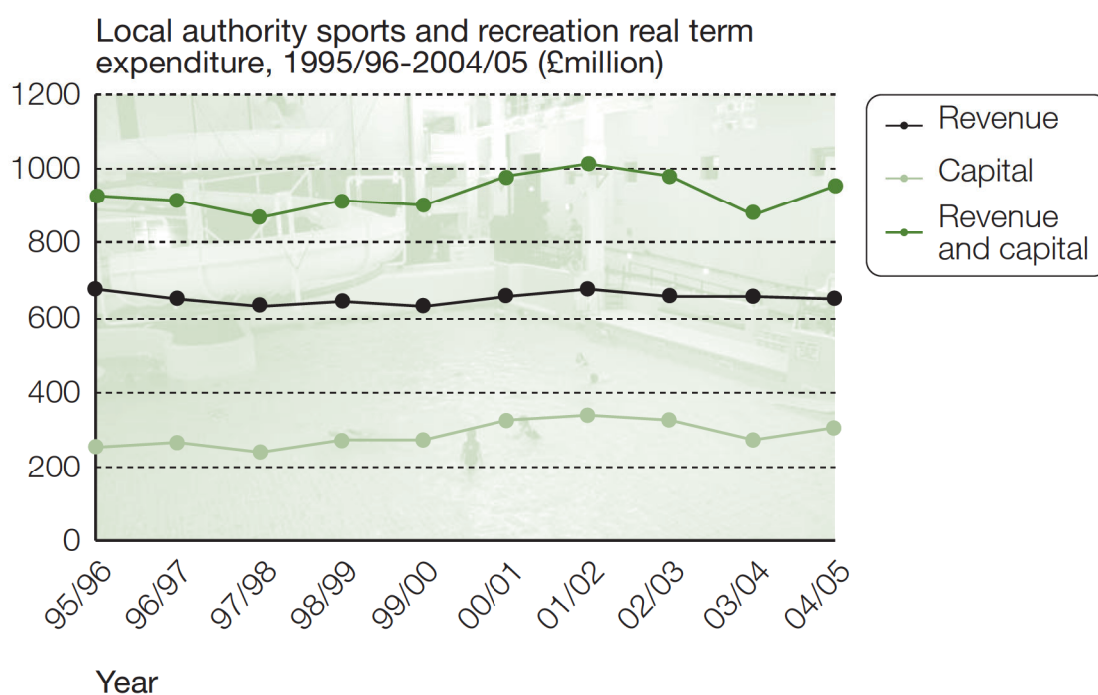
- 24 There is a strong national focus on sport. The objective of both government and Sport England is to make England the most active and successful sporting nation in the world. This is reflected in the DCMS participation targets (**Ref. 1**) and the target set in the government's plan for sport, *Game Plan*, for 70 per cent of the population to be reasonably active by 2020 (**Ref. 2**) from a base of 30 per cent in 1998. The London 2012 Olympics has further highlighted the role of sport in building cohesive communities and is likely to raise the public's expectations for sports provision.
- 25 All councils have the power, under the Local Government Act 2000, to secure the economic, social and environmental well-being of their residents. Sports and recreation have a key role in health improvement, social inclusion, regeneration, community safety and educational achievement. How councils choose the level and range of public sports and recreation provision and how well they work in partnership with others will be significant in determining how effectively councils are exercising this power.
- 26 The contribution of sport to priority areas such as health, the economy and the needs of young people is highlighted in *Sport Playing its Part* (**Ref. 3**). A number of detailed reviews, most notably the recent report *Review of National Sports Effort and Resources* produced by Lord Carter of Coles, conclude that England lags behind other countries in critical areas in levels of participation, club membership and elite performance.
- 27 The general stock of sports centres has deteriorated in quality. In England 65 per cent of council facilities are over 20 years old (**Ref. 4**). Public expenditure on sports and recreation has not kept pace with the deteriorating condition of facilities. Over the last ten years council expenditure on sport and recreation has not increased significantly (**Figure 1, overleaf**); sport and recreation accounts for only 1.4 per cent of net current expenditure<sup>1</sup>. In 2003, £550 million (**Ref. 5**) investment was the assessed level of expenditure needed to keep the stock in working order. This amount was more than double, in real terms, the estimated required investment in 1995.

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<sup>1</sup> CIPFA returns 2004/05.

28 Moreover, there are now fewer new public facilities being built as local government funds are focused on education, social services and environmental services. Between 2003 and 2005 the number of new stand alone<sup>I</sup> public facilities halved from 39 to 19.

**Figure 1**  
**Capital and revenue expenditure on sport and recreation**  
 Expenditure has remained static over the last five years.



Source: ODPM capital and revenue annual returns<sup>II</sup>

29 A substantial growth in private sector new build and adaptation (£10 billion investment over the last 15 years) (Ref. 5) has raised users' expectations of what sports and recreation provision should comprise.

<sup>I</sup> Stand alone centres are centres not linked to other services such as education or health.

<sup>II</sup> Expenditure includes the subsidy/grant given to a trust or private sector contractor and capital charges on assets which are predominately retained by the local authority. Revenue includes: sports development, community recreation and sports and recreation facilities, including golf courses. Capital includes: sports facilities, sports development and children's play.

- 30 Despite this investment, participation in sports and leisure activities in Britain over the last 15 years has declined overall, although participation at public sports and recreation facilities has levelled out over the last 5 years. Differences in participation rates between socio-economic groups are significant: in 2002 those in the highest social group (**Ref. 6**) participated twice as much as those in the lowest. In part this is due to the private sector<sup>l</sup> catering primarily for higher income customers and often focusing on the adult market with less emphasis on young people or sports development.
- 31 The government's investment in new public sports facilities is primarily in the education sector, notably through the New Opportunities Fund for Physical Education and Sport (NOF PE & Sport).
- 32 Sport and recreation services have a developing focus on health promotion and play an important role in meeting the aims of the *Every Child Matters* (**Ref. 7**) national framework. The Children Act 2004 places a duty on single tier and county councils to make arrangements to promote cooperation to improve the well-being of children and young people. District councils are required to cooperate with county councils in the making of those arrangements. The role of sport and recreation in delivering services for young people is likely to be further strengthened by the legislation proposed in the green paper *Youth Matters* (**Ref. 8**). This proposes a duty on single tier and county councils to secure access to sufficient recreation and non-formal education activities and facilities, with a similar requirement on district councils to cooperate. These developments represent an opportunity to provide integrated multi-agency planning and frontline delivery between education, leisure and cultural services.
- 33 Local strategic partnerships (LSPs), local public service agreements (LPSAs) and the introduction of local area agreements (LAAs) are also focusing councils and their partners on the health of their communities and the role that sports and leisure can play. Health issues feature in all 21 LAA pilots (**Ref. 9**) for example.
- 34 Additionally, the Comprehensive Performance Assessment (CPA) from 2005 to 2008, *CPA – The Harder Test* (**Ref. 10**), will assess councils' contribution to improving the health of their communities, meeting the needs of young people and their overall performance in cultural services. Sports and recreation provision contributes to all these elements of CPA. All councils in the study acknowledged that the inclusion of the cultural services assessment in CPA was starting to raise the profile of leisure services.

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<sup>l</sup> Not including the private sector contractors who manage council owned facilities.

# 2

## The management of sports and recreation services

### Background

- 35** There is a range of providers involved in managing public sports and recreation facilities (**Figure 2**). Just under half (47 per cent) are managed by councils directly, or by councils that have contracted with a private sector contractor (10 per cent) or trust (15 per cent). But schools (16 per cent) and the voluntary sector (4 per cent) also play important roles in managing provision.
- 36** This study primarily focuses on the arrangements made by councils which cover almost three-quarters of these facilities. Before 1988 almost all council sports and recreation services were managed directly by councils. The introduction of compulsory competitive tendering (CCT) in that year led to an expansion of potential delivery options. There are three main ways in which council sports and recreation services are managed: by the council itself (in-house); through a contract with a private sector leisure company (private contractor); or by an independent non-profit distributing organisation (trust)<sup>1</sup>.
- 37** This section identifies the key characteristics of each option and the change in the pattern of provision over the last five years but will also review some issues relating to the management of school facilities.

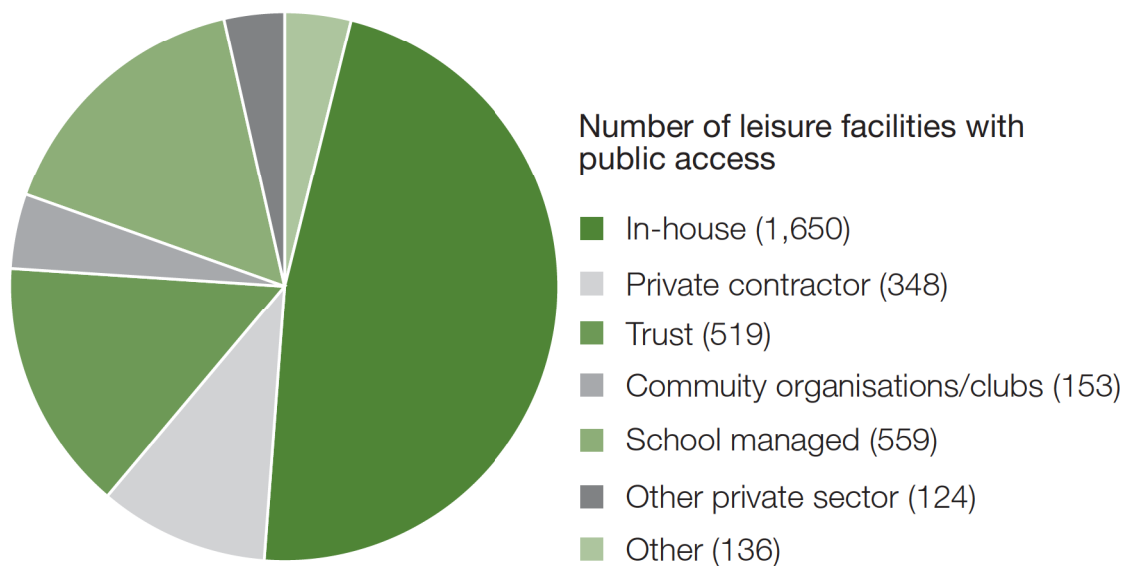
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<sup>1</sup> The study, for ease of reading, will refer to all NPDO arrangements as trusts.



**Figure 2****Breakdown of management of facilities with public access**

Just under half of public sports and recreational facilities are managed by councils directly.



**Source:** The Leisure Data Base Company. Base: All public leisure facilities

## In-house management

- 38** In-house management involves councils directly managing sports and recreation facilities either as a frontline service or through a direct service organisation (DSO) which manages the service as an internal business unit. The introduction of CCT legislation in 1988 required DSOs to have contract specifications, monitoring arrangements and specified contract lengths, and to have won the contract in competition. CCT legislation was repealed in 2000 and councils are no longer required to tender their sports and recreation services. However, under the Local Government Act 1999, councils have a duty of continuous improvement. This means they have to demonstrate that the option they have chosen is the most advantageous in terms of economy, efficiency and effectiveness.

- 39 In-house provision still dominates. Sixty-two per cent of council-provided facilities (see **Figure 3**, page 17) remain directly managed by councils. Full responsibility for income, expenditure, pricing and programming lies with the council as does all the risk.

## Partnership with a private contractor

- 40 There is an established private sector market for managing public sports and recreation services where a financial return can be generated by increasing levels of income and reducing costs. A management fee is usually paid to the contractor to underwrite an operational deficit, although in a few highly profitable contracts a fee or profit share is paid to the council.
- 41 A partnership with a private sector leisure company involves a council entering into a fixed term contract, usually of between five and ten years. Staff are transferred initially to the company under transfer of undertakings – protection of employment (TUPE) arrangements. The contractor retains all income and is generally responsible for most expenditure other than the external fabric of the buildings and major operational plant replacement. Private sector contracts are predominantly for the management of facilities rather than for other service areas such as sports development, play or parks and gardens.
- 42 A council has significant control over a private sector contractor through the contract agreement and as owner of the sports and recreation facilities. In almost all cases, councils set core admission charges on an annual basis. Some flexibility is often given to the contractor on membership prices in order to provide opportunities to increase income and participation through marketing initiatives.
- 43 Contracts with private contractors can also be linked to investment in facilities through a public private partnership (PPP), either directly from a leisure management company or indirectly with investment from a third party. PFI provides a further PPP option where the capital investment in facilities is supported by quarterly special grant payments from central government as a form of subsidy. Such payments tend to improve the affordability of PFI projects. However, the longer contract period for PFI contracts can lead to an increase in the complexity of the contractual arrangements.

## Management through a trust

- 44 The establishment of a leisure trust involves the council participating in the formation of an arm's length company, independent of the council, to manage its sports and recreation facilities. Management of sports and recreation facilities through a trust has become a popular choice for councils, with approximately 90 trusts now running sports and recreation facilities. This now represents 21 per cent of all council-provided facilities in England.
- 45 Councils have less control over the operations of a trust than of other management options. However, host councils can exercise significant influence over their objectives and their operations through the subsidy in the form of an annual grant or management fee income that most councils provide. In addition the council's elected members can form up to 20 per cent of the trust's management board (**Ref. 11**) although as trustees, they are obliged to act in the best interests of the trust, not the council.
- 46 Most trusts are companies limited by guarantee (67 per cent) or industrial and provident societies (24 per cent) (**Ref. 12**). They all operate on a not-for-profit basis and nearly all are registered as charities. The council usually leases premises to the trust on a long-term lease, typically between 15 and 25 years, in return for a nominal rent. The trust runs the service, initially with transferred staff under TUPE regulations, retaining all income and incurring all expenditure.
- 47 There are three ways in which leisure services can be delivered through a trust:
- by a new stand alone trust set up by the council;
  - by becoming part of an already established trust; or
  - by a hybrid trust, which is a trust set up by a private sector management company and managed through a contract by that company.
- 48 Councils rely on their powers under Local Government Act 1976 (**Ref. 13**) in the formation and management of trusts. Trusts potentially enable the management of sports and recreation facilities to be more accountable to the community and provide greater opportunities for investment. However in all cases in the study much emphasis has been placed on the ability of trusts to take advantage of national non-domestic rates (NNDR) savings and VAT benefits (paragraph 103).

## Management of school facilities

- 49 The significant expansion of school-based provision has resulted in many school sports facilities opening for community use. In some cases both school and community use will be managed by a school and its governing body. However, where facilities are open for public use (as opposed to block club bookings or adult education classes), schools typically manage the facilities during the school day and then pass over operational responsibility to other managers for twilight, evening and weekend use.
- 50 The most appropriate management option for any facilities jointly used by school and the community will depend on the nature of the facilities and on the commercial skills of the individual school staff and governors. In some cases, in isolated locations and very small-scale developments, management by the school may be the most sensible option. For large-scale developments, which rely on revenue streams for their sustainability, school staff may not have the necessary commercial skills. In these cases managing the facilities may put a strain on schools' capacity and may lead to risks of financial problems and poorer quality outcomes.
- 51 There are inherent internal tensions with any shared-use facilities which tend to become more apparent when developments take place in deprived areas. The government is encouraging these areas to support community regeneration, to promote a preventive health agenda and to provide for young people in the community. Meeting these social objectives can result in lower levels of income from sports and recreation facilities as local authorities find it increasingly difficult to divert revenue subsidy to meet these social objectives.

## The pattern of change

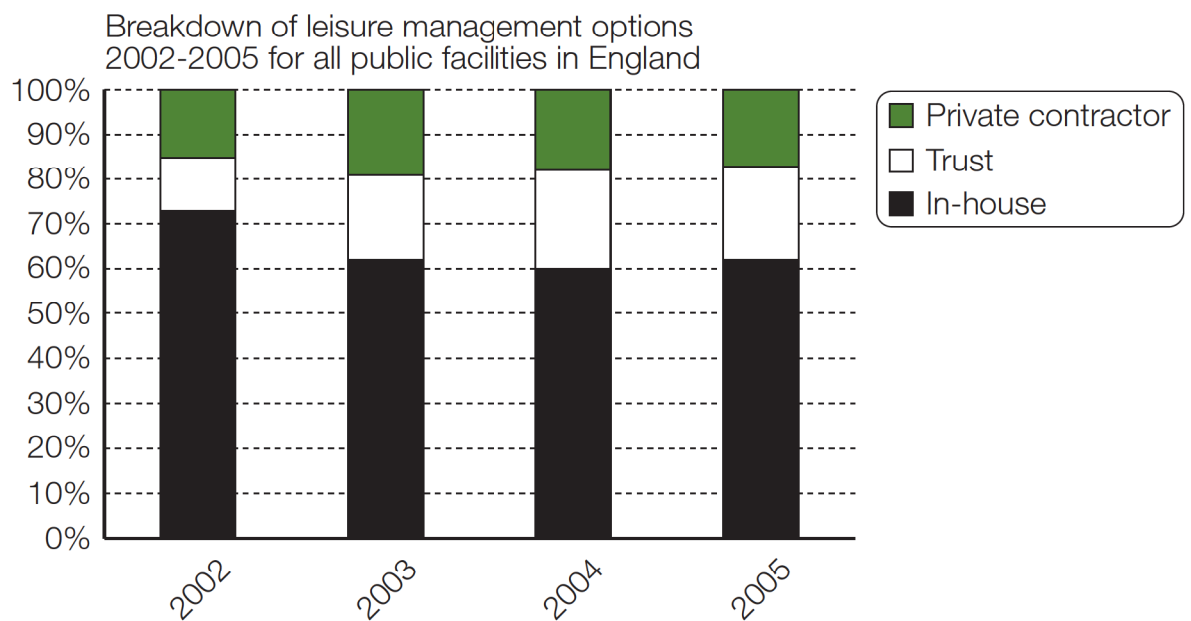
- 52 Over the last four years the proportion of all sports and recreation facilities<sup>1</sup> managed in-house has fallen from 73 per cent to 62 per cent. The proportion of facilities managed by a trust (not including hybrid trusts) has increased significantly from 12 to 21 per cent. The proportion managed by a private sector contractor (17 per cent in 2005) has remained unchanged (**Figure 3**).

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<sup>1</sup> Includes public facilities that have no public access or club use only (mostly schools) but excludes those managed by schools.

**Figure 3****Breakdown of management arrangements**

The proportion of all facilities managed in-house has decreased and that of trusts has grown.



**Source:** The Leisure Data Base Company. Base: All public leisure facilities in England

- 53 The picture for public sports and recreation facilities with full public access<sup>I</sup> shows a similar pattern. In-house management still dominates. However this sector is being eroded by the establishment of new trusts. Private sector contractors have not increased their market share significantly in recent years.
- 54 The study's survey showed a significant change in arrangements over the past four years. Over two-fifths of the councils within the study's survey (40 councils)<sup>II</sup> have changed their management option. Of these 70 per cent have changed to a trust form of management. The most common change is from in-house management to a trust (**Figure 4, overleaf**).

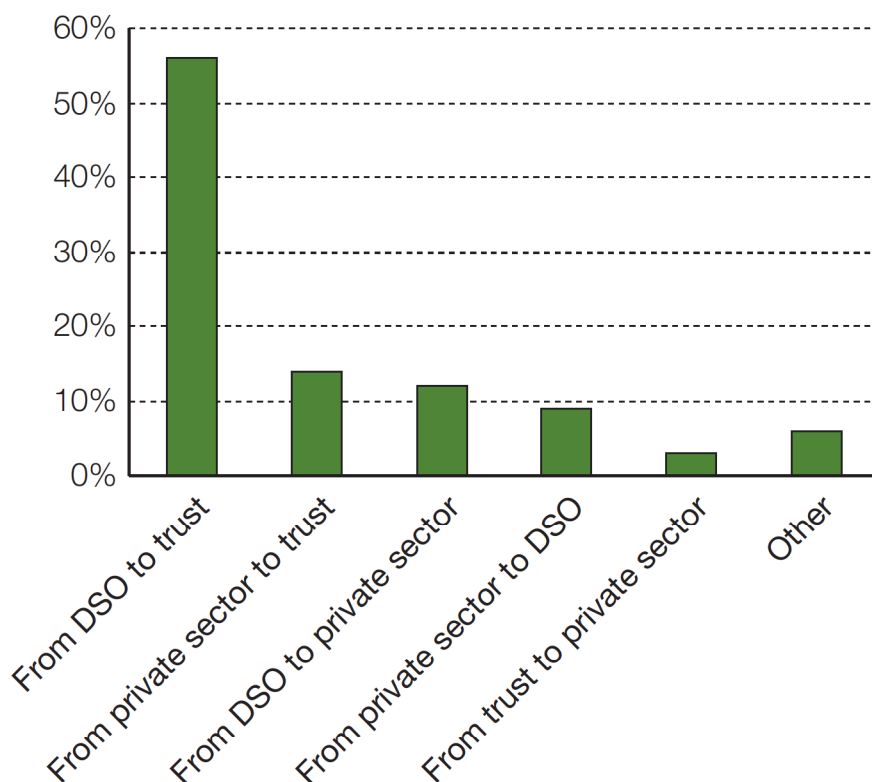
<sup>I</sup> Those with public access to all, or most, facilities, during all opening times.

<sup>II</sup> Audit Commission survey of 95 councils in England, including fieldwork (study) sites, August 2005.

**Figure 4**

**Pattern of management options change over the last five years in 40 surveyed councils**

Of those councils that have changed their management arrangements 70 per cent have chosen a trust option.



**Source:** Audit Commission Survey 2005. Base: 40 councils in England

- 55 The rate of switching to trusts to manage public leisure facilities has increased overall during the last ten years. The number of trusts that run public leisure services has doubled during this period from approximately 40 in 1997 to over 90 in 2006.<sup>1</sup>

<sup>1</sup> Statistics provided by SPORTA.

# 3

## The characteristics of the main management options

- 56 This Chapter compares the performance of the various options available to councils. It explores the generic issues that affect all forms of management and the potential advantages of particular management options. Information is drawn from the study's fieldwork and a number of national agencies that collect performance information on public sports and recreation services.

### Summary

- 57 Neither this study nor national performance statistics offer conclusive evidence that any particular management option performs more effectively in all situations. No single management option demonstrates consistently better value for money or higher levels of participation. However, in-house services were found to be significantly more expensive and are becoming more expensive over time. Leisure contractors require the lowest subsidies from councils.
- 58 The transfer of sports and recreation facilities management to private sector contractors and trusts provides opportunities for increased investment. In addition larger trusts and private sector companies can generate savings in central costs and can increase councils' management capacity. Some savings have helped improve the quality of services, but much, including taxation savings, is not re-invested. Investment in public sports and recreation facilities is not increasing sufficiently to redress the years of underinvestment.

### Generic factors

- 59 In deciding the most appropriate management for their sports and recreation facilities, councils should assess the relevant benefits of each option, including the short- and long-term implications. The assessment should reflect the priorities and objectives of the council, the current condition of its sports and recreation facilities, any investment required to improve them, and the local geographic, economic and social environment.

- 60 No management model can give councils the large capital investment required to replace ageing facilities except in a small number of large, long-term PPPs. All councils in the study had facilities requiring capital investment but 60 per cent had no strategic plan in place to secure long-term investment.
- 61 The maintenance of public sport and recreation facilities has also been poor. Most councils in the study in the past allocated budgets to sport and recreation based on a programme of reactive maintenance rather than of proactive repair and renewal. This is changing slowly with councils starting to address historic low funding and poor management. Most councils in the study now have planned maintenance programmes, although half did not have adequate resources to address the backlog of maintenance and future requirements.

### Partnership working

- 62 The success of any management option will depend on the quality of the partnership arrangements developed within the council or with a trust or private sector contractor. A commitment to shared priorities and a joint responsibility for investment in the service are critical to success.
- 63 The key characteristics of a successful partnership are:
- clear commitment to the partnership at a high level;
  - an understanding of partners' priorities and the ability to work together to achieve them;
  - flexibility from all partners;
  - good formal and informal communications and the ability to resolve problems together; and
  - an agreed strategy for service improvement with shared and agreed responsibilities and investment.
- 64 Strong partnership working addressing both social and financial outcomes was found in only half of the councils in the study. These partnerships were characterised by explicit shared goals, aligned to corporate priorities with developing performance management systems focused on outcomes for customers and the community. A few of these partnerships were starting to measure how sport and recreation could contribute to



cross-cutting agendas such as social inclusion and health. Community groups had also been involved in the planning and programming of facilities in some areas through the use of customer forums and club development programmes.

- 65 However, half of councils' partnership arrangements concentrate on financial performance, and primarily on reducing costs, with little or no consideration of corporate priorities.

## Performance management

- 66 The collection and use of customer information is also generally poor. Councils in the study rarely used accurate information on the profile of customers using public sports and recreation facilities to inform policy and future planning.
- 67 Investment in information technology (IT) systems, including swipe card technology, is increasing. But the systems themselves are not being used as effectively as they might: some systems are able to provide differentiated data but are rarely used to assess impact against common corporate or shared priorities such as health improvement, social inclusion and diversity.
- 68 This lack of performance information, including the absence of detailed usage levels and knowledge of the local market, restricts the ability of the services to address local and national priorities and to assess potential returns on investment. Subsidies to private sector and trust management bodies have almost always been based on trend information rather than on a detailed assessment of current market factors. This can result in unrealistic income projections risking the sustainability of provision if the projections are too optimistic, or the potential to extend provision if the projections are too low.

## The performance of the three management options

### How the options compare

- 69 The study has looked at information relating to financial performance and participation levels to try to assess the overall value for money of each of the management options. Statistics were drawn from the study's surveys of trusts and private contractors'

performance information and from various national sources. The range of facilities operated by in-house, trust or private operators is not necessarily comparable, so conclusions on the most effective management option cannot be drawn. However, evidence suggests that some options perform better on certain criteria.

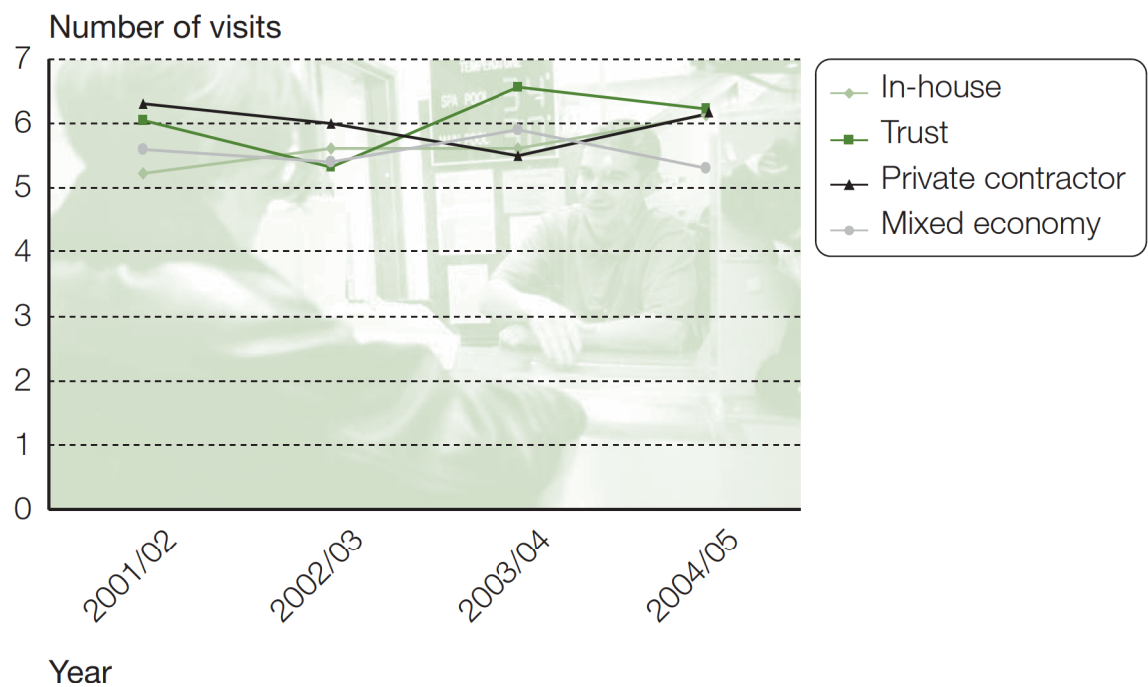
### Participation performance

- 70 Chartered Institute of Public Finance and Accountancy (CIPFA) statistics indicate that on current overall participation rates there is little difference between the management options (Figure 5).

**Figure 5**

#### Participation rates across management options

Current overall participation rates do not differ significantly across the options.

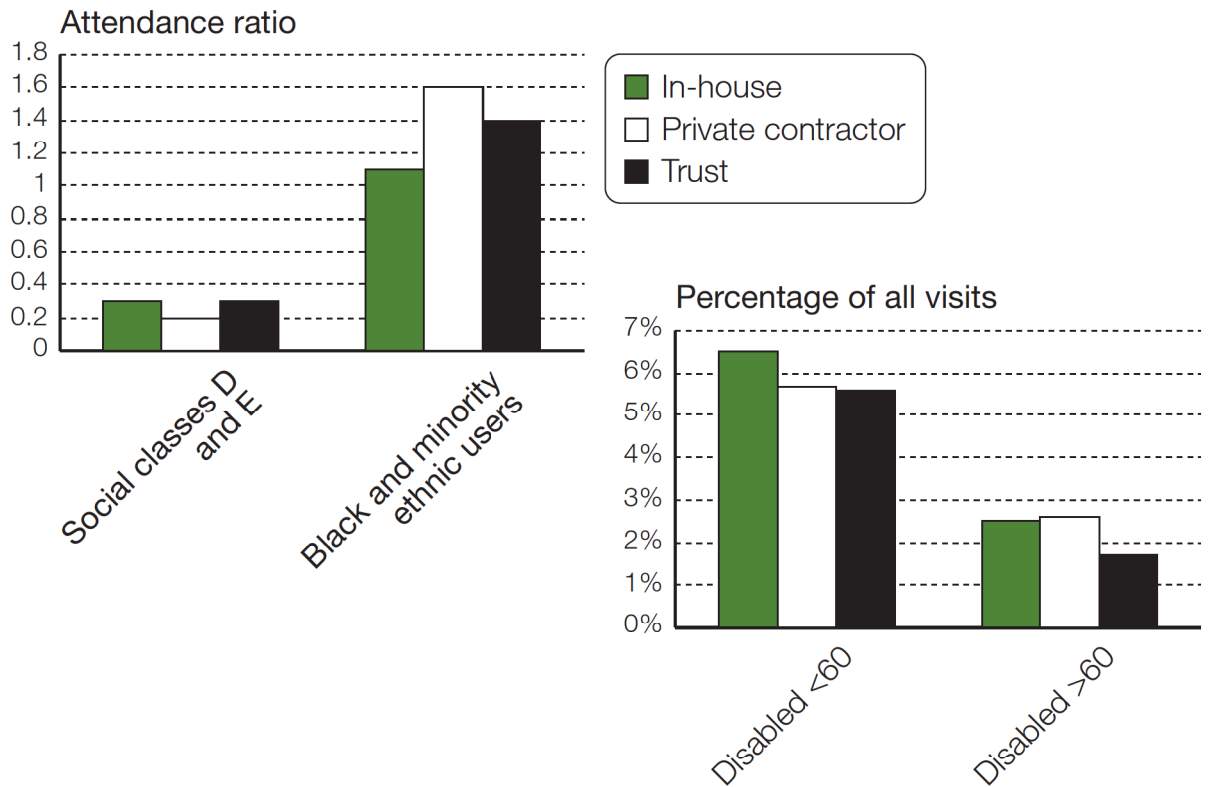


**Source:** CIPFA. Lowest figure in any one year: in-house 109, private contractor 47, trust 15, mixed 41

71 National Benchmarking Service (NBS)<sup>I</sup> data also indicate that participation rates by target groups<sup>II</sup> do not differ greatly between management options (Figure 6).

**Figure 6**  
**Participation rates by DCMS priority groups across management options**

Differences in participation rates for priority groups across management options are small.



**Note:** Attendance ratio = % of visits by priority group / % of catchment population in priority group.

**Source:** National Benchmarking Service. Base: lowest figure in any one year: In-house 81, private sector 25, trust 36.

<sup>I</sup> National Benchmarking Service for sports halls and swimming pools.

<sup>II</sup> Participation rates across a range of user groups including: young people, Black, Asian and other ethnic groups, older people, social classes D&E (low skilled, low paid manual workers).

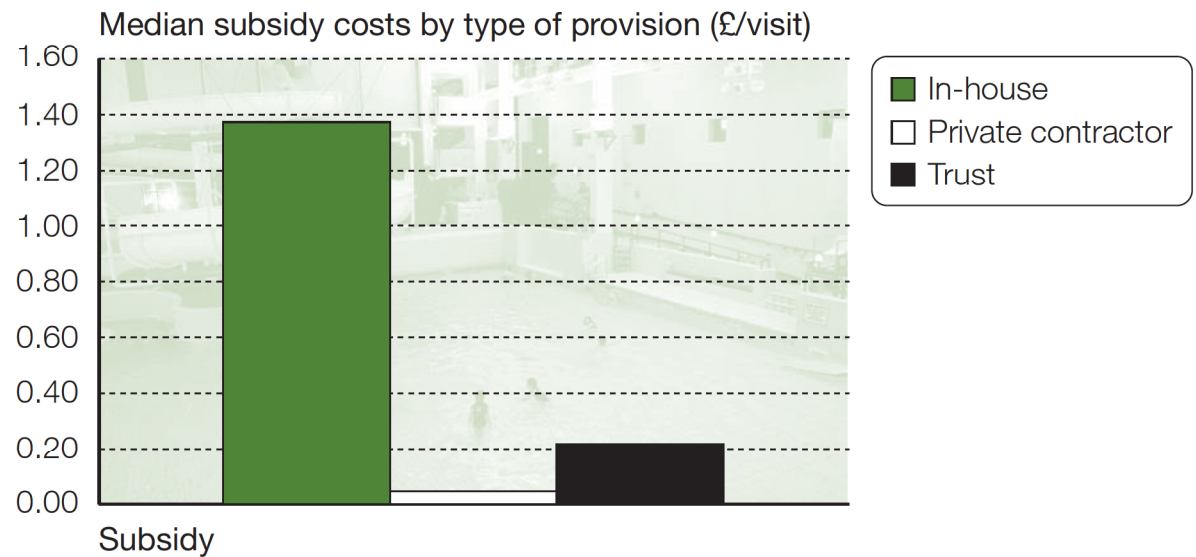
## Financial performance

72 NBS comparisons show that private contractors require lower subsidies than in-house or trusts while in-house providers need significantly higher subsidies per visit (**Figure 7**).

**Figure 7**

### Financial performance across management options

In-house providers have considerably higher subsidies.



**Source:** National Benchmarking Service. Base: in-house 95, trust and private sector 41<sup>1</sup>

73 CIPFA and NBS statistics suggest that the cost of providing sports and recreation facilities and services is significantly lower with privately contracted services than with trusts or in-house management. In-house provision tends to require more subsidy than the other two options. This is becoming more marked over time (**Figure 8**). Direct comparisons are nonetheless difficult because the facilities concerned may not be comparable. Differences may also reflect tax savings from which trusts benefit. Even allowing for these considerations, the potential cost differences emphasise the importance of councils market testing services through competitive tendering to ensure that efficiency savings and improvements are not missed.

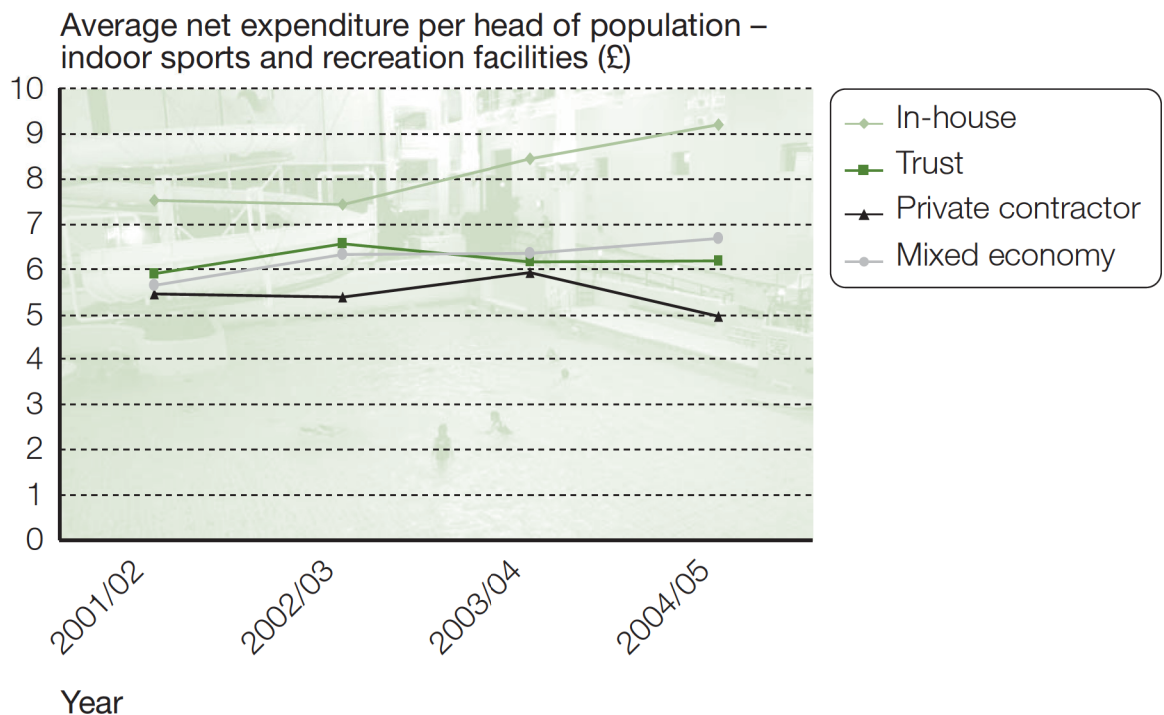
<sup>1</sup> These figures are indicative as sample sizes are small.

74 In addition Association for Public Service Excellence (APSE) benchmarking data show that on average the operational recovery rate<sup>I</sup> is lower overall for in-house managed facilities (57 per cent) than for trusts (73 per cent). In turn private sector staff costs, although broadly in line with trust providers for similar facilities, appear to comprise a lower proportion of revenue generated from attendances<sup>II</sup>, thus representing a higher return on expenditure.

**Figure 8**

### Cost per head of population across management options

In-house provision has a higher cost per head of population.



**Source:** CIPFA; lowest figure in any one year: in-house 109, private contractor 47, trust 15, mixed 41

<sup>I</sup> Operational recovery rates: income (excluding management fee/grant) as a percentage of expenditure (excluding central charges) 2004/05 – sample sizes 269 in-house / 37 trusts.

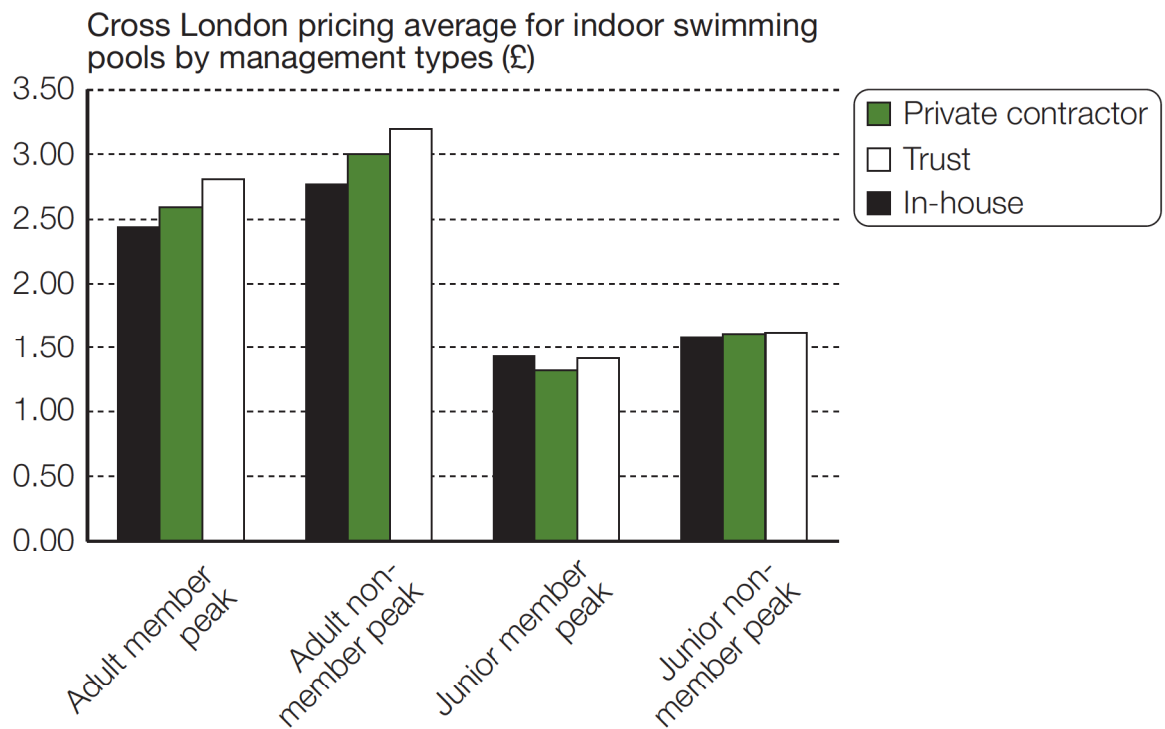
<sup>II</sup> Audit Commission survey: all private sector contracts (staffing costs at 63 per cent of revenue income) and 14 trusts (staffing costs at 73 per cent of revenue income).

75 Average entry prices charged by the different management options in the study did not vary significantly overall. A detailed assessment of all London boroughs' swim prices supports these findings for junior prices (Ref. 14). However adult entry prices were higher in trusts than other management options and in particular more expensive than in-house providers which have the lowest swim prices of all options (Figure 9).

**Figure 9**

**Swimming charges in London boroughs**

Adult entry price of swimming is higher in trusts and lowest in in-house managed centres.



**Source:** The Leisure Data Base Company. Base: all London boroughs

## The potential advantages and disadvantages of the options

- 76 This section highlights the potential advantages and disadvantages of each management option. Some findings relate to the models themselves, while others relate to the way the council has implemented them. The section also outlines the key taxation implications of different management options and specifically the tax advantages of trusts and how these savings are being used.

### In-house provision

Potential advantages	Potential disadvantages
<ul style="list-style-type: none"> <li>• Supportive members (portfolio holders) able to raise the profile of sports and recreation at a corporate level.</li> <li>• Cross-department working resulting in:               <ul style="list-style-type: none"> <li>– efficiencies and savings; and</li> <li>– joined-up services for customers.</li> </ul> </li> <li>• The ability to deliver a more responsive service and initiate changes more easily.</li> <li>• Direct control over budgeting.</li> <li>• Use of prudential borrowing.</li> </ul>	<ul style="list-style-type: none"> <li>• Discretionary service competing with statutory requirements and subject to cuts.</li> <li>• Invest-to-save projects dependent on availability of in-house resources.</li> <li>• Availability of council capital uncertain and often allocated on an annual basis.</li> <li>• No scope for taxation savings.</li> <li>• More difficult to demonstrate it is the best option due to lack of competitive process (if rigorous option appraisal not undertaken).</li> <li>• No requirement for long-term planning.</li> <li>• Potential for other local priorities to displace community sport and recreation needs and value for money considerations.</li> </ul>

- 77 Long-term strategic financial planning is often weak when sports and recreation facilities are managed in-house by the council. Investments depend on annual budget planning cycles with leisure departments needing to bid for capital investment against other council departments, often with higher political priority. With restricted access to capital, councils have been less likely to undertake invest-to-save projects. This may change with councils' new prudential borrowing powers, which provide councils with greater opportunities to borrow at lower cost than private sector funding.
- 78 The use of performance management to measure and increase participation is weakest for in-house management arrangements. Very little time and money is spent on assessing the needs of customers and only half of in-house providers collected outcome-based information such as participation rates for priority groups. Few are considering the needs of those that do not currently use sports and recreation facilities. In 90 per cent of cases in-house providers had the smallest marketing budgets. This often results in ineffective marketing and missed opportunities to increase income, address the needs of priority groups and improve overall participation. However, with sufficient opportunities, flexibilities and freedoms in-house management arrangements have proved effective **(Case study 1)**.

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### Case study 1

#### Guildford Spectrum – innovative in-house provision

The Council combines access to sports and recreation services and commercial priorities well. It encourages access from all sections of the community through its Active card which includes reduced prices for those from disadvantaged backgrounds and discounts to residents. The Active card has 19,000 members that are monitored to measure participation across the borough with targets set to increase participation in deprived wards and among target groups.

The Council has a strong invest-to-save ethos. The Spectrum Leisure Complex has invested in a number of new and profit-making areas and the Council uses private sector providers in areas such as catering, resulting in increased income. Flexibilities and freedoms are also given to the centre manager who can invest up to £40,000 with agreement from a Spectrum Members' Board rather than having to go through full committee. This produces a service that is more responsive to customer needs and market changes.

**Source:** Audit Commission

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## Prudential borrowing

- 79 Prudential borrowing offers councils a new means of channelling much needed investment to improve sports and recreation stock. The Local Government Act 2003 gave councils the power to borrow under a prudential system which removes government imposed limits on councils' borrowing and establishes a flexible system in which local authorities make affordable, prudent and sustainable capital investments. Because of their low-risk status and access to government borrowing, councils can raise capital at a cheaper rate than private sector bodies. This should compare favourably with capital raised through PFI or PPP schemes. Prudential borrowing can support activities that are income generating and could lead to medium-term savings for services such as sports and recreation. Borrowing is available to any council service but the study has found that council sports and recreation services have been afforded a very low priority for this kind of investment.
- 80 The use of prudential borrowing to support a specific project could make an in-house or trust option more feasible, particularly if the council needs to invest in facilities and there is likely to be a strong income stream generated to support the cost of borrowing.
- 81 Only one council in the study fieldwork is using prudential borrowing to provide facilities more cost-effectively. But it has done this by combining this stream of funding with separately sourced private capital (**Case study 2**).

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### Case study 2

#### London Borough of Bexley – using prudential borrowing

The Council has rationalised its provision of sports and recreation facilities involving the development of three new centres using a PPP arrangement. Partway through the process (after the funding for two centres had been agreed), prudential borrowing arrangements were introduced.

The Council assessed the risks and benefits of using its prudential powers to finance the third centre and worked with the consortium involved in the PPP to amend the funding agreement (and payment mechanism). There are still strong penalties in the payment mechanism aimed at increasing participation by target groups and ensuring the quality of service delivery. In addition the Council will incur a lower level of expenditure (£4 million over the 25-year contract) than the original proposed PPP contract.

**Source:** Audit Commission

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## Private contractors

Potential advantages	Potential disadvantages
<ul style="list-style-type: none"> <li>• A commercial approach to management and income maximisation.</li> <li>• Competitive bidding process means a council can demonstrate value for money and potentially reduce its subsidy.</li> <li>• Significant access to development capital.</li> <li>• Transfer of some risk and stable revenue funding (if long-term contract in place).</li> <li>• Savings through economies of scale particularly on support costs such as IT, payroll, human resources and marketing.</li> <li>• A partnership approach to service improvement with a planned programme of investment and development.</li> </ul>	<ul style="list-style-type: none"> <li>• Councils' central services overheads spread over fewer services.</li> <li>• Procurement costs can be significant (particularly with PFI contracts).</li> <li>• No scope for taxation savings.</li> <li>• Restricted investment if contracts are short.</li> <li>• Inflexible contracts.</li> <li>• Contractors focused on income generation at the expense of social objectives (if not emphasised in contracts).</li> </ul>

- 82 As indicated earlier the financial performance of private sector contractors appears on average to be stronger than for the other options and particularly in-house providers.
- 83 Private sector companies which run council facilities invest capital ranging from £100,000 to £5 million per project. In 2002/03, £30.2 million was invested and £27.3 million in 2003/04 (Ref. 15). The majority of this investment is in profit-making areas of the business, such as health and fitness and catering.

- 84 Private sector companies are more willing to invest if they can see a potential return on their investment; so, the larger the investment, the longer the contract required to realise a return. Private sector contracts generally last from 5 to 30 years (25 to 30 years for large PFI/PPP contracts). This allows contractors to plan for at least the medium term and to invest in facilities and equipment. Similarly, where trusts have longer-term management agreements and long-term leases, they are better able to access loans as they have guaranteed income and security of representing a lower risk to lenders. However, long-term contracts tend to be inflexible. Flexibility is important to allow for changes in council and national policy and priorities and should be built into contracts. A long-term approach also helps support larger invest-to-save projects.
- 85 Private contractors have better customer information with three-quarters<sup>I</sup> of their fitness centres having an electronic membership system. Private contractors undertake far more customer profiling, primarily in order to increase income. In 80 per cent of cases<sup>II</sup> marketing was focused exclusively on higher income groups. However there are examples of partnership contracts requiring a focus on social inclusion with participation targets for priority groups, such as those on low incomes and people with disabilities. In such cases targets are jointly owned between contractors and councils' sports development teams who work successfully together to achieve the desired outcomes.

## Public private partnerships

- 86 PPPs, including PFIs, are one way for councils to provide private sector funding for new sports and recreation facilities. They do not provide the sole answer to the capital investment gap in leisure, are not suitable for all situations, and may not be the most affordable option, particularly with the introduction of prudential borrowing. However they do provide individual councils with a greater choice of funding and procurement options to remodel and renew their stock.

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I The Leisure database company, 2005 data.

II Audit Commission study survey, 2005.

- 87 PFI programmes can only address a small proportion of the required capital investment required in sports and recreation facilities. Only ten leisure PFI projects have been confirmed or built since 2001, when DCMS introduced the opportunity to bid annually for credit approval. Every year bids have significantly exceeded available credits with 35 cultural sector projects applying for £130 million in the last round in 2005. To date, a total of £188 million of PFI investment has been in sports facilities. It is not clear what the value of future PFI credits will be in this sector, making long-term planning difficult.
- 88 Most sports and recreation PPP/PFI schemes are being developed in partnership with private sector leisure companies with the management skills and expertise to deliver the projects and the financial turnover to access funds from financial institutions. Most trusts do not have the required turnover to enable them to secure this external funding.
- 89 The potential for future PFI projects is also affected by changing regulations. Projects of less than £20 million are no longer eligible for PFI credits. As a result it is estimated that bidding companies will need to have at least a turnover of £60 million<sup>1</sup> to secure the funding needed to finance the smallest of new schemes. With only three private leisure contractors currently delivering PFI schemes, there is a risk that the skills and expertise in this area might be lost and the funding stream with them.
- 90 The £20 million threshold will also mean that only larger councils with very large or multi-facility developments are able to access or afford the funding. More cross-sector or cross-boundary consortia bids would enable councils to exceed this threshold. However, such projects are currently rare.
- 91 Performance management in private contractor arrangements, particularly in PPP/PFI projects, appears to be improving with most new and renewed contracts including outcome-based targets such as participation levels of target groups. However, in the study's fieldwork, 60 per cent of contracts still focus predominately on outputs such as cleanliness and availability. However three out of the four large PPP projects in the study incorporate National Benchmarking Service indicators and Quest<sup>1</sup> accreditation as part of

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<sup>1</sup> Estimates from Private Contract in PFI market, 2005.

the management agreement. Two had included performance targets as part of the payment mechanism, providing incentives for the contractor to improve outcomes such as participation among target groups. Early indications are that the use of these performance management arrangements is resulting in improvements in participation **(Case study 3)**.

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### Case study 3

#### PPP projects – performance management driving participation

The London Borough of Bexley and Penwith District Council have invested in large PPP projects. These have contracts which use performance management information to increase participation, particularly among target groups such as young people and those on low incomes.

A penalty mechanism has been built into the partnership contracts to help drive performance to meet agreed targets. Examples include increasing participation in target groups and the introduction of quality assurance measures, such as achieving Quest registration and improving customer satisfaction. In the Bexley partnership a penalty of up to 10 per cent of the contract value can be applied for not meeting such targets. Early indications are that participation is increasing. There has been a 30 per cent increase in participation across the three new leisure centres in Bexley and an increase of 64 per cent, since its opening in August 2005, in the new facility in Penwith.

**Source:** Audit Commission

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## Trusts

### New trusts

Potential advantages	Potential disadvantages
<ul style="list-style-type: none"> <li>• Single purpose organisation with a focus specifically on sports and recreation services.</li> <li>• Taxation savings (NNDR/VAT) can be re-invested in the service where required.</li> <li>• Generally improves a council's overall position in relation to partial exemption threshold for VAT.</li> <li>• Freedom from local government framework and decision making.</li> <li>• A partnership approach to investment.</li> <li>• Engagement with the local community through direct representation.</li> <li>• As a smaller-scale operation staff can be more involved in the development of the service (particularly Industrial and Provident Society trusts where staff are stakeholders in the business).</li> <li>• Trustees with business expertise.</li> <li>• Links to the community through direct representation on board.</li> </ul>	<ul style="list-style-type: none"> <li>• Difficulty in levering in sufficient external capital.</li> <li>• Potential for links to be lost to other council services.</li> <li>• Dependency on attracting and retaining quality trustees/directors.</li> <li>• Set up costs are significant.</li> <li>• Limited additional management capacity as generally same management and staff retained initially.</li> <li>• Risks of trust failure rest with council.</li> <li>• Annual grants restrict long-term planning.</li> <li>• Small trusts have limited ability to make support cost savings.</li> <li>• Overheads of councils' central services, not transferred to trust, spread over fewer services.</li> </ul>

- 92 The most frequent decision taken by councils in changing their management arrangements is to set up a trust. These vary considerably in their service and stakeholder mix. Most are concerned simply with buildings management rather than with a more holistic approach to sports and recreation management. Sports development for example, which has a strong focus on increasing participation, is only transferred from council management in 4 per cent of trusts (Ref. 12).
- 93 The costs of setting up a trust are often not fully assessed. The establishment of a new trust is expensive and can, with small councils, considerably reduce initial taxation savings. Typical set-up costs range from £120,000 to £150,000, much of which is made up of consultants' and legal fees. No council in the study's fieldwork had assessed the true cost of set-up, such as by including officer time. Such costs are considerable in a process which is frequently complicated and time consuming.
- 94 New trusts present councils with higher risks than private sector contractors or established trusts, due to their lack of track record and reliance on strong management boards to set up and drive the business. Many early trust boards largely comprise sports representatives and can sometimes lack commercial expertise. Three leisure trusts in England have failed and had their responsibilities returned to their councils at considerable cost.
- 95 Councils do not assess the impact of externalising facilities management on support costs. Given that sport and recreation facilities employ large numbers of staff, councils are missing opportunities to make efficiency savings in relation to central services.
- 96 Trusts have not yet unlocked significant external funding sources. Neither trusts nor private sector contractors are simple answers to an historic lack of investment in sports and recreation facilities. Both inherit the refurbishment and development issues, and in some cases significant strategic long-term redevelopment challenges, that previously rested with the council.
- 97 With the exception of hybrid trusts, that is a trust set up by a private sector management company and managed through a contract by that company, all trusts within the study had invested in improved services using NNDR and VAT savings, small loans, and capital from their host council or a combination of these resources. In small, stand-alone trusts, these investments have been predominantly small and focused on profit-making areas, most notably new, extended or upgraded fitness centres.

- 98 Most councils that are working through trusts are investing a proportion of NNDR savings to address maintenance backlogs, future investment requirements and service improvements. However, the resulting tax savings are rarely all invested in sports and recreation because of pressures on service and corporate budgets and the need for efficiency savings, although taxation savings cannot be set against Gershon targets.
- 99 In some cases, the transfer of management to a trust has led to better quality facilities, reduced costs and higher levels of participation. These partnerships are more likely to enable a re-focusing on outcomes for customers and the community. Characteristically they have a joint ownership of problems and shared investment priorities and objectives, which are explicitly set out in contractual agreements (**Case study 4**).

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#### Case study 4

#### Greenwich Leisure Limited / London Borough of Greenwich – a mature partnership

The Council's relationship with its long established leisure trust, Greenwich Leisure Limited, has matured over the last 12 years into a strong partnership. The Council has invested in partnership with the Trust. There is a ten-year partnership vision with clear outcome targets.

A ten-year programme of investment is in place to address the capital requirements of the service. Increases in income are re-invested and this has resulted in improved facilities for customers and increased participation. The subsidy paid by the Council to run its sports and recreation facilities has reduced from £2.5 million in 1992/93 to £900,000 in 2004/05 while centre membership has increased from 7,000 to 70,000 in the same period.

Staff, customers and community clubs and groups are involved in the planning and development programmes.

**Source:** Audit Commission

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- 100** Most councils in the study appear to have set up trusts primarily to make savings. In a number of cases councils failed to set up strong arrangements to secure service improvements or establish a responsible approach to investment. The reduction of subsidies by host councils has created further pressures for some trusts. As a result trusts, like private sector contractors, have then concentrated on profit-making areas in order to establish financial stability, thus reducing their focus on participation.
- 101** Many trusts rely on annually negotiated revenue grants. This has an impact on the ability to plan sensibly and develop strategies which require longer-term investment. Work with hard-to-reach groups needs to be pursued over the longer term to ensure consistent and sustainable approaches to achieve measurable outcomes.

### National non-domestic rates and VAT

- 102** A major benefit of forming a trust is the resulting ability to save in the payment of NNDR. A charitable trust generally receives 80 per cent NNDR relief from central government, with the host council having the option to grant a further 20 per cent discretionary relief. Of the discretionary relief the council pays 75 per cent with 25 per cent met by government. The maximum possible NNDR savings for the council are therefore 85 per cent (**Ref. 16**). Hybrid trusts have the potential to obtain the same NNDR relief. A trust without charitable status may not be able to claim mandatory rate relief but will be able to claim up to 100 per cent discretionary relief.
- 103** In-house and private sector contractors have to account for VAT on most sporting activity income but charitable trusts do not as it becomes exempt income. The VAT on costs incurred in generating exempt income cannot be fully recovered. As a general rule, therefore, where income is high and expenditure (including most capital expenditure) is low there is a VAT advantage to adopting a trust management arrangement.
- 104** In addition, if a trust runs all the facilities, benefiting from a peppercorn lease from the council, any VAT on capital expenditure on the facilities incurred by the council can be fully recoverable.

- 105** The study shows councils increasingly are externalising their sports and recreation facilities to charitable trusts in order to reduce council expenditure by making significant taxation savings. The average NNDR savings for a centre is £40,000<sup>I</sup>. The overall savings to councils at present are likely to be between £21 million<sup>II</sup> (at 80 per cent NNDR) and £26 million per year (at 100 per cent NNDR). If the current growth of trusts and hybrid trusts continues, the estimated NNDR savings by 2010 could be over £35 million per year. If all public leisure facilities in England were to be managed under a trust arrangement, estimated savings would be a minimum of £80 million per year. Although these are savings to council budgets they do however represent loss of revenue to the Treasury.
- 106** VAT savings vary greatly between trust contracts depending on levels and types of income and expenditure. An assessment of four London boroughs, in centres where income was relatively high, projected annual VAT savings of £49,000<sup>III</sup> per year per leisure centre. Current savings overall are likely to be similar to NNDR at £26 million per year. Business in Sport and Leisure Analysis (BISL) estimates current VAT savings for councils to be in the order of £30 million per annum (**Ref. 15**).

## Partnering and hybrid trusts

- 107** Rather than setting up a new trust to manage facilities, councils can transfer management to an existing trust or develop a hybrid trust with the private sector. Larger trusts, and private contractors that manage facilities on behalf of hybrid trusts, potentially provide councils with savings in support costs such as payroll and human resources, and often have stronger, more established marketing and training programmes. Also the cost of setting up a hybrid trust is substantially lower than a new trust.

### Partnership with existing trusts

- 108** As trusts have been established, they have sought to grow their business. There are now six leisure trusts managing public facilities with more than one local authority partner. Most have only two or three partners but only Greenwich Leisure Limited (GLL), which manages over 40 facilities, currently reaches the size of the larger private contractor companies.

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<sup>I</sup> Audit Commission survey of 39 facilities, based on 80 per cent NNDR, 2005.

<sup>II</sup> Represents all trust facilities plus estimated total number of hybrid trusts in England, 2005.

<sup>III</sup> Audit Commission survey of 4 London boroughs (19 centres).

Potential advantages	Potential disadvantages
<p>In addition to those highlighted with trusts:</p> <ul style="list-style-type: none"> <li>• Additional capacity in areas such as training, marketing and management.</li> <li>• Economies of scale, for example, reduction in support costs.</li> <li>• Comparatively low set-up costs.</li> <li>• With larger trusts, ability to lever greater external funding.</li> <li>• Track record can be assessed in line with council objectives.</li> <li>• Transfer of some risk and stable revenue funding (if long-term contract in place).</li> </ul>	<p>In addition to those highlighted with trusts:</p> <ul style="list-style-type: none"> <li>• Increased capacity of host trust to take on additional partner not adequately assessed.</li> <li>• Established board already would give no or limited representation by council. However, formation of local consultation board would provide council with some influence.</li> <li>• Existing trust could be geographically remote from council.</li> </ul>

- 109** Established trusts provide councils with savings in set-up costs typically ranging from £30,000 to £50,000 (**Ref. 17**), saving councils up to £100,000 compared with setting up new trusts. In addition they provide the opportunity to reduce overall support costs as well as adding to capacity in areas such as management, marketing and staff development.
- 110** The prospect of a more remote relationship appears to act as a deterrent to some councils when considering the established trusts option. In partnership with an established trust, a council's perceived influence is weakened as decisions are made by the existing trustees of the trust rather than locally. A local management group is often formed to influence the trust and reflect local issues. The contract or partnership agreement should therefore provide a clear framework for decision making.

111 Councils entering into a partnership with a large existing trust tend to be investing more in their services, than do stand alone or hybrid trust models. Six contracts managed by GLL and Wycombe Leisure, two of the largest trusts in England, averaged investments of £665,000 a year over contracts dating back over the last five years. This was achieved through re-investment of NNDR, VAT and surpluses by the trust.

### Hybrid trusts

112 The private sector has been quick to respond to the competition from trusts and has formed a range of hybrid or community trusts. In a hybrid trust the council sets up or participates in a trust company that has not-for-profit objectives. The trust company is then granted the lease for the facilities and contracts with the council for their management. In turn it enters into a performance based management contract with a private sector operator, with the NNDR savings being passed back to the council, and the private sector company managing the service as an agent of the trust company.

Potential advantages	Potential disadvantages
<ul style="list-style-type: none"> <li>• Taxation savings (NNDR/VAT) can be re-invested in the service where required.</li> <li>• A partnership approach to investment.</li> <li>• Ability to borrow / secure private capital.</li> <li>• Additional capacity in areas such as training, marketing and management.</li> <li>• Economies of scale, for example, reduction in support costs.</li> <li>• Very low set-up costs.</li> <li>• Private management expertise particularly in income generation.</li> </ul>	<ul style="list-style-type: none"> <li>• Councils' central services overheads spread over fewer services.</li> <li>• Contractors focused on income generation at the expense of social objectives (if not emphasised in contract).</li> </ul>

113 Hybrid trusts have low set-up costs. Private contractor companies typically offer a range of previously developed hybrid trust arrangements which councils can enter into for less than £5,000.

- 114 Fifty-nine per cent of private sector partnerships are currently hybrid trusts<sup>I</sup> but only a small percentage generate re-investment in leisure provision. Unlike other trust arrangements, only 9<sup>II</sup> per cent of councils adopting a hybrid trust model put NNDR savings directly back into leisure. There are a few notable examples however where savings are maximised (**Case study 5**).

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### Case study 5

#### East Hampshire District Council – an investment partnership

A strong partnership has developed between the Council and its private sector contractor DC Leisure. At an early stage of its current ten-year contract with DC Leisure, the Council transferred the management of its three leisure centres to a hybrid trust, East Hampshire Leisure Community Association, managed by the contractor.

As part of this arrangement the Council has ringfenced a large part of its NNDR savings for the maintenance and improvement of the centres. A ten-year Lifecycle Fund and associated maintenance programme, based on a detailed condition survey, were developed and agreed in partnership with DC Leisure. The contractor manages the programme of work with funding of £135,000 from both parties.

This arrangement ensures that the facilities are well maintained. Clear roles and responsibilities also mean that emergency repairs and replacements happen quickly, avoiding service interruption and loss of income.

**Source:** Audit Commission

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I Audit Commission: survey of all private sector contracts, 2005.

II Audit Commission: survey of 79 per cent of private sector contracts, 2005.

## Summary of options

**115** The table below summarises the potential advantages and disadvantages of the management options. These represent generalisations and differences will occur across the options depending on the approach by the partnership.

**Table 1**  
**Advantages and disadvantages of options**

Potential advantages /Dis-advantages	Taxation savings	Increased access to capital	Savings in central charges	Increased management capacity	Set-up costs	Transfer of risk	Community involvement	Council influence
In-house	No	No	No	No	Low	No	Limited to customer forums	Direct management
Private contractor	No	Yes	Yes	Yes	Low	Yes	Limited to customer forums	Through partnership agreement /contract
New trust	Yes	Limited	Some	No	High	Some	Yes	Through grant agreement and representation on board
Existing trust	Yes	Some	Yes	Yes	Medium	Greater the larger the host	Yes	Through grant / contract agreement
Hybrid trust	Yes	Yes	Yes	Yes	Low	Yes	Some	Through partnership agreement /contract

**Source:** Audit Commission

# 4

## Strategic planning and the appraisal of options

**116** This Chapter looks at councils' approach to the planning and procurement of their sports and recreation facilities. It explores how councils are securing investment through strategic planning and whether opportunities are being missed. It outlines the main stages of the process and the extent to which councils are addressing them. Conclusions are drawn from the study's desk research, online survey, detailed fieldwork in 30 councils and interviews and focus groups.

### Summary

**117** Strategic planning of sports and recreation services is underdeveloped and is weakened by the lack of a robust assessment of current sports and recreation provision, community needs and future demand. Partnerships across councils, with the private sector and other external partners are rare. Councils are focusing on maintaining and managing the historic provision of sports and recreation facilities within their locality. Successful strategic engagement between leisure services and the health and education sectors is not common, and opportunities for better use of resources are being missed. This is most evident where there are two tiers of local government. There are nevertheless some good examples of the management of sports and recreation provision characterised by clarity of purpose and strong partnership working.

**118** Councils' approach to options appraisal is inconsistent and often limited despite a strong private sector and trust market. In the study's survey two-fifths of councils based their management option decision on a desk-top analysis. In a fifth of cases councils initially limited the breadth of options to be assessed and one in ten councils undertook no options appraisal at all. Market testing is limited with only one-third of councils in the survey market testing their services through a competitive tendering process. This process is often poorly managed and focused on financial criteria. In these cases councils cannot demonstrate that they are delivering the best value option.

## Approach to options appraisal

- 119** The way in which councils make decisions about the right management option for their locality is critical to the successful delivery of high-quality, cost-effective sports and recreation facilities. To do this effectively the choice of how services are to be delivered in the future must be made systematically, based on a full assessment of needs and opportunities. There is potential within the sector to generate more growth and investment. This can be achieved through the right choice of provider and by effective partnership working across the public, private and voluntary sectors.

The key stages in the effective planning and procurement of sports and recreation services are shown in **Figure 10**.

## Strategic planning

- 120** Sport and recreation can contribute to many local and central government priorities. Councils need to have a clear understanding of the current and future needs of their communities and be innovative in how they are to be addressed. Strategic planning across departments and sectors should create opportunities for rationalisation of existing public sector stock, the co-location of services and complementary provision of sports and recreation facilities within an area.
- 121** The need to be innovative and to provide genuinely joined-up services is emphasised in Sport England's *Planning Across Boundaries* (**Ref. 18**) which highlights the key principles of strategic planning. These include the need to develop a clear vision of the council's role in delivering sport, review the local and regional context, and develop a prioritised strategy and action plan that is regularly monitored and reviewed.

## Needs assessment

- 122** The study shows, however, that the assessment of local sports and recreation needs by councils is weak. Three-quarters of councils in the study's fieldwork are not using local demographic information, planning tools<sup>1</sup> and current patterns of participation to inform strategic planning effectively. A detailed analysis of community needs, assessing population changes, current and future participation patterns and public and partners' aspirations, is rarely used to inform the future range, location and management of sports and recreation facilities and services.

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<sup>1</sup> Such as Sport England's Active Places, Active Places Power plus and Sports Facilities Calculator.



**Figure 10****Key stages to the planning and procurement of public sports and recreation services**

For further detail see Appendix 2 and report web tool on:  
[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)



**Source:** Audit Commission

- 123** The lack of comprehensive needs assessments weakens leisure services' ability to gain benefits through the planning system. Without detailed assessment of current and future needs, sport and recreation is in a poor position when councils are setting their policies on supplementary planning guidance. This reduces councils' capacity to lever in contributions from developers' Section 106 agreements. A recent Sport England report *The Potential of Planning Obligations for Sport and Recreation in the South West Region* reported that only 12 per cent of the total possible Section 106 contributions for sport and recreation are being achieved (**Ref. 19**).
- 124** Most councils in the study acknowledge the absence of needs assessment as a weakness. Their frequently stated intention to undertake this work is not always matched by subsequent action. However, this is not always the case (**Case study 6**).

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### Case study 6

#### North Tyneside Metropolitan Borough Council (MBC) – Assessing need and strategic planning

North Tyneside MBC has completed a comprehensive Cultural Facilities Development Plan (CFDP) for the area. The plan undertakes a detailed audit and analysis of service provision and location in relation to access, need and assessed demand and appraises the existing cultural and sports facilities against a number of criteria including financial worth, investment requirement and refurbishment/expansion potential.

The plan defines a minimum service standard for sport, leisure and cultural facilities and opportunities that the Council aspires to deliver for the community through use of its own resources and working in partnership with others. Development of the CFDP involved extensive consultation with a range of organisations, ensuring an appropriate and representative geographical and functional spread.

The CFDP provides the Council with the capacity to make recommendations about the best way forward in the context of planning and funding the development of community-based sports and leisure facilities in the borough for the next ten years, including the use of Section 106 agreements. The current review on the future management options for sport and leisure facilities in the borough is being informed by the CFDP.

**Source:** Audit Commission

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- 125** Councils' priority for future leisure provision is frequently focused on maintaining existing provision rather than on seeking a rationalisation of facilities or planning across sectors and boundaries and assessing long-term affordability. Evaluation of current and future needs or service outcomes, including contribution to the wider health and well-being agenda, is generally weak. Where assessments have been undertaken and recommend the closure of uneconomic, old and not fit-for-purpose facilities, action does not often follow because it may be judged to be politically unpalatable. As a consequence the leisure services budgets can become even more distorted. This perpetuates high subsidies and inhibits new initiatives.
- 126** Capture of performance data is very uneven and this weakens the assessment of leisure services' contribution to overarching strategic themes and their current and potential contribution to meeting the needs of the community. There has been limited investment, until very recently, in IT systems to record basic participation and other customer information. Nearly half of sports and recreation facilities with a fitness centre do not have customer management systems<sup>1</sup>. Before a council can make a sensible choice about how a service should be managed in the future, it needs to have a clear view about how it is currently performing.
- 127** A third of the councils in the study had short-term approaches to service delivery. Examples include some very short-term private sector contracts, annual grant payments to trusts and in-house operators who are being constrained by councils' annual budget planning cycles. In many cases, councils are not exploiting the full benefits of their partnership delivery arrangements or longer-term investments in in-house delivery. Longer-term planning provides leisure services with greater stability and allows investment in facility improvement.

## Capital investment and strategic planning

- 128** The pattern of major external funding for sport and recreation in the public sector is changing and this provides a significant challenge for the long-term planning of public sports and recreation facilities. Lottery funding, once seen as the answer to the renewal of

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<sup>1</sup> Statistics provided by The Leisure Data Base Company, 2005.

leisure facilities, has decreased significantly over the past five years and now requires much higher levels of match-funding. Lottery income has fallen from a peak in 1997/98 of £268 million to a forecast for 2005/06 of approximately £170 million<sup>1</sup>. Capital investment in public sports facilities using lottery funding has been further reduced by concentration on revenue programmes and on the London 2012 Olympics and Paralympics.

- 129** The potential for leveraging other sources of public spending, for instance within education and health, is poorly coordinated. Only two councils out of 30 in the study were planning new facilities in partnership with health and five with education. As a result, potential opportunities to provide a higher-quality, more varied, accessible and efficient sports and recreation service are being lost. The absence of planning and the long lead times for reshaping provision mean that public sector provision is likely to get worse before it gets better. In one notable example (**Case study 7**) joint working with the local primary care trust (PCT) has resulted in effective use of council and health authority resources and rationalisation of facilities.

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### Case study 7

#### Torbay Borough Council – integrated health and leisure facilities

The Council, local doctors and the PCT are developing a project that links sport, physical activity and healthcare. The existing leisure centre site will be used to provide a new regional gymnastics facility, obesity gym, specialist sports injury clinic, new changing facilities and integrated care facilities.

This project was born out of a joint Public Service Agreement between the Department of Health, DCMS, Torbay Council and the PCT in 2004 aimed at improving the health of people suffering from obesity and associated conditions.

The development will lead to a new multi-million pound investment by the PCT in a major new Healthy Living Centre and over £1 million for new sporting facilities on the site adjacent to the leisure centre. There is now a long-term commitment by both partners to continue joint developments across Torbay.

**Source:** Audit Commission

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<sup>1</sup> National Lottery figures supplied by Sport England (2005).

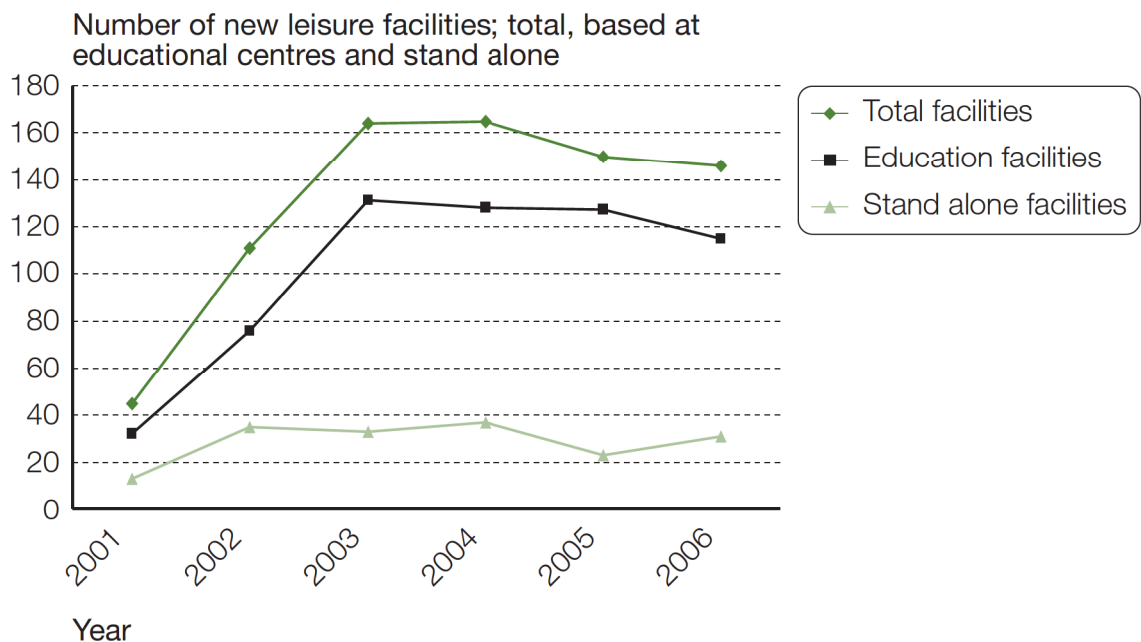
## Education and strategic planning

- 130** Joint strategic planning with the education sector is underdeveloped, despite the large investment in sports facilities on school sites. Engagement between leisure and education departments and individual schools is often limited.
- 131** The number of sports facilities on school sites is growing. The sector accounted for 73 per cent of all new public sector sports facilities opened in 2003 and 78 per cent in 2004 (**Figure 11**). The growth in the education sector will continue with £45 billion capital investment in the development of school facilities over the next 15 years. Half of this is allocated for the Building Schools for the Future (BSF) programme.

**Figure 11**

### New sport and recreation facilities

In 2004, 78 per cent of all new sports facilities were on school sites.



**Source:** The Leisure Data Base Company

- 132** The government has stimulated new capital investment in sports facilities and the joint use by schools and local communities of new and existing provision through a number of initiatives, most notably the New Opportunities Fund (NOF) for PE and Sport Fund, the Extended Schools initiative and the Building Schools for the Future Programme. These are providing substantial opportunities for councils to invest in improved sports facilities in their areas.
- 133** Only five councils in the study were planning future sport and recreation provision more strategically, without external funding triggers, in partnership with the education sector. All of these were single tier councils. Where this is happening strong project management is creating a needs-driven approach to facility development that addresses both education and wider community requirements in a cost-effective way (**Case study 8**).

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### Case study 8

#### London Borough of Lambeth – cross-council planning in action

Lambeth has a strong approach to cross-sector planning. The Council has a joint management board for the development of leisure services for the borough. This board includes project managers and key players from both Leisure and Children & Young People's Services.

This strategic partnership brings together the skills and knowledge to ensure that leisure facilities will meet identified community and curriculum needs.

**Source:** Audit Commission

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- 134** The uncoordinated nature of some government funding initiatives also restricts strategic approaches at a local level, as well as constraining opportunities for national and regional planning. For example, applications for NOF PE and Sport funding closed in March 2004 and the BSF programme was announced in February that year. Investment in most councils is planned over a three-year period in line with capital strategies and medium-term financial plans. This lack of sequential planning of government funding has resulted in authorities having had to cancel plans for lottery sports investment because their later BSF programme would have moved the location of the school.

- 135** The speed of implementation of major initiatives, such as the BSF programme, can also restrict the involvement of other council services and external partners. This is particularly evident where there are two tiers of administration. No district council in the study's fieldwork was strategically planning the development of new, and rationalisation of existing, facilities, as part of the BSF programme.
- 136** Planning is further complicated by the range of differing objectives from individual partners. Schools' primary concern is the provision of facilities for their pupils and the study found that, in some cases, the development of community facilities is a low priority for them. Joint planning is simpler in unitary authorities where sports and leisure management is increasingly run from an integrated education or children's services directorate.
- 137** Despite these difficulties, new school sports facilities will continue to offer considerable opportunities for joint school and community use. Planning of these investments requires effective partnerships between councils, schools and local leisure commissioners and providers to ensure that the pattern of new school-based provision meets the needs of both the schools and the local community. It is important to examine the impact of the new facilities on the client base of existing provision. In some cases, this may offer an opportunity to replace existing poor-quality provision. Where investment in new school facilities is not coordinated with other public, private and voluntary sector developments this will exacerbate a potential mismatch between provision and needs.
- 138** In some cases, good joint strategic planning and project management are helping to develop a needs-based approach that addresses the link between education and wider community issues in an effective way. In more innovative councils it is also being linked to the preventive health agenda (**Case study 9**).

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### Case study 9

#### Liverpool City Council

Capital investment of around £18 million is currently taking place in Liverpool to provide new or improved sports and outdoor education facilities linked to school and wider community use. This has resulted in the most significant investment in provision in recent years in the city. The local authority has a plan and is creating the infrastructure to ensure the new facilities are used to increase participation in physical activity overall in the city, but particularly in the most deprived areas.

A range of revenue sources are being used to provide as much free access as possible to facilities for young people. Associated work is also being carried out in conjunction with local health authorities to tackle childhood obesity, including improvements in the diet of children.

**Source:** Audit Commission

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## Cross-boundary and other cross-sector planning

- 139** Partnership working across boundaries and with the private sector remains very rare. Councils do assess the impact across council boundaries when considering new facilities but no council in the study went so far as pooling resources with neighbouring authorities to plan and build new facilities.
- 140** Partnerships with the voluntary sector are also underdeveloped. A number of councils had entered into service level agreements with voluntary organisations, including sports clubs, but these were mostly focused on outdoor recreation and sports-specific facilities. Voluntary organisations are rarely considered as part of a council's options appraisal assessment. Opportunities are being missed to provide more cost-effective services.
- 141** There was only one council in the study where the leisure management provider was planning the provision of facilities with private sector operators. The few examples of partnerships with the private sector that do exist are generally driven by external funding initiatives from a specific sports governing body. For example partnerships between the Lawn Tennis Association and private tennis clubs and between the Football Association and professional clubs have led to a large number of accessible sports facilities, a few of which are managed as part of a council's community provision.
- 142** The end result of poor strategic planning is that many areas have ad hoc or outdated patterns of sport and recreation provision. There is consequently a risk that facilities:
- do not meet existing or changing community needs;
  - are poorly designed for public access;
  - do not meet local and regional requirements for sports development;
  - duplicate provision;
  - compete with existing public facilities; and
  - are poorly managed due to lack of expertise.



## Appraising the options

- 143** Once a council has established a clear vision and priorities with relevant partners the management and delivery of the vision needs to be considered. The assessment of management options is critical in demonstrating best value in the delivery of public leisure services. Robust objective assessments should be undertaken of all options against clear criteria which are grounded in the council's and its community's priorities. These assessments should focus on providing good value for money and be linked to capital investment.
- 144** Financial pressures are often the underlying reason why councils are looking at more effective and efficient ways of providing their sport and recreation services. Two-thirds of the councils in the study's fieldwork had initiated an appraisal because of financial pressures either to contribute to central savings targets or because services were performing poorly and required capital or revenue support as a result of previous lack of investment. In a separate study, 69 per cent of councils that intended to look at different management options for their sport and recreation services, stated that this was due to financial pressures (**Ref. 12**). Poor performance in areas such as participation or customer satisfaction is rarely a factor that triggers a detailed options appraisal.
- 145** Councils frequently need additional capacity in order to undertake an options appraisal. This is partly due to the complexity of the analysis and to the fact that there are fewer senior managers with extensive experience of leisure services. Ninety-five per cent of councils in the study had employed consultants to advise them. This typically costs £15,000 per report.
- 146** Councils are not helped in making secure long-term decisions by complicated taxation laws and regulations. The complexity adds to the difficulties in presenting options clearly to councils. Committee papers are sometimes overly complicated, have lacked balance and have not reflected the clear recommendations from consultants.

- 147 Although the employment of consultants by councils may appear to bring some objectivity, in one-fifth<sup>1</sup> of cases, the analysis commissioned by councils focused on a specific or limited number of options rather than comparing the full range of options available. In 10 per cent of cases, the views of councillors and senior managers resulted in options being excluded from the brief, or rejected in the analysis, prior to a detailed assessment of the conclusions.
- 148 Opportunities for cross-boundary procurement and delivery involving more than one council are rarely explored. Some innovative councils are developing joint initiatives on membership schemes and sports development programmes with their neighbours. However this has not extended into joint procurement of sport and recreation services. Only one council in the fieldwork sample was considering cross-boundary procurement of its leisure services and none had actually achieved it, even though district councils, in particular, often lack the significant level of provision on their own to attract a number of interested tenderers. As a result councils are duplicating back office services, potentially incurring higher costs, and are missing opportunities for efficiencies.
- 149 Councils are not challenging the way in which they plan to provide and manage sport and recreation services. In the study's survey 31 per cent of councils had not undertaken an options appraisal in the last five years.
- 150 Councils' options appraisals tend to focus on financial performance. Non-financial targets, such as participation levels, are rarely built into the options appraisal process, or carry a low weighting in the assessment. Only 15 per cent of the councils in the study had included outcome-focused targets, such as participation by target groups or customer satisfaction, or given them any significant weight in their appraisal process.
- 151 In addition, performance and knowledge management is poor. Many councils and their partners are not participating in and using benchmarking. The value of national performance information is weakened by this lack of engagement, making it difficult for councils to understand the relative benefits and performance of the various management options.

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<sup>1</sup> Audit Commission analysis of 40 consultants' reports.

- 152 Decisions on options are often made in the absence of full information. Councils have either limited the options they have explored or investigated the options with insufficient rigour. This is despite the presence of a well-developed private sector and trust market willing to work with councils to provide leisure services. Although no management arrangement provides the right answer for all councils, this lack of regular challenge may result in failing to achieve necessary improvements in service efficiency. Where councils do get it right real benefits follow (**Case study 10**).

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### Case study 10

#### Harborough District Council – an example of effective options appraisal

Harborough District Council provides an example of an authority that has a clear vision for leisure facilities making use of external funding and a private partner to ensure it is delivered in a cost-effective way. After carrying out a thorough needs analysis in the late 1990s the Council identified a deficiency in facilities in the western side of the district. The Council used this information to secure a successful lottery bid for a new all-purpose leisure centre in Lutterworth.

At the same time the Council employed independent consultants to market test, based on the new portfolio of facilities, and secured a new partnership with their existing leisure management contractor. The new agreement included investment of over £850,000 in new and existing leisure facilities, full responsibility for all aspects of maintenance being handed over to the contractor and a comparatively modest management fee.

The outcome is high-quality leisure facilities, significant transfer of risk, some non-financial outcomes built into the partnership such as Quest accreditation, leisure card and sports development, at a relatively low cost to the council taxpayer. Participation rates have increased more than 30 per cent mainly due to the new centre. The roots of this success lie in the Council's clear ambitious vision, commitment from members and officers and an open approach to procurement.

**Source:** Audit Commission

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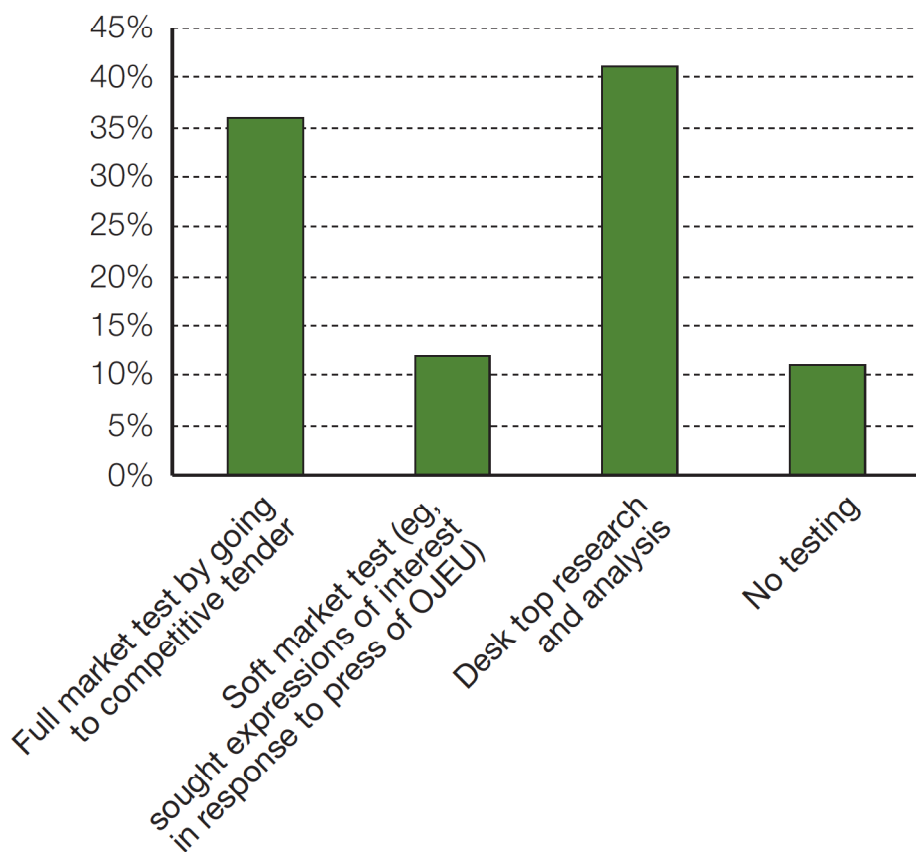
## Market testing

**153** Councils are not market testing their services effectively. Of the councils which have undertaken an options appraisal in the last five years, only a third fully market tested their services through a competitive tendering process and two-fifths had based their management option on a desktop analysis (**Figure 12**).

**Figure 12**

### Level of market testing

Two-thirds of councils undertaking an options appraisal are not fully market testing their services.



**Source:** Audit Commission Survey 2005. Base: 64 councils

- 154 The strength and success of market testing is weakened by a lack of rigour in councils' strategic planning and appraisal process before going to the market. If these early stages of the process are not thorough and transparent, the ability of the market to provide the best delivery mechanism and therefore the best value for money for the council will be restricted.
- 155 Approaches to the market testing or tendering process of public sport and recreation facilities have frequently attracted comment. The CCT arrangement, introduced in 1988, often attracted the challenge that DSOs had an unfair advantage in the process over external private sector companies. The growth of trusts has been accompanied by similar comment. A desktop analysis often based on short-term financial benefits, without assessing the long-term advantage of other options, means those councils which transfer to trusts without market testing cannot provide evidence that their choice is the right one.
- 156 Similar issues have been raised in a recent report by the Confederation of British Industry (CBI), *A Fair Field and no Favours: Competitive Neutrality in UK Public Service Market (Ref. 20)*.
- 157 Project management of the tendering process is often weak, resulting in unrealistic timetables for organisations interested in bidding for the management of sport and recreation services. Four-fifths of tendering deadlines are extended<sup>1</sup> and a common complaint from private sector companies is the lack of time given to submit bids. These factors limit the effectiveness of the market testing process and extensions, and delays are costly and can be unsettling for staff.
- 158 Poor documentation and management information weakens the market testing process. Unclear or incomplete financial and participation information often makes it difficult to assess the true cost and value of the service. Participation information in particular is poor, making it difficult for councils to set realistic targets within contracts and agreements. This reduces councils' ability to achieve value for money, as both trusts and private sector operators are likely to build in an additional element for risk.

---

<sup>1</sup> Audit Commission analysis of 22 tender proposals, 2005.

# 5

## Conclusion

- 159** Councils need to be clear about their local needs and their delivery options. With notable exceptions, they are not making decisions with sufficient rigour to provide the right answers for their localities. Too often their focus is on financial and operational performance, rather than on non-financial outcomes as well. They do not link the contribution of sport and recreation services to corporate priorities and community needs.
- 160** Inconsistencies in options appraisal, weaknesses in market testing and the high proportion of councils with in-house management mean that significant cost savings and efficiency opportunities are potentially being missed. If councils are unable to adopt clear comprehensive approaches to strategic decisions about the future delivery of their recreation facilities, they will fail to meet participation targets and community needs, and deliver poorer value for money for the community assets for which they are responsible.

# Appendix 1 – Methodology

This report uses research from a variety of sources including:

- 95 responses to an Audit Commission online survey to district and single tier councils.
- Visits to 30 councils to examine their approaches to options appraisals and delivery methods.
- Statistical data from Sport England, The Leisure Database Company, Leisure Management Contractors Association, Business in Sport and Leisure (BISL), SPORTA, The Chartered Institute of Public Finance and Accountancy (CIPFA), The Association of Public Service Excellence (APSE), Peter Mann Partnership (PMP), Strategic Leisure.
- Interviews and focus groups with key stakeholders: Local Government Association (LGA), The Department of Culture, Media and Sport (DCMS), Sport England, 4ps, BISL, SPORTA, Chief Leisure Officers Association (CLOA), Peter Mann Partnership (PMP), Capita Symonds.

Our thanks in particular to the following councils that helped with the study:

Kings Lynn & West Norfolk BC	London Borough of Bexley
Spelthorne BC	Brentwood BC
Guildford BC	Uttlesford DC
Torbay UA	London Borough of Lambeth
Penwith DC	Crewe and Nantwich DC
Mid Sussex DC	East Hampshire DC
Cherwell DC	Richmondshire BC
London Borough of Greenwich	Eden DC
Runnymede BC	Kirklees MBC
Harborough DC	Sandwell MBC
Nuneaton and Bedworth BC	Staffordshire Moorlands DC
Medway UA	Wolverhampton MBC
North Tyneside MBC	Chester CC
London Borough of Southwark	Taunton Deane BC
South Gloucestershire UA	Royal Borough of Windsor and Maidenhead

# Appendix 2 – The stages of planning and procurement of sports and recreation services

## Strategic planning

- Undertake a needs assessment, for example:
  - stock take current provision (public, private, voluntary);
  - projected demand;
  - user and potential user priorities.
- Establish a clear vision and priorities for leisure in partnership with stakeholders.
- Ensure fit between service provision and corporate priorities.
- Clarify council's and other stakeholders roles in providing services.
- Incorporating cross-boundary planning of relevant services.
- Test affordability.

### Key success factors:

- Good quality external information using demographic profiling / planning models / supply and demand analysis.
- Accurate service performance information:
  - financial (income and expenditure / asset management);
  - non-financial (participation breakdown / satisfaction / Quest).
- Strong partnership working from early planning stage strengthening ownership of vision.
- Strong leadership, clarity of vision and partnership working.
- Ability to prioritise and take strategic decisions.



## Appraising the options

- Assess council's capacity and skills to undertake procurement.
- Consider cross-boundary procurement.
- Identify service delivery and investment requirements and develop brief.
- Consult on brief with range of potential operators to help get the best outcomes from a future partner (including in-house).
- Initial independent assessment of management options using clear criteria that consider:
  - service levels and quality;
  - capital and revenue requirements and implications;
  - sustainability;
  - overall value for money.

### Key success factors:

- Procurement requirements assessed and resourced.
- Clarity on desired outcomes for leisure facilities.
- Commitment to pursue the best value for money option.
- An evaluation matrix that is focused on what the council wants to achieve from the service.
- Objective, independent, transparent and open assessment.
- Clear and transparent dialogue with prospective partners.



## Market testing

- Establish project team and produce project plan with realistic timescales.
- Produce partnership specification which includes:
  - non-financial outcome targets;
  - council's capital and revenue commitment and investment requirements;
  - quality, financial and non-financial information about existing service;
  - outline of assessment framework.
- Consult on the specification with stakeholders.
- Formally market test the specification.
- Independently evaluate bids using evaluation model incorporating quality, cost and risk.
- Shortlist and negotiate with two or three potential partners.
- Select preferred partner and fine tune agreement.

### Key success factors:

- Good project management.
- Long-term plan / contract addressing investment in service.
- Explicit financial and non-financial targets in documentation.
- Clear documentation which includes accurate and appropriate performance and operational data.
- Proactive approach to market testing to maximise interest from prospective partners.
- Robust independent and transparent assessment process.
- Strong negotiating skills.



## Appendix 3 – References

- 1 Department for Culture Media and Sport (DCMS), *Public Service Agreement (PSA 3)*, 2004.
- 2 DCMS/Strategy Unit, *Game Plan*, 2004.
- 3 Sport England, *Sport Playing its Part*, 2005.
- 4 DCMS/Lord Carter of Coles, *Review of National Sport Effort and Resources (Carter Report on Sport)*, 2005.
- 5 Sport England, *Condition and Refurbishment of Public Sector Leisure Facilities*, 1995 and 2003.
- 6 Office of National Statistics socio-economic classification, 2001.
- 7 HM Government, *Every Child Matters: Change for Children*, 2004.
- 8 HM Government, *Youth Matters*, 2005.
- 9 Department of Health, *Assessment of LAA pilots*, 2005.
- 10 Audit Commission, *CPA – The Harder Test: The New Framework for Comprehensive Performance Assessment for Single Tier and County Councils from 2005 to 2008*, June 2005.
- 11 The Stationery Office, Section 68(6) (c), Local Government and Housing Act, 1989.
- 12 PMP Consultancy, *Local Authority Leisure Management Survey Summary* (312 councils in England), 2005.
- 13 The Stationery Office, Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 (provision of recreational facilities).
- 14 Leisure Data Base Company, *Annual London Boroughs facility survey*, 2004.
- 15 Business in Sport and Leisure, *The Management of Local Authority Sport and Leisure Facilities*, 2005.
- 16 The Stationery Office, Section 43 (5) of the Local Government Finance Act, 1988.
- 17 Strategic Leisure, *Assessment of Management Options*, 2004.
- 18 Sport England, *Planning Across Boundaries, Guidance of Local Strategies for the Development of Sport*, 1999.
- 19 Sport England, *The Potential of Planning Obligations for Sport and Recreation in the South West Region*, March 2004.
- 20 Confederation of British Industry, *A Fair Field and no Favours: Competitive Neutrality in UK Public Service Market*, 2006.

## Appendix 4 – Glossary

### Active Places

Active Places is a single database that holds information on sports facilities throughout England. It includes local authority leisure facilities, as well as commercial and club sites. Active Places contains information on specific details such as the location of the facility, its size, opening times, contact numbers and activities. Please visit [www.activeplaces.com](http://www.activeplaces.com) for more information.

### Active Places Power Plus

A strategic modeling tool used to estimate the level of demand for sports facilities within the local population, comparing this with the supply of facilities within a given local area. Taking account of the size and location of the facilities, the model highlights any inadequacies in facility provision. The technique can also be used to model ‘what if’ scenarios, for instance, the impact of increases in population, the closure of individual facilities, and the opening of new facilities.

[www.sportengland.org/index/get\\_resources/planning\\_for\\_sport\\_front\\_page/planning\\_for\\_sport\\_practice.htm#assessing](http://www.sportengland.org/index/get_resources/planning_for_sport_front_page/planning_for_sport_practice.htm#assessing)

### Building Schools for the Future (BSF)

The focus of BSF is to improve the quality of facilities in all secondary schools in England. BSF is bringing together significant investment in buildings (and ICT) with significant educational reform. BSF, worth £2.2 billion in its first year, will ensure secondary pupils in every part of England learn in 21st century facilities. It is estimated that the programme will take 10-15 years, subject to future public-spending decisions.

### Comprehensive Performance Assessment (CPA)

CPA provides the framework for measuring local authority performance and the framework for continuous improvement in service delivery and achieving national policy objectives. The CPA is based on a ‘corporate block’ and specific ‘service blocks’, of which culture is one, alongside education, social services, housing, etc. Each service block is built up around a series of performance indicators (PIs), which are intended to provide the framework for measurement against policy objectives (for example,

increasing participation in sport) and service delivery (for example, value for money, efficiency). For further information please visit: [www.audit-commission.gov.uk/cpa/index.asp?page=index.asp&area=hpcpa](http://www.audit-commission.gov.uk/cpa/index.asp?page=index.asp&area=hpcpa)

## Extended Schools

Extended schools provide a range of services and activities, often beyond the school day, to help meet the needs of their pupils, their families and the local community. These can include childcare, healthcare and social services, and cultural, sporting and play activities.

## Every Child Matters

The Every Child Matters – Change for Children Framework is underpinned by the Children Act 2004 (section 10). This includes the creation of duties on local agencies (particularly local authorities who are tasked with leading on the legislation) to improve the well-being of children and young people (up to the age of 19). Well-being is the term used in the act to define the five Every Child Matters outcomes; be healthy, stay safe, enjoy and achieve, make a positive contribution and achieve economic well-being. The formation of children's trusts which will help coordinate agencies involved in providing services for children, are a key element of addressing the duty. [www.everychildmatters.gov.uk/](http://www.everychildmatters.gov.uk/)

## Quest

The UK Quality Scheme for Sport and Leisure is designed to assist facility managers achieve a high-quality service for their customers, and to demonstrate their commitment to continuously improving their operations. For further information visit [www.pmpconsult.com](http://www.pmpconsult.com) or call 0800 013 2766.

## Local Area Agreements

Agreements that assist in the planning of services across administrative boundaries or within specific areas in order to improve efficiency and streamline government funding.

## Local Education Partnership (LEP)

The partners working on implementing Building Schools for the Future (BSF) have developed a model for delivering the scheme called the Local Education Partnership (LEP). The LEP's job is to make sure that local authorities deploy BSF money efficiently and effectively into their secondary school estates.

A working LEP takes the form of a public private partnership between a local authority in charge of a BSF area program, Partnerships for Schools and a private sector partner selected in open competition under EU procurement rules. It will be a joint venture company focused on delivering the BSF investment charge.

### **National Benchmarking Service**

The National Benchmarking Service for Sports Halls and Swimming Pools (NBS) began in 2000 and through substantial research an authoritative set of performance indicators and national benchmarks have been established. The NBS is a facilitating service, placing performance measurement information in the hands of client authorities so they can plan to improve services. Alongside the knowledge of local authority officers and centre managers the NBS is a powerful improvement tool.

### **New Opportunities Fund (NOF) – for PE and Sport**

The New Opportunities Fund for PE and Sport has a budget of £581 million for England to invest in modernising existing and building new indoor and outdoor sports facilities for school and community use as well as providing initial revenue funding to support the development and promotion of these sporting facilities for wider community use.

### **Shared priorities**

DCMS share priorities of local and national government, which include: promoting healthier communities and narrowing health inequalities, improving the quality of life for older people and for children, young people and families at risk, raising standards in schools and creating safer and stronger communities.

### **Sports Facilities Calculator**

A Sport England interactive tool which estimates the demand for major community sports facilities, showing: current facility needs, future needs, and the impacts of changes in sports participation. The population profile can be chosen from an existing local authority population or built from scratch to allow the impact of major new residential developments to be assessed. The estimator uses the demand parameters established through the Facilities Planning Model.

**[www.sportengland.org/index/get\\_resources/planning\\_for\\_sport\\_front\\_page/planning\\_for\\_sport\\_practice.htm#assessing](http://www.sportengland.org/index/get_resources/planning_for_sport_front_page/planning_for_sport_practice.htm#assessing)**

## Sport Playing its Part

A reference guide that covers the contribution of sport to community priorities and the improvement agenda. Includes sports contribution to Workforce Development, Health, Children & Young People and Sustainable Communities. Copies can be downloaded from [www.sportengland.org/index/news\\_and\\_media/news\\_gs/sport\\_playing\\_its\\_part.htm](http://www.sportengland.org/index/news_and_media/news_gs/sport_playing_its_part.htm)

## Youth Matters

The proposed legislation proposed within the green paper Youth Matters will seek to establish a duty on single tier and county councils to secure access to sufficient recreation and non-formal education activities and facilities, and a duty on district councils to cooperate with the county councils in their fulfillment of this duty. The legislative provisions will be supported by new funding (£115 million) to provide for capital and revenue projects aimed at providing young people with things to do in their leisure time and by the trialing of the Youth Opportunity Card which will test the impact of providing young people with dedicated funds and discounts to encourage their participation in certain accredited activities.

<http://search.msn.co.uk/previewx.aspx?q=Youth+Matters&FORM=CBPW&first=1&noredir=1>

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department for  
**culture, media  
and sport**



# Taking Part 2011/12 Quarter 2

Statistical Release

December 2011

improving  
the quality  
of life for all



*Taking Part is a National Statistic and has been produced to the standards set out in the Code of Practice for Official Statistics*





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# Introduction

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## This report

This report presents the latest headline results from the Taking Part Survey, incorporating the first quarter of fieldwork from the seventh year of the survey and covering the twelve month period from October 2010 to September 2011 (this same period is also referred to as 2011/12 Q2). Where observations are made over time, the latest data are compared with earliest available data (typically 2005/06).

The report presents headline findings for the main culture and sport estimates along with updates on data to support the 2012 Olympic and Paralympic Games and Big Society objectives. Where we have recently extended our analysis to look at digital engagement with our sectors, this is presented alongside the relevant sector figures.

This release reports findings for adults only. The next update for child data will be presented in summer 2012. Taking Part users are encouraged to contribute their views on the content of this release and areas of interest for analysis to the Taking Part team at DCMS: [TakingPart@culture.gsi.gov.uk](mailto:TakingPart@culture.gsi.gov.uk).

The second Taking Part User Event was held on 18<sup>th</sup> August 2011 gathering together a range of users from different sectors and backgrounds. Material from this event is available on our site at:

[http://www.culture.gov.uk/what\\_we\\_do/research\\_and\\_statistics/7394.aspx](http://www.culture.gov.uk/what_we_do/research_and_statistics/7394.aspx)

## The Taking Part Survey

The Taking Part Survey is commissioned by the Department for Culture, Media and Sport (DCMS) in partnership with a number of our arm's length bodies. At present, these are Arts Council England, English Heritage, and Sport England.

Taking Part is a continuous face-to-face survey with adults aged 16 and over living in private households in England. It is conducted on behalf of DCMS by TNS-BMRB. The survey has run since mid-July 2005. A child interview was added to the survey in January 2006, interviewing a randomly selected child in those households containing at least one child aged 11-15. This is also a continuous face-to-face survey. In 2008/09, the child survey was broadened to include children aged 5-10. Interviews with children aged 11-15 are carried out directly, for those aged 5-10 an interview is conducted with the adult respondent.

The survey provides a wide range of data about engagement and non-engagement in culture, leisure and sport as well as more diverse measures that support a range of Government objectives. Taking Part is the key evidence source for DCMS, providing reliable national estimates of participation and supporting the Department's aim of improving the quality of life for everyone by providing people with the chance to get involved in a variety of these opportunities. The survey also aims to support the DCMS Structural Reform Priorities and Business Plan through the provision of data for DCMS input and impact indicators and the broader information strategy. The latest DCMS indicators are available at: [http://www.culture.gov.uk/about\\_us/8192.aspx](http://www.culture.gov.uk/about_us/8192.aspx)

The Taking Part Survey contributes to the evidence base across a wide range of topics including satisfaction and enjoyment of culture and sport, social capital, volunteering and barriers to participation. It also collects an in-depth range of socio-demographic information on respondents. A wider range of measures are included in the spreadsheets accompanying this release, while analysis of 2005/06 to 2010/11 adult data can be conducted through NetQuest, our on-line analytical tool: [http://www.culture.gov.uk/what\\_we\\_do/research\\_and\\_statistics/6762.aspx](http://www.culture.gov.uk/what_we_do/research_and_statistics/6762.aspx)

## **Forthcoming releases**

The next release, scheduled for the end of March 2012, will present latest rolling estimates including the third quarter of the seventh year of the survey (October 2011 to December 2011).

Future releases will follow a similar schedule, being released ahead of the Quarterly Data Summaries that will be produced by all departments. Taking Part forms part of the wider DCMS data strategy as well as supporting its impact and input indicators. Details of these are available at: [http://www.culture.gov.uk/about\\_us/8192.aspx](http://www.culture.gov.uk/about_us/8192.aspx)

In addition, topic specific analysis will now be published on a quarterly basis, looking in depth at particular areas of the survey. The first of these reports on the Big Society was published in mid-November and can be found at: <http://www.culture.gov.uk/publications/8612.aspx>

The next report will be taking an in-depth look at sport participation measures and will be released in February 2012.

If you would like further information on these releases or the Taking Part Survey, please contact the Taking Part team on [TakingPart@culture.gsi.gov.uk](mailto:TakingPart@culture.gsi.gov.uk). Additional contact details are contained within Annex A.

# Key findings

---

## Culture

- In the year to 2011/12 Q2 (October 2010 to September 2011), 72.0 per cent of adults report having visited a heritage site in the last year. 3.3 per cent of adults report visiting a heritage site at least once a week, a significant increase since 2005/06.
- Between 2005/06 and 2011/12 Q2, the proportion of people visiting a museum or gallery in the last year significantly increased (from 42.3% to 47.1%).
- In October 2010 to September 2011, 39.0 per cent of adults had used a library in the last 12 months, a significant decrease from 48.2 per cent in 2005/06, but showing no further change from 2009/10.
- In the year to September 2011, the proportion of adults visiting an archive (in their own time and voluntary) in the last year remained steady at 3.7 per cent from the 2008/09 level.

## Sport and active recreation

- 54.0 per cent of adults had participated in active sport at least once in the last 4 weeks.
- 25.8 per cent of adults had participated in moderate intensity sport for at least 30 minutes three times in the last week, an increase from 2005/06 (23.2%). 43.0 per cent had participated in moderate intensity sport for at least 30 minutes once in the last week, an increase from 2005/06 (41.2%).
- Since 2005/06, the proportion of 16-24 year olds participating in sport at least once in the last 4 weeks has decreased, while the proportion of people aged 75+ participating has increased.
- There have been significant increases between 2005/06 and 2011/12 Q2 for adults aged 25-44 doing 1x30 minute moderate intensity sport in the last week, (from 50.0% to 53.0%) and in the 45-64 age groups (from 36.8% to 40.5%).

## Big Society

- In October 2010 to September 2011, the proportion of adults volunteering in the last 12 months remained at 23.8 per cent. 7.1 per cent of all adults had volunteered in any DCMS sector. Of those who volunteered, 8.8 per cent had done so in the arts sector which is a significant increase from 2005/06 (6.3 per cent).
- In October 2010 to September 2011 88.9 per cent of adults had donated money (including any donations into a collection box) in the last 12 months. 31.5 per cent of all adults had donated to one of the DCMS sectors.

## 2012 Olympic and Paralympic Games

- Almost two thirds (64.5%) of adults are slightly or strongly supportive of the 2012 Olympic and Paralympic Games.
- 85.6 per cent of adults intend to follow the London 2012 Olympic or Paralympic Games; with 25.3 per cent of adults actively getting involved in the Games.

## Digital engagement

- In October 2010 to September 2011, 16.2 per cent of adults had visited a library website in the last 12 months, a significant increase from 8.9 per cent in 2005/06.
- Since 2005/06, the proportion of people visiting heritage websites increased from 18.3 per cent to 27.7 per cent.
- In October 2010 to September 2011, 25.9 per cent of adults had visited a museum or gallery website, an increase from 15.8 per cent in 2005/06.
- In October 2010 to September 2011, 39.5 per cent of adults had visited a theatre or concert website, a significant increase from 30.5 per cent in 2005/06.
- People are more likely to visit an archive or records office online than in person.
- Since 2005/06, the proportion of adults visiting sports websites has increased from 26.1 per cent to 37.4 per cent.






# Taking Part 2011/12 Quarter 2

**Reference Period: Year to 2011/12 Q2 (October 2010 to September 2011)**  
*Arrows indicate significant change from 2005/06*

**Sample = 11,780**  
**Base: All Adults**



## Key Trends

Record high levels of heritage and museum or gallery attendance and arts engagement. Lowest levels over survey period for library and archive attendance rates. July-September 2011 is the first quarter where more than half of adults attended M&Gs.

### Significant percentage increase\* since 2005/06:

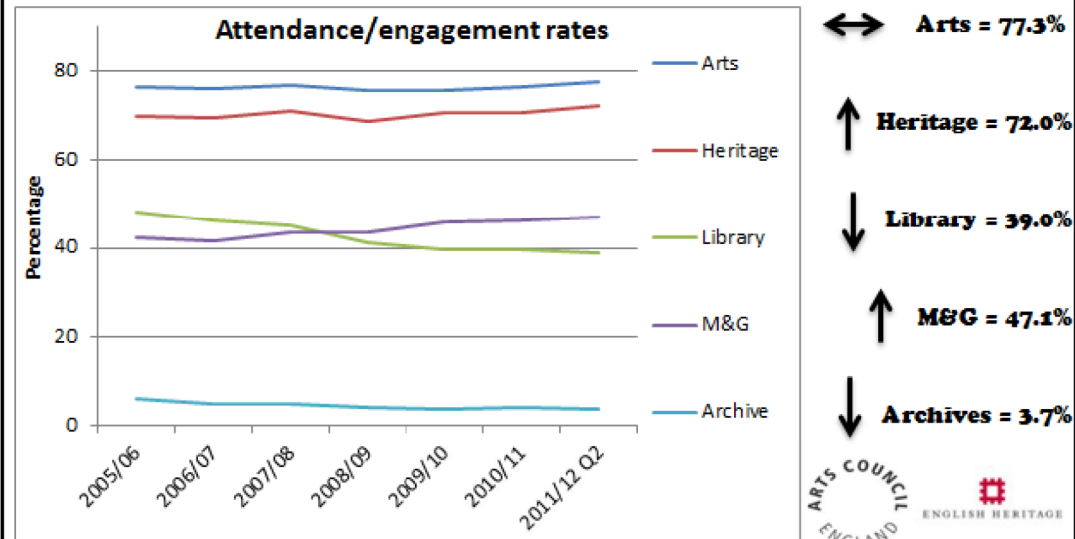
- of black or ethnic minority groups visiting a museum or gallery in the last year (from 35.4% to 40.6%)
- of adults aged 65+ engaging with the arts in the last year (from 64.3% to 68.7%)
- of adults doing 1x30 minute sessions of moderate intensity sport (MIS) in the last week (from 41.2% to 43.0%)

### Significant percentage decrease\* since 2005/06:

- of adults strongly supportive of the Olympic and Paralympic Games (from 48.4% to 39.7%)
- of 16-24 year olds participating in sport at least once in the last 4 weeks (76.8% to 72.1%)

\*selected results

## Culture



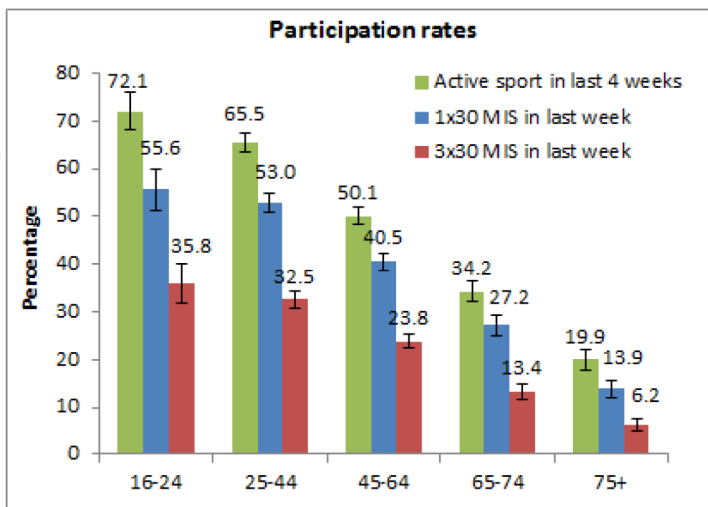
## Sport & Active Recreation

### Participation levels

**Active sport in last 4 weeks = 54.0%** ↔

**1x30 MIS = 43.0%** ↑

**3x30 MIS = 25.8%** ↑



## Big Society

### Volunteered

**All = 23.8%**

**Any DCMS Sector = 7.1%**

### Charitable Giving

**All = 88.9%**

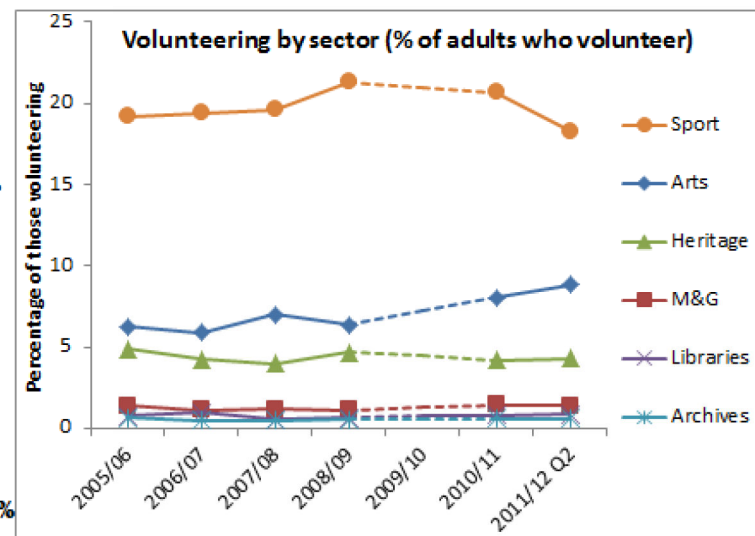
**Sport = 6.7%**

**Heritage = 15.4%**

**Library = 0.6%**

**M&G = 14.1%**

**Any DCMS Sector = 31.5%**





# Chapter 1: Heritage

---

The survey measures adult participation in heritage by attendance at a heritage site in the 12 months prior to interview and the frequency with which they attend these types of sites. Details on the ways that people digitally engage with heritage are also given.

## Key findings

- In October 2010 to September 2011, 72.0 per cent of adults report having visited a heritage site in the last year. This is the highest annual proportion of adults visiting since the survey began in 2005/06. 3.3 per cent of adults report visiting a heritage site at least once a week, a significant increase since 2005/06.
- There has been a significant increase in the proportion of men who have visited a heritage site, 73.3 per cent in October 2010 to September 2011, compared to 70.0 per cent in 2005/06.

## Heritage attendance

The latest results show 72.0 per cent of adults reported visiting a heritage site in the last 12 months. This compares with a figure of 70.7 per cent in 2010/11 and 69.9 per cent in 2005/06. There has been a significant increase in the proportion of those visiting a heritage site at least once a week (from 2.4% in 2005/06 to 3.3 % in the latest results).

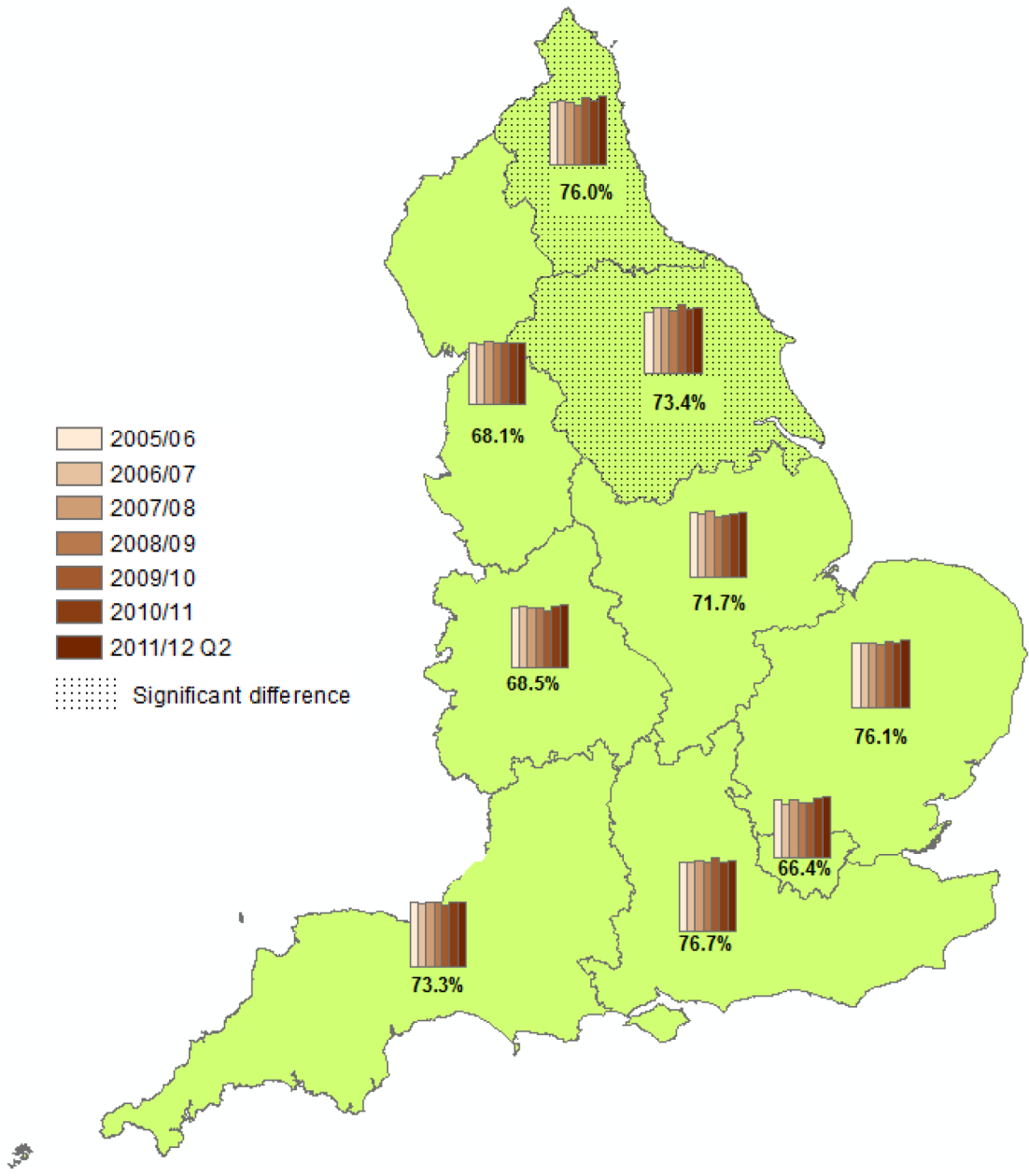
Other groups which experienced significant increases during that period include:

- men (from 70.0% to 73.3%),
- people in age groups 25-44, 65-74, 75+,
- lower socio-economic group (from 57.1% to 59.6%),
- those in the social rented sector (from 46.4% to 51.2%),
- those not working (from 61.3% to 64.1%),
- those working (from 75.5% to 77.6%),
- those without a long standing illness or disability (from 72.3% to 74.2%),
- those with a long standing illness or disability (from 63.9% to 66.6%).

Figure 1.1 shows the proportion of adults attending heritage sites over time by region.

During 2005/06 and October 2010 to September 2011, the North East and Yorkshire and the Humber regions had increased heritage attendance (from 69.1% to 76.0%, and from 68.3% to 73.4%, respectively). Both urban areas (from 68.0% to 69.9%), and rural areas (from 77.4% to 80.7%) also experienced significant increases.

**Figure 1.1: Proportion who have visited a heritage site in the last year, 2005/06 to October 2010 - September 2011**



**Notes**

- (1) Percentages shown on map are for October 2010 to September 2011
- (2) Confidence intervals range between +/-2.7 and +/-3.9 in 2011/12 Q2

## Digital engagement

Since 2005/06, the proportion of people visiting heritage websites increased from 18.3 per cent to 27.7 per cent.

Between 2005/06 and October 2010 to September 2011, 25.0 per cent of adults had visited a heritage website to take a virtual tour of a heritage (not significantly different to 26.9% of adults in 2005/06)

The Taking Part Survey added new questions on heritage websites from July 2011. From July 2011 to September 2011, of people who visited a heritage website, over half used it to plan how to get to the historic site, just under half used it to learn about history or the historic environment, a quarter used it to take a virtual tour and 23.7 per cent of adults used it to buy tickets to visit a historic site.

Further detail on this section can be found in the accompanying spreadsheets to this release available at: <http://www.dcms.gov.uk/publications/8734.aspx>

## Chapter 2: Museums and galleries

Museums and galleries have been routinely presented alongside data on archives in previous releases. This report presents museums and galleries separately. Participation is measured by attendance at a museum or gallery in the last year. Details on the ways that people digitally engage with museums and galleries are also given.

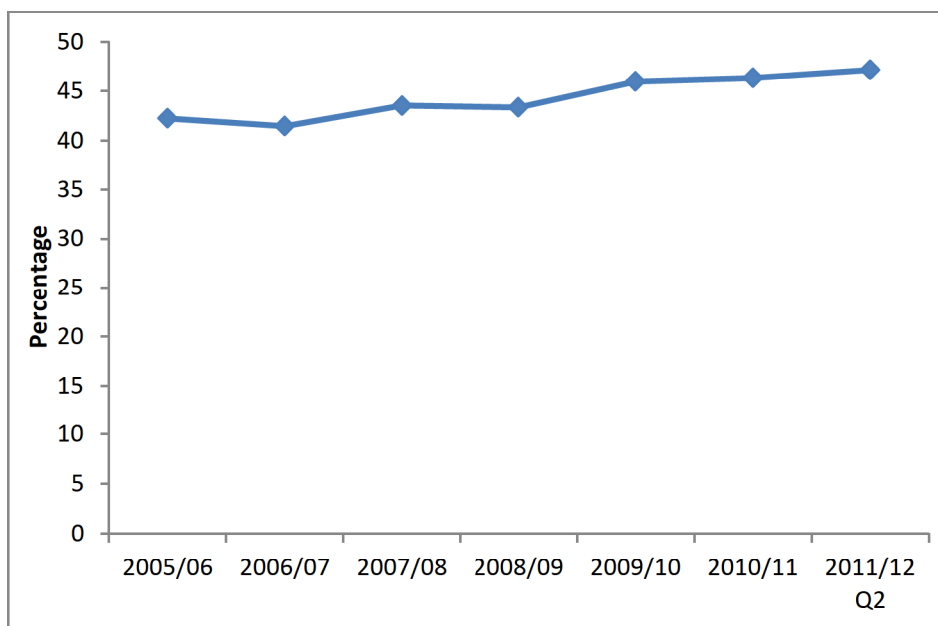
### Key findings

- Between 2005/06 and October 2010 to September 2011, the proportion of people visiting a museum or gallery in the last year significantly increased (from 42.3% to 47.1%). This has not been higher in any year since 2005/06.
- In October 2010 to September 2011, 28.4 per cent of adults visited 1-2 times a year, 14.8 per cent did so 3-4 times a year, 3.3 per cent at least once a month and over half a per cent went at least once a week.
- In October 2010 to September 2011, 53.0 per cent of adults aged 25-44 visited a museum or gallery in the last year, compared to just 27.8 per cent of 75+ year olds.

### Overall attendance at museums and galleries

In October 2010 to September 2011, 47.1 per cent of adults visited a museum or gallery, an increase from 2005/06 (42.3%). This is the highest proportion recorded in any given year, as shown in Figure 2.1

**Figure 2.1: Proportion who have visited a museum or gallery in the last year, 2005/06 to October 2010 to September 2011**



#### Notes

(1) Confidence intervals range between +/-0.7 and +/-1.9 from 2005/06 onwards.

The vast majority of visits were done in their own free time (97.7%), with a small percentage attending for paid work and for academic study (2.4% and 2.7% respectively<sup>1</sup>).

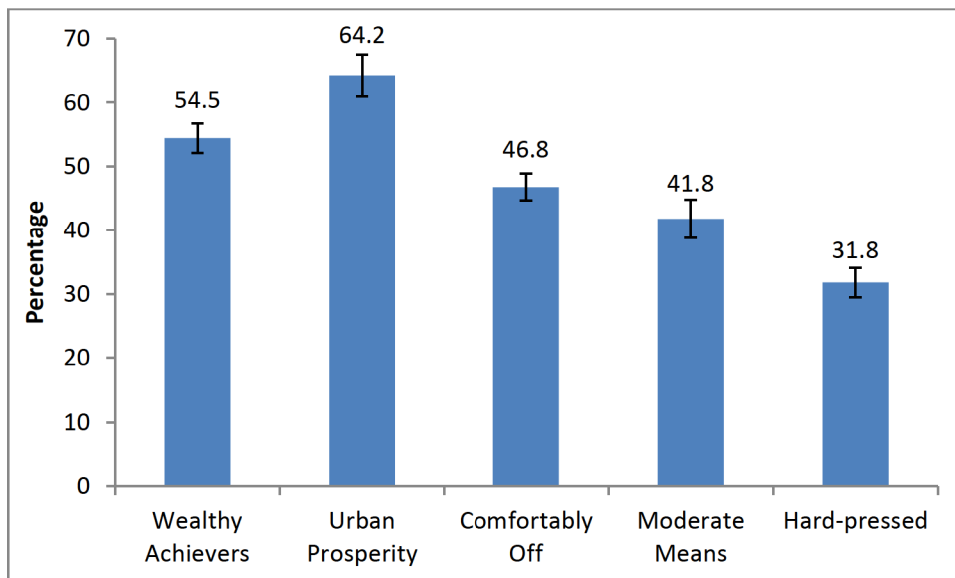
While people who live in rural areas are just as likely as people in urban areas to have visited a museum or gallery in the last year, there are variations by region.

In 2011/12 Q2, Londoners (56.1%) had the highest levels of attendance, while those in the East Midlands (39.5%) had the lowest levels of attendance. Since 2005/06, the proportion of people visiting museums or galleries increased in all regions except for East Midlands, and the South West.

The most recent period shows a significant increase in the proportion of black and minority ethnic (BME) groups visiting a museum or gallery in the last year from 35.4 per cent (in 2005/06) to 40.6 per cent. However this level is significantly lower than the percentage of white adults visiting (47.9%).

People in the higher ACORN groups such as Wealthy Achievers (54.5%) and Urban Prosperity (64.2%) had higher attendance rates than the Hard-pressed (31.8%) (Figure 2.2).

**Figure 2.2: Proportion who have visited a museum or gallery in the last year, October 2010 to September 2011, by ACORN group**



**Notes**

(1) Confidence intervals range between +/-2.1 and +/-3.3

Over half (57.2%) of adults in the upper socio-economic group visited a museum or gallery compared to 32.9 per cent in the lower group. Over half of working adults had attended (52.5%) compared to 39.6 per cent of adults not working.

<sup>1</sup> Percentages will not total to 100% as some people may have visited a museum or gallery for more than one reason.

### Digital engagement

In October 2010 to September 2011, 25.9 per cent of adults had visited a museum or gallery website, an increase from 15.8 per cent in 2005/06.

Between 2008/09 and 2010/11 Q2, of those who had visited a museum or gallery website, there were increases in the proportions of people visiting a museum or gallery website to book tickets (from 47.5% to 54.5%) or to find out about a subject (from 46.5% to 50.9%). Meanwhile the proportion visiting to look at a collection remained steady over the last couple of years (21.5% in the latest period).

The Taking Part Survey added new questions on museum or gallery websites from July 2011. In this period, of those who had visited a museum or gallery website, 17.6 per cent of adults had taken a virtual tour of a museum or gallery and 13.5 per cent had viewed or downloaded an event or exhibition.

Further detail on this section can be found in the accompanying spreadsheets to this release available at: <http://www.dcms.gov.uk/publications/8734.aspx>

# Chapter 3: Libraries

This chapter examines library participation as measured by attendance in the last 12 months, by a range of area-level and socio-demographic breakdowns. Details on the ways that people digitally engage with library services are also given.

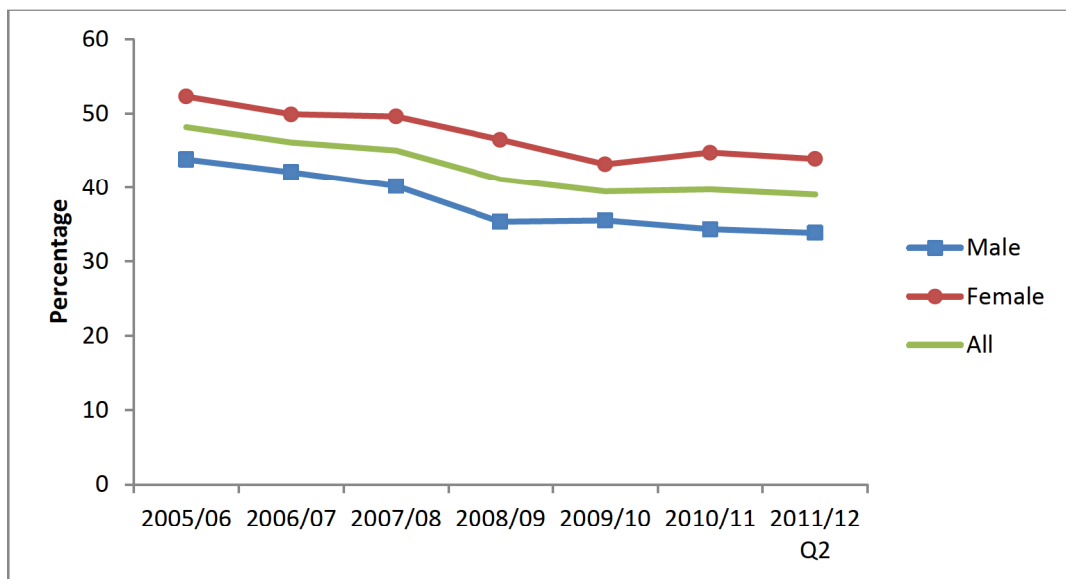
## Key findings

- In October 2010 to September 2011, 39.0 per cent of adults had used a library in the last 12 months, a significant decrease from 48.2 per cent in 2005/06, but showing no further change from 2009/10.
- Between 2005/06 and October 2010 to September 2011, the proportion of people using a public library declined in all regions.

## Library attendance

In October 2010 to September 2011, 39.0 per cent of adults reported using a library service in the last 12 months, a significant decrease from 48.2 per cent in 2005/06, and no change from 2009/10 (Figure 3.1).

**Figure 3.1: Library attendance by sex, 2005/06 to October 2010 - September 2011**



**Notes**

(1) Confidence intervals range between +/-0.7 and +/-2.5 from 2005/06 onwards.

There is no significant difference between library attendance in urban (39.4%) and rural areas (37.2%). Attendance levels in both areas have declined since 2005/06.

Between 2005/06 and October 2010 to September 2011, the proportion of people using a public library declined in all regions. During that time period, the decline in library usage has been across all socio-demographic groups.

In October 2010 to September 2011, the following patterns of library attendance were observed:

- Women (43.9%) have a higher rate of library attendance than men (33.8%).
- People in upper socio-economic groups (43.2%) have a higher rate of library attendance than people in lower socio-economic groups (33.1%).
- People not working (41.6%) have higher rates of library attendance than those who are working (37.1%).
- White people (37.8%) have lower rates of library attendance than black and minority ethnic (BME) groups (47.7%).

The same patterns have been consistent since 2005/06; however the library attendance rates were higher for each category in 2005/06.

### **Digital engagement**

In October 2010 to September 2011, 16.2 per cent of adults had visited a library website in the last 12 months, a significant increase from 8.9 per cent in 2005/06. Of those who had visited a library website, 76.4 per cent had searched and viewed online information or made an enquiry. 38.2 per cent had completed a transaction, e.g. reserve or renew items or pay a fine; a significant increase from 28.1 per cent in 2006/07.

Further detail on this section can be found in the accompanying spreadsheets to this release available at: <http://www.dcms.gov.uk/publications/8734.aspx>



# Chapter 4: Arts

Taking Part asks respondents whether they have participated in a given range of arts activities or attended a range of activities. These two forms of activity are combined to provide the overall measure of arts engagement. Details on the ways that people digitally engage with the arts are also given.

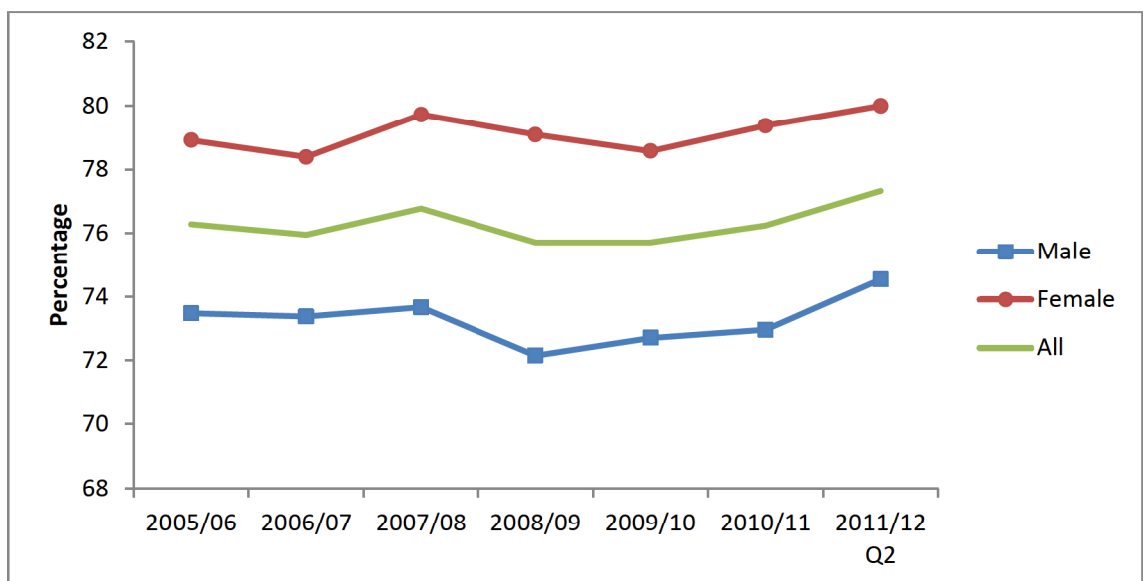
## Key findings

- In October 2010 to September 2011, 77.3 per cent of adults had engaged in the arts in the last year.
- Arts engagement increased between 2009/10 and October 2010 to September 2011 for the most deprived decile group, from 59.9 per cent to 67.7 per cent.
- Between 2005/06 and October 2010 to September 2011 arts engagement increased for people living in urban areas, from 74.9 per cent to 76.7 per cent.
- Adults aged 65-74 and 75+ have seen a significant increase in engagement since 2005/06 (from 70.7% to 75.7% for 65-74 year olds and from 57.5% to 61.1% for age 75 and over). However, adults aged 75 and over still have significantly lower arts engagement rates than the other age groups.

## Arts engagement

The latest results show 77.3 per cent of adults reported engagement in arts activities in the last 12 months, which is not a statistically significant increase from 76.3 per cent in 2005/06 (Figure 4.1).

**Figure 4.1: Arts engagement, by sex, 2005/06 to October 2010 - September 2011**



**Notes**

(1) Confidence intervals range between +/-0.7 and +/-3.1 from 2005/06 onwards.

In October 2010 to September 2011, 62.8 per cent of adults had engaged with the arts three or more times in the last 12 months, unchanged from 2005/06. 8.2 per cent of adults had engaged once in the last 12 months, a significant increase from 7.2 per cent in 2005/06.

Arts engagement in the regions remained steady between 2005/06 and October 2010 to September 2011. However, arts engagement increased for people living in Urban areas (from 74.9% to 76.7%) during that period.

In October 2010 to September 2011, the following patterns of arts engagement were observed:

- Arts engagement tends to be higher among people who live in less deprived neighbourhoods. Since 2009/10, levels of engagement have remained level in each Index of Deprivation decile group, except for the most deprived, where engagement has increased from 59.9 per cent to 67.7 per cent.
- People aged 75 and over have significantly lower arts engagement rates (61.1%) than the other age groups. Although the 65-74 and 75+ age groups have seen a significant increase in engagement since 2005/06 (from 70.7% to 75.7% for 65-74 year olds, from 57.5% to 61.1% for age 75 and over), engagement rates for other age groups have remained steady during that period.
- Women (80.0%) had higher arts engagement rates than men (74.5%).
- Arts engagement is higher among white people (78.3%) than black and minority ethnic (BME) groups (69.8%).
- People with no long-standing illness or disability had a higher arts engagement rate (79.8%) than people with a long-standing illness or disability (71.5%).

These patterns are consistent with previous years.

### **Digital engagement**

In October 2010 to September 2011, 39.5 per cent of adults had visited a theatre or concert website, a significant increase from 30.5 per cent in 2005/06. Of those who had visited a theatre or concert website, 64.7 per cent of people had bought tickets for an arts performance or exhibition, a significant increase from 43.2 per cent in 2006/07.

The Taking Part Survey added new questions on arts websites from July 2011. Between July 2011 and October 2011, of those who had visited an arts website, the most popular reason was to find out more about an artist, performer or event (71.0%), followed by viewing or downloading part or all of a performance or exhibition (23.6%). 8.1% of adults visited an arts website to find out how to take part or improve their creative skills.

Further detail on this section can be found in the accompanying spreadsheets to this release available at: <http://www.dcms.gov.uk/publications/8734.aspx>

# Chapter 5: Archives

Archives have been routinely presented alongside data on museums and galleries in previous releases. This report presents analysis on the individual archive sector. Participation in archives is measured by attendance at an archive in the last year. Details on the ways that people digitally engage with archives are also given.

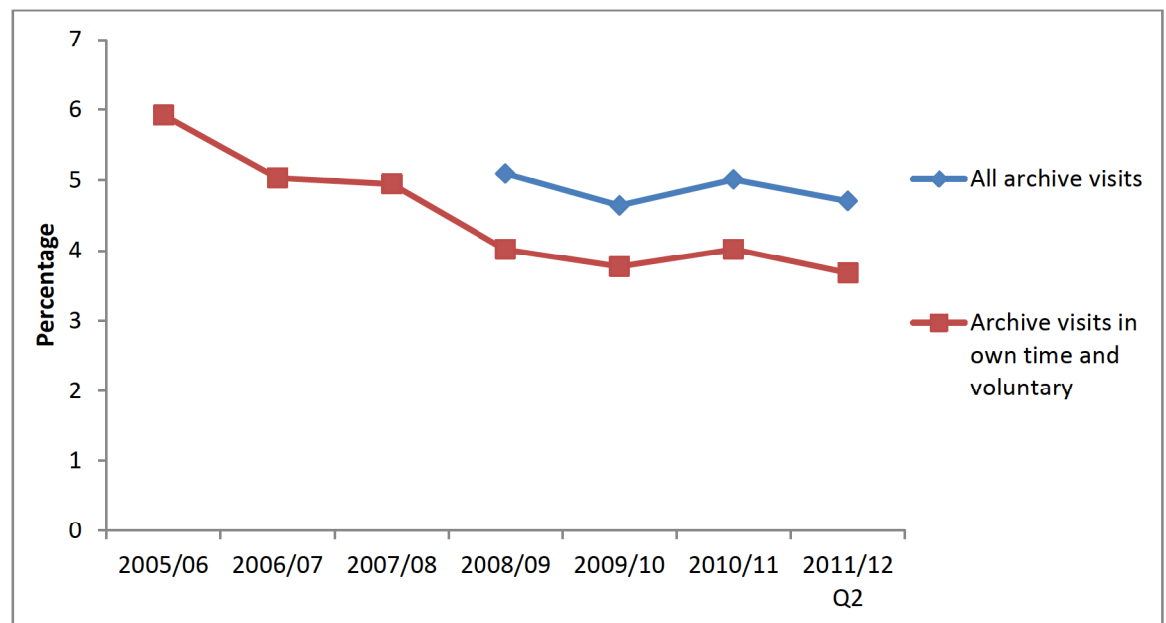
## Key findings

- In the year to September 2011, the proportion of adults visiting an archive (in their own time and voluntary) in the last year remained steady at 3.7 per cent.
- Half of adults who did visit an archive did so just once in the last 12 months.
- 6.9 per cent of adults aged 65-74 visited an archive, compared to just 1.7 per cent of 16-24 year olds.

## Overall participation in archives

In this latest period, 3.7 per cent of adults had visited an archive in the last year in their own time or as part of voluntary work. This is significantly lower than 2005/06 (5.9%). Including paid work visits and academic study visits, this increases to 4.7 per cent of all adults. The trend over time is shown in Figure 5.1 below.

**Figure 5.1: Percentage of adults visiting an archive or records office, 2005/06 to October 2010 - September 2011**



### Notes

- (1) Confidence intervals range between +/-0.3 and +/-0.8 from 2005/06 onwards.
- (2) Some archive questions were not asked prior to the 2008/09 survey.

There is little variation between different areas or demographic groups, but adults from upper socio-economic groups had a significantly higher attendance rate (4.7%) than those in lower socio-economic groups (2.7%).

Over three quarters of all archive visits (77.1%) were in their own time, followed by 16.0 per cent visiting for paid work, and 8.2 per cent for academic study<sup>2</sup>.

### **Digital engagement**

People are more likely to visit an archive or records office online than in person. In October 2010 to September 2011, 11.2 per cent of adults had visited an archive or records office website in the last 12 months, a significant increase from 9.7 per cent in 2005/06. Of those who had visited an archive or records office website, 61.7 per cent had done so to view digitised documents; around a third of adults had searched a catalogue, and 19.6 per cent had completed a transaction.

Further detail on this section can be found in the accompanying spreadsheets to this release available at: <http://www.dcms.gov.uk/publications/8734.aspx>

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<sup>2</sup> Percentages will not total to 100% as some people may have visited an archive for more than one reason.

# Chapter 6: Sport and active recreation

This chapter examines sport and active recreation by a range of area-level and socio-demographic breakdowns. Key findings on swimming and cycling proficiency – that is the extent to which adults feel able to swim and cycle – are also provided. Details on digital engagement as measured by visiting sports websites are also given.

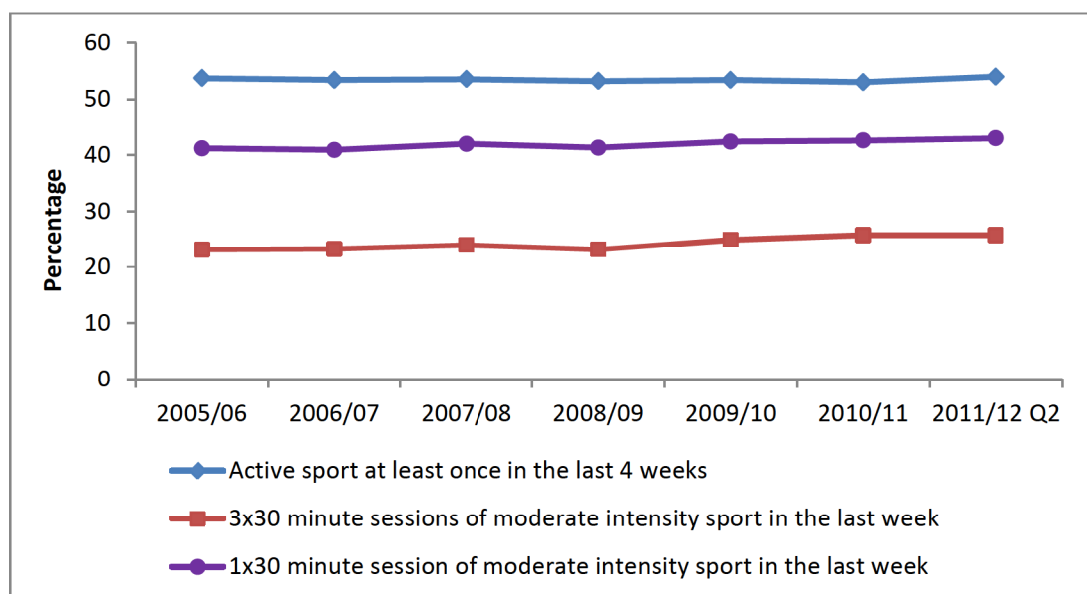
## Key findings

- 54.0 per cent of adults had participated in active sport at least once in the last 4 weeks. 25.8 per cent had participated in 30 minutes of moderate intensity sport at least three times in the last week, with the corresponding figure of 43.0 per cent at least once in the last week.
- Since 2005/06, the proportion of 16-24 year olds participating in sport at least once in the last 4 weeks has decreased, while the proportion of people aged 75+ participating has increased.

## Participation in sport or recreational physical activities

In October 2010 to September 2011, 54.0 per cent of adults had participated in active sport at least once in the last 4 weeks. This is unchanged from 2005/06 (53.7%). Over that same period, 25.8 per cent of adults had participated in moderate intensity sport for at least 30 minutes three times in the last week, an increase from 2005/06 (23.2%). 43.0 per cent had participated in moderate intensity sport for at least 30 minutes once in the last week, an increase from 2005/06 (41.2%) (Figure 6.1).

**Figure 6.1: Percentage of adults who have participated in sports, 2005/06 to October 2010 - September 2011**



### Notes

(1) Confidence intervals range between +/-0.6 and +/-1.9 from 2005/06 onwards.

When we look at the frequency of 30 minutes or more of moderate intensity sport undertaken in the last 4 weeks, during 2005/06 and October 2010 to September 2011, the percentage participating less than once a week decreased from 9.8 per cent to 8.9 per cent. At the other end, the percentages participating at least three times a week but not every day and those participating every day increased from 14.3 per cent to 15.9 per cent, and from 8.9 per cent to 9.9 per cent, respectively.

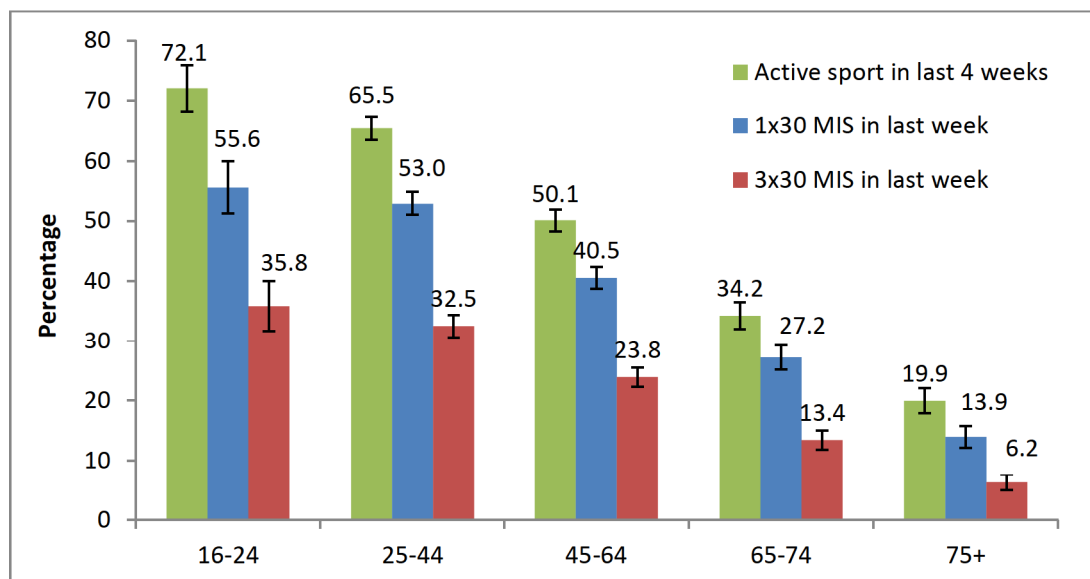
The proportion of people in ACORN classification 'Urban Prosperity' who have done sport once in the last 4 weeks significantly increased from 59.3 per cent in 2005/06 to 63.4 per cent in October 2010 to September 2011. In general, people who live in less deprived neighbourhoods are more likely than those who live in more deprived neighbourhoods to participate in sport. This has not changed since 2005/06.

Between 2005/06 and October 2010 to September 2011, the proportion of 16-24 year olds who had taken part in active sport at least once in the last 4 weeks decreased from 76.8 per cent to 72.1 per cent. Across the same time period, the proportion of people aged 75+ doing sport increased from 15.2 per cent to 19.9 per cent.

Rates of sports participation have remained steady across the other socio-demographic groups, apart from people not working where it increased from 38.6 per cent to 41.0 per cent during the period.

For the 1x30 and 3x30 minute moderate intensity sport in the last week measures, there have been significant increases in participation rates between 2005/06 and October 2010 to September 2011, for the 25-44 age group (from 28.6% to 32.5% for the 3x30 measure, and from 50.0% to 53.0% for the 1x30 measure,) and 45-64 age groups (from 20.1% to 23.8% for the 3x30 measure, and from 36.8% to 40.5% for the 1x30 measure). Older age groups have a lower sport participation rate (Figure 6.2).

**Figure 6.2: Percentage of adults who have participated in sports by age group, October 2010 - September 2011**



**Notes**

(1) Confidence intervals range between +/-1.3 and +/-4.4.

During the same period, there was also a significant increase in participation rates in the 1x30 measure for men (from 46.0% to 48.9%), and also significant increases in participation rates in the 3x30 measure for men (from 26.8% to 29.9%) and women (from 19.7% to 21.8%).

### **Digital engagement**

Since 2005/06, the proportion of adults visiting sports websites has increased from 26.1 per cent to 37.4 per cent.

Further detail on this section can be found in the accompanying spreadsheets to this release available at: <http://www.dcms.gov.uk/publications/8734.aspx>

### **Cycling and swimming proficiency**

- In October 2010 to September 2011, 81.7 per cent of adults stated that they could swim and 85.8 per cent stated that they could cycle.
- Despite swimming being among the most popular sports for women, men (86.3%) are more likely than women (77.3%) to say that they can swim. Men are also more likely to say that they can cycle (92.9% compared with 79.0%).
- White people were more likely than BME groups to say that they can swim (83.8% compared with 65.7%) and cycle (87.2% compared with 75.3%).
- Like sports participation generally, swimming and cycling proficiency is also linked with the type of area people live in, with people who live in the least deprived neighbourhoods more likely to say that they can swim and cycle.

# Chapter 7: Big Society

Taking Part asks whether respondents have done any volunteering work in the last 12 months and whether this relates to any of the DCMS sectors. It also includes a range of questions on social capital and cohesion. Recently added questions ask about charitable donations and whether these relate to DCMS sectors.

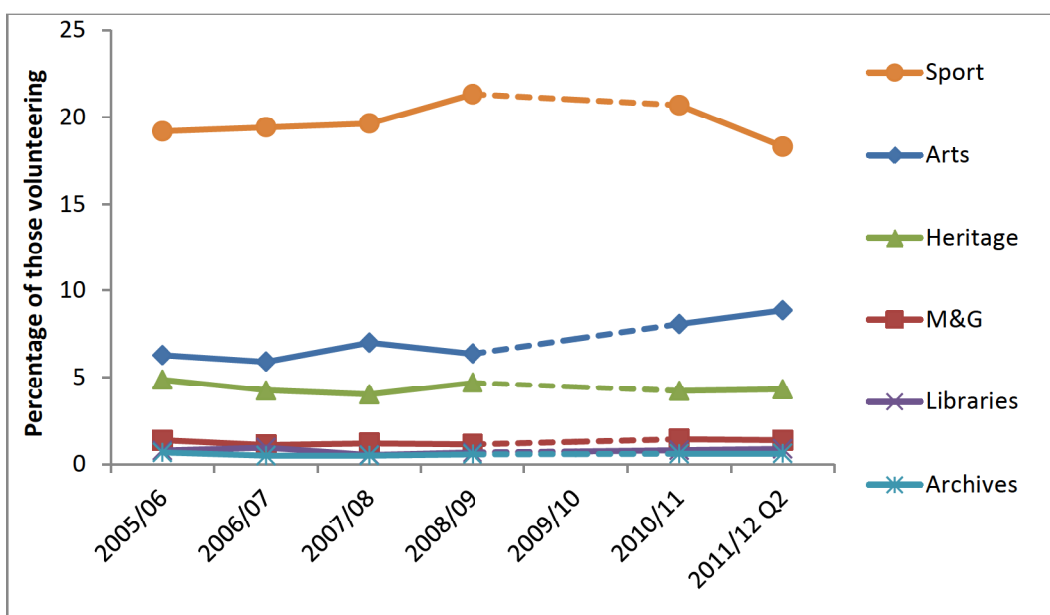
## Key findings

- In October 2010 to September 2011, the proportion of adults volunteering in the last 12 months remained at 23.8 per cent. 7.1 per cent of all adults had volunteered in any DCMS sector. Of those who volunteered, 8.8 per cent had done so in the arts sector which is a significant increase from 2005/06 (6.3 per cent).
- There was a significant increase in the proportion of black and ethnic minority (BME) groups who had volunteered in the last 12 months compared to 2005/06 (up from 19.6% to 23.5%).
- In October 2010 to September 2011 88.9 per cent of adults had donated money (including any donations into a collection box) in the last 12 months. 31.5 per cent of all adults had donated to one of the DCMS sectors.

## Volunteering

In 2011/12 Q2, 23.8 per cent of adults reported that they had taken part in voluntary activities in the last 12 months. 7.1 per cent of all adults had volunteered in any DCMS sector, and Figure 7.1 shows *of those who volunteered* which sectors they did it in.

**Figure 7.1: Volunteering by DCMS Sector (% of adults who volunteer), 2005/06 to October 2010 – Sept 2011**



### Notes

- (1) Confidence intervals range between +/-0.2 and +/-1.8 from 2005/06 onwards
- (2) Volunteering question was not asked in 2009/10



Adults who had participated in any DCMS sector had higher volunteering rates, than adults who had not participated, e.g. of adults who had participated in sport, 27.8 per cent of them had volunteered in sport, compared with just 7.6 per cent of those who did not play sports.

For adults who volunteered in DCMS sectors we asked them ‘During the last four weeks how much time have you spent on voluntary work?’ The arts sector had the highest average amount of time spent volunteering during the last 4 weeks (over 13 hours). On average 12 hours 11 minutes was spent in the last 4 weeks by volunteers in the heritage sector, followed by and 8 hours 50 minutes by volunteers in the sports sector.

### Charitable giving

Taking Part asks whether respondents have donated money in the last 12 months and whether this was to any of the DCMS sectors.

In October 2010 to September 2011 88.9 per cent of adults had donated money (including any donations into a collection box) in the last 12 months. 31.5 per cent of all adults had donated to one of the DCMS sectors.

36.2 per cent of adults donated money less often than once a month but at least 3 or 4 times a year and 32.2 per cent donated less often than once a week but at least once a month.

### Overall civic participation

Taking Part asks a series of questions on sporting and cultural facilities in the respondent’s local area.

In the year to September 2011, over three quarters of adults (76.6%) had not taken any actions<sup>3</sup> to try to get something done about sporting and cultural facilities in their area. The most common action that had been taken was to contact the council, with 11.6 per cent of adults having done so. Also 4.8 per cent of adults had contacted their local councillor or MP.

43.8 per cent of adults had been involved in groups, clubs or organisations in the last 12 months, which was significantly lower (at the 90% confidence level) than in 2010/11. Of those adults, the most popular type of group was *sports/exercise groups, taking part/coaching/watching* (50.7% of adults who had attended a group), followed by *hobbies/social clubs* (34.8%).

Further detail on this section can be found in the accompanying spreadsheets to this release available at: <http://www.dcms.gov.uk/publications/8734.aspx>

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<sup>3</sup> Actions include, contact a local radio station, TV station or paper; talk to / written to a sporting or cultural facility, contact the council, contact a local councillor or MP, join a local group or attend a neighbourhood forum, attend a protest meeting or joined a campaign group, or help organise a petition.

# Chapter 8: The 2012 Olympic and Paralympic Games

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This chapter examines the extent to which people in England support the UK hosting the 2012 Olympic and Paralympic Games. It covers the reasons why people are either supportive of or against the UK hosting the 2012 Games, and provides analysis by a range of area level and socio-demographic variables. This chapter also examines for the first time how people intend to get involved in the Games.

## Key findings

- Almost two thirds (64.5%) of adults are slightly or strongly supportive of the 2012 Olympic and Paralympic Games.
- The proportion of those strongly supportive of the Games has shown a significant decrease, falling from 48.4 per cent in 2005/06 to 39.7 per cent in 2011/12 Q2. The proportion of those who are slightly supportive has increased to 24.9 per cent from 22.5 per cent in 2005/06 whilst the proportion who are neither against nor supportive of the Games has also increased from 18.4 per cent to 24.5 per cent over the same period.
- Between October 2010 and September 2011, 6.9 per cent of adults reported that the UK winning the bid had motivated them to do more sport or recreational physical activity, 3.8 per cent reported that they were motivated to do more cultural activities and 5.8 per cent reported that they were motivated to do more voluntary work.
- 85.6 per cent of adults intend to follow the London 2012 Olympic or Paralympic Games; with 25.3 per cent of adults actively getting involved in the Games.

## The 2012 Olympic and Paralympic Games

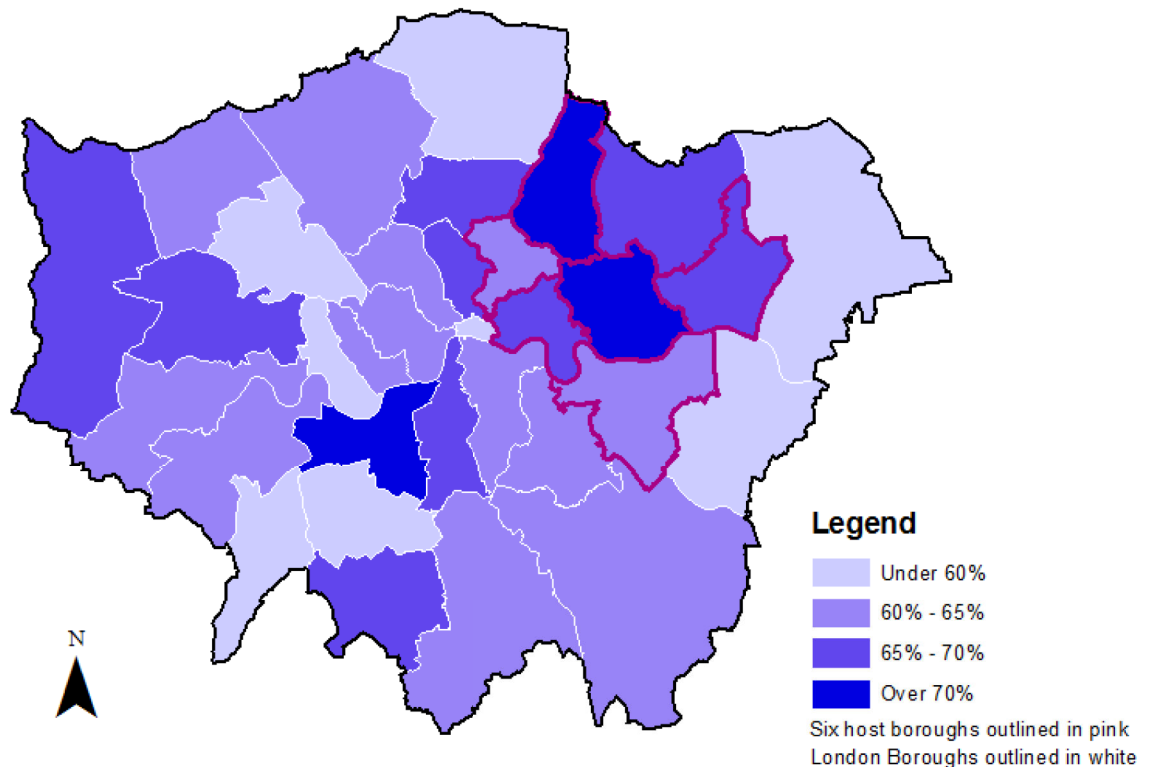
In 2011/12 Q2, 64.5 per cent of adults were supportive of the 2012 Games, reporting that they were slightly or strongly supportive. This is a significant decrease from 2005/06 when 71.0 per cent reported that they were supportive. The proportion of those who are strongly supportive has fallen from 48.4 per cent in 2005/06 to 39.7 per cent in the latest results. The proportion who are neither against nor supportive of the Games has increased from 18.4 per cent to 24.5 per cent over the same period with those either slightly or strongly against remaining stable at 10.3 per cent.

Those from a black and minority ethnic (BME) background were more likely to be supportive of the Games than those with a white background (77.3% and 63.4% respectively). Men were more likely to be supportive than women (67.2% and 62.8%, respectively) and those aged 25-44 years old were the most supportive group (69.3%). The least supportive group was those aged 75+ with 54.0 per cent being supportive of the Games.

London is now the region with the highest level of support (70.7 per cent) while those in the North East are least supportive (56.9%). However, the levels of support within London vary, and between July 2005 and September 2011, 74.2 per cent of

respondents in Newham (a host borough) were supportive of the Games, compared to 55.7 per cent of respondents in Bexley.

**Figure 8.1: Proportion of adults who are slightly or strongly supportive of the UK hosting the 2012 Olympic Games, London, July 2005 to September 2011**



**Notes**

- (1) Results for the City of London are indicative due to a small sample size.
- (2) Sample sizes vary by London Borough (excluding City of London) from 171 to 713.

Between July 2011 and September 2011 the Taking Part Survey asked some new questions on adults' intended involvement in the Games. 85.6 per cent of adults intend to follow the London 2012 Olympic or Paralympic Games, either by watching on TV at home (82.2%), reading about it on a newspaper online or offline (31.7%), listening to it on the radio at home (15.3%), watching or listening on the internet at home (14.7%) or watching live events on a public big screen (12.0%).

Additionally, since July 2011 we asked adults whether they intend to actively follow or get involved in the London 2012 Olympic or Paralympic Games. 25.3 per cent of adults said they did, which includes attending a free or ticketed Olympic or Paralympic event, taking part in a Games related sports or physical activity or using a new or improved sports facility linked to the Games, volunteering during the Games (e.g. as a Gamesmaker or London Ambassador), gaining Games related employment or training, taking part in a Games related cultural event or activity or taking part in a Games related community event or activity (e.g. street party or local Inspire Mark project).

Further detail on this section can be found in the accompanying spreadsheets to this release available at: <http://www.dcms.gov.uk/publications/8734.aspx>

## Annex A: Background note

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1. The Taking Part Survey is commissioned by the Department for Culture, Media and Sport (DCMS) and its partner arm's length bodies (ALBs). For 2011 to 2015 these are Arts Council England, English Heritage and Sport England.
2. Taking Part is a National Statistic and as such has been produced to the high professional standards set out in the Code of Practice for Official Statistics. National Statistics undergo regular quality assurance reviews to ensure they meet customer needs and are produced free from any political interference. For more information, see <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf>
3. Stringent quality assurance procedures have been adopted for this statistical release. All data and analysis has been checked and verified by two different members of the team and TNS-BMRB to ensure the highest level of quality.
4. The latest results presented here are based on interviews issued between October 2010 and September 2011. The total sample size for this period is **11,780**.
5. The survey measures participation by adults (aged 16 and over) and children (5-10 and 11-15) living in private households in England. No geographical restriction is placed on where the activity or event occurred.
6. The median adult sample interview length for the 2010/11 survey was 40 minutes 42 seconds (mean 42 minutes 36 seconds). The median survey length for the 5-10 year old child interview was 14 minutes 3 seconds (mean 14 minutes 58 seconds) and for 11-15 year olds it was 24 minutes 16 seconds (mean 25 minutes 41 seconds).
7. Participation in these activities must be for the purpose of recreation or leisure, including voluntary work. It excludes involvement in activities where the prime motivation is paid work or academic studies. The exceptions to this are attendance at historic environment sites which includes visits made for academic study, and sports participation which exclude volunteering, teaching, coaching and refereeing. Paid work visits and academic study visits are also included in one of the archive attendance measures.
8. The range has been calculated using a 95% confidence interval. This means there is a 95% probability the true percentage lies in the range given. All estimates have been rounded to one decimal place. An overall design factor of **1.265** has been applied to the dataset for the period October 2010 to September 2011. Individual design factors have been calculated for each sector in this period, ranging from **1.224 to 1.384**. Statistical significance tests have been run at the 95% level. This means the probability that any given difference happened by chance is low (1 in 20).
9. All differences and changes reported are statistically significant at the 95% confidence level unless otherwise stated.
10. Some figures may have been revised from previous releases, in which case the figures in this release supersede those from previous statistical releases. For more detailed information on the DCMS revisions policy and how revisions are handled

for the Taking Part Survey, please see the DCMS statement of compliance on our website.

11. The data are weighted to ensure the representativeness of the Taking Part sample. There are two types of weighting: i) to compensate for unequal probabilities of selection; and ii) to adjust for differential non-response. Weighting is based on mid-2009 population estimates from the Office for National Statistics.
12. For more information about the Taking Part Survey, including previous publications, see [http://www.culture.gov.uk/reference\\_library/research\\_and\\_statistics/4828.aspx](http://www.culture.gov.uk/reference_library/research_and_statistics/4828.aspx)  
  
Versions of the questionnaire from all years of the survey are available, see [http://www.culture.gov.uk/what\\_we\\_do/research\\_and\\_statistics/7387.aspx](http://www.culture.gov.uk/what_we_do/research_and_statistics/7387.aspx)
13. The fieldwork for the survey is being conducted by TNS-BMRB. For more information, see <http://www.tns-bmr.co.uk>
14. We can also provide documents to meet the specific requirements of people with disabilities. Please call 020 7211 6000 or email [takingpart@culture.gsi.gov.uk](mailto:takingpart@culture.gsi.gov.uk)
15. This report has been produced by Yun Wong and Peter Antoniadis. Acknowledgement goes to colleagues within the DCMS, partner ALBs and TNS-BMRB for their assistance with the production and quality assurance of this release.
16. The responsible statistician for this release is Peter Antoniadis. For enquiries on this release, please contact Peter Antoniadis on 0207 211 6188.
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## Annex B: Sector definitions

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The following annex presents the various definitions for adult participation in DCMS sectors.

### Libraries

The respondent is asked if they have used a public library service. If the respondent is unsure what is in scope, the interviewer has the following definition to refer to.

“Use of a public library can include:

- A visit to a public library building or mobile library to make use of library services (including to print/use electronic resources or to take part in an event such as a reading group or author visit)
- The use of on-line library resources or services remotely (i.e. used a computer outside the library to view the website, catalogue or databases)
- Access, and receipt, of the library service by email, telephone, fax or letter
- Receipt of an outreach service such as home delivery or library events outside a library building

Use of other libraries and archive services is excluded.”

### Museum, gallery or archive

The respondent is asked if they have attended a museum, gallery or archive. If the respondent is unsure what is in scope, the interviewer has the following definition to refer to.

“Archives are documents that have been created by families, individuals, businesses or organisations and have been specially chosen to keep permanently. They can be written papers such as letters or diaries, maps, photographs or film or sound recordings. Archives are historical documents but do not have to be very old. Places that keep archives are usually called a record office or archive centre.

Registering a birth, death or marriage happens at a registry office, not at an archive centre/record office.”

### Arts

The respondent is asked if they have participated in a given list of arts activities, or attended a given list of arts events. Eligible activities and events are as follows.

Participation:

- Dance – ballet or other dance (for fitness and not for fitness)
- Singing – live performance or rehearsal/practice (not karaoke)
- Musical instrument – live performance, rehearsal/practice or played for own pleasure
- Written music
- Theatre – live performance or rehearsal/practice (e.g. play or drama)
- Opera/musical theatre – live performance or rehearsal/practice
- Carnival (e.g. as a musician, dancer or costume maker)
- Street arts (art in everyday surroundings like parks, streets, shopping centre)
- Circus skills (not animals) – learnt or practised
- Visual art – (e.g. painting, drawing, printmaking or sculpture)

- Photography – (as an artistic activity, not family or holiday ‘snaps’)
- Film or video – making as an artistic activity (not family or holidays)
- Digital art – producing original digital artwork or animation with a computer
- Craft – any craft activity (e.g. textiles, wood, metal work, pottery, calligraphy etc)
- Creative writing – original literature (e.g. stories, poems or plays)
- Book club – being a member of one

Attendance:

- Visual art exhibition (e.g. paintings, photography or sculpture)
- Craft exhibition (not crafts market)
- Event which included video or digital art
- Event connected with books or writing
- Street arts (art in everyday surroundings like parks, streets or shopping centre)
- Public art display or installation (an art work such as sculpture that is outdoors or in a public place)
- Circus (not animals)
- Carnival
- Culturally specific festival (e.g. Mela, Baisakhi, Navratri)
- Theatre (e.g. play, drama, pantomime)
- Opera/musical theatre
- Live music performance (e.g. classical, jazz or other live music event but not karaoke)
- Live dance event (e.g. ballet, African People’s dance, South Asian, Chinese, contemporary or other live dance)

Historic environment

The respondent is asked if they have visited the following list of historic environment sites.

- A city or town with historic character
- A historic building open to the public
- A historic park, garden or landscape open to the public
- A place connected with industrial history or historic transport system
- A historic place of worship attended as a visitor
- A monument such as a castle, fort or ruin
- A site of archaeological interest
- A site connected with sports heritage

Active sport

The respondent is asked about their participation in active recreation and a range of sports. Eligible activities are as follows.

- Swimming or diving (indoors and outdoors)
- BMX, cyclo-cross, mountain biking
- Bowls (indoors and outdoor lawn bowls)
- Tenpin bowling
- Health, fitness, gym or conditioning activities
- Keepfit, aerobics, dance exercise (includes exercise bike)

- Judo
- Karate
- Taekwondo
- Other martial arts (includes self-defence, tai chi)
- Weight training (includes body building)
- Weightlifting
- Gymnastics
- Rugby League
- Rugby Union
- American football
- Football (includes 5-a-side and 6-a-side) [indoors and outdoors]
- Gaelic sport (e.g. camogie, Gaelic football, hurling, Irish handball and shinty)
- Cricket
- Hockey (excludes ice, roller and street hockey, but included in 'other')
- Baseball/softball
- Netball
- Tennis
- Badminton
- Squash
- Basketball
- Table tennis
- Track and field athletics
- Jogging, cross-country, road running
- Yachting or dingy sailing
- Canoeing
- Windsurfing or boardsailing
- Ice skating
- Curling
- Golf, pitch and putt, putting
- Skiing (on snow or on artificial surface; on slopes or grass)
- Horse riding
- Climbing/mountaineering (includes indoor climbing)
- Hill trekking or backpacking
- Motor sports
- Volleyball
- Orienteering
- Rounders
- Rowing
- Triathlon
- Boxing
- Waterskiing
- Lacrosse
- Fencing
- Other types of sport, e.g. rollerblading, street hockey, skateboarding, water polo, surfing, scuba diving, gliding, hang/paragliding, parachuting or parascending

#### Moderate intensity sport

To be counted as 'moderate intensity', the respondent must have participated in at least one 30-minute session (or alternatively three 30-minute sessions) in the past week of any of the sports (with the exception of bowls) listed above as well as recreational cycling or recreational walking. In addition, the effort put into the activity needs to be of moderate intensity, i.e. raises their breathing rate (or for walking it



needs to be done at a brisk or fast pace).

The only exception to this is for those adults aged 65 and over, where some light activities are in also scope – indoor and outdoor bowls, yoga, Pilates, croquet and archery.

### Digital Participation

Digital Participation includes visiting websites for at least one of the following reasons:

- Museum or gallery website – To look at items from a collection.
- Museum or gallery website – To find out about a particular subject.
- Museum or gallery website – To take a virtual tour of a museum or gallery
- Museum or gallery website – To view or download an event or exhibition
- Library website – To complete a transaction (e.g. reserve or renew items, pay a fine).
- Library website – To search and view online information or make an enquiry.
- Heritage website – To take a virtual tour of a historical site.
- Heritage website – To learn about history or the historic environment
- Heritage website – To discuss history or visits to the historic environment on a forum
- Arts Website – To view or download part or all of a performance or exhibition
- Arts Website – To discuss the arts or share art that others have created
- Arts Website – To upload or share art that you have created yourself
- Arts Website – To find out how to take part or improve your creative skills
- Archive or records office website – To complete a transaction.
- Archive or records office website – To view digitized documents online.
- Archive or records office website – To search a catalogue.

### Volunteering

The respondent is asked about any voluntary work they have done, including:

- Raising or handling money / taking part in sponsored events
- Leading a group
- Being a member of a committee
- Organising or helping to run an activity or event
- Visiting people
- Befriending / mentoring people
- Coaching or tuition
- Giving advice/ information/ counselling
- Secretarial, administrative or clerical work
- Providing transport or driving
- Representing – e.g. addressing meetings, leading a delegation
- Campaigning – e.g. lobbying, canvassing, letter writing
- Conservation/restoration
- Officiating – e.g. judging, umpiring or refereeing
- Other practical help - e.g. helping out a school, religious group, with shopping/refreshments
- Work in a charity shop

The respondent is also asked whether this activity was connected to any of the following areas:

- Arts
- Museum or gallery
- Heritage
- Libraries
- Archives
- Sport
- Any other sector



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