

MEETING:	CABINET
DATE:	15 DECEMBER 2011
TITLE OF REPORT:	MANAGEMENT OPTIONS FOR CULTURAL SERVICES
PORTFOLIO AREA:	ENTERPRISE AND CULTURE

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To outline the short-list of options for the future management and delivery of a range of cultural services.

Key Decision

This is not a Key Decision.

Recommendations

THAT:

- (a) **To give delegated authority to the Director for Places and Communities to agree the future management arrangements for cultural services in consultation with the Cabinet Member;**
- (b) **To request the options are considered by Overview and Scrutiny Committee.**

Key Points Summary

- A number of delivery models for Cultural Services have been explored with a short-list of three emerging as most appropriate for the services in question. The short-list has been achieved through gaining an understanding of the services in scope, including working with the Corporate Commercial Team and appraising the linkages between services. The options also take into consideration the other change programmes which are currently taking place or planned within HPS.
- Work has been carried out to identify processes that are common across some or all of the “in scope” services, with an initial analysis suggesting that it may be possible to develop some shared processes and therefore the potential for creating cost and service benefits.
- The assessment to date, including a function analysis of services, consultation with stakeholders,

and a workshop with Members, has shaped the set of outcomes that will form the priorities for commissioning services.

Alternative Options

- 1 The alternative option is that the review is deferred for further consideration or discontinued. This will have an impact of meeting the budget saving target of a minimum £150,000 for 2012/13.

Reasons for Recommendations

- 2 The recommendations allow for a detailed dialogue to begin with potential suppliers on the service proposals and the costs models.

Introduction and Background

- 3 It is apparent that nearly all first tier local authorities are reviewing the management and delivery of their cultural services provision. This is out of necessity because of the budget challenges impacting non-statutory services, as well as the changing functions of local government through more of a commissioning framework whilst reflecting the intentions of the Localism Act.
- 4 The investment made by local authorities is spent on delivery of services, but also on development and enabling. "Development" is in terms of quality, but also in a leadership function in driving change and improvement in the cultural sector to create maximum benefit. "Enabling" is supporting communities with advice, funding and facilitation to do things for themselves.

Key Considerations

- 5 The review of Cultural Services has identified the services in scope of the work, the key outcomes they deliver, the commonalities or linkages between them and has assessed a number of delivery options. The full review document is attached at appendix 1.
- 6 The services selected to be in scope of the review are associated with the outcomes listed later in this document. Services in scope are listed below.
- 7 The services in scope of the review are Leisure facilities, Arts facilities, Arts Development, Heritage, Inspire (Cultural Learning), Archives, Archaeology, Libraries (development and delivered services), Sports Development and Physical Activity, Herefordshire Music Service, Countryside, Positive Activities for Young People and Outdoor Education,

Outcomes

- 8 In terms of "global outcomes", the in-scope services are well aligned to the Corporate Plan outcome of achieving "vibrant cultural opportunities" which itself sits within the priority to "promote self reliant local communities". Research carried out on the "value of culture" has shown there to be strong alignment with a number of other Corporate Plan priorities.
- 9 In commissioning individual services, it is important to move from global to service specific set of outcomes. The following outcomes for Cultural Services have been identified as part of the work of the review:
 - To improve skills and knowledge through access to books and knowledge in different forms and formats;

- To make archive and historic collections available to the public;
- To conserve and preserve historic and environmental assets for future generations, including meeting regulatory and environment management of collections;
- To give children and young people experience in culture and leisure as grounding for adulthood;
- To instil creative skills as a benefit to employers considering the changing nature of workforce requirements;
- To contribute to a thriving and diverse economy through tourism and employment in the cultural sector;
- Enable local people to experience national, regional and local creative experiences;
- Increase engagement in the arts to bring communities together, develop skills and experience;
- To provide access and appreciation of the countryside;
- For cost not to be a barrier to opportunities and experiences in the cultural sector;
- To provide access to sport and physical activity where people can improve their health;
- To set future policy to maximise cultural services as a means to achieve corporate aims, delivered through community enablement, commissioning and partnership activity to provide value for money.

Shortlisted Options

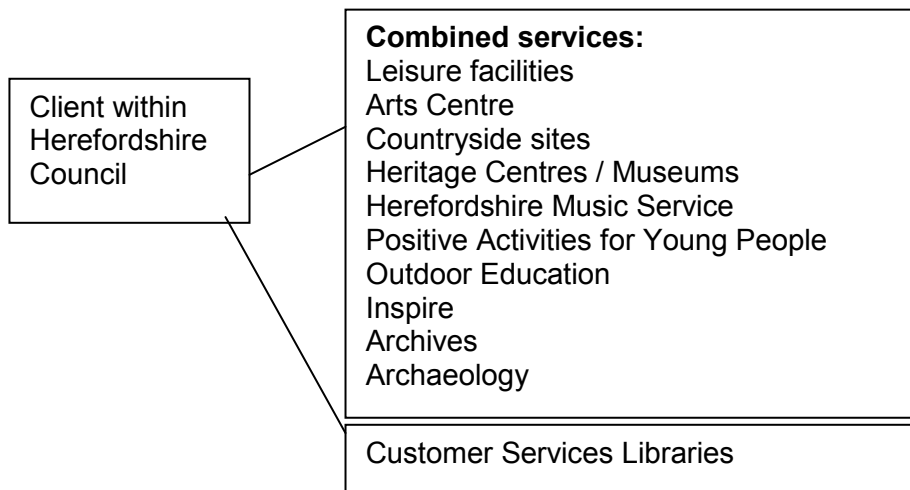
- 10 Taking into consideration the scoring of the long list of options, the profile of the services and the commonalities between services three shortlisted options have emerged. These are:

Option One: Combined Services

Option Two: Customer segmentation model;

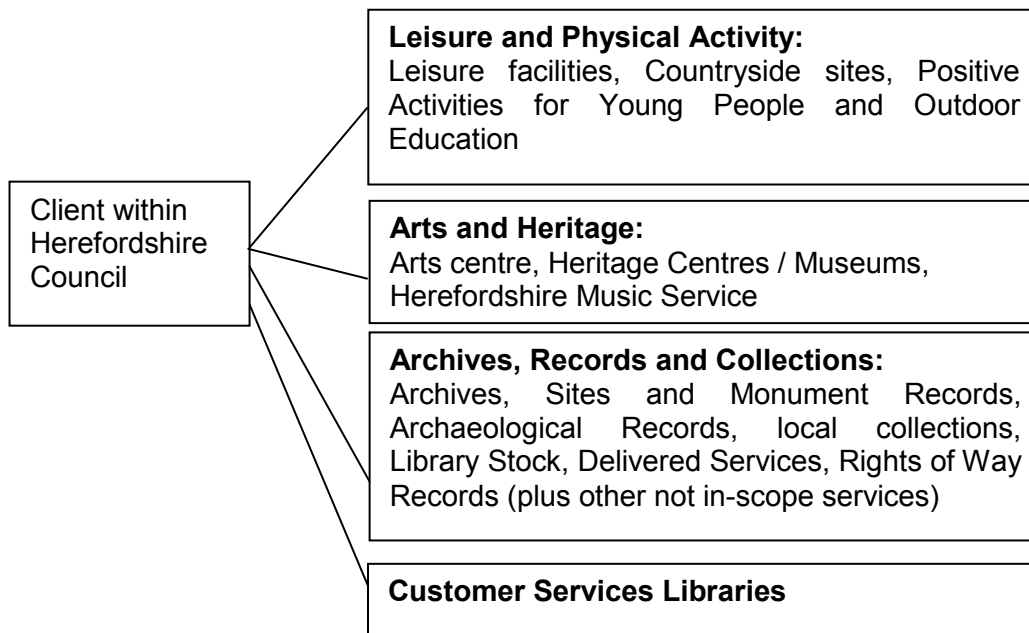
Option Three: Status quo with improvements.

- 11 **Option One:** Combined Services



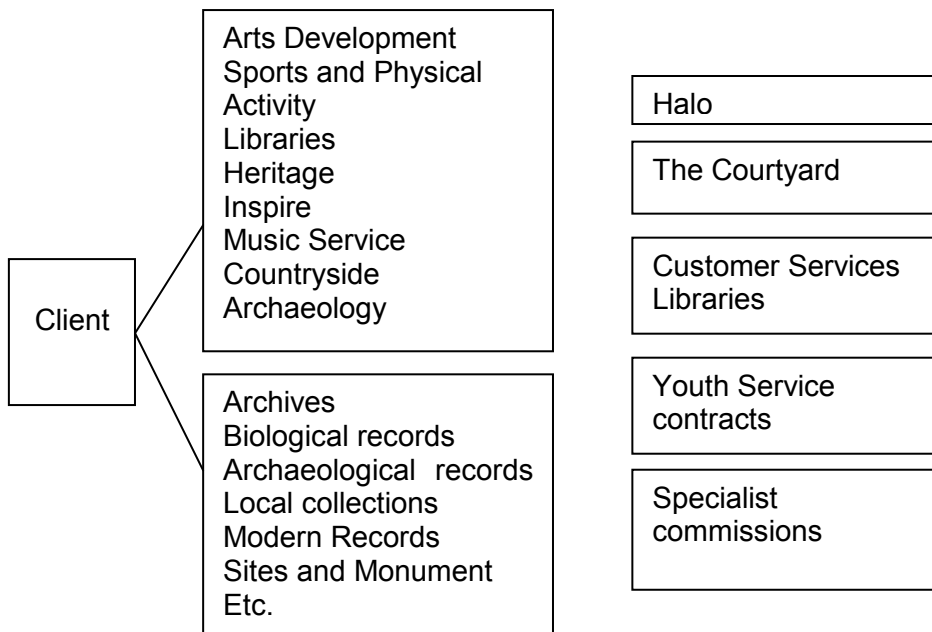
Description: A small client function within the local authority that has the role of commissioning and development. The “delivery” of services would be commissioned through a single external body to manage a group of services. Library delivery through Customer Services would remain as part of the local authority, at least in the short term.

- 12 **Option 2: Customer Segmentation**



Description: The 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.

13 Option 3: Status Quo Improvements



Description: The status quo with improvements means retaining majority of services within the local authority but with clear internal commissionary arrangements, along with small contracts to providers to run specialist services. Halo and the Courtyard retains the current remit. There is also the potential of working with neighbouring counties over sharing specialisms.

Community Impact

- 14 Cultural Services is largely a non-statutory service, therefore the council is not obliged to invest in services. However, there is a strong public and political expectation that the council will do so. Desk research has taken place to understand the value of culture in terms of linking to corporate aims, social and economic value.

Local and national research has shown that Cultural Services can contribute to a range of wider community benefits, these include:

- Promote self-reliant local communities
- Raising standards for children and young people
- Contribute to a thriving economy
- Improve health care and social care outcomes

Equality and Human Rights

- 15 Each of the three shortlisted options has been subject to an Equality Impact Assessment. These assessments are not showing any clear impact on equality and human rights as the key purpose of the review is to retain and improve the level of front line service. The financial sections outline how savings plan to be made within the shortlisted options.
- 16 The Equality and Human Rights impact on the Youth Review will be considered in a separate cabinet report.

Financial Implications

- 17 Considering the retention of front line services, the realistic options for reducing the budget therefore are:
- The redirecting of services e.g. a different way of doing things
 - The merger of services e.g. library merger with customer services
 - Reducing the corporate overheads
 - Reducing the staffing complement by bringing functions together
 - Opportunity to raise additional income
 - The overall objective is that there will be a saving of £150,000 generated from the implementation of the review.
- 18 Depending on the option agreed there is potential for financial benefit via National Non-Domestic Rates (NNDR) which permits councils to grant rate relief to several categories of ratepayers. Also Non-profit distributing bodies operating sports facilities are exempt from VAT on entrance fees for sporting activities and there are some other VAT breaks for voluntary bodies generally.

Legal Implications

- 19 None at present. Legal advice will be taken in relation to implementing a preferred option as regards any procurement, company formation, charitable status, funding and employment and pension implications.

Risk Management

- 20 Risk: non-delivery of savings

Mitigation: finance will be reviewed as part of the process

- 21 Risk: non-delivery of time-table
Mitigation: depending on model chosen will depend on the procurement route
- 22 Risk: impact on level and standard of services
Mitigation: aim to sustain services, including existing externalised services.
- 23 Risk: reputational as key partners do not agree with shortlisted models
Mitigation: early negotiations with partners.

Consultees

- 24 Involvement and consultation to date:
- Workshop sessions with services representatives / managers - 29th March and 3rd May
 - Reports of HPSLT (Herefordshire Public Services Leadership Team) - 5th July and 11th October
 - Briefing note to council members and stakeholders – August and September
 - Comments and questionnaires on proposed changes in management - responses from 19 organisations during September and October
 - Function Analysis workshop with individual services – 27th and 29th September
 - Session on cultural Services for all members – 26th October
 - Meetings with regional bodies
- 25 Following Cabinet Committee a consultation document will be produced outlining the 3 shortlisted models, which will aid the final decision making process. The models will also be presented to Overview and Scrutiny Committee on 16th January 2012.

Appendices

- 26 Appendix One – Review document
- Annexe One - Delivery Options
 - Annexe Two - Financial profile

Background Papers

- Service profiles and value to the community.