

REPORT TO COMMUNITIES COMMITTEE – 29 MARCH 2018

SUPPORTING CULTURE AND SPORT SERVICES

1 Recommendations

The Committee is recommended to:

- 1.1 Consider the proposals for a business unit, including; the scope of services included, formal governance arrangements, levels of delegated authority to officers, and reporting and monitoring;
- 1.2 Make recommendations to Full Council with regard to the proposed Business Unit
- 1.3 Make recommendations to Full Council with regard to the proposed Terms of Reference.

2 Background / Discussion

Introduction

- 2.1 As a Council we have made the promotion of health and wellbeing one of its key priorities. Improved outcomes for health and wellbeing are the cornerstone of effective early intervention, having a significant positive financial and social impact for individuals, communities and a range of public sector partners, although the scale of that impact is often not realised for many years. The Council's Cultural and Sport sectors are critical tools for supporting people to make positive changes in their lives which promote a sense of community and reduce isolation and loneliness, have a major impact on individuals' mental health and deliver longer, healthier lives, best supporting people to live independently in to later years.
- 2.2 In the current financial context, with significant pressures to deliver on statutory obligations, it has never been more critical to design an operational environment for culture and sport which maximises their effectiveness in delivering on political priorities, delivers the best value for money and which exploits the council's assets to maximise income. There is a need to bring to the table new ideas, new approaches, operational elements such as cutting-edge ICT, and a predominant focus on customer satisfaction.

Pilot period

- 2.3 At its meeting of 8th March 2018, Full Council considered a report "Culture & Sport Business Unit" and agreed that there was a proposal worth considering further, for a unit within the council, delivering the health and wellbeing priority in a context designed to suit the unique demands and opportunities these services meet every day. The model outlined below will be a pilot, with data collected (including participation rates and income generation) from all parts

of the services, and reported after a full year of operation to allow elected members to consider further the future for these services.

- 2.4 This is a pilot designed not only to deliver on the health and wellbeing priority but, given the challenges facing the Council, an opportunity to deliver the public sector aspiration as effectively as possible, in a different way.

The Proposed Model

- 2.5 In the options analysis considered by Council in November 2016, an internal business unit scored almost the same as a trust in the qualitative analysis. This report is based on data and learning generated during the development of the trust FBC. It proposes the establishment of a Business Unit for a group of services which are centred on customers and users, delivering services within a competitive environment. The Business Unit trading brand will be Aberdeenshire Culture & Sport (ACS).
- 2.6 The use of a Business Unit model recognises that a modern public sector will benefit from using a range of delivery models to achieve its outcomes, reflecting the wide range of services for which a local authority is responsible. In a variety of important business areas (eg marketing, appetite for risk and innovation, need for speed in decision making) what is right for one service can be inhibiting for another. Crucially, although the term adopted is Business Unit, this is a unit for delivering the proper business of the Council. This proposal seeks to appropriately maximise income generation to re-invest and best sustain these services, with no change proposed to their status as a valued part of the public sector.
- 2.7 In developing a model which provides meaningful data to members, this proposal is designed to emulate the flexibility available under a trust model. In practice, this maximises the range and depth of delegated authority vested in staff, increasing significantly the amount of trust to operate within more-broadly drawn parameters and to be more clearly accountable. It is in particular a new approach to accountability, trust and delegated authority.
- 2.8 The Business Unit would be established with the Head of Lifelong Learning & Leisure re-designated as the Business Unit Chief Officer (BUCO), reporting to the Director of Education & Children's Services.
- 2.9 The scheme of governance would be changed to move responsibility for the libraries, arts and heritage services from Education & Children's Services (ECS) Committee to the Communities Committee. It would also be changed to move responsibility for Macduff Aquarium from Infrastructure Services (IS) Committee to the Communities Committee. There is a logic in vesting leadership and oversight of this unit under one committee, to provide integrated and clear strategic leadership and scrutiny. To be clear however, the proposal above would not change the wider remit of ECS to lead and manage the provision of education or to change the wider remit of IS to lead and manage economic development. Directors and heads of service would still be accountable to elected members through the relevant committees.
- 2.10 The Communities Committee, if so agreed, would have the lead role in setting the strategic direction of the business unit, and providing scrutiny of the success in delivering strategic priorities.

2.11 It is envisaged that the Communities Committee establish a sub-committee and that this mechanism is used to offer a different context for service delivery guidance, support and challenge, more akin to the role foreseen for the trust board of directors. This would be a hybrid committee with a significant element of external membership, bringing in new ideas and challenges from business and community sectors. The trust proposal anticipated a majority of external members, from amongst whom the chair would be selected. This has the benefit of signposting most clearly the significant change in governance context, as well as being perhaps most likely to attract the kind of external members which will be of most value to the pilot. A draft remit for the sub-committee is included as appendix two. In particular, the Communities Committee retains the right to 'call-in' specific decisions of the sub-committee for review.

Cultural Change

2.12 The services proposed for this business unit are unique in being important social tools within the public sector, but which compete for people's time, attention and sometimes money. The Business Unit approach reflects this, in that it will be lean, specialised, and focussed on increased participation in services which deliver significant health and wellbeing outcomes. To achieve this the Business Unit will need to increase participation and generate additional income through market-responsive charging, social entrepreneurship philanthropic giving, sponsorship, and marketing.

2.13 Designed to look and feel like a charitable trust, there are two main differences which will eliminate 75% of the trust's intrinsic model costs.

- Staff will remain employees of the council
- The Business Unit will continue to use the same ICT infrastructure

2.14 The customer-facing services included in the new business unit will be:

- Cultural Services
- Sport & Physical Activities Services
- Community halls (currently managed within Business Support Service)
- Sports pitches (currently managed within Infrastructure Services)
- Catering and janitorial services (currently managed within the resources service of Education & Children's Services)

2.15 This report outlines a specific model for members' consideration, but cultural change is required to deliver an environment which genuinely encourages this kind of social entrepreneurship. It requires all stakeholders to agree to behave differently around the Business Unit, empowering it to grow a different organisational culture – for example with opportunities at local level to try new things out to see if they work; and to invest in marketing and publicity which will deliver immediate financial benefits.

2.16 Attached as appendix one is an outline Charter for the Business Unit, which echoes the philosophy outlined above, and notes the practical changes which will give effect to that philosophy and responds to the ambition for a radically different pilot, emulating the social entrepreneurship inherent in a trust. Its development began with a workshop giving voice to the views of the services' 16 managers about changes which will allow them to 'make the ship go faster'

in terms of delivering excellent services to customers. The charter will require further development.

- 2.17 Critically the Charter envisages a significantly different relationship between the business unit and other council services. This proposal envisages detailed work being undertaken by the directors of Education & Children's Services and Business Services to develop specific proposals for optimising the benefits to the unit and the council as a whole.

Fundraising

- 2.18 One of the benefits of the trust was the capacity for it to access fundraising channels not open to the Council – both because some schemes are closed to local authorities, but also because many people find donations to local government to be inappropriate.
- 2.19 It is proposed that the Council considers establishing a suitable external vehicle with the objective of raising funds to support the health and wellbeing, learning and regeneration aims of the Business Unit. Its purpose would be to attract fundraising otherwise not available to the unit. Officers from ECS and Legal Services are currently exploring the most effective way to create such a fundraising entity, with specific proposals being brought forward for members' future consideration.

Next Steps

- 2.20 These proposals will be considered by the ECS and Communities committees on 22nd and 29th March. Members will be invited to make recommendations to Full Council, which will consider a report at its meeting of 26th April.
- 2.21 If Council agrees a model in line with these proposals, the Communities Committee would consider a report at its meeting of 31 May, establishing a sub-committee, as well as other matters in line with the Council decision.
- 2.22 Any specific additions to the scheme of governance would be considered as part of the corporate review, which is anticipated to be considered by Full Council at its meetings in June and September.
- 2.23 Changes to implement Council's decision would be phased over the period May to September, with a more detailed timeline being presented to Communities Committee at its May meeting. Under this timeline, the business unit would therefore be fully operational by October/November 2018.
- 2.24 A full analysis of the success or otherwise of the Business Unit would be undertaken following a full year of operation, anticipated to be presented to elected members in January 2020.
- 2.25 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report. They are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

- 3.1 The Committee is able to consider and take a decision on this item in terms of Section D.3.4 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to the provision of arts & heritage and libraries.

4. Implications and Risk

- 4.1 An equality impact assessment is not required because no decisions are being taken as a result of this report, and members are making recommendations to a future meeting of Full Council.

- 4.2 There are no immediate staffing implications arising directly from this report. Given the potential changes if there is a decision to proceed with this proposal, or similar proposal, communication with staff will be critical, and an ongoing dialogue with the trade unions will be a key task.

- 4.3 There are no immediate financial implications arising directly from this report. The potential costs of a business unit, if implemented as above, are estimated to be a maximum of £20,000 pa. In addition there will be non-recurring transitional costs of c£50,000. The service will work to minimise these costs, and it is anticipated that enhanced financial performance will meet these costs, such that there is no net cost. It is anticipated that the Business Unit will deliver improvements in financial and service delivery performance.

- 4.4 The following Risks have been identified as relevant to this matter on a Corporate Level:

Failure to identify the most effective ways of delivering culture and sport services may reduce the impact of the services and impair the capacity to deliver on the Council priority, "Encourage active lifestyles and promote well-being with a focus on obesity & mental health". It could also impair the capacity to achieve the priority of "A future Fit ECS Estate", the priority of "Support(ing) inclusive, Vibrant and Healthy Communities" as detailed on page 24 of the Strategic Risk Register pertaining to Education and Children's Services.

Maria Walker
Director of Education & Children's Services

Report prepared by John Harding, Head of Lifelong Learning & Leisure
9th March 2018

Appendix One – A draft Charter for the Culture & Sport Business Unit

This draft charter seeks to define the context in which the Culture and Sport Business Unit will operate within Aberdeenshire Council.

The new context is designed to ensure that the Business Unit can meld the best practises of independent social enterprises and customer-focussed private sector practice with the best that local government can offer.

The result of this relationship will be a greatly enhanced ability to deliver a blend of financially efficient, modern and responsive Culture and Sport services whilst ensuring that the needs of those unable to access services through open commercial markets are also met for the wider benefit of those individuals and our communities. Partnership working with other sectors will be a cornerstone of ensuring effective service delivery. Outcomes will not change – it remains the purpose of this unit to maximise its positive impact on delivering the Council's priorities.

Governance of the new business unit will be through a sub-committee - using external industry and community expertise to leave no stone unturned in the quest for best practise.

Whilst the Business Unit will be subject to corporate governance, thought has been given to variations to the Scheme of Governance to ensure that decisions can be made quickly and safely to deliver services that will be of benefits to residents and customers – whilst also enabling the unit to meet challenges faster than is currently the case.

Most importantly – the charter establishes a framework for staff to understand, take ownership of and meet challenges and expectations in our villages, towns and academy networks – recognising that different areas have different needs that can often be met best with local solutions.

PHILOSOPHY

- Responsive to customer need and customer focussed
- Innovative and fast in product and service development
- Able and willing to try new things and take risks
- Business based approach with generated profits subsidising social objectives and future developments
- Ownership of services, challenges and solutions with integrity of approach in talking to our residents
- Staff with a sense of pride in services, facilities and of being part of Aberdeenshire Council
- Partnership approach with schools, third sector and health promotion agencies.

GOVERNANCE

- Business Unit Chief Officer(BUCO) will report to the Director of Education & Children's Services
- Formal scrutiny & strategic direction will be through the Communities Committee, however a dedicated sub-committee using external expertise will be formed to establish a proactive relationship with the Business Unit.
- The ECS Committee will continue to receive reports on issues that remain within its authority (for example school catering)

BUSINESS PLANNING

- Annual Business Plan and action plans to be dictated by 10 year strategies
- Local and national competition and trends to be taken into account when service planning
- Proactive use of external expertise used in action planning.
- Opening hours of facilities to be variable to meet business plan.

FINANCE / PROCUREMENT

- Directors of ECS and Business Support will commission specific review of the optimal financial regulations and approaches to best meet members' aspirations.

HR&OD

- Directors of ECS and Business Support will commission specific review of the optimal framework and approaches to best meet members' aspirations.

ICT

- Dedicated Website for Business Unit, with ability to undertake bookings and payment; social media and web presence agreed by BUCO
- Additional web site presence agreed by BUCO
- Specific software decisions agreed by BUCO within spending limits
- Recognised ability to procure external ICT

PROPERTY

- Directors of ECS and Business Support will commission specific review of the optimal approaches to best meet members' aspirations.

COMMS / MARKETING

- Pricing Policy to be agreed by sub –committee, primarily based around income targets.
- Price adjustments to be delegated to BUCO.
- Marketing offers with probable financial implications to be agreed
- Dedicated brand for Business Unit, ability to vary promotional materials from standard Aberdeenshire Council practise
- Locally devolved approach to social media marketing.
- Every locality to have a marketing and promotion budget.

Appendix Two

Aberdeenshire Culture and Sport Sub-Committee – Draft Terms of Reference

1 **REMIT**

- 1.1 This Sub-Committee is established by and takes its authority from the Communities Committee. The Communities Committee may agree, review and amend this Terms of Reference but will not alter the number of Elected Members and External Members appointed to the Sub-Committee without agreement by Full Council.
- 1.2 The remit of the Sub-Committee will be to promote and oversee the delivery of Culture and Sport facilities and services across Aberdeenshire through the Aberdeenshire Culture and Sport Business Unit. Culture and Sport includes the following functions:-
- 1.2.1 Cultural Services, Libraries and Museums
 - 1.2.2 Sport and Physical Activity Services
 - 1.2.3 Community halls
 - 1.2.4 Sports pitches
 - 1.2.5 Catering and janitorial services
- 1.3 The Sub-Committee shall conduct its business in accordance with the Council's Standing Orders or such other set of Standing Orders as approved by it.

2 **MEMBERSHIP**

- 2.1 The Members of the Sub-Committee shall be appointed by the Communities Committee. Appointments shall be effective for the full council term unless provided otherwise by statute or a motion to remove a Member or External Member is carried by a majority of Members present and voting at the Communities Committee meeting.
- 2.2 The Sub-Committee shall comprise of [8] Members which shall be composed of [3] Aberdeenshire Elected Members and [5] External Members. The Aberdeenshire Elected Members may be members of the Communities Committee, but are not required to be.
- 2.3 All Members of the Sub-Committee shall act in the best interests of the Council and in accordance with and subject to:
- 2.3.1 The law,
 - 2.3.3 The principles of best value,
 - 2.3.6 The Public Sector Equality Duty, and
 - 2.3.7 The Councillors Code of Conduct.
- 2.4 The following shall apply to the Sub-Committee unless Full Council agree otherwise:
- 2.4.1 The policies and procedures adopted by the Council,
 - 2.4.2 The terms and conditions of the Council's Financial Regulations, and

2.4.3 Any relevant provisions contained elsewhere in the Council's Scheme of Governance.

2.5 Where any External Member of the Sub-Committee fails to act in accordance with the duties set out in 2.3, the Communities Committee may remove the Member from the Sub-Committee as set out in paragraph 2.1 above.

2.6 The Chair and the Vice-Chair of the Sub-Committee shall be appointed by the Communities Committee.

3 DELEGATIONS

3.1 The Sub-Committee shall have the powers to decide on all policy issues and resource matters (within agreed budgets) relating to those functions which have not been reserved to Full Council or specifically delegated or reserved to any other Committee of the Council in relation to Culture and Sport and as set out in paragraph 2.1.

3.2 In particular, the Sub-Committee shall have the following specific powers:-

3.2.1 To exercise the functions and duties of the Council to ensure the adequate provision, development and support of facilities and programmes for sporting and leisure activities.

3.2.2 To exercise the Council's statutory powers to support activities related to the development of sport and leisure.

3.2.3 To arrange for the management of the Council's library and museum services and the adequate provision of arts and cultural development activity.

3.2.4 To exercise the Council's statutory powers to support activities related to the development of arts, culture, museums and libraries.

3.2.5 To approve promotional activities and initiatives for Culture and Sport facilities and services.

3.2.6 To determine a purchase of works, goods or services either in principle in the format of a Business Case and/or when the contract is awarded where the matter is in the approved annual Capital Plan or Revenue Budget for the services and functions delegated to the Sub-Committee:

- a. where the value of the matter exceeds £1,000,000 or,
- b. where the value of the matter is between £50,000 and £1,000,000 and
 - i. the Sub-Committee has reserved the right to approve the Business Case following approval of a Work Plan, or
 - ii. a Business Case is required for approval where the matter has not previously been reported to Committee on a Work Plan or,
- c. an officer has chosen not to exercise their delegated power to approve the Business Case and or award of contract and,

- d. relates to more than one Area or,
- e. a decision made by an Area Committee is not in accordance with Officer recommendations and/or existing Council Policy and,

Provided that in the case of maintenance contracts to be met from revenue, no approval shall be required provided the tender or revised estimate is within the total allowance for maintenance set in the Revenue Budget.

- 3.2.7 To set and approve fees and charges related to Culture and Sport facilities and services within agreed budgets.
- 3.2.8 To approve funding arrangements for Culture and Sport facilities and services.
- 3.2.9 To review policy implementation, performance and service delivery in relation to Culture and Sport and to identify and where appropriate implement potential improvements.
- 3.2.10 To establish working groups.

4 STRATEGIC PLANNING, PERFORMANCE AND SCRUTINY

- 4.1 The Communities Committee has reserved authority to receive and approve the Aberdeenshire Cultural and Aberdeenshire Sports and Physical Activity Strategies, following appropriate consultation with other Committees:-

The Communities Committee shall receive:

- 4.1.1 An annual performance report from the Aberdeenshire Culture and Sport Business Unit on strategic outcomes achieved;
 - 4.1.2 The annual Business Plan and Report of Activity for the Aberdeenshire Culture and Sport Business Unit;
 - 4.1.3 The minutes of meetings of the Sub-Committee for noting;
 - 4.1.4 Other progress and update reports as deemed appropriate.
- 4.2 Where a matter of service delivery has been identified, the Communities Committee may make recommendations and instruct the implementation of improvements to the performance of services in relation to Culture and Sport. Any decision by the Communities Committee on such matters shall be binding on the Sub-Committee.
 - 4.3 The Communities Committee may call upon any officer of the Council to give evidence or provide a written report in relation to any matter relating to Culture and Sport.

5 AUDIT

- 5.1 The Aberdeenshire Culture and Sport Business Unit will be subject to internal and external audit and audit reports will be received and considered by the Audit Committee.

6 RIGHT TO “CALL-IN” A SUB-COMMITTEE DECISION

- 6.1 Any decision of the Sub-Committee shall be referred to the Communities Committee where either of the following applies:-
- 6.1.1 Where, having considered the minutes of any meeting of the Sub-Committee, the Communities Committee considers that a decision of the Sub-Committee significantly departs from the agreed strategy for the service; or
- 6.1.2 Where at least a third of the Members of the Sub-Committee request that a decision be referred to the Communities Committee.
- 6.2 Where a decision has been referred to the Communities Committee or where the Communities Committee exercises its authority to “call-in” a decision of its own accord, implementation of that decision shall be suspended pending the outcome of the referral.
- 6.3 In the event of a referral the Communities Committee shall have the option to:
- 6.3.1 Agree the decision of the Sub-Committee in which case the decision shall have immediate effect;
- 6.3.2 Refer the decision back to the Sub-Committee for re-consideration, providing any comment or reasons as to why it should be re-considered; or
- 6.3.3 Substitute the decision of the Sub-Committee with an alternative decision and report back to the Sub-Committee with the reasons as to why the alternative decision has been taken.
- 6.4 The Communities Committee may instruct any officer of the Council to provide evidence or reports to assist and inform its consideration of the referral.