



Executive Committee

Tue 14 Jul
2015
7.00 pm

Committee Room 2
Town Hall
Redditch

REDDITCH BOROUGH COUNCIL

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Executive Committee

Tuesday, 14th July, 2015

7.00 pm

Committee Room 2 Town Hall

Agenda

Membership:

Cllrs: Bill Hartnett (Chair) Mark Shurmer
 Greg Chance (Vice-Chair) Yvonne Smith
 Juliet Brunner Debbie Taylor
 Brandon Clayton Pat Witherspoon
 John Fisher

<p>1. Apologies</p>	<p>To receive the apologies of any Member who is unable to attend this meeting.</p>
<p>2. Declarations of Interest</p>	<p>To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.</p>
<p>3. Leader's Announcements</p>	<p>1. To give notice of any items for future meetings or for the Executive Committee Work Programme, including any scheduled for this meeting, but now carried forward or deleted; and</p> <p>2 any other relevant announcements.</p> <p>(Oral report)</p>
<p>4. Minutes (Pages 1 - 6) Chief Executive</p>	<p>To confirm as a correct record the minutes of the meeting of the Executive Committee held on 9th June 2015</p> <p>(Minutes attached)</p>
<p>5. LGBT Task Group report (Pages 7 - 50)</p>	<p>To consider the report of the LGBT task group.</p>
<p>6. Overview and Scrutiny Committee (Pages 51 - 64)</p>	<p>To receive the minutes of the meeting of the Overview and Scrutiny Committee held on 9th and 24th June and 7th July 2015.</p>

Chief Executive	<p>There are no recommendations to consider.</p> <p>(Minutes from 9th and 24th June attached (including exempt minute from 24th June); minutes from 7th July to follow)</p>
<p>7. Future Management of Redditch Outdoor Market</p> <p>(Pages 65 - 102)</p> <p>Chief Executive</p>	<p>To consider the enclosed report setting out the results of informal market testing for the future operation of the outdoor market.</p> <p>(Central Ward)</p>
<p>8. Risk based Verification</p> <p>(Pages 103 - 122)</p>	<p>To consider the enclosed report advising Members of the new approach for verifying Housing Benefit and Council Tax Support Claims and approve the Risk Based Verification Policy.</p>
<p>9. Review of Worcestershire Regulatory Services</p> <p>(Pages 123 - 150)</p>	<p>The enclosed report advises members of proposals to review the Worcestershire Regulatory Shared service.</p> <p>All Wards</p>
<p>10. Finance Monitoring Outturn 2014/15</p> <p>(Pages 151 - 172)</p>	<p>To consider the enclosed report of the Council's final financial position for 2014/15 for both General Fund and Housing Revenue Account.</p>
<p>11. Review of Operation of Leisure Services</p> <p>(Pages 173 - 226)</p> <p>Deputy Chief Executive and Executive Director (Leisure, Environmental & Community Services)</p>	<p>To consider a report which provides Members with the findings of an externally commissioned options appraisal of potential management options for the delivery of leisure and cultural facilities and services.</p> <p>All Wards</p>
<p>12. Minutes / Referrals - Overview and Scrutiny Committee, Executive Panels etc.</p> <p>Chief Executive</p>	<p>To receive and consider any outstanding minutes or referrals from the Overview and Scrutiny Committee, Executive Panels etc. since the last meeting of the Executive Committee, other than as detailed in the items above.</p>
<p>13. Advisory Panels - update report</p>	<p>To consider, for monitoring / management purposes, an update on the work of the Executive Committee's Advisory</p>

<p>(Pages 227 - 228) Chief Executive</p>	<p>Panels and similar bodies, which report via the Executive Committee.</p> <p>(Report attached)</p>
<p>14. Exclusion of the Public</p>	<p>Should it be necessary, in the opinion of the Chief Executive, to consider excluding the public from the meeting in relation to any items of business on the grounds that exempt information is likely to be divulged, it may be necessary to move the following resolution:</p> <p>“that, under S.100 I of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public be excluded from the meeting for the following matter(s) on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs (<i>to be specified</i>) of Part 1 of Schedule 12 (A) of the said Act, as amended.”</p> <p>These paragraphs are as follows:</p> <p>Subject to the “public interest” test, information relating to:</p> <ul style="list-style-type: none">• Para 1 – <u>any individual</u>;• Para 2 – the <u>identity of any individual</u>;• Para 3 – <u>financial or business affairs</u>;• Para 4 – <u>labour relations matters</u>;• Para 5 – <u>legal professional privilege</u>;• Para 6 – <u>a notice, order or direction</u>;• Para 7 – the <u>prevention, investigation or prosecution of crime</u>; <p>may need to be considered as ‘exempt’.</p>
<p>15. Confidential Minutes / Referrals (if any)</p>	<p>To consider confidential matters not dealt with earlier in the evening and not separately listed below (if any).</p>



Executive

Committee

Tuesday, 9 June 2015

MINUTES

Present:

Councillor Bill Hartnett (Chair), Councillor Greg Chance (Vice-Chair) and Councillors Juliet Brunner, Brandon Clayton, John Fisher, Mark Shurmer, Yvonne Smith and Debbie Taylor

Officers:

Rebecca Dunne, Clare Flanagan, Deb Poole and Amanda de Warr

Committee Services Officer:

Debbie Parker-Jones

136. APOLOGIES

An apology for absence was received from Councillor Pat Witherspoon.

137. DECLARATIONS OF INTEREST

There were no declarations of interest.

138. LEADER'S ANNOUNCEMENTS

Work Programme

It was noted that the following reports which had been scheduled for consideration at the meeting had been deferred to a later date:

- Reorganisation and Change Policy – rescheduled to July;
- Disposal of Matchborough West Community Centre – July;
- Leisure Services Review – potential item for June meeting but to be considered in July;
- Modifications to the Borough of Redditch Plan No.4 – September; and
- Applying Article 4 Directions to the Council's Schedule of Locally Listed Buildings – December.

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Chair

Executive Committee

Tuesday, 9 June 2015

139. MINUTES**RESOLVED that**

the minutes of the meeting of the Executive Committee held on 14th April 2015 be agreed as a correct record and signed by the Chair.

140. OVERVIEW AND SCRUTINY COMMITTEE

The Committee received the minutes of the meeting of the Overview and Scrutiny Committee held on 7th April 2015.

It was noted that there were no recommendations to consider as the recommendation at Minute No. 97 relating to the Future Management of Redditch Market – Pre-Scrutiny had been dealt with by the Executive at its last meeting.

RESOLVED that

the minutes of the meeting of the Overview and Scrutiny Committee held on 7th April 2015 be received and noted.

141. EQUAL OPPORTUNITY POLICY

Members were asked to agree for recommendation to full Council an updated Equal Opportunity Policy.

The Policy incorporated a specific Disability Policy and consolidated ongoing work around the Equality Act 2010, which had included a series of workshops during 2013 and 2014 developed after different elements of the Equality Act had come into force.

All of the Council's trade unions had been consulted on the Policy and were in agreement with this. The Provision of Support Networks for the LGBT Community Task Group had also seen and supported the Policy.

Officers confirmed that the Policy applied to Council employees aged 18 years or over, and that younger employees, including for example apprentices, were subject to separate legislation. Members proposed that the Policy be amended to reflect that separate legislation applied to any employees under the age of 18.

RECOMMENDED that

subject to an amendment to the Policy to reflect that employees under the age of 18 were subject to separate

legislation, the Equal Opportunity Policy appended to the report be approved and adopted.

142. COUNCIL TAX SUPPORT SCHEME

The Committee received a report which proposed no change to the Council Tax Support Scheme for 2016/17, which Members were required to review annually. The report also set out data in relation to the take up of the Hardship Fund and other measures which showed the impact of the Scheme on collection rates and recovery action.

Members were advised that there had been only a small increase in the number of rent accounts in arrears, with Housing Officers having reported that it was not possible to make a clear link between the changes to Council Tax Support and rent arrears. Recovery action was said to be in line with what was to be expected when compared with other authorities.

Less than half of the 2014/15 Hardship Fund budget had been spent, which again was in keeping with other authorities who had introduced a similar scheme. The surplus of the budget would carry over to 2015/16 and Officers had worked proactively with a total of 211 customers through the Hardship Scheme. In doing so they had provided budget advice and support to identify where other financial support could be offered. Where possible, the Council avoided taking bailiff action against those affected by the change to support and instead attempted to establish alternative means of collecting Council Tax. Members expressed their gratitude to all Officers involved with the Scheme, which provided transitional support and assistance to the most vulnerable.

In response to a Member question, Officers stated that Universal Credit had not impacted or been particularly problematic at this stage, with the only notable issue relating to the Department for Work and Pensions (DWP) computer systems. Officers were working closely with the DWP on people data to provide relevant information.

RESOLVED that

- 1) no changes be made to the Council Tax Support Scheme for 2016/17; and**
- 2) the contents of the report in relation to take up of the Hardship Fund and other measures data be noted.**

143. WRITE OFF OF DEBTS 2014-15

Members were presented with a report detailing the level of write offs of debts due to the Council for the 2014/15 financial year.

The current bad debts provisions were noted, which Officers advised were adequate in relation to the levels of write offs and outstanding debt.

Timing issues, for example when invoices were sent out, together with differing debt types were factors which did not make it easy to compare debt levels on a year-on-year basis. The introduction of the Council's new finance system in March 2015 had also impacted on available data. Officers stated however that the authority's level of write offs were relatively low and represented a similar picture to other authorities.

Non Domestic Rates and the liquidation/winding of businesses represented the highest level of write offs. Whilst Officers made every effort to pursue debts before writing them off collection rates had fallen in this area as recovery action might not be pursued so rigorously where to do so might create a business more problems. Officers worked with the North Worcestershire Economic Development and Regeneration team where necessary to determine the best course of action in such cases.

Officers adjudged when it was either not reasonable or uneconomic to recover debts. Work on housing benefits overpayments in particular was extremely labour intensive and there was a requirement for the Council to act on data received from HM Revenue and Customs within a set timeframe, with failure to do so resulting in an error being logged against the Council.

RESOLVED that

the contents of the report be noted.

144. MINUTES / REFERRALS - OVERVIEW AND SCRUTINY COMMITTEE, EXECUTIVE PANELS ETC.

There were no outstanding referrals for the Committee to consider.

145. ADVISORY PANELS - UPDATE REPORT

RESOLVED that

the report and update be noted.

Executive
Committee

Tuesday, 9 June 2015

The Meeting commenced at 7.00 pm
and closed at 7.36 pm

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Chair

REDDITCH BOROUGH COUNCIL**EXECUTIVE
COMMITTEE**

14th July 2015

**PROVISION OF SUPPORT NETWORKS FOR THE LGBT COMMUNITY TASK
GROUP – COVERING REPORT**

Relevant Portfolio Holder	Councillor Bill Hartnett, Portfolio Holder for Community Leadership and Partnership (including Voluntary Sector and Health Services)
Portfolio Holder Consulted	No
Relevant Head of Service	Claire Felton, Head of Legal, Equalities, and Democratic Services
Ward(s) Affected	No specific ward relevance.
Non-Key Decision	

1. SUMMARY OF PROPOSALS

This report provides the Executive Committee with further information about the recommendations proposed by the Provision of Support Networks for the LGBT Community Task Group and the proposed role of Redditch Borough Council in relation to these recommendations.

2. RECOMMENDATIONS

The Committee is asked to

RESOLVE that

- 1) Redditch Borough Council should participate in the Stonewall Workplace Equality Index every year. (*Recommendation 1*);**
- 2) in the long-term Redditch Borough Council should commit to introducing a budget to support LGBT History Month (*Recommendation 3a*);**
- 3) Redditch Borough Council should support any groups that produces a leaflet advertising the support networks available to the LGBT Community by allowing such leaflets to be made available for residents to collect in public venues, such as Redditch Town Hall, and making this information available to view on relevant web pages of the Council's website (*Recommendation 4a*);**
- 4) the specific mental health needs of the LGBT community should be addressed in equalities training provided to frontline Council staff. This should be covered in one of the equalities briefing sessions that the policy team is due to deliver in forthcoming months (*Recommendation 5*);**

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and to RESOLVE to note the following recommendations to partner organisations:

- 1) Worcestershire County Council should take part in the Stonewall Education Equality Index. Worcestershire County Council should also encourage schools to take part in the Stonewall School Champions Programme and / or to use the Birmingham LGBT Schools Toolkit. (*Recommendation 2 – recommendation to Worcestershire County Council*);
- 2) there should be a greater celebration of the positive history of the LGBT community during the annual LGBT History Month celebrations with a focus on the specific theme in each given year. This should include holding events at the Palace Theatre (*Recommendation 3 – recommendation to Worcestershire LGBT Hate Crime Forum and LGBT Support Services Redditch*);
- 3) a leaflet advertising the support networks available for the LGBT community in Redditch, should be produced; (*Recommendation 4 to LGBT Support Services Redditch*); and
- 4) Local partners should help to promote the following to members of the LGBT community, including on the Redditch and Bromsgrove Wellbeing website:
 - a) Gay and bisexual men are eligible for free Hepatitis B vaccinations available at the Arrowside Sexual Health clinic.
 - b) Lesbian and bisexual women are entitled and should be encouraged to attend cervical screening tests.
(*Recommendation 6 to the Redditch Community Wellbeing Trust*).

3. KEY ISSUES**Background**

- 3.1 The Overview and Scrutiny Committee decided to establish a review of the support networks that are available to the LGBT Community in 2014. The review was launched in December that year. Four Members were appointed to the review including Councillors Joe Baker, (Chair) Natalie Brookes, Gay Hopkins and David Thain.
- 3.2 The group gathered evidence between January and May 2015. Based on the evidence gathered the Task Group has proposed six recommendations. Whilst some of these recommendations need to be endorsed by the Executive Committee other recommendations may have been referred by the Overview and Scrutiny Committee to relevant external partner organisations.

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Financial Implications

- 3.3 The main financial implication for the Council relates to recommendation 3a. The group is proposing that in the long-term the Council should introduce a budget to support the LGBT History Month. The group's justification for this proposal is provide in Chapter 2 of the report.
- 3.4 All additional financial implications for the Council are detailed within the main report and mainly relate to the costs of officer time involved in delivering the group's proposals.

Legal Implications

- 3.5 There are very few legal implications. Any legal implications arising from the group's proposals are detailed in the main report.

Service / Operational Implications

- 3.6 The Overview and Scrutiny Committee is the parent Committee for all scrutiny Task Groups. The Committee is due to consider the group's recommendations at a meeting on 7th July, a day after the agenda for the Executive committee meeting on 14th July is due to be published. Members are therefore asked to note that there is the possibility that the wording of the report and of the recommendations could be changed by the Overview and Scrutiny Committee. The Executive Committee will be advised of any substantive changes.

Customer / Equalities and Diversity Implications

- 3.7 A number of residents from the LGBT community were consulted during the review, either directly by the group or indirectly through liaising with individual elected Members. As there is a risk that members of the community could become vulnerable to abuse from people who hold prejudicial views the identities of members of the community who engaged with the review have been treated as confidential and are not revealed in this report.
- 3.8 A number of equalities and diversity issues have been addressed by the Task Group. These are outlined in more detail in the group's main report attached at Appendix 1.

4. RISK MANAGEMENT

- 4.1 There is a risk that if the Council and relevant partner organisations do not act on the group's proposals this could have a detrimental impact on the health and wellbeing of the LGBT community living in Redditch.

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- 4.2 The group is also suggesting that rejection of Members' proposals by the Executive Committee would have a negative impact on the Council's reputation, particularly within the LGBT community.

5. APPENDICES

Appendix 1 – Provision of Support Networks for the LGBT Community Task Group final report.

AUTHOR OF REPORT

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Overview & Scrutiny

Provision of Support Networks for the LGBT Community Task Group

July 2015

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Membership of the Task Group

Councillors Joe Baker (Chair), Natalie Brookes, Gay Hopkins and David Thain.

Support Officer

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Completed

July 2015

Contact

Further copies of this report are available on request from:

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FOREWORD

Following the local elections in May 2014 an incident occurred where a former elected Councillor used inappropriate and offensive language about high profile members of the lesbian, gay, bisexual and transgender (LGBT) community. These comments caused a public outcry and calls for action to be taken locally. I was asked by members of the LGBT community to act as a spokesperson for the community. A show of solidarity with the LGBT community in Redditch was organised and attended by a range of community representatives and this showed that the LGBT community had local support and was a positive force to be reckoned with.

It came to light after this gathering that there was little to no support available to the LGBT community living in the Borough. Members of the LGBT community requested that the Council look into what services were available and what could be done to enhance local support. I therefore suggested that this subject should be investigated by Overview and Scrutiny.

I would like to thank all of the expert witnesses who took part in this review process. I was especially delighted to welcome Superintendent Jim Baker to a meeting. This was the first time that a police Superintendent had attended a scrutiny meeting in Redditch and I think this shows how seriously the police take tackling homophobic behaviour.

I would also like to point out that I was pleased that we had a diverse array of Councillors appointed to this Task Group with differing experiences and background knowledge of the subject. I would like to thank Councillors Brookes, Hopkins and Thain for their professionalism, understanding and the open manner in which they contributed to the review.



**Councillor Joe Baker,
Chair of the Provision of Support Networks for the LGBT Community Task
Group**

SUMMARY OF RECOMMENDATIONS**CHAPTER 1: DEMONSTRATING COMMITMENT****Recommendation 1**

Redditch Borough Council should participate in the Stonewall Workplace Equality Index every year.

Financial Implications: Participation in the Stonewall Workplace Equality Index is free for all organisations. Council staff would need to spend time submitting detailed forms in order to take part in the index and to provide evidence to support claims made in completed submissions. However, the group is contending that the costs in terms of officer time would be offset by the benefits to be accrued from participation in the scheme and demonstrate to both existing LGBT staff, and talented LGBT people who could become future employees, that the Council is committed to supporting the LGBT community.

Legal implications: There are no legal implications.

Recommendation 2

Worcestershire County Council should take part in the Stonewall Education Equality Index.

Worcestershire County Council should also encourage schools to take part in the Stonewall School Champions Programme and / or to use the Birmingham LGBT Schools Toolkit.

Financial Implications: Participation in the Stonewall Workplace Equality Index is free for all organisations. Council staff would need to spend time submitting detailed forms in order to take part in the index and to provide evidence to support claims made in completed submissions. However, the group is contending that the costs in terms of officer time would be offset by the benefits to be accrued from participation in the scheme.

Membership of the Stonewall School Champions Programme can cost a school as little as £150 plus VAT if the school signs up to one of Stonewall's Train the Trainer sessions. The Birmingham LGBT Toolkit can be downloaded from the organisation's website for free.

Legal implications: There are no legal implications.

CHAPTER 2: COMMUNITY SUPPORT**Recommendation 3**

There should be a greater celebration of the positive history of the LGBT community during the annual LGBT History Month celebrations with a focus on the specific theme in each given year. This should include holding events at the Palace Theatre.

- a) In the long-term Redditch Borough Council should commit to introducing a budget to support LGBT History Month.

Financial implications: There would be financial implications to the introduction of a bespoke budget to support the LGBT History Month. The group is not specifying the appropriate size of the budget as they feel this should be determined by the Executive Committee.

There are financial costs associated with booking the Palace Theatre, though these costs can be minimised if bookings are for use of facilities in non-peak hours. The group are envisaging that the Room Upstairs could be booked. This currently costs £13.00 per hour to hire (though Members recognise that this fee may change in subsequent years in line with any changes to the Council's fees and charges). The group are suggesting that the LGBT Support Services Redditch group should be approached to find out whether they would be willing to contribute to fundraising in order to pay for the room hire.

Legal implications: There are no legal implications.

Recommendation 4

A leaflet advertising the support networks available for the LGBT community in Redditch, should be produced.

- a) Redditch Borough Council should support any groups that produce this literature by allowing such leaflets to be made available for residents to collect in public venues, such as Redditch Town Hall, and making this information available to view on relevant web pages of the Council's website.

Financial Implications: There would be a cost associated with producing a leaflet. Members are proposing that, subject to the LGBT Support Services Redditch group agreeing to take a lead on delivery of this proposal, the group should apply for grant funding to help produce a leaflet.

There would potentially be the cost of officer time in terms of adding information to the Council's website, though the group is not anticipating that this would be extensive.

Legal implications: The Council and LGBT Support Services Redditch group would need to discuss the content to ensure that when information is placed on the Council's website there is no breach of copyright.

CHAPTER 3: HEATH AND WELLBEING**Recommendation 5**

The specific mental health needs of the LGBT community should be addressed in equalities training provided to frontline Council staff. This should be covered in one of the equalities briefing sessions that the policy team is due to deliver in forthcoming months.

Financial Implications: Equalities training is already provided to staff. The group is anticipating that provision of this information as part of these established training sessions would not entail a requirement for additional financial expenditure.

Legal implications: There are no legal implications.

Recommendation 6

Local partners should help to promote the following to members of the LGBT community, including on the Redditch and Bromsgrove Wellbeing website:

- a) Gay and bisexual men are eligible for free Hepatitis B vaccinations available at the Arrowside Sexual Health clinic.
- b) Lesbian and bisexual women are entitled and should be encouraged to attend cervical screening tests.

Financial Implications: There would be the cost of officer time in adding content to the wellbeing website, though this is unlikely to be significant. The costs of further attempts by partners to promote these services would vary according to the methods of communication that are adopted.

Legal implications: There are no legal implications.

CHAPTER 4: ITEMS TO NOTE

Hate Crimes and Incidents: The group was impressed by the commitment demonstrated by representatives of West Mercia Police Force to tackling homophobic, biphobic and transphobic hate crimes and incidents. Residents who have been the victims of these offences are urged to report incidents to the police.

Morton Stanley Festival: Morton Stanley Festival provides an opportunity to celebrate positive aspects of life in the Borough. As part of these celebrations the group urges the LGBT Support Services Redditch group to consider arranging to have a stand at the festival in 2015.

INTRODUCTION/BACKGROUND INFORMATION

In June 2014 derogatory comments about high profile members of the lesbian, gay, bisexual and transgender (LGBT) community were made by an elected Councillor (who subsequently resigned). In a demonstration of solidarity with the LGBT community living in the Borough a cross party gathering took place outside Redditch Town Hall that month. Following this gathering a number of members of the LGBT community approached Councillor Baker to express concerns about the limited support available to the community in Redditch. In this context the Overview and Scrutiny Committee concluded in autumn 2014 that it would be an opportune time to launch a review of the support networks available to the LGBT community in the Borough. As the Overview and Scrutiny Committee had previously agreed that only two Task Group exercises could take place at any one time it was not possible to launch the review until December 2014.

The four Members appointed to the review were tasked with addressing a number of key objectives:

- To investigate the support provided by Redditch Borough Council and relevant local partnerships to the LGBT community.
- To assess the support available from the NHS and mental health services to the LGBT community.
- To review support available to people who are the victims of homophobic hate crimes and incidents.
- To scrutinise the support available to young LGBT people living in the Borough.
- To identify the general support networks available to the LGBT community in Redditch.

The Task Group gathered evidence from a variety of sources. This included interviews with relevant Council Officers working in the Policy, Community Safety, Housing and Leisure Services teams. Interviews were also held with representatives from external organisations including Stonewall, Birmingham LGBT, Arrowside Sexual Health Clinic, Redditch and Bromsgrove Clinical Commissioning Group (CCG) and the Redditch Mental Health Action Group (MHAG).

Wherever possible the group attempted to consult with representatives of the LGBT community. Members recognised the need to be sensitive to the needs and potential vulnerability of the LGBT community. A decision was therefore taken early in the course of the review to treat the identities of any members of the community who provided evidence, either directly at meetings or indirectly to members of the group, as confidential. This was to protect them against any possible negative responses from members of the community who may hold prejudicial views.

A number of relevant scrutiny reports produced by other local authorities were considered during the review. This included; the *Trans Equality Scrutiny Panel* review, completed by Brighton and Hove City Council in 2013, *Services Available to LGBT Communities in Manchester*, published by Manchester City Council in 2013, *Update on Stonewall Challenge*, published by City of York Council in 2014, and *A Review Of Services And Support For Lesbian, Gay, Bisexual And Transsexual/Transgender Young People* published by Sandwell Metropolitan Council in 2006.

Members also reviewed the content of bespoke publications produced by groups that specifically support the LGBT community. These included; the *Homophobic Hate Crime: the Gay British Crime Survey* report, published in 2013, written information about the Stonewall Workplace Equality Index and Education Equality Index, the *Birmingham LGBT Annual Report 2013/14* and the Birmingham LGBT Schools Toolkit. In addition, Members considered written documentation that had been produced by other key agencies that work with and support the LGBT community. This included; the *Reducing Crime Against People at Risk Scrutiny Report*, produced by Worcestershire County Council in 2014, the *Lesbian, Gay, Bisexual and Trans Public Health Outcomes Framework Companion Document*, the *PHE Action Plan 2015-16: Promoting the Health and Wellbeing of Gay, Bisexual and other Men who have Sex with Men* report and *Gender Dysphoria Services: A Guide for General Practitioners and other Healthcare Staff* produced by NHS England.

Local context

The national census conducted in 2011 did not canvass residents for information about their sexual orientation or transgender status. Only one relevant question appeared in the census which invited people to declare if they were living in a civil partnership; in 2011 36 household had been identified as living in a civil partnerships in Redditch. However, these figures do not account for members of the LGBT community living in loving relationships who had not entered into a civil partnership, those who were not living with their partners or single members of the community. This question could also not help to identify the number of residents who may not yet have come out about their sexual orientation or gender identity.

In this context only estimates can be provided about the size of the LGBT community living in the Borough. The group has been advised that HM Treasury tends to estimate that the number of LGBT people resident in any given area usually represents six per cent of the local population. The population of Redditch Borough was calculated as being 84,300 when the last census was conducted in 2011; if the Treasury's estimate is applied this would equate to an LGBT population in Redditch of 5,058.

The launch of the Task Group review coincided with the introduction of a bespoke LGBT community group, LGBT Support Services Redditch. Two members of the group, Councillors Baker and Brookes, were founding members of this community group. The Task Group welcomes the launch of LGBT

Support Services Redditch which has attracted a number of members and secured premises during the time in which this review has been taking place.
Legislation and Public Service Duties

The Equalities Act 2010 replaced the previous public sector equalities duties for disability, race and gender. Under the terms of this legislation public bodies must take due regard of a number of protected characteristics. These protected characteristics are:

- Age.
- Disability.
- Gender reassignment.
- Pregnancy and maternity.
- Race, including ethnic or national origins, colour or nationality.
- Religion or belief (including lack of belief).
- Sex
- Sexual orientation.

Redditch Borough Council's Executive Committee recently endorsed an Equal Opportunity Policy. This policy is designed to ensure that the Council considers the impact of equalities issues on employees and the Council's wider role in supporting local authority employees. The group pre-scrutinised the content of the policy and welcomed the content of the document as a demonstration of the Council's commitment to being an equal opportunities employer and to supporting a diverse mixture of staff.

CHAPTER 1: DEMONSTRATING COMMITMENT

Recommendation 1	Redditch Borough Council should participate in the Stonewall Workplace Equality Index every year.
Financial Implications	Participation in the Stonewall Workplace Equality Index is free for all organisations. Council staff would need to spend time submitting detailed forms in order to take part in the index and to provide evidence to support claims made in completed submissions. However, the group is contending that the costs in terms of officer time would be offset by the benefits to be accrued from participation in the scheme and demonstrate to both existing LGBT staff, and talented LGBT people who could become future employees, that the Council is committed to supporting the LGBT community.
Legal Implications	There are no legal implications.

The Stonewall Workplace Equality Index is the definitive benchmark for employers that want to demonstrate that they are providing the best possible working environment for LGBT employees. The index is free to enter and provides organisations from the public, private and voluntary sector with an opportunity to compare their organisation's performance to other bodies. Over 800 organisations have participated in the Workplace Equality Index over the past decade including local authorities. Stonewall links the index criteria to eight key areas of best practice. These criteria are updated every three years in order to continue to drive up standards amongst participating bodies.

Each Year Stonewall's Top 100 Employers is published. The ratings in this list are based on the submissions from Councils in the Stonewall Workplace Equality index. In 2015 15 local authorities featured in the top 100 list including Leicestershire County Council, Brighton and Hove City Council and Southend-on-Sea Borough Council. However, Redditch Borough Council did not feature on this list and does not currently participate in the index.

In order to take part in the Index relevant staff would need to complete various submission forms and to provide supporting evidence to back up any claims. Stonewall selects a range of participating organisations at random each year as part of an assessment of participants in the Workplace Equality Index. Therefore Council staff would need to be available to meet with representatives of Stonewall if the Council was selected for this sample.

Members of the Stonewall Diversity Champions' Programme receive close support from Stonewall when participating in the Workplace Equality Index. As part of this process they receive an in depth analysis of their submission and Stonewall representatives provide annual benchmarking meetings. Advice is also provided about both progress to date and areas for improvement as an employer.

There would be a number of benefits to participating in the index:

- Enhancing the competitiveness of the Council in terms of recruiting talented LGBT staff.
- An understanding of how the Council is performing as an employer of LGBT staff compared to other organisations.
- Greater understanding of action that could be taken to improve the support available to LGBT staff.
- Helping LGBT staff to feel supported and empowered to be themselves in the workplace. Nationally it has been found that LGBT staff often feel anxious about coming out about their sexual orientation or gender identity to colleagues due to concerns about how other staff may respond.
- Enabling the Council to challenge inappropriate behavior or ignorance of issues amongst other staff.
- Demonstrating to LGBT customers of Council services the organisation's commitment to supporting LGBT staff and customers.

According to the *Workplace Equality Index: Five Year Review* many organisations that participate in the Index are surprised in the first year about the findings identified by Stonewall. In some cases it is suggested that assumptions are made by an employer about the extent to which their organisation is inclusive and therefore reviewing performance through the index process can be challenging. *"It can be difficult for employers to start scrutinising their performance in relation to sexual orientation, particularly if they believe that they are already performing to a high standard. It is easy to be complacent and presume that, as things stand, an organisation is welcoming of all; including lesbian, gay and bisexual staff."* Redditch Borough Council cannot therefore assume that just because a new Equal Opportunity Policy was recently approved the Council is performing well as an employer of LGBT staff. Furthermore, the Task Group are aware that in a working environment where many services are shared with Bromsgrove District Council and other local authorities there may be additional challenges in terms of compliance with best practice across different working environments and at a range of offices.

The group is proposing that ideally the Council should participate in the Stonewall Workplace Equality Index. This would ensure that the Council would receive useful feedback and could really commit to identifying and resolving any difficulties with current working structures.

Recommendation 2	<p>Worcestershire County Council should take part in the Stonewall Education Equality Index.</p> <p>Worcestershire County Council should also encourage schools to take part in the Stonewall School Champions Programme and / or to use the Birmingham LGBT Schools Toolkit.</p>
Financial Implications	<p>Local authorities can take part in the Stonewall Equality Index for free. Participation in the Stonewall Workplace Equality Index is free for all organisations. Council staff would need to spend time submitting detailed forms in order to take part in the index and to provide evidence to support claims made in completed submissions. However, the group is contending that the costs in terms of officer time would be offset by the benefits to be accrued from participation in the scheme.</p> <p>Membership of the Stonewall School Champions Programme can cost a school as little as £150 plus VAT if the school signs up to one of Stonewall's Train the Trainer sessions. The Birmingham LGBT Toolkit can be downloaded from the organisation's website for free.</p>
Legal Implications	<p>There are no legal implications.</p>

National Picture:

The group interviewed representatives of Stonewall as part of the review in April 2015. At the time of this interview Members were advised that one of the three key challenges facing the LGBT community was homophobic bullying in both primary and secondary schools. *The Teachers' Report 2014: Homophobic Bullying in Britain's Schools*, published by Stonewall, found that 86 per cent of secondary school teachers and 45 per cent of primary school teachers had reported that pupils had experienced homophobic bullying at their school. Unfortunately many young people at school were found to be using terminology such as "gay" as a pejorative term whilst other pupils would utilise offensive language to describe the perceived sexual orientation of other students or teachers, such as "poof" or "faggot".

At the national level there has been some progress since 2009. Stonewall found that there had been a significant increase in the number of schools that had policies designed to address homophobic bullying; from 19 per cent to 31 per cent of primary schools and from 30 per cent to 55 per cent of secondary

schools. Also the number of teachers reporting that pupils were regularly subject to homophobic bullying had decreased in this period from 25 per cent to 13 per cent. However, many teachers were still reporting that there had been no real improvement in terms of the extent to which they felt that Head Teachers and school governors were demonstrating leadership in tackling this problem.

Victims of homophobic bullying may feel reluctant to report the incident to teachers for a variety of reasons such as concerns about repercussions, a fear that their sexual orientation may become public knowledge, embarrassment and the assumption that teachers cannot or will not do anything to resolve the problem. The consequences of homophobic bullying, if it continues unchallenged, can be devastating for young LGBT students. *According to The School Report: The Experiences of Gay Young People in Britain's Schools in 2012* these consequences can include the following:

- Young LGBT not feeling part of their school community and potentially becoming socially isolated as a consequence.
- A negative impact on education attainment and aspirations for the future amongst young LGBT people.
- An increase in the number of young LGBT people absconding from school which can have a negative impact on their education.
- An increased risk of self-harm, suicide and depression.

Local Context:

The Council's Community Safety Team in recent years has delivered a significant amount of work in an attempt to challenge homophobic bullying and language in schools. This has involved staff engaging with local Middle and High Schools to deliver age appropriate lessons to pupils in Years 8 and 9 (ages 12 – 14). Staff have also visited schools to provide bespoke mentoring support and to tackle specific cases of homophobic behavior as and when they have occurred alongside representatives of West Mercia Police Force when appropriate.

In recent months officers from the Community Safety Team have been involved in helping to support the introduction of an LGBT youth group for young people studying in Redditch. In addition, the group has been informed that at least one of the high schools in Redditch already has an LGBT youth group and that this has been regularly attended by local pupils.

The group is keen to praise schools that have already taken action to support LGBT pupils as well as the Community Safety Team for their hard work in relation to this issue.

Stonewall Programmes:

In addition to the Workplace Equality Index Stonewall also provides an Education Equality Index which is free to enter for any local authority in England and Wales. The index provides local education authorities with an opportunity to assess how they are performing in relation to other local education authorities through a

benchmarking process. Participating authorities have traditionally made significant progress in tackling homophobic bullying within schools. Every participating local authority receives tailored feedback from Stonewall. In 2014 27 local authorities took part in the index including Hertfordshire county Council, Sheffield City Council and Leicestershire County Council. The group would urge Worcestershire County Council to join those local authorities in future years.

Alongside the Education Equality Index schools can participate in the Stonewall School's Champion Programme. The programme provides schools with an opportunity to learn how to better support LGBT pupils within education and to effectively tackle homophobic bullying. According to Stonewall's website membership of the Education Schools Champions' Programme has been free since September 2013 for schools which register to take part in a Stonewall Train the Trainer session. At the time of writing these Train the Trainer sessions currently cost £150 plus VAT. During the review Members were advised that a couple of local schools are already participating in the Stonewall School's Champions Programme and have found that this has enhanced the school's ability to support LGBT pupils and teachers.

Birmingham LGBT Schools Toolkit:

Birmingham LGBT is a community group which supports the LGBT community living in the city. The Task Group visited the Birmingham LGBT offices in April 2015. They were impressed by the plethora of support services provided by Birmingham LGBT to the community and the extent to which Birmingham LGBT was active within the city.

One of the key support services provided by Birmingham LGBT is *The National LGBT Toolkit for Schools* (there is also a Birmingham version of this toolkit for use in the local area). The toolkit, which can be downloaded for free from the Birmingham LGBT group's website, is intended to provide schools with guidance in relation to supporting LGBT students. The toolkit is also accompanied by a number of case studies on the group's website. When the Task Group visited Birmingham LGBT they were advised that staff from the group do, on request, sometimes visit schools within the local area and engage with pupils. This approach is useful because young people have a chance to engage with representatives of the LGBT community who can speak authoritatively about how particular behaviour and experiences have impacted on them.

Conclusion

Schools can obtain a number of key benefits from participating in either of these two schemes which includes help:

- Preparing for Ofsted inspections in relation to homophobic, biphobic and transphobic bullying.
- Enabling pupils to reach their potential and to achieve future aspirations.
- Empowering staff to feel confident enough to challenge homophobic language and bullying.

The group is proposing that Worcestershire County Council, as the local education authority, should encourage schools to participate at least one of these two programmes. Members recognise that there are financial costs involved in terms of participating in the Stonewall School Champion's Programme but these costs are relatively minimal. For both programmes the main impact on resources may be in terms of staff time, though the group feels that investment in either programme would be justified due to the positive impact on LGBT students..

The group understand that Worcestershire County Council does not have the power to oblige schools, particularly academy schools, to participate in either of these schemes. However, Members agree that as Worcestershire County Council is the local education authority in the county it would have more influence and a better chance of encouraging schools to participate in one of these programmes than Redditch Borough Council.

CHAPTER 2: COMMUNITY SUPPORT

Recommendation 3	<p>There should be a greater celebration of the positive history of the LGBT community during the annual LGBT History Month celebrations with a focus on the specific theme in each given year. This should include holding events at the Palace Theatre.</p> <p>a) In the long-term Redditch Borough Council should commit to introducing a budget to support LGBT History Month.</p>
Financial Implications	<p>There would be financial implications to the introduction of a bespoke budget to support the LGBT History Month. The group is not specifying the appropriate size of the budget as they feel this should be determined by the Executive Committee.</p> <p>There are financial costs associated with booking the Palace Theatre, though these costs can be minimised if bookings are for use of facilities in non-peak hours. The group are envisaging that the Room Upstairs could be booked. This currently costs £13.00 per hour to hire (though Members recognise that this fee may change in subsequent years in line with any changes to the Council's fees and charges). The group are suggesting that the LGBT Support Services Redditch group should be approached to find out whether they would be willing to contribute to fundraising in order to pay for the room hire.</p>
Legal Implications	<p>There are no legal implications.</p>

LGBT History Month takes place in February every year in the UK. The aim of the LGBT History Month is to celebrate equality and diversity and to raise awareness of the needs and experiences of the LGBT community. The LGBT History Month helps to increase the visibility of the LGBT community within wider society, educate people about issues that impact on the LGBT community, and promote the welfare of LGBT people. Each year there is a different theme for LGBT History Month and local organisers have flexibility with regard to how they choose to organise events, though some resources can be obtained from the LGBT History Month website.

In recent years LGBT History Month events have taken place in Redditch. Redditch Library has kindly offered to host to the LGBT History Month events in the Borough. Local partners, including Redditch Borough Council, have tended to contribute to the arrangements for the event.

In 2015 there were a few difficulties encountered by the organisers of the event including staff turnover at a number of key partner organisations. Members of the group understand that many of the partners from the Worcestershire LGBT Hate Crime Forum who made a significant contribution to the event had been asked to help at short notice. There were a number of stalls providing important information to visitors, including advice about sexually transmitted diseases and action to address homophobic hate crimes and incidents. The group recognise that contributors to the event should be praised for their hard work and dedication in delivering an event at short notice and in difficult circumstances.

However, the Task Group had some concerns about the event in 2015. In particular, the Councillors who attended the event were concerned to find that there were limited displays and information about the positive contributions that have been made by the LGBT community to the wider society. The theme for 2015 was Hidden Histories and Coded Lives; the group was disappointed to find that limited use had been made of this theme to promote key figures from the LGBT community who had made historic contributions to the world. In addition, representatives of the LGBT community consulted by the Councillors expressed reservations about the event. There were concerns that by failing to use the opportunity to promote positive role models the event did not help to support young LGBT residents struggling to come to terms with their sexual orientation or gender identity and the potential response from the wider community that they would encounter.

By contrast the Task Group is aware that events in Bromsgrove generally involve a balanced mixture of information about key support services as well as activities celebrating the LGBT community. In 2015 in Bromsgrove activities ranged from a family friendly celebration of the LGBT community at the Artrix featuring fun activities such as balloon modelling as well as a dramatisation of Oscar Wilde's letter to Lord Alfred Douglas from Reading gaol; Wilde Without the Boy. Members are keen for a similar mixture of events and activities to be delivered in Redditch as part of any future LGBT History Months.

The Task Group has concluded that a key issue is that specific funding provided by Bromsgrove District Council is used to help finance the delivery of LGBT History Month events in the district. By contrast at present no funding is allocated to the LGBT History Month in Redditch. The group is suggesting that in order to improve the LGBT History Month in the Borough in future years the Council should introduce a bespoke budget for this purpose. The Council has a proud history of supporting and funding community action to demonstrate that the people of Redditch will not tolerate discrimination, such as the Holocaust Memorial Event. By committing to introduce a budget for LGBT History Month, to be funded at a level which the Task Group agrees should be determined by the

Executive Committee, the Council would be demonstrating its commitment to supporting the LGBT community.

Members recognise that it may not be possible in the current difficult financial climate for the Council to introduce a budget for this purpose straight away. In this context the group would request that the Executive Committee consider committing to an aspiration for the Council to introduce a budget for the LGBT History Month at a later date once the Council's finances are in a better position to support this function.

The Task Group is also in agreement that greater involvement of the LGBT community in the preparation and delivery of LGBT History Month in Redditch would help to improve the event in future years. Members recognise that many members of the LGBT Hate Crime Forum are likely to be members of the community. However, by working with the LGBT Support Services Redditch community group the two bodies could combine their expertise together with local knowledge in order both to meet the needs and celebrate the achievements of the LGBT community.

In addition, the Task Group is proposing that the arrangements for future LGBT History Months should be organised at a much earlier date. The themes for future LGBT history months are announced a significant amount of time in advance; the theme for 2016 will be Religion, Belief and Philosophy and in 2017 will be Citizenship, PSHE (personal, social and health education) and law. By starting to make arrangements for the next LGBT History Month as soon as possible partners will have more time to discuss arrangements and to finalise their contributions. It could also make it easier for partners to book venues such as the Room Upstairs at the Palace Theatre in Redditch for some of the activities celebrating LGBT History Month (bookings at the Palace Theatre are finalised approximately 18 months in advance of performances).

Members recognise that the concerns that they have raised in this report appear to be fairly critical of the LGBT History Month arrangements for 2015. The group is keen not to cause any offence to partners and individuals who have worked hard on these arrangements. However, it should be noted that this scrutiny Task Group is undertaking its proper role; to act as a critical friend by both highlighting any problems where these have been identified and suggesting constructive actions that could be taken to resolve these problems in future. Members hope that their comments will be embraced by partners and that an LGBT History Month will continue to be provided in future years in the Borough.

<p>Recommendation 4</p>	<p>A leaflet advertising the support networks available for the LGBT community in Redditch, should be produced.</p> <p>a) Redditch Borough Council should support any groups that produce this literature by allowing such leaflets to be made available for residents to collect in public venues, such as Redditch Town Hall, and making this information available to view on relevant web pages of the Council's website.</p>
<p>Financial Implications</p>	<p>There would be a cost associated with producing a leaflet. Members are proposing that, subject to the LGBT Support Services Redditch group agreeing to take a lead on delivery of this proposal, the group should apply for grant funding to help produce a leaflet.</p> <p>There would potentially be the cost of officer time in terms of adding information to the Council's website, though the group is not anticipating that this would be extensive.</p>
<p>Legal Implications</p>	<p>The Council and LGBT Support Services Redditch group would need to discuss the content to ensure that when information is placed on the Council's website there is no breach of copyright.</p>

One of the overriding objectives of the review was for the group to assess the provision of support networks to the LGBT community within Redditch. Whilst Members identified some support services there was very little information available to the LGBT community about the services that were available. Members were concerned that this could leave members of the LGBT community vulnerable to becoming isolated and might create a false impression of the demand in the Borough for support from the LGBT community.

To address this problem the group is proposing that a leaflet advertising the support networks available to the LGBT community should be produced. The group is envisaging that the content and presentation would be similar in style to a brochure produced on behalf of the Redditch Older People's forum to advertise social groups and socialising opportunities to senior citizens.

Members do not feel that it would be appropriate for Redditch Borough Council to produce this leaflet. Instead, the group believes that the LGBT community is in a

better position to identify the support networks that are available and the potential needs and interests of the community. Members believe that LGBT Support Services Redditch would be in an ideal position to take a lead on producing this leaflet and would urge members of the group to consider doing so.

The Task Group recognises that financial resources might be required by the LGBT Support Services Redditch group to produce a leaflet. The financial costs required to print this leaflet would be dependent on the length of the document, the type of graphics used, the number of documents produced and the fees charged by the printers. However, as a rough comparison the group has been advised that it costs approximately £100 to print 400 copies of short (four page) leaflets in the Council's Print Unit. Based on these costs the group is not anticipating that the LGBT Support Services Redditch group would need to make a significant financial investment. However, it is possible that the group will need to secure grant funding and may want to consider applying for funding through the Council's grants programme or from local County Councillors' divisional funds.

Whilst Members are not asking Redditch Borough Council to take responsibility for producing this type of leaflet they are urging the Executive Committee to consider this recommendation carefully. In particular, the Council could assist the LGBT community by agreeing to display any leaflets that are produced in public buildings such as Redditch Town Hall and the Abbey Stadium. The Council could also assist by agreeing to include information obtained from the leaflets on relevant pages of the Council's website.

CHAPTER 3: HEALTH AND WELLBEING

One of the objectives of the review was for the group to assess the support available from the NHS and mental health services to the LGBT community. The written evidence that the group gathered regarding the medical and mental health needs of the LGBT community helped to clarify national policies and practices. This indicated that the NHS does recognise that the LGBT community have particular health needs and service requirements. Key findings from the group's research regarding the national context include the following (all of the data below is derived from the written documentation listed in the introduction to this report):

- There are higher rates of substance abuse, including alcohol consumption, smoking and drug use, within the LGBT community compared to the general population.
- Studies have consistently found that there are high levels of mental health problems within the LGBT community.
- Members of the LGBT community are more likely to experience social isolation and may be the victims of homophobic, biphobic or transphobic bullying at some point in their lives which can impact on their mental health.
- Eating disorders are more prevalent within the LGBT community than the general population.
- Services for transgender patients seeking to transition are specialist and are not commissioned at the local level. However, GPs have a key role to play in providing initial support to transgender patients and in monitoring follow up care post-surgery where this has been undertaken.
- Evidence suggests that LGB people are less likely to eat the recommended levels of fruit and vegetables per day than the general population. This can have an overall impact on an individual's health particularly in the long-term.
- *The Guidelines for the Care of Lesbian, Gay and Bisexual Patients in Primary Care* estimate that 44 per cent of gay and bisexual men have never discussed sexually transmitted infections (STIs) with a health professional whilst less than half of lesbian and bisexual women have ever been tested for an STI.
- *The Guidelines for the Care of Trans Patients in Primary Care* record that 74 per cent of transgender people have reported having at least one negative experience with the health service and 20 per cent do not use general health services at all.
- LGBT patients may be reluctant to discuss their sexual orientation or gender identity with their GPs due to concerns about the possible reaction they may encounter. According to the *Gay and Bisexual Men's Health Survey* conducted by Stonewall gay and bisexual men are more likely to come out to their family, friends and work colleagues regarding their sexual orientation than to their GP.
- National studies have found significant issues with health inequalities amongst LGBT minority groups. For example *The Lesbian, Gay, Bisexual and Trans Public Health Outcomes Framework Companion Document* reports that substance abuse amongst gay and bisexual men with physical disabilities is higher than amongst gay and bisexual men without disabilities. Black and

minority ethnic lesbian and bisexual women are also at a higher risk of cardiac disease, diabetes and cancer than white lesbian and bisexual women.

Following interviews with representatives of the Redditch and Bromsgrove CCG and Redditch MHAG, it quickly became apparent that the Task Group would not be in a position to clarify the precise health needs and experiences of the local LGBT community during the review. This is because at a local level the health environment is complex. Different branches of the NHS commission and deliver different services; for example NHS England commissions transgender services whilst Worcestershire County Council's Public Health team leads on local public health campaigns. In order to assess all relevant services the group estimated that they would need to undertake a separate, lengthy review focusing solely on the health needs of the LGBT community which would encompass consultation with service commissioners as well as service providers. In addition consultation with representatives of the local LGBT community would be necessary in order to understand current experiences and to identify any gaps in provision and this would take time as any such consultation would need to be conducted in a sensitive and informed manner.

Despite this Members did identify two key issues from national trends which they agreed could legitimately be addressed at the local level. These are the focus of the group's fifth and sixth recommendations.

Recommendation 5	The specific mental health needs of the LGBT community should be addressed in equalities training provided to frontline Council staff. This should be covered in one of the equalities briefing sessions that the policy team is due to deliver in forthcoming months.
Financial Implications	Equalities training is already provided to staff. The group is anticipating that provision of this information as part of these established training sessions would not entail a requirement for additional financial expenditure.
Legal Implications	There are no legal implications.

The group discovered through their research that at the national level there are high rates of mental health problems within the LGBT community. In particular many LGBT people report experiencing depression and anxiety at some point in their lives with suicide attempts amongst transgender people especially high. Some key data was gathered in relation to this during the course of the review (all of the data below is derived from the written documentation listed in the introduction to this report):

- LGB people are twice as likely as the general population to have had suicidal thoughts or to have attempted suicide.
- 84 per cent of transgender people have considered suicide and half of transgender people have attempted suicide.
- The Department of Health's Suicide Prevention Strategy 2012 identified LGBT people as a high risk group in terms of suicide attempts.
- 56 per cent of young LGB people have reported self-harming.
- One in five lesbian and bisexual women have reported self-harming.
- One in 14 gay and bisexual men have reported self-harming.
- Three quarters of young transgender people have self-harmed.
- 53 per cent of adult transgender people have self-harmed at some point in their lives.
- One in five lesbian and bisexual women have reported having an eating disorder compared to one in 20 women in the general population.
- Gay and bisexual men are more likely to have an eating disorder or a problem with eating, at one in seven or 13 per cent, compared to four per cent of men in general.
- 19 per cent of transgender people report having an undiagnosed eating disorder and five per cent report having a diagnosed eating disorder.

It should be noted that there can be multiple triggers for mental ill health experienced by members of the LGBT community as with the general population. However, the situation can be exacerbated by negative experiences such as homophobic, biphobic or transphobic hate crimes or incidents, including bullying. Young LGBT people may be particularly vulnerable when exploring their own sexuality and gender identity. They can also be very vulnerable when they are coming out to family and friends, especially if the response they receive is negative and potentially leads to homelessness.

During the course of the review Members consulted with frontline staff involved in providing housing services to the local community. Officers acknowledged that they were not aware of the prevalence of mental health problems within the LGBT community or particularly familiar with the needs of the community. However, they suggested that it would be useful for frontline services to have access to this information. The Council's service transformation programme focuses at the service level on meeting the holistic needs of the customer. Information about the particularly high rates of mental ill health within the LGBT community could help frontline service officers to better understand the vulnerability of LGBT customers presenting for housing or other Council services and to adapt the services that they receive to meet their needs accordingly.

The Council's Policy Team already provides equalities training to staff. In recent years this has primarily been delivered in the form of a workshop which has taken a couple of hours to deliver and focused on all of the protected characteristics. However, Members have been advised that the team is scheduled to deliver shorter, bespoke training sessions focusing on particular equalities issues in forthcoming months. In order to minimise the financial costs involved the group

is proposing that the specific mental health needs of the LGBT community should be addressed as part of these scheduled training briefings.

<p>Recommendation 6</p>	<p>Local partners should help to promote the following to members of the LGBT community, including on the Redditch and Bromsgrove Wellbeing website:</p> <p>a) Gay and bisexual men are eligible for free Hepatitis B vaccinations available at the Arrowside Sexual Health clinic.</p> <p>b) Lesbian and bisexual women are entitled and should be encouraged to attend cervical screening tests.</p>
<p>Financial Implications</p>	<p>There would be the cost of officer time in adding content to the wellbeing website, though this is unlikely to be significant. The costs of further attempts by partners to promote these services would vary according to the methods of communication that are adopted.</p>
<p>Legal Implications</p>	<p>There are no legal implications.</p>

During the review Members identified actions that could be taken by partners immediately which would have a beneficial impact on the health of the LGBT community.

Hepatitis B Vaccinations

Hepatitis B is a virus that can affect the liver. It is spread through unprotected sex and / or by sharing needles for intravenous drug use. According to the NHS Choices website in most cases Hepatitis B will stay in the body for one to three months; this is called acute Hepatitis B. In one in 20 cases the virus remains in a person's system and this is known as chronic Hepatitis B. In 20 per cent of chronic Hepatitis B cases people can develop scarring of the liver, also known as cirrhosis. One in 10 people with cirrhosis go on to develop liver cancer. There is a Hepatitis B vaccination which is considered to be effective in 95 per cent of cases. In England vaccination is recommended for high risk groups. Gay, bisexual and other men who have sex with men are considered to be one of the high risk groups for Hepatitis B.

In Redditch gay and bisexual men are offered the Hepatitis B vaccination for free at the Arrowside Sexual Health Centre. When members of the group visited the

centre they learned that NHS staff are keen to promote participation in this vaccination programme to gay and bisexual men as much as possible.

It is difficult to determine to what extent gay and bisexual men living in Redditch are currently aware of the availability of this vaccination for free without extensive consultation with the community. However, anecdotal reports received by members of the Task Group from representatives of the LGBT community indicate that awareness is currently mixed. In this context the group believes that additional action by partner organisations to promote the availability of this vaccination to gay and bisexual men would represent a worthwhile investment, particularly in relation to the potential benefits to public health that might arise as a consequence.

Cervical Screening

Cervical screening, also known as a smear test, is a method used to detect abnormal cells in a woman's cervix. By detecting and removing abnormal cells at an early stage they can be prevented from becoming cancerous, though not all abnormal cells will become cancerous. Changes to cells in the cervix are often caused by the Human Papilloma Virus (HPV), which is tested for as part of the cervical screening process. There are over 100 varieties of HPV, which is highly contagious. According to the NHS Choices website over three quarters of sexually active women will acquire at least one form of the HPV virus in their lives.

In the UK all women aged between 25 and 64 are invited for cervical screening as part of the national cervical screening programme; women aged between 25 and 49 are invited to attend screening every three years and women aged between 50 and 64 are invited to attend every five years. According to the NHS website since the cervical screening programme was introduced in the 1980s the number of cervical cancer cases has decreased by 7 per cent per year.

Lesbian and bisexual women, like all women, are at risk of developing cervical cancer. Bisexual women may have partners of both sexes whilst they are sexually active whilst some lesbian women may have their first sexual experiences with men when they may be infected with the HPV virus. In addition, the *Guidelines for the Care of Lesbian, Gay and Bisexual Patients in Primary Care* explicitly states that women who exclusively have relationships with other women can still transmit HPV to their female partners through oral sex and from sharing sex toys without using a condom.

Given these risks for lesbian and bisexual women the group was concerned to find that many lesbian and bisexual women do not regularly attend cervical screening. According to *The Lesbian, Gay, Bisexual and Trans Public Health Outcomes Framework Companion Document* 50 per cent of lesbian and bisexual women have failed to attend a cervical screening and 37 per cent of lesbian and bisexual women had been advised at some point that they did not require screening due to their sexual orientation. Similarly Stonewall reported in a 2008

study of lesbian and bisexual women's health that 20 per cent had been informed by a health professional that they did not require cervical screening.

It is difficult to determine to what extent lesbian and bisexual women living in the Borough are attending cervical screening tests or to clarify what advice health professional are providing to lesbian and bisexual women locally without undertaking extensive consultation with the community. However, anecdotal reports received by members of the group from local representatives of the LGBT community suggest that some lesbian and bisexual women are ignoring invitations to attend screening based on the assumption that they are not at risk of developing cervical cancer. Members concluded that the anecdotal evidence, when combined with national research findings, was concerning and justifies the need for partner organisations to be tasked with more actively promoting participation in cervical screening to lesbian and bisexual women living in Redditch.

CHAPTER 4 – ITEMS TO NOTE

Hate Crimes and Incidents:

According to *Homophobic Hate Crime: the Gay British Crime Survey* (Stonewall, 2013) one in three lesbian, gay and bisexual people had experienced a homophobic hate crime in the preceding three years. Similarly *The Lesbian, Gay, Bisexual and Trans Public Health Outcomes Framework Companion Document*, published by Public Health England, reports that at the national level one in five LGB people have experienced an homophobic hate crime or incident (including biphobic crimes and incidents) in the last three years whilst 19 per cent of transgender people have been physically attacked and 38 per cent experienced intimidation and threats due to their gender identity. However three quarters of victims of homophobic hate crimes and incidents interviewed for the *Homophobic Hate Crime: the Gay British Crime Survey* did not report it to the police or to any other official organisation that might be in a position to provide support and it is estimated that 97 per cent of transphobic crime goes unreported.

There may be multiple reasons why victims of homophobic, biphobic and transphobic hate crimes and incidents do not submit a report to the police. However, according to the *Homophobic Hate Crime: the Gay British Crime Survey* 28 per cent of victims did not think that their report would be taken seriously and in just over 40 per cent of cases the victim did not think that the incident was serious enough to justify being reported. A further 31 per cent of victims did not think that the Police would or could do anything in response.

In February 2015 the group interviewed the then Inspector Rebecca Love (who has subsequently been promoted) and Superintendent Jim Baker of the West Mercia Police Force in order to ascertain the extent to which homophobic, biphobic and transphobic hate crimes and incidents were a problem at the local level. Members also wanted to find out how local public services regarded reports of homophobic, biphobic and transphobic hate crimes and incidents. This was the first time a senior officer at the level of Superintendent had attended an Overview and Scrutiny meeting at Redditch Borough Council and Members agreed that this demonstrated that the police were committed to tackling homophobic hate crimes and incidents. Members also wanted to commend the officers for the passion with which they spoke about tackling all forms of hate crime and incidents and the extent to which they took this problem seriously.

Unfortunately, Members were advised that locally there appears to be under reporting of homophobic hate crimes and incidents. The Task Group are therefore strongly urging members of the LGBT community to have the confidence to approach the police to report any homophobic, biphobic or transphobic hate crimes or incidents they have been the victims of or may experience in the future. Reporting is key to tackling such crime and should also help public sector organisations to appreciate the scale of the problem and the resources required to tackle it.

Morton Stanley Festival:

Morton Stanley Festival is held on an annual basis. The festival provides an opportunity to celebrate positive aspects of life in the Borough. As part of these celebrations the group believes that the positive contribution of the LGBT community in the Borough should be celebrated.

In recent years there has been a community area at the festival. Various community groups as well as relevant Council departments have had stalls in this community area where useful information and advice has been provided to people attending the event. Minority ethnic groups have managed stalls at the festival in previous years and this provided an opportunity to promote positive aspects of their communities to the wider population living in Redditch. The group has been advised that stalls can be established in the community area for a fee of approximately £10 – 30.

Members believe that a stall dedicated to the LGBT community would make a positive contribution to the festival in 2015. A stall could be used to provide advice and support to members of the LGBT community as well as to their families. A stall could also promote the positive contributions of the LGBT community to the Borough. Members feel that ideally arrangements to introduce an LGBT presence at the festival should be community led so that members of the LGBT community can feel that the stall and information provided is representative of the community. Members would therefore urge LGBT Support Services Redditch to consider approaching the Council about arranging for an LGBT stall to feature in the festival in 2015.

CONCLUSION

The Provision of Support Networks for the LGBT Community Task Group has completed an intensive review of the support available to lesbian, gay, bisexual and transgender people living in the Borough.

There was additional action and support networks that the group felt were needed to support the LGBT community in Redditch. However, Members were heartened by the passion with which many partners are attempting to act in support of the LGBT community. Members were also encouraged by the launch of the LGBT Support Services Redditch group during the course of this review and Members hope that this community group will continue to grow and to meet the needs of the LGBT community living in the Borough in future years.

The six recommendations proposed by the Task Group are all based on the evidence they have gathered and, if implemented, would have a positive impact on the LGBT community in Redditch. Members therefore urge the Council's Executive Committee and partner organisations to approve their proposals and to act on their suggestions as soon as possible.

APPENDIX 1
Scrutiny Proposal Form

(This form should be completed by sponsoring Member(s), Officers and / or members of the public when proposing an item for Scrutiny).

Note: The matters detailed below have not yet received any detailed consideration. The Overview and Scrutiny Committee reserves the right to reject suggestions for scrutiny that fall outside the Borough Council's remit.

Proposer's name and designation	Councillor Joe Baker	Date of referral	22nd July 2014
Proposed topic title	Provision of Support Networks for LGBT Task Group		
Link to national, regional and local priorities and targets	<p>This review proposal links to the following Council Strategic Purposes:</p> <ul style="list-style-type: none"> • Help me live my life independently (including health and activity) • Keep my place safe and looking good. • Provide good things for me to do, see and visit. 		
Background to the issue	<p>The rights and needs of lesbian, gay, bisexual and transgendered (LGBT) people living within Redditch Borough has recently been the focus of some discussion. To demonstrate solidarity with the LGBT community a gathering took place outside the Town Hall prior to full Council on 9th June, which I organised and attended. Following this gathering I was approached by a number of local residents from within the LGBT community who expressed some concerns about the support available to them and who sought reassurance about the action being taken locally to address homophobia.</p> <p>There are a small number of groups and initiatives, at the local and regional level, which work to address the needs of the local LGBT community. This includes the Bromsgrove and Redditch LGBT History Month. However, I am concerned that these groups are not necessarily engaging effectively with the local LGBT community and in some instances there may be limited awareness that these groups exist. I am also</p>		

	<p>concerned that there are limited social groups locally that specifically address the needs of people from the LGBT community.</p> <p>In 2012 Stonewall published the <i>School Report</i>, research focusing on the experiences of young gay peoples in British schools. This research found that 55% of young lesbian, gay and bisexual people experienced homophobic bullying in school and one in four (23%) of lesbian, gay and bisexual young people had tried to take their lives at some point. I am concerned about how these experiences are manifested at the local level and the extent to which local public agencies are currently providing sufficient support to young lesbian, gay, bisexual and transgendered people living in Redditch Borough.</p> <p>I think a review of this subject matter would be useful as it would demonstrate the Council's commitment to supporting the LGBT community and would respond to concerns raised directly with me by some local residents. I would hope that at the end of a review of this subject Redditch Borough Councillors would have an understanding of the needs of the local LGBT community and what action the Council and other public sector agencies can do to support the community more effectively.</p>
<p>Key Objectives Please keep to SMART objectives (Specific, Measurable, Achievable, Relevant and Timely)</p>	<ol style="list-style-type: none"> 1) To explore the work currently undertaken by Redditch Borough Council and Redditch Local Strategic Partnership to support lesbian, gay, bisexual and transgendered people. 2) To investigate the support available from the NHS and Mental Health Services for lesbian, gay, bisexual and transgendered people. 3) To review the support available from public agencies to lesbian, gay, bisexual and transgendered people who have or are continuing to experience homophobic bullying and harassment (including hate crime). <p>(This should involve considering the findings of the recent <i>Reducing Crime Against People at Risk</i> scrutiny report undertaken by Worcestershire County Council).</p>

	<p>4) To assess the support available to young lesbian, gay, bisexual and transgendered people locally.</p> <p>5) To investigate existing social opportunities available to lesbian, gay, bisexual and transgendered people locally and the potential to make additional social opportunities available.</p> <p>6) To determine the financial implications of any actions proposed by a Task Group to meet the needs of lesbian, gay, bisexual and transgendered people locally.</p>
<p>How long do you think is needed to complete this exercise? (Where possible please estimate the number of weeks, months and meetings required)</p>	<p>This review should be completed by July 2015.</p>

Please return this form to: Jess Bayley or Amanda Scarce, Democratic Services Officers, Redditch Borough Council, Town Hall, Walter Stranz Square, Redditch, B98 8AH

Email: jess.bayley@bromsgroveandredditch.gov.uk / a.scarce@bromsgroveandredditch.gov.uk

APPENDIX 2
Acknowledgements

Members would like to thank the following for providing evidence or other forms of support during the course of the review:

Fay Beverton, Stonewall
Superintendent Jim Baker, West Mercia Police Force
Jayne Bough, Housing Services Manager
Jonathan Cochrane, Arts and Events Manager
Rebecca Dunne, Policy Manager
John Godwin, Head of Leisure and Cultural Services
Brenda Holden, Housing Options Team Leader
Karen Hunter, Director of Corporate Affairs, Redditch and Bromsgrove Clinical Commissioning Group
Sarah Kelsey, Community Safety Project Officer
Rebecca Love, (previously Inspector for the West Mercia Police Force and subsequently promoted).
Tim Mackrill, Palace Theatre Manager
Neil Ordish, Redditch Mental Health Action Group (MHAG) and Headgym.
Jan Smyth, Democratic Services Officer
Frankie Stevens, Stonewall
Liz Tompkin, Head of Housing
Dave Viney, Birmingham LGBT

There were a few additional representatives of key organisations that the group consulted. Clarification was not available at the time of writing as to whether these representatives were happy to be listed in this report. Therefore, whilst the group would like to thank these individuals they are not named here out of respect for their privacy.

The group would also like to thank representatives of the LGBT community who were consulted during the course of the review. To protect their anonymity they have not been named in this report.

APPENDIX 3
Timeline of Activities

Date	Task Group Activity
1st December 2014	Scoping discussion and brainstorm of approach to the review.
5th January 2015	Consideration of the <i>Reducing Crime Against People at Risk scrutiny report</i> , produced by Worcestershire County Council in 2014, and consideration of the <i>Homophobic Hate Crime: the Gay British Crime Survey</i> report, published by Stonewall in 2013.
19th January	Interview with Rebecca Dunne, Policy Manager.
29th January	Consideration of relevant scrutiny reports produced by Brighton and Hove City Council, Manchester City Council, Sandwell Metropolitan Borough Council and York City Council.
10th February	Interviews with Sarah Kelsey, Community Safety Project Officer and with a representative of the LGBT community in Redditch.
24th February	Interview with Superintendent Jim Baker and former Inspector Rebecca Love and consideration of information about Worcestershire county Council LGBT Employees' Network.
17th March	Consideration of feedback from the LGBT History Month events in Redditch in 2015 and discussion of the next steps in the review.
23rd March	Interview with John Godwin, Head of Leisure and Cultural Services, Jonathan Cochrane, Arts and Events Manager, and Tim Mackrill, Palace Theatre Manager. Consideration of the <i>Lesbian, Gay, Bisexual and Trans Public Health Outcomes Framework Companion Document</i> , the <i>PHE Action Plan 2015-16: Promoting the Health and Wellbeing of Gay, Bisexual and other Men who have Sex with Men</i> report and the <i>Gender Dysphoria Services: A Guide for General Practitioners and other Healthcare Staff</i> produced by NHS England.

10th April	Interview with Fay Beverton and Frankie Stevens from Stonewall.
14th April	Visit to Birmingham LGBT to interview David Viney.
22nd April	Consideration of progress with the review and final actions to resolve before completing the review.
27th April	Visit to Arrowside Sexual Health Centre
11th May	Consideration of the Birmingham LGBT Schools Toolkit.
18th May	Interview with Liz Tompkin, Head of Housing, Jayne Bough, Housing Services Manager and Brenda Holden, Housing Services Team Leader followed by an interview with Karen Hunter, Director of Corporate Affairs for the Redditch and Bromsgrove Clinical Commissioning Group.
27th May	Interview with Neil Ordish, Redditch Mental Health Action Group (MHAG) and Headgym.
4th June	Interview with Rebecca Dunne, Policy Manager, and consideration of the Council's draft Equal Opportunity Policy. Consideration of a draft list of recommendations proposed during the course of the review.
8th June	Agreeing a draft set of recommendations and the structure for the group's final report.
23rd June	Finalising the content of the group's report and agreeing the content of a presentation to the Overview and Scrutiny and Executive Committees.

APPENDIX 4**Glossary**

Biphobia - prejudicial views and discriminatory behaviour in relation to people who are or are perceived to be bisexual.

Bisexual – A person who is sexually attracted to other people who may identify as male or female.

Cisgender – A term used for people who are not transgender.

Cross Dressing – In the transgender community this is often regarded as a pejorative term.

Gay – A person who identifies as a male and is sexually attracted to other people who identify as male.

Gender dysphoria – This is a term often used by the medical profession to refer to the discomfort that an individual may experience when their identity as a man or a woman does not correspond with the sex characteristics of the body they were assigned at birth. (The term Gender Identity Disorder – GID – is also sometimes used in this context).

Gender identity – Refers to a person's internal perception and experience of their gender.

Gender queer – Someone whose gender may be fluid or who does not identify with a set form of sexuality.

Homophobia – Prejudicial views and discriminatory behaviour in relation to people who are or are perceived to be gay or lesbians.

Lesbian – A person who identifies as a female and is sexually attracted to others who identify as female.

Sex Change Operation – An alternative term for Sex Reassignment Surgery which is considered to be offensive by some transgender people.

Sex Reassignment Surgery – The surgical procedures undertaken so that a person can transition from the sex they were assigned at birth to the sex which reflects their gender identity. It should be noted that not all transgender people choose to have surgery.

Sexual Orientation – A person's sexual orientation is separate from their gender identity. A transgender person could be straight, gay or bisexual.

Trans – The umbrella term used to refer to transgender people.

Transgender – Someone who feels that the gender they were assigned at birth does not relate to their gender identity. A transgender person may be planning, in the process or have completed transitioning from the sex they were assigned at birth to the sex that reflects their gender identity.

Transitioning – The term used to refer to the process by which an individual moves from the sex assigned to them at birth to the sex that reflects their gender identity.

Transman – Someone who was female at birth but has a male gender identity. Trans men may be planning, be in the process, or have completed transitioning.

Transphobia - Prejudicial views and discriminatory behaviour in relation to people who are or are perceived to be transgender.

Transsexual – A desire to live and be accepted as a member of the opposite sex to that which one was assigned at birth and to have sex reassignment surgery.

Transwomen – Someone who was male at birth but has a female gender identity. Trans women may be planning, be in the process or have completed transitioning.

APPENDIX 5

Declarations of Interest

Councillor Joe Baker has declared an other discloseable interest in this review as a founder member of the LGBT Support Services Redditch group.

Councillor Natalie Brookes has declared an other discloseable interest in this review as a founder member of the LGBT Support Services Redditch group.



Overview and Scrutiny Committee

9th June 2015

MINUTES

Present:

Councillor Jane Potter (Chair), and Councillors Joe Baker, Tom Baker-Price, David Bush, Pattie Hill, Gareth Prosser, Paul Swansborough, Jennifer Wheeler and Nina Wood-Ford

Also Present:

Councillor Pat Witherspoon, (Portfolio Holder for Leisure and Tourism)

Officers:

Sue Hanley and John Godwin

Democratic Services Officers:

Jess Bayley and Amanda Scarce

1. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from Councillors Andrew Fry and Gay Hopkins with Councillors Pattie Hill and Tom Baker-Price attending as substitutes respectively.

2. DECLARATIONS OF INTEREST AND OF PARTY WHIP

There were no declarations of interest nor of any party whip.

3. MINUTES

RESOLVED that

the minutes of the meeting held on 7th April 2015 be confirmed as a correct record and signed by the Chair.

The Chair took the opportunity to inform Members that following the feedback from the Executive Committee in respect of the Tackling Obesity Task Group and the items which this Committee had resolved, arrangements had been made for her to attend meetings of both the Redditch Community Wellbeing Trust and the Health and Wellbeing Board on 23rd June and 15th July respectively.

.....
Chair

Overview and Scrutiny Committee

9th June 2015

4. LEISURE SERVICES PRE-SCRUTINY BRIEFING REPORT - STAGE 1

The Chair, for the benefit of those Members new to the Overview and Scrutiny Committee, provided background information on this item and explained that the recommendations from a Task Group report on the Abbey Stadium had been approved by the Executive Committee in June 2014. Members were provided with a copy of the recommendations relevant to this meeting. It was further explained that at the previous meeting of the Committee it had been agreed that the Committee should adopt a three stage process of scrutinising this topic, with this meeting being the first stage of that process. The second stage would involve looking at the consultants' report which had been commissioned the previous year and the third stage would be to pre-scrutinise the final report prior to it being considered by the Executive Committee in July.

Officers explained to Members that the report before them, as requested, covered the commissioning of the consultants' report, the process and the information around the specification that officers had provided to the external consultants. This had included looking at corporate options, the potential for different models together with details of the services that could be included within those models.

In providing background information Officers informed Members that a number of consultants', who were experts in this field, had been approached with a view to providing an options appraisal, which would form part of the Review of Operation of Leisure Services report. However, Members were advised that only two or three consultants had responded, though Officers asked to clarify the exact number after the meeting. The table provided at Appendix 1 had been formulated in consultation with various officers in the Leisure Services Team. The email also at Appendix 1 was a summary of various discussions Officers had had with the consultants around the specification and the needs of the Council.

Following presentation of the report, Members raised a number of points and discussed the following areas in detail:

- The procurement process which was followed and whether it was appropriate for the Head of Leisure and Cultural Services to be involved in that process.
- How the final consultant was chosen and whether this had been based on price alone. Officers informed Members that whilst

Overview and Scrutiny Committee

9th June 2015

cost had been one consideration, timescales and the closest match to the Council's requirements had also been taken into consideration.

- Whether the option of a leisure trust had been considered prior to the Abbey Stadium Task Group investigating such an option or whether this had arisen out of the recommendation from the Task Group.
- The methodology in producing the service mix options as detailed in the report and any possible conflict of interest in respect of the Head of Service. Officers explained that from a corporate perspective the Head of Leisure and Cultural Services had been tasked with putting together the scope from his wide knowledge of the industry and the internal workings of the Leisure Team. The consultants role was to provide a report on the options for future delivery of services.
- Other relevant correspondence referred to within the report and between Officers and the consultants was also discussed.
- It was highlighted in the consultant's offer that a significant amount of information would be needed in order to produce the options appraisal.
- The reasons for the delay in the consultants providing the options appraisal. Officers explained that this was largely due to the Council's internal systems being incompatible with those of the consultants and their being unable to analyse some of the data provided because of this. This necessitated more work than had originally been anticipated having to be carried out.

Officers explained that the first drafts of the options appraisal had been received in July and October 2014 and, following amendment, the final document had been provided in late January/early February 2015. In order for Members to best understand the resultant report, which they would consider at the following meeting, it was agreed that the information referred to in this report and highlighted by Officers should be provided at that meeting. It was acknowledged and accepted by the Committee that the majority of that information would need to be considered within confidential session.

Members discussed whether it would be useful to invite a representative of the consultants to present the options appraisal at the following meeting of the Overview and Scrutiny Committee. Officers informed Members that the consultants had been approached and were in principle willing to attend, although it should be noted that the consultants were likely to charge a fee for attendance at that meeting. The Chair also highlighted that an additional meeting of the Committee would need to be held in order

Overview and Scrutiny Committee

9th June 2015

to ensure that all stages of this scrutiny exercise were completed prior to the Executive Committee meeting to be held on 14th July 2015.

The Chair reiterated her concern that the Overview and Scrutiny Committee was not being used to its full potential and that its role was to help and support the Executive Committee in the decision making process. This could only be achieved if the reports were readily available for the Committee to consider in a timely manner.

RESOLVED that

- 1) the Consultants' Options Appraisal be made available to Members of the Committee, together with the following additional information:**
- 2) the information requested by The Sports Consultancy in their Leisure Management Options Appraisal letter, as detailed below:**
 - **A full schedule of all services and facilities to be considered.**
 - **Historic financial performance for the past 3 years as well as 2014/15 budget.**
 - **Condition surveys of the main facilities (if available).**
 - **Future asset plan (including any planned or necessary facility works to be undertaken).**
 - **Staffing list.**
 - **Support services and central costs (legal, financial, marketing, property etc.)**
- 3) the correspondence between officers and the consultants on the subject of the consultant's report;**
- 4) copies of previous drafts of the consultant's report prior to the final version presented in January 2015;**
- 5) the briefing note sent by the Head of Leisure and Cultural Services to the Consultants;**
- 6) that an additional meeting of the Overview and Scrutiny Committee be arranged for Wednesday 24th June 2015; and**
- 7) the Chair use her discretion when the documents referred to above were available as to whether the consultants be invited to attend that meeting.**

Overview and Scrutiny Committee

9th June 2015

(During consideration of this item Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to exclude the press and public prior to any debate on the grounds that information would be revealed relating to financial and business affairs. However, there is nothing exempt in this record of the proceedings.)

5. FEEDBACK FROM THE OVERVIEW AND SCRUTINY TRAINING

The Chair thanked all those who had attended the training session and reiterated that the Committee was in a unique position in that it was able to help the Council. She suggested that the Committee should focus this year's work on more strategic areas and assist with how the Council makes savings through budget scrutiny. This would not necessarily be through Task Groups as Short, Sharp Reviews were an effective process which the Committee needed to make better use of in the future.

There had been a number of areas which had been discussed at the training session; however Members were mindful of the work already included within their work programme and it was suggested that those items be included for consideration later on in the year.

RESOLVED that

Officers arrange presentations to be included within the Overview and Scrutiny Committee's Work Programme in respect of Council Tax/Bedroom Tax/Housing Benefit and Housing/house building/development.

6. OVERVIEW AND SCRUTINY RECOMMENDATION TRACKER

For the benefit of those Members new to the Committee it was explained that the Recommendation Tracker was used to monitor the implementation of recommendations which had been made by the Committee to the Executive Committee.

The following recommendations were discussed in detail:

- Landscaping Recommendation 4 – the provision of data for landscaping reported by ward area for Members on an annual basis. Members discussed the data and questioned whether it was useful and really helped Members to fulfil their roles. The Committee also noted the officer time spent preparing and disseminating the information. As the Executive Committee had previously agreed in April 2014 to

Overview and Scrutiny Committee

9th June 2015

review the efficacy of this process and whether there was a continuing need for the data Members agreed it should be recommended that this process be discontinued.

- Voluntary and Community Sector Recommendation 8 – introduction of a Staff Award in recognition of voluntary work carried out by staff. Members were informed that there had been no response to an item recently placed in the Staff Newsletter requesting staff to report back on voluntary work they carried out. Members also discussed the Pride of Redditch Awards and whether this could be linked celebrating staff volunteering.
- Voluntary and Community Sector Recommendation 2 – consideration was given to employing an apprentice to assist the Grants Officer. Officers advised that due to staff sickness this had been delayed.
- Committee recommendation – officers had been asked earlier in the year to approach the Kingfisher Shopping Centre in respect of further funding for the Shopmobility scheme. Members were informed that this had been done and the Kingfisher Shopping Centre had declined.

RECOMMENDED that

- 1) Officers no longer be required to provide landscaping data for each ward on annual basis to elected Members, as proposed in the fourth recommendation from the Landscaping Task Group in April 2014;**

RESOLVED that

- 2) the Voluntary and Community Sector Recommendation 8 remain in place for a further 12 months; and**
- 3) the report be noted.**

7. EXECUTIVE COMMITTEE MINUTES AND SCRUTINY OF THE EXECUTIVE COMMITTEE'S WORK PROGRAMME

During the consideration of the Executive Committee minutes from the meeting held on 14th April 2015 Officers highlighted that the Overview and Scrutiny Committee's recommendations in respect of the Redditch Market had been received and noted. It had also been highlighted it was felt premature for the Overview and Scrutiny Committee to receive the consultants' report for the market.

Overview and Scrutiny Committee

9th June 2015

Members questioned whether the Committee was able to view the report as an exempt agenda item and it was confirmed by officers that the Committee was able to request sight of this document if it so wished. This was due for consideration at the Executive Committee's July meeting and therefore could potentially be made available to Members to carry out pre-scrutiny at the extra meeting, planned for 24th June 2015.

RESOLVED that

- 1) **Officers to request, on behalf of the Committee, sight of the Redditch Market consultant's report for consideration at the meeting to be held on 24th June 2015; and**
- 2) **the Executive Committee Minutes of the 14th April and the latest edition of the Executive Work Programme be noted.**

8. OVERVIEW AND SCRUTINY WORK PROGRAMME

Officers confirmed that the work programme would be updated to include all the items discussed at this evening's meeting.

RESOLVED that

the Overview and Scrutiny Committee's Work Programme be noted and updated as detailed within the minutes.

9. TASK GROUPS - PROGRESS REPORTS

Provision of Support Networks for the LGBT Community Task Group – Chair, Councillor Joe Baker

Councillor Baker confirmed that the investigation was coming to a close, with six recommendations being formulated and the final report drafted. A number of interviews had recently taken place, which had produced some useful information and raised Members' awareness about the support currently available to the LGBT community, particularly in respect of health related issues and preventative actions. Members had identified a training need for frontline staff in particular areas and had reviewed the Council's Equal Opportunity Policy. Positive feedback had been received from an Officer working within schools and overall the work of the task group had been very positive.

Overview and Scrutiny Committee

9th June 2015

RESOLVED that

the update report on the Provision of Support Networks for the LGBT Community Task Group be noted.

10. HEALTH OVERVIEW AND SCRUTINY COMMITTEE

The Chair welcomed Councillor Wood-Ford to the Committee and as the Council's representative on the Worcestershire Health Overview and Scrutiny Committee (HOSC).

Councillor Wood-Ford informed Members that she had attended a visit to the Patient Flow Centre, which was based at the Wildwood site and staffed by the Health Care Trust. It co-ordinated Acute Hospital patient discharges according to which Pathway was most appropriate (for example, home with support/community hospital/residential care) and was a multi-partner facility. The aim of the centre was to enable patients to be discharged from acute hospitals as soon as they were ready by overcoming the problems which can prevent this, such as transport care or facilities needed at home. This has been particularly important with growing numbers of people being admitted to hospital, especially older people with more complex needs.

Councillor Wood-Ford had been impressed with the work of the Centre and had found the visit most informative.

The Meeting commenced at 7.00 pm
and closed at 8.22 pm



www.redditchbc.gov.uk

Overview and Scrutiny Committee

24th June 2015

MINUTES

Present:

Councillor Jane Potter (Chair), and Councillors Joe Baker, Tom Baker-Price (substituting for Councillor Gay Hopkins), David Bush, Pattie Hill (substituting for Councillor Andrew Fry), Gareth Prosser, Paul Swansborough, Jennifer Wheeler and Nina Wood-Ford

Also Present:

Councillors Roger Bennett, Antonia Pulsford and Pat Witherspoon (Portfolio Holder for Leisure and Tourism)

Officers:

S Hanley, J Pickering and S Morgan

Democratic Services Officers:

Jess Bayley and A Scarce

11. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from Councillors Andrew Fry and Gay Hopkins with Councillors Pattie Hill and Tom Baker-Price present as substitutes respectively.

12. DECLARATIONS OF INTEREST AND OF PARTY WHIP

There were no declarations of interest nor of any party whip.

13. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that

under S.100 I of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public be excluded from the meeting for the following matters on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12 (A) of the said Act, as amended.

.....
Chair

Overview and Scrutiny Committee

24th June 2015

Item 13 – Review of the Operation of Leisure Services – Pre-scrutiny

14. REVIEW OF THE OPERATION OF LEISURE SERVICES - PRE-SCRUTINY

(During consideration of this item Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to exclude the press and public prior to any debate on the grounds that information would be revealed relating to the financial or business affairs of a particular person (including the authority holding that information).

15. FUTURE MANAGEMENT OF REDDITCH OUTDOOR MARKET - PRE-SCRUTINY

The Chair explained to Members that although the Future Management of Redditch Outdoor Market consultant's report had been requested it had not been provided for the consideration of the Committee. It was confirmed that under the Council's Constitution and relevant legislation, Overview and Scrutiny was not entitled to reports in draft form and this included the document the Committee had requested. It was within the gift of the Executive Committee to determine whether to release such documents and on this occasion it had declined the Committee's request. The Chair further explained that although the relevant lead Officer had agreed to attend the meeting, she had informed him that he was no longer required. The Committee would receive the report following its publication on 6th July 2015 and would consider it at its next meeting on 7th July 2015.

The Meeting commenced at 7.00 pm
and closed at 8.21 pm

Document is Restricted

EXECUTIVE COMMITTEE14TH JULY 2015**REDDITCH MARKET**

Relevant Portfolio Holder	Cllr Greg Chance - Portfolio Holder for Planning, Regeneration, Economy and Transport
Portfolio Holder Consulted	√
Relevant Head of Service	Kevin Dicks – Chief Executive
Ward(s) Affected	All
Ward Councillor(s) Consulted	N/A
Key Decision / Non-Key Decision	Key decision

1. SUMMARY OF PROPOSALS

- 1.1 Redditch Outdoor Market is one of three markets managed and operated through North Worcestershire Economic Development and Regeneration (NWedr), a shared service hosted by Wyre Forest District Council (WFDC) established under a Collaboration Agreement in May 2011.
- 1.2 The other markets in its portfolio are Bromsgrove and Kidderminster outdoor markets and the NWedr Client Management Group has instructed officers to explore options for the future operation and management of all three markets.
- 1.3 As part of this process, NWedr commissioned the consultancy arm of the National Association of British Market Authorities (NABMA) – National Market Place (NMP) to carry out a review and provide advice on the respective markets.
- 1.4 In addition and to help inform any future consideration, the Cabinet, at its meeting on 14th April 2015 resolved that the NWedr service invite informal expressions of interest from market operators for the future management of Redditch Outdoor Market and a report on the outcome of the process be brought to a future meeting of the Executive Committee.

2. RECOMMENDATION

The Executive Committee is requested to RESOLVE that

- 1) authority be given to undertake a procurement process in order to select an external provider in respect of the management of Redditch Outdoor Market for an initial term of 5 years with an option to renew for a further term of between 2 and 5 years;;**
- 2) the delegation in relation to the direct management of the market contained in the Collaboration Agreement relating to the provision of Economic Development and Regeneration Services, be amended to reflect the decision at 1);**

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- 3) **the conduct of a procurement and contracting process to select and appoint a contractor to manage Redditch Outdoor Market be delegated to Wyre Forest District Council in consultation with the Chief Executive and the Portfolio Holder for Planning, Regeneration, Economy and Transport and**
- 4) **delegated authority be granted to the Head of Legal Equalities and Democratic Services to amend the Collaboration Agreement referred to at 2)**
- 5) **the representations/issues and the proposed response of two letters sent to the Executive Committee be noted**

3. KEY ISSUES**Financial Implications**

- 3.1 The 2015/16 revenue budget to support the existing operation is £87,950. It is anticipated that the appointment of an external contractor to manage the market would reduce this net cost. This would be subject to the payment of an agreed management fee to NWedr, whilst securing a guaranteed income for the proposed minimum five year contract term.

Legal Implications

- 3.2 NWedr currently directly manages the Redditch Outdoor Market on behalf of the Council, under a Collaborative Agreement relating to the provision of Economic Development and Regeneration Services between the Council, Bromsgrove District Council and WFDC, which is the host authority.
- 3.3 Although the proposal is seek to appoint an external contractor to manage the market, the management of that contract will still be undertaken by NWedr and the contract will be between the host authority, WFDC and the contractor.
- 3.4 The current delegation to WFDC is for the operation of the market in Redditch, including the letting of stalls and general day to day management of the market. Therefore, an amendment to the delegation in the Collaboration Agreement will be required to reflect the fact that instead of providing this direct service, the management of a contract with an external provider will ultimately instead be provided by WFDC (through NWedr).
- 3.5 There are no employment /TUPE implications for the Council arising from the proposal to appoint an external contractor as the staff currently providing the service are employed by WFDC.

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- 3.6 Redditch Outdoor Market is one of three markets managed and operated through NWedr, the others being Bromsgrove and Kidderminster Outdoor Markets. Kidderminster Outdoor Market is run by an external market operator, through the Shared Service, by way of a contract with Wyre Forest District Council. This contract is due to be tendered for renewal during 2015.
- 3.7 The NWedr Client Management Group has instructed officers to explore options for the future operation and management of Redditch and Bromsgrove markets.
- 3.8 In considering the future operation and management of Redditch Outdoor Market, the Council should aim to:
- create a competitive, diverse, sustainable and thriving market
 - maintain a regular income
 - minimise its costs
- 3.9 As part of the exploratory work, the consultancy arm of the National Association of British Market Authorities (NABMA) – National Market Place (NMP) was commissioned by NWedr to carry out a review and provide expert advice on the three respective markets. A summary of this advice, in so far as it relates to Redditch Outdoor Market, is set out in Appendix 1.
- 3.10 Whilst NMP recommend that the future interests of Redditch Outdoor Market would be best served by appointing an external contractor to operate the market, Members will recall the earlier report they considered in April 2015 and the decision that NWedr would undertake a ‘soft market testing’ exercise to identify potential interest from private operators in managing the Redditch Outdoor market.
- 3.11 During May 2015, NWedr subsequently invited informal expressions of interest, based on a draft specification as set out in Appendix 2, from existing market operators to help inform any future consideration as to whether or not to procure an external market operator.
- 3.12 The informal expressions of interest took the form of soft market testing and soundings from potential operators and existing operators with relevant experience, expertise and advice who commented on the draft specification.
- 3.13 The draft specification gave operators the option to comment on running a 3 or 5 day market utilising either the existing “fixed” stalls, using demountable stalls or using a mixture of both.
- 3.14 With the exception of the comments set out in paragraphs 3.15.1 to 3.15.5 below, all the operators agreed that the draft specification included everything

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that they would expect to see within a tender document for the operation and management of an outdoor market.

3.15 A summary of the operators' comments is set out below:-

3.15.1 **Future stall holder charges:**

- "The Council may wish to include in any tender document, a requirement to set out increases in daily stall holder charges by a set amount each year so that traders would be able to plan for future increases."

3.15.2 **Fixed stalls vs Demountable Stalls:**

- "Demountable stalls on each market days works best"
- "Having a cleared space for the market is best as it looks good even when empty, but then looks even better when a full market is within it."
- "A cleared site is better"
- "Many traders like demountable stalls"
- "Existing stalls are unattractive and unappealing to operators. Removing them would be the best option"
- "If reduce to a 3 day general market can't really have a mix of both fixed stalls and pop up specialised markets to fill the gap in trading days"
- "RBC can't regenerate the market with the existing stalls because there will always be empty stalls – particularly in bad weather. With pop ups an operator can erect as many stalls as is required for the number of traders on each day – even if bad weather reduces the number of traders the market will appear busy."
- "Empty stalls are so unattractive"
- "We would already be committed to paying the relevant costs ie business rates, purchasing stalls and putting them up and taking them down plus transport and storage"
- "Food market operators and traders often bring their own stalls – so a cleared space works for them"

3.15.3 **Five days vs 3 days:**

- "The right to operate on more than 3 days per week needs to be any tender – eg start as a 3 day general market and after first 6 months provide an assessment of providing additional market days and specialised markets".
- "5 day market is too much. There is more reason to go to a market if it is seen as an event"

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- “3 day market is most attractive as it is an event”
- “We would not be interested in tendering for a 5 day market utilising the existing fixed stalls”

3.15.4 Fee Basis:

- “Flat fee acceptable” (4 operators stated this)
- “Redditch Borough Council pays an operator to run the market and if and when the market makes a profit, the operator receives a percentage of the profits and the Council gets an income as well.”
- “Consideration might be given to any tender document stating a number of thresholds and invite potential operators to submit the percentage fee to be received by the Council at each income threshold.”

3.15.5 Other Comments:

- “Saturdays are best days for specialist markets”
- “Current area is best location”
- “One operator would “need time” to build the market up”
- “A food court is a nice idea but potentially one for future – perhaps as a regular “fine food market”/specialised event rather than part of existing market.”
- “If time permits best to tender for a 1st October start (1st December too late) and avoid starting in January, February or March”.

3.16 In summary therefore, all existing potential operators consulted would:

- prefer to operate a future market from a cleared site, free from the existing fixed stalls
- provide and provide for the storage and transport of new demountable stalls and put them up and take them down on relevant market days
- seek to provide an alternative layout using the demountable stalls
- actively promote the market both to potential traders and to the wider public and
- seek to bring additional markets on both market days and additional days, using the existing market space and/or the designated events space as required, working alongside the Council’s events team accordingly.

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3.17 Given the feedback from potential operators, it is apparent that a 5 day per week market operating from fixed stalls is an unattractive proposition to them and including it within a tender document is likely to mean that there will be little or no interest in the market operation from external private operators.

3.18 At its meeting on 12 March 2013 this Committee approved the Recommendations of the Overview and Scrutiny Committee's scrutiny of the Redditch market.

The five outstanding operational recommendations are:

- Recommendation 3:
Reduce the number of general market days to no more than three days a week.
- Recommendation 4:
Hold more speciality markets on non general retail market operating days
- Recommendation 10:
Realign and extend the market layout past its current location
- Recommendation 12:
Explore the feasibility of introducing a covered food court area
- Recommendation 13:
Introduce alternative stalls to improve the overall visual appearance of the market

3.19 Given the advice from NMP and following the soft market testing with potential operators, it is considered that the five Recommendations would be best taken forward through the market being operated by an external provider.

Traders Representations

3.20 Members are also advised that two undated letters have been sent to the Executive Committee from market traders representatives. The first made representations, with regard to any potential future outsourcing of the market and a number of other related issues. The second letter referred more to promotion. The representations/issues and relevant comments are set out below:-

Letter 1: Representation/Issues	Proposed response
Reduction from five days per week to three days per week trading.	<i>The Executive Committee has previously approved the recommendations of the Overview and Scrutiny Committee to seek to reduce the general market days from 5 days to 3 days per week to make the market more of an "event". In addition the potential exists for an external operator to aim to bring at least as</i>

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	<i>many customers and traders to a three day market as are now on the five day market.</i>
The traders do not want the market in Redditch to be run by a private organisation.	<i>An external operator should have far more resources, experience and expertise to invest in the market than either the Council or NWedr. This should bring about a reenergised market which should benefit the traders and the town centre.</i>
We feel there has not been enough contact with the company dealing with the review.	<i>No company was appointed to deal with the review. Consultants were commissioned purely to review and provide independent, impartial advice for all three markets in NWedr's portfolio, plus give options as to their potential future operation and management.</i>
How many of your colleagues and yourself purchase from the market or communicate with traders on a regular basis.	<i>Noted.</i>
We feel that we have not had very much support from the council regarding concerns for the markets future	<i>Traders representatives were updated regarding the market's future at a meeting on 4th March 2015 and Traders were written to on 23rd March 2015 to advise that options were being considered for the future operational management of the market. Traders were also advised that on 14th April 2015, the Executive Committee was to consider a report seeking approval to invite market operator companies to put forward informal proposals and potential options as to how they might, in the future, consider operating one or both of the markets currently operated by NWedr. They were advised that any future proposals regarding the potential future management of the market will be the subject of further future reports to the Executive Committees and that traders will be kept updated. Traders were given details of who to contact in the event of any related queries. Traders were invited to a briefing meeting on 6th July to update them accordingly.</i>
Various shops in the local areas to the market have previously stated to traders that when the market is not in operation they have noticed a drop in sales on those days and find business quieter. This shows that the market is the main hub of the square which in turn supports local business and economy.	<i>The potential exists to seek tenders from operators on a minimum 3 days with options to increase trading days following an initial operating period. In addition, the opportunity should exist for an external operator to bring in "specialised" markets on other days of the week. These</i>

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	<i>potential opportunities should bring about a re energised market which should benefit the traders and the surround area.</i>
Another option for the running of Redditch market is to talk to all traders about running it as a co operative	<i>Any properly constituted organisation will be able to submit a tender for the management and operation of the market. If the traders wish to form themselves into a suitably constituted organisation and submit their tender then it will be considered alongside any other submission received. Additional support is available for this.</i>
Pop-up style Stalls are not required and would mean unnecessary finances being used.	<i>The Executive Committee has previously approved the recommendations of the Overview and Scrutiny Committee to look at the possibility of introducing pop up stalls. The existing fixed stalls do not provide the flexibility which the Council is seeking. Any pop up style stalls would be supplied by an external operator who would make the necessary business decision and finance them accordingly. Neither the Council nor NWedr would fund the acquisition of new stalls or any other related equipment or the cost of erecting and dismantling.</i>
The above mentioned stalls have been publicised as a high cost to purchase and put up and take down each day.	<i>The capital cost of providing the required number of replacement pop up style stalls and associated equipment has estimated by 2 independent sources, as being around £40,000.</i> <i>The revenue cost of storing, putting pop up style stalls up and taking them down has been estimated at £31,208 per annum.</i> <i>Any pop up style stalls would be supplied by an external operator who would make the necessary business decision and finance them accordingly. Neither the Council nor NWedr would fund the acquisition of new stalls or any other related equipment or the cost of erecting and dismantling.</i>
All we require are new covers and sides and backs. Sides etc could be erected by stall holders themselves. Anchor points at the rear of each stall could be provided. 5 day traders could clean their own top covers every season.	<i>The existing fixed stalls do not provide the flexibility which the Council is seeking.</i>

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Traders clean up area after trading and use the bin bags supplied. Several of the traders also check to see if areas tidy and if not remove.	<i>Noted. The Council is grateful to the traders for their assistance in keeping the market area clean.</i>
There is a problem on the green with pigeons and dog mess.	<i>Noted. The relevant section of the Council has been advised and will seek to take the appropriate action.</i>
Publicity for the market and the activities available in the market areas at certain times of the year eg Christmas Easter and summer.	<i>The Council and NWedr already support, organise, promote and publicise such events.</i>
We would like to know if there is any chance we would be able to have help in setting up and running a face book page for the market.	<i>A promotional and communications plan is being developed for the remainder of 2015 which aims to include utilising social and other electronic media. The traders support and input is welcomed accordingly.</i>
There had been some mention of the council doing a scheme where traders would be able to received card payments. Is there any further information on this?	<i>Traders have previously been advised of the opportunities – through private companies - for customers to make card payments. However, it is for traders themselves to contract directly with such companies if they want customers to be able to pay in this way.</i>
The “traders car park” - concerns in that non traders are using it.	<i>A proposed traffic order for the trader’s car park, rear of post office and library is currently being progressed at Worcester County Council. Once complete this order will mean that traffic wardens have the ability to ticket cars without permits. As previously discussed with traders there will be a charge for such permits. In the meantime the Kingfisher Centre has been asked to inform all tenants that staff shouldn’t be parking there as it’s a private car park.</i>
We would like to find out about the price to advertise on the big screen in the Kingfisher so we could advertise the market	<i>This will be part of the promotional and communications plan referred to below.</i>
Letter 2: Issues	Proposed response
The market has diminished due to lack of support and investment. We need to have investment again.	<i>The Council has limited resources to invest in the market which is one of the reasons why consideration is being given to looking at options for its future operational management. It is considered that an external operator – in whatever form that might take - will be able to provide the appropriate investment and resources that are required to take the market forward to add vibrancy to the town centre.</i>
More publicity and advertising is needed and the web site needs updating on a regular basis	<i>Advertising in the local press has previously taken place and the market was widely promoted in May 2015 as part of the national “Love your Local Market” campaign. Traders</i>

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	<i>also have "Redditch Market" branded bags. A promotional and communications plan is being developed for the remainder of 2015 which aims to include utilising social and other electronic media. This can include the feasibility of advertising on the traffic islands and utilising the big screen at the Kingfisher Centre which would follow up advertising that has previously taken place at the shopping centre. The traders support and input is welcomed accordingly.</i>
Signage	<i>Redditch Borough Council officers are meeting with Worcestershire County Council to progress a signage scheme to include reference to the market in late July. .</i>
New business start up promotion	<i>The web site and previous press advertisements and press releases have promoted the market as location for new start up businesses. Offers have included "rent free" and "discounted rent for stalls" (for a limited period). The promotional plan referred to above will include the further promotion of these offers.</i>
Centre management committee input	<i>The Kingfisher are represented on the Town Centre Partnership who have a very keen interest in the market although have no authority to make any changes. The TCP have asked the market traders to send a representative to meetings in the past but this has never come to fruition however in recent weeks discussions have been had conversation one of the Market Traders who has agreed to attend future meetings.</i>

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3.21 With the soft market testing process now complete, the following options for the future management and delivery of Redditch Outdoor Market are proposed.

Option	Description	Advantages / benefits	Disadvantages / risks
<p>Option 1</p> <p>Market remains the same i.e. continues to be operated and managed by NWedr.</p> <p>Council pay NWedr annual sum to operate a general market</p>	<p>5 day per week general market</p> <p>NWedr collect stall charges on Council behalf</p> <p>Council retains stall charge income</p>	<p>Council retain control over rents, fees and single trade policy</p> <p>Continuity in terms of management and staffing</p>	<p>Market does not maximise its income potential</p> <p>Reduced scope for introducing speciality markets and events</p> <p>On-going obligations for Council in terms of maintenance and repair of stalls</p>
<p>Option 2</p> <p>Private management and operation of market</p> <p>Council pays Private Operator a management fee during the contract period, to operate market and after an agreed income threshold has been achieved (set at tender stage) a percentage of the additional income be received by the Operator</p> <p>Trading regulations to be similar as existing</p>	<p>3 day per week general market with option to hold additional markets on selected days</p> <p>Private operator stores, transport, erects and takes down stalls</p> <p>Operator collects stall charges on Council behalf</p> <p>Council retain a percentage of stall income</p> <p>NWedr manages contract as part of the Collaboration Agreement</p>	<p>Operator has financial incentive to perform</p> <p>Council retain proportion of income</p> <p>Council potentially benefit from any increase in income arising from increase in stall occupancy and additional markets</p> <p>Maintenance and replacement of stalls transfers to operator</p> <p>Council to input into setting of stall charges</p> <p>Improved vibrancy of the market and town centre</p>	<p>Council paying out a base line management fee to contractor and NWedr</p> <p>There needs to be greater trust between Council and Operator</p> <p>Potential loss of existing traders</p>

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<p>Option 3</p> <p>Private management and operation of the Market</p> <p>Operator pays Council an annual fee during the contract period for the right to operate the market.</p> <p>Fee to be increased annually according to Consumer Price Index or "Stepped" increases as agreed at beginning of contract.</p> <p>Trading regulations to be similar as existing</p>	<p>3 day per week general market with option to hold additional markets on selected days</p> <p>Private operator stores, transport, erects and takes down stalls</p> <p>Operator collects and retains stall charges</p> <p>NWedr manages contract as part of the Collaboration Agreement</p>	<p>Maximises the initial contract value</p> <p>Guaranteed income for the Council</p> <p>Maintenance and replacement of stalls transfers to operator</p> <p>Improved diversity and vibrancy of the market and town centre</p> <p>Minimal expenditure for Council</p>	<p>Council potentially does not financially benefit from any increase in trader income following improved trader numbers</p> <p>Lack of control over market policy and fixing of stall charges</p> <p>Potential loss of existing traders</p>
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Preferred option

- 3.22 Taking into account the advice received by NMP, the previous decisions of the Executive Committee and the views of the private operators via the soft market testing exercise, the preferred option is to commence a procurement exercise to externalise the management and operation of Redditch Outdoor Market.
- 3.23 Given the Council's limited resources, it is considered that the management of the market by an external operator under Options 3 above provides the best opportunity to fully maximise the income to the Council, at the same time as making savings in expenditure, whilst also creating a competitive, diverse, sustainable and thriving market that adds to the overall offer and vibrancy of Redditch town centre

Customer / Equalities and Diversity Implications

- 3.24 There are benefits to externalising the market as an external operator will be able to bring a new commercial focus, a fresh approach, added experience and additional markets which should contribute to the regeneration and improvement of the town centre.

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4. RISK MANAGEMENT

- 4.1 There is a risk in that the tender prices received may not equate to at least the current net income received. However this is balanced against the potential increase in expenditure that would be required from the Council if it were minded to continue to operate the market through NWedr and potentially purchase the required demountable stalls, store, maintain and replace them, employ staff to put them up and take them down and acquire the associated equipment.
- 4.2 Should the tender price result in a reduction in income, the “trade off” would be the completion of the remaining Recommendations summarised in paragraph 3.20

5. APPENDICES

Appendices 1: Summary of National Market Place report

Appendices 2: Draft Specification

6. BACKGROUND PAPERS

Information from the National Market Place Report (redacted to remove confidential personal data)

Executive Committee Report April 2015: Redditch Market

Executive Committee Report March 2013: Redditch Market

Two letters on behalf of Market Traders

AUTHOR OF REPORT

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APPENDIX 1

**Summary of National Market Place Market Consultancy Report for
North Worcestershire Economic Development & Regeneration (NWedr)****As at December 2014
and insofar as it relates to Redditch Outdoor Market****1. BACKGROUND**

- 1.1 This Appendix summarises the review of NWedr's outdoor market operations, carried out by consultants National Market Place (NMP) insofar as it relates to Redditch Outdoor Market.

2. METHODOLOGY

- 2.1 In order to carry out the review, the following project methodology was adopted:

2.1.1 Desktop review

This stage of the review used a combination of web-based and documentary research. This included the information and data provided by Council.

2.1.2 Site visits

Visits were made to each market. In addition, the surrounding retail, leisure and commercial areas were studied.

2.1.3 Consultation with Stakeholders

Interviews were conducted with key operational team members at NWedr, discussions with the senior officers in Economic Development, LSD Promotions and some market traders past and present.

2.1.4 Evaluation criteria

Research has identified a number of 'critical success factors', for retail markets. For a market to succeed and be sustainable it is important that it has at its heart as many of the critical success factors as possible. Those success factors are detailed further under paragraph 3 below.

3. SUCCESSFUL & SUSTAINABLE MARKETS – CRITICAL SUCCESS FACTORS**3.1 Sense of place**

Locations are said to have a strong 'sense of place' when they have strong identity and character that is deeply felt by local inhabitants and by many visitors. This sense of place reflects not just the physical nature of the market and location but also the cultural and social diversity of the area.

3.2 Critical mass

This measure looks at the scale of a market in relation to its location, and is not just about size. It is important that the market has critical mass for two reasons. Firstly, placing 25 stalls in a space that can support 125 stalls means that a market will appear small and inconsequential. Equally, a 20 stall market that fills its location is more likely to appear bustling and thriving. In relation to size, the larger the market, the more chance it has to survive economic downturn.

3.3 Good management

Good management is fundamental to any successful market and should not be undervalued. Good decision making, effective communication, business acumen and the ability to deliver a safe, clean and inviting environment are essential. Equally, the effective capture, management and analysis of information and data is an important constituent of successful markets. It is both strategic and operational and recognises the need for, and delivers investment in markets.

3.4 Accessibility & permeability

A market needs to be accessible for all users, so good transport links (public and private) are essential. A market must be welcoming with good entrances, and the interior must be designed to allow good customer flow. This factor also includes location, arguably, the single most important success factor. Markets placed in the wrong location fail.

3.5 Marketing & PR

A market needs to be promoted to raise the awareness both for shoppers and to retain and increase the traders' base. Marketing strategies should recognise the market's brand and emphasise its 'unique selling point' (USP). There should be strong positive links with the local media.

3.6 Safety & security

Customers do not like to frequent places that have high levels of crime and anti-social behaviour. Equally, they will react to perceptions of crime as well as actual crime. It is essential, therefore, that where this is an issue it is tackled robustly and effectively.

3.7 Integration with surrounding retail offer and community

A market offer has to be understood in relation to the surrounding retail offer. Is the market competing with or complementing that retail offer? What differentiates a market offer from the other shops, so that it can attract and retain its own customer base? Equally, a market offer has to be aligned to its demographic base. Understanding retail customer profiles, spend patterns and values and the types of commodity and services that different customer types prefer is essential.

3.8 **Partnership working**

Sustainable markets need partnership working. This involves not just effective working between managers and traders, but also building and maintaining links with, for example, other council departments, local businesses, town centre managers, local schools, colleges and universities, local primary care trusts, and the local media. They will vary from location to location.

4. **REDDITCH MARKET**

4.1 Located in the pedestrianised Market Place in Redditch town centre, the market currently comprises 35 permanently fixed stalls, a number of additional stalls/pitches and several trailer/catering van pitches.

4.2 The market currently operates 5 days a week on Monday, Tuesday, Thursday, Friday and Saturday.

4.3 It is operated by NWedr on Redditch Borough Council's behalf who collect the rents and oversee the day to day operation. Income collected is retained by Redditch Borough Council.

4.4 In 2013/14 Redditch Borough Council received a net surplus income of just over £25,000 and is on track to receive a similar sum during 2014/15.

4.5 The consultants consider that Market Place is the best available location for the market.

4.6 Trader numbers are pretty consistent and there does appear to be large trader loyalty to the market. Some traders will occupy more than one stall and most trade on the market for 3 or more days per week.

4.7 The most popular days (in order from the most to the least popular) are Friday, Tuesday, Thursday, Saturday and Monday.

4.8 Rental income reflects the above, although due to Saturday's higher rental levels Saturday becomes the second best day for income. The market is by no means fully allocated and it is considered that there is plenty of scope to increase income levels. It is unusual to find that the Saturday market is not the dominant day.

4.9 Whilst Market Place is potentially a nice setting, the stalls are not particularly appealing and do need regular cleaning. It is already acknowledged that the space taken by the market area is not especially inviting, particularly on quieter market and non trading days. It is understood that plans exist for improving town centre signage, as the current provision is somewhat lacking.

4.10 The fixed stalls restrict the opportunity to use the space for other markets/activities/amenities. The market is currently closed on Wednesday

and Sunday and infrequently operates to capacity on any trading day and consequently space is taken by empty stalls.

- 4.11 Operators of continental markets would seek to operate on two (maybe three days) minimum and always at the weekend. In NMP's opinion specialist markets would not work trading alongside the existing market and Alcester Street is not suitable for such markets.
- 4.12 There is however potential for specialist markets such as Farmers, Craft and collectables as these markets are one day markets and could potentially be delivered on the Wednesday or Sunday subject to the availability of operational staff.
- 4.13 In 2013 Redditch Borough Council approved the recommendations of a task and finish group that looked at ways to improve the market and how it would be best served in future years. The section below therefore focuses on Redditch Market and its specific issues and needs.

5. SPECIFIC ISSUES AND NEEDS

- 5.1 One of the main recommendations of the task and finish group was to reduce the market operation from 5 days down to 3 days. This is legally possible as traders hold a daily licence and thus notice can be quickly issued and any market day can be closed.
- 5.2 Monday is an obvious choice as it is by far the worst trading day. The second choice is not so obvious. On income and attendance alone Tuesday and Friday should be retained. There are more trader numbers on Thursday than Saturday although higher rents are received on Saturday. On current year estimates, Thursday would generate £5,435 per annum more rental income than a Saturday.
- 5.3 As a result if Redditch Borough Council felt there was enough opportunity to use Market Place for other themed markets and "non market" events the difference in annual income is not that significant that closing the Saturday market is not out of the question.
- 5.4 However, reducing the trading days does present severe operational and financial implications. The closure of the two lowest income generating days (Monday and Thursday) would see a reduction in rental income of approximately £35,000 per annum at current levels. Whilst it may be that some expenditure can be saved by reducing the days, these two days still make an operational surplus and the £25,000 overall annual net income Redditch Borough Council currently receive (latest figures for 2013/14) would be eradicated.
- 5.5 In addition one of the main intentions in reducing the trading days is to permit alternative use of the space. By implication this requires an operational team to erect and dismantle the stalls. Depending upon which days are closed the market will still be open for 3 days. NWedr is not currently resourced to undertake such a task.

5.6 An estimate of the cost to carry out such an operation would be as follows:

Capital Cost	£
35 Pop up style stalls	35,000
Vehicle and trailer	+ <u>5,000</u>
Total	40,000
Revenue Cost	£
Storage of Stalls	5,000
Erect / Dismantle (3 staff x 7 hrs. per day X 3 times per week x 52)	
Staff £8.00 per hour	+ <u>26,208</u>
Total	31,208

It is accepted that the erect / dismantle cost are an approximation however the additional costs of £31,208 per annum coupled with the loss of income of £35,000 per annum would result in the market making a significant annual deficit.

In Summary the estimated revenue implications are:

	£
Current net annual Income	25,000
Estimated loss of income (5 to 3 days)	- 35,000
Estimated cost of erecting dismantling stalls	- 31,208
<u>Savings and Extra income</u>	
Estimated operational savings (2 Days)	+14,000
Estimated income from Specialist Markets	+ <u>7,500</u>
Forecast Net Deficit	19,708

5.7 The benefits of introducing occasional specialist markets and using the area as an alternative events space would come at considerable cost to Redditch Borough Council.

6. FINDINGS

6.1 Management

There is scope to develop management policies that are more proactive and strategic. Operationally the market works well, but it requires strong directional management if it is to contribute in the delivery of a vibrant town centre.

6.2 Location

The location of the market could not be bettered. It has its own unique character and its potential is untapped.

6.3 Appearance

Redditch market is in need of new stalls; the current provision is not at all attractive and part of any external operator's proposal would include an element for providing new stalls.

6.4 Marketing

The website information is accurate but very unattractive. There is some planned advertisement for 2015. There is no social media presence.

6.5 Financial Performance

Whilst the market currently returns a surplus net income, the consultants advise that it is not maximising its income and an alternative operator would look to ways in which income could be increased.

6.6 Prospects for Growth

The market has the ability to continue to provide a good community market as it has the foundation of a good loyal trader base. It may be fair to say this market has "stood still" for a number of years, however with firm proactive management it has every chance of continuing to succeed.

6.7 Potential Outsourcing of the Markets

Consideration should be given to outsourcing the market. Wyre Forest has successfully outsourced Kidderminster market for nearly ten years. The market has flourished and added value to the towns retail offer. The market days of Thursday and Saturday are the towns two main retail days. The market has undoubtedly supported Kidderminster, provided opportunities for local employment and significantly contributed towards the local economy.

7. Tender Price Options:

In the event of undertaking a procurement exercise for outsourcing the market, the following options for tender price are available.

Option 1

To follow the more traditional route and tender each market individually or as a package and invite applicants to state the annual fee they will pay the local authorities for the right to operate their market across the contract period.

Pro

A traditional route whereby each Authority is clear on the level of revenue to be received each year across the contract period.

Cons

The Operator makes a significant success of the market and the income received by the Authority is not a fair reflection of trade.

No incentive scheme for the operator.

Option 2

To offer each market and/or the collective package to operate the markets over a 5 year period. However operators are invited to tender a price for each trading year during the 5 year period. This may result in a stepped increase across the contract period.

Pros

This usually results in an increase level of income received year on year.

Maximises the contract value.

Cons

The Operator makes a significant success of the market and the income received by the Authority is not a fair reflection of trade.

Option 3

The operator is invited to submit a tender and provide:

1. The management fee required by the operator (paid by the Council) to operate the market.
2. After an agreed income threshold has been achieved (set at the tender stage), the percentage of the additional monies to be received by the operator.

On this contractual basis all rents received are paid daily / weekly into the Local Authorities bank.

The costs to be incurred by the operator would need to be established in the tender document.

Pros

The operator receives a base fee for managing the market and also receives additional monies based on financial performance.

The operator has a clear financial incentive to perform.

Cons

There needs to be a greater trust between Local Authority and preferred operator.

Option 4

The tender document stipulates a number of income thresholds and invites the operator to submit the percentage to be received by the Authority at each income threshold.

Pros

The operator has a clear financial incentive to perform.

Cons

The Local Authority may receive less income if the operator underperforms

There needs to be a greater trust between Local Authority and preferred operator.

8. Management Options

A Department for Communities and Local Government paper on Retail Market Management models (September 2010) sets out eight different types of structures.

These are summarised below:-

Local authority

The majority of markets are still directly provided and managed by local authorities. This model offers the advantage of accountability, linking markets to wider policy strategic goals, and by understanding the 'public good' that markets provide.

Private

Many markets are operated directly by the private sector, either licensed by the local authority under its market rights, with their own charter rights, or in some instances, completely outside the licensing framework.

This model offers the advantage of reduced bureaucracy and costs, an increased focus on the core business, and the opportunity for directly raising investment capital.

Trader

There are a number of traditional and farmers' markets that are directly managed by the traders themselves. This offers the advantage of reduced bureaucracy and costs and an increased sense of ownership by the traders. This model is an example of localism made real.

Partnership

These can range from the local authority retaining the strategic management of its markets but outsourcing the operational management, to a formal medium- to long-term joint venture between the public and private sector. These models are useful where the local authority lacks the in-house capacity and capability to effectively manage the markets, and where external capital investment is required.

A variation on this model is the emergence of public-public joint venture companies whereby local authorities at a sub-regional or city-region level transfer the management of their markets into a separate company. This not only creates economies of scale and increased purchasing efficiency but also allows for much better strategic planning.

This model has the potential to match the development of local enterprise partnerships, which are a new proposal to empower a number of local authorities and businesses to come together to take action to support enterprise and drive economic growth in their communities.

Arms-length

In 2008, Glasgow City Council became the first UK local authority to establish its markets as an arms-length limited liability partnership (LLP). This model offers the advantage of reduced bureaucracy and costs, an increased focus on the core business, and the opportunity for directly raising investment capital.

Social/community enterprise

A social enterprise is defined as 'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners'. In practice there are various (and quite different) business models that operate successfully under the social enterprise banner.

However, all share a commitment to trading ethically and generating wider social or environmental benefit through their trading activity. This should not necessarily be interpreted as meaning they are small players in a niche market: the Co-operative Society, John Lewis and the mutual building societies are all social enterprises.

However, the social enterprise model is especially suitable where a business is rooted within a specific locality or community, so could be of particular use for smaller markets that do not generate large profits but do want to add value through maximising the local economic, social, and environmental benefits that markets can generate.

Within the context of operating markets, there are three models that warrant particular attention (although in practice the boundaries between them are often fluid):-

- **Co-operative**

the market business is owned and managed by the market traders – primarily for their collective benefit but usually adding value through product range, contribution to the local economy, willingness to work in partnership with other local agencies.

- **Community enterprise**

the market business is owned by, managed by and accountable to the local community – primarily as a vehicle for benefiting the local community. Being a viable, profitable business is important but no more so than what the market means, to and offers, local people. With this local commitment, adding value through economic, social, and environmental outcomes is seen as 'core business' alongside the actual trading.

- **Social Enterprise**

the market business is run 'as a business' with a specific ethical focus which is likely to produce local benefit but is not the primary purpose of the business. For example profits could potentially be invested outside the area of operation – even overseas in developing countries.

Voluntary sector

Some markets, usually community-focused, infrequent and relatively small-scale, are managed by volunteers. This has the advantage of creating a sense of community-ownership of the market as well as reducing operational costs.

Shared management

As per the existing North Worcestershire Economic Development and Regeneration Service

The following table summarises some of the pros and cons of different types of market management model:

Management Model	For	Against
Local authority	<p>accountability</p> <p>linking markets to wider policy/ strategic goals (public good)</p> <p>generates revenue stream for the local authority</p>	<p>can be bureaucratic</p> <p>lack of capital to invest/competing priorities for bids</p> <p>management may not have retail skills</p> <p>time taken to respond to change drivers</p> <p>profile of markets within local authority – no statutory requirement to provide the service</p>
Private	<p>reduced bureaucracy</p> <p>cost efficient</p> <p>focus on core business</p> <p>access to capital investment</p>	<p>potential lack of accountability</p> <p>lack of interest/expertise in wider social/policy issues</p> <p>lack of security/protection for market traders</p>
Trader	<p>reduced bureaucracy</p> <p>cost efficient</p> <p>focus on core business</p> <p>increased sense of 'ownership' by traders</p>	<p>may lack capital for investment</p> <p>potential lack of accountability</p> <p>traders may lack time/wider management skills necessary to effectively run the market and their own businesses</p> <p>lack of interest/expertise in wider social/policy issues</p> <p>potential conflict of interest</p>
Partnership	<p>access to capital investment</p> <p>economies of scale</p>	<p>can be time consuming and expensive to establish</p>

	<p>improved strategic planning (links to local enterprise partnerships)</p> <p>potential for improved management capacity and capability</p>	<p>merging public and private sector styles can be challenging</p>
Arms Length	<p>reduced bureaucracy</p> <p>cost efficient</p> <p>focus on core business</p> <p>access to capital investment</p>	<p>can be time consuming and expensive to establish</p>
Social/Community Enterprise	<p>builds closer links to community</p> <p>wider community benefits</p> <p>reduced bureaucracy</p> <p>cost efficient</p> <p>focus on core business</p> <p>potential access to alternative capital investment</p>	<p>may lack experience and expertise in managing large market portfolios</p> <p>difficulties in attracting commercial capital</p>
Voluntary Sector	<p>cost efficient</p> <p>builds closer links to community</p>	<p>relies on volunteers – frequency of operation may be limited</p> <p>lack of expertise/experience of volunteers</p> <p>increased operational risk</p> <p>lack of capital investment</p>
Shared Management	<p>ability to share best practice</p> <p>ability to share and attract new market traders</p> <p>reduced operating costs</p> <p>ability to improve standards</p> <p>joint marketing and promotion and more integration with tourism promotional activities</p> <p>shared training and support programmes for traders</p>	<p>potential loss of identity of individual markets</p> <p>potential for one partner to be seen to be 'bailing out' the other</p> <p>can be bureaucratic</p> <p>lack of capital to invest/competing priorities for bids</p> <p>management may not have retail skills</p>

	shared back office systems and support for market management	time taken to respond to change drivers profile of markets within local authority – no statutory requirement to provide the service
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9. CONCLUSIONS

- 9.1 It is strongly noted that managing markets is not NWedr core business activity.
- 9.2 If under the current operational regime, the trading days were reduced from 5 to 3 days, the level of income and annual surplus would seriously be reduced with the potential for the market to operate at a loss.
- 9.3 For the markets to maximise their potential the market management team is critical. On the visits to the markets and further research, the markets would benefit from some additional strategic management, given that the market function forms only part of the officers' work responsibilities. It is suggested that this would include developing:-
- A Vision and Strategy
 - Effective performance management
 - Senior "market champions"
 - Proactive, commercially - focused operational management of the service
 - A focus on new business start up opportunities
 - Marketing and promotional strategies
 - An effective web site and use of social media
 - Improved stakeholder and trader engagement
- 9.4 NWedr should be commended for their commitment and drive in that they clearly make the best of the available resource, however for long term development and sustainability of Redditch market consideration should be given to looking at an alternative management model or provider to enable them to meet all the factors highlighted in paragraph 3 above.
- 9.5 The ideal time to do this would be when tenders are invited for the Kidderminster Market operation proposed for during the summer 2015.
- 9.6 NMP would recommend that consideration be given to invite potential operators to tender for each market individually and to express an interest to operate one, two or all 3 markets under NWedr's responsibility.
- 9.7 This methodology would not disqualify groups whom maybe interested in operating their local market and by offering a package it may provide the

opportunity to maximising income using one, two or three operators across the market portfolio.

- 9.8 In addition by inviting individual tenders each authority can receive its own market worth.
- 9.9 NMP would also recommend that an officer be appointed to manage the contract(s). This would not be a full time appointment but the monitoring of the contractor(s) performance is essential in ensuring the markets are operated effectively.

10. RECOMMENDATIONS

- 10.1 Consideration should be given to outsourcing Redditch market within the same package as the Kidderminster contract with interested parties be invited to tender for one or more markets accordingly.
- 10.2 The length of the contract awarded should be 5 years.
- 10.3 Operators to be invited to tender a price for each trading year during the 5 year period. This may result in a stepped increase across the contract period.
- 10.4 That NWedr cease operating Redditch market at the appropriate handover period.
- 10.5 If a decision is made to outsource the markets, joint funding should be made available to resource a client role to manage the contract(s) and to monitor performance.

**CONFIDENTIAL DRAFT SPECIFICATION
FOR "SOFT MARKET TESTING
PURPOSES" ONLY**

**Operation of Markets
In
Redditch Town Centre**

DRAFT

DRAFT SPECIFICATION

In this Specification, except where the context otherwise requires, words and expressions shall have the same meaning as are respectively assigned to them in the Terms of Contract.

1. Background

- 1.1 Redditch Borough Council wishes to enter into a Concessionary Contract with an experienced and capable market operator to develop a proposal for market operation within Redditch town centre and to run markets in accordance with that proposal.
- 1.2 The Concessionary Contract will be for five years, with the potential to extend for a further five years
- 1.3 The Concessionary Contract will be based on a flat rate annual fee (with annual CPI increases at the beginning of each financial year starting from April 2016.

2. Background on Redditch - TO BE ADDED

3. Objectives

- 3.1 The objectives of the are:
 - To increase visitor numbers and spend in Redditch
 - To increase footfall within the Town Centre
 - To promote and grow the market within Redditch
 - To encourage other markets such as Continental markets, Farmers markets and other "speciality" markets to take place in the town centre.
 - To provide residents with an improved and high quality market experience and variety of offer that reflects the requirements of all age groups and social classes within Redditch.
 - To provide opportunities for new enterprises to be created.
 - To provide opportunities for local voluntary organisations and recognised charities to be accommodated on the market as required.

OPTION A

4. Outline requirements (Assuming no fixed stalls)

- 4.1 The Council wishes to appoint an operator who can pro-actively grow the operation of markets in Redditch building from the existing regular market at Market Place. The operator will be expected to apply

innovation and professionalism to the work, and increase customer satisfaction for the Market Place site.

4.2 As a Concessionary Contract, the market operator would be expected to take the majority of the risks in the development and running of markets, and be capable of making the capital investment required.

- **The Concessionaire will be expected to supply market stalls and canopies, provide and maintain the stalls in good repair and condition and ensure they are kept in a clean and attractive style.**
- **The stalls will be of a design and specification to be approved by the Council.**
- **The Concessionaire will need to store erect and dismantle the stalls on each market day**

4.3 In terms of day to day management, the Concessionaire will be expected to:

- Ensure that the market opens for business no later than 09.00 hours on each market day subject to weather conditions or prior agreement with Council, and close the market by 16.00 hours each day
- Ensure the safe movement of vehicles within the market area including trailers
- Be responsible for the cleansing and waste management of market areas and the immediate environment of markets, ensuring that the market area is litter and debris free both throughout the day and following the removal of stalls.
- Ensure that the market stalls are confined to the market area as defined by the plans provided
- Manage the allocation of pitches to traders at all markets
- Collect pitch fees and fees for electricity consumption
- Have a day to day market manager to supervise the operation of markets and communication with stall holders.

4.4 The Concessionaire, in operating markets in Redditch, will be required:

- To be responsible for any costs or taxes including National Non Domestic Rates (Business Rates) arising out of the operation of the markets
- To be fully responsible for compliance with all laws, statutes, common law duties and regulations concerning all aspects of operating and managing the markets

- To be responsible for the cleansing and waste management of market areas when being used
- To ensure that no nuisance or annoyance is caused to members of the public, adjacent businesses and residents, arising from the holding, setting up or dismantling of the markets
- To liaise with Worcestershire County Council as the highway authority for Redditch, who will be responsible for any highway matters arising during the duration of the Concession Contract
- To develop a coherent advertising and marketing campaign for Redditch Market.

5. Services

5.1 Planning Permission is granted to operate an outdoor market within the area shown edged red on the plan at Appendix xxx

5.2 Whilst the current market is generally limited to the area shown hatched black on the plan, the potential exists to extend the current operation within the rest of the defined area shown edged red on the plan. In this regard the existing "fixed stalls" will be removed to allow for the existing area to be "opened up" for a new stalls layout for the Concessionaire to propose and which would be subject to agreement by the Council.

5.3 Redditch Borough Council has a desire to encourage more traders and introduce other market activities to supplement the existing "general" market.

The requirements for running a market under this contract are:

- **A general market on a minimum of three (*or five*) days per week to be agreed with the Council, between 9.00am and 4.00pm.**
- **Additional trading days at Christmas as the Concessionaire sees fit.**
- **Other days and other types of market to be run and the allocation of pitches will be for the Concessionaire to suggest with the agreement of the Council**

5.4 In addition note that:

- The Concessionaire will ensure that all additional markets are of a high quality.
- Agreement may be required from Worcestershire County Council as the Highways Authority.

- The Council has expressed a desire to develop a “food court area” and the proposal will need to show how this might be included within the market operation.
- The Concessionaire will need to demonstrate how new businesses will be encouraged to join and grow within the market environment.
- The Concessionaire will need to allow for recognised charities to take a stall on the market and will need to demonstrate on what basis these will be allowed to occupy stalls.

OPTION B

4. Outline requirements (Including utilising existing stalls – 3 or 5 days per week)

4.1 *As above*

4.2 As a Concessionary Contract, the market operator would be expected to take the majority of the risks in the development and running of markets, and be capable of making the capital investment required.

- ***The Concessionaire will be expected to use the existing permanent market stalls and canopies situated in Market Place and maintain them in good repair and condition and ensure that they are kept in a clean and attractive style.***
- ***In addition and on order to facilitate the operation of additional markets and additional traders, the Concessionaire may be required to consider providing new, demountable market stalls and canopies and associated equipment. If so these will be to a design and specification to be agreed with the Council and the Concessionaire will store erect and dismantle the stalls and maintain them in good repair and condition and ensure that they are kept in a clean and attractive style.***

4.3 *As above*

4.4 *As above*

5. Services

5.1 *As above*

5.2 *Whilst the current market is generally limited to the area shown hatched black on the plan, the potential exists to extend the current operation within the rest of the defined area shown edged red on the plan.*

5.3 Redditch Borough Council has a desire to encourage more traders and introduce other market activities to supplement the existing "general" market. The requirements for running a market under this contract are:

- **A general market on three (or five) days per week (actual days to be agreed with the Council) between 9.00am and 4.00pm.**
- **Additional trading days at Christmas as the Concessionaire sees fit.**
- **Other days and other types of market to be run and the allocation of pitches will be for the Concessionaire to suggest with the agreement of the Council and subject to the Concessionaire providing, erecting and dismantling appropriate demountable stalls the Concessionary Contract provides the opportunity to extend the market beyond the current established location.**

5.4 As above

6. Management and Stakeholder Engagement

6.1 The Council will set up a Markets Forum to provide an overview and consultation group for the Concessionaire. This Forum will be chaired by a senior representative from the Council, and will include:

- A relevant Council Member
- A relevant Council officer
- Representative(s) from local stakeholders including a regular market trader.

It will meet on a quarterly basis. It will be led by the Council but the Concessionaire will be required to attend.

6.2 The Markets Forum will have no formal role in the management of the contract – which responsibility lies solely with the Council. The contract manager for the Council will provide progress reports to the Markets Forum.

6.3 The Concessionaire will be expected to set up arrangements for on-going engagement and discussion with the local stakeholders, including market traders. This will be led by the Concessionaire, with no specific role for the Council.

7. Performance Measures

7.1 The performance of the Concessionaire will be measured through:

- Compliance with all laws, statutes, common law duties and regulations concerning all aspects of operating and managing the markets
 - The sustainable growth in the number of traders operating in markets in Redditch
 - The increase in the range and quality of the markets in Redditch
 - The effective management, supervision and daily operation of markets
 - Customer Care - the engagement and communication with market traders and other local stakeholders.
- 7.2 The Concessionaire will be required to provide short quarterly reports to the contract manager demonstrating progress against these performance measures.
- 7.3 The Council reserves the right to undertake periodic surveys with both strategic and local stakeholders who will be asked to rate in terms of quality of offer, range of offer and management of markets against the specification.

DRAFT

Attachment x

POTENTIAL PROVIDER'S AWARD PROPOSAL

Please answer the questions below with reference to the Specification and Contract.

ALL questions must be completed.

Please answer all questions in the boxes provided and the boxes provided can be expanded.

Please only provide your responses in this format - standard sales promotional literature is not accepted.

N.B. Each question and the presentation will be scored out of 5 as specified in paragraph 12.3. If you score three or more 1s or 2s you will be disqualified from the Tender process.

Quality Criteria (100% will be converted to 40% of the total Tender Score)	Weighting
<p>1. <u>Method of Operation</u> Please describe in detail how you propose to operate and layout the market, as shown in the Specification, within Redditch Town Centre. Please include how you will manage and supervise the markets, the daily operation of markets and the control of counterfeit or illegal goods, the management of the allocation of pitches and the collection of charges.</p>	30%
<p>2. <u>Market Stalls & Canopies</u> Please describe in detail any Market Stalls & Canopies you will be supplying as part of this Contract. Please include the style, specification and the maintenance of market stalls and canopies.</p> <p><i>OR (If keeping "fixed stalls") Please describe in detail how you will clean, maintain and replace (as required) the existing "fixed" stalls)</i></p>	10%

3. <u>Proposed Programme for Future Markets</u> Please describe in detail your proposed programme for future markets, location and themes.	20% (10% of this will be assessed on the basis of a presentation to the evaluation panel)
4. <u>Advertising, Marketing and Promotions</u> Please describe in detail how you will advertise, market and promote the markets. Please include how you will advertise to the general public, market traders and how you will promote activities.	10%
5. <u>Communication & Customer Care</u> Please describe in detail how you will provide high quality Customer Care and Communication. Please include customer care and communications with Redditch Borough Council, market traders, members of the public and key stakeholders.	10%

<p>6. <u>Corporate and Social Responsibility</u> Please propose how you will add Social Value to this Contract (i.e. how you will improve social, environmental and economical wellbeing of Redditch and its residents). Please include effective protection of the environment, prudent use of natural resources, working with local communities and businesses.</p>	5%
<p>7. <u>Management & Quality Information</u> Please demonstrate how you approach and manage the quality of information in your organisation. Please include the provision of management information, reporting to the Council, self monitoring systems and new industry practices.</p>	5%
<p>8. <u>Services, Utilities, Recycling and Waste Management</u> Please describe in detail how you will manage Services, Utilities, Recycling and Waste. Please include the management of disposal of waste, litter, cleaning and maintenance.</p>	10%
TOTAL	100%

REDDITCH BOROUGH COUNCIL**EXECUTIVE**14th July 2015**RISK BASED VERIFICATION**

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	√
Relevant Head of Service	Section 151 Officer
Wards Affected	All Wards
Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To advise Members of the new approach for verifying Housing Benefit and Council Tax Support Claims and approve the Risk Based Verification Policy.

2. RECOMMENDATIONS

- 2.1 **That the Executive Committee RECOMMEND that the Risk Based Verification Policy, attached at Appendix 1, be approved.**

3. KEY ISSUES

- 3.1 In the early 1990's the Department for Work and Pensions introduced a "verification framework policy" for administering Housing and Council Tax Benefit claims. This was a voluntary policy that strongly recommended that local Councils should obtain a substantial amount of documentary evidence, carry out numerous pre-payment checks and visits before making any payment.
- 3.2 The verification framework proved to be costly and caused significant delays in processing. It had to be applied to all claims and there was little scope for local discretion. Although it was abandoned in 2006 by Department for Work and Pensions, most Councils continued to use at least some of the guidelines set out in the framework.
- 3.3 In 2011, the Department for Work adopted a risk-based verification approach which was set out in the Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011.
- 3.4 Over the last four years this has been taken up by a large proportion of Councils, with great success. Most Councils have used risk-based verification as a means of reducing their costs through a reduction of staff. However, officers see far wider opportunities in adopting this approach, to reduce waste, reduce demand and free up resources to deal with more complex customer needs.

EXECUTIVE14th July 2015**Financial Implications**

- 3.5 There are no financial implications directly related to the proposals, however this new approach will:
- improve the processing times of benefits claims;
 - reduce overpayments of Housing Benefit and Council Tax Support;
 - release resources to spend more time dealing with complex cases; and
 - reduce the work in relation to the Subsidy Audit.
- 3.6 Any costs associated to enabling the necessary computer software to implement the process will be funded through reserves allocated for Council Tax Support and Housing Benefits administration but these are expected to be minimal.

Legal Implications

- 3.7 The Council is legally obligated to verify information for Housing Benefit Claims and Council Tax Support. Housing Benefit Regulation 86 of the Housing Benefit Regulations 2006 states:

“A person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or award, or any questions arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person’s entitlement to, or continuing entitlement to, housing benefit.”

The Local Council Tax Support Regulations, agreed by the Council, also adopts the same framework for the validation and verification of claims.

- 3.8 Risk-Based Verification is a voluntary scheme, however there is a mandatory requirement to have the Risk Based Verification Policy, detailing the risk profiles, verification standards and the minimum number of claims to be checked, agreed by Council, as recommended by the Section 151 Officer.

Service/Operational Implications

- 3.9 As at 31st March 2015 there were 6,030 live Housing Benefit claims and 7,043 Council Tax Support claims in Redditch.
- 3.10 Ensuring the right amount is paid out (but no more) is crucial in ensuring fairness to both claimants and taxpayers. Combating fraud and reducing error is a key component in this.

REDDITCH BOROUGH COUNCIL**EXECUTIVE**14th July 2015

- 3.11 Risk Based Verification is currently practised in Job Centre Plus and the Pension Service therefore the majority of Housing Benefit and Council Tax Support claims received in a Local Authority, may have been subject to some form of Risk Based Verification.
- 3.12 Where local authorities have introduced Risk Based Verification, results have been impressive. The percentage of fraud and error identified has increased, and in addition, there have been efficiencies in areas such as postage and processing times have improved.
- 3.13 Evidence and guidance suggests that in the region of 55% of cases will be low risk, 25% medium risk and 20% high risk. Implementation of this policy will enable resources to focus appropriately on those claims that are in the high risk category whilst reducing the processing time for those in the low risk bracket. It will enable greater flexibility to allow more officers to deal with low risk claims, and to provide improved online facilities. The capacity created within the team through reducing waste and failure-demand relating to the provision of evidence will be used to improve the system to meet our strategic purpose.

Customer / Equalities and Diversity Implications

- 3.14 The risk of each claim is determined by the IT software automatically based on the risk of fraud associated with the claim. It will be applied consistently across all claims.
- 3.15 Processing times for low risk claims will reduce thus improving the service to those customers. Those identified in the high risk category are also likely to have other complex needs and therefore home visits or engagement with other specialists may also be appropriate. Financial advice and support of other income-maximisation options may be explored.

4. RISK MANAGEMENT

- 4.1 Both internal and external auditors have been notified that the Council may be moving to Risk-Based Verification. Discussions will take place with them to ensure that future Housing Benefit audits will be based on this policy.

Department for Work and Pensions advised in January 2012 that "Auditors will carry out their audit against the terms of the risk-based verification policy. They will not audit or in any way assess the veracity of the policy, that is the job of the local authority itself, in particular the Section 151 Officer and Members who sign off the policy. If individual cases have been actioned correctly against the requirements of the policy, auditors will make no comment".

EXECUTIVE14th July 2015

5. APPENDICES

Appendix 1 - Risk Based Verification Policy

6. BACKGROUND PAPERS

Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011

AUTHOR OF REPORT

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HOUSING BENEFIT RISK BASED VERIFICATION POLICY

INTRODUCTION

- 1.1 Redditch Borough Council is responsible for the calculation and award of Housing benefits and Local Council Tax Support, subject to a valid application and verification of that application.
- 1.2 The Council must adhere to Housing and Council Tax Benefit legislation. The Regulations under the legislation do not specify what information and evidence the Council should obtain from a claimant for Housing Benefit or Council Tax Support.. However, they do require a Council to have information which allows an accurate assessment of a claimant's entitlement, both when a claim is first made and when the claim is reviewed. The legislation is supplemented by detailed statutory guidance, which must be applied. Failure to do so would lead to an adverse inspection report, possible audit sanctions and loss of subsidy.
- 1.3 Given those requirements quality assurance and detection of fraud are key aspects of the assessment process.

RISK BASED VERIFICATION

- 2.1 Risk-Based Verification (RBV) is a method of applying different levels of checks to benefits claims according to the risk associated with those claims. Different circumstances are taken into account and a risk profile applied to each claim. The associated risk matrix is based on many years of experience and statistical information about what type of claim represents what type of risk. The higher the deemed risk, the higher amount of resources will be used to establish that the claim is genuine.
- 2.2 The Department of Work and Pensions (DWP) has a RVB approach for the assessment of some state benefits, and therefore those claims that are 'passported' into the Housing Benefits system may already have had the risk established and appropriate level of checks applied.
- 2.3 RBV allows the Council more flexibility to take into account local issues and build in checks and balances. Improving the time taken to process claims should help those moving from benefits to work whilst reducing the level of overpayments.

2.4 RBV provides the following benefits to customers and the Council:

- Improved claim processing times, especially for those claims assessed as low risk.
- Reduced administration work.
- Improved opportunity to identify fraud and error.

2.5 For the purpose of applying verification on a risk basis, each claim is ranked into one of three categories; Low, Medium and High Risk. The table at Appendix A shows the evidence requirement to be met dependent on the risk grouping. A National Insurance number and identity confirmation must be made in all cases irrespective of the risk grouping, to comply with the legislation. Where photocopies, scanned or photographed documents have been supplied, originals may be requested if there are any concerns about the validity of the document, or if the information conflicts with information already held.

Low Risk

The only checks to be made on cases classed as low risk are proof of identity, production of National Insurance Number and, if the claimant is a student, formal confirmation of status will be required.

Medium Risk

Cases in this category must have the same checks as low risk plus, for every type of income or capital declared, documentary proof is required. Photocopies of documentation can be provided in this instance. Scanned or photographed documents and submitted electronically will be treated as photocopies.

High Risk

All cases classed as high risk must have the same checks as low risk and documentation provided for each declared type of income or capital. However the documents supplied must be originals. Additional evidence, such as proof that rent is being paid, and to whom,, may be required.

Additional checks will be carried out on all cases in the high risk category. These will include a combination of:

- Home visits.
- Following up telephone conversations.
- Review of claim within 26 weeks.
- Credit Reference Checks.

Exempt accommodation, excluded from housing costs for the purposes of Universal Credit, and therefore remaining the responsibility of the Local Authority, will always be classed as high risk.

- 2.6 IT Software will be implemented to determine the risk score for each claim, at the point at which it is received. This uses historical local authority data to identify the likelihood of risk, fraud and potential error.
- 2.7 The evidence required at each risk level has been specified and is attached at Appendix 1.
- 2.8 This policy will apply to all claims currently in pay, as well as all new claims with effect from the implementation date.

RECORDING, MONITORING AND TRAINING

- 3.1 Detailed records of all risk scores will be maintained and reviewed to ensure compliance with the Regulations and that the Council is maintaining proper quality control and fraud awareness.
- 3.2 Cases cannot be downgraded at any time by an assessment officer, although they can be increased to a higher risk category with approval of a Team Leader. All cases which are upgraded are recorded along with the reasons for this re-classification so that this information can be fed through to update the risk parameters if errors are found. Reasons for upgrading a case may include previous fraud, previous late notification of changes in circumstances, or where there is good reason to doubt the veracity of information provided.
- 3.3 Regular quality-assurance monitoring will be undertaken to help ensure that the policy is being applied correctly by all officers.
- 3.4 Officers will review a minimum of 10% of high risk cases via visits to customers' homes.
- 3.5 Officers will monitor the effect of fraud and error detection rates compared to the baseline rate. It is expected that the levels of fraud and error will reduce over time. Fraud and error should be low in Low Risk cases and increased for Medium and High Risk categories. Qualified and experienced Fraud Investigation Officers will be used to carry out a proportion of checks on medium and high risk cases.
- 3.6 The Council will undertake a minimum of 5% checks across all assessments to make sure guidance is adhered to correctly and appropriate decisions made.
- 3.7 Training will be provided for all officers using Risk Based Verification to ensure the agreed processes, procedures and guidelines are adhered to. Discussions will take place with all internal and external stakeholders including Investigation staff, Housing staff, Social landlords and the Voluntary sector so that they are fully aware of the policy.

- 3.8 The DWP has confirmed that RBV, properly applied, will meet audit requirements. We shall maintain dialogue with the external auditors to ensure that we are not placing the Council at risk through the adoption of this policy. Internal Audit processes will have to be amended and the application of RBV will be one of the regular internal audit themes.
- 3.9 Operational measures will be put in place and data collected to understand performance in relation to the policy. These will include:
- Percentage of cases presented in each risk category;
 - Level of fraud detected in each risk category;
 - Level of claimant error found in each risk category;
 - Level of Council error found in each risk category.
 - Percentage of error found through quality assurance checks.

RISK

- 4.1 An evaluation of the risks associated with the implementation of this policy has been carried out and the following risks identified:
- 4.2 Risk 1. Fraud and error will exist in low or medium risk claims and this won't be detected.
This will be mitigated through the overall quality assurance checks that the Council will carry out. In addition medium risk claims with potentially high risk income types would be identified and additional checks carried out. Levels of fraud & error will be closely monitored by the Fraud team. Staff error will be addressed with individuals through our performance framework. The DWP Risk Based Referral file will also be used for intervention selection.
- 4.3 Risk 2. Staff will find the cultural change difficult, and maintain the old way of working.
This will be mitigated through staff engagement in the change process and backed up by post-implementation checks of 5% of claims across all risk categories. Issues identified through these checks will be addressed through our performance framework.
- 4.4 Risk 3. Staff escalate too many cases to a higher risk category.
This will be mitigated by team leaders approving cases for escalation and monitoring the number of cases put forward for escalation. Staff awareness will be increased where any issues are identified.

EQUALITIES IMPACT

- 5.1 Risk-Based Verification will apply to all New Claims for Housing Benefit and Council Tax Support. A mathematical model is used to determine the Risk score for any claim. This model does not take into account any of the protected characteristics dealt with by the Equalities Act.

- 5.2 The course of action to be taken in respect of the risk score is governed by this policy. As such there are no equalities impacts.
- 5.3 It is possible that people with certain protected characteristics, may be over-represented or underrepresented in any of the risk groups. As such monitoring will be carried out to ascertain whether this is the case. As this is a new approach to verifying benefit claims, there is no baseline monitoring we can use as a comparison.
- 5.4 Where it is intended to carry out home visits these will be undertaken by trained visiting officers. These officers are used to carrying out visits to the vulnerable, elderly and disabled, as these groups of claimants are often unable to access Council services in any other way.
- 5.5 Staff have access to translation and interpretation services if required.

LEGAL IMPLICATIONS

- 6.1 The risk based verification policy complies with the recommendations from the Department of Work and Pensions (DWP) outlined in Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011. This circular can be found at Appendix 2. It should be noted that this policy will be the basis on which we are audited in the future. Providing we comply with this policy, we will be deemed to be verifying claims in the correct way. The policy must be approved by the Council's Section 151 Officer and adopted by the Council.

- 6.2 Housing Benefit Regulation 86 of the Housing Benefit Regulations 2006 states;

“a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.”

Furthermore; Section 1 of the Social Security (Administration) Act 1992 provides that a National Insurance number must either be stated or enough information provided, to trace or allocate one. This legislation applies to both applicants and their partners.

(1A) No person whose entitlement to any benefit depends on his making a claim shall be entitled to the benefit unless subsection (1B) below is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming benefit.

(1B) this subsection is satisfied in relation to a person if–

(a) The claim is accompanied by–

- (i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or
- (ii) information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or
- (b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated.

POLICY REVIEW

- 7.1 This policy will be kept under review based on the measures but it must comply with the legislative requirements and cannot be changed mid-year due to the complexity of the auditing process.

APPENDIX 1**EVIDENCE REQUIREMENT**

Type of Evidence	Sub-category of evidence	Low Risk	Medium Risk	High Risk
Identify and S19	Identity	Originals, photocopies, scanned or photographed images	Originals, photocopies, scanned or photographed	Originals required
	S19	Originals, photocopies, scanned or photographed images	Originals, photocopies, scanned or photographed images	Originals required
Residency/Rent	Private Tenants	Not required	Tenancy agreement, letter from landlord - Originals, photocopies, scanned or photographed images	Tenancy agreement, letter from landlord Originals required
	Social Landlords	Not required	Tenancy agreement, letter from landlord Originals, photocopies, scanned or photographed images	Tenancy agreement, letter from landlord Originals required
	Local Authority	Not required	Not required	Not required
	Registered	Not required	Not required	Tenancy agreement, letter from landlord Originals required
	Rent paid – actual payment	Not required	Not required	Proof of rent payments made, rent book, receipts, bank statement Originals required Where applicable
Household	Partner ID/S19	Originals,	Originals,	Originals

Composition		photocopies, scanned or photographed images	photocopies, scanned or photographed images	required
	Dependants under 18	Child benefit CIS check	Child benefit CIS check	Child benefit CIS check
	Non-dependants – remunerative work	Not required	Current wage slips Originals, photocopies, scanned or photographed images	Current wage slips Originals required
	Non-dependants – passported benefit	Not required	CIS check	CIS check
	Non-dependant – student	Not required	Student Certificate Originals, photocopies, scanned or photographed images	Student certificate Originals required
	Non-dependant – not in remunerative work/other	Not required	Latest bank statement Originals, photocopies, scanned or photographed images	Latest bank statement Originals required
Income	State Benefits	CIS check	CIS check	CIS check
	Earnings/SMP/SSP	Not required	Current wage slips or estimated earning statement if new job Originals, photocopies, scanned or photographed images	Current wage slips or estimated earning statement if new job Originals required
	Self employed earnings	Self employed statement of earnings	Self employed statement of earnings	Self employed statement of earnings
Child Care Costs		Not required	Statement from claimant Originals photocopies, scanned or photographed images	Statement from claimant Originals required
Student Status	Income also required	Confirmation of status Originals, photocopies,	Confirmation of status Letters about student	Confirmation of status Letters about student

		scanned or photographed images	contributions or maintenance agreements Evidence of term time dates of study, grants/loans and other funding received. Originals, photocopies, scanned or photographed images	contributions or maintenance agreements Evidence of term time dates of study, grants/loans and other funding received. Originals required
Capital	Below lower capital limit	Not required	Bank statement if over £5500 Originals, photocopies, scanned or photographed images accepted	Bank statement if over £5500 Originals required
	Above lower capital limit	Not required	Last 2 months bank statements Originals, photocopies, scanned or photographed images	Last 2 months bank statements Originals required
	Property	Not required	Originals, photocopies, scanned or photographed images of evidence	Originals required of evidence
Other circumstances (money paid out, other income)		Not required	Originals, photocopies, scanned or photographed images of evidence	Originals required of evidence

Housing Benefit and Council Tax Benefit Circular

Department for Work and Pensions

1st Floor, Caxton House, Tothill Street, London SW1H 9NA

HB/CTB S11/2011

SUBSIDY CIRCULAR WHO SHOULD READ	All Housing Benefit (HB) and Council Tax Benefit (CTB) staff
ACTION	For information
SUBJECT	Risk-Based Verification of HB/CTB Claims Guidance

Guidance Manual

The information in this circular does not affect the content of the HB/CTB Guidance Manual.

Queries

If you

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Risk-Based Verification of HB/CTB Claims Guidance

Introduction

1. This guidance outlines the Department's policy on Risk-Based Verification (RBV) of Housing Benefit and Council Tax Benefit (HB/CTB) claims.

Background

2. RBV allows more intense verification activity to be focussed on claims more prone to fraud and error. It is practiced on aspects of claims in Jobcentre Plus (JCP) and the Pension Disability and Carers Service (PDCS). Local authorities (LAs) have long argued that they should operate a similar system. It is the intention that RBV will be applied to all Universal Credit claims.
3. Given that RBV is practised in JCP and PDCS, the majority (up to 80%) of HB/CTB claims received in an LA may have been subject to some form of RBV. Already 16 LAs operate RBV. Results from these LAs have been impressive. In each case the % of fraud and error identified has increased against local baselines taken from cells 222 and 231 of the Single Housing Benefit Extract (SHBE). In addition, in common with the experience of JCP and PDCS there have been efficiencies in areas such as postage and storage and processing times have improved.
4. We therefore wish to extend RBV on a **voluntary basis** to all LAs from April 2012.

This guidance explains the following;

What is RBV?

How does RBV work?

The requirements for LAs that adopt RBV

How RBV claims will be certified

What are the subsidy implications?

What is RBV?

5. RBV is a method of applying different levels of checks to benefit claims according to the risk associated with those claims. LAs will still be required to comply with relevant legislation (Social Security Administration Act 1992, section 1 relating to production of National Insurance numbers to provide evidence of identity) while making maximum use of intelligence to target more extensive verification activity on those claims shown to be at greater risk of fraud or error.
6. LAs have to take into account HB Regulation 86 and Council Tax Benefit Regulation 72 when verifying claims. The former states:

"a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be

required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable."

Council Tax Benefit Regulation 72 is similar.

7. These Regulations do not impose a requirement on authorities in relation to what **specific** information and evidence they should obtain from a claimant. However, it does require an authority to have information which allows an **accurate assessment** of a claimant's entitlement, both when a claim is first made and when the claim is reviewed. A test of reasonableness should be applied.

How does RBV work?

8. RBV assigns a risk rating to each HB/CTB claim. This determines the level of verification required. Greater activity is therefore targeted toward checking those cases deemed to be at highest risk of involving fraud and/or error.
9. The classification of risk groups will be a matter for LAs to decide. For example, claims might be divided into 3 categories:

Low Risk Claims: Only essential checks are made, such as proof of identity. Consequently these claims are processed much faster than before and with significantly reduced effort from Benefit Officers without increasing the risk of fraud or error.

Medium Risk Claims: These are verified in the same way as all claims currently, with evidence of original documents required. As now, current arrangements may differ from LA to LA and it is up to LAs to ensure that they are minimising the risk to fraud and error through the approach taken.

High Risk Claims: Enhanced stringency is applied to verification. Individual LAs apply a variety of checking methods depending on local circumstances. This could include Credit Reference Agency checks, visits, increased documentation requirements etc. Resource that has been freed up from the streamlined approach to low risk claims can be focused on these high risk claims.

10. We would expect no more than around 55% of claims to be assessed as low risk, with around 25% medium risk and 20% high risk. These figures could vary from LA to LA according to the LA's risk profiling. An additional expectation is that there should be more fraud and error detected in high risk claims when compared with medium risk claims and a greater % in medium risk than low risk. Where this proves not to be the case the risk profile should be revisited.
11. LAs may adopt different approaches to risk profile their claimants. Typically this will include the use of IT tools in support of their policy, however, the use of clerical systems is acceptable.
12. Some IT tools use a propensity model¹ which assesses against a number of components based on millions of claim assessments to classify the claim into one of the three categories above. Any IT system² must also ensure that the risk profiles include 'blind cases' where a sample of low or medium risk cases are allocated to a higher risk group, thus requiring heightened verification. This is done in order to test and refine the software assumptions.

13. Once the category is identified, individual claims cannot be downgraded by the benefit processor to a lower risk group. They can however, exceptionally, be upgraded if the processor has reasons to think this is appropriate.

The requirements for LAs that adopt RBV

14. RBV will be voluntary. However, all LAs opting to apply RBV will be required to have in place a **RBV Policy** detailing the risk profiles, verification standards which will apply and the minimum number of claims to be checked. We consider it to be good practice for the Policy to be examined by the authority's Audit and Risk Committee or similar appropriate body if they exist. The Policy must be submitted for Members' approval and sign-off along with a covering report confirming the Section 151 Officer's (section 85 for Scotland) agreement/recommendation. The information held in the Policy, which would include the risk categories, should not be made public due to the sensitivity of its contents.
15. The Policy must allow Members, officers and external auditors to be clear about the levels of verification necessary. It must be reviewed annually but not changed in-year as this would complicate the audit process.
16. Every participating LA will need a robust baseline against which to record the impact of RBV. The source of this baseline is for the LA to determine. Some LAs carry out intensive activity (along the lines of the HB Review) to measure the stock of fraud and error in their locality. We suggest that the figures derived from cells 222 and 231 of SHBE would constitute a baseline of fraud and error currently identified by LAs.
17. Performance using RBV would need to be monitored monthly to ensure its effectiveness. Reporting, which must be part of the overall Policy, must, as a minimum, include the % of cases in each risk category and the levels of fraud and error detected in each.

How RBV claims will be certified?

18. External Auditors will check during the annual certification that the subsidy claim adheres to the LA's RBV Policy which will state the necessary level of verification needed to support the correct processing of each type of HB/CTB claim. The risk category will need to be recorded against each claim. Normally the LA's benefit IT/clerical system will allow this annotation.

¹ Whilst DWP is of the opinion that the use of IT will support the success of RBV, it does not in anyway endorse any product or company

² The same safeguard must be applied to clerical systems

Other considerations

19. The sample selection for HB/CTB cases will not change i.e. 20 cases will be selected for each headline cell on the claim form. The HB COUNT guidance used by the external auditors for certification will include instructions for how to deal with both non-RBV and RBV cases if selected in the sample. For non-RBV cases, the verification requirements will remain the same i.e. LAs will be expected to provide all the documentary evidence to support the claim.

What are the subsidy implications?

20. Failure by a LA to apply verification standards to HB/CTB claims as stipulated in its RBV Policy will cause the expenditure to be treated as LA error. The auditor will identify this error and if deemed necessary extrapolate the extent and, where appropriate, issue a qualifying letter. In determining the subsidy implications, the extrapolation of this error will be based on the RBV cases where the error occurred. For this reason, it is important that RBV case information is routinely collected by ensuring that LA HB systems incorporate a flag to identify these RBV cases. If sub-populations on RBV cases can not be identified, extrapolations will have to be performed across the whole population in the particular cell in question.
21. We will now work with the respective audit bodies to incorporate this into the COUNT guidance. If you have any queries please contact Manny Ibiayo by e-mail HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK

Executive Committee

14th July 2015

Future Arrangements for Worcestershire Shared Services Joint Committee and Worcestershire Regulatory Services

Relevant Portfolio Holder	Cllr J. Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering Director of Finance and Resources
Wards Affected	All
Ward Councillor Consulted	N/A

1. SUMMARY OF PROPOSALS

- 1.1 Worcestershire Regulatory Services (WRS) is the shared service for Environmental Health, Licensing and Trading Standards that was set up in 2010. The participating authorities are Worcestershire County Council and the six Worcestershire District Councils. Bromsgrove District Council is the host authority with responsibility for employing the staff, and providing financial and legal support to the service.
- 1.2 This report sets out proposals for changes to the partnership to come into effect in April 2016 and changes to the management structure which will be implemented straight away.
- 1.3 The recommendations within this report are amended from those contained in the WRS Report attached at Appendix 1 to reflect the decision of the Joint Committee following consideration of that report on 25 June 2015 and to add a recommendation for the delegation of council and executive functions to the new Joint Committee when established.

2. RECOMMENDATIONS

- 2.1 That the Executive Committee note the contents of this report and
- 2.2 That the Executive Committee **RECOMMEND** to Full Council that:-
- 2.2.1 The current Worcestershire Shared Services Partnership is dissolved by mutual agreement on 31 March 2016;
- 2.2.2 A new Worcestershire Shared Services Partnership comprising of the six district councils is created on 01 April 2016 in accordance with the terms set out in Appendix 2 (as amended); and that the composition of partner authority member representatives on the Joint Committee be reviewed after a period of one year;

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2.2.3 The new Worcestershire Shared Services Partnership enter into a service level agreement with Worcestershire County Council for the provision of trading standards services in accordance with terms to be agreed by the Acting Head of Worcestershire Regulatory Services;

2.2.4 The Council's functions in relation to Environmental Health and Licensing (other than those functions which cannot be delegated) be delegated to the new joint committee in place from 1 April 2016 in accordance with Section 101 of the Local Government Act 1972 and Section 20 of the Local Authorities (Arrangements for the Discharge of Functions)(England) Regulations 2000 (as amended);

and **RESOLVE**

2.2.5 to delegate those Executive functions in relation to the administration and operational activities of WRS to the new joint committee in place from 1 April 2016 in accordance with section 101 of the Local government Act 1972 and Section 20 of the Local Authorities (Arrangements for the Discharge of Functions)(England) Regulations 2000 (as amended).

3. KEY ISSUES

Financial Implications

3.1 As Members are aware significant efficiency savings have been realised over the period that the shared service has been in operation. The initial budget allocation for Redditch in 2009/10 was £802k which has been reduced through efficiencies and alternative ways of working to £579k for 2014/15. In addition any annual savings from the service have been returned to the partner Councils.

3.2 With the increasing challenge on local Government finances the County Council has identified significant reductions in their trading standards budget allocation to just under £450k in 2016/17. To enable the individual partner Councils to be protected from the pressure and risks of such significant reductions it was agreed by the Joint Committee that a new model of partnership would be created with the County entering into a service level agreement with WRS for the provision on trading standards services.

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- 3.3 The 3 year financial envelope for Regulatory Services has been agreed and is in line with the levels included in the Redditch Council Medium Term Financial Plan. The proposals recommended within this report will not result in additional costs to this Council.

Legal Implications

- 3.4 As set out in the legal implications section of the report at Appendix 1, the recommendations in this report have significant legal implications. The existing shared services partnership will be dissolved and a new one created. However, the current proven model of operating through a joint committee will continue, and the existing Shared Services Partnership Agreement can be updated and adopted to reflect the requirements of the new shared service.
- 3.5 Bromsgrove District Council will continue to act as the host authority for WRS. Although the number of partners is reducing by one, there will not be any changes to the legal principles upon which Bromsgrove DC has been acting as host since 2010.

Service / Operational Implications

Background

- 3.6 The shared service for WRS in its current format has been in place since June 2010. The governance arrangements are based on a Joint Committee on which two representatives of each of the participating Councils sit. Alongside this there is a management board made up of the Head of Service, senior managers from WRS and officer representatives of the partner authorities. The partner authorities entered into an agreement in 2010 to govern the running of the service and this is referred to as the Worcestershire Shared Services Partnership Agreement. Bromsgrove DC is the host authority for the service, employs the WRS staff and provides certain support services.
- 3.7 The shared service has been successful in bringing together the three disciplines of environmental health, licensing and trading standards and delivering these through shared teams across the County. Through transformation and economies from shared working, the partner authorities have been able to make significant savings and reduce the overall costs of providing these services to each individual council. Although previously based at Wyatt House in Worcester, WRS re-located in March 2015 to new offices at Wyre Forest House in Kidderminster.

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- 3.8 In light of reductions to the budgets for local authorities the partners have looked to explore the options for further reducing the costs of the service. In late 2013 the joint committee agreed to pursue the option of seeking a strategic partner to work with from either the public or private sector. A procurement exercise was undertaken but ultimately this was not successful. At the same time further work had been undertaken by WRS to look at how the service can be re-aligned to better meet the requirements of the partner authorities going forward. The proposals for the future arrangements were considered at the meeting of the Joint Committee on 25 June 2015, and a copy of the report written by the Acting Head of Service is attached at Appendix 1. The report outlines the proposed changes to the shared service and at that meeting.
- 3.9 The Joint Committee endorsed the recommendations except for the proposal that the number of member representatives on the Joint Committee from each of the partner councils should be reduced from two to one. The Joint Committee decided that the number of representatives should remain at two and that this would be reviewed after one year of the new joint committee being in operation.
- 3.10 The recommendations of the Joint Committee on the dissolution of the existing joint committee and proposal to re-establish a new partnership and for future services to Worcestershire County Council to be provided by WRS under a service level agreement are being referred to each of the individual member authorities for approval.
- 3.11 Additional recommendations are included in this report for members to resolve to delegate the executive functions currently discharged by WRS on behalf of the Council, to be delegated to the new joint committee from 1 April 2016 and to recommend to Council to do likewise so that a smooth transition from the existing to the new partnership will be seamless.

Key proposals

- 3.12 Members are referred to the detail set out in the report at Appendix 1 but to summarise the key points are as follows:-
- That the partners agree to dissolve the current partnership by mutual agreement from 31 March 2016.
 - That a new partnership be created with effect from 1 April 2016 to include the six district councils with the County Council no longer being a partner.
 - That the County Council will continue to receive services related to its Trading Standards functions from 1 April 2016 but that this will be

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under a contractual arrangement secured by a service level agreement.

- That the new partnership agreement will include a requirement that any partner unable or unwilling to maintain its service levels and financial contributions at or near to other partners exit the partnership with the option to continue to receive services under a service level agreement on “ at-cost” terms.
- That the WRS Management Board be deleted.
- That from April 2016 membership on the Joint Committee be reduced to one member per authority (with arrangements for named substitutes).
- That Bromsgrove will remain as the host authority and the partnership agreement will be updated in relation to BDCs role in entering into contracts and service level agreements with public bodies on behalf of the partner authorities.

WRS Senior Management Structure

- 3.13 Following reductions of the number of staff working within WRS it is felt that it is no longer appropriate to operate a three-tiered management structure. As outlined in Appendix 1 given the changes to the delivery of services to the County Council it is also felt that an individual team manager for Trading Standards will no longer be required, and this role can be amalgamated with the workload of the Environmental Health Manager. The existing structure and proposed new structure are set out in Appendix 3 to this report.
- 3.14 This restructure will commence immediately by WRS/Bromsgrove DC (as host and employing authority) as these changes were incorporated into the Budget for 2015/2016 as approved by the Joint Committee in February 2015, independent of the proposed reorganisation of the Joint Committee. It is also hoped that implementing the changes now will allow the senior management structure to be in place in advance of the changes to the partnership in March/ April 2016.

Customer / Equalities and Diversity Implications

- 3.15 Although changes are being made to the management structure and governance arrangements it is not anticipated that there will be a noticeable impact on delivery of services to the customer in relation to those District Council functions which WRS delivers on behalf of Redditch. The reduction of the number of partners to six and the changes to the governance arrangements should allow for the partnership to be more flexible and responsive going forward.

4. RISK MANAGEMENT

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- 4.1 Members are referred to the risk section of the Joint Committee report at Appendix 1.

5. APPENDICES

Appendix 1 – Worcestershire Regulatory Services Joint Committee Report 25 June 2015: Future arrangements for Worcestershire Shared Services Joint Committee

Appendix 2 – Proposed amendments, additions and deletions to the Worcestershire Shared Services Partnership Agreement 2010

Appendix 3 – Current and Proposed management Structure

6. BACKGROUND PAPERS

‘Creating and delivering a sustainable regulatory partnership for Worcestershire’ – report of Chair of WRS Management Board – Worcestershire Shared Services Joint Committee – 19 February 2015
‘Business Plan for Worcestershire Regulatory Services 2015-2018’

Worcestershire Shared Services Partnership Agreement 1 June 2010

Worcestershire LEP letter of response to consultation on proposed changes to WRS Partnership - 17 April 2015

Better Regulation Delivery Office email response to consultation on proposed changes to WRS Partnership - 8 April 2015

7. KEY

N/A

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Joint Committee: 25 June 2015

Title: Future arrangements for Worcestershire Shared Services Joint Committee and Worcestershire Regulatory Services

Recommendations

The Joint Committee is recommended to:

1. Note the outcome of consultation with partner Councils, WRS staff and stakeholders and;
2. Recommend to partner councils that:
 - a. The current Worcestershire Shared Services Partnership is dissolved by mutual agreement on 31 March 2016;
 - b. A new Worcestershire Shared Services Partnership comprising the six district councils is created on 1 April 2016 in accordance with the terms set out in appendix 2;
 - c. The new Worcestershire Shared Services Partnership enters into a service level agreement with Worcestershire County Council for the provision of trading standards services in accordance with terms to be agreed by the Acting Head of Worcestershire Regulatory Services; and
 - d. All existing contracts and service level agreements between the existing Worcestershire Shared Services Partnership and other local authorities are novated to the new Worcestershire Shared Services Partnership.
3. Approve the new management structure for Worcestershire Regulatory Services set out in appendix 4 for consultation with staff and recognised trades unions.
4. Following consultation, authorise the Acting Head of Worcestershire Regulatory Services, in consultation with the Chair of the Joint Committee to finalise the future management structure and undertake

recruitment in accordance with the terms set out in the Worcestershire Shared Services Partnership Agreement.

5. *To establish an appointment sub-committee comprising 3 Members of the Joint Committee; the Executive Member from the Host Authority and the Chairman and Vice Chairman supported by officers as detailed in the legal implications contained within this report.*

Contribution to Priorities

The proposals for reconstitution of the Worcestershire Shared Services Partnership will contribute directly to delivery of partner authorities' priorities for economic, social and environmental well-being, including the agreed priorities for WRS set out in the WRS Service Plan 2015/16 and WRS Business Plan 2015/18.

Introduction / Summary

At its meeting on 19 February 2015, this committee approved for consultation proposals for creating and delivering a sustainable regulatory partnership for Worcestershire.

Consultation has been undertaken with partner councils, WRS staff and a range of stakeholders. The outcome of consultation is detailed in this report and is broadly supportive of the original proposals. Significant concerns were however raised in relation to the future level of trading standards service provision by the County Council.

It is proposed that the Joint Committee recommends that partner councils dissolve the current shared services partnership and reconstitute a new one comprising the six district councils, on terms detailed in this report. These reflect the proposals previously presented to this committee. The Joint Committee is also recommended to approve a new senior management structure for Worcestershire Regulatory Services for consultation with staff and recognised trades unions.

Background

The Worcestershire Shared Services Joint Committee (hereafter *the Joint Committee*) was established on 1 June 2010 by the county and six district councils in Worcestershire as the vehicle for their two tier regulatory shared service – Worcestershire Regulatory Services (WRS). This governance model was based upon established arrangements for shared service delivery operating within the County and was structured to allow for

the addition of other shared services.

The Joint Committee and WRS were established in response to central government's challenge that service delivery in two tier local government areas should be no less efficient than in unitary ones. The original business case for WRS was founded on all partner councils having closely aligned policy positions and service levels enabling efficiency gains of 17% to be made, compared with the cost of predecessor arrangements.

WRS has been extremely successful, delivering savings to its partners well in excess of 20% of predecessor arrangements, gaining plaudits from national regulators including the Better Regulation Delivery Office (BRDO). However, in recent years there has been increasing challenge within the partnership arising from differences in partner service requirements, driven by the individual financial pressures on partners. Most notably the County Council has had to make difficult choices regarding the future level of trading standards service provision, with current financial plans identifying net expenditure reducing to £450k in 2016/17.

In February, the Joint Committee endorsed proposals to restructure the current partnership into a smaller partnership of the district councils, with them continuing to have closely aligned policies and service levels, and the County Council entering into a service level agreement with WRS for the provision of trading standards services. The Committee considered that this model would best maintain the strengths and benefits of the original business case whilst protecting individual partner councils from the pressures and risks of diverging financial positions.

The Joint Committee initiated a process of consultation on these proposals, details of which are set out below and have informed the further detailed recommendations for the future partnership contained within this report.

Consultation

Three consultation events were held for elected members of partner councils during mid-March 2015. Each comprised a presentation on the proposals followed by an open question and answer session.

These events did not reveal any objections to the proposals and were broadly supportive of them. It is noteworthy that almost half of the questions related not to the proposals themselves but to the future level of trading standards

services likely to be provided on behalf of the County Council. A copy of the summary of questions and answers is provided at appendix 1.

A consultation event for WRS staff was held on 4 March at the Guildhall. This followed a similar format to the sessions for elected members and was timed to enable key messages to be reported at the elected member events. As with elected members, WRS staff recognised the need for change and were broadly supportive of the proposals, once again expressing concern about the future level of trading standards service provision.

The following stakeholders were consulted in writing:

- Hereford and Worcester Chamber of Commerce
- Health and Safety Executive
- Worcestershire LEP
- Better Regulation Delivery Office
- Worcestershire Federation of Small Business
- Hereford and Worcester Chamber of Commerce
- Food Standards Agency

Written replies were received from Worcestershire LEP and Better Regulation Delivery Office. Both praised the work of WRS with Worcestershire LEP emphasising the importance of its contribution to the Better Business for All initiative. The Better Regulation Delivery Office declined to comment on the Joint Committee's proposals, whilst Worcestershire LEP welcomed them *"to secure WRS as a robust proposition."* The LEP did express concerns about adverse impact upon Better Business for All arising from the proposed County Council reduction in business advice regarding Trading Standards and is pursuing this directly with the County Council.

A meeting was held at the request of the Food Standards Agency Regional Coordinator to discuss the proposals in more detail. The meeting echoed concerns of the LEP and did not subsequently lead to a formal written response.

Reconstitution of the Worcestershire Shared Services Partnership

The extant partnership agreement signed on 1 June 2010 contains provisions enabling partners to leave the partnership. However, these are cumbersome and complex to invoke. Notice periods must be given and the terms of exit determined by agreement of all partners. This includes arrangements for departing partners to bear the financial consequences of their exit. These provisions have never been utilised in relation to this or other similar shared services using this basic agreement.

Legal advice is that it is more appropriate in these circumstances not to rely upon these provisions but for the partners to dissolve the current partnership by mutual agreement and immediately constitute a successor partnership of the six Worcestershire districts. A service level agreement between the new partnership and the County Council for provision of trading standards services would be entered into as the basis for continuing provision of these services recognising the significant investment made by the County Council in the original partnership and WRS.

Dissolution and reconstitution is not a matter within the competence of this Joint Committee and requires a decision of each partner council. Given the time period necessary for each partner to consider this matter and decide upon it, these decisions will likely conclude in September and October this year. Accordingly it is proposed that these changes take place at the turn of the municipal year, 31 March/ 1 April 2016. This timescale also permits WRS management and officers of the partner councils to make the necessary detailed administrative arrangements.

The majority of the terms of the 2010 partnership agreement remain relevant to the proposed new six district partnership as this will continue to operate as a Joint Committee in accordance with Section 101 of the Local Government Act 1972 and Section 20 of the Local Government Act 2000. It is therefore proposed to use the extant agreement as the basis for the new partnership agreement with modifications, additions and deletions reflecting the future requirements.

The key changes to the partnership and agreement are:

- Agreement is between the six Worcestershire districts
- The provision for expansion of the partnership will be deleted
- A requirement will be introduced obliging any partner unable or unwilling to maintain its service levels and financial contributions at or near to other partners to exit the partnership with the option to continue to receive services under a service level agreement on 'at-cost' terms.
- There will be one member from each partner authority on the Joint Committee (instead of the current two members) with robust deputising arrangements and the inclusion of partner officers to form a WRS Board. This will normally be the member with portfolio responsibility for regulatory matters.
- Deletion of the WRS Management Board.

- Delegated authority from partners to the Joint Committee and Head of Service to enter into agreements for the provision of services to other public bodies (delegation dependent upon annual value of agreement and nature of relationship).
- Further provisions relating to the role of the Host Authority in relation to entering into contracts and service level agreements with public bodies on behalf of the Joint Committee.
- New financial provisions relating to adoption of a fee-earner model for new public authority customers and at-cost service provision for former partner councils of the original 2010 partnership.
- New provisions regarding the use of the WRS brand.

Appendix 2 sets out the principal terms of the proposed new partnership agreement identifying proposed amendments, additions and deletions to the extant agreement.

WRS Senior Management Structure

The current WRS senior management structure of Head of Service, Business Managers and Team Managers was that put in place at inception when the shared service had both a larger complement of staff (circa 120 full time equivalents) and budget, albeit that the number of Business Managers and Team Managers was initially greater.

Slimming of senior management numbers has been progressive as the WRS budget and workforce has reduced year on year. Departure of the Head of Service in January 2015 provided an opportunity to re-examine the structure in light of the proposed new partnership, further reducing income and greater focus on undertaking income-generating work for other public bodies.

Based on the projected WRS financial envelope of £3.475 million from 2016/17 onwards and an expected overall workforce of 78 full time equivalents, it is difficult to justify continuing with three levels of senior management given that spans of control are now 1:2 between the top three tiers. Reducing the number of tiers of management will not only free up resources to maintain service delivery but shorten the management chain making it more flexible and responsive. It is intended to retain the post of head of service given the importance of this role in leading the organisation through a further period of change. It is also proposed to delete the existing tier of Business Managers and redefine the roles of Team Managers to create a single tier of senior management reporting to the head of service.

With the planned further downsizing of trading standards

operations, there will cease to be a justification for a dedicated Team Manager. It is proposed to integrate the professional and technical elements of trading standards within the remit of the proposed Environmental Health and Trading Standards Manager, with other intelligence functions reporting elsewhere.

Importantly, some of the capacity released by de-layering senior management will be beneficially reinvested in providing necessary capability for securing new business, external income and managing relationships with partners and customers. A new role of Business and Relationship Manager is proposed to meet this requirement.

It is proposed that one of the Team Managers will act as the designated deputy in the absence of the Head of Service. This may be on a personal to holder basis to give some future structural flexibility.

The proposed future senior management structure for WRS is shown in appendix 4. Based on an evaluation of the revised Team Manager roles it is anticipated that this will contribute in excess of £100k/ annum of savings making a significant contribution to meeting the future WRS financial envelope whilst providing the necessary capacity and focus for future business development. This is considered by Management Board to be the minimum level of managerial resource necessary to ensure effective direction and control of WRS.

Whilst it may appear premature to seek approval to changes in management structure ahead of decision on the future of the partnership, as the financial envelope was defined in the Business Plan approved in February, action is needed to address this now. There will be greater benefits in managing the transition to a reconstituted partnership if the senior management structure has been refreshed and has had time to bed down.

Joint Committee is asked to approve the proposed future structure for consultation with WRS staff and recognised trades unions. Subject to the outcome of this consultation, Joint Committee is also requested to authorise the Acting Head of WRS, in consultation with the Chair of the Joint Committee to finalise the future management structure and undertake recruitment in accordance with the terms set out in the Worcestershire Shared Services Partnership Agreement.

Financial Implications

The future financial envelope for WRS for the period to 2017/18 is already determined within the WRS Business Plan 2015-18, which was agreed by this Committee in February 2015. The proposals set out within this report are designed to ensure that WRS can continue to operate effectively within this envelope and that its resources continue to be focused upon front line service delivery.

The business plan also identifies an income to WRS rising to £300,000 in 2016/17 and it is important that the service has both the necessary stability and management capacity to achieve this.

Dissolution and reconstitution of the partnership in the manner proposed will not impose a significant financial burden on any party and will provide the necessary framework for future financial stability and risk management. By utilising the existing agreement as the basis for a successor drafting will be minimised and it is expected that this can be concluded within existing legal resources.

Implementing the proposed restructuring of senior management will incur some transitional costs as there will be an overall reduction in numbers, managed in accordance with the host authority's HR policies and procedures. This may involve redundancy, early retirement and redeployment costs which will fall upon the partners to meet in the established manner. These will of course be reduced by the current vacancy for Head of Service which is presently filled on an acting basis.

Legal Implications

The proposals and recommendations in this report have significant legal implications as they involve dissolving and reconstituting a shared service partnership. By utilising the proven Joint Committee model and building upon the extant legal agreement these implications will be managed to best effect and the recommended approach is supported by specialist external legal advice.

Future work undertaken for other public bodies will be governed by agreements or contracts that provide appropriate checks and balances to protect the interests of all parties, in particular the new shared service partners. Existing proven models will be adopted for such arrangements wherever practicable and all agreements will be subject to Host Authority legal approval on behalf of the partnership before signature.

It is not proposed to undertake work for non-public bodies as this would require a local authority trading company to be

established by the partners to comply with local authority trading law. This position could be revisited if sufficient private sector work becomes available to more than cover the costs of operating a trading company.

This approach depends for its success on the unanimous agreement of all current and future partners to the recommendations of this committee.

The Worcestershire Regulatory Services Partnership Agreement provides that the appointment of a Head of Regulatory Services be delegated to the Joint Committee by the Participating Authorities. In addition it provides that such appointment be made in accordance with the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001 (Statutory and Non Statutory Chief officers and Deputy Chief Officers) within the meaning of s.2 of the Local Government and Housing Act 1989.

In agreeing to recommendation 4, it will be necessary for the Acting Head of WRS to establish a sub-committee comprising 3 Members of the Joint Committee (one being the Executive Member from the Host Authority), supported by the Acting Head of WRS and an officer from HR (from the Host Authority).

It is proposed for the purposes of this report that the Chairman and Vice Chairman of the Joint Committee make up the remainder of the 2 member places on the sub-committee.

The sub-committee will notify all members of the Joint Committee and the Cabinet of the Host Authority in accordance with the officer employment rules before a formal offer of appointment is made.

Risk

The proposed dissolution and reconstitution of the partnership has been subject to extensive consultation as detailed in this report. There were no objections to the proposals and general support from many respondents. However this consultation was undertaken before the district elections so there is a risk if newly elected councils take a different view, as this proposal remains dependent upon unanimous agreement of all current and future partners.

The approach of implementing this proposal utilising the extant partnership agreement as the basis for a successor agreement minimises the risk of approval by all partners not being achieved.

Sustainability

There may be some risks to operational service delivery during implementation of the new management structure. These will be mitigated by adopting an incremental approach in accordance with Host Authority HR policies and procedures and interim capacity will be utilised if necessary in a similar manner to current arrangements for the Acting Head of Service.

The proposals and recommendations in this report are considered to be those most appropriate to ensuring the future financial and operational sustainability of WRS and the reconstituted Worcestershire Shared Services Partnership.

Contact Points

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Background Papers

'Creating and delivering a sustainable regulatory partnership for Worcestershire' – report of Chair of WRS Management Board – Worcestershire Shared Services Joint Committee – 19 February 2015

'Business Plan for Worcestershire Regulatory Services 2015-2018'

Worcestershire Shared Services Partnership Agreement 1 June 2010

Worcestershire LEP letter of response to consultation on proposed changes to WRS Partnership - 17 April 2015

Better Regulation Delivery Office email response to consultation on proposed changes to WRS Partnership - 8 April 2015

Appendix 1

**SUMMARY OF QUESTIONS, RESPONSES AND COMMENTS AT WRS ELECTED
MEMBER ENGAGEMENT SESSIONS
17 MARCH 2015, COUNTY HALL, WORCESTER
18 MARCH 2015, COUNCIL HOUSE, BROMSGROVE
19 MARCH 2015, CIVIC CENTRE, PERSHORE**

	COUNCILLORS QUESTIONS AND COMMENTS	PANEL RESPONSES
1	Will the proposals lead to more delegation to WRS officers?	No – policy will continue to remain with partners and the current arrangements for delegation to the Joint Committee and Officers will remain.
2	How will new WRS Board operate in relation to Trading Standards?	The WRS Board will have strategic responsibility for ensuring the delivery of Trading Standards services to the County Council in accordance with the terms set down in the proposed Service Level Agreement. The Board will not determine service levels for Trading Standards services which will continue to be a matter for the county council.
3	Have all the Joint Scrutiny Task Group recommendations been taken on board?	The vast majority have and these are referenced in the Joint Committee report. The main recommendation which has not been accepted is appointments of Board members for a two year term. This is not possible because of the constitutional arrangements of several partner councils which take precedence over the partnership agreement.
4	We note there will be only 1 Member and 1 officer on the WRS Board. Will officers be able to vote?	No. The WRS Board will continue to be a Joint Committee under the terms of the Local Government Act 1972 which only permits voting by elected members.
5	Frequency of Joint Committee and WRS Board meetings. Will more frequent meetings be needed to enable the Board to develop its identity?	The initial proposal is for quarterly meetings which are envisaged to be adequate for the WRS Board to provide the necessary strategic direction and decision making. This will of course be reviewed in the light of experience and any changing circumstances. It should be noted that this model has worked well for other shared services in Worcestershire.
6	Are exit arrangements being changed to benefit the County Council?	No. The proposed changes to the partnership exit arrangements are designed to protect the interests of all partner councils and to ensure the future

		sustainability of the partnership.
7	How does repositioning WRS relationship with the County Council help to protect the interests of the Districts?	The basis of the WRS partnership is that partners continue to have a close alignment in terms of priorities, policies and financial capacity. This continues to be the case for the Worcestershire Districts but not so the County Council. This divergence since the formation of WRS has introduced a range of risks which the original partnership agreement is not suitable to manage. The proposed Service Level Agreement with the County Council will clearly define the work that WRS will undertake for it, the resources that will be deployed to do this and the charges that will be made. It is also expected that Trading Standards work will also be re-branded as WCC to provide clarity to customers. These arrangements will ensure that any excess or unmet demand for Trading Standards services will not adversely impact on district Environmental Health and Licensing work and that there will be no unintended cross subsidy.
8	Is this a solution with mutual benefits?	Yes very much so. Partners will continue to benefit from economies of scale and access to professional expertise that they could not achieve alone or in a smaller grouping. All councils, including the County Council will continue to benefit from the unique capabilities of WRS and of investment made to date.
9	Will District partners pay more because the County Council are withdrawing from the partnership?	No. The total financial envelope for WRS will not change as a result of these proposals. The County Councils expected contributions under the proposed Service Level Agreement will mirror those currently forecast. We also expect increased income from work undertaken for other public bodies to help meet future district partner financial expectations.
10	What will happen to the pre-existing financial envelope for WRS?	The total financial envelope for WRS will not change as a result of these proposals.
11	In Trading Standards will WRS need to match the demand coming in with shrinking resources?	Yes the proposed Service Level Agreement will align the Trading Standards work undertaken to the resources deployed by WRS. This reduces risk of work spilling over onto District activities.
12	Does County Council define work for Trading Standards?	Yes the County Council will continue to define the Trading Standards work

	How can Councillors ensure Trading Standards delivers a full proper service?	undertaken for it by WRS. Councillors will be able to hold the County Council's administration to account through the County Council's established governance arrangements.
13	Does the anticipated reduction in expenditure and resources deployed represent a lowering of service for Trading Standards?	The likely reduction in funding for Trading Standards will inevitably mean a smaller number of WRS staff engaged in this work though we will continue to ensure the County Council shares in efficiencies WRS achieves in future that may offset this.
14	Could extra work in Trading Standards could be funded by other organisations, for example Public Health?	Yes it could.
15	Will we consider letting other councils join the new partnership?	No. The aim is to keep the new partnership focused on the closely aligned priorities of the Worcestershire Districts. New partners who may have differing priorities and pressures would create potential governance difficulties. We will of course be looking to selling our services to other councils as described in the Joint Committee report.
16	Majority voting would appear better	Noted
17	What sort of % reductions can be expected for Trading Standards?	This will be a matter for the County Council to determine as part of negotiation of the Service Level Agreement
18	Where is mention of public protection in these proposals?	Public protection remains at the core of the purpose of WRS and is fully address in the WRS Service Plan and Business Plan which was agreed by the Joint Committee at its meeting last February.
19	Is it the case that Capita identified reputational risk with Trading Standards during the recent procurement for a Strategic Partnership?	Capita perceived a number of risks which contributed to their decision to withdraw from the procurement process.
20	Will Trading Standards budget in 2016/17 result in 6 people?	The number of WRS personnel deployed to Trading Standards work in 2016/17 will be agreed with the County Council under the proposed Service Level Agreement.
21	Will Trading Standards have resources to cope if there was an outbreak of say foot and mouth disease?	This is always dependent upon the scale of any outbreak. In the event of a national epidemic as seen a decade ago it would be necessary to bring additional resources and to work closely with other partners such as the police. Existing Mutual Aid agreements would be invoked if this were to happen.

22	Risks for Trading Standards are significantly different for County compared to districts.	Noted
23	What if a district cannot afford current or future levels of funding? What are processes for exit?	An agreed threshold figure for exit will be included in the new partnership agreement which will oblige a Council which is unable to maintain a similar level of policy and financial commitment to other partners to leave the partnership. This is to protect the interests of the other partners. If this occurs any departing partner will be entitled to receive services under a Service Level Agreement in a similar manner to that proposed for the County Council.
24	What if everyone needs to cut?	If all partners are in a similar position this is relatively straightforward as the solution can fit everyone. It must be recognised that future cost reductions cannot be delivered only through efficiencies and service reductions would be necessary.
25	What about the Joint Scrutiny Task Group recommendation to address the lack of training of Members on regulatory matters?	The merit of this recommendation is acknowledged but because it was linked to proposed 2 years term of the Joint Committee is cannot be achieved due to primacy of partner constitutions. WRS will continue to work with partner councils to raise member awareness and understanding of regulatory matters.
26	Reserve substitute Members should be provided for in the new WRS Board arrangements.	Noted and we will see how this can be done similar to the Joint Customer Service Board that oversee the Worcestershire Hub Shared Service
27	Will the implementation period of 3 months allow for involvement of Scrutiny?	This depends on individual partner council constitutional arrangements.
28	What will be the partner payment mechanism?	This is expected to remain "as is"
	How small can the WRS be reduced to?	The aim is to avoid further substantial reductions in the size of WRS by increasing the services sold to other public bodies.

Appendix 2

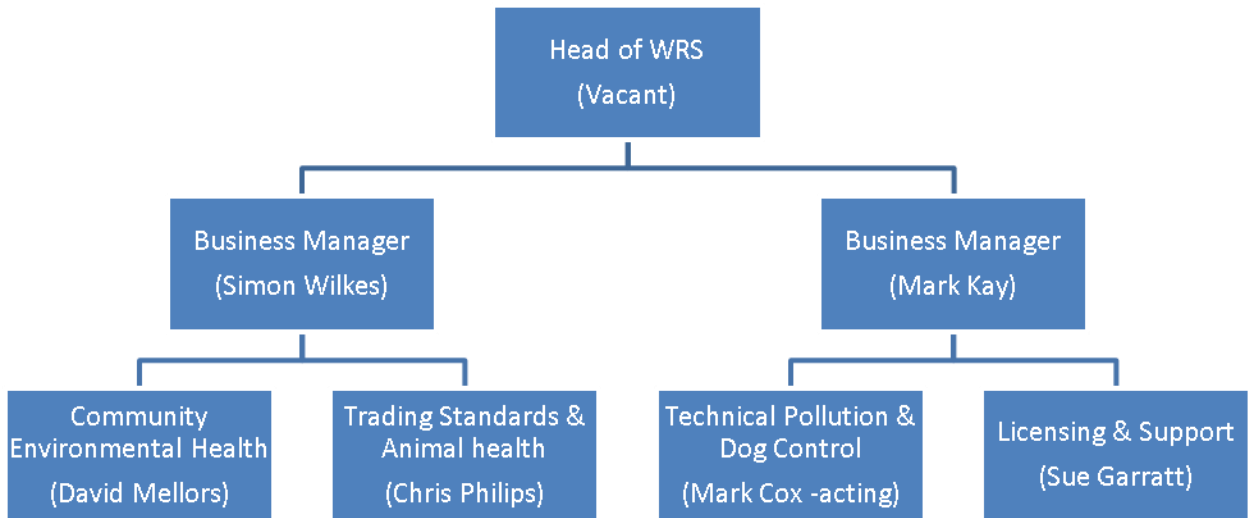
Proposed amendments, additions and deletions to Worcestershire Shared Services Partnership Agreement 2010 to create new Worcestershire Shared Services Partnership Agreement 2016

Item	Reference	Proposed amendments, additions and deletions
	Part I - Between:	Delete (1) Worcestershire County Council and re-number
	Part I recitation (vi)	Amend to include 'sustaining regulatory capacity and expertise by providing services to other public bodies'
	Part I - 1.1	Delete definition of Management Board, update definition of TUPE. Insert definition of 'Service Level Agreement'
	Part I - 2	Insert that the Joint Committee will be known as the Worcestershire Regulatory Services Board
	Part I - 3.4	Previously deleted
	Part I – 4.1	Amend to 'one member' from 'two members' in line 1 and delete 'at least one of those members from' 'authority' from line 3. Insert 'The member shall be the portfolio holder responsible for regulatory matters'.
	Part I – 4.8	Amend to 'will' from 'shall be entitled to' in line 1 and delete 'at least one of the members attending on behalf of that Member Authority'
	Part I – 4.11	Insert 'Each Member Authority shall designate a senior officer to represent it at meetings of the Worcestershire Regulatory Services Board. For the avoidance of doubt such senior will not be members of the Joint Committee and shall have no voting rights.'
	Part I – 6.1.3	Previously deleted
	Part I - 8.1	Previously amended
	Part I – 9.1	Insert 'income targets' on line 3 after 'financial objectives'
	Part I – 9.2	Previously amended
	Part I - 10	Amend to 'Contracts and Service Level Agreements'
	Part I – 10.1	Insert 'and Service Level Agreements' after both references to 'contracts' on line 1 and on line 4; Insert ' and the supply of services to other public bodies' after 'services' on line 2; Delete ' or Shared Services Management Board'
	Part I - 10	Insert new sub-clause specifying that Service Level Agreements entered into with other public bodies must be in accordance with the Shared Service Business Plan and be on such terms as may from time to time be specified by the participating Authorities. Insert new sub-clause limiting use of the Worcestershire Regulatory Services name and brand to Participating Authorities and services delivered on their behalf or with their authority only.

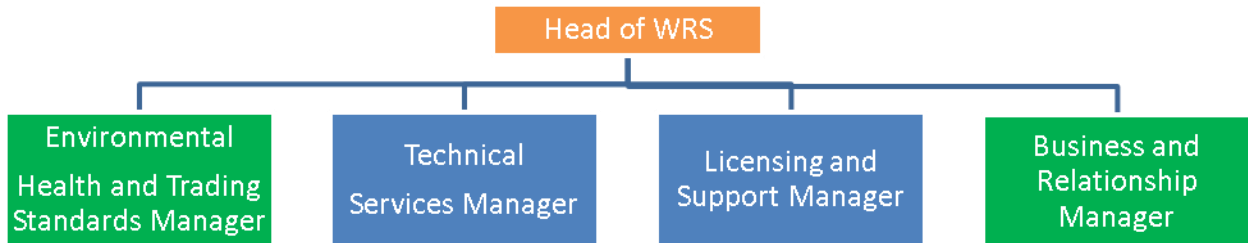
Part I – 15.2.2	Insert 'or Service Level Agreement' after 'contract' in line 1.
Part I – 11	<p>Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that TUPE will apply in circumstances where such work is transferred upon expiry or termination of such Service Level Agreements.</p> <p>Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that all redundancy and termination costs arising from the cessation of such work other than by TUPE transfer must be borne by the non-participating authorities concerned.</p>
Part I - 15	Modify clauses to clarify that where work is undertaken for non-participating authorities and other public bodies under Service Level Agreements, that the Participating Authorities shall be required to indemnify the Host Authority against all actions claims demands expenses and costs arising out of or in connection of the provision of the relevant services under the said Service Level Agreement
Part I - 18	<p>Amend to 'Duration and Termination'</p> <p>Insert new sub clause requiring a Participating Authority to withdraw its participation from one or more shared services in circumstances where it is no longer able to maintain a similar policy service and financial position to other Participating Authorities</p> <p>Insert new sub clause permitting a withdrawing Participating Authority to enter into a Service Level Agreement for continued delivery of services on terms to be agreed by all the Participating Authorities without invoking the provisions of Schedule 2. Amend 18.2 accordingly.</p> <p>Amend 18.1.2.1 to '31st March 2018' corresponding to earliest termination date in original agreement</p>
Part I – Schedule 1 (iv)	Insert additional bullet point 'Gaining external business and income generation'
Part I – Schedule 1 - 2.4	Amend 'seven' to 'six'
Part I – Schedule 1 - 6	Insert 'the senior officer nominated in accordance with 4.11 will attend every meeting of the WRS Board.'
Part I – Schedule 1 – 9.5.2	Delete and replace with 'Decisions on all matters relating to the functions delegated under any subsequent Part of this agreement shall be by a simple majority of those present and entitled to vote thereon'.
Part II – 1.1	Delete 'Worcestershire County Council' and renumber
Part II – 4, Schedule 1, Schedule 3 and Appendix 1 (Statement of partner requirements)	Delete references to Worcestershire County Council and Trading Standards Services. Delegations to be contained within future Service Level Agreement

	Part II - 5	Delete entire clause
	Part II - 8	Previously amended
	Part II – 10	Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that all pensions costs in respect of such work shall be borne by the non-participating authority concerned.
	Part II – Schedule 4	<p>Amend to incorporate 'fee earner' calculation model and that this is the basis of charging for work undertaken for non-participating authorities and public bodies.</p> <p>Insert clause that Worcestershire County and any future withdrawing Participating Authorities will receive services 'at cost' based on 'fee earner' rates without plusage</p> <p>Insert clause delegating determination of plusage applied to 'fee earner' rates in respect of work undertaken for external organisations to Head of Shared Service</p> <p>Insert clause clarifying intention to move to future cost sharing between Participating Authorities based on application of 'fee earner' rates to rolling three year average recorded activity levels and that current cost sharing arrangements will remain in place until three full years activity data becomes available.</p> <p>Insert clause providing for WRS and Host Authority to collect fee income on behalf of partners and external customers and for this to be off-set against contributions to the costs of the Joint Committee and WRS</p>
	Various	Other consequential additions, deletions or amendments as may be found necessary whilst drafting

Appendix 3 – Current WRS Senior Management Structure



Appendix 4 – Proposed WRS Senior Management Structure



Appendix 2**Proposed amendments, additions and deletions to Worcestershire Shared Services Partnership Agreement 2010 to create new Worcestershire Shared Services Partnership Agreement 2016**

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	Part I - 10	Insert new sub-clause specifying that Service Level Agreements entered into with other public bodies must be in accordance with the Shared Service Business Plan and be on such terms as may from time to time be specified by the participating Authorities. Insert new sub-clause limiting use of the Worcestershire Regulatory Services name and brand to Participating Authorities and services delivered on their behalf or with their authority only.
	Part I - 15.2.2	Insert 'or Service Level Agreement' after 'contract' in line 1.
	Part I - 11	Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that TUPE will apply in circumstances where such work is

		transferred upon expiry or termination of such Service Level Agreements. Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that all redundancy and termination costs arising from the cessation of such work other than by TUPE transfer must be borne by the non-participating authorities concerned.
	Part I - 15	Modify clauses to clarify that where work is undertaken for non-participating authorities and other public bodies under Service Level Agreements, that the Participating Authorities shall be required to indemnify the Host Authority against all actions claims demands expenses and costs arising out of or in connection of the provision of the relevant services under the said Service Level Agreement
	Part I - 18	Amend to 'Duration and Termination' Insert new sub clause requiring a Participating Authority to withdraw its participation from one or more shared services in circumstances where it is no longer able to maintain a similar policy service and financial position to other Participating Authorities Insert new sub clause permitting a withdrawing Participating Authority to enter into a Service Level Agreement for continued delivery of services on terms to be agreed by all the Participating Authorities without invoking the provisions of Schedule 2. Amend 18.2 accordingly. Amend 18.1.2.1 to '31 st March 2018' corresponding to earliest termination date in original agreement
	Part I – Schedule 1 (iv)	Insert additional bullet point 'Gaining external business and income generation'
	Part I – Schedule 1 - 2.4	Amend 'seven' to 'six'
	Part I – Schedule 1 - 6	Insert 'the senior officer nominated in accordance with 4.11 will attend every meeting of the WRS Board.'
	Part I – Schedule 1 – 9.5.2	Delete and replace with 'Decisions on all matters relating to the functions delegated under any subsequent Part of this agreement shall be by a simple majority of those present and entitled to vote thereon'.
	Part II – 1.1	Delete 'Worcestershire County Council' and renumber
	Part II – 4, Schedule 1, Schedule 3 and Appendix 1 (Statement of partner requirements)	Delete references to Worcestershire County Council and Trading Standards Services. Delegations to be contained within future Service Level Agreement
	Part II - 5	Delete entire clause
	Part II - 8	Previously amended
	Part II – 10	Insert clause clarifying that where employees are employed on work undertaken for non-participating authorities under Service Level Agreements that all pensions costs in respect of such work shall be borne

		by the non-participating authority concerned.
	Part II – Schedule 4	<p>Amend to incorporate 'fee earner' calculation model and that this is the basis of charging for work undertaken for non-participating authorities and public bodies.</p> <p>Insert clause that Worcestershire County and any future withdrawing Participating Authorities will receive services 'at cost' based on 'fee earner' rates without plusage</p> <p>Insert clause delegating determination of plusage applied to 'fee earner' rates in respect of work undertaken for external organisations to Head of Shared Service</p> <p>Insert clause clarifying intention to move to future cost sharing between Participating Authorities based on application of 'fee earner' rates to rolling three year average recorded activity levels and that current cost sharing arrangements will remain in place until three full years activity data becomes available.</p> <p>Insert clause providing for WRS and Host Authority to collect fee income on behalf of partners and external customers and for this to be off-set against contributions to the costs of the Joint Committee and WRS</p>
	Various	Other consequential additions, deletions or amendments as may be found necessary whilst drafting

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Finance Monitoring outturn 14/15

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management.
Relevant Head of Service	Jayne Pickering
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non Key Decision	

1. SUMMARY OF PROPOSALS

This report details the Council’s final financial position for 2014/15 for both General Fund and Housing Revenue Account .

2. RECOMMENDATIONS

The Executive Committee is asked to RESOLVE

- 2.1 That Executive Committee note the current financial position on Revenue and Capital as detailed in the report.

The Executive Committee is asked to RECOMMEND

- 2.2 The approval in the movement in reserves as detailed in Appendix 1

3. KEY ISSUES

- 3.1 This report provides details of the outturn financial position for 2014/15 across the Council. The aim is to ensure Officers and Members have an accurate statement of the overall position of the Council.

Financial Implications

- 3.2 The Council set a balanced budget in February 2014 for the financial year 2014/15. Within the budget were included savings of £635k which were not fully identified. These included savings relating to Shared Services, Transformation, and general vacancies with the Council. It was anticipated that budget holders would manage budgets accordingly to ensure that the savings were met during 2014/15.

- 3.3 As can be seen from the summary below all unidentified savings and an additional £99k saving has been achieved by the end of the financial year. It should be noted that the accounts are subject to audit by the External Auditors Grant Thornton.

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3.5 It is proposed that the £99k underspend is transferred to balances.

<p>Revenue Budget Summary – Overall Council Financial Year 2014 /15</p>
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3.5 Internal recharges have not been included in these figures to allow comparison for each service area. However Support costs have been included.

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Business Transformation	1,780	1,628	-152
Community Services	1,581	1,509	-72
Corporate Services	855	816	-38
Customer Access & Financial Support	1,781	1,395	-386
Environmental Services	2,507	2,297	-210
Finance & Resources	864	909	45
Housing Services (GF)	1,064	928	-136
Legal & Democratic Services	821	614	-207
Leisure & Cultural Services	2,483	2,591	108
Planning and Regeneration	662	540	-123
Regulatory Services	398	361	-38
Recharges to HRA – share of saving		475	475
Service Total	14,796	14,063	-734
Unidentified Savings	-635	0	635
Grand Total	14,161	14,063	-99

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Financial Commentary:

The successful achievement of the £635k of unidentified savings has been challenging to budget holders this financial year. Officers have ensured that services have been maintained and improved where possible whilst reducing expenditure on non essential items, holding vacancies open and increasing income where possible.

The delivered savings have included:

- Provision of priority training to ensure staff are aware of legislative and statutory responsibilities and therefore saving on the non essential generic training
- Holding manager posts vacant to deliver savings and to mitigate the impact of redundancies
- Previously unforeseen income (eg Pension refunds from Early Help) that reduced the cost of services
- Additional grant income being received (New Burdens)
- Additional Income for bereavement services and Land Searches
- Savings on Election costs

Following the savings being delivered a full review is underway to ensure the reduced cost base is captured for future years reductions in budgets.

**Capital Budget Summary – Overall Council
Financial Year 2014 /15**

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Business Transformation	207	142	-65
Community Services	1,268	483	-785
Customer Access & Financial Support	375	180	-195
Environmental Services	2,906	211	-2,695
Financial Services	46	50	4
Housing	9,708	8,906	-802

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Leisure & Cultural Services	387	343	-44
Planning and Regeneration	14	14	0
Regulatory Services	98	2	-96
TOTAL	15,009	10,331	-4,678

Financial Commentary:

The significant underspend on Capital projects has resulted in lower borrowing costs for the Council which have benefitted the delivery of the unidentified savings.

The savings are mainly as a result of:

- IT Projects on-going particularly Public Services Network
- Reduction in demand for Disabled Facilities Grants – demand has been met but is lower than in previous years
- Slippage in property services projects due to other works being undertaken
- Deferral of procurement of new vehicles whilst the an assessment of the needs of the new ‘Place’ team was undertaken
- Underspends on HRA works whilst officers ensured the projects met the needs of the community

The budgets will be carried forward to support the projects in 2015/16.

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<p>Business Transformation Financial Year 2014 /15</p>

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Business Transformation	910	862	-48
Corporate Strategy	86	69	-18
Head Of Business Transformation	48	47	-1
Human Resources	582	486	-96
It Licences Direct Services	154	164	10
TOTAL	1,780	1,628	-152

Financial Commentary:

There were a number of vacancies within the HR department and maternity leave cover which was provided internally.
 Additional underspends in HR are also attributed to an under spend against the corporate training budget. Essential training has been delivered to staff to ensure services are maintained to an appropriate standard.
 The savings within Corporate Strategy are due to the variable nature of the service e.g. translation and interpretation services. It is not possible to know how much demand will be placed on these types of services in advance.
 The IT Licence budget includes a number of corporate software licences. The increased number of Finance user licences for the new finance system has increased spend against this budget. The additional licenses will provide enhanced access for budget holders to review their financial position on line in the future to support more effective decision making.

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Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
PSN Refresh /IT and Infrastructure replacement	207	142	-65
Total	207	142	-65

Financial Commentary:

ICT replacement programme has been reviewed as part of the PSN project. The PSN project is underway, specific requirements to meet the Public Service Network regulations have been identified. These projects are ongoing and the £65k will be spent in 15/16.

**Community Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Community Services	1,249	1,111	-138
Control Centre Manager / Lifeline	282	348	66
Manager Care & Repair Total	50	50	0
Total	1,581	1,509	-72

Financial Commentary:

Within Community services income was received in relation to Pension costs from Early Help for £93k which was not anticipated at the beginning of the year. Housing licences generated £5k extra income, vehicle costs were lower than anticipated and there were saving on salary costs due to vacancies. There was a shortfall in income for Lifeline following the supporting people funding from County Council being withdrawn.

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Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Disabled Facilities Grant	818	432	-395
Energy & Efficiency Installs	94	0	-94
HMO Grants	60	3	-57
Home Repairs Assistance	226	47	-178
Housing Needs Assessment	4	0	-4
Housing Computer System	10	0	-10
Small Area Improvements	47	0	-47
Early Help Equipment	10	10	0
Total	1,268	483	-785
Financial Commentary: There has been a reduction in new applications for disabled Facilities Grants and Home Repairs Assistance however the Council continues to meet demand in this area.			

**Corporate Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Corporate Admin / Central Post / Printing	855	816	-38
Total	855	816	-38
Financial Commentary: There has been a saving within the post room due to the changes in the structure and an additional grant (new burdens) has been received in year which has contributed to the underspend.			

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**Customer Access & Financial Support
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Asset & Property Management	1,018	994	-24
Customer Services	539	535	-4
Revenues & Benefits	224	-134	-357
Total	1,781	1,395	-386

Financial Commentary:
 Asset & Property Management underspend is due to additional income received and a saving on SLA's for arrangements with the County Council.
 Revenues & Benefits underspend is made up of a number of elements, including savings achieved through service reviews, staff vacancies and reduced agency costs. Further savings have come about due to reducing the number of managers in the service, shared management with Bromsgrove District Council and the deletion of vacant posts which our transformation activity has evidenced we will no longer need. (all reported at Qtr 3)

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
GF Asbestos	70	26	-44
Public Building	280	154	-126
Energy Management	25	0	-25
Total	375	180	-195

Financial Commentary:
 Due to a number of other unforeseen projects it has not been possible to commence work on some of the capital projects planned for properties so far this year. There has also been an unavoidable delay on the catafalque (supporting platform) in the Crematorium. The works are still scheduled and therefore the budget will carry forward

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into next financial year.

**Environmental Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Bereavement Services	-315	-455	-140
Cleansing	601	556	-45
Climate Change	13	11	-1
Environmental services Management	614	560	-55
Highways & Drainage (inc civil parking)	467	492	26
Landscape & Grounds Maintenance	100	124	24
Manager supplies & Transport	-26	-10	16
Waste Management - Refuse & Recycling	1,005	984	-22
Waste Management Policy	48	35	-13
Total	2,507	2,297	-210

Financial Commentary:

Bereavement Services income is higher than anticipated due to an increase in the number of cremations.

Salary savings from vacant posts account for the majority of the savings in Cleansing, Environmental Services Management and Waste Management.

Civil Parking Enforcement has seen a reduction in anticipated income due to increased compliance. Officers are currently working with Wychavon District Council with regard to the future provision of the service.

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Capital Budget summary

Service	Revised Budget 2014 /15	Actual spend 2014-15	Variance
	£'000	£'000	£'000
Crematorium Enhancement	138	5	-133
Crematorium Extension	11	0	-11
Crossgate Depot Imps 2010	20	0	-20
Estate Enhancements	228	0	-228
Footpath Improvements	13	0	-13
Foxlydiate Crescent Lighting	25	25	0
Improved Parking Scheme	263	102	-161
Land Drainage schemes	55	12	-43
Landscape Improvement Programme	46	33	-13
Recycling Project	25	5	-20
Town Centre Landscape Scheme	429	2	-427
Vehicle replacement programme	1,590	22	-1,568
Woodland Schemes	57	4	-53
Total	2,906	211	-2,695

Financial Commentary:

Officers are currently in the process of organising works for the crematorium extension, improved parking scheme, estate enhancements and woodland schemes and therefore the budget has been re-profiled into 2015/16 to reflect that expenditure will be in the next financial year.

Procurement is taking place for the vehicle replacement programme but vehicles will not be received until the beginning of the new financial year 2015/16.

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**Financial Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Financial Services & Procurement	626	649	23
Corporate Management & Audit	275	260	-15
Total	901	909	8

Financial Commentary:

The overspend within Financial Services & Procurement is due to the service review part way through the year resulting in redundancy & pension strain.
The underspend within Corporate Management & Audit is due to lower than expected recharge for Audit Service and one off savings on subscriptions.

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Finance replacement System	46	50	4
Total	46	50	4

Financial Commentary:

There are no major variances to report

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**Housing Services (General Fund)
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Housing General Fund	1,064	928	-136
Total	1,064	928	-136

Financial Commentary:

There have been a number of vacant posts within the service whilst the new approach to working within localities has been developed and implemented. A review of the staffing structures is currently underway to enable a flexible workforce to be in place to support the new arrangements.

Capital Budget summary - HRA

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Catch up repairs- bath replacements	863	1,090	227
Catch up repairs- Kitchen Upgrades	125	256	131
Catch up repairs	383	502	119
Asbestos General	543	227	-315
Structural repairs	301	298	-3
General roofing	701	625	-76
Rewiring	1,051	1,151	100
Upgrade of Ch systems	1,492	1,645	153

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Window replacements	104	175	71
Disabled adaptations	786	722	-64
Security Door Entry Scheme	51	53	2
Sheltered Scheme – Facility Upgrade	-	3	3
External Cladding & Wall hanging	323	327	4
Insulation	1,692	740	-952
Repairs to Sheltered Hsg Stock	38	8	-30
Winslow Close Heating	34	17	-17
Drainage	51	24	-28
Water supply	103	74	-29
Environmental Enhancements	658	790	132
Masonry works	408	181	-228
Housing Management IT System	100	-	-100
Total	9,708	8,906	-802

Financial Commentary:

Officers are working to deliver the capital works as per the HRA business plan.

Although the bathroom replacement is a planned contract of works. During 2014/15 a number of bathrooms have been replaced in void properties and charged to the replacement budget. These were not anticipated but have not impacted on the overall position of the capital funding available.

Asbestos

The asbestos budget was originally set following a large amount of work to remove asbestos from council properties. The budget was set for future years based on this demand, in the current year it has not been necessary to use the budget. The virements requested in Qtr 2 have been actioned, the remaining budget will be kept in case unforeseen asbestos works are required in the future.

Insulation – (External insulation)

The project was originally slow to get off the ground due to a number of issues. We have also had a spell of inclement weather which has held up the finishing process. Under new guidelines by OFGEM, the utility companies are having to go through additional processes to get payments agreed therefore delaying the profile of the expenditure.

However, the EWI project is ongoing with EON and officers anticipate a large proportion of the

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monies to be spent in the short term. The external insulation work is on a rolling programme and officers are currently looking at the next phase which will be around the town centre, any budget unspent will roll over to complete the works.

**Legal, Equalities and Democratic Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Democratic Services & Member Support	320	273	-47
Elections & Electoral Services	181	101	-81
Legal Advice & Services	320	241	-80
Total	821	614	-207

Financial Commentary:
 There has been an underspend in Member budgets generally 2014/15 and Democratic Services are carrying a vacant post pending service review.
 Election accounts are now finalised and have resulted in a significant underspend, this was previously reported in Qtr 3.
 Legal Advice & Services saving is due to partial salary underspend due to local hours reduction (as reported in last quarter), a change in the Shared Services agreement with Bromsgrove District Council and increased SLA income. Also Land Charges has seen an upturn in search requests.

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**Leisure and Cultural Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Business Development	123	131	8
Cultural Services	765	737	-28
Leisure & Cultural Management	82	76	-7
Parks & Open Spaces	838	812	-26
Sports Services	675	835	160
Total	2,483	2,591	108

Financial Commentary:

Abbey

- The Centre continues to experience a higher than ideal turnover of staff and difficulties in recruiting staff that are competent to fill contracted and relief posts. This has resulted in front line shifts being covered by existing staff sometimes at enhanced rates of pay which place the staffing budgets under pressure. In addition to this we have suffered periods of long term sickness again which needs to be covered to ensure the service remains open to users. To address this further recruitment options are being explored and the service is attempting to attract candidates through pro active promotion.
- The Rates revaluation was higher than the budget allocated. WCC have procured a specialist company to appeal against this uplift but unfortunately it has been unsuccessful. The budget has been uplifted to reflect the revised valuation for 15/16 but this has increased costs in this financial year.
- Reduction in income related to loss of health and fitness members is due to continued competition with in the local area that was not present when the centres original business case was drafted. Officers are looking into ways of addressing these concerns and will roll these out across the summer period.
- Additional instruction costs have been incurred due to capacity issues relating to the group exercise programme to satisfy local demand in order to protect the current membership levels.
- Maintenance costs have increased due to unexpected issues presenting themselves as we move away from the contractual agreement with the

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construction company who built the site. Areas included high costs related to repairs to air handling units, and additional electric works which will hopefully reduce consumption during 15/16.

- Utility bills are higher than budgeted due to maintenance and service issues with plant. RBC are working with WCC to resolve these issues so we are hopeful of addressing this overspend in 15/16.

The differential in out turn position between Quarter 3 and 4 is related to a number of issues detailed below;

- The overtime budget was overspend due to vacant posts which increased running the 4th quarter, as well as short term and long term sickness. In addition to these additional pressures when forecasting the Quarter 3 position for year end the base lie n information contained and oversight that meant the formula used was inaccurate.
- A number of smaller budget lines such as Fire Insurance and Chemicals were under projected when the forecast was set due to increased market costs from suppliers that were unknown at the time. Budgets have now been adjusted to reflect this in Quarter 3.
- Additional group exercise classes provided were provided to meet demand in the peak period which has increased costs associated with running the services, these were not anticipated when the forecast was set but view as essential given their link to memberships.
- Higher than projected energy costs have been incurred due to maintenance issues with plant as detailed above as it was anticipated by officers that these matters would be resolved to generate a reduction in consumption during the final quarter of the year.
- Income projections in the peak period related to Health and Fitness Memberships were not met and provide to be over optimistic. .

Golf Course

- 20% Decline in golf participation nationally / regionally. This will be offset in 15/16 with additional income from driving range (subject to grant funding), indoor practice area, revised rental payment for the catering lease, and review of membership fees. Income is already showing an increase when comparing this for the 1st quarter in 15/16 to that in 14/15.

Kingsley

- Lost income due to pool being closed for 12 weeks due to essential maintenance and squash court closure due to flood. This work was resultant from major defects which happened during the financial year so could not be reflected in budget targets. In relation to the Squash Courts we were unable to predict the length of closure due to the costs to replace flooring being included in a insurance claim and dispute between the County Council, Tudor Grange Academy and contractors. The pool is now re-open so usage and income levels are back to normal.

There has been reduced income in Business Development in both roundabout

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sponsorship and hire of the Civic suite.

Cultural services has savings relating to increased usage of the community centres, reduced expenditure on Bonfire Event and the income generation at the Palace Theatre.

Parks and open spaces had a saving of £20k due to the reduction of capital charges.

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Abbey Stadium	315	294	-21
Greenlands Public Open Space	8	2	-6
Pitcheroak Golf	16	6	-10
Old Forge Car Park	48	41	-7
Total	387	343	-44

Financial Commentary:

The Abbey Stadium main contract is now completed with remedial works expected to be completed shortly.

Old Forge car parks to be completed in early 2015

All remaining projects are expected to be completed in early 2015

**Planning and Regeneration
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Building Control	27	48	21
Development Management	152	106	-46
Economic Development	158	107	-51
Planning Policy	326	279	-47

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Total	662	540	-123
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Financial Commentary:
 Building control income has been lower than expected resulting in a shortfall to budget. There has been a saving on salaries in development management along with additional income being received on planning applications. Planning Policy has also a saving on salaries due to maternity leave and the legal budget has not been utilised as anticipated. The Business Centres have seen savings on their utilities and additional income.

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Town Centre Development	14	14	0
Total	14	14	0

Financial Commentary:
 No significant variances to report.

**Regulatory Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Environmental Health	571	557	-14
Licensing	-172	-196	-23
Total	398	361	-38

Financial Commentary:
 No Significant Variances.

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Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Worcestershire Regulatory Services – ICT system	98	2	-96
Total	98	2	-96
Financial Commentary:			
<p>The expenditure for a new IT system is jointly funded by all partners in accordance with the business case. There was little spend in 14/15 due to a freeze on capital spend during the review into the potential strategic partnering arrangement. The budget for will be reduced to £12k in 15/16 to be spent on mobile/flexible working.</p>			

Treasury Management

3.8 The Council’s Treasury Management Strategy has been developed in accordance with the Prudential Code for Capital Finance prudential indicators and is used to manage risks arising from financial instruments. Additionally treasury management practices are followed on a day to day basis.

Credit Risk

3.9 Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council’s customers. Credit risk is minimised by use of a specified list of investment counterparty criteria and by limiting the amount invested with each institution. The Council receives credit rating details from its Treasury Management Advisers on a daily basis and any counterparty falling below the criteria is removed from the list.

3.10 At 31st March 2015, there were no short-term investments held by the Council.

Income from investments

3.11 An investment income target of £25k has been set for 2014/15 using a projected rate of return of 0.25 %.

EXECUTIVE COMMITTEE14th July 2015**Housing Revenue Account**

- 3.12 The 2014/15 financial position resulted in a net cost of the service of £60k to the anticipated £75k surplus to budget . The amount in HRA balances now stands at £970k.
- 3.13 The main variations are due to a significant shortfall in income to fund expenditure of £275k offset by reductions in the bad debt provision following a review of requirements to support the outstanding debt.
- 3.14 Appendix 2 details the income and costs for the year for the HRA.

Legal Implications

- 3.15 No Legal implications have been identified.

Service/Operational Implications

- 3.16 Sound performance management and data quality are keys to achieving improved scores in the use of resources judgement. This performance report supports that aim.

Customer / Equalities and Diversity Implications

- 3.17 Performance Improvement is a Council objective.

4. RISK MANAGEMENT

Risk considerations are covered within the report.

5. APPENDICES

Appendix 1 – Reserves Statement – to follow
Appendix 2 – HRA 2014/15 Statement

6. BACKGROUND PAPERS

None.

AUTHOR OF REPORT

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APPENDIX 2

HOUSING REVENUE ACCOUNT (HRA)
REVENUE OUTTURN 2014/15

	2014/15 Approved Budget	2014/15 Actual	Variance
<u>INCOME</u>			
Dwelling Rents	23,941,960	23,871,081	70,879
Non-Dwelling Rents	460,000	473,372	-13,372
Charges for Services & Facilities	298,750	262,636	36,114
Contributions to Expenditure	808,440	532,964	275,476
Government Subsidies			0
Total Income	25,509,150	25,140,052	369,098
<u>EXPENDITURE</u>			
Supervision & Management	6,570,950	6,331,494	-239,456
Repairs & Maintenance	4,665,630	4,911,214	245,584
Rents, rates, taxes and other cha	171,390	126,555	-44,835
Depreciation	5,986,920	5,986,920	0
Item 8 Debit	4,164,750	4,173,930	9,180
Debt Management Costs		20,499	20,499
Subsidy Limitation paid to GF	54,450	0	-54,450
Negative HRA subsidy payable			0
Provision for Bad Debts	400,000	205,356	-194,644
Total Expenditure	22,014,090	21,755,968	-258,122
Net Cost of Services	-3,495,060	-3,384,084	110,976
Provision for Job Evaluation			0
Net Operating Expenditure	-3,495,060	-3,384,084	110,976
Interest Receivable	-79,750	-55,217	24,533
RCCO	387,298	387,298	0
Transfer to Earmarked Reserves	3,112,702	3,112,702	0
(Surplus) / Deficit on services	-74,810	60,698	135,508
<u>HOUSING REVENUE ACCOUNT BALANCE</u>			
Surplus as at 1st April 2014	1,031,192	1,031,192	0
Surplus/(Deficit) for year 2014/15	74,810	-60,698	135,508
Surplus as at 31st March 2015	1,106,002	970,494	135,508

EXECUTIVE**14th July 2015****REVIEW OF OPERATION OF LEISURE SERVICES**

Relevant Portfolio Holder	Cllr. Pat Witherspoon, Portfolio Holder for Leisure & Tourism
Portfolio Holder Consulted	Yes
Relevant Director	Sue Hanley
Wards Affected	ALL
Key Decision	YES

1. SUMMARY OF PROPOSALS

- 1.1 This report provides Members with the findings of an externally commissioned options appraisal of potential management options for the delivery of leisure and cultural facilities and services.
- 1.2 The report provides the Executive Committee with an overview/assessment of the options appraisal and identifies additional work which may be required.
- 1.3 Executive Committee will have the opportunity to consider the recommendations of Overview & Scrutiny Committee who have fully considered the options appraisal.

2. RECOMMENDATIONS

The Executive Committee is asked to RECOMMEND to Council:-

- 1. Consider the report and the options appraisal and decide if any of the identified alternative models for the delivery of leisure and cultural services be pursued;**
- 2. If an alternative delivery model is decided, for Officers to commission external support and advice to undertake a further comprehensive business case at an estimated cost of £25,000 to £30,000 and for Officers to identify the funding source for this work.**

OR

EXECUTIVE**14th July 2015**

3. **Should Members consider that further work is required prior to a decision on the future delivery of leisure and cultural services, RECOMMEND to Council:-**
- (a) **Release of balances in 2015/16 of £100,000 to offset the income budget that has been allocated in the Medium Term Financial Plan and transfer of £50,000 from the Business Rates levy reserve that is no longer required for 2014/15. These transfers will therefore remove the £150,000 projected savings in 2015/16 (reference 3.9);**
- and **RESOLVE to:**
- (b) **Complete the transformation work which has commenced to gain a greater user/ customer perspective to influence preferred delivery model(s) (reference 3.26);**
- (c) **Report back to Executive at the earliest opportunity with a timetable for delivery of any additional work with any associated costs.**

3. KEY ISSUES**Background**

- 3.1 The Overview & Scrutiny Committee launched a Task Group review of the Abbey Stadium in 2013. Findings of the review were considered by Executive Committee in June 2014 that:-
- a) The Council should explore the options for a leisure trust to manage some or all of its facilities, including the Abbey Stadium; and
- b) The Overview and Scrutiny Committee should be given the opportunity to pre-scrutinise any final business case relating to the future operation of some or all of the Council's leisure facilities, including the Abbey Stadium prior to its submission to the Executive Committee.
- Outcomes and recommendations from Overview and Scrutiny will be advised to Executive Committee for their consideration.
- 3.2 In acknowledgement of the work of the Task Group and exploration of opportunities to make efficiencies / savings, the Strategic Management Team directed the Head of Leisure & Cultural Services to commission an Options Appraisal. This externally commissioned appraisal required

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an outline of the potential options for the future delivery of leisure and cultural services and this was specified in the brief.

“Consideration of all future management options, against the need to make budgetary savings and the aspiration to achieve service improvements.”

- 3.3 The Sports Consultancy were commissioned to undertake the Options Appraisal in April 2014. Whilst it was initially advised in the proposal letter that this appraisal would be undertaken/completed within four weeks, there were significant delays in the production of a final report, predominantly due to collation and production of the financial and service information required to support the appraisal.
- 3.4 Initial reports were received in (July 2014 and October 2014) with a final draft options appraisal received in January 2015. This report is enclosed for Members consideration at Appendix 1.

The exempt information extracted from the options appraisal is contained with Appendix 2.

- 3.5 Members of the Overview and Scrutiny Committee have undertaken pre-scrutiny work in the following stages:-
- (i) Scrutiny of terms of reference and specification to external consultant's supplementary report and information (09/06/15);
 - (ii) Discussion of report findings (options appraisal) from consultants with supplementary information and detail (24/06/15);
 - (iii) Review of Executive report, (pre-scrutiny of this report) (07/07/15).

As Overview and Scrutiny will not have their final scrutiny/meeting until after this report is published, any recommendations will be provided to Executive as an addendum report for consideration at the meeting.

Financial Implications

- 3.6 The original cost of the options appraisal was £4,950 and was found from within existing budgets with the costs met equally between Redditch Borough Council and Bromsgrove District Council.
- 3.7 The financial implications outlined within the options appraisal (Appendix 1) can be summarised as follows:-
- (i) Current costs of service (RBC) Page 7
 - (ii) Set up costs and timetable Page 25-26
 - (iii) VAT and NNDR position Page 29-30

REDDITCH BOROUGH COUNCIL**EXECUTIVE****14th July 2015**

- | | | |
|------|--|---------------------------------|
| (iv) | Financial modelling and assumptions for each delivery option | Page 31
(Pages 32-34 exempt) |
|------|--|---------------------------------|

- 3.8 Savings of £150,000 for this financial year 2015/16 were built into the Medium Term Financial Plan which was endorsed by Executive and Full Council on the 23rd February 2015.

The Plan stated “potential savings that could be delivered from a review of how Leisure Services are delivered”.

If Members decide not to proceed at this time with an alternative delivery model for the provision of leisure and cultural services, additional savings commensurate with this sum will need to be identified to deliver a balanced budget.

- 3.9 Should Members not proceed then it is proposed that the sum of £150,000 be met from balances which have been increased following the additional savings made in 2014/15 of £100,000 and £50,000 transferred from reserves for Business Rates that have not been required in 2014/15.
- 3.10 An additional £150,000 savings were built into the MTFP for 2016/17 and each year thereafter making an annual saving of £300,000. This budgetary gap will need to be addressed in future years’ budgets and will form part of the discussions later this year.
- 3.11 In pursuance of any further/additional detailed evaluation and external support it is anticipated that there would be a further cost to the Council during 2015/16 which will need to be budgeted for. This cost is anticipated to be in the region of £25-30,000.

Procurement

- 3.12 Procurement requirements were met in relation to the commissioning of the options appraisal (Appendix 1).
- 3.13 Should Executive agree to additional external advice being commissioned, this will be undertaken in full accordance with the Council’s procurement processes.
- 3.14 Any future commissioning or pursuance of an alternative delivery model will be predicated upon expert legal advice and guidance.

Legal Implications

- 3.15 There will be a range of legal issues if any alternative delivery model is pursued by the Council. This will require specialist legal support in respect of the following areas:-

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- Pension advise
- Employment/TUPE
- Property/Leases
- Management
- Contracts
- Detailed VAT advice

Service/Operational Implications

- 3.16 The Leisure & Culture Management Options Appraisal delivered by The Sports Consultancy was commissioned to provide Redditch Borough Council with an independent overview of the available options/opportunities for the potential future management of leisure and cultural services.

This was never envisaged to be a comprehensive business case however the basis on which Executive could consider the available options and “best fit model” on which to make a decision as to how Officers should proceed on behalf of the Council.

- 3.17 The options appraisal enclosed for Members consideration provides:-

- Possible models and governance arrangements.
- Proposals for the mix of services to be included.
- Options and issues.
- Financial benefits.
- Scoring Matrix to summarise the differences between the models considered.

- 3.18 The appraisal considers three potential management options available to the Council:-

- (i) Continued in-house management;
- (ii) External delivery via an external Leisure Operator or existing Trust;
- (iii) Creation of a new Leisure Trust.

Thereafter it outlines in detail the advantages and disadvantages of each option for the Council to consider.

- 3.19 Other than retaining the status quo (delivering the services in-house), there will be a lead-in time and set up costs involved in moving to an alternative delivery model. The Sports Consultancy set out the following:-

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Option 2 – Outsourcing/delivery via an external leisure operator – Potential 12 months to deliver via a competitive tendering process and between £25,000 to £75,000 in legal and advisory fees.

Option 3 – Creation of a new leisure trust – Potential 18 months to deliver and between £150,000 to £200,000 in legal, procurement and advisory fees.

Costs of any future work have not been built into the Medium Term Financial Plan and this will need to be addressed immediately if your Officers are to proceed with further work.

3.20 Whilst the options appraisal is provided for Members consideration in full, the outcomes of the options of the evaluation scores for the three models are as follows:-

- | | |
|--|-------|
| • In-house arrangement | 35% |
| • Outsourcing/delivery via an existing trust | 80% |
| • Setting up a new trust | 68.3% |

with an overall recommendation that the “Council pursue the option of outsourcing the management of the portfolio to an existing trust rather than set up a new trust”.

The appraisal outlines that annual average savings of over £780,000 could be secured if the package of leisure services were outsourced to an existing established trust in comparison with an anticipated saving of £430,000 per annum (after set up costs) if the Council were to proceed to create a new Trust. This assumes that all current service delivery is in line with the Medium Term Financial Plan and approved budgets.

3.21 Officers consider that Members could make a decision to pursue an alternative delivery model based on the options appraisal, however there a number of limitations which need to be fully considered by Executive:-

- Whilst three different options/models are stated, there are potentially different outcomes for the service and the process to be followed. These need to be considered in conjunction with the projected financial savings, i.e. opportunity, cost and cost in delivering these.
- Whilst the financial aspects are outlined for each model, the background and supporting information is significantly weighted on the finance. The detail is more limited as to the potential service improvements and inherent benefits to residents and users.

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- The focus for Redditch Borough Council needs to be that of meeting Strategic Purpose(s) and delivering for the community rather than what is advantageous and of interest to “the market”. Clearly this is a factor however not the primary focus in considering future options.
 - In respect of the scope of the service(s) proposed (or not) for inclusion there is a degree of simplicity in the assumptions which could be detrimental to the Council in delivering integrated services in the future (Parks and Open Spaces). The report is limited on dealing with related services and support services.
 - It is considered that there is not sufficient detail provided in respect of the costs and capacity required to deliver on the options, with specifically an understanding and breakdown of the costs involved. This is of a fairly major concern. There is clearly the potential for a loss of all strategic capacity and resource to the Authority in Leisure and Cultural areas. Whilst this is understood, there does need to be consideration of a retained resource to provide an Authority lead in future arrangements and provision and no costs have been built into the model(s).
 - Whilst the Sports Consultancy have considered the position for both Redditch and Bromsgrove there has been limited dialogue across both Authorities in respect of the options appraisal. Bromsgrove Council have not formally considered the appraisal to the degree that Redditch have and anything that Bromsgrove has to consider is predicated on any decision (or other) that Redditch makes.
 - Senior Managers have, because of the nature of the appraisal, had very limited dialogue with staff affected and no discussion with the Trade Unions or staff representatives.
- 3.22 The options appraisal outlines a range of traditional options in the leisure field however it is considered that these are not the only options available to the Council and Officers consider this will require further exploration and work.
- 3.23 Whilst it is regrettable that the time lapse from that originally anticipated has prevented consideration of the various models and opportunities by members, this has also afforded the Senior Management Team with the opportunity to understand new developments in the market and the potential for a wider range of delivery models, including the following not covered by the options appraisal:-
- Commissioned/outsourced parts or elements of the Leisure and Cultural services.
 - Local Authority trading company (Teckal)
 - Joint venture/Public.

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- Joint vehicle/Private.
- Mutual.

3.24 Whilst the Council have clearly established Strategic Purposes and a clear vision for the delivery of these purposes, there are a range of challenges which need to be considered before embarking on a leisure delivery model.

- To ensure the services continue to contribute and deliver on:-
 - Provide me with good things to see, do and visit;
 - Help me live my life independently;
 - Help me find somewhere to live in my locality;
 - Keep my place safe and looking good;
 - Help me to be financially independent.
 - Help me run a successful business.

The other key drivers for the Council include:-

- Maintenance of high quality services (with rationalisation of facilities provision if required).
- Deliver significant operational cost savings.
- Deliver a financially stable future for leisure, cultural and associated services.
- Increase user and community involvement in the services.
- Find the most appropriate delivery model(s) to ensure the future sustainability and stability of the required services.

3.25 Officers consider it would be in the best interest of the Council and to the communities and users of the services to gain a much greater and detailed understanding of what it is that we should be prioritising and focusing delivery upon.

Scoping work has already commissioned at the Sports Centres with the team using systems thinking methodology spending time in the business understanding:-

- Incoming demand (What is being asked for; what matters to our customers with the type and frequency of demands).
- Unmet demands (if we are turning customers away, how often and why).
- Usage figures and trends.
- What (if any) barriers exist and what works well and is valued.
- Greater understanding of workflows.

This transformational work cannot be limited to the sports centre and whilst our teams going forward have a key role it is considered that additional support and advice from external experts within the leisure

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field to provide independent clear and accurate advice would be required by Council if an alternative delivery model is to be pursued.

Should there be the opportunity to realise efficiency savings and or realign services during any intervention, these will be pursued.

- 3.26 Should Members agree that further work is required, the following steps are suggested:-

Will require indicative stages, costs and timescales including the following

- Completion of transformation work;
- Full set of measures/data;
- Review of performance and operating arrangements;
- Commission a further detailed options appraisal (objective assessment of each option against Council purposes);
- Customer and stakeholder engagement; and a
- Costed delivery plan.

- 3.27 Executive Committee will need to be appraised of indicative stages, costs and timescales at the earliest opportunity.

Customer / Equalities and Diversity Implications

- 3.28 At present as there is no formal recommendation to Executive in respect of a proposed operating model, detailed equality impact assessments in respect of staff and customers have not been undertaken. At the point at which a formal recommendation is made on a proposed model then such assessments will be a prerequisite element of a report for consideration.

4. RISK MANAGEMENT

Whilst the advantages and disadvantages of each of the three models are detailed within the options appraisal, the greater risks to the Authority in any outsourced model are set out below.

Outsourcing or Establishment of a New Trust

- Reduced control and day to day influence (more influence and control with a new trust).
- Requirement for funding and resources for the initial procurement and thereafter any re-tendering (set up costs/establishment costs).
- Staff transfer/TUPE/Terms & Conditions.
- Reduced strategic capacity (Council).
- Reduced ability to direct and deliver against strategic purposes including health and well-being.

EXECUTIVE**14th July 2015**Additional Risks (New Trust)

- Reliance (short term) on Council's enabling and support services.
- Depending on size, inability to raise capital and no proven track record.

Clearly these risks have to be balanced against the significant financial savings, of which typically the greatest savings are achieved through an alternative model ie a Trust with the potential for even more savings to the Authority by competitive outsourcing.

5. APPENDICES

Appendix 1 Sports Consultancy Initial Options Appraisal
Appendix 2 Exempt information from Options Appraisal

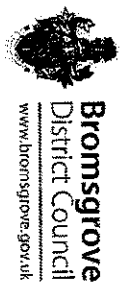
6. BACKGROUND PAPERS

Overview and Scrutiny papers.

AUTHOR(S) OF REPORT

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Tel: Extension 3601

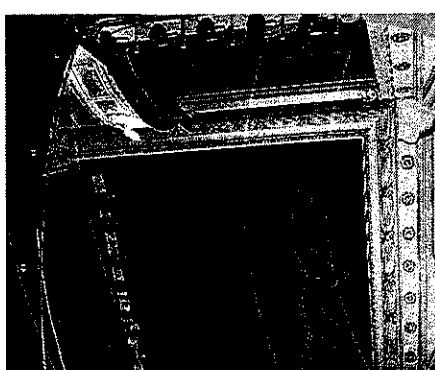
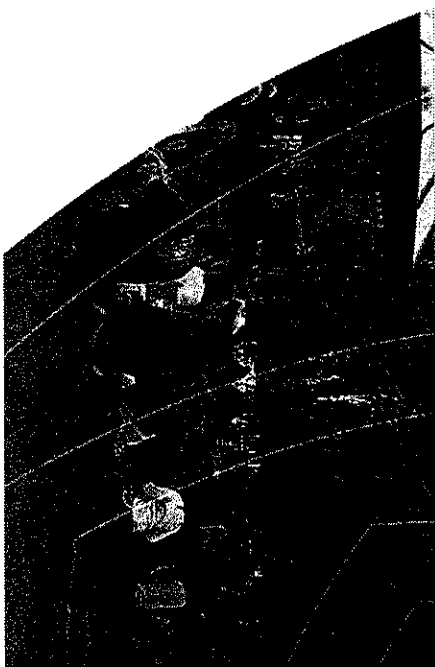
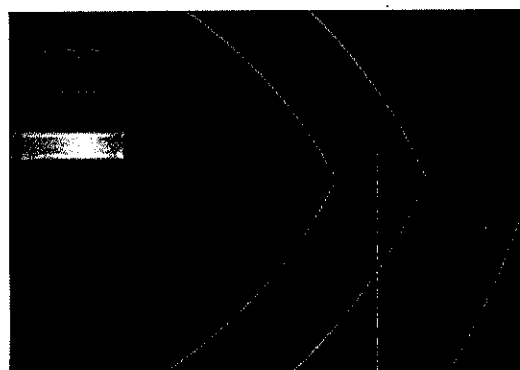
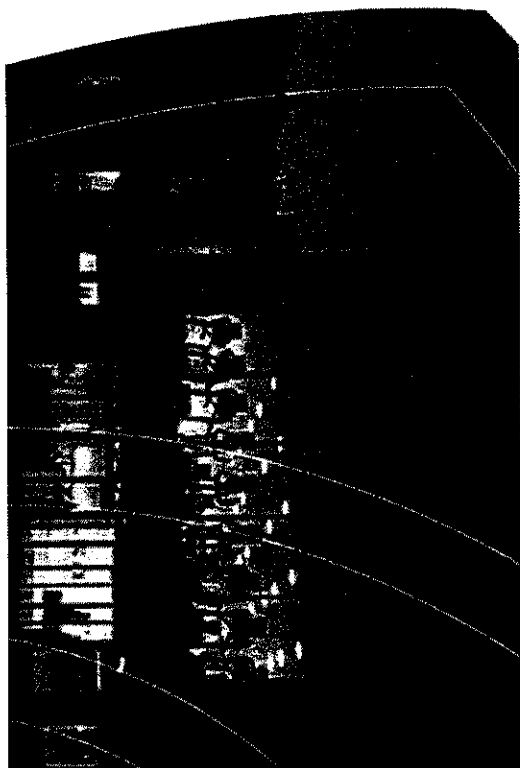
Appendix 1 – Financial Modelling



**Leisure and Culture
Management Options Appraisal
Draft Report**

Commercially Sensitive and Confidential

15 January 2015



The Sports Consultancy

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1. Introduction

Background and Context

The Sports Consultancy ('TSC') was jointly appointed by Redditch Borough Council ('RBC') and Bromsgrove District Council ('BDC') to undertake an appraisal of the available management options for their leisure and culture facilities and services.

Together with a range of other Council services, RBC's and BDC's leisure and cultural portfolios are now part of a shared service, in a drive to achieve efficiencies and cost savings across the Councils.

The leisure and cultural facilities are all managed in-house, with the exception of (1) BDC's Dolphin leisure centre, which is outsourced under contract to Wychavon Leisure, a specialist leisure trust that also operates facilities on behalf of the councils of Wychavon and Malvern Hills, and (2) BDC's Artrix Theatre which is managed under contract on behalf of the Council by a charitable trust.

Against the background of the imperative make financial savings and to ensure a sustainable future for leisure and cultural provision, RBC and BDC are now exploring the feasibility of alternative management options.

Whilst ensuring a financially sustainable future is a priority, the Councils would like to ensure that the management option can also deliver service improvement and benefits to local residents.

This report summarises the available options to help direct the Councils in terms of:

- the most appropriate scope of facilities and services to include
- likely financial savings available to the Councils over a 10-year period, taking into account operational improvements and any support service rationalisation, as well as VAT and NNDR savings
- potential for service improvement
- management and staffing
- legal framework and governance
- track record of the contractor market and strength of covenants
- council control and influence
- contractual documentation governing the agreement between the Council and contractor (e.g. legal agreement, service specification, asset management responsibilities matrix, performance management system)
- an implementation and cost plan
- likely appetite from potential service providers.



2. Overview of service

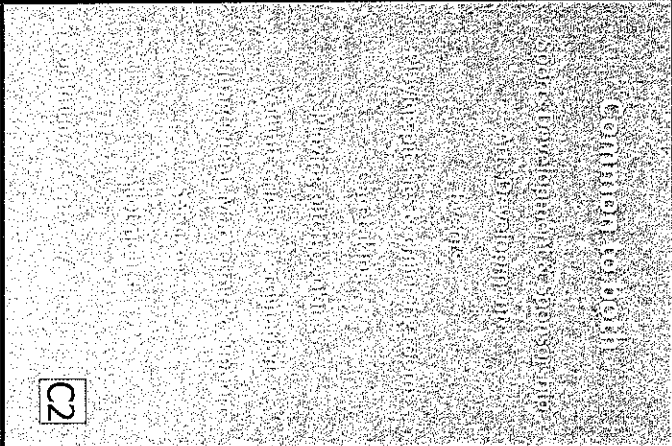
Scope of facilities – current portfolio

The Councils' respective portfolios encompass a mix of facilities and services across, indoor and outdoor, leisure and cultural, which are listed below. The combined cost of operating the facilities (including the management fee paid to Wychavon Leisure for the Dolphin Centre) is budgeted to be £5.3m in 2014/15, including support services.



Redditch specific

- Abbey Stadium Leisure Centre
- Arrow Vale Sports Centre (dual use)
- Kingsley Sports Centre (dual use)
- Palace Theatre
- Forge Mill Needle Museum & Abbey Ruins
- Pitchebrook Golf Course
- 5 Community Centres / Meeting Rooms
- 3 Parks (Arrow Valley, Overdale, Morton Stanley) & Open Spaces
- 3 Business Centres
- Learning on-line



In July 2014 BDC approved plans for a new leisure centre to be built to replace the Dolphin. The existing contract with Wychavon Leisure will effectively terminate when the current centre closes. Ideally, the contract for the new centre should be tendered as part a wider BDC/RBC portfolio. The management contract for the Artrix Theatre, however, does not expire until 2026 and is likely, therefore, to continue to be managed under a separate arrangement.



Bromsgrove specific

- Dolphin Leisure Centre (outsourced)
- Artrix Theatre (outsourced)
- Sanders Park and Open Spaces
- Council House HQ (and cleaning)
- Public toilets



Slide 6

C2 I have moved this to common to both. Redditch has 5 community centres and Bromsgrove has 2 (Spadesbourne and Amplett Hall)?
Chris, 14/01/2015

Cost of service

The budgeted net cost for 2014/15 of the service components for each portfolio is set out in the table below, listed in order of the net cost of the service (highest first):

2014/15 Budgets

Redditch	Net Cost	% total
Parks, Open Spaces & Allotments	£1,042,696	37%
Management, marketing & support services	£626,439	23%
Palace Theatre	£211,280	8%
Forge Mill Needle Museum & Abbey Ruins	£172,664	6%
Community Centres	£155,025	6%
Sports Development & Sponsorship	£123,315	4%
Kingsley Sports Centre	£97,141	3%
Abbey Stadium	£87,607	3%
Playing pitches & changing rooms	£85,577	3%
Events	£57,410	2%
Arts Development	£47,270	2%
Learning on line	£34,426	1%
Arrow Vale Sports Centre	£29,720	1%
Pitcheroak Golf Course	£15,863	1%
Allotments	(£3,966)	
Total	£2,782,467	



Slide 7

C6 Excludes the 8 community centres not part of John's portfolio
Chris, 18/12/2014

Scope of service – looking to the future

When assessing the most appropriate scope of a portfolio to outsource to a third party, we would recommend the facility and service portfolio represents a **coherent package** in order to confer opportunities for operational efficiencies and strategic benefits. A coherent package will be more attractive to the market, generate more interest, and ultimately put the Councils in a **better position to achieve best value from the contract**.

1. The **Leisure Centres** will form the core part of a portfolio of facilities outsourced to the market. Not only will these will generate the most interest from the market, they will provide the greatest opportunity for the Councils to achieve savings through operational efficiencies and driving additional income through higher usage numbers. BDC's Dolphin Centre is currently outsourced to Wychavon Leisure Trust but this will terminate upon the delivery of the planned replacement facility in [2017]. The prospect of a brand new leisure centre within the portfolio will maximise market interest in the operator market.
2. Bromsgrove's **Artrix Centre** is operated under contract by a specialist trust which is not due to expire until 2026. Whilst it would be reasonable to assume that the Artrix Theatre Trust could operate Redditch's **Palace Theatre** (currently operated in house) – and would recommend discussions are pursued to assess the feasibility of such – in the meantime, we would suggest that it forms part of the package to outsource as part of the wider portfolio. We should point out that whilst leisure operators do operate theatres on behalf of Councils, their experience here is still rather limited and they are likely to be keen to operate the theatre only if it is included with the other facilities, i.e. we cannot foresee it attracting much interest if let as a standalone contract, other than from specialist theatre operators.
3. **RBC's Pitcheroak Golf Course** generates income of less than £100,000 per annum. Whilst neither a review of the facility nor of competing golf courses has been undertaken, in the absence of any evidence to the contrary, we would expect this relatively low level of income to be enhanced by a specialist operator. Leisure operators such as SIV and MyTime are active in the public golf course operator market, and generally there is appetite to manage similar facilities. Further soft market test may well indicate that the Council is likely to achieve best value through separating the golf course operation from the rest of outsourced portfolio, but for the time being, we would recommend it forms part of the wider package.
4. RBC has a number of **Community Centres** across the borough, five of which are operated by the leisure service. BDC's community centre portfolio comprises Spadesbourne and Amphlett Hall. Together, these seven facilities generate around £120,000 of annual revenue in bookings. These potentially could fit well with the leisure and culture portfolio, providing venues for delivering activity and community programmes.



Scope of service – looking to the future

5. **RBC's Forge Mill Museum** is a venue of regional significance, showcasing the area's heritage of needle and fishing tackle industries. On the same site are the ruins of Bordesley Abbey and the visitor centre. Whilst the current level of income generated by the facility is modest, at less than £50,000 per annum, the physical infrastructure seems to be sound and it is reasonable to assume that additional income could be generated if it was operated on a more commercial basis outside of the Council, perhaps driving additional revenue through venue hire.
6. **RBC operates a number of Business Centres** in the borough which provide rentable space for local business and organisations to use for meetings, events, and office space. Again, if it could be demonstrated that these facilities allow a third party operator (which is likely to be a trust) to demonstrate a commitment to some kind of charitable objective along the lines of supporting local business and promoting employment, there could well be some tax advantages of including these in the wider portfolio for outsourcing. The centres currently generate almost £400,000 income per year.
7. **RBC's and BDC's Sports Development and Sponsorship** services together cost £560,000 per year to operate. Whilst as part of this study we have not explored precisely what the service delivers and cannot comment on whether this represents value for money, this is nevertheless a significant cost and outsourcing it together with the wider leisure portfolio may bring some efficiencies and cost savings. Also, keeping the sports development service as part of the same package as the physical leisure infrastructure is likely to make good strategic sense.
8. Likewise, the Councils' respective **Arts Development** services require significant resources to operate, costing a combined £400,000 per year. Again, we have not undertaken a review of the activities of the arts development service and are therefore not in a position to opine on whether the outcomes it delivers represent good value for money for the Council. It does seem sensible to keep the theatre operations and the arts development services together as a coherent package and so we would recommend that these form part of the wider portfolio for outsourcing.



Scope of service – looking to the future

9. RBC's net cost of operation is £2.8m. At £1.0m, **Parks and Open Spaces** represent the highest cost within the portfolio, accounting for 37% of the total budget. This service includes all grass cutting, hedge trimming, verge maintenance, allotments, and planting, all of which is undertaken by RBC's In-house Landscape and Grounds Maintenance team. As there is no material income generated by parks and open spaces it is likely that moving these to a trust will prove to be more expensive to operate than currently due to the treatment of VAT. This issue is covered in more detail later in this report, but broadly speaking, a Trust will be able to benefit from VAT savings on income, whereas a Council-operated facility's prices will be subject to VAT. Conversely, a Trust needs to pay VAT on its input costs, whereas a Council will be able to recover the VAT paid. So, as a rule of thumb, where income is low in proportion to costs, it will be more expensive for a Trust to operate than a Council. Similarly, where income is high as a proportion of costs, a Trust will be able to operate that service at a lower cost than a Council. There are likely to be few savings achievable through the trust benefiting from National Non Domestic Rate (NNDR) relief as there is little or no NNDR payable on these facilities currently. Moreover, there are very few leisure operators who have a demonstrable track record in delivering grounds maintenance services. We have been asked whether a trust would be in a better position to driver better commercial terms through contract negotiation a grounds maintenance contractor; this may well be the case, but if the trust is the principal client, the VAT it will pay for the service is likely to negate any gains made in a lower management fee. For these reasons, we would recommend exploring the option of the parks and open spaces service being separately outsourced to a specialist private operator, with the client relationship retained by the Councils.
10. The Councils have a number of **playing pitches and changing rooms** within their boundaries which generate modest levels of annual income. The grounds maintenance contractor is likely to be best placed to undertake the maintenance of the playing pitches as a combined package with the open space portfolio. We would question what a leisure/culture contractor could bring in terms of additional benefits to the Councils and would therefore suggest that they can achieve better value if these are packaged together with the open space and parks contract.
11. Similarly with **allotments**, it is difficult to see what additional benefits could be gained by transferring their management from the Council to a trust. Any gardening programmes a trust could run for particular target groups could still be delivered without the need to manage the allotments directly.



Scope of service – looking to the future

12. Within the parks there are several **cafés** which are managed under contract by private operators. Knowing the leisure operators as we do, and given the typically seasonal nature of the café operations, we would suggest that these would not form a key part of their operation and are likely to follow a similar strategy to the Council in seeking a specialist catering company to manage them on their behalf, rather than deliver the service directly. For this reason, the Councils are likely to achieve better value for money if they retain their current arrangement and manage the relationship with the café operators directly.
13. The **catering service** within the leisure centres, however, will be considered by leisure centre operators as a core part of the portfolio and they would therefore typically prefer to manage it directly themselves.
14. We note that the scope of the Leisure and Culture department encompasses responsibility for management of the **Council House** for Bromsgrove (the local authority's head office) as well as the district's **public toilets**. There appears to be no obvious fit between these facilities and the leisure and cultural portfolio and we would question whether there is any operational or strategic rationale for these to remain within the package in the future.



Scope of service – recommendations for the future

With the benefit of the feedback from the leisure operators, and our experience in procuring similar facilities, we would recommend that the package of facilities and services to be considered for outsourcing – whether to a new trust or an existing operator – contains the following to ensure the Councils are in the best position to secure best value and service improvements:

Redditch Borough Council

Redditch specific

- Abbey Stadium Leisure Centre
- Arrow Vale Sports Centre (dual use)
- Kingsley Sports Centre (dual use)
- Palace Theatre
- Forge Mill Needle Museum & Abbey Ruins
- Pitcheroak Golf Course
- 3 Business Centres

Bromsgrove District Council

www.bromsgrove.gov.uk

Common facilities

- Sport Development Specialist Staff
- App. Pavilions
- Events
- Volunteering, Mentoring & Support
- Commercial Services

Bromsgrove specific

- Dolphin Leisure Centre (new)
- Museum & TIC

Those facilities that currently form part of the leisure and culture portfolio but should be considered for exclusion for an outsourced package are the parks and open spaces, playing pitches (which we would recommend be managed by the grounds maintenance specialist and packages with the bookings system and maintenance of the pavilions), allotments, public toilets, BDC's Council House, learning on line, and volunteering coordination.

3. Potential management options

Potential management options

The potential management options available to the Council are listed below:

1. Continued in-house management
2. External Delivery via outsourcing
 - a) Leisure Operator / Existing Trust (10 to 15 year contract)
 - b) Creation of New Leisure Trust (typically 15+ year contract)

This section provides a general overview of each option, highlighting their advantages and disadvantages.



In house management

- Under the option of continued in-house management, the Councils continue to be responsible for the operation of the facilities and services. We recognise that BDC already outsourced two facilities under contract – the Dolphin Leisure Centre and the Artrix Theatre- but the majority of the combined portfolio under review has remained in-house.
- Under this scenario, the Councils employ all staff and retain all income, expenditure, and buildings maintenance risks.
- There will be continued reliance on the central support functions within the Council, such as legal, accounting, and human resources.
- The Councils **benefit** through retention of total strategic and operational control of the services, and retain relationships with other local authority services. Whilst continuing on this basis will save on avoided set-up and procurement costs, there are some **key disadvantages** that are relevant in assessing the viability of this option, as set out in the following table.



In house management

Advantages and disadvantages of in-house management versus outsourcing to a specialist operator.

Advantages

Councils retain total strategic and operational control of the services

Councils retain relationships with other local authority services.

Avoids set-up and procurement costs

Disadvantages

No revenue savings from NNDR relief or VAT (achievable under the option of outsourcing to a Trust)

No risk transfer relating to management or maintenance

No contracted long term operating savings achievable

Limited opportunity to achieve wider council savings

No additional specialist management expertise and ideas brought in

Limited career opportunities within leisure and limited development of leisure staff

Retention of slower local-authority decision making processes , impeding development opportunities and reaction to market forces

No entrepreneurial incentives to improve the service

Councils have other strategic priorities competing for funding

The future of the service is not enshrined in a legally binding contract which could threaten its longer term sustainability.



Outsourcing to existing trust

- If the Councils were to outsource the management of the portfolio to the market, there are likely to be two different types of organisations bidding, both of which will benefit from the tax advantages of a trust set-up:
 1. Existing charitable trusts,
 2. Private sector organisations with their own trust structures (hybrid trusts)
- The distinction between these two types of trusts has become rather blurred and therefore their differences are not immediately obvious. Moreover, the benefits each can bring to the Councils, as the client, are indistinguishable. Under both options a trust would contract with the Councils under the following indicative terms:
 1. over a fixed term, typically between 7-15 years
 2. taking on the risks and responsibilities of income and costs
 3. offering an annual contracted management fee (which will either be a payment from the trust to the Councils, or from the Councils to the trust, depending on the net cost of operating the portfolio)
 4. delivering the services under an output specification and performance management system, ensuring the Councils retain some level of control over the scope and quality of service delivery. The Councils will need certainty over the future scope of their service and this is only possible with a robust contract document.
 5. the Council would lease the facilities to the operator
 6. sharing the risks and responsibilities of facility maintenance, with the Councils typically retaining the responsibility for the structure of the buildings
 7. employment of the staff and their terms and conditions would be transferred from the Councils to the operator under TUPE.
- Crucially, an external operator will not be reliant on the Councils' support services as it will have its own IT, marketing, HR, accounting and legal functions to support the outsourced service. This will allow the Councils the opportunity to assess the viability of any additional head office savings, which could be substantial (around £800,000 in this case).



Outsourcing to existing trust

- Where the private sector hybrid and charitable trust models differ is around the ability of the former to achieve the same degree of NNDR and VAT benefits.
 1. A charitable trust will be able to access **greater** NNDR relief (this is covered in more detail in the financial modelling section later in this report
 2. A charitable trust will be able to achieve savings through VAT relief which are not available to hybrid trusts at all.
- The split between in-house and external leisure facility management is broadly 50:50 in the UK. The proportion of facilities externalised is expected to continue to grow for the foreseeable future due to:
 - Competing budgetary pressures of local authorities
 - Growing realisation that **it secures the long term future** of its leisure service (under contract) and is more financially sustainable than in-house management
 - Allows Council to make savings in support services as operators provide their own established and specialist back office function.

Outsourcing to existing trust

Whilst there are some – primarily strategic and control-related - advantages of in-house operation, there is good reason for the growing numbers of Councils turning to outsourcing of their services. The advantages and disadvantages of outsourcing are set out in the table below:

Advantages	Disadvantages
<p>Contracted cost savings are available to the Council through a lower management fee, achievable by operators through VAT and NNDR savings, as well as increased income and cost efficiencies.</p> <p>Council transfers income and cost risks over to the operator. If the operator fails to achieve these, the Council's savings are not in jeopardy.</p> <p>Brings significant specialist management expertise to the service</p> <p>Council is more likely to invest in new facilities if there is the guarantee of annual operational cost savings. Also, the operator can bring additional capital finance to fund revenue generating schemes.</p> <p>The quality and performance of the service is benchmarked against similar facilities across an operator's portfolio. Poor performance is identified more readily and addressed swiftly and appropriately.</p> <p>The operator has a single focus – operation of leisure and culture facilities and services – and is not distracted by</p> <p>Enshrines the service in a contract and protects the portfolio ultimately for the benefit of the community. All the Council's service requirements are stipulated in the contract, allowing protection of certain prices and user groups.</p> <p>Faster decision making – avoids the typically time-consuming processes of the public sector.</p> <p>Allows further savings to be generated by reducing the Council support services function (marketing, HR, finance, legal etc) – as these will no longer be supporting the outsourced service</p>	<p>Reduced control and day to day influence from the Council</p> <p>Support service costs are spread over fewer services</p> <p>Requires funding and resources for the initial procurement process (and for any retendering)</p> <p>Weakens link with other local authority providers (although as increasing numbers of local authorities are outsourcing, this is becoming less relevant).</p>



Setting up a new trust

- The Councils could instead choose to set up their own trust to operate the portfolio. There are a number of different social enterprise models available that the Councils could elect to set up, all of which have very subtle differences. These models all fall under the banner of **Non Profit Distributing Organisations**:
 1. Industrial & Provident Society
 2. Company Limited by Guarantee
 3. Unincorporated Charitable NPDO
 4. Limited Liability Partnership
 5. Charitable Incorporated Organisation
 6. Community Interest Company
- The **Industrial & Provident Society**, and the **Company Limited by Guarantee** models are the most appropriate for the Councils to consider. Both offer the advantage of achieving the VAT and NNDR benefits.
- For a range of reasons (the key ones listed below), the other four models are unlikely to be appropriate for the Councils to consider:
 - ⊗ **Unincorporated NPDO** - *Trustees will be personally liable for the performance of the trust*
 - ⊗ **Limited Liability Partnership** - *Does not benefit from VAT or NNDR savings*
 - ⊗ **Charitable Incorporated Organisation** - *No public record of liabilities and so CIO's will struggle to borrow money. Also, the model is new and untested for leisure and culture services.*
 - ⊗ **Community Interest Company** - *No VAT benefits and NNDR relief is discretionary only. Also, the assets cannot be transferred back to the Council in the event a CIC fails.*



Setting up a new trust

- So, whether the Councils decide to set up an IPS or a CLG, the charitable trust model it uses is likely to have the following advantages and disadvantages compared to an existing established trust:

Advantages

More opportunity for community and staff involvement in the management of the business

Management team are more likely to understand the existing business from the outset, the market and demographics of the user catchment

Typically closer working relationship with the Council

Focus on a single contract by the management team will avoid distractions from other clients

Closer relationship with local groups, organisations and stakeholders

Offers a political "compromise" or half-way house between in-house and outsourcing

More responsive to local needs and closer to local strategic partners

Disadvantages

Greater reliance (at least in the short to medium term) on Council's support services

Reliance on a single contract, which is likely to persist in the longer term as it struggles to offer competitive commercial proposals for other contracts compared to the established operators.

If the Trust fails it is likely that the Councils will have to step in to support it financially (in the absence of contracts with other local authorities to support the business). The Councils can therefore effectively be held to ransom by the Trust

Weak financial covenant compared to the larger established trusts and it may struggle to raise capital for investment

Effective transfer of risk from the Councils will be limited due to the weakness of a new trust's financial and operating covenant

No track record of operating the service without the support of the Council

A top heavy head office in relation to the bigger, more established trusts. Purchasing power will be weaker and they struggle to offer competitive management fees. They tend to be significantly more expensive than larger trusts.

No new management expertise or new ideas as management team typically comes from the Council officers

Fewer opportunities for staff promotion and career development

Process to set up a new NPDO can be lengthy, complex and expensive, and is more likely to be in this instance due to the involvement of two Councils rather than just one



Setting up a new trust

- In common with any NPDO, the new trust will not be able to distribute any profits or surpluses to shareholders or a third party; instead all surpluses must be reinvested in the direct delivery of the trust's charitable objectives.
- As set out above, the Council's options are realistically limited to a choice of two NPDOs: Industrial and Provident Society (IPS) and a Company Limited by Guarantee (CLG), the characteristics of which are set out below:

Industrial and Provident Societies (IPS)

1. Limited liability, registered under the IPS Act 1965
2. Needs to be a bona-fide cooperative society or for the benefit of the community
3. Regulated by the Financial Conduct Authority
4. If formed for charitable purposes, it will be exempt and enjoy the benefits of other charities despite not needing to register with the Charity Commission (including VAT and NINDR benefits)
5. Each member of the IPS has one vote. This dilutes the control of a local authority

Company Limited by Guarantee (CLG)

1. Legal entity incorporated under the Companies Act 1985
2. It does not issue shares, instead requiring members of the company to contribute a (typically nominal) sum
3. Enjoys VAT and NINDR benefits
4. Regulated by the Charity Commission and subject to the requirements set out in the Companies Act (which allows it to changes its own rules to meet the needs of the business)
5. Directors are the Trustees and are responsible for compliance with Charity Commission and Companies Act

A new trust will typically have 10-12 board members and the influence of the Council is limited to 2 members. In this case, therefore, BDC and RBC would be limited to one board member each. The rest of the board is typically made up from local representatives with their role being to ensure the trust is operating in line with its charitable objectives.



Council control and contract documentation

- Fundamentally, the Council will be able to retain as much control as it needs whether its service is operated by an existing trust or a new one, whilst ensuring that the contract attracts sufficient interest from the market and delivers the Council's target savings. The typical controls retained include:
 - Availability of facilities
 - Scope of services
 - Core prices (for certain activities such as swimming)
 - Protected users / target users
 - Contracted asset management obligations

Key contract documentation

- **Legal Agreement** between the Council and the operator sets out the terms and conditions of the contract, including default and termination provisions
- The **Service Specification** sets out the nature and scope of service to be delivered.
- The responsibilities for asset management (maintain, repair and replace) are agreed at the outset through an **Asset Management Responsibilities Matrix**. The Council typically takes responsibility for the structure of the facilities, latent defects, and any significant items of plant and machinery.
- The standard of service is governed by a **Performance Management System** which sets monthly and annual performance standards that the operator should achieve. If these are not achieved, penalty points are incurred. If penalty points breach an agreed threshold for set periods, the operator will be in default of the agreement and Council can terminate the agreement.



Procurement

- Whether the Councils ultimately choose to pursue the option of setting up their own trust or contracting with an existing operator, it will be important to demonstrate that the recommended option provides best value, and this is only achievable through selecting your operator through a competitive procurement process.
- However, most Councils who have set up their own trusts seem to have chosen to ignore the fairness, openness and transparency that a well-managed competitive procurement process provides. The difficulty here is the obvious conflict of interest a council has in evaluating the responses of third parties when it has already chosen to pursue the option of setting up its own trust (and have committed to the considerable associated set-up costs).
- As part of the detailed management options appraisal, we would suggest that procurement options be considered in consultation with your legal advisors.

Set up costs and timetable

- The lead-in time and set up for each option will depend on the necessary requirements the Councils will need to put in place.
- Procuring a management contract via a competitive tendering process to an existing operator typically takes 12 months and will cost the Councils around £75,000 in advisory fees. This will require the drafting and agreement of a contract, property leases and a specification, and will require the Councils to follow a competitive tendering process to ensure it achieves best value.
- Setting a new trust could take around 18 months and could cost up to £200,000 in legal, procurement and accounting advisory fees. This could be significantly reduced depending on the complexity of negotiations; however, given that there will be two Councils involved in the set up, it is likely that this will bring with it complexities that may introduce additional costs and require more time to deal with. The longer lead-in time is typically necessary for the creation of a new legal entity with the Charity Commission as well as the recruitment of senior management staff and trustees, drafting of company documents, logos, procuring of business support systems, and setting up a head office.
- The fees set out here really are just guidelines and whether the Councils decide to use their own legal services to procure the contract or whether it uses external advisors at all. Where the Councils use their own legal resource, the costs could reduce by around £50,000 in setting up their own trust.



Legal implications

TUPE and Pensions

- Under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (referred to as TUPE), the rights of existing employees transferred from one employer to another are protected, allowing them to retain the same terms and conditions with continuity of employment.
 - New employers are therefore obliged to provide a broadly comparable pension scheme for existing employees. This is either through their own pension scheme, or via the existing Local Government Pension Scheme, which the new employer can join as an admitted body.
 - The Council can specify whether the pension scheme is to be open or closed to future new employees.
- Property leases**
- Typically, the Council's assets will be transferred from the Council to the new operator under a lease agreement, granting them exclusive use of the facility to carry out their contracted services. The lease will co-terminate with the management contract.



4. Financial implications

Current cost of the service

- For the purposes of showing the potential financial implications of outsourcing the portfolio, we have used 2013/14 budget data as a base. This is due to the relative completeness of this data set, compared to 2013/14 actual performance and the 2014/15 budget.
- The 2014/15 budgeted cost of the package of facilities and services we recommend be outsourced together is set out below. The detail behind this is attached as Appendix 1.

Redditch		Bromsgrove		Total	
2013/14 Budget total	£1,805,589	2013/14 Budget total	£1,210,644	2013/14 Budget total	£3,016,233
VATable income (Council operation)	(£2,015,911)	VATable income (Council operation)	(£72,079)	VATable income (Council operation)	(£2,087,990)
VAT exempt income	(£564,265)	VAT exempt income	(£89,288)	VAT exempt income	(£653,553)
Income	(£2,580,176)	Income	(£161,367)	Income	(£2,741,543)
Expenditure					
Service recharges	£47,558	Service recharges	£0	Service recharges	£47,558
Staffing Costs	£2,176,613	Staffing Costs	£193,345	Staffing Costs	£2,369,958
Utilities	£239,045	Utilities	£0	Utilities	£239,045
Water	£91,349	Water	£0	Water	£91,349
NNDR	£235,422	NNDR	£29,193	NNDR	£264,615
Premises	£405,217	Premises	£20,000	Premises	£425,217
Transport	£7,263	Transport	£0	Transport	£7,263
Supplies & services	£746,698	Supplies & services	£328,181	Supplies & services	£1,074,879
Dolphin Management Fee	£0	Dolphin Management Fee	£370,650	Dolphin Management Fee	£370,650
Insurances & Licences	£42,165	Insurances & Licences	£4,405	Insurances & Licences	£46,570
Cost of sales	£10,751	Cost of sales	£0	Cost of sales	£10,751
Support services	£383,684	Support services	£426,238	Support services	£809,922
	£1,805,589		£1,210,644		£3,016,233

Trust option – VAT and NNDR

VAT benefits

- A Trust will be able to benefit from VAT savings on income, whereas a Council-operated facility's prices will be subject to VAT. So, for example, if the current price of a health and fitness membership at the Council-operated Abbey Stadium is £26 including VAT, the cost is made up of £21.66 + £4.33 (20% VAT). If the delivery of the service is transferred to a trust, it allows the total price of £26 to remain the same but all of it can be taken as income as it becomes VAT exempt. This additional income benefit converts to a better bottom line which the Council benefits from through a better management fee.
- Conversely, as a general rule a Council can claim back VAT on the costs of providing its services relative to the VAT it charges for its services. Our calculations indicate that the Councils currently charge VAT on 76% on its income. It can therefore claim back 24% (100% minus 76%) of the VAT paid in delivering those services. We have calculated that a Trust will charge VAT on 88% of its operational income and will therefore only be able to claim back 12% (100%-88%) of the VAT it pays in delivering its services. However, this proportion increases if the Trust charges a VAT-able management fee to the Council. Assuming this is around £2m, the exempt income percentage reducing to 46%, allowing the trust to claim back 54% (100%-46%) of the VAT on its input costs.
- Overlaying these assumptions to the financial modelling indicates a VAT benefit of £103,889 under a trust scenario, as set out in the table below.
- As this is such a complex and specialist area, we would recommend as part of the next stage that a VAT specialist undertakes a full review on the basis of the latest actual trading figures.
- Clearly, if a trust cannot claim back VAT on its capital expenditure to the same degree as a Council, it can have significant implications for the affordability of capital schemes. For this reason, it is usually sensible for Councils to fund any significant capital expenditure and benefit through the resulting improved management fee

VAT Calculations – Trust Scenario

Taxable income	(£366,442)
Exempt income	(£2,730,060)
Total income	(£3,096,502)
Exempt percentage	88%

Irrecoverable VAT	£413,233
VAT benefit on Income	(£354,958)
Net VAT (benefit) / cost	£58,275

Assuming VAT-able management fee charged to Council

VATable Management Fee	(£2,000,000)
Taxable income	(£366,442)
Exempt income	(£2,730,060)
Total income	(£5,096,502)
Exempt percentage	46.4%

Irrecoverable VAT	£251,070
VAT benefit on income	(£354,958)
Net VAT (benefit) / cost	(£103,889)



Trust option – VAT and NNDR

VAT and management fee

- It is important to point out that only a contracted management fee attracts VAT. A grant payment is not subject to VAT and therefore will not confer the major advantage of enabling the grant recipient to increase the amount of VATable outputs and thereby increase its VAT recovery on inputs. In this case, the advantage of a contracted VAT-able management fee is around £200,000.
- Combined with the clear disadvantage to a trust of the lack of visibility of a grant – it is by definition not a clear contracted payment – we see no rationale for structuring the payment to the trust as such.

National Non Domestic Rates (NNDR)

- NNDR (or business rates) is a tax on non-domestic properties such as leisure centres, community centres, theatres, cafes and shops.
- Under the Local Government Act (1988) certain organisations are entitled to mandatory or discretionary relief from NNDR payment. Setting the level of discretionary relief – and the rules under which it can be claimed - is at the discretion of local authorities considered on a case by case basis.
- If a building is used wholly for charitable purposes, the building will receive 80% mandatory relief and up to 20% of discretionary relief. In 2013, new NNDR legislation was introduced which effectively meant that any relief is funded 50%/50% between local and central government.
- In our modelling we have assumed that a trust will be able to secure 80% rate relief on the current NNDR costs, half of which will be funded by the Council. The current NNDR liability under Council operation is £264,615 per annum. This will reduce to £52,923 (80% relief, or a £211,692 saving) under a trust operation. However, as the Council will be funding half of the value of this relief, the ultimate net benefit to the Council will be £105,846 (50% of £211,692).



Financial modelling

- In creating a financial model to show the likely impact of outsourcing the portfolio to a trust (which looks at the option of creating a New Trust as well as contracting with an Established Trust) we have used the 2013/14 in-house budget cost as a basis for both.
- We have applied to both scenarios the "Year 0" benefits of the VAT and NNDR savings. Going forward, we have looked over a 10-year contract horizon and applied the likely reasonable assumptions that each is likely to commit to in pricing its contractual management fee.
- In order to show a management fee that is directly comparable to the current cost on a like for like basis we have made the following assumptions:
 1. Support services are shown "above the line" in the trust business plan. In reality, of course, these will not be incurred by the trust but will remain with the Council. However, generally speaking, as a new trust would typically be more reliant on the Council's support services going forward, there will probably be less scope to reduce the scale of these in-house costs when compared to an established trust (which will be typically entirely reliant on its own head office for HR, finance, legal and IT resources).
 2. We have used the 2013/14 budgeted management fee for the Dolphin Leisure centre. Although this is planned to be demolished and replaced, potentially at a nil ongoing operating cost, to model this could confuse the analysis and overstate the savings achievable by outsourcing compared to remaining in-house.
 3. 10 year contract term (although these have been historically longer for new trusts created out of Councils, we have used 10 years to allow for a like for like comparison to be made between the options).
 4. 5% profit. An operator will seek to make a profit out of each contract it secures. 5% seems to be the current market rate. This allows some headroom for any adverse performance or any unexpected changes in income or costs. Over and above this, operators will factor in a charge to cover central overheads (typically this is between 5% - 7.5% currently).



5. Options evaluation

Proposed evaluation criteria

PROPOSED EVALUATION MATRIX

RAW SCORES

	Weighting	In-house	Existing Trust	New Trust
1 Level of Council influence	10.0%	3	1	2
2 Ability to transfer/manage risk	15.0%	0	3	2
3 Strength of financial covenant	15.0%	1	3	2
4 Potential for initial savings (NNDR and VAT)	12.5%	0	3	3
5 Potential for sustainable operational savings	15.0%	1	3	2
6 Flexibility for future asset strategy and adding add'l services	10.0%	3	1	2
7 Improvement in service delivery	12.5%	0	3	1
8 Scope for community partner involvement	5.0%	3	1	2
9 Scope for reinvesting surplus in service	5.0%	0	1	3

WEIGHTED SCORES

	Weighting	In-house	Existing Trust	New Trust
1 Level of Council influence	10.0%	10.0%	3.3%	6.7%
2 Ability to transfer/manage risk	15.0%	0.0%	15.0%	10.0%
3 Strength of financial covenant	15.0%	5.0%	15.0%	10.0%
4 Potential for initial savings (NNDR and VAT)	12.5%	0.0%	12.5%	12.5%
5 Potential for sustainable operational savings	15.0%	5.0%	15.0%	10.0%
6 Flexibility for future asset strategy and adding add'l services	10.0%	10.0%	3.3%	6.7%
7 Improvement in service delivery	12.5%	0.0%	12.5%	4.2%
8 Scope for community partner involvement	5.0%	5.0%	1.7%	3.3%
9 Scope for reinvesting surplus in service	5.0%	0.0%	1.7%	5.0%
Total score	100.0%	35.0%	80.0%	68.3%

9. Recommendations & Next Steps

Recommendations and Next Steps

- This report recommends that the scope of the facilities and services to be outsourced forms a coherent strategic package and one which an operator is most likely to be in a position to deliver best value to the Councils through a combination of service improvements and contracted savings.
- With best value as the primary objective, we would recommend *excluding* the management of the Council House, parks and open spaces (including cafes), public conveniences and the allotments. Including them in the package is likely to reduce the attraction of overall contract, thereby limiting competition. Whilst a single entity such as a newly established trust could operate these facilities, there seems to be no operational or strategic rationale for doing so.
- The financial modelling undertaken as part of this review indicates that average annual savings of over £780,000 could be secured if the package was competitively tendered to an existing established trust. This compares to just over £430,000 for a newly created trust.
- In reality, these savings could be greater once the replacement for the Dolphin Centre is factored in, and a more detailed understanding is achieved of what is included in some of the – significant – cost categories such as staffing, supplies and services, and property.
- On the basis of the technical and commercial evaluation criteria used within this appraisal, The Sports Consultancy would recommend the Councils pursuing the option of outsourcing the management of the portfolio to an existing trust rather than set up a new trust.
- Further scrutiny of the options should be undertaken, particularly to validate the VAT assumptions and analysis which we would recommend be overlaid on the 2013/14 actual performance, rather than the budget.
- Furthermore, regardless of which option the Councils ultimately choose to pursue, the scope for making future savings in support services should be explored further.



Document is Restricted

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**14th July 2015**ADVISORY PANELS, WORKING GROUPS, ETC - UPDATE REPORT**

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To provide, for monitoring / management purposes, an update on the work of the Executive Committee's Advisory Panels, and similar bodies which report via the Executive Committee.

2. RECOMMENDATIONS

The Committee is asked to **RESOLVE** that

subject to Members' comments, the report be noted.

3. UPDATES**A. ADVISORY PANELS**

	<u>Meeting :</u>	<u>Lead Members / Officers :</u> (Executive Members shown <u>underlined</u>)	<u>Position :</u> (Oral updates to be provided at the meeting by Lead Members or Officers, if no written update is available.)
1.	Planning Advisory Panel	Chair: <u>Cllr Greg Chance</u> / Vice-Chair: Cllr Bill Hartnett Ruth Bamford	Meeting dates: Tuesday 14th July Tuesday 8th September Tuesday 13th October Tuesday 15th December Tuesday 12th January 2016 Tuesday 2nd February Tuesday 8th March Tuesday 19th April

REDDITCH BOROUGH COUNCIL**EXECUTIVE COMMITTEE**14th July 2015

2.	Housing Advisory Panel	Chair: <u>Cllr Mark Shurmer</u> / Vice-Chair: <u>Cllr Bill Hartnett</u> Liz Tompkin	Last meeting – 18th March 2015.
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B. OTHER MEETINGS

3.	Constitutional Review Working Party	Chair: <u>Cllr Bill Hartnett</u> / Vice-Chair: <u>Cllr John Fisher</u> Sheena Jones	Last meeting – 27 th January 2015
4.	Member Support Steering Group	Chair: <u>Cllr John Fisher</u> / Vice-Chair: <u>Cllr Bill Hartnett</u> Sheena Jones	Next meeting – 14 th July 2015
5.	Grants Assessment Panel	Chair: Cllr David Bush / Vice-Chair: <u>Cllr Greg Chance</u> Donna Hancox	Last meeting – 23 rd June 2015 Panel meetings for major grants planned in December

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