

Leisure & Cultural Services – Proposed Service Restructure

Relevant Portfolio Holder	Cllr M Rouse
Portfolio Holder Consulted	Yes
Relevant Head of Service	Head Of Leisure & Cultural Services
Ward(s) Affected	All
Ward Councillor(s) Consulted	N/A
Non-Key Decision	
This report contains exempt information as defined in Paragraph(s) 2 and 4 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. SUMMARY OF PROPOSALS

- 1.1 The report overviews the proposed changes relating to a revised management structure for the delivery of Leisure & Cultural Services (L&CS) across Redditch Borough and Bromsgrove District Council that will be required should Members agree to the establishment of a Local Authority Trading Company (LATC) for a number of services that currently form part of Leisure & Cultural Shared Services.
- 1.2 This report should be read in conjunction with the LATC Report and will only require a decision on future structures should Members decide that the LATC project is to be progressed.

2. RECOMMENDATIONS

- 2.1 **The Executive Committee is to recommend to Full Council that:**

2.1.1 The proposed management structure, timeline and associated costs contained within this report are approved.

3. KEY ISSUES

Background

- 3.1 As Members will be aware, as part of the shared services agenda between Redditch Borough Council (RBC) and Bromsgrove District Council (BDC) a shared L&CS department was created in August 2011 with RBC acting as host authority. As part of the establishment of the costs for the shared service, staff time was allocated to each authority based upon the amount of work each employee was expected to undertake for that authority. Operational budgets used to deliver the services were not considered as part of the financial consideration as these were treated as being a matter for each authority and were to be used by officers to deliver the services required by Members.
- 3.2 Although the services delivered in each area are broadly similar and expected to deliver similar outcomes for residents, when setting up the shared service one of the key differences that needed to be understood and reflected in the structure, was that RBC was responsible for directly delivering a number of services to be included.

In contrast BDC has taken a previous decision that it wished to facilitate and commission the delivery of some front line services where it felt that there would be a financial and service benefit to do so.

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Key examples of this difference in approach were the delivery models used for sports centres and theatres, the approach taken at the time to dual use facilities and the different approaches to facility management services.

Where a Council required services to be delivered under the L&CS Shared Service that were not shared at the operational/delivery level these were costed as being 100% to the respective authority with associated management costs being allocated as appropriate.

- 3.3 The following chart reflects the services that were part of the shared service structure when it was established and how they were delivered at service/site level:

Service Area #	BDC	RBC	Shared
Sport Development			✓
Arts Development			✓
Community Events			✓
Parks and Public Open Space Inc. Play Provision			✓
Allotments			✓
Business Development Inc. Room Bookings			✓
Abbey Stadium & Dual Use Sports Centre		✓	
Palace Theatre Inc. Youth Theatre		✓	
Forge Mill Needle Museum & Bordesley Abbey Visitors Centre		✓	
Pitcher Oak Golf Course		✓	
Community Centres (5)		✓	
Reddi Centre Inc. Learning On Line		✓	
Facility Management	✓		
Contracted and/or Commissioned Service management	✓		

- Headline areas only within description, functions within services are not shown.

- 3.4 Following a number of service reviews including the 2017 reports relating to the Parks and Facilities Management services and some minor changes to what and how each council delivers services there have been changes to the delivery model. The table below shows the services that are currently overseen by the L&CS team and how they are delivered at service/site level:

Service Area #	BDC	RBC	Shared
Sport Development			✓

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Arts Development			✓
Community Events			✓
Parks Inc. Play Provision & GM Team			✓
Allotments			✓
Facility Management			✓
Business Development Inc. Room Bookings			✓
Contracted and/or Commissioned Service Management			✓
Abbey Stadium Sports Centre		✓	
Palace Theatre Inc. Youth Theatre		✓	
Forge Mill Needle Museum & Bordesley Abbey Visitors Centre		✓	
Pitcher Oak Golf Course		✓	
Community Centres (5)		✓	
Learning On Line		✓	
Bromsgrove TC Market	✓		
Public Toilets	✓		

- Headline areas only within description, functions within services are not shown.

- 3.5 As part of RBC's response to the funding pressures that are impacting on the public sector, the four year efficiency plan that was agreed with Central Government as part of the comprehensive spending review and the work of the Commercial Programme Board, an options appraisal was commissioned in 2017 to review the potential options that could be explored with regard to L&CS and what alternative models of service delivery could be implemented.

As Members will be aware the Options Appraisal was reported to Redditch's Executive Committee on the 31st October 2017 where Members considered the potential delivery models that were outlined, their respective merits against an agreed scoring matrix, the services that could be included within the model and information with regard to the potential savings that could be achieved.

Following discussions Members requested officers to bring back an outline business case and key considerations in March 2018 that overviewed the Local Authority Trading Company (LATC) model in more detail to confirm the funding position/savings potential, established a proposal for its implementation with regard to governance issues and transfer requirements to ensure operational success and growth and to agree a timetable for implementation subject to a final report being submitted to gain formal approval.

On the 20th March 2018 the outline business case, key assumptions, governance and operational requirements and project time lines were presented to Members who endorsed the report's recommendations and confirmed that they wished to establish a

LATC for some aspects of L&CS subject to a formal business plan being proposed and confirmation of several key assumptions that were shown within the committee report.

The recommendations agreed at the subsequent Full Council were as follows:

It is recommended that Executive consider the detailed V4 report and all other information provided and RECOMMENDS to Council the following:

- *That the Executive Director Finance and Resources be given delegated authority to set up and register a wholly owned LATC for the provision of leisure and cultural services in the Borough of Redditch, on the basis of the governance arrangements set out in Section 2.8 (Page 26) of the business case.*
- *That the assumptions as included in Section 5.7 (Page 36) in the business case are approved for consideration in the Business Plan when reported to Members in July 2018.*
- *That a recruitment process is commenced for a Managing Director of NewCo and that the Executive Director of Finance and Resources be given delegated authority to prepare a job description and person specification.*
- *That Officers be instructed to prepare a specification for the services to be delivered by the NewCo and prepare a report to Members detailing the impact (financial and staffing) on Redditch Borough Council (RBC) of transferring those services to NewCo to be submitted to Members in July 2018.*
- *The Council continues to work with V4 Consulting (with the support and assistance of officers) to prepare a Business Plan detailing how NewCo would deliver the services included in the Specification and deliver best value to RBC during its first 4½ years of trading.*

- 3.6 The business plan and covering report that forms the basis of the above recommendations will now be considered at RBC's Executive Committee on Tuesday 11th September and the Full Council on 17th September 2018.

This report which responds to the fourth recommendation above should be read in conjunction with the LATC report and will only require a decision to be made should Members decide that the LATC project is to be progressed.

- 3.7 Within the LATC committee reports a recommendation and decision will be made with regard to the future delivery model to be adopted for a number of services that are currently provided and fully funded by the Council as highlighted at Section 3.2 to 3.4.

It should however be noted that these services are managed through the shared L&CS structure and those managers provide services to both councils.

The services considered in scope and recommended for inclusion within the LATC company structure are as follows:

- Abbey Stadium Sports Centre
- Pitcher Oak Golf Course
- Palace Theatre Inc. Palace Youth Theatre
- Community Centres (4) – with the remaining site to return to RBC Property Service for management

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- Forge Mill Museum and Bordesley Abbey Visitors Centre

The impact of the proposed changes have been reviewed by colleagues within the Human Resources and Legal Services sections to establish if there would be an impact upon the shared management structure from a TUPE perspective as a result of the proposal.

Following this review it has been established that a small number of posts that are currently classed as shared across both Councils will be part of the TUPE cohort of staff and will be transferred to the LATC once it goes live. These posts are:

- Sports Services Manager
- Parks & Cultural Services Manager
- Marketing & Promotions Officer

It should be noted that all other posts that are within the TUPE cohort are funded directly by RBC as part of the direct delivery model overviewed above.

- 3.8 The following table outlines the services which will be delivered through the revised shared service structure and demonstrates how the differences in the former models of delivery are now reduced and as such why the number of directly funded posts from either council is now at a minimum.

Service Area #	BDC	RBC	Shared
Sport Development			✓
Arts Development			✓
Community Events			✓
Parks Inc. Play Provision & GM Team			✓
Allotments			✓
Facility Management			✓
Business Development			✓
Contracted, Grant Funding & Commissioned Service Management			✓
Learning Online ##		✓	
HRA Cleansing ###		✓	
Bromsgrove Town Centre Market ###	✓		
Public Toilets	✓		

- Headline areas are only within description, functions within services are not shown.

- Managed via shared service team.

- These services are to be included as part of the review and is additional to the L&CS service mix at the start of the project. These services have been built into the % management allocations within the service costs.

- 3.9 From a staffing and structure perspective the loss of skill, knowledge and experience from the existing structure will have the potential to impact upon the department's capacity and capability in the short term as a number of key personnel will TUPE transfer, these staff currently work within the shared management team and have experience of managing and supporting external providers of services as well as overseeing the direct delivery of council services.

In order to ensure that the service continues to deliver high quality services that meet the expectations of Members and residents, are sustainable and capable of responding to service need proactively and can contribute to the commercialisation agenda, it was agreed that we needed to respond to this change of delivery model proactively and undertake a full service review to bring forward a proposed revised service structure to be implemented as part of the wider project.

As host authority the responsibility for making the decision on structure rests with RBC but requires that BDC be informed of any changes to the delivery of model and that confirmation is given that service delivered on behalf of BDC will not change.

- 3.10 When the Project Board requested that the restructure be brought forward, a number of conversations were held on what the remit of the review should be, what would need to be considered and what the parameters were.

The following overviews the key assumptions used to formulate the response to the change of service model and the proposed shared services structure that is to be implemented for Leisure & Cultural Services:

- That the costs associated with the review cannot increase beyond those already incurred by either Council.
- That the percentage allocations of time will be reviewed and revised where needed to reflect the fact that the model of delivery for each council is now much closer than was previously the case.
- That the service mix for BDC remains the same and there can be no change in service.
- That the RBC out of scope service will be delivered to the current standard and cannot be reduced to support the in scope services.
- The review will be undertaken across all L&CS services to reflect the need to move from a delivery based model to a development, facilitated and contract management position and the changes in the experience and skills set to successfully achieve this transition.
- The new structure will be predicated on transformation principles and looks to increase roles that create or add value whilst reducing roles that are classed as enabling.
- The new structure will look to be more commercially minded so that it can maximise opportunities when they arise and/or stimulate them.
- The structure should be flexible enough in its approach so that it can respond to any future changes linked to the corporate management review without the need for further restructures.
- Service groupings where being revised should be based upon strategic purposes and the corporate plan objectives and to increase the ability of L&CS to play a greater role in strategic planning
- That the proposed structure creates greater interaction within L&CS and links together key services under a single manager where appropriate to increase flexibility, joint working and create dedicated lead officers on cross cutting agenda.

- The service lack of project and programme support be reviewed and addressed to allow and support service expertise to be more forward facing, increase capacity on key projects and to develop greater interaction with key partners, stakeholder and residents.
- That the structure is predicated on moving the current approach to service planning to an outcome based approach, whilst maintaining it high level of outputs it produces. This includes becoming more tangible within service plans and ensuring all actions contribute directly to the outcomes of the corporate plan and/or partnership delivery priorities/agendas.
- That the need to implemented robust contract management principle within the team to reflect the changing approach and recent changes within key partners is reflected and resources allocated for these key areas of future service delivery.
- That the BDC market service will be included within the review.
- That the approach to the BDC facility management service has the ability and flexibility to be reviewed as part of a potential future shared service for property and facilities to offer savings to BDC.
- That the RBC HRA cleansing service review would be built into the review so that it can be taken forward if required at a later stage.
- Based upon HR advice that the service restructure cannot commence until after the date of transfer so that staff have the opportunity to apply for jobs within the LATC and Council as part of the process.
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Staff Implications

- 3.11 Officers have been working on a proposed structure that meets the parameters set by the Project Board and full details of the current and proposed structure and the roles and responsibilities at 4th tier management levels can be found as Appendix 1, 2 and 3 to this report.

As Members would expect when responding to such a change there are a number of implications that can affect the current team and these have been plotted to understand the likely impact upon staff.

The following tables look to provide information on these matters and how staff are potentially affected.

However as part of the formal consultation exercise on the proposed structure these plans will be reviewed and commented upon and as such the position of individuals/ roles within the tables could be subject to change based upon the consultation feedback received.

At the end of the recruitment process officers will provide a final structure chart and update Members on the overall impact of the restructure along with confirmation of the updated department contact list.

Please note for the purpose of this and the financial modelling the Head of Service Post is not included within the numbers as this will be subject to the corporate management review.

Overall Impact of TUPE:

Description/Position	Head Count	FTE
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Remain within Shared Service	51	40.00
TUPE Transfer Cohort	66	49.76
Total	117	89.76

Current & Proposed Posts (Excludes Markets, Parks Apprentice & HRA Cleansing Team):

Description/Position	Head Count	FTE
Current Posts within Structure #	54	41.8
Proposed Posts within the New Structure	52	40.19
<i>Difference</i>	-2	-1.61
Posts Proposed as Redundant	11	10.74
Posts Within TUPE Cohort	3	3
Posts with Proposed Line Management change	19	10.8
Posts Proposed with other changes within the Structure	1	1
Posts Unaffected within the Structure	20	16.26
New Posts Proposed as Implemented into the Structure	12	12

- Excludes onsite teams and includes shared posts within management roles within scope of transfer.

Current & Proposed Posts (Includes Markets, Parks Apprentice & HRA Cleansing Management):

Description/Position	Head Count	FTE
Current Posts within Structure#	54	41.8
Proposed Posts within the New Structure ##	58	44.58
<i>Difference</i>	4	2.78
Posts Proposed as Redundant	11	10.74
Posts Within TUPE Cohort	3	3
Posts with Proposed Management change	19	10.8

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Posts Proposed with Other Changes within the Structure	1	1
Posts Unaffected within the Structure	20	16.26
New Posts proposed as Implemented into the Structure	18	16.39

- Excludes onsite teams and includes shared posts within management roles within scope of transfer.

- Excludes HRA cleansing team as number required yet to be determined but includes managers function.

- 3.11 As part of the recruitment and selection process a number of competitive interviews are likely to be required to appoint staff to posts within the proposed structure. This will be based upon the assumptions that there will be more candidates than posts in some cases based on the proposed ring fencing work undertaken and/or where new roles are created and staff may wish to apply for them. As part of the consultation packs that are issued to all affected staff, individual employees are notified of the Council's proposed position with regard to their individual circumstance and asked to provide feedback on their views on the proposals. The key structural changes that are proposed are shown above as a guide.

To support the interview process for officers who are applying for posts that will report directly to the Head of Service assessments will be undertaken consisting of three elements, in line with Council's agreed 4th tier selection process. This will include psychometric tests, a presentation and behavioural/evidence-based interview.

Psychometric test that are used are as follows:

- On-line personality questionnaire (OPQ),
- Managerial judgement exercise (Scenarios) and,
- Appropriate verbal critical reasoning exercise (Verify)

As with all service reviews and restructures the Human Resources team will offer support packages to all staff involved in this process to ensure everyone has the opportunity to perform at their best and this will include the following workshops:

- Group Coaching session on the application and interview process
- Recruitment Fact Sheets on various aspects of applying for jobs
- Outplacement support (once placed on notice of redundancy)
- All aspects of the job search and application process
- On-line training and tools for job search and applications
- Dealing with change
- The redeployment process

The Council also provides an employee assistance programme, which provides help and support during times of change. This includes one to one counselling, money advice and coping with change. Details of the EAP will be re-issued to all affected employees.

Timeline

- 3.12 Within the overall project there are a number of key dates that need to be considered as follows:

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- RBC Executive Committee - Tuesday 11th September 2018
- RBC Full Council – Monday 17th September 2018
- Mobilisation Period Commences – Monday 1st October 2018
- Date Of Service Transfer – Saturday 1st December 2018
- Formal Staff Consultation Commences – Wednesday 5th December 2018

A full project timeline can be found as Appendix 4 which outlines the key project stages, gate way reports, mobilisation periods and staff consultation and appointment process.

Members should note that RBC's Executive Committee and Full Council will be considering this matter on the above dates, should a decision be made not to implement the proposed changes to the service model the service reviews outlined in this report would not be implemented.

Financial Implications

- 3.14 There are no direct financial implications contained within this report as the current costs for the Council for the provision of L&CS will remain as per the Medium Term Financial Plan. Costs associated with the implementation of the LATC are shown within that report.
- 3.15 The table below shows the current costs incurred by the Council in relation to the salaries for the staff that are with in the current and proposed structures inclusive of on costs (NI & Pension) and the cost of the revised L&CS Structure.

Description	Total Cost £	RBC Cost £	RBC Cost %	BDC Cost £	BDC Cost %
Current Structure Cost – 2018/19	1,323,237	768,748	58	554,489	42
Impact of TUPE on Budget #	-104,628	-104,628	100	0	0
Amended current structure cost 2018/19	1,218,609	664,120	55	554,489	45
Proposed Structure Cost – 2018/19##	1,212,143	662,686	55	549,457	45
Difference ##	- 6,466	-1,434		-5,032	

- Reflects the RBC proportion of cost for posts within current shared service structure that are within the TUPE cohort and are transferring to the LATC/Newco.

- Costs exclude Markets, Parks Apprentice & HRA Cleansing Management as these are within the current MTFP and will be reallocated as part of the Quarter 2 financial monitoring report subject to member approval.

- 3.16 The above salary savings will be placed within a staffing reserve initially and offered a saving in future years as appropriate.

- 3.17 Having reviewed the potential changes there may be associated redundancy costs of between £ 82,454k and £ 19,098. It is proposed that the share to RBC is funded from balances.

Legal Implications

- 3.18 There are no direct legal implications contained within this report, however as with all service reviews there is the potential for a legal challenge to be made from an employee and/or group of employees.
- 3.19 In order to prevent such a challenge the project team have taken external legal advice on key areas affecting the project such as TUPE to ensure that our approach is consistent and in line with the most up to date case law available.
- 3.20 The restructure itself, if agreed, will follow the approved corporate approach to restructures and change management and will be based upon detailed consultation with the recognised trade unions and the staff directly affected by the proposals.

Service / Operational Implications

- 3.21 There are no direct Service/Operational implications contained within this report, however the risk register section overviews the potential risks to ongoing service delivery whilst the proposed transfer of service at RBC and new revised structure are implemented.

Customer / Equalities and Diversity Implications

- 3.22 There are no significant direct Customer or Equality & Diversity implications contained within this report as the proposed service restructure is designed to maintain and enhance current service standards and to allow the service to respond to residents needs in a proactive manner.
- 3.23 It should though be noted that there will be a change in responsible officers as part of the proposed structure and this will for a short period of time mean that an interim management structure will be created and that areas of responsibility and contact details will need to be refreshed and reissued and officers brought up to speed on new areas of responsibility. This may potentially cause some disruption in the early stages of the transition and a detailed handover and communications plan will be prepared for internal and external use to ensure regular updates are provided to minimise any risks in this area.

4. RISK MANAGEMENT

- 4.1 During the implementation phase of the LATC (1st October to 1st December 2018) and the proposed management restructure (1st December 2018 onwards) there is a risk that service standards may be compromised, residents and stakeholders may have contact details for officers involved within the transferring services and that staff focus and motivation may suffer as this will be a period of change within the service.

Should this materialise there would clearly be a risk of reputational damage to the services involved and the Council as a whole.

- 4.2 It should also be noted that there is a longer than normal lead in time between the formal decision being made and to the point when the transfer of the services takes place, than would normally be the case for service reviews.

In order to mitigate the risks associated with this, the project team have created a risk register for each key stage of the project that highlights the key areas of concern at that point and the response that will be in place or developed to manage/mitigate the identified risk.

- 4.3 This work is further supported through the project mobilisation and communications plan that is under development to oversee the Stage 3b programme.

As part of this work early staff engagement will be undertaken and an interim management structure will be put in place to reflect changes within the service from the 1st October 2018 and date of transfer on 1st December 2018.

5. APPENDICES

- Appendix 1 - Current L&CS Management Structure.
- Appendix 2 - Proposed L&CS Management Structure.
- Appendix 3 - Proposed L&CS Service Management Roles & Responsibilities.
- Appendix 4 - Project Timeline/Implementation Plan.
- Appendix 5 - Cost Plan Current & Proposed Structures

6. BACKGROUND PAPERS

Redditch Borough Council Executive Committee Papers – 31st October 2017 and 20th March 2018.
Stage 3a/b – Risk Register.

7. KEY

AUTHOR OF REPORT

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