

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

28th July 2010

REDI CENTRE OPTIONS

Relevant Portfolio Holder	Councillor Peter Anderson
Relevant Head of Service	John Godwin, Head of Leisure and Cultural Services
Key Decision	
Appendices 1 and 1a to this report contain exempt information as defined in Paragraph(s) 3 & 4 of Part I of Schedule 12A to the Local Government Act 1972, as amended.	

1. SUMMARY OF PROPOSALS

To consider options for the future of the REDI Centre Service.

2. RECOMMENDATIONS

That the contents of the report be noted; and

Members consider the following options and determine which option to RECOMMEND:-

- a) **Option 1 - Continue to fund and maintain the service as currently provided;**
- b) **Option 2 - Re-structure and fund the service in line with known business need continuing in the current location;**
- c) **Option 3 - Close the service; or**
- d) **Option 4 - Re-locate Learndirect activity to another Council facility.**

Any costs associated with the approval of an option will be met from balances. The exact figure will be dependant on the relevant option recommended for approval.

3. BACKGROUND

3.1 The REDI Centre has been operating in Redditch since 1987.

3.2 In June 2006 the REDI Centre Trust was established. Following a period of familiarisation and training, it was anticipated that the Trust would take full responsibility for the service from April 1st 2007. Despite significant efforts to move the necessary agreements forward, a number of issues remained unresolved. These included:-

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- a) A review of management arrangements, the completion of the lease, Service Level Agreement and Minority Protection Agreement;
- b) Agreements on the funding arrangements;
- c) Implementation of due process and procedures;
- d) Alterations to the building;
- e) The appointment of two trustees following two subsequent resignations.

In light of the limited resources that were at the disposal of the Trust, and the fact that many of the above issues had not been reconciled, Full Council held on the 29th October 2007 resolved that the Trust be suspended pending the resolution of all the outstanding issues highlighted above.

- 3.3 Further work on the management structure and funding arrangements for REDI were progressed and Officers were asked to review the service to ensure that it was efficient and fit for purpose prior to any transfer to the Trust. Following the local elections in 2008, Members requested that Officers explore options for consideration at a future meeting of the Executive Committee. During the first quarter of 2009 a budget strategy exercise was carried out and it was identified that transferring the REDI Centre Service to an alternative provider could realise savings of £160,000 per annum.
- 3.4 At Full Council on the 6th April 2009 the Council resolved that the REDI Centre service be transferred to an alternative provider. Budget savings of £60,000 to be achieved through this process in the financial year 2009/10 and £160,000 to be saved for the full financial year 2010/11.
- 3.5 Two full procurement exercises have been undertaken to seek alternative providers, however, no 3rd party providers were able to complete the transfer of the services provided at the REDI Centre. NEW College were chosen as the Council's preferred partner for transfer and significant progress was made on due diligence matters. In February 2010 NEW College informed the Council that they had been notified by the Learning & Skills Council that they would receive a significant reduction in their adult education funding. This then lead to NEW College informing the Council that due to the reductions in funding they would have to withdraw from the transfer process.

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- 3.6 Officers have been exploring alternative funding opportunities with a number of organisations to explore ways of attracting more income and possible contracts for the Centre. Worcestershire County Council (WCC) is the authority responsible for providing Adult Education Services in Redditch. A meeting has been held with WCC to discuss the future funding of the service and consider options. This discussion included the options to:-
- a) Joint fund the service with the County Council;
 - b) to take bigger contracts from the County; or
 - c) for the County to take over the running of the Centre.
- 3.7 The County Council have confirmed that they are not in a position to be able to offer any direct funding assistance in the options outlined above, however, WCC will have greater control over some of the funding for adult education.
- 3.8 The outcome of the further procurement exercise and the funding options were reported to Executive Committee held on the 16th June 2010 and subsequent Council which also approved further funding of £40,000 to the REDI Centre (allocated from balances). This financial allocation will continue to fund the REDI service only up until September 2010. Officers were instructed to bring forward a further report to this Executive Committee detailing the remaining options for the service.
- 3.9 Executive Committee of the 16th June 2010 were advised that NEW College have withdrawn franchise funding arrangements for the coming academic year (2010/11) which will have a significant impact on the range of courses provided at the REDI Centre. Officers have recontacted NEW College to request an update on the funding streams and whether or not this situation has improved at all. NEW College have advised that they are not in a position to table any offers to franchise's for the forthcoming academic year.

4. KEY ISSUES

- 4.1 NEW College funding for Adult courses has been substantially reduced for the forthcoming academic year. The consequence of this has been the withdrawal of the College in completing the transfer of the REDI Centre to facilitate their being the provider, and additionally the cancellation of all franchise arrangements with local providers.

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- 4.2 Further announcements from the Government on public sector saving requirements and the emerging effects of the emergency budget held on the 22nd June threaten greater reductions in any likely funding opportunities. Projects for training and employment which have in the past been funded from the Regional Development Agency (AWM) is no longer an option given the abolition of the Agency. The 'Future Jobs Fund' established under the previous Government has also been abolished.
- 4.3 The REDI Centre now has only one contract for the delivery of training which is with "Learndirect". The value of the contract is £75,000 per annum which is drawn down in stages as learners complete their courses and pass the required tests. The REDI Centre has traditionally offered a range of courses for learners outside of the Learndirect provision which has accounted for some 77% of the Centre's activities. The impact of the College franchise withdrawal now brings into question whether or not existing provision can be maintained. The impact of the withdrawal could result in the following:-
- a) The number of courses reduced by 68%, the remaining 32% of the on site courses provide 39% of the users and relate directly to Learndirect provision;
 - b) Course tutors for these courses would not be required;
 - c) Utilisation of the existing building would only be at 20% usage;
 - d) The need for Food & Beverage service would be significantly reduced;
 - e) The need for the Nursery service would be significantly reduced.
- 4.4 The REDI Centre has long been upheld by many users as an excellent facility and service because of its ethos and accessibility to all users regardless of academic ability, social or financial standing. The withdrawal of the College franchise puts the current ethos of the Centre at significant risk. In future most of the activities that help create that ethos will only be able to be funded on a full cost recovery basis, unless greatly subsidised by the Council. The loss of income is £42,000 which would have to be subsidised at a rate of 100% in order to continue to provide the existing programme.
- 4.5 Future service options can be summarised as follows:-
- a) Option 1 - Continue to fund and maintain the service as currently provided.

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- b) Option 2 - Re-structure and fund the service in line with known business need continuing in the current location.
- c) Option 3 - Close the service.
- d) Option 4 - Re-locate Learndirect activity to another Council facility.

Option 1 - Continue to fund and maintain the service as currently provided

4.6 Impacts:-

- a) No loss of staff or reduction in courses to users;
- b) No loss of additional services, food and beverage and childcare;
- c) Ethos and accessibility of service maintained.

Financial impacts relating to this option are contained in Appendix 3.

Existing structure detailed at Appendix 1.

Option 2 - Re-structure and fund the service in line with known business need in current facility

4.7 To realign the structure based on the current known business at the REDI Centre would require a re-structure of the services and staffing. The structure required to run the Learndirect contract would potentially require 3 posts from the existing eleven posts if the existing building were used to deliver the service. The Centre currently provides a Nursery for childcare requirements which is capable of providing up to 15 spaces for children of younger ages which is open to Centre users and the general public. Although the Nursery has a 'Good' OFSTED rating, numbers have fallen over the last 12 months with only 27% of available places being taken up.

4.8 The food and beverage service provides good quality fair to its customers and the general public and also provides buffet services to local businesses. It is not attracting sufficient customers to cover its costs. Both of these elements of the Centre provide its users with a complete service on one site, but there is no business case to support these elements without considerable subsidy.

4.9 Impacts:-

- a) Significant reduction in courses offered - only Learndirect;
- b) Significant reduction in staff required to operate services;
- c) Closure of the food and beverage and nursery services;

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- d) Ethos of the current service eroded through reduced services;
- e) Under-utilisation of the facilities available by 80%.

Financial impacts are contained in Appendix 3.

Proposed structure detailed at Appendix 1a, Table 1.

Option 3 - Close the service

4.10 The service would be closed resulting in complete removal of all services to all users.

Impacts:-

- a) 570 learners per year lose services;
- b) 23 staff would be at risk of redundancy subject to redeployment (18.4 FTE equivalent);
- c) Key objectives to support skills and jobs in the local economy would be weakened.

Financial impacts of this option are contained in Appendix 3.

Option 4 - Re-locate Learndirect to an alternative Council facility

4.11 To re-locate the Learndirect activity to other Council premises would remove the need for facility management as this would be provided at an alternative location. It is important to note that the Learndirect contract is only offered as a one year extension to August 2011, so the sustainability of this option cannot be guaranteed.

4.12 Impacts:-

- a) Service maintained to existing Learndirect customers;
- b) Significant reduction in staffing;
- c) Reduction in services as current food and beverage and nursery service would not be provided.

Financial impacts are contained in Appendix 3.

Proposed staffing structure outlined at Appendix 1a, Table 2.

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REDI Centre and Alternative Provision

- 4.13 The REDI Centre currently provides courses at entry level 3, level 1 and level 2 supplemented by a range of courses which help build self confidence, personal and professional development and a number of recreational courses provided through the franchise agreement. (Course users/programme attached as appendix 2a and 2b). The Centre has received excellent accreditations for its quality of delivery as described in the table below:-

Issue Organisation	Renewal Date	Grade Achieved
Matrix [Advice & Guidance]	October 2009	Pass
Ofsted [Nursery & Adult Learning]	January 2010	Good
British Computer Society	February 2010	1 [High]
Oxford & Cambridge RSA	April 2010	Excellent
Open College Network	March 2010	Excellent
National Open College Network	February 2010	Excellent

- 4.14 Other providers such as Pertemps and JHP Training do not offer the same range of courses as the REDI Centre. These providers have been contracted to deliver specific training which is related to employment which have been funded via 'New Deal' or 'Train to Gain' programmes from the previous Government's "Back to Work programmes". Additionally these training opportunities are only available for those who have been referred by JobCentre Plus or similar agencies and do not generally provide open access to all.
- 4.15 Other providers such as CSV Training and Enterprise provide basic skills courses and E2E (Entry into Employment) and work closely with Connexions and JobCentre Plus through a referral process. They also work with organisations such as Barnardo's to provide training opportunities to young people.
- 4.16 NEW College are the main provider of training and further education in the town. They are a 'Beacon Status' Provider with an Ofsted rating of "outstanding". NEW College do provide level 1 and 2 courses and computer courses but not at the same level as the REDI Centre. Other recreational and self development courses are available through NEW College with some located outside Redditch. The courses offered under the franchise agreement at the REDI Centre would not be available elsewhere.

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5. FINANCIAL IMPLICATIONS

- 5.1 The costs and savings associated with each option are detailed in Appendix 3. In summary:-

Option	2010/11 Net Funding Requirement £'000	2011/12 Net additional cost savings (-) £'000
1	60	183
2	37	29
3	14	-41
4	43	-13

- 5.2 The current budget for 2010/11 as included in Appendix 3 includes the previously agreed £90k to meet costs associated with maintaining the service to September 2010.
- 5.3 The potential redundancy and pension costs are noted in the appendix but are not included in the figures stated above. The costs are between £47k (Option 2 and 4) and £70k (Option 3). It is proposed that any costs arising in relation to the approval of a particular recommendation will be met from balances.
- 5.4 The impact of any approval on the budget strategy for 2011/12 will be included as an unavoidable pressure during the budget discussions for formal approval in February 2011.
- 5.5 To re-locate the Learndirect activity to another location would require an estimated budget of £27,325 plus redundancy and pension costs of approximately £47,000 in 2010/11 and £27,000 for 2011/12.
- 5.6 Financial schedule at Appendix 3.

6. LEGAL IMPLICATIONS

There are no specific legal implications other than those in relation to current employment legislation (outlined HR implications).

7. POLICY IMPLICATIONS

It is viewed that whichever option is recommended it will be viewed as a "key decision" and require consideration by Full Council.

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8. COUNCIL OBJECTIVES

- 8.1 Option 1 contained in this report helps support the Council's priority of Enterprising Community in the support towards skills and learning. The cost of the service needs to be considered within a Value for Money framework if the cost of the service can be reduced via other alternative options.
- 8.2 Option 2 continues to support the Council's Enterprising Community priority and support to learning, however, raises issues on the 'efficient use of resources' due to significant under utilisation of the building.
- 8.3 Option 3 complete closure does not support the Enterprising Community priority of the Council.
- 8.4 Option 4 supports the Council's Enterprising Community priority and also the more efficient use of resources by deploying existing resources to deliver a more streamlined and efficient service in an alternative venue.

**9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY
CONSIDERATIONS**

- 9.1 The current Learndirect contract covers the period 1st August 2010 to 31st July 2011. The contract is a one year extension to an existing agreement. This agreement could be extended beyond 31st July 2011 or could be terminated. This could have an impact/sustainability of Options 1, 2 and 4).
- 9.2 The REDI Centre is viewed to be a valued community service and there have been many representations from users as to the benefits to individuals beyond pure skill based courses and learning.
- 9.3 There is a financial risk to the Authority in varying degrees as the service is not funded beyond September 2010. Any future service costs will need to be funded from revenue balances or savings from other Council services or provision.
- 9.4 There is a risk that in the current economic climate the availability of similar courses currently run by REDI will no longer be available in the community.
- 9.5 There is the potential for some reputational risk to the Authority for each of the options presented, either in respect of loss of service provision or value for money considerations.

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10. CUSTOMER IMPLICATIONS

- 10.1 Option 1 - If this option were recommended there would be no impact on existing customers as all activities would be maintained.
- 10.2 Option 2 - This option would see a reduction of some 68% of the Centre's course activities, this would potentially displace some 347 learners whilst protecting the Learndirect provision (223 learners).
- 10.3 Option 3 - This would impact on all current and future users as the service would be closed.
- 10.4 Option 4 - This option would impact the same number of learners as option two but those currently using the Learndirect service who continue would have to relocate to another site.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

The impact on users and the "learning community" is dependant on the option recommended by Members. Any service(s) which are retained will remain available to all sections of the community or all services which are removed are removed from all users and the community.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

There are no direct VFM implications contained within this report due to the number of options available to Members. However, within the available option, links have been drawn to the financial implications of each option to demonstrate the effective use of resources and how they support the Council's Vision, Values and Objectives.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

There are no climate change, biodiversity and carbon implications within this report.

14. HUMAN RESOURCES IMPLICATIONS

- 14.1 All REDI Centre staff have been formally placed as "potentially at risk of redundancy" with effect from the 8th July 2010.

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14.2 Staff and Trade Unions have been appraised of all of the options contained in the report and formal consultation ends on the 5th August 2010 prior to Council consideration.

14.3 All staff affected by the proposals will be eligible for redeployment opportunities during a formal notice period, dependant on the decision of Council.

14.4 Individual staff and full staff briefings continue to be offered to all REDI staff.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

None identified at time.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

If the current premises close, it is viewed that the building may be vulnerable to vandalism and potential ASB/criminal behaviour. A community safety risk assessment will be undertaken dependant on the recommended option.

17. HEALTH INEQUALITIES IMPLICATIONS

A number of REDI users and staff have stated that there have been many social and health related benefits experienced by users of the REDI service.

18. LESSONS LEARNT

18.1 There have been many avenues explored in seeking alternative means of maintaining the delivery of services traditionally run from the REDI Centre. An external provider(s) from the external market has been sought twice and the establishment of a Trust was not proved to be a successful vehicle.

18.2 Whilst every attempt has been made to engage and include staff, the lengthy period of uncertainty has had an undoubted impact on a number of individuals working for the Council.

18.3 The economic decline and impact on the funding of adult education could not have been foreseen.

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19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

19.1 A number of meetings have been held with the REDI Centre Action Group, both at the Centre and at Council offices. Staff briefings and Trades Union Representatives briefings have been carried out. A formal petition has been lodged with the Council that will be considered at Full Council on the 9th August 2010.

19.2 To date, three formal submissions have been received from staff as part of the formal consultation period. These will be made available to Members in addition to all other submissions made by the 5th August 2010 (prior to Full Council).

Petition

19.3 A petition has been received with 1,360 signatures. The Prayer of the petition states:-

“We the undersigned would like to petition the Councillors of Redditch to fund the REDI Centre fully until either further funding is found, or the business is transferred to another provider.

We feel as Taxpayers and voters we have the right to ask the Councillors to seriously consider the above request. The Council have a duty of care to the adult population of Redditch to provide opportunities to obtain further skills and qualifications to give us better employment prospects which in turn will help the local economy. Previously when cuts have been suggested we have always had NEW College as an alternative - this is no longer an option as their funding is for 18-19 year olds.

If you close the REDI Centre we have nowhere else that provides a duplication of this service, the qualification courses, learndirect, on-site nursery and Restaurant and Advice and Guidance.”

The petition will be considered at Council on the 9th August 2010 alongside recommendations from this meeting of Executive of 28th July 2010.

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20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	Yes
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Resources	Yes
Head of Legal, Equalities & Democratic Services	Yes

20.1 Members of the Overview & Scrutiny Committee received a presentation on the 14th July 2010 which outlined all of the key information contained within this report.

20.2 The Overview and Scrutiny Committee made the following recommendations:-

- 1) that Members of Overview and Scrutiny and Executive Committees visit the REDI Centre prior to the consideration of the REDI Centre report at the Council meeting on 9th August; and)
- 2) that Option 1, continuation of the current level of service, be approved by the Executive Committee and full Council.

21. WARDS AFFECTED

All Wards in respect of users and potential users.

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22. APPENDICES

Appendix 1	Existing REDI Structure (Confidential)
Appendix 1a	Table 1 - Proposed Structure (Option 2) (Confidential)
Appendix 1a	Table 2 - Proposed Structure (Option 4) (Confidential)
Appendix 2a	Activity Programme 2009/10
Appendix 2b	User Profile Information
Appendix 3	Financial Schedule
Appendix 4	Equalities Impact Assessment

23. BACKGROUND PAPERS

None enclosed, however, previous reports to Council and Executive referred to.

AUTHOR OF REPORT

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