



**Environment Overview & Scrutiny Committee
Thursday, 29 November 2018**

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| REPORT TITLE | LEISURE AND CULTURAL SERVICES REVIEW - UPDATE |
| REPORT OF | ASSISTANT DIRECTOR – COMMUNITY SERVICES |

REPORT SUMMARY

This report is intended to provide the Committee with an overview of the progress of the Leisure and Cultural Services Review. The report will also inform Members of the action the Council has and will take in order to conclude the review and secure the future delivery of Leisure and Cultural Services.

RECOMMENDATION/S

Committee is requested to note the content of this report and support the revised approach to considering the future delivery of Leisure and Cultural Services.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The purpose of this report is to provide an overview and update to the Committee on the progress of the Leisure and Cultural Services Review and the next steps for concluding the review.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Do nothing. In the case of these services this is not considered to be a feasible option. The Council will lose its revenue support grant in 2020 and is facing difficult decisions regarding future service provision. Due to the discretionary nature of many of the services included in this review there is the need to explore how these may be delivered at a reduced cost to the Council.

3.0 BACKGROUND INFORMATION

- 3.1 Wirral Council provides extensive leisure, recreation, cultural, open space and library services. The cost to the Council of delivering these services is £17 million, when income is taken into account. The Council faces significant budget savings and needs to review how services can be delivered effectively whilst reducing costs, especially for discretionary services.
- 3.2 Following a competitive tender, Bates Wells Braithwaite (BWB) were appointed to review and consider future options for the delivery of Leisure, Libraries and Cultural Services. BWB presented its first report, which was considered by Cabinet on 27th March 2017 which set out a future conceptual model for the delivery of services. Cabinet agreed with these findings and asked that BWB develop further information and complete research in order to inform the development of a Full Business Case. This Phase 2 report was received from BWB in December 2017.
- 3.3 BWB considered the options of an 'In House provision' or a 'Charitable Trust / Community Interest Company'. The recommendation from the BWB Report was that:
- The Council moves Leisure, Libraries, Cultural and Parks & Open Spaces into an Alternative Delivery Model (ADM) with the autonomy, mission and remit to develop it into a fully community-engaged and needs-focused social enterprise.
 - Services are not put out to tender in a conventional outsourcing model but developed as an entity working closely with the Council on common social goals with a locked-in mission to improve the lives of residents of and visitors to the Wirral.
 - That the ADM's mission is to be delivered by embracing:
 - efficient and effective business practices
 - innovation in delivery and accessibility models

- so that it can reach more people, in a way that enables them to respond and engage.
- It should take a leadership role in developing local provision, but
- harness the ingenuity and energy of grass roots organisations.
- The ADM is in the form of a Company Limited by Guarantee, and registered as a Charity, meaning it is properly regulated, and permanently focused on applying its assets to that public benefit mission
- The Charity takes on the LLPC assets:
 - under different terms for different assets
 - such that it gains clear long-term title to a range of them (to make its balance sheet sound and fundable)
 - whilst holding others on shorter term or rolling arrangements.
- Council retains influence whilst allowing Charity the independence to deliver its mission by:
 - Working together to coordinate complementary activity
 - Embodying realistic terms in its ongoing funding agreement
 - Putting appropriate restrictions in the terms of tenure of assets transferred into the ADM
 - Taking an appropriate role, alongside community and staff, in the Charity's governance.

3.4 A number of developments have taken place since the BWB Report was commissioned. In June 2017 Cabinet agreed to seek a Joint Venture partner to lead the regeneration of key sites within the borough. Cabinet recognised that by utilising the Council's asset base, there was potential to lever considerable investment, capacity and expertise to fund a significant programme of regeneration across a range of key strategic development sites. A competitive dialogue process commenced to identify a private sector partner with which to form a joint venture vehicle to develop sites and areas within Wirral to meet the Council's strategic objectives. In February 2018, Cabinet approved Muse Developments as the preferred partner. In order to fully realise the benefits of this approach a flexible approach is required as to the future use of assets, something which the recommendations in the BWB Report would not necessarily support.

3.5 BWB in preparing its report had, rightly, included a VAT benefit as only being achievable from a Charitable Trust. In January 2018 following the decision of the Court of Justice for the European Union (CJEU) in London Borough of Ealing v HMRC it was ruled that certain supplies of sporting services made by local authorities can be treated as exempt from VAT. Prior to this judgement only Charitable Trusts could claim this exemption.

3.6 In September 2017 a workshop was held with Members from the Environment Overview and Scrutiny Committee in order to consider the evaluation criteria that may be used for to evaluate the option of an 'In-House Enhanced' or 'Charitable Trust' arising from the development of a Full Business Case informed by the BWB Report. The very clear message from Members was that services within the portfolio were very different. Each has their own pressures and requirements, differing levels of community involvement, impact on residents and costs to deliver.

- 3.7 Given these developments since the commissioning of the BWB Report it was clear that further work was required. It was also clear that these very different services, with their differing abilities to generate income and become more commercial required different solutions to be considered for service areas. This signalled the need to move away from a single solution or delivery vehicle towards proposals for different elements of the service in question. Through the work undertaken by BWB, as well as further research into alternative ways of delivering services and engagement with stakeholders, valuable information and insight into potential future models for the delivery of services are being developed.
- 3.8 Options for each service are being developed and will be brought forward for consideration. The service areas being considered are:-
- Floral Pavilion
 - Golf Courses
 - Libraries Service
 - Leisure Services
 - Parks Services
 - Culture (Williamson Art Gallery & Museum and The Priory)
- 3.9 A series of scrutiny workshops are planned for December 2018 and January 2019 to review budget proposals and the first set of proposals from this review will be included for consideration. Overview and Scrutiny will also have the opportunity to consider proposals on other elements of the review prior to any decisions being made.
- 3.10 The BWB Report will be published once options for service areas start to be presented for consideration. The report does contain commercially sensitive information and will therefore be appropriately redacted to enable this to occur.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications arising directly from this report. Any costs and savings associated with proposals for individual service areas will be provided within those separate reports.

5.0 LEGAL IMPLICATIONS

- 5.1 There are a number of statutory duties which will need to be considered in relation to individual service areas. These will be detailed in reports considering individual proposals for each service. There are no legal implications arising directly from this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no additional resource implications arising from this report. A programme was developed to support the development of a Business Case on options for the service and this will continue in order to develop proposals.

7.0 RELEVANT RISKS

- 7.1 As a key programme within the Council a robust approach to risk management has been adopted to ensure the delivery of evidence based proposals.
- 7.2 A key consideration of the review is to ensure that any future models adopted are sustainable and able to successfully achieve strategic objectives and a rigorous risk/ opportunity analysis will be undertaken in this regard.
- 7.3 All risks associated with proposals will be identified and managed in line with the Corporate Risk Management Procedure as part of the project delivery process.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 It is proposed that further detailed consultation and engagement with a wide range of residents, staff, elected members and other stakeholders is undertaken as well as formal pre-decision scrutiny by the Council's Environment Overview and Scrutiny Committee. This will take place as part of the process of the review.
- 8.2 As part of the project management approach, initial engagement has taken place with Trade Union representatives to seek their views and this approach will continue.

9.0 EQUALITY IMPLICATIONS

- (a) Yes and impact review is attached – *(insert appropriate hyperlink)*.

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/delivery>

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APPENDICES

REFERENCE MATERIAL

Re-imagining Leisure and Cultural Services – Phase 1 Report (Bates Wells Braithwaite) – March 2017

SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|--|---------------|
| Cabinet: 'Outline Transformation Approach' | 21 March 2016 |
| Environment Overview and Scrutiny Committee: 'Transforming Wirral' | 18 July 2016 |

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| Cabinet: 'Leisure and Cultural Services – future provision of Leisure, Parks, Libraries and Cultural Services' | 27 March 2017 |
| Environment Overview and Scrutiny Committee – Call In | 19 June 2017 |
| Environment Overview and Scrutiny Workshop | 11 September 2017 |