

STRONG AND SUPPORTIVE COMMUNITIES SCRUTINY PANEL	Agenda Item No. 5
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Report of the Executive Director of Operations

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CULTURE AND LEISURE TRUST

1. PURPOSE

- 1.1 To update Members on the work undertaken to prepare for the creation of a Culture and Leisure Trust and to seek their views on a draft business plan for the organisation. The Chairman has asked the committee to accept the report without the business plan at this stage, it will be presented to Scrutiny prior to the meeting. This has been agreed between the Chair, the Deputy Leader of the Council and Officers.

2. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

- 2.1 This work underpins the Council's Cultural Strategy, which supports the Council's Sustainable Community Strategy and the Local Area Agreement outcome Pride in Peterborough.

3. BACKGROUND

- 3.1 Following a strategic review of the way cultural services are provided by the Council (explored by the Strong and Supportive Communities Scrutiny Panel 10 September 2009 and 21 January 2010), Cabinet, on 12 October 2009, determined to consider the transfer of the following services into a Culture and Leisure Trust: the Arts Services; Heritage Services; Museum Services; Library Services; and Sports Services. Also at this time Cabinet determined that Bereavement Services would *not* be included in this transfer.
- 3.2 Cabinet authorised a start on the process of establishing a not-for-profit Trust, subject to appropriate consultation with staff and the agreement of a business plan.

4. KEY ISSUES

Why form a Trust?

- 4.1 The challenge set by the Sustainable Community Strategy is to achieve "A bigger and better Peterborough that grows the right way – through truly sustainable development". For this to be fully realised then the city's cultural offering must continue to improve to meet the ever increasing standards expected by residents and visitors to Peterborough.
- 4.2 The Culture and Leisure offer will also address a range of issues which are at the core of the Sustainable Community Strategy including:-
- Health and Wellbeing e.g. community sports programmes
 - Community cohesion e.g. innovative arts performance.
 - Educational Standards e.g. learning the history of Peterborough through the Library service
 - Pride in Peterborough e.g. redevelopment of Peterborough Museum

- 4.3 The Council's Cultural Strategy aims to ensure that the city does become bigger and better by putting culture at the heart of the city's growth so that those who live here now and in the future will enjoy a more dynamic, vibrant place to live, work and play.
- 4.4 One of the key ways of driving these changes is through the proposed formation of a Culture and Leisure Trust. Such a Trust will become a long term partner of the Council supporting it as it grows the city's cultural offer for the foreseeable future. The strategic review noted at 3.1 above highlighted a number of advantages a Trust would have in helping achieve the city's ambitions. These are:
- A more dynamic business like approach which will increase the speed of decision-making and reduce bureaucracy, resulting in facilities and services being operated with greater financial and management agility. This would enable a Trust to respond more effectively to market changes.
 - Community involvement in the delivery of culture and leisure activities would be enhanced through membership of the Trust board.
 - Stronger links with the private sector will be encouraged through membership of the Trust board, offering greater opportunities to raise sponsorship.
 - A more effective business-focused and commercial management team structure will enable the Trust to exploit business opportunities.
 - The Trust would seek charitable status which may result in benefit from financial advantages available through VAT savings and potential reduction of national non-domestic rates.

Turning opportunity into reality - the Trust's Business Plan

- 4.5 In order to make the changes set out above happen and to exploit the opportunities the creation of a Trust presents a Culture and Leisure Trust Business Plan has been drawn up (see Appendix 1).
- 4.6 There are five strategic drivers set out in the business plan for the next five years. These are:
- A customer focus – using market research and customer analysis to deliver targeted activities that offer quality and value-for-money that fulfil the needs of all customers, including 'hard-to-reach' groups.
 - Financial management – maximising income while reducing costs to achieve financial stability and growth in customer usage.
 - Creation of a distinctive brand – building a strong brand that is recognised as representing a reputation for professional expertise and high quality services.
 - Skilled staff – developing a highly-motivated, skilled workforce that understands and contributes to the clear aims of the Trust and is rewarded according to performance.
 - Technological innovation – harnessing appropriate technology to support the delivery of high quality services such as databases of information to support marketing initiatives.

What will be delivered?

- 4.7 All of the services currently provided by the Council, that are within the remit of the Trust, will continue to be provided (these are set out in full within Table 1). Bereavement Services will be provided by the Council and not the Trust.
- 4.8 The Trust is committed to improving the city's cultural offer through a range of creative projects and programmes these are set out within the Business Plan.

How will it be delivered?

- 4.9 The Trust's governance and senior staffing structures are set out within the Business Plan. The intention is to create a structure that is more flexible and responsive to the needs of customers; with the principle of there being a minimal distance between customer and decision makers.

Measuring success

- 4.10 Partnership working is key to success for the Trust. The Trust's most important partner will be the Council. As a charity, the Trust will need to retain its independence, the Council will exert influence through a number of formal agreements (set out at paragraph 5.7) and via the active participation in decision making that will be afforded by the Council having two nominees on the main Board of Trustees. Each year the Trust will agree its business plan with the Council and produce annual reports and accounts which will be presented to Members as part of the Council's scrutiny process.
- 4.11 The Trust's Business Plan sets out how the performance of the Trust will be reported, monitored and managed. Key Performance Indicators for the Trust are set out within the Business Plan.

Formation of a Shadow Trust Board

- 4.12 Cabinet on 12 October agreed to the formation of a shadow trust board. This shadow board would have no legal identity or assets but would play a vital role in testing the key issues and principles in the draft business plan.
- 4.13 Applications to serve on the shadow board were invited through an advertisement in the Evening Telegraph on 30 October 2009; through a dedicated page on the Council's website; and through a poster displayed in the Council's cultural services facilities. Formal interviews were held on 1 and 3 December 2010, resulting in six people becoming members of the shadow trust board. They are:

Richard Astle	Richard is Director of the Greater Peterborough Partnership and the communication company Athene. He is passionate about issues relating to wildlife and the countryside in general. He also chairs the Association for Spina bifida and Hydrocephalus. He lives in Helpston.
Chris Mardell	Chris lives in Houghton and brings his technical skills as a quantity surveyor as well as his experiences as Chairman of Peterborough Sculpture Trust.
Shelagh Smith (Chair)	Shelagh is a practising lawyer and Director of Greenwoods Solicitors. She lives in Werrington and has a wealth of experiences in developing the arts and has been a board member of Arts East and Screen East.
Paul Simmons	Formerly a Director for Barclays Bank, Paul, who lives in Deeping Gate, is a sports enthusiast in particular soccer. He was Chairman of St Theresa's House charity for 3-years and brings a wealth of experience of the charity sector in general.
Estella Todisco	Estella teaches at Hampton Hargate Primary School and lives in Newborough. She was a member of the Key Theatre youth group and in later years had a career in documentary television.
Rev. Charles Taylor	Charles is the Dean of Peterborough, a choral music enthusiast (he is president of the Peterborough Choral Society) and has a strong interest in heritage issues.

- 4.14 On the 26 February 2010 the shadow trust became incorporated as a company limited by guarantee. Up to that point it was not a legal entity but a group of individuals supporting the Council to define and refine the key features of the proposal that will be considered by Cabinet. This process is typical of that followed by most of the many successful trusts now operating around 40% of the Council owned leisure facilities in England.

5. IMPLICATIONS

Human resource Implications – Pensions

- 5.1 The establishment of a trust as proposed will involve employees transferring under Transfer of Undertakings (Protection of Employment) Regulations. These regulations provide legal protection for employees' current contractual terms and conditions (including pension rights for those who are members of the Local Government Pension Scheme) and continuous service. To ensure a successful transfer under the relevant legislation, effective consultation with both Trade Union representatives and staff are required and the consultation process delivered over the last five months has been extensive and set out at para 6.1 below.
- 5.2 The Council engaged the Pensions Administering Authority (Cambridgeshire County Council) and the Pensions Actuary (Hymans Robertson) to review the options for transferring current employee pension provision from the Council to the Trust. The Trust has also received its own independent pensions advice.
- 5.3 It is proposed that any trust formed will adopt Local Government Pension Scheme (LGPS) provision for the 112 employees potentially affected by the proposed transfer and who are currently in the scheme. This would be under 'Community Admission Body' arrangements with the Council acting as guarantor of the pension scheme. Cambridgeshire County Council has agreed in principle to this proposal.
- 5.4 Subject to Council agreement, the Trust proposes to seek alternative pension provision via a third party provider for new employees once the proposed transfer is accomplished.
- 5.5 The LGPS pension scheme (which will be 'closed' to new employees) will be more expensive to operate as potential contributions to the scheme is restricted over time but it does cap the pension liability of the Trust moving forward. Based on the existing employees likely to transfer to the Trust, the cost of a 'closed' scheme will increase the Trust's employer costs by £82,000 per annum.

Legal Implications

- 5.6 In compliance with the Public Contracts Regulations 2006 the Council published an advertisement giving other organisations from within the EU an opportunity to express interest in providing its cultural and leisure services. Three pre-qualification questionnaire responses were received, including a response from Cultural Services on behalf of the Trust. Following consideration of the completed pre-qualification questionnaires the Council concluded (having sought the advice of legal Counsel in relation to the scores awarded in the evaluation process) that there was only one suitable organisation the Council would consider transferring the management of its cultural and leisure facilities to, that organisation being the Trust.
- 5.7 The transfer of the Council's cultural and leisure portfolio requires satisfactory completion of several key agreements. These include: a transfer agreement (identifying transferring assets, assigned or retained contracts, employees); funding and management agreement (setting out funding to be given by the Council to the new operator of cultural and leisure services and the Council's expectations for such services); and a collections agreement (governing the loaning and management of the Council's museum collection to the new operator). These documents are now in an agreed draft form.

Property Implications

- 5.8 The management of the property assets from which these services will be delivered is key to the successful delivery of the agreed outcomes by the Trust. In general the properties will be leased to the Trust on a 25-year basis. The Council will be the landlord and the Trust the tenant. The leases include roles and responsibilities including the liability for maintenance. The Council will always retain ownership of these assets. Should the formal agreement between the Trust and the Council be terminated all leases will be terminated too and the properties will revert to the Council.

Financial Implications

- 5.9 The majority of funding for the Trust will come through a service payment provided by the Council. The Trust will also be able to generate income through fees and charges and Trust status is likely to enhance its ability to seek other forms of external funding and grants.
- 5.10 The initial proposal of the likely grant level for the Trust was included in the draft budget considered at Cabinet on 14 December 2009 for consultation. This level was based upon the following:
- Current spend on leisure and culture
 - Plus investment proposals
 - Less an annual efficiency requirement (to mirror the efficiency requirement that the Government builds into the local government grant settlements)
 - Less a proportion of the savings from business rates
- 5.11 Whilst Trust status does allow for some cost savings (business rates and VAT) and provides greater flexibility in seeking additional funding, it also leads to additional costs (such as the pensions issue outlined above, and the need for specialist staff).
- 5.12 The Trust's business plan outlines a number of efficiency proposals that aim to ensure that the likely spend levels meet the likely resourcing levels. At the time of writing there is a gap between spend and resources. It is considered that this gap will be closed through either:
- Developing additional efficiencies
 - Considering grant levels for specific pressures e.g. pensions
- 5.13 These arrangements may also see benefit share arrangements to be developed, where the financial benefits of future efficiencies are shared between the Council and the Trust.
- 5.14 Both the business plan and Medium Term Financial Plan run for five years and the Trust will look for a funding commitment for at least this period.

6. CONSULTATION

- 6.1 Two rounds of meetings have been held with staff. The first, a series of eight meetings in September 2009, provided staff with early background information and noted Members' desire to undertake a strategic review of the optimum structures for supporting the delivery of cultural services. The second round – eleven meetings held in October 2009 – focused on gauging the opinions of staff on the proposal to establish a Culture and Leisure Trust.
- 6.2 The main 'feelings' emerging from the first series of meetings were apprehension, doubt that the process would take place at all, and, for some, a touch of optimism. The second series of meetings revealed a much more positive overall picture with many staff stating they were excited at the potential for new freedoms and the ability to be agile in meeting customer needs. The 'straw pole' question of 'how are you feeling about the process?' was answered positively by a significant majority of people.

6.3 Consultation with Trade Unions on the proposed formation of the Trust is proceeding in line with expectations. Six meetings have been held with Trade Union representatives, including a 'pre-issue' briefing on a question and answer document arising from staff communication meetings. Further consultation meetings are planned over coming months to comply with our TUPE obligations.

6.4 This paper builds on the formal consultation already undertaken through presentations to Members of the Community Development Scrutiny Panel on the principles of the establishment of a Trust.

7. EXPECTED OUTCOMES

7.1 That the Committee will explore and comment on the proposals within this paper.

8. NEXT STEPS

8.1 A paper will be presented to Cabinet for it to determine whether or not it wishes to approve the transfer of the operation of cultural and leisure services to the Culture and Leisure Trust.

9. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- i) 2006 Audit Commission report entitled "Public Sport and Recreation Services"
- ii) Lawrence Graham LLP report entitled "Culture in Trust"
- iii) 2005 Best Value Review of Culture and Recreation Services

10. APPENDICES

10.1 Appendix 1 - Peterborough Culture and Leisure Trust Business Plan – this document will be sent under separate cover.

Table 1 - Services to be provided by the Trust

Library Services

The Library and Archive Service will be delivered through the following libraries: Central, Bretton, Orton, Werrington, Eye, Dogsthorpe, Hampton, Thorney, Stanground, Woodston and a mobile library service. The services provided will include:

- Free membership to people living and working in Peterborough to a wide range of books, talking books on tape, CD and MP3
- Request service
- Renewal of books 24hrs per day by phone or internet
- Reading advice
- 24/7 access to online information and resources – newspapers, reference books, journals and encyclopaedias
- Access to council information
- Use of PCs and free access to the internet
- Enquiry and information service
- Archives, local history / family history service
- A children's area
- Copying and fax facilities
- Adaptive technology which allows access to computing for those with disabilities
- Activities and events
- Storytimes for the under 5yrs
- Class visits for schools
- Summer reading schemes

Heritage and Arts Services

The provision of a dynamic

- Guardianship and care of Peterborough's Heritage Collections
- Protection and care of the Historical Environment
- Provision of the Heritage Identification service
- Provision of the Heritage enquiries service
- To deliver a visual arts gallery based at the Museum
- Deliver a programme of walks and talks around the city
- The delivery of a balanced programme of artistic and entertainment through the Key Theatre studio space
- The delivery of a Festival including a Mayor's parade and a range of artistic community focused events
- Deliver an education and learning programme for school children through the Museum
- Provide free access to Peterborough Museum including the delivery of a programme of exhibitions and events

Sports Services

The Trust will work through Peterborough City Council's facilities which include:

- Regional Fitness and Swimming Centre
- Bishops Road Lido
- Jack Hunt Swimming Pool
- Bushfield Sports Centre
- Werrington Sports and Recreation Centre
- Embankment Athletics Arena & all weather pitch
- Other Community Facilities such as schools

A sports development team will continue to engage and work with Peterborough's communities and interest groups to further develop sport and recreation opportunities within local settings.

We will specifically provide the following services for the benefit of our communities. A comprehensive sports service that includes:

- Programmed public swimming and sports sessions
- Bespoke sessions to cater for different cultures
- Bespoke sessions for under represented groups i.e. disabled customers
- Aqua Natal classes for expectant mothers
- Parent and toddler classes
- Extensive public child and adult learn to swim programme
- Provision of key stage 2 school swimming programme for (applicable) Peterborough schools
- Programmed time for competitive swimming coaching and club activities
- Programmed space for competitive local and regional swimming galas and competitions
- Swimming teacher training and qualification courses
- Coaching and instruction classes in diving
- Aquarobic classes
- Training and support to school pool carers
- Technical advisory services to community groups
- Technical advice to Peterborough City Council in all sports related matters
- High quality accessible gym provision that rivals anything provided in the private sector
- A comprehensive GP referral scheme
- Programmed time for competitive sports events and club activities
- Programmed space for competitive local and regional sports events and competitions
- Sports coaching training and qualification courses
- Coaching and Instruction classes in sport and fitness activities
- Aerobic activities and classes
- Training and support to sports clubs
- Support to the delivery of the Great Eastern Run with the recruitment and support of volunteers