



18 May 2015

Agenda Item: 9

**REPORT OF THE ACTING CORPORATE DIRECTOR, CHILDREN, FAMILIES
AND CULTURAL SERVICES**

**ARTS AND MUSIC SERVICES FOR YOUNG PEOPLE : NEW OPERATING
MODEL – GOVERNANCE**

Purpose of the Report

1. To agree the legal form and governance arrangements for a new arm's length operating model for Arts and Music Services for young people.
2. To approve the award for the delivery of Arts and Music Services for young people as part of the arrangement for the award for the provision of Libraries, Archives, Arts and Learning Services.

Information and Advice

3. Arts and Music Services provide a range of services to develop the artistic and musical potential of young people across Nottinghamshire.
4. These services work directly with young people, schools, teachers, the Arts Council and other key local and national cultural institutions. They include instrumental music teaching, performing arts, youth arts, the Old Library and via the Nottinghamshire Music Hub.
5. The current cohort of staff associated with Arts and Music Services for young people total around 79 fte with a proposed reduction to 72 fte.
6. These are broken down by:

Instrument and Music Teaching: 63.7 fte posts provide direct instrumental and singing opportunities for school aged children in school settings. The work benefits from a significant grant from the Arts Council in return for delivering nationally agreed targets base on take up and progression.

Nottinghamshire Performing Arts: 7.5 fte posts (around 70 people working on average 4 hours per week). This staff cohort delivers a range of opportunities at 4 centres on Saturday mornings. This team also coordinates the county performance groups in music, singing and theatre.

County Youth Arts: 6.8 fte posts (based at the Old Library arts space in Mansfield) provide a range of county wide opportunities for young people on a project by project

basis. The team specialise in working with disadvantaged and vulnerable young people and have won a number of awards for their work with people with disabilities.

The Nottinghamshire Music Hub: is part of a nationwide network of music hubs which bring together partners to develop and provide music opportunities for young people. The County Council is the “Lead Body” for the hub and responsible for accounting for the annual grant which in 2014/15 was £887,000. Funding is in place for the music hub until March 2016. There is 1 fte coordinator who works specifically for the hub.

7. The Arts and Music for Children and Young People options for change published budget proposal (C5) included the consideration of three options for future operating models:
 - a) the development of an in house TECKAL compliant organisation
 - b) the formation of a Charitable Incorporated Organisation (CIO)
 - c) alignment with the current work in Libraries and Community Arts to form an arm’s length body.
8. An options appraisal for the future operating models as outlined in the options for change was undertaken.
9. The following four options were considered in detail:
 - a) the Council maintains the status quo in the delivery of services
 - b) the Council establishes a Teckal company (wholly owned by the Council)
 - c) an independent standalone mutual / trust organisation is established
 - d) the services provided form part of the library based arm’s length arrangement.
10. An assessment of strengths, weaknesses and potential of cost saving was made against each option:

Option a)

Maintaining the current arrangements in the context of reducing budgets is likely to see a loss of opportunities for young people.

The opportunities to address and mitigate a shortfall in budget are restricted and thus are more likely to result in a reduction or complete loss of opportunities for young people.

Option b)

This option limits the potential freedoms to mitigate the reductions in funding. Specifically with limited access to external funding and grant sources and no relief from business rates as charitable status is not available to Teckal companies.

There is also limited scope for economies of scale and back office efficiencies as the overall size of the organisation would be deemed to be too small.

Option c)

This option would provide immediate business rate relief and allow access to external and grant funding.

However there are some key aspects to this option that could put success at risk. These include the relatively small size of the entity, the transition costs for the Council, the limited scope for efficiencies and the long term sustainability of an independent governance model for a small specialist service.

Option d)

This option would place arts and music service for young people within an organisation with similar cultural and learning objectives to that of the Libraries, Archives, Arts and Learning service. Although there is some risk of loss of identity and focus, there are significant advantages for the Council and the young people that have been identified.

These include the economies of scale and resilience due to being part of a larger entity, with broadly the same ethos, culture and aims. The extensive audience and market reach of libraries into the community, with young people and with schools would support and open new opportunities for arts and music services.

Also the Council and key stakeholders, for example the Arts Council, would have a single cultural agency in Nottinghamshire to work with. The Council would enable the benefits of independence to be balanced with ongoing influence and control through a contract and performance specification.

In addition to business rate reductions, access to new funding, grant and income streams are more likely as the organisation is at arm's length to the Council and therefore is not restricted from making applications.

There is also a saving to the Council as the delivery of the Libraries, Archives, Arts and Learning arm's length model due to go live in April 2016 is already resourced and thus avoids new costs in the development of options b and c.

The agreed governance framework agreed for Libraries, Archives, Arts and Learning will accommodate and allow for proper scrutiny of the service and the Nottinghamshire Music Hub. The Hub is currently funded by the Arts Council and hosted by the Council.

11. The main weaknesses identified in options b and c relate to the costs of establishing independent arm's length organisations, and the ongoing financial sustainability of a relatively small organisation against a back drop of reducing funding.
12. The synergies between the Arts and Music Services for young people and the range of cultural and learning services included within the Libraries, Archives, Arts and Learning arm's length operating model offers the opportunity to develop an integrated arts and music offer to young people and to schools.

13. There are initial set up costs and ongoing financial advantages to including Arts and Music Services for young people within the scope of the current work to establish a library based arm's length operating model.
14. Support from the Government's Mutualisation Support Programme (MSP) has been obtained and included Arts and Music Services for young people within scope to avoid future additional costs.
15. This funding stream is unlikely to be available to Arts and Music services for young people as a separate project (as option b) within the near future.
16. The current work in delivery of an arm's length operating model for Libraries, Archives, Arts, Learning and Information is progressing well and is on track for delivery in 2016.
17. Culture Committee at its meeting on 13 January 2015 approved a recommendation to form a Community Benefit Society (CBS) as the most appropriate legal and governance model of the new organisation. A report seeking approval to make an award to deliver services identified within scope will be presented to Culture Committee.
18. A shadow board of the Community Benefit Society will operate from late summer 2015, with staff transferring to the new body and the contract going live in April 2016. The Council will exercise its control of services provided through a detailed contract and service specification.
19. The 12 member board includes representation from the Council (2), the society membership (4), staff (1) and allows for appointed directors with specialist skills and knowledge (4) and a chief executive to lead the new organisation.
20. Performance management will be undertaken through a contractual arrangement between the Council and the new Community Benefit Society (CBS). A commissioning function will be established within the Children, Families and Cultural Services department.
21. Performance reporting will continue to be made to the Children and Young People's Committee.
22. Policy for Arts and Music Services for young people will continue to be agreed by the Children's and Young People's Committee.
23. Arts and Music for young people staff have been included in briefings and workshops and have overall supported the inclusion of Arts and Music Services for young people within a wider Libraries, Archives, Arts and Learning organisation.
24. Increased access to grant funding will be facilitated once the service is not directly delivered by the County Council.
25. A current options for change to be delivered during 2015/2016 will result in the level of County Council direct funding reducing to £577,000 from £927,000.

26. The transition of services to achieve financial reductions, whilst ensuring young people can access a range of artistic and music opportunities, is being developed in order that the service continues in:
- meeting the requirements of the national music strategy and retain levels of instrument and music teaching in schools
 - promoting and delivery of a county wide (targeted) community youth arts offer
 - retaining a commitment to work with those most vulnerable and disadvantaged
 - continuing to develop and manage relationships with the independent sector to promote local opportunities and new partnerships.
27. The detail of the revised offer for young people will be presented to Committee for approval in the near future.

Other Options Considered

28. Options identified are outlined in paragraph 9.

Reason/s for Recommendation/s

29. In consideration of the options appraisal, inclusion of Arts and Music Services for young people within the scope of the contract and specification between the Council and the wider cultural, libraries and learning organisation is the best option to maintain the outcomes for young people and the wider community.

Statutory and Policy Implications

30. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Implications for Service Users

31. The development of an alternative operating model will increase customer and stakeholder engagement. The Council will continue to decide the standards and overall priorities of the services through its contract with the new body. A detailed process of stakeholder, customer and community engagement will be required in the formation of the alternative operating arrangements.

Financial Implications

32. The move to an alternative form of governance through the formation of an arm's length body will enable the service to make the proposed level of savings in 2016/2017 and 2017/2018.
33. Work is underway to establish and quantify the relevant set up costs, but they are not known at this time. When this work has been completed a further report will be submitted

to Culture Committee. Any costs incurred in the meantime will be met from within existing resources where possible.

RECOMMENDATION/S

That:

- 1) Committee agrees that a Community Benefit Society be the legal form for the new arm's length operating organisation for Arts and Music Services for young people alongside Libraries, Arts, Archives, Information and Learning Services
- 2) the award for the delivery of Arts and Music Services for young people be included within the award for the provision of Libraries, Archives, Arts and Learning Services.

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Constitutional Comments (AK 07/04/15)

34. The Children and Young People's Committee has delegated authority within the Constitution to approve the recommendations in the report.

Financial Comments (SS 23/02/15)

35. The financial implications of the report are set out in paragraphs 32 and 33 above.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Libraries and Archives Business Case B13 – report to Full Council on 27 February 2014

Libraries, Arts, Archives, Information and Community Learning Services: Future operating model governance – report to Culture Committee on 13 January 2015

Options for Change (C5) - Arts and Music for Children and Young People; Service redesign including arm's length operation – November 2014

Electoral Division(s) and Member(s) Affected

All.

C0580