

**REPORT FOR: OVERVIEW AND
SCRUTINY COMMITTEE
AND SCRUTINY SUB-
COMMITTEES**

Date of Meeting:	28 th February 2012
Subject:	Strategic Approach to the future provision of library and leisure services
Responsible Officer:	Paul Najsarek Corporate Director Community, Health & Well Being
Scrutiny Lead Member area:	
Exempt:	No
Enclosures:	None

Section 1 – Summary and Recommendations

FOR INFORMATION

This report sets out information for Scrutiny Members on the strategic approach to the future provision of library and leisure services.

Section 2 – Report

2.1 Introductory paragraph

In January 2012, Cabinet approved the delegation of authority to the relevant Corporate Directors in consultation with the Portfolio Holders for Community & Cultural Services and for Property and Major Contracts to explore the commissioning of leisure and library services in collaboration with partner boroughs (currently Ealing and Brent for leisure management and Ealing for library services) subject to further final approval of the service delivery options by Cabinet. This report gives information on the strategic background to this decision and the next steps.

2.2 Background

2.2.1 Harrow Council has been considering, along with other neighbouring boroughs and with West London Alliance partners in particular, how local authority services may be commissioned or delivered in partnership to offer efficiencies e.g. in management overheads or through economies of scale. Some joint delivery is already in place, for example Brent and Harrow trading standards services, and other possibilities are under consideration, such as joint delivery of Barnet and Harrow legal services. Harrow is one of the authorities in the joint West London commissioning of adult care services.

2.2.2 Across the country and in London, there are now a number of different models for delivering cultural services. For example, Slough Borough Council has contracted Essex County Council to deliver its library service. Hounslow has tendered all of its cultural services to a contractor consortium with John Laing PLC delivering the library, arts, parks and heritage services and Fusion providing leisure management. Redbridge have set up a separate cultural trust to deliver all of their cultural services. Croydon and Wandsworth are currently undertaking joint procurement for their library service.

2.2.3 Other local authorities are investigating or are already in partnership re shared service delivery of one or more of their respective cultural services across boroughs. Examples in London include Bexley and Bromley sharing library services; Hammersmith & Fulham, Kensington & Chelsea and Westminster merging all service delivery including cultural services; and Lambeth, Southwark and Lewisham looking at similar models .

2.3 Current situation

2.3.1 A cross-borough group of senior officers from Brent, Ealing and Harrow have been considering the potential of delivering cultural services jointly and identifying what models could deliver any such joint services. This Strategic Board consists of Corporate Directors responsible for these services from all three boroughs and the relevant third tier officers (Divisional Director, Assistant Director etc). In addition, Brent has provided initial legal advice on procurement and governance models for the project, Harrow has provided the procurement lead and Ealing provide project coordination and business plan

development. Portfolio Holders have been briefed jointly across the boroughs and separately within each of the boroughs.

2.3.2 At an early stage, it was identified that it would not be possible to include arts and heritage services across the three boroughs due to the fact that these services were at different stages of development and there were existing plans in some of the partner authorities for different service delivery models which were already progressing. It was decided to concentrate on libraries and leisure, where there could be synergies, for example in leisure management contract dates, which would support a feasibility study into the potential for partnership arrangements. The current project therefore concentrates on the provision of library and leisure management services

2.3.3 A working group of relevant officers from across the boroughs, reporting to the Board, conducted a feasibility review into the services, identifying budgets and costs, delivery models, assets, staffing and other resources and developed an outline business plan. This identified a number of potential saving areas such as shared procurement costs, joint management fee overheads, reduced support services and staffing costs, potential VAT advantages, shared client side/management arrangements and economies of scale for contractors. The plan is based on analysis of this comprehensive data with a 10-year business model. Early and later soft market testing indicated there was interest in this approach from potential providers.

2.3.4 In January 2012, Harrow, Ealing and Brent's respective Cabinets approved delegated authority to proceed to tender for libraries and leisure services across more than one borough, subject to further approvals as necessary by each respective Cabinet; to be delivered as single or multi-service packages as follows:

- Leisure
- *or* Libraries
- *or* Libraries & Leisure combined

Brent have identified that they do not wish their library service to be part of any joint arrangements but will be part of any joint commissioning of leisure services.

2.3.5 A joint meeting of HR, finance, procurement, legal, communications and service managers across the three boroughs has met to review service specifications and potential shared service options (such as clienting) to take the project to the next stage. Harrow is providing joint procurement and legal support to the project, Ealing is leading on finance, communications and project support. In addition, each borough is setting up its own internal working groups to review the project and identify local impacts and issues.

2.3.6 Over 2,000 residents took part in the Let's Talk 2 consultation in the summer of 2011 on Harrow's cultural services offer. Further consultation with residents and with affected staff on the specification and delivery of services and an analysis of customer data to further inform the needs analysis for services will be required as part of the process.

2.3.7 A further report will be brought back to Cabinet in June with the results of the consultation and Equalities Impact Assessment and to seek Cabinet approval for the next stage of any tender process.

2.4 Why a change is needed

2.4.1 A number of transformational changes have already improved the delivery of library and leisure services in Harrow. For example, the introduction of self-service in libraries has resulted in efficiency savings of £1.14 million per annum whilst delivering a take-up of an average of 95% self-service by library customers. A new leisure contract is delivering increased usage of Harrow's leisure facilities (such as an 11% increase in pre-paid memberships in the first 2 quarters of 2011/12 compared to the same period in 2010/11) whilst reducing cost to the Council.

2.4.2 However, the option to continue delivering in the same way as currently is not a viable one as all Council services are required to make further savings to meet the Council's overall target of £31.4million from 2012/13 – 2014/15. In addition, there are contractual issues that need to be addressed in order to deliver services for the future. The leisure management contract will expire at the end of April 2013 and therefore the Council needs to plan now for whatever service delivery model will be put in place for 1st May 2013.

2.4.3 It becomes critical therefore that the above potential for savings feature in the service requirements over the contract period, currently envisaged as 5 years for libraries and 10 years for leisure. Any contractual arrangements will also need to allow for variations to take account of changes to each borough's needs and developments e.g. the sites in the contract and also include provision for each borough's specialisms in terms of meeting residents' needs.

2.4.4 Delivering services through a joint procurement could deliver efficiency savings and service improvements as above to protect the long-term sustainability of the service offer.

2.5 Implications of the Recommendation

2.5.1 Considerations

- **Resources, costs**

This would be a major transformation project requiring an initial investment of £50,000 for Harrow to support the development of formal options, acquire professional help and guidance to take the proposals forward to tender stage and to contract implementation/client management redesign if options are approved. Significant officer time will also be required in each of the three boroughs to deliver the project.

- **Staffing/workforce**

Staff may be affected by potential TUPE situation or shared service options as part of the outcome of procurement. A full consultation with trade unions and staff will be conducted as part of the next phase of this project and HR

support will be required for this process. Any proposed changes would be managed through the Council's 'Protocol for Managing Organisational Change'.

- **Equalities impact**

Equality performance measures which are required from the service providers will need to be considered as part of the procurement process to ensure compliance with the Public Sector Equality Duty.

- **Legal comments**

- i) The council must provide a comprehensive and efficient library service and has discretionary powers to provide arts, heritage, sports and leisure, and music services. The council can choose to provide all or any of these services through contractual arrangements with any third party provider, including trusts or NPDOS.
- ii) Legal will advise on the procurement and on the contractual and governance arrangements for the project as required and will ensure full compliance with public procurement rules and other relevant legislation.
- iii) The cultural services in scope in this report are part B Services under EU public procurement rules and so are not subject to the full application of the rules. However they must be advertised appropriately to ensure transparency, equality and fairness and the council must act in a transparent, non-discriminatory and fair way throughout the commissioning and procurement processes.
- iv) The leisure sites are under lease to the current provider. Any future contractual arrangements need to take into account the leasehold arrangements and buildings repair and maintenance responsibilities to allow for potential changes to the Council's asset base. This will be addressed in future proposals to Cabinet as outlined elsewhere in this report.

2.6 Financial Implications

2.6.1 This project is scheduled to deliver £200,000 in 2013/14 as part of the Council's MTFs process. A one-off revenue budget of £150,000 to support the delivery of all of the Future of Cultural Services in Harrow review has been approved for 2012/13 as part of the MTFs process.

2.6.2 Any procurement option needs to ensure that protections and options are built into contractual arrangements to allow for each borough to specify its own strategic direction for services without incurring financial or other risks for the partners. In addition, each borough will need to consider whether any other existing services or contractual arrangements could be impacted by the procurement of these services, such as facilities management or other support services, before any final decisions are approved to ensure minimum financial exposure for the council as a whole.

2.6.2 Any contract procurement will need to take account of the draft Commercial Master Plan in terms of maximising efficiency savings whilst

enabling the Council to determine its asset planning future for strategic sites to bring maximum benefit realisation to the Council.

2.7 Performance Issues

2.7.1 Client side arrangements for monitoring and reporting performance will be assessed and included in the report to be brought to Cabinet for approval in June 2012. Any new contractual arrangements for the delivery of cultural services will include performance indicators against the specification, reflecting the differing needs of the respective boroughs and where appropriate, incentivisation to ensure delivery above targets.

2.7.2 In addition to the “cashable” benefits, there are a number of key performance improvements that Harrow will require which include:

- *Community Involvement.* The key non-financial benefit of trust status, for example, would be increased community involvement in the running of services. For example, there could be an opportunity for the community to become involved through Board membership of a trust.
- *Improved Customer Choice.* With services delivered across more than one borough, there could be increased sophistication in provision
- *Increased access to grant funding.* External organisations such as Trusts or NPDOs have better access to external funding from bodies such as the Big Lottery
- *Increased volunteering opportunities or apprenticeships.* Facilities run by trusts, for example, should be able to access volunteers or provide apprenticeship arrangements and this could be built into any contractual specification
- *Higher participation rates.* Jointly commissioning services would allow for joint marketing and promotions to general and specific groups and wider access to a range of facilities.
- *Staff empowerment.* A trust or social enterprise, for example, would offer staff the opportunity to be more involved in the running of services and to be more entrepreneurial
- *Partnership Working.* There are a number of examples where external providers such as trusts have successfully implemented co-design of delivery, for example, improved partnership with local health bodies, resulting in improved outcomes for local residents.

2.8 Environmental Impact

Any tender process will require potential providers to identify sustainability policies for reduced energy consumption and better energy management.

2.9 Risk Management Implications

The project is reviewed as part of the Council's Transformation Programme Board. A risk register is in place for the joint project between the three boroughs and further risk management will be put in place for Harrow specifically.

2.10 Equalities Implications

An initial Equalities Impact Assessment has been prepared for these proposals and the Cabinet report in January outlined some of the concerns. A detailed Equalities Impact Assessment will be prepared as these proposals are developed (including through public and staff consultation) to assess the full impact and possible mitigation before approval of the next stage by Cabinet in June 2012.

Corporate Priorities

This report incorporates the following corporate priorities:

- Keeping neighbourhoods clean, green and safe.
- United and involved communities: A Council that listens and leads.
- Supporting and protecting people who are most in need.

by identifying the future of library and leisure services in the borough which can contribute to the health and well-being of people who are most in need, for example by providing free access to ICT such as email, the internet and office software, and through subsidised sports and leisure facilities that can be targeted at young and older people or those on a range of welfare benefits.

Section 3 - Statutory Officer Clearance

Name: Roger Hampson	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 16 February 2012		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 16 February 2012		

Section 4 - Contact Details and Background Papers

Contact: Marianne Locke Divisional Director Community & Culture x6530

Background Papers:

Cabinet Report: Future of Cultural Services in Harrow January 2012