REPORT TO CABINET

<table>
<tr><td colspan="2">Open/~~Exempt~~

<u>Appendix A Exempt</u></td><td colspan="4" rowspan="2">Would any decisions proposed :

Be entirely within Cabinet’s powers to decide YES/~~NO~~
Need to be recommendations to Council ~~YES~~/NO

Is it a Key Decision YES/NO</td></tr>
<tr><td>Any especially affected Wards</td><td>~~Mandatory/~~

~~Discretionary~~ /

Operational</td></tr>
<tr><td colspan="3" rowspan="2">Lead Member: Cllr Simon Ring

E-mail: cllr.simon.ring@west-norfolk.gov.uk</td><td colspan="3">Other Cabinet Members consulted: Cabinet</td></tr>
<tr><td colspan="3">Other Members consulted: Joint scrutiny panels - E & C and CPP</td></tr>
<tr><td colspan="3">Lead Officer: Honor Howell
E-mail: honor.howell@west-norfolk.gov.uk

Direct Dial: 01553 616550</td><td colspan="3">Other Officers consulted: Senior Leadership Team; Alive West Norfolk Management Team; Alive West Norfolk Board of Directors</td></tr>
<tr><td>Financial Implications

YES/~~NO~~</td><td>Policy/ Personnel Implications

YES/~~NO~~</td><td>Statutory Implications
~~YES~~/NO</td><td>Equal Impact Assessment
YES/~~NO~~

If YES: Pre-screening/ ~~Full Assessment~~</td><td>Risk Management Implications

YES/~~NO~~</td><td>Environmental Considerations

~~YES~~/NO</td></tr>
<tr><td colspan="6">If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s) Part Public and part Private – Contains exempt information under paragraph 3 – information relating to the business affairs of any person (including the authority).</td></tr>
</table>

Date of meeting: 30 July 2024

OPTIONS FOR FUTURE MANAGEMENT ARRANGEMENTS OF ALIVE WEST NORFOLK Summary

The Council established Alive West Norfolk (AWN) in 2018. It has been trading as a Local Authority Controlled Company (LACC) since July 2019. The Cabinet report which proposed the setting up of AWN outlined a number of aspirations for the company. After five years of trading these aspirations remain challenging, largely as a result of the difficult external environment, coupled with the need for investment in aging facilities.

AWN continues to require substantial council subsidy, and this is projected to increase in the coming years. AWN have not received capital investment grants from the council to make the required improvements to the facilities. At the same time there is an urgent need to seek major capital investment in the

venues.

The council has previously agreed to increase the independence of the company's board which potentially creates an unsustainable position for the council of increasing cost, reducing control, possible limitations on contributions to council corporate priorities and the growing risks of failure to secure capital investment to renew the venues. Alongside this, the Authority has key corporate objectives around health and wellbeing, to include reducing health inequalities which would be supported by closer integration between staff employed by the council and AWN employees. This together with impending changes in Senior Management at the council, and the recent retirement of the AWN Managing Director calls for consideration of alternative management options.

This report assesses four options for the future operating model for AWN – an independent trust, tendering to external operators, continuing with the LACC model and in-house council management.

The conclusion is that the first two options would give no better outcomes than the current model (at least for now) and the existing model is unlikely to substantially improve the financial and policy outcomes for the council, mainly due to external forces. It is therefore recommended that in-house management by the council with AWN staff TUPE'd to the Authority is the best option for the foreseeable future.

Recommendation

<u>Cabinet Resolves:</u>

- That the governance and operation of Alive West Norfolk is returned to in-house council management under a management structure which will need to be considered as part of any review of senior level resourcing requirements, to be undertaken by the new Chief Executive.
- That the new arrangements to be in place by 1st January 2025 with an implementation deadline of April 2025
- That a budget of £20,000 is set aside to cover one-off set up costs (changes to ICT systems etc) related to the transfer of the service to an in-house provision.
- To agree the transfer of contracts by way of novation or assignment in accordance with the existing Scheme of Delegation.
- To delegate the negotiations for the termination of the Management Agreement with the Alive West Norfolk Board of Directors to the Monitoring Officer in consultation with the Portfolio Holder for Business and Culture and the council's AWN Client Officer.
- To delegate all necessary powers and authority to implement the transfer

to the Monitoring Officer, in consultation with the Section 151 Officer, the Portfolio Holder for Business and Culture and the council's Client Officer.

- A separate report to consider capital investment proposals for the leisure facilities to come to a future cabinet meeting.

Reason for Decision

A key priority of the council as outlined in the Corporate Strategy 2023-2027 is to provide access to leisure, cultural and outreach experiences, to reduce isolation, to improve the health and wellbeing of our communities and to reduce health and social inequalities. The cost of providing leisure and cultural services continues to rise and the leisure facilities require substantial investment and improvement. Returning these services to an in-house function will enable the council to directly influence and control this essential service, to plan for capital investment and benefit from simplifying the operational management of AWN, eliminating client officer and Shareholder costs.

1. Background

1.1 The borough council has a 'Best Value' duty to secure continuous improvement in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. This report examines the delivery model for its leisure/arts venues.

1.2 The Cabinet report in August 2018 which led to the setting up of Alive West Norfolk (a Local Authority Controlled Company or LACC) outlined a number of aspirations for the new company. These are summarised below with an update on performance against each of them.

1.3 Reduce cost to the council: The budget for AWN in 2024/25 shows a cost to be paid by the council of £2.05m. Critically, forecasts for the subsequent three years show this increasing. Therefore, the expectation in the 2018 Cabinet report of reducing the cost to the council has not been realised. The increase is partly explained by the continued impact of COVID on visit levels and by the current 'cost of living crisis' resulting in residents having less income to spend on leisure activities, together with much higher utility costs. However, all operators have faced these challenges and a comparison of AWN performance with industry standards shows that on the key performance indicator of 'cost recovery' (income contribution to costs) – AWN achieves only 76% compared to the industry average of 101%. This is in part due to the ageing condition of some of the facilities as other facilities do not incur the same level of costs.

1.4 Since AWN was established, an option to grow its business by bidding for contracts outside the borough may have been a possibility. However, external factors such as covid and the cost-of-living crisis has meant AWN has had to focus its provision within the Borough and has not had capacity to bid for alternative contracts.

1.5 As a result, AWN remains a small operator with management overheads, spread across a limited number of aging venues. This inbuilt 'diseconomy of scale' is unlikely to be resolved without the transfer of AWN into a larger partner organisation.

1.6 Reduce complexity and duplication: although the AWN model is less complex than its predecessor trust model, it still requires the council to resource a separate board with senior officers and members attending the board as directors. Furthermore, the council is required to commit senior officer time to act as 'client' for AWN with an oversight, approval, and performance review function. Although AWN is a 'controlled' company of the council, the board and its directors always act in the best interests of the company – and these may not always align with the council's interests.

1.7 Furthermore, in 2022, the council agreed to enhance the independence of the AWN Board (including the appointment of new independent directors) and establish a new Shareholder Committee within the council to oversee the performance of the company. This decision increases the pressure on the council to ensure oversight of the company, particularly given there is no up to date Service Level Agreement or performance specification in place which sets out the council's requirements and these have been placed on hold whilst this review is ongoing.

1.8 Increase visit levels and activity levels in the borough: whilst direct comparisons of the pre and post COVID period are difficult, it is worth noting that at the area level, the number of adults classed as physically active is significantly lower than the England and Norfolk averages. Only 51% of the adult population are defined as active, 10% lower than the regional average and 12% lower than the England average. In 2019 the percentage of adults classed as active was 61%, 10% higher than the current levels. By comparison, national activity levels have almost recovered to pre-Covid levels.

1.8.1 Similarly local activity levels for children and young people remain stubbornly lower than the averages for Norfolk and England.

1.8.2 At the same time, visit levels to its leisure/sport venues have marginally reduced and remained static for the Corn Exchange. Again, COVID is a factor in this, but compared to other parts of England, the recovery of visit levels to venues has been slower and the leisure venues in particular are struggling to hit pre-COVID visit rates.

1.9 Greater contribution to the council's strategic objectives: the 2018 Cabinet report predicted that a LACC would have much greater alignment with the council's goals than the predecessor trust model. As outlined above there is now an opportunity to further align resources and expertise to tackle the authority's significant health inequalities. Furthermore, the prevailing perception amongst members and senior officers is one of AWN being 'outside the council' and this has resulted in a policy void between the company and the council, especially at Senior Management level.

1.10 A key concern for the council is that the current structure does not maximise the potential for AWN staff and BCKLWN staff to jointly explore wider synergies and additional value for development of staff with wider opportunities working within the council.

1.11 In summary, whilst the relationship between the company and council is good and constructive, there continue to be a number of financial, policy, governance and investment challenges presented by the current arrangements of AWN to the borough council. It should be emphasised that this is in no way a reflection of the management of AWN by its officers, which has been exemplary.

2 Options Considered

2.1 There are four main options for managing the services currently provided by AWN: -

- Independent trust
- Tendering to external operators
- The current LACC model but with improved outcomes
- Operating the services within the council

2.2 **Independent Trust:** as set out in the August 2018 Cabinet report, the previous Trust model that preceded AWN was not considered a sustainable delivery model. Given this was a relatively recent decision, it would appear counter intuitive for the council at this time to switch back to the same model.

- Trusts in the UK have generally remained small in their operating scale. This problem of scale often results in relatively low efficiency and poor economies of scale, with disproportionate management overheads. As a result, several councils have wound up their agreements with trusts and either moved services in-house or tendered them to larger external operators.

- It is not possible for the council to set up a trust or to exclusively partner with an existing trust and then to simply transfer across the services. Procurement rules and/or the requirement to demonstrate best value would require the council to openly tender the services to all potential bidders – i.e., trusts and other external operators. The only alternative to this would be a narrowly scoped property lease to a chosen trust, but this would prohibit the council having any meaningful influence over the direction or detail of the services provided.

- The experience of working with trusts is that they are disproportionately dependent on the performance of a small number of key individuals. This carries significant risks in terms of relationship management and the successful delivery of outcomes.

2.3 **Tendering to external operators:** whilst an external commercial or social enterprise operator can offer a council a number of benefits – industry expertise, economies of scale, risk sharing and financial certainty - there are a number of reasons why the tendering model may not be right for the council at this time including:

- The need for major capital investment in the council's leisure venues means that a tendered contract to manage them would be relatively unattractive to potential bidders, given the bidders' likely concerns about declining quality, high costs and low income. Also, in advance of a secured and committed council investment programme, bidders would be required to submit double bids – one assuming investment and one not. This makes the tendering process much more complex and costly for the council and bidders and introduces significant uncertainty, potentially inflated tender prices, and complex renegotiations if and when investment is delivered

- The tender option is further complicated by the mix of arts and leisure venues currently managed by AWN. It is unlikely that the council would get a competitive response from the market if the services were tendered as one lot given there are very few operators who successfully manage leisure and arts venues. The council would therefore be best to tender two contracts – one for the Corn Exchange and one for the leisure venues. This substantially increases the cost and complexity of tendering and the subsequent long-term costs of contract management.

- There are potentially significant operating efficiencies that the council could achieve in advance of tendering the services These are yet to be realised. These should be fully explored and implemented prior to a decision to tender so that the full benefit will accrue to the council – which could for example be in the form of corporate savings and/or recycled into borrowing capital to fund renewed facilities

- New or refurbished facilities will deliver significant revenue savings as operating costs fall and income increases. A detailed investment plan should therefore be developed and implemented by the council prior to any potential tendering because the council can then benefit fully from the resulting major revenue savings – again giving it the option to recycle this into borrowing to support the capital investment costs

- The council does not currently have the capacity to manage a tendering exercise – especially a highly complex one based on pre and post capital investment scenarios and separate tenders for arts and leisure. An officer team would have to be established and funded and it would also probably require significant spend on an extended engagement of consultants to provide the industry-specific tendering expertise.

- More importantly, the time and resources required to manage a major and complex tendering programme would almost certainly result in a further and protracted delay in the council securing a facility investment plan. Given the increasing urgency of this, it is considered that priority over the less urgent distraction of a major tendering exercise.

2.4 **Continue with the current model but with improved outcomes:** Another option would be for the council to give the current LACC model more time to see better outcomes. Whilst this would avoid the disruption and potential costs and risks of switching to an alternative model, it has a number of disadvantages.

- Unless the company was able to significantly grow its business – both within and beyond the borough – it would continue to suffer from low economies of scale and disproportionate overheads and therefore likely to require major on-going subsidy from the council.

- Whilst COVID has played a part in suppressing the company's business, as stated earlier, a post-COVID comparison continues to show it performing below industry averages – both in visit levels and cost recovery. After five years of operation, there are no obvious or rational reasons to suggest this will gap will be closed in the near future under the current model with limited capital investment. Indeed, operating efficiencies will remain difficult to implement in the company given its limitations of scale. For example, potential staff efficiencies are more challenging given the limited scope for redeployment.

- The cost to the council of providing leisure and culture facilities is forecast to increase in the coming years and there are no obvious 'levers' available to reverse this trend under the current model. At the same time, the retirement of existing board members would hasten the need for the council to implement its 2022 decision to give the AWN board greater independence. Therefore the 'double disadvantage' of increasing council costs and reducing council control/influence will almost certainly grow under the current model.

2.5 In summary, the alternative models of trusts and tendering have significant limitations at the current time and are arguably worse than continuing with the LACC model. However, the existing model also has major and potentially growing shortcomings with few signs of likely improvement as things currently stand. It is therefore logical for the council to consider the fourth and final option – in-house management – as potentially offering the best medium-term solution.

3. Operating the services within the council

3.1 By transferring AWN back into the council, there is an opportunity to address many of the limitations presented by both the current model and the alternative trust and tendering models. The potential benefits of an insourced operation are summarised below.

- Reduce cost to the council – the integration of the AWN services into the council will provide new opportunities for recurring annual savings on reduced management overheads and significant VAT and administrative savings. These are summarised in the Financial Implications section of this report.

- All AWN staff are currently on council terms and conditions and the council carries all major risks - for example, energy and maintenance costs. AWN can therefore be insourced without additional recurring costs or risks to the council. By contrast, many other councils face a major increase in costs and risk from insourcing – primarily where staff are employed on non-local authority terms and conditions.

- Create a single focus on a facility investment plan – merging the strategic role of the council with the operational role of the company significantly strengthens the focus, capacity and expertise required to develop and deliver the major capital investment plan needed over the coming three to five years.

- Retain and recycle revenue savings - both the initial recurring savings resulting from insourcing and a much bigger second wave of savings from new/refurbished facilities can be fully retained by the council. It then has the option of recycling some or all the savings into capital borrowing to help fund the investment plan – with facilities thereby making a significant 'self-funded' contribution to their renewal costs.

- Simplify organisational arrangements and eliminate client costs – integrating AWN services into the council will not require additional or dedicated performance or contract management resources. It will also eliminate the need for 'client' roles and the demands of servicing a board. There will also be no requirement to address the current absence of a service contract and specification and importantly, it will allow the council to continue to operate the AWN brand in all public facing interactions (website, staff uniform, venue signage etc).

- Achieve full alignment with council priorities and goals – bringing AWN services into the council will automatically align them with the council's goals and significantly increase their contribution to strategic priorities. This is particularly the case with the crucial challenge of reducing health inequalities. There will also be the potential for a mutually beneficial relationship between council and company staff – each offering to the other complementary expertise and experience.

- Retain the flexibility to review operating options in the future – whilst there appears to be a compelling case to bring AWN back into the council and to synchronise this with the development of a new capital investment plan for the venues - the council has the option to further review the operating options post investment in 3 to 5 years.

- Finally, a major benefit of insourcing is that if offers the opportunity for the council to 'twin track' i.e., transferring to an alternative management model at the same time as developing and delivering a major capital investment programme. One of the benefits of insourcing – especially given AWN staff are already on council terms and conditions – is that the processing of a transfer is relatively straight forward and can be done quickly. This avoids the risk of the time critical need for an investment plan being further delayed by a protracted process of switching to an alternative management model or continuing to be undermined by a decision to continue with the current model.

4. Policy Implications

4.1 The recommendation to transfer AWN to the Council, for the reasons outlined in this report, is consistent with the objectives outlined in the Council's Corporate Strategy for 2023-2027 which includes a commitment to "actively and continually examine and review the way we deliver our services in-house, through our companies, through procurement and other channels, to ensure they offer value for money and meet the needs of our communities". Bringing leisure and cultural services back inhouse will help to support our local communities by enabling the Council to have direct influence over access to leisure and cultural experiences, ensuring these services continue to make a vital contribution to improving health and wellbeing in the borough and joining up approaches to tackling health inequalities. Insourcing these services will also help to ensure their effective and efficient delivery going forward, including reducing complexity and duplication, ensuring value for money in service delivery and providing opportunities for capital expenditure.

5 Financial Implications

5.1 A summary of the Alive West Norfolk projected financial position is detailed below: the detailed breakdown is in Appendix A (Exempt Document).

5.2 The financial position of Alive West Norfolk over the past 4 years is attached at Appendix B. This demonstrates an increase in the costs between 2022-2023 and 2023-2024, which are largely due to increases in utility prices (Appendix C).

5.3 The current agreement between the Council and AWN has a provision for the Company to pay the Council an annual 'management fee' of £412k. Because of the performance challenges faced by the Company – outlined elsewhere in this report – the Company has not yet been able to pay the target figure of £412k.

5.4 Since the Company started trading in July 2019 to the year ended 31/03/2023, a total of c.£357k has been paid to the Council in regard to the management fee. It is estimated that payment of £145k will be made to the Council for year ended 31/03/2024. The repeated shortfalls on the fee payment have been covered at year end by the council's budget.

5.5 As a result of the 2024/2025 budgets prepared for AWN, the Council has not budgeted for management fee income in 2024/2025. The council's Medium Term Financial Plan does include a target management fee income figure of £412k for the three years inclusive 2025/2026 to 2027/2028.

5.6 If it is agreed to transfer AWN into the Council, it is suggested that the principle of an annual payment in the form of an 'operating surplus' be agreed internally between the AWN services and the Council. This should be set at a level that reflects the realistic income potential and operating costs of AWN. This will make no material difference to the Council's overall financial risk and should lead to greater financial control.

5.7 Due to recent changes in HMRC's interpretation of VAT legislation, which resulted in leisure services being classified as non-business supplies for VAT purposes, one of the main beneficial factors of having AWN as a separate company is no longer applicable. Under the current company model, there is a proportion of input VAT which is unrecoverable of c.£400k and therefore a cost to the company. If agreed, the transition back into the council will allow for this element of VAT to be fully recovered, as long as the council's de minimis limits are not breached. These limits have been reviewed and based on current levels; it has been confirmed that there would be no breach.

5.8 The other main beneficial factor of having a company model was the saving on Discretionary Rates Relief for the leisure facilities. Currently this saving to the Council is c.£360k, as this cost is currently covered by Norfolk County Council and Central Government. If the transfer is agreed, this would become a cost to the Council.

5.9 Transferring AWN back into the council will offer the opportunity to review management costs of the operation. The proposal is to integrate the service into existing staffing resources within the council would result in a potential reduction in management costs in the order of £140k.

5.10 If agreed, the transition back into the Council will result in some additional one-off work for the finance, Human Resources and ICT departments to undertake. For example, finance system integration/set up, customer and supplier migration/set up, banking/DD transfers. All work is fundamental to avoid disruption to services and ensure business continuity. A realistic timescale for the transition will be set to ensure this work can be completed accurately.

5.11 Customers, suppliers, and any other external stakeholders will be communicated with if the transition back into the Council is agreed.

5.12 A transfer will also create efficiencies within the department by removing the duplicated processes currently being undertaken as two separate entities. For example, there would only be one VAT return being prepared instead of two, one external audit. Although these additional administrative costs would not realise a financial saving, unless staffing resources were reviewed, it will free up staff capacity.

5.13 It has also been identified that there will be a number of one-off costs incurred to complete the transition, if the transfer is agreed. A review across all impacted areas has been undertaken and it is expected that a budget of £20k will be required to implement the transfer.

5.14 Overall, therefore, there are a number of financial gains and losses for the council. However, the overall net financial gain from the VAT savings, taking into account the business rates change in the order of c. £200k per annum.

6 Legal Implications

6.1 Powers

If the Council acts commercially, it must be linked to a mandatory or discretionary power that the Council has available to it, otherwise it must be done through a company. A review has been carried out of the activities carried out by AWN commercially and they all come within the Council's statutory powers, namely: section 19 of the Local Government (Miscellaneous Provisions) Act 1976, sections 144 & 145 of the Local Government Act 1972, and section 12 of the Public Libraries and Museums Act 1964. Accordingly, the Council can continue all activities carried on by AWN for commercial gain, in the event of future in-house Council management.

6.2 Termination of Management Agreement and Leases

The Management Agreement provides for a six-month termination notice period. A termination notice can be served at any time. All leases for the leisure facilities contain a reciprocal clause meaning that termination of the Management Agreement will act as a termination of the leases as well, with the same notice period. These termination notice provisions will need to be complied with in the event Cabinet resolves that the Management Agreement with AWN should end.

6.3 Novation of Contracts

A list of all contracts held by AWN has been compiled and checks are being made with each contractor to see that they would agree to a novation of the relevant contract to the Council. Further checks would be made if it were resolved to award the leisure and/or culture provision to a different provider.

6.4 Asset Transfer Agreement

AWN holds little in the way of assets as the leisure facilities are leased and the leisure equipment is hired. A full list will, however, need to be compiled of all miscellaneous assets of AWN to append to an Asset Transfer Agreement in the event that leisure and culture services are resolved to be transferred, whether to the Council or another provider. The value of the assets is likely to be negligible and the agreement will address any tax consequences where relevant.

7. Personnel Implications

7.1 If agreed, the recommended option would mean that those staff currently employed by Alive West Norfolk would transfer to the Council's employment with effect from the transfer date. The Transfer of Undertaking (Protection of Employment) Regulations (commonly known as TUPE) will apply in these circumstances and the transfer will be handled in accordance with the requirements of these regulations.

7.2 Staff employed by Alive West Norfolk are already engaged on the same terms and conditions of employment as Borough Council staff. This includes all staffing related policies and procedures operated by the Council, such as arrangements for performance related pay, sickness absence management and holiday arrangements. Therefore, the TUPE transfer to the Borough Council's employment will therefore have no impact on staff terms and conditions.

7.3 It will be necessary to undertake a communication and consultation process with staff, to inform them of the proposed changes to the operating model for Alive West Norfolk, and to consult with them regarding the TUPE transfer. This will include consultation with trade unions in accordance with agreed procedures. Alive West Norfolk are the current employers, and it is proposed that a joint communication and consultation process be adopted by the AWN Board and the Council to ensure this part of the transfer is undertaken smoothly.

7.4 Transferring AWN back into the Council will remove the need for a Service Level Agreement (SLA) for the provision of HR services to the company and remove the need for the Council's HR team to run a second payroll each month, which will remove some duplication of administrative processes which have been burdensome for the team.

7.5 If Cabinet agrees the recommendation, officers will review the options for integrating the staff into council management structures. This may require an initial temporary solution to facilitate a timely transfer, particularly if the wider council staffing structures are under review following the appointment of a new Chief Executive.

8. Property Implications: Leases and Management Agreement

8.1 A number of lease agreements have been created between the borough council (as landlord) and Alive West Norfolk (as tenant) for the following premises:

- Lynnsport : King's Lynn
- St James Pool: King's Lynn
- Oasis Leisure Centre: Hunstanton
- Corn Exchange Theatre: King's Lynn

And a sub-tenancy arrangement has been created at:

- Downham Leisure Centre: Downham Market [Note: this sub-tenancy issue should not be problematic as the main contractual agreement is between the borough council and its head lessor]

8.2 All of the above leasing arrangements are Business Tenancy arrangements between the borough council (as landlord) and Alive West Norfolk (as tenant), and all the leases have the same lease date, lease commencement date, length of lease term, and generally all the other terms and conditions are the same throughout each lease.

8.3 Although the contractual lease term is due to end in June 2024, there is no need to seek to extend the leasing arrangement formally. Within commercial Business Tenancies there is "common practice" that the tenant can continue on in occupation, under the terms of the time-expired lease agreement, until such time as the tenancy is formally brought to an end (by the execution of a relevant Notice under the Landlord & Tenant Act 1954), and a new lease is granted (or the tenancy if formally brought to an end (by formal Notice) and the landlord takes possession of the property). This is called "holding over".

9. Environmental Considerations

9.1 There are no environmental considerations emerging from this report in respect of the possible transfer from a LACC back to the council.

10. Statutory Considerations

10.1 Statutory considerations are included in section 6.

11. Equality Impact Assessment (EIA)

11.1 Pre-screening EIA form attached. Full assessment not required at this stage.

12. Risk Management Implications

121 An analysis of the risk has been attached at Appendix D.

13. Declarations of Interest / Dispensations Granted

13.1 None.

14. Background Papers

Cabinet Report 2018

(Definition: Unpublished work relied on to a material extent in preparing the report that discloses facts or matters on which the report or an important part of the report is based. A copy of all background papers must be supplied to Democratic Services with the report for publishing with the agenda)

<table>
<tr><td>Name of policy/service/function</td><td colspan="5">Options for future management arrangements of Alive West Norfolk</td></tr>
<tr><td>Is this a new or existing policy/ service/function?
(tick as appropriate)</td><td>New</td><td></td><td colspan="2">Existing</td><td>✓</td></tr>
<tr><td>Brief summary/description of the main aims of the policy/service/function being screened.

Please state if this policy/service is rigidly constrained by statutory obligations, and identify relevant legislation.</td><td colspan="5">Report to cabinet that outlines four options for the future management of Alive West Norfolk –
1 An independent trust,
2 Tendering to external operators,
3 Continuing with the LACC model
4 In-house council management.</td></tr>
<tr><td>Who has been consulted as part of the development of the policy/service/function? – new only *(identify stakeholders consulted with)*</td><td colspan="5">Borough Council's Senior Leadership Team – Chief Executive, Executive Directors, and Assistant Directors.
Senior Leadership for Alive West Norfolk.</td></tr>
<tr><td>**Question**</td><td colspan="5">**Answer**</td></tr>
<tr><td rowspan="11">**1**. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?

Please tick the relevant box for each group.
NB. Equality neutral means no negative impact on any group.

If potential adverse impacts are identified, then a full Equality Impact Assessment (Stage 2) will be required.</td><td></td><td>Positive</td><td>Negative</td><td>Neutral</td><td>Unsure</td></tr>
<tr><td>Age</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Disability</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Sex</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Gender Re-assignment</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Marriage/civil partnership</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Pregnancy & maternity</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Race</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Religion or belief</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Sexual orientation</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>Other (eg low income, caring responsibilities)</td><td></td><td></td><td>✓</td><td></td></tr>
</table>

Question	Answer	Comments

2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	Yes / No	The report focuses on the governance and management options for Alive West Norfolk, no proposed changes to services or facilities at this point in time. Suggest additional EIA is completed if decision taken may impact on provision in the future.
3. Could this policy/service be perceived as impacting on communities differently?	Yes / No	The report focuses on the governance and management options for Alive West Norfolk, no proposed changes to services or facilities at this point in time. Suggest additional EIA is completed if decision taken may impact on provision in the future.
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	Yes / No	The report focuses on the governance and management options for Alive West Norfolk, no proposed changes to services or facilities at this point in time. Suggest additional EIA is completed if decision taken may impact on provision in the future.
5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section	Yes / No	**Actions:** **Actions agreed by EWG member:** …………………………………………

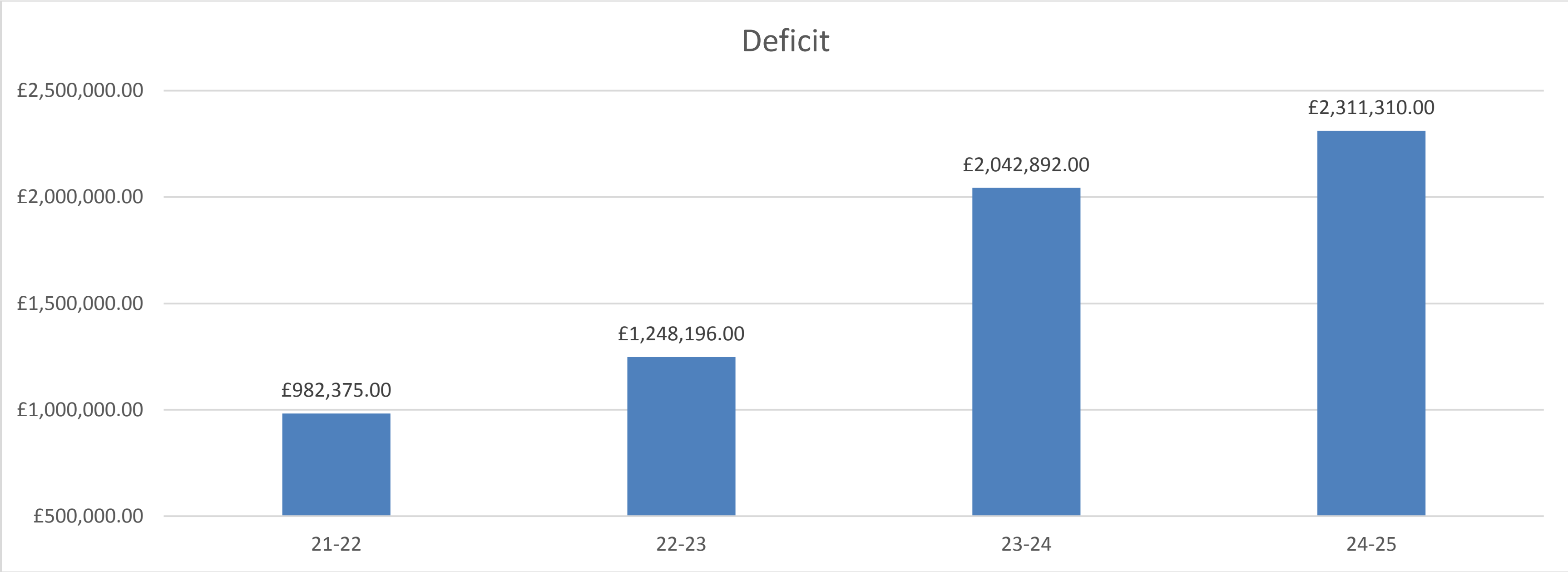
If 'yes' to questions 2 - 4 a full impact assessment will be required unless comments are provided to explain why this is not felt necessary:

Decision agreed by EWG member: …………………………………………………..

Assessment completed by: **Name**	Charlotte Marriott
Job title	Policy Officer
Date completed	XXXXXXX

Complete EIA Pre-screening Form to be shared with Corporate Policy (corporate.policy@west-norfolk.gov.uk)

APPENDIX B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£2,500,000.00
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£982,375.00
£1,248,196.00
£2,042,892.00
£2,311,310.00
21-22
22-23
23-24
24-25

APPENDIX C

	22/23	23/24	Variance
Utilities	£776,900.00	£1,269,459.00	£492,559.00
Maintenance	£522,712.03	£561,505.00	£38,792.97
U/Supported Borrowing (Capital)	£11,420.00	£150,120.00	£138,700.00
Repayment of Covid Grant	(£85,000)	-	£85,000
		Total	£755,051.97
		Difference between 22/23 and 23/24	**£794,696.00**
			£39,644.03

APPENDIX D – RISK ANALYSIS

RAG rated risks by option

Green = likely better outcome   Orange = likely poorer outcome   Yellow = some issues/neutral

Operational Model	Option 1 – Trust	Option 2 – External tender/outsourced provision	Option 3 LACC	Option 4 – Fully in-house provision
Risk Topic				
Financial	**Unlikely to achieve beyond good**	**Unlikely to achieve beyond good currently due to low attractiveness to providers/ need for investment**	No Change VAT changes loss of benefit of LACC status	Net gain c. £200k Opportunity to integrate support services unify management structures resulting in potential efficiencies Business rates exemption will no longer apply - £300k exposure but mitigated by Business Rates Pool
Operational	**Union and staff consultation required**	**Uncertainty for staff; Union and staff consultation required**	**Current position** **Staff are on council Terms and Conditions; engagement with union and Board** **Currently a void on council responsibility for capital investment decisions (officer side)**	**Fully in control of council to reshape and realign for achievement of direct and indirect policy objectives and Corporate Priorities** **Staff already on council Terms and Conditions** **Eliminate requirement for Client role** **Council management restructure already being considered following changes at Management Team**
Strategic/Governance		**Contractual; potential for conflict or disagreement**	**Financial/ Value for money**	**As standard decision making**

			Participation in physical activity has declined.	Alignment between Corporate Strategy and provision of health and wellbeing and reduction of health inequalities Link into Marmot Project Information governance – all Data Protection, GDPR and other policies will align with the council Remove requirement for resource to manage Board meetings, Shareholder Function and other functions required for an LACC.
Legislative, Regulatory and Compliance		Responsibility passes to operator	Unclear lines of accountability re increasing independence of Board	Very clear lines of accountability are achievable
Technological		Responsibility passes to operator, likely separate operating systems	No change	All ICT is currently hosted/maintained by the borough council. Some systems will require updating but overall, minimal change will be required, therefore less disruption to services.
Community and Reputational	Previous model: would be counterintuitive for the council to revert to a model deemed not suitable for Leisure	Dependent on service quality; may bring disruption to service delivery during transfer, may increase costs to residents, may improve offer to residents	Venues require investment; inaction may reduce resident trust in services	Transfer will not disrupt service delivery Service quality may not improve Alive has only been operational for 5 years. Perception of

	Services			cost, initial decision to set up LACC.
Environmental		Model would still require significant capital investment from the Shareholder	Capital investment required	The council has declared a climate emergency and has a target to be carbon neutral by 2030. In-house operation is more likely to align the priorities and create ownership and accountability for carbon emissions. Capital investment will incorporate environmental considerations
CONCLUSION				**Likely best outcome for the medium-term**