

10 March 2015	ITEM: 7
Children's Services Overview and Scrutiny Committee	
A progress report on the Grangewaters Outdoor Education Centre Alternative Delivery Models Project	
Wards and communities affected: All	Key Decision: Key
Report of: Councillor J Kent, Portfolio Holder for Finance and Education	
Accountable Director: Carmel Littleton, Director of Children's Services	
This report is Public	

Executive Summary

The purpose of this report is to provide an update to the Children's Services Overview and Scrutiny Committee on the progress made with respect to the work to be undertaken in order to commission out the opportunity to manage Grangewaters Outdoor Education Centre.

Changes to both funding and powers of local authorities have made it necessary to consider alternative models of delivery in order to secure certain services on a long term basis and reduce the cost of these to the Council. Officers have analysed and evaluated the most suitable pathway towards commissioning out the management of the Centre. It became apparent during that process that, a commercial valuation was required in order to assess the capacity of Grangewaters to attract interest as a going concern under any of the options remaining and to enable prospective organisations to realise the overall value of the centre. It was also felt that the Grangewaters site should be developed in order to enhance the value of the site. These steps align with the recommendations made by Officers to Cabinet in August 2014.

1. Recommendation(s)

- 1.1 That members note the content of this report intended to provide an update on the Grangewaters Alternative Delivery Models project.**

Introduction and Background

- 2.1 In January 2011, officers were given Cabinet permission to explore a range of alternative delivery models for the delivery of services (outside of the Council) and to return to Cabinet with recommendations as to the most suitable option(s). This has taken some time as officers have been working towards

the identification of a more sustainable model before proceeding with the development of the recommendations.

2.2 In August 2014 officers presented a report updating Cabinet members on the progress of the Grangewaters Alternative Delivery Models project and recommending an option for delivery of services at Grangewaters Outdoor Education Centre. In light of:

- The transformation agenda,
- impending changes to domestic law as a result of the new European directive
- public opinion

2.3 Officers recommended that Cabinet:

- grant permission to commission out the opportunity to manage Grangewaters Outdoor Education Centre
- grant approval to enter into a procurement process to facilitate the commissioning out of the management of Grangewaters.

Cabinet approved both recommendations and Officers began to lay the foundations for the procurement process that would facilitate the commissioning out of the management of the Centre.

2.4 Prior to the August sitting of Cabinet, the Alternative Delivery Models project group had considered the various options and decided that in order to measure the capacity of Grangewaters to attract interest as a going concern and to enable prospective organisations realise the overall value of the centre, a land valuation was required. It was also felt that a commercial valuation should be carried out.

2.5 Shortly after officers began the process required to obtain a commercial valuation, funds became available to develop the premises at Grangewaters and a project group was set-up to manage the development. Officers decided to discontinue the valuation temporarily to facilitate the building work which had the potential to enhance the value of the site. The procurement process in respect of a valuer will commence when the building work has been completed.

2.6 Officers will prepare the service specification around the management of Grangewaters and will work in partnership with the Legal Team to prepare the contract. The contract will be drafted to ensure that it meets the five principle requirements listed in the August 2014 Cabinet report.

2.7 Once the valuation is complete officers will prepare a report to Cabinet update Cabinet on the progress made.

3. Issues, Options and Analysis of Options

- 3.1 Grangewaters has secured services on a traded basis in order to support the Outdoor Education offer across Thurrock. As Grangewaters does not receive funding towards their direct running costs officers carried out research and considered the feasibility of potential alternative delivery models that would improve Grangewaters by enhancing service provision and use of the centre.
- 3.2 An appraisal of delivery models and the legal structures supporting them was considered by a working group including elected members in 2013/2014. After in-depth research and debate an options list of the most suitable models to achieve the objectives set for Grangewaters was compiled. Also, a public consultation on the future delivery of Grangewaters was arranged as well as a Stakeholder's event to consult with key stakeholders. The results revealed that the preferred model was a charitable organisation.
- 3.3 The findings were reported to Cabinet and the decision was taken to commission the opportunity to manage the centre out via a contract. The externalisation will be structured and the procurement carried out so as to ensure the retention of the asset and to secure community benefit and social purpose within Grangewaters.
- 3.4 Officers began the process required to commission the service. The first steps involved obtaining valuation of the land and a commercial valuation. The land valuation was secured and officers proceeded to identify a total of seven potential specialist leisure valuers suitable to take part in a procurement process. Their names were forwarded to Procurement for registration and a valuation brief was prepared.
- 3.5 Officers were in the process of organising a procurement process to appoint a valuer to carry out the commercial valuation, when a small-scale injection of funds became available for essential works that will enhance the value of the asset base and commercial activity associated with Grangewaters. A separate Project Group was set-up including internal colleagues from Asset Management, Procurement, Grangewaters, Children's Commissioning and an external engineering firm. The group meets monthly to steer the project which is expected to be completed by July 2015. The work is progressing within the proposed budget.
- 3.6 There are several issues which officers have been working on, such as TUPE rights. Should the proposed commissioning take place, some staff may transfer across to the new management.

Human Resources have been approached and have provided a job profile / TUPE consideration for all Grangewaters staff. Human Resources have also provided data around Council services (i.e. debt recovery, Procurement and Insurance) which are provided to Grangewaters. A trade union has also been involved in the process.

Union, HR representatives and officers involved in the project group have arranged and attended separate staff consultation meetings regarding the

implications of the Commissioning process. The meetings were arranged to offer advice and information to staff and to enable them to ask questions and to have those questions answered.

Grangewaters Staff have submitted an Expression of Interest to the Director of Children's Services. The staff have expressed an interest in the running of the service themselves. The Expression of Interest has been received and will be considered by management. Staff have taken a collective decision to engage in the proposed procurement process around the future management of Grangewaters.

- 3.7 A draft specification will be considered by a Task and Finish Group to be set up in February 2015. The group will include current members of the Project Group with the addition of service users i.e. representatives from schools, scouts, the boat club etc. and any other individual /organisation recommended.

4. Reasons for Recommendation

- 4.1 It is recommended that members note the progress being made. The reason for this recommendation is to ensure that members are consulted prior to Cabinet. A tight service specification will enable the Council to harness these objectives and protect the services and assets available at the Centre for the local community, ensure the retention of a social purpose in the operation of the centre, develop a business aspect of the service, and most importantly maintain the key service provision which enables a range of experiences that encourage children and young people to develop skills and experience in an outdoor environment. Also, this will open the process to voluntary organisations as identified as a preference in the consultation, whilst meeting the current restraints due to funding changes and enabling consideration of commissioning models.
- 4.2 At this stage it is worthy of note that officers working on a proposal to develop a Youth Mutual have been successful with a Cabinet Office bid for consultancy support. This entails direct support from a team offering legal, financial and business expertise.

A proposal around the inclusion of Grangewaters in the mutual could be considered. Officers have considered the advantages of a consultancy agreement around the development of a business model. The agreement would produce an overview of the financial and business potential within Grangewaters. This would be a step further than the planned commercial valuation as it would depict how to gain maximum utilisation of the assets and resource available at Grangewaters. Consequently, officers would be able to draft a more succinct specification that would attract the most suitable provider prepared to deliver the most appropriate service.

The business model will be developed once a range of tasks including those listed below are carried out:

- analysis of the current provision
- an examination of the condition of existing facilities
- a comparison with other provision/providers
- a review of current customer usage
- analysis of current financial condition
- a review of the current marketing approach

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 Consultation has been held with members of the public, stakeholders (including users of the service) and staff.

6. Impact on corporate policies, priorities, performance and community impact

6.1 Impact on corporate Priorities

The proposals contained in this report support the corporate priorities listed below:

- create a place for learning and opportunity.
- build pride, responsibility and respect to create safer communities
- improve health and wellbeing
- protect and promote our clean and green environment

6.2 Benefit to other Council initiatives

The work carried out during the development of Grangewaters has been beneficial to the initiative involving the development of an alternative delivery model around youth provision; the Youth Trust Proposal

The research conducted around the various alternative delivery models considered for Grangewaters, the lessons learned from the project and the process followed have been beneficial to the initiation of the Youth Mutual. It may also be useful to future initiatives as the Council's role with respect to certain aspects of non-statutory service delivery shifts from that of provider to commissioner.

7. Implications

7.1 Financial

Implications verified by: **Kay Goodacre**
Interim Finance Manager

Detailed financial implications would be reviewed as part of the appraisal process, however, it is expected that the options recommended would be based upon a zero cost to the Council.

7.2 Legal

Implications verified by: **Sheila Saunders, Contract and Procurement Solicitor (for and on behalf of Daniel Toohey, Principal Corporate Solicitor)**

- 7.2.1 Procurement: The commissioning process will need to be carried out in compliance with all, relevant, European and domestic procurement rules, including state aid and the principles enshrined in the Treaty on the functioning of the European Union: namely, transparency, fairness, non-discrimination, proportionality and mutual obligation.
- 7.2.2 Property: Dealing with the Grangewaters Outdoor Education Centre's land and/or assets by way of leases will enable the Council to retain an interest in the land and in the assets. A grant of a lease of land by the Council to any external organisation, for a period greater than 7 years, must comply with the duty, pursuant to section 123 of the Local Government Act 1972, to obtain the best consideration that can reasonably be obtained, unless the circumstances of the grant fall within an exception granted by the Secretary of State or the consent of the Secretary of State is obtained. There must, also, be compliance with state aid rules.
- 7.2.3 The Public Services (Social Value) Act 2012 places a requirement on the Council to consider the economic, environmental and social benefits of its approaches to procurement before the process starts. The Council must consider how what is to be procured may improve the social, environmental and economic well-being of the relevant area, how it might secure any such improvement and whether it needs to consult.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren
Community Development and Equalities
Manager**

Moving towards improved community ownership and delivery supports the priority to build pride, responsibility and respect to create safer communities. There is an opportunity within the commissioning agreement and the contract to enhance the benefit accruing to a wider range of people by close monitoring and detail within the service specification. A full equality impact assessment has been conducted around the options appraisal carried out by officers in order to ensure that the maximum benefit is gained from this development. There is no evidence of any adverse impact to any particular group.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

Report to Cabinet 13 August 2014; non-exempt / not protected
Thurrock Council website; Cabinet documents
ITEM 13 - Alternative Delivery Model – Grangewaters Outdoor Education Centre

9. **Appendices to the report**

- Project Timeline
- Legal Implications report

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