

18 March 2014		ITEM: 8
Children's Services Overview and Scrutiny Committee		
Alternative Delivery Model – Grangewaters Outdoor Education Centre		
Report of: Sue Green, Strategic Leader Early Years, Families and Communities		
Wards and communities affected: All	Key Decision: Non-Key	
Accountable Director: Carmel Littleton – Director of Childrens Services		
This report is Public		
Purpose of Report: To update members on the results of the consultation on an alternative delivery model for Grangewaters Outdoor Education Centre and make recommendations on the final analysis prior to reporting to Cabinet.		

EXECUTIVE SUMMARY

The consultation on the future delivery of Grangewaters has been completed and included consultation with key stakeholders and a public consultation. Following this, members of the working group requested that a further report be made to Overview and Scrutiny to consider an amendment to the recommendations made in October 2013 to now include the consideration of an existing local charitable organisation managing Grangewaters.

The consultation has received 61 responses and has provided valuable information on the needs of users, those who do not currently use the centre and what activities users are likely to want in the future; this will be used for the purposes of planning and marketing.

For the purposes of this exercise a question on how respondents would like Grangewaters to be managed was asked; the results were as follows:

- As a charitable organisation = 71%
- By an external organisation = 3%
- By the local authority = 10%
- I do not mind = 13%
- No response = 3%

This indicates that the preferred model would be a charitable organisation.

Exploration of all models as set out in the report to committee in October 2013 has been undertaken and members of the working group feel that further progression of these is cost prohibitive. The main options that remain are:

- Commissioning out the management and operation of the centre
- The management of Grangewaters by a charitable organisation through either the establishment of a new one or the use of an existing one

There are significant benefits to operating Grangewaters as a charitable organisation particularly with regard to the retention of increased investment in local services. However, the risks with regard to reserves, sustainability and any emergency building needs associated with this option could be minimised through the use of an existing local charitable organisation.

The working group continue to consider the options available including detailed analysis of any procurement implications, property obligations and that the options be presented to Cabinet in the coming months. Members are keen to keep the options highlighted above open as they work towards final recommendations.

1. RECOMMENDATIONS:

- 1.1 That the option to manage and operate Grangewaters through an existing local charitable organisation be included for consideration alongside the option to create a new Charitable Incorporated Organisation.**
- 1.2 That the Committee agree that the aspects highlighted in paragraph 3.10 be agreed to be included in the recommendations to Cabinet subject to full consideration of legal, HR and procurement and property implications.**
- 1.3 That upon completion of the further explorations, the recommendations made by the working group be presented to Cabinet.**

2. INTRODUCTION AND BACKGROUND:

- 2.1 This report follows the recent update and recommendations provided to members of Overview and Scrutiny in October 2013. Following the consultation undertaken with key stakeholders and the public on both the preferred delivery model for Grangewaters Outdoor Education Centre and on how usage of the centre can be increased, it was the view of the members of the working group that a further updating report should be presented to this Committee.
- 2.2 Members are reminded that a working group was established in 2013 to oversee the work to develop the project and to provide reports back to this committee prior to making recommendations to Cabinet.
- 2.3 At the meeting of Children's Overview and Scrutiny in October 2013 it was agreed that a consultation should be completed; that a full analysis of

a Charitable Incorporated Organisation should be completed and that a report be made to the committee prior to proceeding to Cabinet approval.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1 A consultation with key stakeholders and the public has been held and as a result of this and further discussion it was proposed that consideration be given to the use of an existing local charity as a delivery model for Grangewaters. Members of the working group met to discuss this option further and as a result it was felt that this could prove a viable option and seek to include this in the final consideration prior to making recommendations to Cabinet.
- 3.2 Members also felt that the option to commission out should be further compared against the options appraisal as the benefits of all options need to be balanced against the delivery of a sustainable business model.
- 3.3 The consultation provided valuable information on the needs of users, those who do not currently use the centre and what activities users are likely to want in the future; this will be used for the purposes of planning and marketing. A copy of the responses is included in the appendices to this report.
- 3.4 For the purposes of this exercise a question on how respondents would like Grangewaters to be managed was asked, the results were as follows:
- As a charitable organisation = 71%
 - By an external organisation = 3%
 - By the local authority = 10%
 - I do not mind = 13%
 - No response = 3%
- 3.5 This indicates that the preferred model would be a charitable organisation.
- 3.6 As agreed the working group is in the process of undertaking a further analysis of the development of a new Charitable Incorporated Organisation and this has highlighted some significant considerations. It has also become evident that the management of Grangewaters as a charitable organisation could also mean that this does not necessarily have to be a newly established one.
- 3.7 As the group has been considering the key issues another factor that has been highlighted is the need for significant investment into the site to enable it to continue to operate. This could be achieved through private investment if the centre was commissioned out. However it was felt that the use of the centre and the income from this could be increased significantly and this would limit the reinvestment of profit back into the centre and services for local residents.

- 3.8 There are considerable benefits to the management of the site as a charitable organisation as highlighted in the report to committee in October 2013. However, the consultation feedback from existing organisations also highlighted the risks associated with not having high levels of reserves including sustainability risks and if emergency investment was needed due to health and safety issues for example.
- 3.9 There is also a significant amount of work involved in establishing a new organisation and the capacity to undertake this will be considered in the final recommendations to Cabinet. However, a new charity could clearly set out the aims for the benefit of the local community and encourage community engagement in the future of Grangewaters.
- 3.10 There remain some aspects that would apply to both a charitable organisation and a commissioned provider and these are recommended for agreement to be included in the proposals to Cabinet:
- A minimum 25 year lease
 - The need to retain the HSE Adventure Activity Licensing requirements
 - The need to retain the site as an Outdoor Education Centre
 - The need to ensure the local authority continues to have an interest in the management Grangewaters
- 3.11 Having considered the options more fully together with the results of the consultation the working group recommends that along with the exploration of a new Charitable Incorporated Organisation and commissioning out the management that existing local charities as an option for delivery also be explored.
- 3.12 The benefits of commissioning the site out are greatest in the short term with the option for increased investment and the development of a more profitable business model. However, there is a concern that as the site becomes more profitable these profits will not be invested locally and also the provision of local interest in the management of the centre would be limited.
- 3.13 The working group also considered the costs and time required to commission the centre out privately. In the event that procurement is required to be carried out, the process will need to be undertaken in compliance with the European procurement rules.
- 3.14 For all options there is the need for the management and administration costs to be considered as these are currently met by the local authority.
- 3.15 In considering an alternative model of delivery we have focused on the need to enhance service provision whilst reducing costs to the Council. As budgetary provision reduces further this will also be a way of protecting services for the local community. Details were presented to members in October 2013 and will be summarised in the final recommendations to Cabinet to show all of the options that have been considered.

4. CONCLUSION:

- 4.1 Following the consultation, the option to deliver Grangewaters as a charitable organisation remains a strong one. However the further exploration of this indicates that consideration should also be given to achieving this through an existing local organisation. Subject to compliance with European procurement rules and the principles of transparency, fairness and non- discrimination which are enshrined in the Treaty on the Functioning of the European Union.
- 4.2 Exploration of all models as set out in the report to committee in October 2013 has been undertaken and members of the working group feel that further progression of these is cost prohibitive. The main options that remain are:
- Commissioning out the management and operation of the centre
 - The management of Grangewaters by a charitable organisation through either a new one or the use of an existing one
- 4.3 Commissioning out the management and operation of the centre could result in limited opportunities for community engagement in the management of the organisation.
- 4.4 There are significant benefits to operating Grangewaters as a charitable organisation particularly with regard to the retention of increased investment in local services. However the risks associated with this option could be minimised through the use of an existing local charitable organisation, subject to the matters referred to in paragraph 4.1 above.
- 4.5 The working group continue to consider the options available including detailed analysis of any procurement implications, property obligations and that the options be presented to Cabinet in the coming months. Members are keen to keep the options highlighted above open as they work towards final recommendations.

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

- 5.1 Consultation was held with a range of stakeholders through a consultation event held in November. In addition a public consultation was held through the Thurrock Council website. The results of this consultation have informed the recommendations being made. In addition consultation with Unions is planned.

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 6.1 The following corporate priorities are supported through this proposal:
- 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

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Kay Goodacre**
Telephone and email: **01375 652466**
kgoodacre@thurrock.gov.uk

Overheads in the region of £75k need to be absorbed, a Business Manager would need to be employed and be responsible for the overall running of the site, resourcing, HR, planning and financial control. All site costs and running costs would need to be self funding. Capital investment will need to be considered for the premises improvement costs.

7.2 Legal

Implications verified by: **Daniel Toohey**
Telephone and email: **01375 652049**
Daniel.toohey@bdtlegal.org.uk

7.2.1 The legal implications of each model, considered by the working group, are set out within the 'Options Analysis' paper which was appended to the report presented to this Committee in October 2013.

In addition, the legal framework for the Charitable Incorporated Organisation is set out in the Charities Act 2011 and in two sets of regulations and an Order. These are: - the Charitable Incorporated Organisations (General) Regulations 2012 (General Regulations)

- The Charitable Incorporated Organisations (Insolvency and Dissolution) Regulations 2012 (Dissolution Regulations)

- The Charity Tribunal (Amendment) Order 2012

7.2.2 Procurement: The procedure and process for identifying and selecting an external organisation, to operate Grangewaters, must be carried out in compliance with European procurement rules, with state aid rules and with the principles enshrined in the Treaty on the Functioning of the European Union; namely, transparency, fairness, non-discrimination, proportionality and mutual obligation.

7.2.3 Property: A grant of a lease 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. In addition and, if relevant, there must be compliance with the rules on state aid.

7.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
Telephone and email: **01375652472**
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There is the opportunity to have a positive impact as local involvement in the management structure will ensure that consideration is given to local needs and provide the opportunity to engage the community and Stakeholders in the running of the outdoor education centre.

There is unlikely to be an adverse impact, however care would need to be taken to ensure that the standards set as a part of the local authority with regards to equality and diversity are maintained.

7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- None

APPENDICES TO THIS REPORT:

N/A

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