

SURREY COUNTY COUNCIL

CABINET

DATE: 27 NOVEMBER 2012

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

MRS HELYN CLACK, PORTFOLIO HOLDER FOR COMMUNITY SERVICES & 2012 GAMES

LEAD OFFICER: SUSIE KEMP, ASSISTANT CHIEF EXECUTIVE

SUBJECT: PUBLIC VALUE REVIEWS OF ARTS, HERITAGE AND ADULT & COMMUNITY LEARNING



SUMMARY OF ISSUE:

The final services to be reviewed within the three year Public Value Review programme are Surrey Arts (provider of music services to schools, community arts development and the Surrey Arts Wardrobe), Heritage Services (incorporating County Records, Archaeology, Access and Learning) and Adult and Community Learning.

Individually, these are recognised as well performing services that offer inspiring and life changing experiences for the people of Surrey and good value for money. However, the findings of the three PVRs point to the considerable additional benefits that would accrue from working together within a clear Cultural Services framework, which also incorporates Libraries and Registration Services. This, and the realisation that many of the same issues have been identified for improvement and development in each service, suggested the integration of the final reporting of the reviews and this joint report reflects the proposed move towards an integrated Cultural Service offer. The Service Improvement Plans that will be developed will reflect both shared actions and service-specific ones that contribute to this, whilst preserving the individual excellence of the services themselves.

The three reviews have identified common themes that give the following key principles for Cultural Services:

- Creating a cultural identity for Surrey to build a strong sense of place through cultural engagement;
- Setting an ambitious pace - opportunity + innovation;
- Raising the profile of Cultural Services to ensure a sustainable future;
- Being the preferred choice for Cultural service provision in Surrey.

The actions set out in this report will enable SCC to take a leading role at the forefront of cultural life in the county. This will include:

- Creating a Cultural Hub that enhances Surrey's international reputation;
- Exploring alternative modes of delivery including trust status;
- Ensuring that Cultural services in Surrey are nationally respected as the best in the country;

- Create an environment where the arts, digital and creative industries can thrive and contribute to the county's economic growth;
- Ensuring that every child has an opportunity to engage in cultural activity;
- Ensuring that every adult has an opportunity to engage and volunteer;
- Achieving the most diversely funded and supported cultural services in the country;
- Delivering high quality cultural contributions to key events and commemorations, including 2014-18 First World War centenary, 2015 Magna Carta (800 years);
- High profile participation in selected national themed events, such as Domestic Violence Week, Mental Health Week, International Women's Day, Family Learning Week, National Book Day and Museums Month.

RECOMMENDATIONS:

It is recommended that the Cabinet:

1. Notes the outcomes of the three PVRs and confirms these roll forward into a new strategy and vision for Cultural Services in Surrey, with detailed Service Improvement Plans in place by March 2013.
2. Agrees that a refreshed strategy and vision is developed for Cultural Services, including Libraries and Registration Services, which will position Surrey to become a leader for quality cultural activity in the country.
3. Requests that a feasibility study is undertaken to create options for the provision of a new cultural hub that would position Surrey at the forefront of culture nationally and internationally, to be brought back to Cabinet for decision.
4. Agrees that a detailed research and evaluation project is undertaken to assess the potential benefits and risks of a new approach to the delivery of Cultural Services through other business models.
5. Agrees that, following completion of the Service Improvement Plans, a follow-up report is presented to the Cabinet Member, detailing all financial implications for final decision.

REASON FOR RECOMMENDATIONS:

Carrying out the actions within this report will ensure SCC's cultural services create a framework to deliver an innovative cultural and learning offer that ensures value for money and establishes a leading cultural role for SCC nationally.

DETAILS:

The Public Value Review Process

1. On 14 July 2009 as part of its consideration of the paper *Leading the Way: changing the way we do business* the Cabinet agreed to undertake a three-year programme of Public Value Reviews (PVRs) to look at all services/functions provided by the Council.
2. All PVRs share a primary objective, which reflects the Council's ambition to deliver improved outcomes and value for money for the residents of Surrey.

The outcomes are expected to be services that offer improved performance and lower costs.

3. Two specific outputs from each review are a zero based budget and ensuring robust quality assurance systems are in place. A Steering Board oversees delivery of the overall programme.
4. Each review follows a standard PVR methodology:
 - *challenging* why, how and by whom a function/service is provided;
 - *comparing* performance with others;
 - *consulting* widely including with residents and specifically vulnerable groups and communities and with staff;
 - *collaborating* with partners and/or contractors; and
 - *testing the market* to see if the function/service could be delivered more efficiently, effectively or economically.

Background

5. The cultural strategy for the County “Taking Part in Surrey”, 2008-11 emphasised the importance of Cultural activities and services:-
 - Improving well-being, happiness and how we feel about our neighbours and how we live;
 - Improving our mental and physical health, making our communities safer, stronger and better places to live and preventing social isolation;
 - Providing thousands of jobs through our creative businesses that generate a huge amount of income for the county;
 - Supporting our stewardship of the built and natural environment and its impact upon the tourism economy.
6. Adult Community Learning (ACL), Surrey Arts and Surrey Heritage make a major contribution to this. They are recognised as well performing services that offer inspiring and life changing experiences for the people of Surrey and good value for money. This is evidenced by the external quality assurance frameworks that measure performance within the sectors e.g. OfSTED. Nationally these services are considered to be models of best practice within their professional fields.

Summary of Work Undertaken

7. The Cultural Services PVRs are at different stages. Reviews of both Libraries and Registration Services are complete and these services will be part of the integrated Cultural Services offer.
8. The review teams have undertaken considerable research and analysis to date, including:
 - Staff and management involvement
 - Member engagement, including member Reference Groups and Communities Select Committee
 - Union consultation
 - Stakeholder engagement
 - Benchmarking against other local authorities

- User consultation
 - Process review and improvement, e.g. LEAN
 - Option analysis
9. Drawing upon the above research and analysis the reviews have identified real benefits to be gained by these services working more closely together, whilst maximising their individual strengths. There are opportunities for cross-cutting improvements and efficiencies that will help deliver and extend the cultural offer. Annex 1, attached, sets out an initial Action Plan for both joint and individual service implementation. This will be further developed in Service Improvement Plans by March 2013, but the principal findings that have informed the recommendations for this report are summarised below.

Summary of Findings

10. The three reviews have identified common themes that suggest the following key cross-cutting principles for Cultural Services:
- Creating a cultural identity for Surrey to build a strong sense of place through cultural engagement;
 - Setting an ambitious pace - opportunity + innovation;
 - Raising the profile of Cultural Services to ensure a sustainable future;
 - Being the preferred choice for Cultural service provision in Surrey.
11. The Terms of Reference for the PVRs stated that they were seeking efficiencies that could enable existing resources to be more effective. The budgets for Surrey Arts and ACL are substantially derived from both external funding and generated income. One of the principle aims of the recommendations is to drive additional revenue generation as a basis for future service development, including addressing the public health, well being and social care agendas. This can only be achieved by implementing a more commercial approach to marketing and business development.

Recommendations

12. **Recommendation 1:** Cabinet notes the outcomes of the three PVRs and confirms these roll forward into a new strategy and vision for Cultural Services in Surrey, with detailed Service Improvement Plans in place by March 2013.
13. Individually, these are recognised as well performing services that offer inspiring and life changing experiences for the people of Surrey and good value for money. However, the findings of the three PVRs point to the considerable additional benefits that would accrue from working together within a clear Cultural Services framework, that also incorporates Libraries and Registration Services. This, and the realisation that many of the same issues have been identified for improvement and development in each service, suggested the integration of the final reporting of the reviews. In particular there is much common ground in the need to enhance the marketing practice and profile of the services, the need for more effective use of web presence, social media and on-line self-service options, and the need for the public to benefit from greater joint working between the services.
14. This joint report reflects the proposed move towards an integrated Cultural Service offer and the Service Improvement Plans that will be developed subsequently will reflect both shared actions and service-specific ones that

contribute to this, whilst preserving the individual excellence of the services themselves. It will be critical that the individual teams have ownership of all of these plans and that resources to deliver, and the necessary commitment from other SCC services, are in place.

15. **Recommendation 2:** Cabinet agrees that a refreshed strategy and vision is developed for Cultural Services, including Libraries and Registration Services, which will position Surrey to become a leader for quality cultural activity in the country.
16. Although there is a great deal of high quality activity, Surrey as a county does not currently have a clear and distinctive cultural identity to provide a strong basis for tourism or the enhancement of a sense of place and community. By creating a cohesive offer for its cultural services, SCC will enhance their individual standing and provide a greater impact on the wider cultural activity of the county. This will establish a leadership role for SCC, based on strong partnerships and a genuine customer focus. The services have the potential to champion events and festivals such as the centenary of the First World War, 800 years of the Magna Carta, and 150 years of Alice in Wonderland (2015). Promotion of services and learning opportunities for visitors to Surrey will support the development of cultural tourism and establish Surrey as a focus of international regard.
17. Strengthening of key partnerships that focus delivery on improved opportunities and outcomes for the people of Surrey needs to be at the heart of strategy development and delivery, incorporating the existing network of partners. Building on these relationships will be particularly critical in extending the targeted and preventative work that addresses social care and health agendas.
18. Cultural Services already provide a strong contribution to the county's economy through stimulating the growth of the cultural sector and the digital and creative industries; by generating new business start-ups and developing skills for those seeking employment. The enhanced partnership opportunities arising from an integrated strategy, and improved marketing to stimulate Surrey's cultural appeal to residents and tourists, will reinforce their contribution to continued economic growth.
19. The development of the Strategy itself will be an inclusive process seeking and reflecting the views of partners, service users and the wider people of Surrey. This approach will ensure not just that the strategy is firmly rooted in real opportunity, aspiration and need, but also that there is a strong and wide-ranging commitment to its sustainable success and to shared goals and vision.
20. The strategy will be underpinned by:
 - An overarching marketing strategy and plan, centred on an effective interactive web presence, to drive increased participation rates and income.
21. Each of these three services, and the library service, are well placed to engage significantly higher numbers and a greater diversity of people of Surrey through improved marketing, centred on the creation of effective interactive web presence. A key factor in achieving a much improved web

presence will be an innovative approach to the use of social media and mobile technology. An overarching marketing plan will be informed by greater shared understanding and employment of customer insight, market and demographic knowledge. Enhancing the cultural and learning profile internally and externally will enhance the service's customer base and influence.

22. The improved profile-raising needs to be extended to other SCC directorates and Members. The three Services are often under-utilised as delivery agents for other important county council priorities. The development of a higher profile cultural leadership role will embed understanding and awareness among stakeholders and potential partners.
23. Improved business development skills within the services will be critical in order to achieve the improved outcomes following increased investment in marketing.
 - A re-alignment of the organisational structure to support the delivery of the strategy, to achieve excellent outcomes for residents, and to enhance Surrey's reputation.
24. The management structures of the Services need to be revised. They should be made fit for purpose to meet the business need, to extend the reach of the Services, enable strategic leadership and offer career development opportunities. This will ensure teams are better aligned to deliver priorities, skills are employed to the best effect and partnership benefits maximized.
25. The PVRs have identified a specific shortfall in the effectiveness of marketing and promotion across all of these services. By adopting a more commercial, intelligence-led approach to marketing, there is considerable scope to raise the profile of the cultural services, improve customer experience and enhance income generation. This will enhance Value for Money and also generate funding that could be used to further service development, including the extension of the free and reduced cost offers to meet social need.
26. Improved systems and processes to enable greater efficiency and excellent customer experience will be facilitated by structural change to reduce overheads. There is a clear need for investment in achieving the necessary improvements in technology, infrastructure and other resources. Detailed and costed proposals will be presented as part of the Service Improvement Plans.
 - The development and implementation of a new performance and quality framework for Cultural Services.
27. The development of a framework that enables effective performance management and supplements external quality assurance will allow a clear understanding of the direction of travel and ensure that improvement opportunities are monitored and managed effectively. These services are subject to sector-specific requirements for quality measurement and reporting. The quality framework should drive the services to be outstanding providers in their respective fields.
28. **Recommendation 3:** Cabinet requests that a feasibility study is undertaken to create options for the provision of a new cultural hub that would position

Surrey at the forefront of culture nationally and internationally, to be brought back to Cabinet for decision.

29. An effective expression of the integrated cultural service offer would be the establishment of a new Hub as the central focus for culture in Surrey, linking the digital and creative industries and a virtual network to drive forward growth and economic recovery. This functional co-location of services and their facilities would meet practical service needs by enabling effective joint thinking, planning, commissioning and delivery that is customer-focused. It would also present the public with access to the range of cultural services and experience without artificial distinctions between the services, and provide a lasting and prestigious facility for the people of Surrey. It should be an exemplar model for the UK.
30. A key factor in establishing a Hub that provides excellence both for the county and more widely will be the commitment and involvement of key, high profile partners from the academic, private and cultural sectors. This will not only widen the service offer the Hub will make, but also establish it as centre for performance, exhibition and other cultural activity that heightens its profile and standing within the cultural arena.
31. **Recommendation 4:** Cabinet agrees that a detailed research and evaluation project is undertaken to assess the potential benefits and risks of a new approach to the delivery of Cultural Services through other business models
32. The consideration of other ways of delivering services is well established in some areas of local authority activity and there are a growing number of examples in cultural service delivery where Community Interest Companies, Trusts and Mutuels are being tested. There are potential opportunities arising from the greater freedoms of operation that such models may offer, and these would respond to some of the needs for improvement in business and commercial operation that have been identified in the PVRs. There are also significant risks, including continuity and quality of service and commercial sustainability. Evidence from those other authorities that have taken this route remains inconclusive, but these are generally at an early stage and will remain transitional for some time yet.
33. However, by becoming more fit for purpose through better business practice, clearer cost structures, and commercially informed marketing and service design, Surrey's Cultural Services will be in a better state of preparedness to consider alternative delivery and operation methods in the future. An evaluation of the benefits and risks of the various models that might be considered, informed by monitoring of how specific examples are faring in practice, and consideration of best practice in other service areas, will help to define the viability of this route for the Cultural Services. This research should also provide strong evidence to inform their continued improvement.
34. **Recommendation 5:** Following completion of the Service Improvement Plans, a follow-up report is presented to the Cabinet Member, detailing all financial implications for final decision.
35. The three reviews are at different stages of analysis and detailed costings of the proposals and actions and Zero Based Budgets have not yet been completed. As part of the development of detailed actions in the Service Improvement Plans, cost implications, income projections and identified

investment requirements will be defined. These, together with Zero Based Budgets, will be presented for agreement in early April 2013.

36. There is a positive case made across all three PVRs for the real benefits to be gained by re-investing funding from service efficiencies and enhanced income generation, particularly in relation to social, health and wellbeing impacts. Proposals will be presented to Cabinet Member for decision, subject to SCC financial position.

Budget information

37. Extract from Medium Term Financial Plan 2012-2017

Policy Budget	2012/13	2013/14	2014/15	2015/16	2016/17
	£000s	£000s	£000s	£000s	£000s
Surrey Arts	1,696	1,466	1,550	1,619	1,690
Heritage	1,402	1,370	1,404	1,440	1,476
Adult & Community Learning	1,573	1,544	1,578	1,613	1,649
Revenue Expenditure	4,671	4,380	4,532	4,672	4,815
Grant Funding (Confirmed or estimated)					
Surrey Arts	(1,209)	(1,043)	(1,061)	(1,061)	(1,061)
Heritage	0	0	0	0	0
Adult & Community Learning	(2,420)	(2,420)	(2,420)	(2,420)	(2,420)
Grant funding	(3,629)	(3,463)	(3,481)	(3,481)	(3,481)

Figures do not include central costs incurred on behalf of services

Conclusion

21. ACL, Surrey Arts and Surrey Heritage are performing well; however the PVRs have highlighted elements that can be strengthened and opportunities for joint functional working, along with the other Cultural Services. A number of the recommendations put forward will set direction in the short, medium and longer term. Some recommendations ensure cross-functional working and others highlight how Services can increase cost recovery to drive forward value for money for the people of Surrey.

CONSULTATION:

22. Consultation was integral to the PVR methodology. Each PVR identified and engaged with key stakeholders to develop recommendations and new approaches. Face to face/telephone interviews, and online surveys were used to gather the views of the general public, key stakeholders and staff to inform the recommendations. Governance arrangements were put in place to ensure Select Committees, through Member Reference Groups, contributed to each of the reviews.

RISK MANAGEMENT AND IMPLICATIONS:

23. There are no direct risk management implications arising from this report.

24. Any risks associated with delivering identified improvements and savings will continue to be monitored through the Council's risk management arrangements.
25. Financial targets to be delivered by the implementation of the recommendations set out in the Action Plan, and Service Improvement Plans, will be monitored as part of Service budget monitoring.

Financial and Value for Money Implications

26. Following the amalgamation of the three reviews, detailed costings of the proposals and actions have not yet been completed, as each service is at a different stage of analysis. These will be detailed as part of the Service Improvement Plans to be developed by March 2013, and financial implications will be reported to the Cabinet Member in April 2013 for final decision.
27. The re-alignment of the organisational structures to support the delivery of the Cultural Services Strategy is already underway. The review of Heritage Services is at an advanced stage and a proposed restructure is under consultation and is expected to generate savings. All financial implications will be set out in the Service Improvement Plan and the Zero Based Budget and submitted for Cabinet Member approval. Adult Community Learning and Surrey Arts will follow the same approval process.
28. Implementing the PVR recommendations is expected to deliver increased income in all three of these services. At this stage estimates of this additional income are still being developed.

Section 151 Officer Commentary

29. The Section 151 Officer (Head of Finance) confirms that all material financial and business issues and risks have been considered / addressed.

Legal Implications – Monitoring Officer

30. There are no direct legal implications/legislative requirements arising from this report. Development of the Service Improvement Plans and the recommended research /evaluation projects (Recommendations c and d) will be subject to separate legal advice and scrutiny.

Equalities and Diversity

31. An initial Equality Impact Assessment, including a high-level assessment of the key shared areas for improvement, is included as Annex 2. Full Equality Impact Assessments will be completed for the actions in the Implementation Plans for each service.
32. No negative impacts are envisaged from the implementation of the PVR recommendations which integrate consideration of all protected characteristics and make strong connections into corporate needs assessments and objectives. Similarly, no negative impacts are envisaged in relation to a performance management framework and partnership working which supports this approach.

33. Positive outcomes for those with protected characteristics will derive from a greater understanding of the needs and requirements of individuals and communities, resulting in a better targeted offer, more flexible options for taking part and a greater choice of free or subsidised provision that supports social, health and skills needs.
34. Proposals relating to changes to structures and functions will provide positive benefits for the people of Surrey and should also improve the work experience for staff by releasing professional time through a more effective approach to administrative and support requirements.

WHAT HAPPENS NEXT:

36. Pending Cabinet approval of the report recommendations, the following will happen:
 - The next stage will be to develop associated Service Improvement Plans (Recommendation 1), Zero Based Budgets and Full Equality Impact Assessments (EIAs). These will build on the Action Plan and over-arching EIA attached as Annexes 1 and 2.
 - Progress will be monitored through the Member Reference Group to ensure that recommendations are fully developed.
 - The Service Improvement Plans and Zero Based Budgets will be scrutinised by the Communities Select Committee and completed by March 2013.
 - A follow-up report, detailing financial implications, will be presented to the Cabinet Member for final decision in April 2013 (Recommendation 5).
 - A Cultural Strategy (Recommendation 2), that has been developed through robust consultation and engagement with partners, users and the people of Surrey, to be presented to Cabinet in March 2013.
 - Select Committees will continue to play a key role tracking improvements and savings through their monitoring and scrutiny role as the Service Improvement Plans, Strategy and related studies are implemented.
 - Reports, with recommendations, on the Cultural Hub (Recommendation 3) and alternative business models (Recommendation 4) to be brought back to Cabinet for decision by November 2013.

Contact Officer:

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Consulted:

Cabinet Members
Public value Review Steering Board
Public Value Review lead officers

Annexes:

Annex 1 – PVR Action Plan
Annex 2 – Equalities Impact Assessment

Sources/background papers:

- Leader's report to Cabinet, Cabinet 29 June 2009
- Leading the Way: changing the way we do business, Cabinet 14 July 2009
- Public Value Reviews – Year One Report, Cabinet 13 July 2010

- Public Value Reviews and Rapid Improvement Events, Council Overview and Scrutiny Committee 6 July 2011
 - Public Value Reviews methodology – updated February 2012
 - Public Value Reviews – Year Two Report, Cabinet 27 September 2011
 - Individual Public Value Review final reports to the Cabinet March 2010 – November 2012 (<http://www.surreycc.gov.uk/your-council/how-the-council-works/our-performance/public-value-reviews/completed-reviews>)
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