

PLYMOUTH CITY COUNCIL

Subject: Plymouth Adult and Community Learning Service: Full Business Case.
Committee: Cabinet
Date: 11 November 2014
Cabinet Member: Councillor Sue McDonald
CMT Member: Carole Burgoyne (Strategic Director for People)
Author: Judith Harwood (Assistant Director for Education, Learning and Families)
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Key Decision: Yes
Part: 1

Purpose of the report:

The purpose of this report is to seek Cabinet's endorsement of a Full Business Case that sets out how Plymouth Adult and Community Learning Service (PACLS) will establish a Community Joint Venture company in conjunction with Shekinah and Plymouth YMCA to maintain the current universal service and build on specialist opportunities. This is a project within the Co-operative Children and Young People's Project plan; the Outline Business Case for which was approved by Cabinet on 15th July 2014. It is in line with the priorities set out as part of the Cooperative Council and draft Plymouth Employment and Skills Plan 2014.

The Cooperative Children and Young People's project, within the Integrated Health and Wellbeing programme, will develop and deliver new models of working with schools, health partners and other agencies who work with children and families to create cooperative, collaborative and effective services that are integrated and sustainable. Inequality and disadvantage is a focus and issues identified by the Fairness Commission will be tackled through a new way of looking at system leadership and collective ownership of long standing challenges. The intention behind this Community Joint Venture is fully attuned to these goals.

The outcomes and benefits to be realised from the Community Joint Venture are:

- Ensuring the continued delivery of community and neighbourhood based learning for all residents across the City whatever their interest or requirements;
- Building on the learning offer to those seeking assistance with skills development;
- Allowing access to the expertise held by the leaders of two established charities, with the venture being able to effectively target and engage with vulnerable groups accessing services from these charities;
- Creating a seamless service for learners - increased levels of learner engagement and achieving greater value for money;

- Promoting the economic well-being agenda across the City through linking the priorities of the service to the Plymouth Employment and Skills Plan;
- Increasing the Venture's ability to generate increased levels of income, allowing for the reinvestment of surpluses into community priorities;
- Allowing the Venture to make timely decisions to address performance and market opportunities;

The Brilliant Co-operative Council Corporate Plan 2013/14 - 2016/17:

The propositions made in this business case align to the Plymouth City Council Corporate Plan by working co-operatively to meet the objectives of Growing, Caring and Pioneering Plymouth. It also aligns to the Health and Wellbeing Board's vision of achieving integration by 2016, as decided in June 2013.

This project will support the Corporate Vision through:

- Being **pioneering** in developing and delivering quality, innovative brilliant services with our citizens and partners that make a real difference to the employability, health and well-being of the residents of Plymouth through challenging economic times.
- **Growing** Plymouth through learning and community development, creating opportunities for vulnerable people to develop, making us and them stronger and more confident as a result.
- Putting citizens at the heart of their communities and work with our partners to help us **care for Plymouth**. We will achieve this together by supporting communities, help them develop existing and new enterprises, redesign existing services which will in turn create new jobs, raise aspirations, improve health and educational outcomes and make the city a brilliant place to live, to work and create a future for all that reflects our guiding co-operative values.
- Raising aspirations, improving education, increasing economic growth and regeneration people will have increased **confidence in Plymouth**. With citizens, visitors and investors identifying us as a "vibrant, confident, pioneering, brilliant place to live and work" with an outstanding quality of life.

Read more: <http://www.plymouthherald.co.uk/50-pledges-Plymouth-Council-vows-light-landmark/story-21254488-detail/story.html#ixzz36yTnC7nz>

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

Transformation resources will be required for the duration of the project. These should be internal where possible and so will rely on staff being temporarily released from other areas of the organisation.

Requirement for Corporate Support (Legal, HR, Finance, etc.) will need to be managed due to the current high volume of requests for their support.

Project costs should be equally split between CCG and PCC where appropriate.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The proposals strengthen our approach to both Child Poverty and Community Safety by focusing on early intervention and prevention and economic resilience through the development of skills. In line with our Co-operative commissioning principles, the approach adopted aims to build both community and individual capacity. Children living in families affected by poverty will feel the benefit of improved family health and wellbeing which directly and indirectly affects economic stability and resilience. The new Service will be aligned to the Skills Plan in particular to: 'Preparing for Work and Addressing Worklessness' and 'Improving Core Skills'.

No specific Health and Safety Issues have been identified.

The project will follow the Risk Management Strategy set out for Transformation Programmes and Projects by the Portfolio Office.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

When considering this proposal it is important to have due regard to the public sector equalities duties imposed upon the Council by section 149 Equalities Act 2010 to

- Eliminate unlawful discrimination, harassment and victimisation and
- Advance equality of opportunity between people who share a protected characteristic from those who do not and to
- Foster good relations between people who share protected characteristics and others

The relevant protected characteristics for this purpose are: (a) age; (b) disability; (c) gender reassignment; (d) pregnancy and maternity; (e) race; (f) religion or belief; (g) sex; (h) sexual orientation.

Compliance with the duties in this section may involve treating some persons more favourably than others.

A programme wide detailed equality impact assessment has been carried out and will continue to be updated through this process.

Recommendations and Reasons for recommended action:

The Full Business Case sets out how Plymouth Adult and Community Learning Service (PACLS) will establish a Community Joint Venture company in conjunction with Shekinah and Plymouth YMCA. This is a project within the Co-operative Children and Young People's Project plan the Outline Business Case for which was approved by Cabinet on 15th July 2014. It is in line with the priorities set out as part of the Cooperative Council and draft Plymouth Employment and Skills Plan 2014.

PACLS is rated 'good' by Ofsted and its reputation and performance has strengthened considerably over recent years. Funding from the Skills Funding Agency (SFA) has reduced however and competition in the field is vigorous. PACLS wishes to maintain and develop its offer to adult learners, particularly those requiring additional core or basic skills for employability and well-being. The service has now explored externalisation of PACLS via a cooperative company as an option for service delivery.

PACLS has therefore developed a business case and is requesting approval to transfer the current service to an independent joint venture involving PACLS and two community partners – Shekinah and YMCA. The community joint venture (CJV) would be called 'On-Course South West' and would operate as a not for profit social enterprise. If established, the CJV would have more freedom to design and deliver a wider range of learning opportunities, access increased levels of external funding, while also ensuring the continuation of targeted community learning to the most vulnerable across the city. This would not undermine the existing adult education offer that allows people to pursue formal and informal learning opportunities according to their interests, hobbies and employment aspirations.

PACLS holds high aspirations for learners and this is shared by partners. Each partner has expressed a commitment to establishing a social enterprise that allows for the re-designing of the service, resulting in operating efficiencies that improve outcomes and support the development of the local and regional economy.

It is recommended that, subject to final due diligence checks and negotiations with partners, Cabinet accept this proposal to establish the service as a CJV on the 1st April 2015.

The final decision to proceed is delegated to the Cabinet member for Transformation and Change in consultation with the Cabinet Member for Finance and the Cabinet member for Children & Young People. This is providing that the degree of risk, as advised by officers, of proceeding after the completion of due diligence, negotiations with partners and implementation planning is acceptable. The reason for this is to allow implementation to continue without further Cabinet approval, within the tolerances set out in the business plan subject to the satisfactory outcome to negotiations with partners.

Subject to On-Course SW receiving this authorisation to proceed, an implementation stage is being undertaken between September and November 2014, involving the establishment of a shadow Board of Directors before the formal establishment of the CJV.

Alternative options considered and rejected:

'Do Nothing'

This option has been considered but has been rejected due to partners being committed to improving services and outcomes for individuals and communities through the sustainable development of the Service. Should an alternative delivery vehicle not be established, PACLS is at risk of generating significant and continuing operating losses due to lack of market agility, the cost of support charges, anticipated reductions in SFA funding and the lack of new income streams being developed to supplement reductions in grant income.

Plymouth City Council would be required to significantly reduce the level of service provision, to the detriment of learners/learner outcomes, staff, stakeholders and the City. Both community learning and adult skills provision would be reduced (in line with anticipated funding reductions). Trading losses would

be incurred as the service would not have the freedom or access to the necessary expertise or capacity to generate revenue to offset these funding losses.

Plymouth City Council would be required to sustain these operating losses and maintain the redundancy liabilities identified (as well as pension deficit liabilities). Skills Funding Agency contracts explicitly exclude the use of funding to cover workforce related liabilities. Should these losses continue, it is considered likely that the Council would need to consider significantly reducing or closing the Service.

Any reduction in delivery would generate negative publicity arising from public perception that services have been cut both directly to adult learning and indirectly to third sector organisations (via sub-contracts) due to the inevitable reduction in the size and scope of service. Council customer research showed that residents place high value on learning services.

A Public Service Mutual

PACLS previously submitted a Business Plan detailing their ambition to establish as a Public Service Mutual (PSM) early in 2014. Feedback from members of the PCC Transformation Board indicated that while the establishment of a PSM was a possibility, the viability of establishing the service as a joint venture with prominent community partners should be considered ahead of other alternative delivery models. The financial business case for the Public Service Mutual was also not as strong as a company developed and operated in partnership.

During the design process more detailed options have been considered. These have mainly been around the type of delivery vehicle (LATC and the partners involved) that should be formed. Detailed analysis has indicated that each situation is unique and different legal entities are appropriate for the individual circumstances of a spin out of a Council function. The CJV was the most appropriate for this type of organisation.

Published work / information:

Corporate Plan 2013/2014 – 2016/2017, Report to City Council, 22nd July 2013.

<http://www.plymouth.gov.uk/mgInternet/documents/s48110/Corporate%20Plan%20Full%20Council%2022.07.13.pdf>

The Brilliant Cooperative Council Three Year Plan, Report to City Council, 16th September 2013.

<http://www.plymouth.gov.uk/mgInternet/documents/s48110/Corporate%20Plan%20Full%20Council%2022.07.13.pdf>

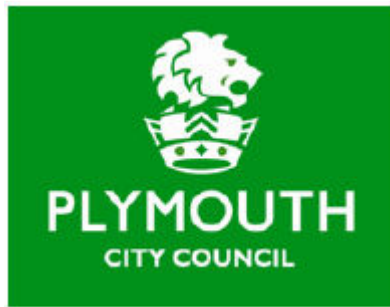
Transformation Programme, Report to Cabinet 25th March 2014, including the IHWB Outline Business Case.

<http://www.plymouth.gov.uk/mgInternet/documents/s53610/transformation%20cabinet%20march%222014%20final%20MCv1%202.pdf>

Background papers:

Sign off:

Fin		Leg		Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member: Judith Harwood (Assistant Director for Education, Learning and Families)													
Has the Cabinet Member(s) agreed the contents of the report? Yes													



DRAFT Business Case

Programme Name:	<i>Integrated Health and Wellbeing</i>		
Date:	2/10/14	Version:	0.5
Project:	Plymouth Adult and Community Learning Service		
Author:	Judith Harwood		
Owner (SRO):	Carole Burgoyne and Jerry Clough		

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0.5	2/10/14	Joe Davies		

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QUALITY REVIEWERS: (General QA and accuracy)

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Portfolio Office	Sue Thomas		
Business Technical Architect	Rob Cole		
Programme Accountant	Guy Marshall		

SIGN OFF:

Position	Name		Date
Senior Responsible Owner	Carole Burgoyne & Gerry Clough		
Portfolio Office	Sue Thomas		
Business and Technology Architecture	Rob Cole		
Portfolio Accountant	Guy Marshall		

REVIEW AND APPROVAL PROCESS:

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EXCEPTIONS/WAIVERS

Detail waiver/ exception	Requested by	Reason	Agreed by	Decision ID

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Preface: Transformation background and overview

An introduction to Plymouth City Council's Transformation Programme

Context

2002-12: A Decade of Improvement

The City of Plymouth has had an extra-ordinary journey over the past ten years. A decade ago, it had a reputation as a city of low aspiration with a lack of vision, weak financial and strategic planning, poor relationships between agencies, and service delivery arrangements that did not meet the needs of all of its citizens. An acknowledgement of the determined and sometimes inspired effort that was then made to improve the city came in 2010 when the Council was voted 'Highest Achieving Council of the Year' by the Municipal Journal. Behind that accolade, foundations had been laid by successive political administrations of a clear, ambitious vision for the city, sound financial management arrangements, the development of strong strategic partnerships and a determined focus on the improvement of service delivery. The Council has acknowledged and embraced its role as a key player in influencing the broader city and regional agenda, driving economic growth and making coherent contributions to broader policy-making.

Drivers for Transformation:

The Brilliant Co-operative Council with less resources

On its adoption of a new Corporate Plan in July 2013, the council set the bar still higher, to become a Brilliant Co-operative Council. This 'Plan on a Page' commits the Council to achieving stretching objectives with measurable outcomes, and also sets out a Co-operative vision for the Council, creating a value-driven framework for the way that it will operate as well as the outcomes that it is committed to achieve.

The Corporate Plan was developed using the principles of a Co-operative Council. It is a short and focused document, but does not compromise on its evidence base, and was co-developed with the Cabinet of the Council, before being presented in person by members of the Corporate Management Team to every member of staff throughout the council at a series of 74 roadshows. The positive results of this commitment to strong communications and engagement were evidenced by 81% of council staff responding to the workplace survey conducted in October 2013 agreeing that they understand and support the values and objectives set out in the Corporate Plan.

OUR PLAN THE BRILLIANT CO-OPERATIVE COUNCIL



CITY VISION

Britain's Ocean City

One of Europe's most vibrant, waterfront cities where an outstanding quality of life is enjoyed by everyone.

CO-OPERATIVE VALUES

One team serving our city

WE ARE DEMOCRATIC

Plymouth is a place where people can have a say about what is important to them and where they can change what happens in their area.

WE ARE RESPONSIBLE

We take responsibility for our actions, care about their impact on others and expect others will do the same.

WE ARE FAIR

We will be honest and open in how we act; treat everyone with respect; we will champion fairness and create opportunities.

WE ARE PARTNERS

We will provide strong community leadership and work together to deliver our common ambition.

OUR OBJECTIVES

Creating a fairer Plymouth where everyone does their bit

PIONEERING PLYMOUTH

We will be pioneering by designing and delivering better services that are more accountable, flexible and efficient in spite of reducing resources.

GROWING PLYMOUTH

We will make our city a great place to live by creating opportunities for better learning and greater investment, with more jobs and homes.

CARING PLYMOUTH

We will promote a fairer, more equal city by investing in communities, putting citizens at the heart of decision-making, promoting independence and reducing health and social inequality.

CONFIDENT PLYMOUTH

We will work towards creating a more confident city, being proud of what we can offer and growing our reputation nationally and internationally.

THE OUTCOMES

What we will achieve by this plan

<ul style="list-style-type: none"> The Council provides and enables brilliant services that strive to exceed customer expectations. Plymouth's cultural offer provides value to the city. A Council that uses resources wisely. Pioneering in reducing the city's carbon footprint and leading in environmental and social responsibility. 	<ul style="list-style-type: none"> More decent homes to support the population. A strong economy creating a range of job opportunities. A top performing education system from early years to continuous learning opportunities. Plymouth is an attractive place for investment. 	<ul style="list-style-type: none"> We will prioritise prevention. We will help people take control of their lives and communities. Children, young people and adults are safe and confident in their communities. People are treated with dignity and respect. 	<ul style="list-style-type: none"> Citizens enjoy living and working in Plymouth. Plymouth's brand is clear, well known and understood globally. Government and other agencies have confidence in the Council and partners: Plymouth's voice matters. Our employees are ambassadors for the city and the Council and they are proud of the difference we make.
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www.plymouth.gov.uk/ourplan



The economic, demographic and policy environment affecting public services is accepted as the most challenging in a generation. At the same time as an aging population is placing increased demand on health and social care services, the UK is facing the longest, deepest and most sustained period of cuts to public services spending at least since World War II. The Council's Medium Term Financial plan identified in June 2013 funding cuts of £33m over the next three years which, when added to essential spend on service delivery amount to an estimated funding shortfall of circa £64.5m from 2014/15 to 2016/17, representing 30% of the Council's overall net revenue budget.

The Council has shown remarkable resilience in addressing reduced funding and increased demand in previous years, removing circa £30m of net revenue spend from 2011/12 to 2013/4 through proactive management and careful planning. However the Council has acknowledged that addressing further savings of the magnitude described above while delivering the ambitions of the Corporate Plan will require a radical change of approach.

Review of existing transformation programmes

The Council commissioned Ernst and Young in June 2013 to:

- Examine the Council's financial projections and provide expert external validation of our assumptions about costs and income in the medium term
- Review the Council's existing transformation programmes and provide a view as to whether they will deliver against the Corporate Plan
- Provide advice as to how the Council might achieve the maximum possible benefit through a revised approach to transformation

Ernst and Young validated the council's current Medium Term Financial Plan based on projections and assumptions jointly agreed, and judged it to be robust, taking into account the complex financial landscape and changing government policy.

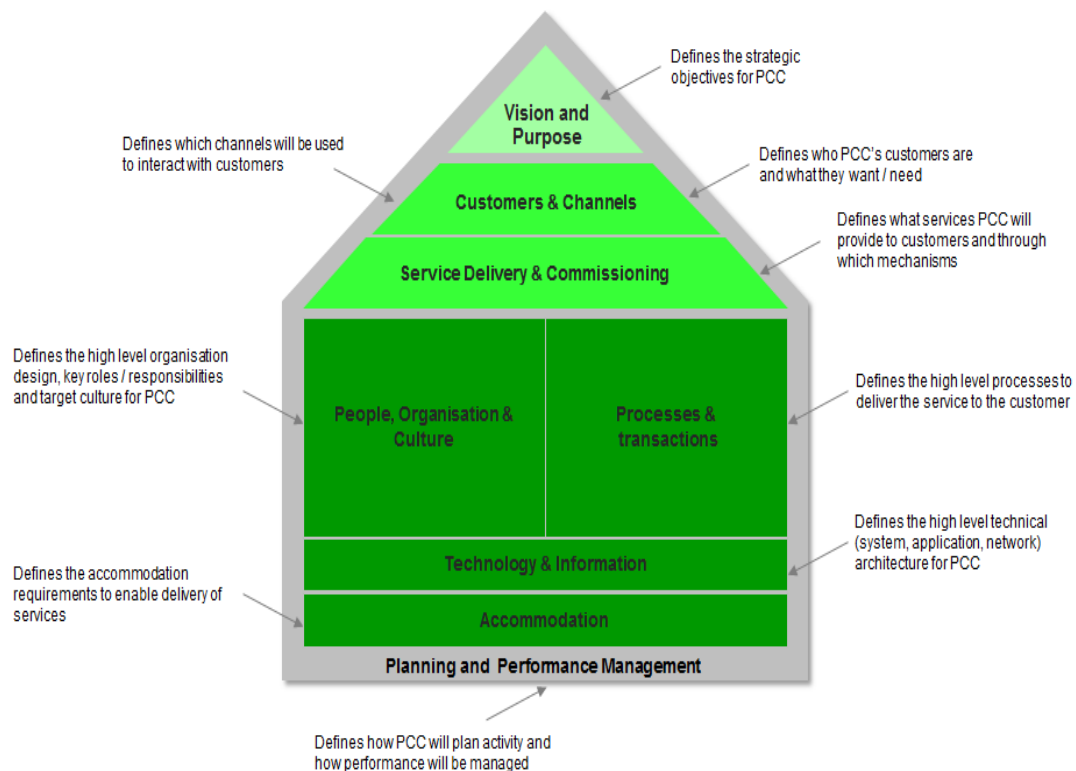
The Council has initiated a number of far-reaching and ambitious change programmes over 2012-13 to address the twin aims of addressing financial constraints and improving service delivery. These include:

- Investment in Customer Transformation and Core ICT infrastructure (Cabinet approval September 2012)
- ICT Shared Services: DELT (Cabinet approval October 2013)
- Redevelopment of the Civic Centre and future accommodation requirements (Cabinet approval September 2013)
- Modernising Adult Social Care Provision (Cabinet approval January and August 2013)
- Co-location with Clinical Commissioning Group at Windsor House (Cabinet approval January 2013)

In addition to feedback and advice about individual programmes, the Council received advice that has been carefully considered, and which has informed the overall design of the Transformation Programme and the content of the business cases for the five programmes.

Vision and Direction: The Blueprint

The Council has responded to concerns that, despite strong support for the Corporate Plan from both officers and members, there was a lack of clarity about how the Corporate Plan translates into practical action and a danger that the council might be attempting to 'do the right things, but in the wrong way'. After significant consultation with Members and over 100 staff from all levels and disciplines within the organisation, the Council's vision for the Brilliant Co-operative Council has been translated into a Blueprint which describes the capabilities which the Council will need in the future. These capabilities will be commissioned by the council and will result in services being delivered by the Council and a variety of other organisations operating across the public, community and voluntary and private sectors. The components of the Blueprint are illustrated below:



To inform the development of the main components of the Blueprint, a number of principles have been developed co-operatively with Members, senior officers and staff to ensure that the values set out in the Corporate Plan guide how the Blueprint is developed.

Governance and Oversight

The council has also responded to advice that governance and oversight arrangements for transformation projects would benefit from being strengthened. Whilst ensuring that the council's existing constitutional arrangements for decision making are unaffected, a number of bodies have been put in place to ensure a co-ordinated approach is taken to oversight of the Transformation programme. The detail of the transformation governance arrangements were considered by the council's Audit Committee on 13 March 2014 and can be summarised as follows:

Members

- The Members Transformation Board provides executive ownership and accountability for the Transformation Portfolio, chaired by the Cabinet Member for Transformation and comprising the individual Cabinet Members aligned to the five programmes
- The Transformation Advisory Group builds cross party dialogue, understanding and consensus on Transformation, and is chaired by the Cabinet Member for Transformation, comprising the Shadow Leader, Chair of the Co-operative Scrutiny Board and an additional ruling group Member.
- The Co-operative Scrutiny Board and Panels are aligned to the Transformation Board and programmes that match their terms of reference

Officers

- The Transformation Portfolio Board co-ordinates the delivery of the Blueprint, prioritises decisions within and between programmes, ensures effective engagement, ensures overall resourcing and delivery of the programme and recommends Programme Business cases and exceptions. It is chaired by the Chief Executive and comprises Senior Responsible Officers for the Programmes, the Transformation Director, engagement leads, finance and HR Responsible Officers and the Head of the Portfolio Office
- Programmes are led by a Senior Responsible Officer, who is accountable for the successful delivery of the programme, achieving desired outcomes and realising expected benefits and is responsible for chairing the Programme Board and leading the Programme
- Each project within the five Programmes is led by a Project Executive who is accountable to the Senior Responsible Officer for the successful delivery of the Project, and chairs the Project Board.
- The Portfolio Office provides co-ordination and support across all the programmes and projects and ensures that sufficient capacity and capability is in place to deliver the overall programme.

I. Executive Summary

The proposal to create a Community Joint Venture called 'On-Course South West'

Vision and purpose

On-Course SW's vision and mission statements are the result of consultation with CJV partners, staff, learners and Community Learning Trust partners:

On-Course South West

Inspiring learning and opportunities for all

Creating and delivering high quality learning experiences which inspire the growth of individuals, communities and businesses

The existing vision, mission and value statements of both Shekinah and YMCA Plymouth align with the above, ensuring a strategic fit across the CJV.

The CJV's business model will involve increased joint working with Shekinah, YMCA Plymouth and other partners from across the community, voluntary and charity sectors to enable a comprehensive and broad offer to be made to learners. On-Course SW will benefit from the partnerships that have been established by both community partners, while the CJV will also establish an operational relationship with Plymouth City Council through the Children's Plan and Plymouth Employment and Skills Plan.

The above will also enhance the CJV's ability to align with Plymouth's existing large employment partners to develop a package of employer training opportunities (e.g. Continuing Professional Development).

This plan is aligned to the values of the Brilliant Co-operative Council through its consultation on the proposed new ways of working with external agencies, partners and customers taking responsibility for improving outcomes for learners; delivering services which assess all customers in a fair and honest way; and working in an integrated way with our partners to deliver services. Working with partners and other agencies, the emphasis will be on building the capacity of individuals and communities to provide self-help.

The plan is part of the IHWB Programme and is aligned to its strategic principles of:

- Helping individuals to stay well and achieve their potential
- The integration of health, care and education services
- The personalisation of support
- A family approach, where appropriate
- Increasing capacity through integrating with our partners

2. Case for Change

2.1 Drivers

National policy drivers impacting upon the adult education sector include:

- Skills Funding Statement 2012-15 – Future levels of SFA grant funding remain uncertain. Recent announcements contained within the 2015/16 Spending Review confirm that funding for apprenticeships and traineeships will be increased, while Community Learning budgets will be protected in the medium term. Funding associated with Adult Skills decreased during 2013/14 and is expected to continue to decline in the future;

- 24+ Advanced Learning Loans - A recent BIS survey indicated that potential customers felt that loans would open up opportunities for career progression and employment. This has led to SFA funding being made available so that loan funding can be offered to learners;
- Community Learning Trust (CLT) - PACLS has taken the lead role in the establishment of a CLT for the City. A recent visit from Ofsted inspectors resulted in PACLS being complimented for their work in establishing the CLT. The CLT strategy was identified as being forward thinking and aspirational, while current levels of engagement with members of the partnership (including VCS agencies) were commended. The SFA have identified the establishment of a CLT as a requirement for the receipt of Community Learning funding. The integration of the CLT into the city's blueprint for co-operative working will enable learning to form part of an integrated package of support offered across the City;
- Raising the participation age – The Government has recently increased the age to which all young people in England must continue in education or training, requiring them to continue until the end of the academic year in which they turn 17 from 2013 and until their 18th birthday from 2015.

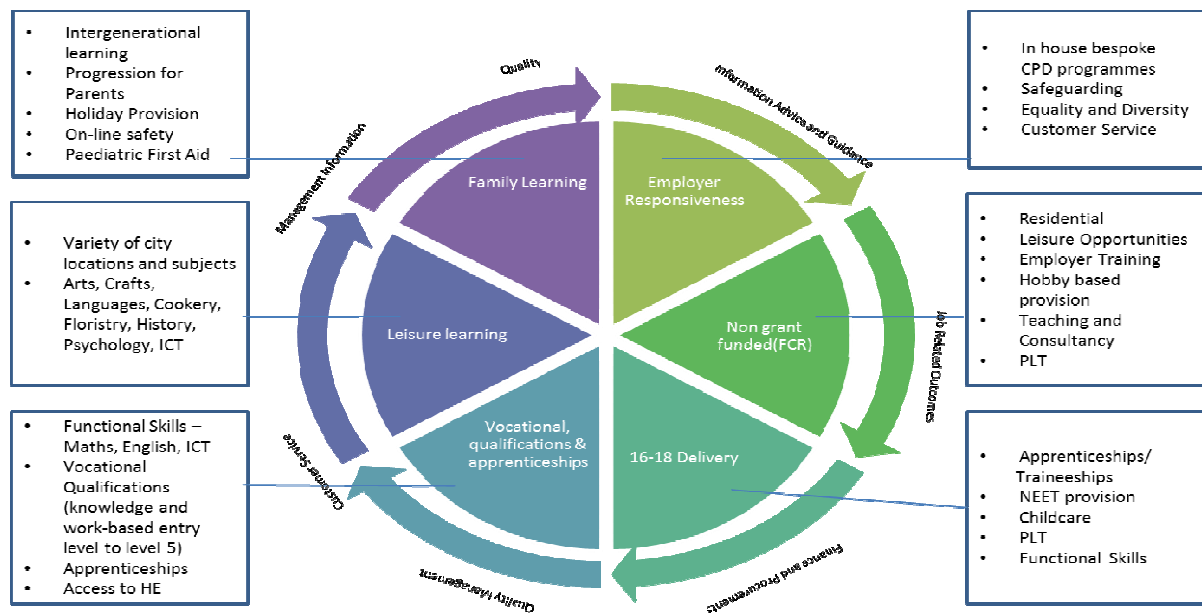
Local drivers impacting upon the adult education sector include:

- Alignment with Plymouth City Council's transformational aspirations – the proposal is in line with the Transformation Programme and is designed to establish the Local Authority as part of a 'Co-operative led service-hub', the forming of a CJV is both innovative and aligned to the strategic vision;
- Skills Funding Agency support – The SFA representative involved in the scoping of this proposal has highlighted the innovative and progressive nature of the proposed social enterprise, suggesting that the CJV could be considered as a 'trailblazer' and a potential blueprint for development across the adult education sector;
- Learner preferences and needs - PACLS prioritises consultation with current and potential learners via Learner/Employer forums and surveys. The results of these consultations clearly indicate that learners are requesting an increased number of short courses, particularly unitised stand-alone learning packages. Learners currently enjoy community learning in community locations and have requested its continuation. Learners have outlined a preference for services being delivered in partnership with community organisations and involving an increased amount of internet based online learning that allows flexibility for learners who are working or who wish to undertake a more flexible learning package;
- Staff support for the proposal - PACLS Senior Management has engaged with both core staff and tutors throughout the business planning process. Support for the proposed establishment of the CJV was demonstrated by core staff (via a ballot) and tutors (group meetings). Positive feedback has been received, with staff seeing the establishment of the CJV as a way of improving outcomes and freeing the service to meet need in a more effective and inclusive manner.
- The cost base of the service will be reduced in several areas. Most notably, significant savings will be realised through the purchasing of business support services and shared staff support from Shekinah and/or YMCA Plymouth.
- The CJV intends to move premises from the Civic Centre/Guildhall/ Hartley House Portacabins to the Mutley Plain office unit.
- Several barriers to growth will be overcome should the CJV be established. These barriers have proven difficult to address historically and the opportunities exist in the plan to:

1. Develop an effective and independent brand for the service;
2. Establish an effective and commercially focussed online presence;
3. Source specialist and affordable support services with partners;
4. Access increased levels of external funding not available to Local Authority based services;
5. Create and re-invest surpluses;
6. Develop the service to compete regionally.

The Current Overview

PACLS current delivery consists of both accredited (adult learner responsive, employer responsive, apprenticeships and 16-18 learning) and non-accredited learning programmes (family learning, leisure and continuous professional development (CPD) type opportunities). The service delivers a range of subject specific areas to young people and adults from the age of 14 through to 90.



The service has operated successfully as a self-funding traded unit for a number of years and is currently located within the Education, Learning and Family Support department of Plymouth City Council. As well as delivering grant funded learning opportunities, PACLS also delivers Full Cost Recovery (FCR) opportunities. The service utilises internal and external (via sub-contracted delivery partners) knowledge, capacity and expertise to provide coherent, responsive, community and employer based adult learning opportunities.

PACLS received a 'Good' rating following an inspection from Ofsted in November 2013. The findings demonstrated a number of significant improvements to the service, with the new rating being above the 'Satisfactory' rating received during the previous inspection.

3. Strategic Case

3.1 Funding and Contracts

PACLS currently delivers Skills Funding Agency (SFA) and Education Funding Agency (EFA) contracts on behalf of Plymouth City Council. While several procurement routes are available to allow for the establishment of a CJV, the Business Plan is designed to demonstrate the benefits associated with On-Course South West receiving funding directly from the SFA, as opposed to via the Plymouth City Council as is currently the case. This proposal is in accordance with the updated SFA Funding Rules 2013/2014 Paragraph 319. The rules also state that the level of SFA funding to be received by a newly registered and independent provider is to be below a maximum contract level of £2 million per annum; the level of SFA funding received by the Plymouth City Council is currently below this level.

For this arrangement to take place, On-Course SW would be required to achieve registered provider status with the SFA. The SFA Due Diligence Assurance Gateway requirements (including checks to assess financial viability and sustainability via a health score) associated with the application process have been analysed as part of the business planning, with no significant barriers identified in terms of the CJV achieving this status. As part of this proposal, the CJV would register with the SFA as an independent provider in 2014.

Should Plymouth City Council confirm their intention to remove themselves from current funding arrangements, the CJV would become directly responsible for meeting Ofsted's performance measures. The onus would fall directly upon the CJV to ensure that performance measures are met/exceeded.

The new Venture can approach funding requirements through a diversification of income streams. In order to achieve this On-Course SW will prioritise the following areas as part of the CJV's business development strategy:

- Full Cost Recovery - To offset the risks associated with future levels of grant funding, On-Course SW intends to increase the range of full-cost recovery (FCR) courses available, resulting in an increase in the revenue realised that offsets the reduction in grant funding received. FCR will be particularly relevant in relation to the following:
 - Learner fee income generated via Community Learning accredited and non-accredited courses. It is anticipated that fee paying Community Learning provision will increase due to improved marketing undertaken by the CJV (including the development of a new brand) and meeting the levels of unmet need that have been identified;
 - Learner fee income generated via Adult Skills related learning;
 - Learner fee income generated via recreational learning opportunities.
- 16-18 provision - Significant growth in funding associated with EFA 16-18 provision and SFA 16-18 apprenticeship provision will lead to an increase in opportunities for young people within the City.

New business opportunities - PACLS market research has led to the identification of several new service lines that would create income in the future, further reducing the CJV's dependence upon grant funding. In addition to the FCR opportunities currently delivered, new income streams have been identified.

Online learning also forms an important part of the CJV's development strategy. The development of a commercially focussed website will allow for the CJV to offer an online portal into learning, with learners able to enrol and access internet based learning opportunities (some via Skype).

- External funding - several funding streams are accessible to adult education services with charitable status. These provide a useful pipeline of opportunities that would be available to the CJV from April 2015 onwards. Although the CJV does not (at least initially) intend to apply for charitable status, this is a useful guide on which assumptions can be based. For the purposes of this business plan, we have assumed that the CJV achieves a modest success rate in terms of external funding applications.

Social responsibility donations – The CJV intends to establish strong relationships with local businesses to access funding via their social responsibility budgets.

3.2 Strategic Fit

The new Venture will work with partners, other agencies and communities with the emphasis being on building the capacity of individuals and communities to provide self-help and improve health and well-being. A close, continuing relationship with the Council is fundamental in order to achieve the priorities set out in the Health and Well-Being Strategy and Local Economic Strategy and Skills Plan.

The detailed design has been validated by the Transformation Portfolio Enterprise Architecture team and is fully aligned. The Project Team, in conjunction with the Programme Team, have undertaken extensive collaboration with other programmes in order to ensure that they are not replicating work being undertaken elsewhere and are informing them of the changes that are being implemented which will affect other programmes. For example, the establishment of the PACLs joint venture will have an impact on the corporate centre and therefore will require the CCO and Customer Management programmes to take these impacts into account.

In addition, the organisational design that results from the project will also be aligned to the overarching design of the People Directorate Review with its emphasis on a strong separation between commissioning and delivery.

3.3 Assumptions

The implementation and benefits plans are based on a set of assumptions, which include the following:

- Implementation Assumptions
 - The organisation has the capacity to undertake this level of transformational change in timescales
 - Appropriate technology will be available within the implementation timescales
 - The business design is implementable
 - There is sufficient change management capacity within the Council
- Benefits Assumptions
 - There is adequate commercial experience in PACLs and partners
 - Reductions and growth can be achieved as quickly as anticipated
 - The integration of service provision with our partners will generate additional capacity and resilience

Service Assumptions:

As an independent social enterprise, the CJV will:

- Establish a service that offers learning opportunities to all ages;
- Include membership from PACLS, Shekinah and YMCA Plymouth;
- Ensure that management costs incurred remain within the SFA's guidance levels;
- Increase the number of revenue streams and learners engaging with the service;
- Maintain all future pension and redundancy liabilities incurred;
- Apply for Admitted Body Status (ABS) of the Local Government Pension Scheme (LGPS), and function provider status with the Teachers' Pension Scheme (TPS);
- Develop surpluses that will be reinvested into the service as well as the building up of financial reserves;
- Take decisions relating to the investment of surpluses in consultation with learners, staff and member agencies;
- Procure and access business support and other services from CJV members where these services achieve best/improved value.

3.4 Strategic Risks

The strategic risks, which are being actively mitigated against, are as follows:

- Whilst partners are engaged with the change principles, they will require a change to the way that all parties operationally organise themselves, which can be challenging
- The success of co-operative working will be dependent upon high quality information management, which is difficult to achieve in implementation timescales
- The formal transfer of contract – AMEND
- A delay means a new Venture cannot begin to operate and cashflow issues will arise from 1/4/2015
- Admitted body status to LGPS must be confirmed
- Competition in the market for decreasing funding and loss of business could diminish funding further
- The inability to realise surpluses for re-investment could lead to business failure

3.5 Constraints and dependencies

The project has the following constraints and dependencies:

- The need for alignment with the organisational design of the Customer Services Transformation Programme
- The organisational design that the CCO introduces for the corporate centre

4. Options Appraisal

Work with an external agency (with support offered through Cabinet Office) had identified a PSM as an original option. Since then the development of the Outline Business Case examined a number of options based around the level of integration of the Council with its partners to deliver the outcomes from the project. Options appraisal has subsequently been limited by the parameters within the cooperative principles, the legal framework and the SFA contract and moved to the detailed design level for a CJV.

The detailed design is available for review if required.

5. Financial Case

The Case for Change section has described how the outcomes for residents will be improved and how the Venture can achieve financial stability and growth. The detailed business plan (commercially sensitive) shows the full financial information and forecast.

Financial benefits – Should the CJV be authorised to establish, Plymouth City Council is expected to experience the following financial benefits:

- Limit Plymouth City Council's future pension deficit liabilities;
- Reduce Plymouth City Council's redundancy liabilities;
- Reduce the need for Plymouth City Council to house PACLS – By establishing a new base for the service, Plymouth City Council will not be required to house the service.

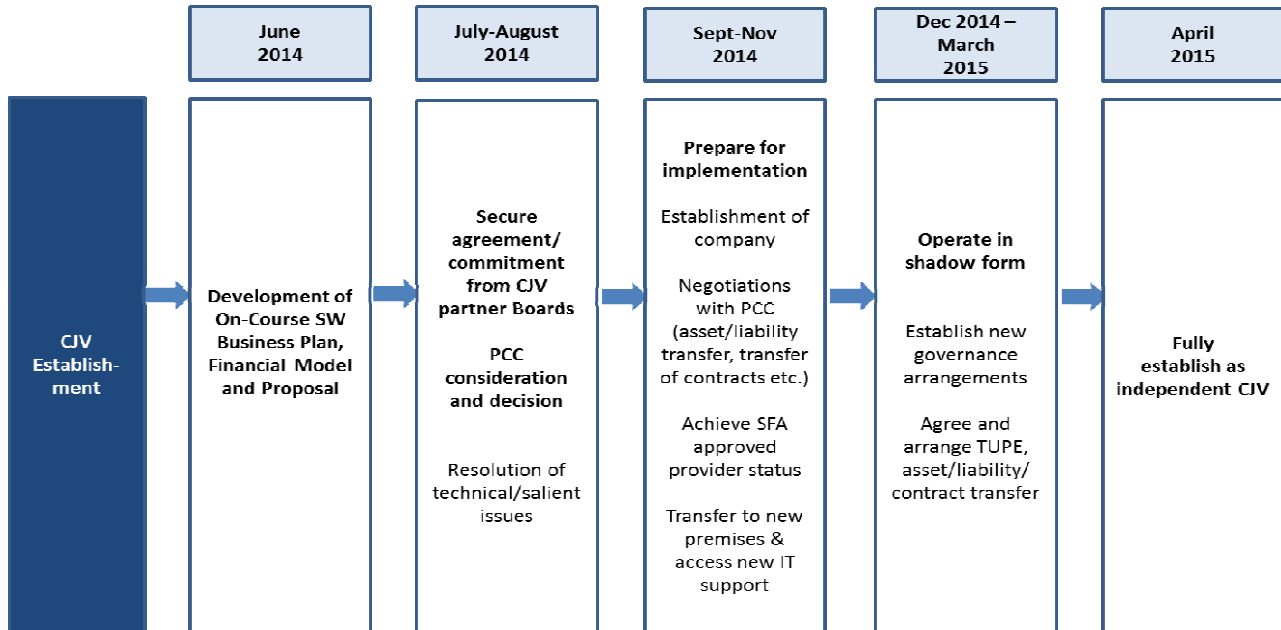
Managing a Downturn in Revenues

In the event of a significant downturn in revenues, expenditure would reduce in line with the income reductions due to the Service being peripatetic: venues are hired and the majority of tutors are employed on hourly contracts – therefore a reduction in income would reduce the workload and consequently the need for tutor staff and venues. Other expenses, such as photocopying and travel, would also reduce on a proportionate basis. If it became necessary to address fixed overheads, there is an opportunity to reduce them without adversely the core running of the organisation. Through modelling, this approach has been proven to address a shortfall of 50% of revenues which is deemed to be highly unlikely.

6. Summary Project Plan

A Summary Implementation Plan is provided below, while a full Implementation Plan is contained within the Full Business Plan.

Route to establishment – Overall timeline



Exit strategy - In the event that On-Course SW is unable to operate as a sustainable CJV, several options are available to both the CJV and Plymouth City Council to ensure the continuation of the service:

- Include additional partners within the CJV;
- Transfer staff, assets, contracts and services to a separate company/organisation;
- Transfer the service so that it operates under the South West Learning & Skills regional company 'umbrella';
- Transfer staff, assets, contracts and services back to the Council.

7. Recommendations

It is recommended that Cabinet approve the transfer of the current Plymouth Adult and Community Learning Service into a Community Joint Venture with Shekinah and YMCA.

By authorising the establishment of On-Course SW, Plymouth City Council will be supporting the continued delivery of community learning and adult education across Plymouth. On-Course SW would be in a position to strengthen its position as the main provider of community learning across Plymouth. The benefits associated with the delivery of these Community learning services are both evident and compelling in terms of the positive links to health & well-being, economic regeneration and social inclusion. Community learning positively impacts upon the most vulnerable, with two thirds of PACLS staff currently responsible for the delivery and monitoring of this form of learning.

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