

Report to: Lead Member for Education and Inclusion, Special Educational Needs and Disability

Date of meeting: 14 September 2018

By: Director of Children's Services

Title: East Sussex Music - Proposed Next steps

Purpose: To consider the feedback from the public consultation, progress made on alternative solutions to closure and to seek agreement to the next steps

RECOMMENDATIONS

The Lead Member is recommended to:

- a) note and welcome the identification of new additional savings of £49,095 in 2018/19 (full year effect of £84,346 from 2019/20) which will put the service in a sustainable position to balance the budget and retain the small group and individual instrumental tuition service within the Music Service; and
- b) agree that officers proceed with further exploration of making the Music Service sustainable in the longer term by considering whether to award a concession contract for the provision of the County's music service as detailed in the report.

1 Introduction

- 1.1 East Sussex Music is the county music service and lead organisation of the East Sussex Music Education Hub. It provides a range of musical opportunities for children and young people including whole class, small group and individual instrumental tuition, bands, ensembles, orchestras and choirs from beginner to advanced level and post-16 A level and BTEC music courses. We recognise the value that active involvement in music brings to the lives of children and young people.
- 1.2 The service is funded through income from fees from parents and schools and through grant funding. A reduction in grant funding has put the service in financial difficulty resulting in a budget pressure of £180,000. However, while valued, as the Music Service is not a statutory service, it would not be appropriate to take funding from other statutory frontline services to address the budget pressure. Therefore, a proposal to consult on closing the small group and individual instrumental tuition part of the service, currently used by over 3000 children and young people, was agreed in April 2018.
- 1.3 While a number of savings had been identified to be implemented this financial year, the priority has been to identify further savings to close the budget gap and avoid closure of the instrumental tuition service and to explore longer-term options that emerged through the public consultation process that would secure longer-term financial sustainability for the service, without requiring resources from the County

Council.

2 Background

- 2.1 Following the loss of grant income, East Sussex Music, the county music service, needs to save a minimum of £180,000 per annum to be financially sustainable within the Arts Council grant and income generated through the service. Proposals to restructure the management and administration team, reduce the number of teaching weeks and to remove the upper pay range of the teachers' salary scale were consulted on last autumn. If implemented in full, the changes would have saved £220,000, closing the budget gap and providing a small amount of resilience in relation to further changes in income. If not required for this purpose any surplus could be used for targeted work with vulnerable young people in response to the government's expectations of arts organisations around supporting the social mobility agenda.
- 2.2 Due to significant union opposition to the removal of the upper pay range (UPR), this proposal was withdrawn. Through the consultation process and subsequent meetings with unions, no proposals came forward to replace the savings that would have been achieved through removal of UPR. It was not recommended to make cuts in statutory children's services to fund a budget gap in a non-statutory service. As such, a proposal to close the small group and individual instrumental tuition service was drawn up for consultation.
- 2.3 Closure of this part of the Music Service would deliver savings to close the budget gap and provide budget flexibility against further loss of income to the service. Some of the savings released would need to be utilised to mitigate the impact of closure on vulnerable groups.
- 2.4 All but a small proportion of the teaching staff would be eligible for redundancy and the service would require a smaller senior management capacity and administration team. The estimated redundancy cost would be £350,000. However there would be a requirement for some teaching staff to be re-employed (as they have the skills, knowledge and experience needed) to support schools with whole class instrumental tuition and provide opportunities for children to play in ensembles through the work of area music centres and summer schools.
- 2.5 On 30 April 2018, the Lead Member for Education and Inclusion, Special Educational Needs and Disability, agreed to consult on the proposal to close the instrumental tuition service and that he would welcome proposals from outside bodies to deliver instrumental teaching services. A public consultation was launched on 6 June with an online survey open till 27 July. Face to face meetings were held with staff, parents, young people and partners.
- 2.6 An e-petition attracted the required signatures to trigger a full Council debate on the proposal, which took place on 10 July 2018. The Council agreed the following motion: "The Council notes the petition and welcomes the steps taken by the Council to explore a realistic, sustainable future strategy for the East Sussex Music Instrumental Service in line with the Lead Member decision on the 30th April 2018".

3 Supporting information

- 3.1 The feedback that has been received from a range of stakeholders through the public consultation has been invaluable in helping us find a way forward and in highlighting key issues and concerns to consider should the closure option be taken forward. It has also been important to establish what options for instrumental tuition there would be, should it be decided to close the instrumental tuition service and to consider what the impact of closure might be and how negative impacts might be mitigated.
- 3.2 An Equality Impact assessment (EQIA) has been completed to assess the impact of the closure of the instrumental tuition service. The conclusion is that there is potential for negative impacts for children and young people with SEND, from low income families and from isolated rural areas. The EQIA has identified potential mitigation to address the negative impact to close the instrumental tuition service were it to be agreed. The Equality Impact assessment is attached in appendix 1. In considering the proposals in this report, the Lead Member is required to have 'due regard' to the duties set out in Section 149 of the Equality Act 2010 (the Public Sector Equality Duty). Equalities Impact Assessments are carried out to identify any adverse impacts that may arise as a result of the proposals for those with protected characteristics and to identify appropriate mitigations. Members must read the EQIA and take its findings into consideration when determining these proposals.

Closing the budget gap

- 3.3 A key aim has been to close the £180,000 budget gap that prompted the proposal to consult on closing the instrumental tuition service. The 2018/19 budget was for a breakeven position, but recognising that all necessary savings would need to be found. Fee remission and Merit Award changes achieved savings of £54,993 from 1 April 2018. The management and administration restructure and the reduction in teaching weeks consulted on with staff last autumn will be implemented from 1st September 2018 and will deliver savings of £46,124 in 2018/19 (with full year effect of £79,070 from 2019/20). This leaves savings of £78,883 to be found in 2018/19 (with an equivalent amount of £45,937 in 2019/20).
- 3.4 We are pleased to confirm new savings of £49,095 (full year effect in 2018/19 of £84,346) have been identified by the Music Service management team which appear in Appendix 2. The majority of these savings could not have been foreseen or quantified before the public consultation, for example staffing cost savings from voluntary severance requests and reduction in hours. While some service delivery savings had been identified by managers during the initial consultation, which enabled a positive change to the proposed structure, the desire to avoid closure and retain the instrumental tuition service has prompted further savings to be identified by managers. We were also able to identify some new process efficiencies, following a data protection risk assessment which resulted in the decision that invoices could now be emailed to parents rather than being sent through the post.
- 3.5 As some of the savings can only be implemented from 1st September 2018, £29,788 of the funding set aside by the County Council from the Transformation Reserve will be utilised to balance this year's budget. All the savings will have a full year impact from April 2019 ensuring that the budget will balance from 2019/20, with a small surplus of £38,409. Appendix 2 provides more detail of the budget and savings.

- 3.6 As there is no longer a budget shortfall with the service now sustainable in the short to medium term we are not recommending closure of the instrumental tuition service. However we recognise that there are factors outside our direct control that can impact on the future budget. These include the risk that the government may choose to make cuts, in the future, to Arts Council funding. We also cannot control national pay settlements for teachers which could add new pressures to our budgets. It will also be important to continue to attract and retain pupils to ensure our operating costs are covered by income.
- 3.7 The public consultation has provided valuable information regarding the willingness of some parents to pay more for lessons in order to retain instrumental tuition with East Sussex Music. We acknowledge that an increase in fees may not be manageable for some families, particularly those with incomes just above the level that qualifies for fee remission, and this could result in a drop in recruiting new pupils and some children currently learning with us having to stop their lessons. We are committed to ensuring that as many children as possible are able to access lessons, however if costs increase or income reduces, we will need to look at the option of increasing fees, whilst ensuring that those on the lowest incomes are supported through appropriate levels of fee remission.

Alternative Business Model

- 3.8 We have always been explicit that we need to find a business model that would provide greater robustness and confidence in the long term financial viability of the service. Without a sustainable plan, it is likely that the service would struggle to balance the budget and the inevitable uncertainty that would bring would be difficult for managers, staff, parents and pupils. We want to find an operating model which sets the foundation for a vibrant and financially sustainable future for East Sussex Music without the need to cut other key statutory services which form part of the County Council's core offer.

Alternative business model 1: Awarding a concession contract

- 3.9 As a result of the public consultation an expression of interest has been received from another music service (an independent provider providing services to a neighbouring local authority) to explore developing a sustainable model through a joint offer and a potential merger of services.
- 3.10 A merger would offer the opportunity for economies of scale, such as in senior management, administration, property, systems and equipment, providing a financially sustainable model that would secure the long-term viability of the Music Service.
- 3.11 However, there are procurement issues that mean a traditional "merger" with another music service (where that service has already been outsourced) is not possible.

3.12 Nevertheless, this expression of interest has raised the potential for the East Sussex Music service to be outsourced under a concessions contract. Having given this some initial consideration, it is considered that there is mileage in further exploring this as a potential long term solution for the music service.

3.13 Under a concession contract, the consideration (“payment”) model is different from a conventional contract and consists of either:

- Granting the contractor the right to exploit (that is, to profit from) the works/services that are the subject of the contract; or
- Granting the contractor that right together with some payment from the contracting authority/utility.

The organisations that would be able to deliver the concession contract would need to demonstrate experience of operating a music service and therefore many of the economies of scale set out above may nevertheless be delivered through a concession contract.

3.14 Furthermore, this model is likely to be viewed positively by staff and trade unions as it would retain small group and individual instrumental tuition within the service and current staff would transfer to the new organisation retaining their current terms and conditions. The compulsory redundancy of many teachers would be avoided along with the associated redundancy costs.

3.15 Importantly for children and young people and their families this development has the potential to improve and diversify the current offer and allow for greater resource to be focussed on supporting social mobility.

3.16 Previous discussions with other music services had not proved fruitful primarily because we were not an attractive proposition because of our budget deficit as well as the timing not being right for neighbouring services. Now that we have addressed the budget deficit by implementing the management and administration restructure and identifying new savings as set out in paragraph 3.4, this expression of interest now has real potential. There is a genuine desire by all parties to find an alternative to the closure of the instrumental tuition part of our service. We believe that this option should therefore be explored in more detail.

3.17 To implement a concession contract, a tendering process (in accordance with the Concession Contracts Regulations 2016) would be required and the next step would be to issue a PIN (Prior Information Notice) inviting formal expressions of interest. Subject to a successful outcome, we anticipate that this model could be in place for September 2019.

Alternative business model 2: the Hounslow / Croydon model

3.18 A model that has been implemented in Croydon has been put forward by the heads of the music services in Croydon and Hounslow. This model would separate roles into a lead teacher role providing whole class tuition, paid on national teachers’ terms and

conditions and an instrumental tutor role which would be paid on a local pay scale.

- 3.19 HR and legal advice has been sought, including expert counsel, on aspects of the proposal that previous advice has indicated would carry risks if implemented. The legal advice remains that there are some aspects of the proposal that could be challenged by staff and Trade Unions. In addition, the model has been costed, as the costings provided with the proposal were based on inaccurate data. Costing it using current teaching hours and the nearest equivalent on the Single Status scale to that used in the proposal, this model would save £51,765, not £145,641 as indicated in the proposal.
- 3.20 Although a number of managers and staff in the service have been promoting this proposal, we believe this model could be divisive and prove difficult to implement as it is unlikely to be supported by a large number of staff. This is because of the wide difference in salary between the proposed lead teacher role and the instrumental tutor role and because of the loss of teachers' terms and conditions for the majority of the teaching staff.
- 3.21 There are also concerns about the efficiency of this model when implemented across a large rural county, compared to a smaller urban area. Significant improvement in efficiency of delivery was achieved in a restructure implemented in 2014, part of which is dependent on having a single job description to enable flexible use of teaching resource.
- 3.22 Further information and analysis of advantages and disadvantages of the two options is contained in appendix 3.

Alternative private provision

- 3.23 In order to understand what private market provision might be available in the county, a meeting was held with organisations who had pro-actively contacted ESCC wishing to discuss options. This was an important part of the process as we needed to be sure that should the instrumental tuition part of the service close, children and young people would be able to access music lessons.
- 3.24 Subsequently, proposals have been received from 3 organisations outlining how they could scale up their provision to provide a whole county service.
- 3.25 Should East Sussex Music cease to deliver instrumental tuition, teaching staff made redundant from the service would have the choice whether to work for a private provider, teach as a private individual or develop a teaching co-operative.
- 3.26 The Music Education Hub would have a strategic role in determining that there was provision of an appropriate quality in the county and a responsibility to inform parents of how to access provision and to ensure that there is support available for vulnerable groups to do so. One of the most challenging issues would be how to ensure that appropriate levels of tuition would be available in the rural areas, where it is not so commercially viable to provide a service.
- 3.27 At this point it is not known whether all schools would welcome private providers teaching during the school day. Parents, and schools, if they invite private providers to

teach on their premises, would have responsibility for determining the quality of provision of any specific individual or organisation and there has been some concern expressed about this through the consultation.

- 3.28 Although we are now not recommending closure of the instrumental tuition service, discussions with private providers has demonstrated that there could be opportunities to collaborate and diversify the offer for young people. This could include collaborating on musical projects, developing closer links for pupils taught by private teachers / providers with the opportunities provided by the service's music centres and summer schools, sharing CPD opportunities for instrumental teachers, and learning from each other's systems for assessment and reporting.

4 Analysis of consultation feedback

- 4.1 A significant amount of correspondence was received following the Lead Member decision to consult, expressing concern about the proposal to close the instrumental tuition service. All correspondence is available to view in hard copy by members in the Cabinet Room and the Members' Room. The e-petition opposing the closure attracted 12,385 signatures.
- 4.2 Online surveys for adults and young people were published on the ESCC website. A survey was also sent to schools, asking for their views on the closure proposal and on two options for how schools could help reduce cost for the Music Service. Face to face meetings were held with parents and young people at area music centres and with East Sussex Music staff, the Schools' Forum, members of the East Sussex Music Education Hub board, heads of other music services, the Arts Council and private providers of instrumental services.
- 4.3 511 adults and 60 young people responded to the online survey. One primary school and one secondary school responded to the schools' survey. The surveys are attached in appendix 4. A full analysis of the consultation is contained in appendix 5.
- 4.4 Throughout the consultation many people spoke in support of the importance that music can make to children and young people from challenging backgrounds. This supports our commitment to increasing the funding that is available to support the social mobility agenda.
- 4.5 From the beginning of this process, there has been constructive dialogue with the Arts Council. They have understood the challenges we faced and we were also clear about the expectations they had of the Music Hub if the instrumental tuition part of the music service was to close. The key issues have been identified to ensure the funding criteria are met and it has been agreed that detailed action planning would take place after the decision on the closure proposal is made in September, should this be necessary. They have been supportive of the desire to focus more resource on the most vulnerable to support the social mobility agenda.

5 Conclusion and reasons for recommendations

- 5.1 We knew that the decision to consult on the closure of the instrumental part of the service would result in widespread public debate. Without a public consultation it is unlikely that we would have been able to find a positive way forward for the Instrumental tuition service.
- 5.2 The first task was to close the budget gap. This has been achieved by continuing with the plans to implement part of the proposals that had previously been consulted on and by the identification of new savings which emerged through the public consultation. This will result in a balanced budget from 2019/20 which would allow time to explore an alternative business model in more detail. The number of people indicating that they would be prepared to pay more for lessons, in order to retain the instrumental tuition service, highlights the degree to which the service is valued and now provides us with greater confidence that we could potentially offset future modest increases in cost or loss of income.
- 5.3 Although all proposals that provided an alternative to closure were welcomed, having reviewed the Hounslow/Croydon model we do not consider this to be the best option for the future of the service as it would not deliver a substantial reduction in operating cost, would potentially reduce efficiency of delivery that has been achieved since restructuring in 2014 and would result in a loss of teachers' terms and conditions and a drop in salary for the majority of teaching staff.
- 5.4 The expression of interest that emerged through the public consultation, which has led to the option of awarding a concession contract, potentially to an existing music service, provides the opportunity to explore a model that would deliver significant efficiency in management and administration, providing a more robust financial position for the new organisation. It would also release funds to improve the offer to children and young people, particularly those in challenging circumstances, ensuring the Hub meets the government's requirement to support social mobility.
- 5.5 We have been appreciative of the private providers that came forward and of the thought they had clearly put into how they could scale up their current offer to children and young people across the county should the instrumental tuition part of the service close. We would be interested in continuing with this dialogue to explore opportunities to collaborate, to the benefit of all children and young people learning an instrument in the county.
- 5.6 The number of people who provided feedback through correspondence, signing of the petition and completion of the survey has demonstrated the degree to which the Music Service is valued and has highlighted the benefits to young people of playing an instrument and of being actively engaged in musical activities. Through the public consultation we have been able to find a positive way forward and it is hoped that we are now able to re-build trust and confidence in what we believe is a very exciting and financially sustainable future.
- 5.7 In light of the above the small group and individual instrumental tuition service will be retained within the Music Service. It is proposed that officers proceed with exploring the option of awarding a concession contract to provide a long-term sustainable future for the service.

- 5.8 The music service team are working closely with communications team to co-ordinate the announcement of a decision on the future of the music service and explain the financial changes which have prompted this recommended course of action. This includes plans to inform staff, stakeholders and the media.

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LOCAL MEMBERS

All

Appendices

Appendix 1 – Equality Impact Assessment

Appendix 2 – Budget information

Appendix 3 – Further information and analysis of advantages and disadvantages of the two options

Appendix 4 – Surveys for adults and for young people

Appendix 5a – Consultation analysis – Adults

Appendix 5b – Consultation analysis – Young people