

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

**Date of meeting:** 3 June 2019

**By:** Director of Children's Services

**Title:** Music Service Procurement

**Purpose:** To seek approval for awarding a concession contract for the delivery of a music service for the county

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## ***RECOMMENDATIONS***

The Lead Member is recommended to:

- 1. approve the award of a concession contract to Brighton Dome and Brighton Festival for delivery of a music service in East Sussex; and**
  - 2. delegate authority to the Director of Children's Services to take any action he considers necessary to give effect to or in consequence of the above recommendation.**
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## **1. Background**

- 1.1.** In September 2018, the Lead Member agreed a proposal that "officers proceed with further exploration of making the Music Service, East Sussex Music sustainable in the longer term by considering whether to award a concession contract for the provision of the County's music service" as an alternative to closing the small group and individual instrumental teaching service.
- 1.2.** The value of the contract is made up of approximately £1.7m income from fees charged for services and a Department for Education (DfE) grant provided through the Arts Council, current value £648,522. As from April 2019, the Council does not provide any funding to the service.
- 1.3.** In February 2019 the service was tendered by way of an advertisement in the Official Journal of the European Union (OJEU). The Council received one bid, from Brighton Dome and Brighton Festival (BDBF). BDBF are the current provider of Brighton & Hove City Council's music service (Brighton and Hove Music and Arts), also under a concession contract arrangement.
- 1.4.** Music service provision for the Brighton and Hove area was part of East Sussex Music Service before Brighton & Hove City Council became a unitary authority. Brighton & Hove Music and Arts therefore has a shared history with the County Council's music service and operates in a similar way.

## **2. Supporting information**

### ***Evaluation of the bid***

- 2.1.** The bid from BDBF has been evaluated by a panel consisting of the Head of the Music Service, the Assistant Director for Communications, Planning and Performance and the Head of Hazelcourt School, who is a board member of the Music Education Hub. The evaluation was moderated by a member of the procurement team.
- 2.2.** The bid is considered to be strong in all areas. In particular:
- BDBF has experience of providing a music service for the Brighton & Hove area and acting as lead organisation and Arts Council grant holder for the music education hub, and can demonstrate very good results against the core and extension roles required of hubs;
  - through its operation of a major music venue and an international festival, BDBF brings links with the wider cultural sector and a wide range of artists, which can add value to the educational offer;
  - BDBF has commercial expertise in the sector providing added value, particularly in the area of digital communications and marketing;
  - as a charity, BDBF can provide opportunities to increase income streams for the music service;
  - BDBF has recent experience of the mobilisation and transfer of a music service out of a Local Authority and the Arts Council transfer of leadership process
- 2.3.** The bid provided good evidence of the quality of the service provided by Brighton & Hove Music and Arts, and awarding a contract to BDBF would therefore provide the opportunity to benefit from BHMA's strengths, particularly in areas which are less well developed in East Sussex. These include:
- their engagement with schools
  - their whole class instrumental teaching and continuation on to small group / individual lessons;
  - their commitment to, and range of work with, vulnerable young people in challenging circumstances;
  - their service user engagement
- 2.4.** The bid also recognised the specific needs of East Sussex, particularly regarding providing a service in rural areas. Their approach would be one of co-development with local stakeholders and children and young people, building on existing relationships and working closely with East Sussex Music staff.

## **3. Financial implications**

- 3.1.** Through restructuring and other efficiency measures, the Music Service is currently able to balance its budget. However, it remains vulnerable to any relatively small change in income and is limited in its ability to respond to the DfE requirement for arts organisations to support the social mobility agenda, ensuring all children and

young people have access to music opportunities, including those in challenging circumstances. Awarding a concession contract for the Music Service would provide a more financially secure future for the service and avoid the need to reconsider closing the instrumental teaching service and the substantial redundancy costs associated with that, estimated to be in the region of £350,000.

**3.2.** The Council is the lead organisation of the East Sussex Music Education Hub and receives grant funding (£648,522 for 2019/20) from the Arts Council on behalf of the Hub. The Arts Council have been kept informed of the tender of the service. If the award of the contract to BDBF is approved, the Arts Council will undergo a novation process to transfer leadership of the Hub, and the grant funding, from the Council to BDBF.

**3.3.** BDBF would have the opportunity to reduce costs through efficiencies in management and administration of the two music services, providing greater financial resilience and longer-term sustainability for East Sussex Music. However, it was anticipated that smaller organisations would not be in a position to fund the redundancy costs arising from an initial restructure and therefore the draft contract offers a capped indemnity against the cost of redundancy.

**3.4.** The bid from BDBF is qualified around LGPS pensions, and sets out that BDBF do not consider they are a big enough organisation to provide a pensions Bond. The purpose of a Bond is to protect the pension fund from any pension deficit arising in the event of insolvency of the Concessionaire. However, since 1 April 2019 the Council has adopted a “pass-through” approach which places the termination liability (or gain from the pension fund valuation) with the Council. In light of the qualifications contained in the bid from BDBF, it has been confirmed that the new ‘pass-through’ approach is adopted for this contract. Under the revised arrangements, an alternative admission agreement would be prepared, reflecting the pass-through arrangements agreed between the parties, and the requirement for the Bond would no longer be included.

#### **4. Conclusions and reasons for recommendations**

**4.1.** Brighton Dome and Brighton Festival is a strong candidate for the award of a concession contract to deliver a music service for the county due to its experience providing a similar service for the Brighton & Hove area and the added value it can bring, including its commercial experience and links to the broader cultural sector.

**4.2.** If a contract is not awarded and we continue to deliver a music service directly without the benefit of reducing costs through management and administration efficiencies, the service remains vulnerable to relatively small changes in the financial environment. A number of alternative options have previously been explored and awarding a concession contract was viewed as the preferred way forward due to some of the challenges posed by the other options. If we were unable to find a viable alternative it may result in the need to re-consider closing the small group and individual instrumental teaching service, which would incur redundancy costs in the region of £350,000.

**4.3.** For the reasons set out above, it is recommended to:

- award a concession contract to Brighton Dome and Brighton Festival for delivery of a music service in East Sussex;
- delegate authority to the Director of Children's Services to take any action he considers necessary to give effect to or in consequence of the above recommendations.

**Stuart Gallimore**  
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#### LOCAL MEMBERS

All