



Birmingham City Council Wellbeing Service

REVIEW OF DELIVERY OPTIONS



FMG CONSULTING LIMITED

MARCH 2017

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APPENDICES

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Appendix B: Wellbeing Service: Priorities and Outputs (available as separate document)

Appendix C: Delivery Options Overview (general market overview)- available as separate document

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1. Introduction

Brief

- 1.1 FMG Consulting has been appointed to assist Birmingham City Council's Wellbeing Service to review options for future delivery of its services in a cost-effective way. In a time of funding stringency, there is a need to explore alternative organisational vehicles which seek to maximise the value of interventions aimed at enhancing opportunities for improving health through physical activity.
- 1.2 Funded by Sport England, this commission builds upon previous work in Spring 2016 during which FMG examined potential business models for a new Wellbeing Service. This Review of Delivery Options is the first step in a process which may be followed by examination of possible routes through procurement for any delivery model which could be adopted and a possible framework for assurance and due diligence before any such 'spun-out' enterprise launches.

Purpose of Report

- 1.3 In 2013, Birmingham City Council (BCC) adopted a strategy which saw its Sport and Leisure Service being revised to deliver savings whilst continuing to contribute to improved health outcomes and reducing health inequalities within the city. The report detailed that eleven BCC Leisure Centres, in Birmingham's least deprived areas, were to be transferred from direct City Council management to the private sector. This transfer was successfully undertaken in June 2015, with sites and staff being transferred to the Birmingham Community Leisure Trust operated by Serco.
- 1.4 The seven leisure centres and four community hubs located in the most deprived areas of the City would not be as commercially viable for an external private sector provider to run and, as a result, the City Council retained these sites. Its own Wellbeing Service was developed to operate these sites in such a way as to remove barriers to exercise, physical activity and wellbeing in these communities, ensuring that cost and the ability to pay were not a barrier to good health.
- 1.5 However, in the current economic and political climate of austerity, Birmingham City Council needs to identify areas where further savings could be found. Therefore, there is an aspiration to consider the potential of outsourcing the Birmingham Wellbeing Service, assessing financial savings that could be made by BCC whilst also maintaining the Council's commitment to improve the health and wellbeing outcomes of its most deprived communities and reducing health inequalities in the city.
- 1.6 In earlier work during 2016, it was suggested that consideration should also be given to including existing Council services not currently within the management of the Wellbeing Service as part of the outsourcing - however, this element is not taken forward in this study.

Report structure

- 1.7 In this context, the remainder of this report is therefore structured as follows:
- review of present service
 - priorities and outputs
 - delivery options
 - options review
 - scope of potential Community Benefit Society
 - conclusion and recommendations.
- 1.8 In order to prepare a concise report bringing together the key issues and recommendations, additional analysis and background information is presented in a series of appendices. These cover the following subjects:
- present Wellbeing Service structure and outputs
 - priorities and outputs
 - delivery options
 - options review scoring and matrix.
- 1.9 It is not possible to guarantee the fulfilment of any estimates or forecasts contained within this report, although they have been conscientiously prepared on the basis of our research and information made available to us at the time of the study. Neither FMG as a company nor the authors will be held liable to any party for any direct or indirect losses, financial or otherwise, associated with any contents of this report. We have relied in a number of areas on information provided by the client or by third parties, and have not undertaken additional independent verification of this data.
- 1.10 Any queries on the contents of this report should be directed to Andy Farr, FMG Consulting, at andyfarr@fmgconsulting.co.uk or on 07971 837531.

2. The Wellbeing Service Today

Introduction

- 2.1 This section summarises the activities and facilities provided by the Wellbeing Service, together with a review of current operational structures and costings. Further detail is provided in Appendix A.

The Birmingham Wellbeing Service

- 2.2 The Service was established on 1 June 2015, directly managed by Birmingham City Council, and built on the foundations of the city's success in working in partnership with the NHS through the Gym for Free programme and, subsequently, Be Active and Active Parks. The objective was to improve the health and wellbeing of citizens in the most deprived communities by utilising leisure and other facilities to promote physical activity.
- 2.3 The Service is a strategic provider and deliverer of improved health outcomes, providing a range of physical activity and wellbeing opportunities across the physical infrastructure of the city. The Service encompasses a far broader offer for the community than provided by traditional leisure centres. Central to the Wellbeing Service model is the identification and removal of barriers to good health, giving residents the opportunity to be physically active, engaged in their local communities and make improvements to their physical and mental health in a range of place-based settings.
- 2.4 Key elements of the present Birmingham Wellbeing Service are:
- leisure sites situated in areas of the city with poor health outcomes, servicing communities living in some of the highest levels of deprivation in the UK
 - a range of place-based physical activity opportunities exploiting Birmingham's open space infrastructure including parks situated at the heart of local communities
 - centralised management prioritising areas of activity and working in partnership with volunteers and the third sector to ensure that delivery meets local priorities and targets those communities that need it the most.

Wellbeing Centres and Hubs

- 2.5 The Centres are former leisure centres in the most deprived areas of the city. As well as offering a traditional (and largely free) physical activity offer, they also offer a range of wider wellbeing interventions including talking art, surplus food cafes, coffee mornings and stay & play activities for parents with small children. The Wellbeing Service aims to provide much more than physical activity and is focused on mental wellbeing and community cohesion as well as active lifestyles. The Hubs are smaller versions of the Centres and offer more localised approaches to provision of wellbeing interventions.
- 2.6 The following facilities are included in this Review:
- | | |
|-------------------------------------|--|
| • Handsworth Wellbeing Centre | • Kingstanding Wellbeing Centre |
| • Nechells Wellbeing Centre # | • Saltley Wellbeing Centre |
| • Small Heath Wellbeing Centre | • Shard End Wellbeing Centre |
| • Firs and Bromford Wellbeing Hub # | • Calthorpe Pavilion Wellbeing Hub and |

- Masefield Wellbeing Hub #
- Ackers Wellbeing Hub #
- Play centre
- Stanhope Wellbeing Hub
- Aston Park Pavilion Wellbeing Hub #

2.7 With regard to the facilities marked # above, it has been noted that there is potential to transfer these sites out of the Wellbeing Service in advance of any restructuring, so generating cost savings through redeployment/redundancy of staff and enabling assets to be taken 'off-book'.

Place-based Physical Activities

2.8 The Wellbeing Service, working with many community, public agency and commercial partners, delivers a wide range of opportunities for residents of target areas to become more active and maintain a healthier lifestyle.

2.9 Key interventions include the following:

- Big Birmingham Bikes 3,500 cycles given to people in deprived communities who are encouraged to cycle through supported rides & courses plus a further 1500 given out to community groups and for free hire in hubs across the city
- Active Parks free activities in over 80 parks throughout the year and peaking during the summer months
- Parklives CocaCola sponsored family activities (subject to on-going funding)
- Active Streets simple road closures to enable play, activity & cohesion
- RunBirmingham 15,000 new runners since June 2015 (Sport England funding)
- Be Active Plus GP referral scheme delivered in local facilities.

Central Wellbeing Services

2.10 The Service works with multiple agencies to explore new approaches to delivering health and wellbeing activities to communities around the city. Key initiatives include:

- Wellbeing Steering Group multi-agency group seeking to ensure effective delivery of a variety of activities
- National Data Pilot Sport England project to discover insights about links between use of the internet, health, happiness and take-up of activities
- Active Citizenship development of volunteering and involvement/engagement to build communities
- Core Cities outdoor activities for priority communities, focussing on Muslim women, poor white young people & people at risk of anti-social behaviour.
- Park Kit activity kits delivered to community groups across the city
- Doorstep Sports Clubs eight doorstep clubs funded by Streetgames, working with disadvantaged young people to provide pathways into activity
- Young Adults' Cancer Referral specific physical activity pathways for young people with cancer, with local and national funding body referrals
- Disability Swimming 'Level Water' providing specific swimming opportunities to develop skills and confidence, and help tackle inactivity

- Swimming Tutor Apprenticeships ASA scheme to develop youth apprentices into swimming teachers.

- 2.11 Birmingham Wellbeing Service is well regarded by its peers and other stakeholders in the scope of its services and the success of its delivery programmes, several funded by external agencies. This is evidenced by the number of awards earned by its programmes and the way its staff are called to outline its programmes both nationally and internationally.

Operation of the Wellbeing Service

- 2.12 The Birmingham Wellbeing Service is an operating unit of Birmingham City Council and employs some 250 staff. It has a turnover of approximately £8.3 million, of which it is understood, payroll accounts for approximately £4.3 million of costs. Over the past five years, the Service has attracted around £25 million in external funding to support its projects.
- 2.13 The Service is managed by five senior officers (two presently vacant and partially covered by other officers) under a Head of Service. The posts within the Service include a wide range of full and part-time staff covering roles including cycling project officers, physical activity coordinators, managers of specific projects (eg Parklives, adults/older people and targeted services), technical staff and administrative support. Nine Wellbeing Centre and Wellbeing Hub managers are responsible for additional staff based within each of the individual facilities.

Sustainability of the Wellbeing Service

- 2.14 In view of a need to save some £2.2 million from the overall budget for the Service whilst maintaining as many as possible of the outputs it delivers, consideration is being given to the adoption of a new organisational vehicle. Such a transfer could help limit the BCC liabilities around the present asset base through transferring facilities to a new vehicle and, particularly were it to be a social enterprise, open up greater flexibility around potential funding sources.

Summary

- 2.15 The following section of this report summarises the aims, objectives and outputs of any potential alternative delivery vehicle, setting out those areas which are considered essential or most appropriate to maintain the Council's commitment to the health of its more deprived communities.

3. Priorities and Outputs

Introduction

- 3.1 The following paragraphs summarise the issues which help define the key requirements for delivering health and physical activity interventions within Birmingham, before setting out some of the core outputs that could be measured to determine the success of any programmes provided by the Wellbeing Service.
- 3.2 A full report prepared by City Council staff has analysed the background to issues of health and physical activity in Birmingham and this is included in Appendix B - the key elements are set out below.

Context

- 3.3 Birmingham is a large city which is growing faster than the UK average - it is thus a very young city, albeit one with a growing number of very elderly residents. It is a super diverse city, benefiting from many different nationalities, faiths, languages, ethnicities and cultures which are now creating new hybrid cultural identities - however, this diversity also poses delivery challenges amongst specific groups. Although the local economy has emerged from recession, comparatively high levels of unemployment, worklessness and low level of skills remain issues.
- 3.4 Birmingham is the sixth most deprived local authority in the country, with just under 40% of its localities amongst the 10% most deprived. There are above average levels of child poverty in Birmingham, compared with other local authorities - 30% of the city's children live in a deprived household.
- 3.5 Obesity in school children in Reception and Year 6 is worse in Birmingham compared to the England average and, in the long term, overall life expectancy is lower - there is a marked difference between those living in the least and the most deprived districts.

Defining the Need

- 3.6 Birmingham's 1.1 million residents have a wide range of health and physical activity needs, including those set out below:
 - around 79% of adults are not regularly physically active - for females, this is higher at 84%
 - 26% of adults who are inactive have stated that they want to do more sport
 - there are higher rates of death from preventable causes such as coronary heart disease, stroke and certain cancers compared to nationally, as well as higher levels of diabetes
 - stark health inequalities are shown by life expectancy being 7.6 years lower for men and 6.2 years lower for women in the most deprived areas of Birmingham than in the least deprived areas
 - 41.2% of the population live in the 10% most deprived areas in England, and 30.5% of children live in an income deprived household
 - members of lower socio-economic groups, and some black and ethnic minority groups, are less likely to participate in physical activity and sport.

- 3.7 Each of these issues have been targeted by Wellbeing Service initiatives, with significant success in specific areas - however, many concerns still require addressing and there will be an on-going requirement for an organisation with the capacity and skills to deliver activities to help overcome these issues

Strategic Outcomes

- 3.8 The City Council has adopted a Vision which sees *a whole Council focus to make a positive difference every day for citizens of Birmingham*. This is supported by four clear priorities which are linked with key drivers of change for its city and citizens.



- 3.9 The objectives which can be particularly addressed through the Wellbeing Service are indicated # although the Service would be involved across a wide range of initiatives, some of which are suggested within each section.

- 3.10 The objectives for **children** are to deliver:

- a city with an environment where our children have the best start in life #
- a city where our children are able to realise their full potential through great education and training
- a city where children are safe and resilient, and well cared for by their families. #

- 3.11 The intention is to ensure all children will experience the best start in life, realising their potential through great education & training to enable a positive transition into adulthood and employment. All children will feel safe and be confident about their identity, while families will be more resilient and better able to provide the stability, support and nurture that children need. The Wellbeing Service would look to contribute to all these outcomes.

- 3.12 For **housing**, the objectives are:

- making the best use of our existing stock
- excellent delivery through partnerships #
- supporting the people of Birmingham to access good quality housing provision
- creating and sustaining good quality housing provision
- cleaner, greener streets and neighbourhoods. #

- 3.13 While the physical provision of quality housing is the responsibility of others, the Wellbeing Service would look particularly to support the creation of strong and sustainable communities within thriving, distinctive neighbourhoods.



CHILDREN

A great city to grow up in

Make the best of our unique demography and create a safe and secure city for our children and young people to learn and grow.



HOUSING

A great city to live in

Provide housing in a range of types and tenures, to meet the housing needs of all of the current and future citizens of the city.

- 3.14 Appropriate **Jobs and Skills** play an important role in wellbeing and objectives here are to:
- create the conditions for inclusive economic growth that sustains and delivers jobs across the city
 - invest in infrastructure and improved connectivity to facilitate growth
 - support local people to access employment opportunities #
 - support the growth of thriving, distinctive neighbourhoods. #
- 3.15 To that end, the Wellbeing Service would help train/up-skill citizens to enable them to take advantage of good quality sustainable jobs while living in sustainable developments with an enhancing cultural offer. Transport will promote and prioritise sustainable journeys, with local residents having ‘ownership’ of major infrastructure schemes
- 3.16 **Health** will be a key focus for the Wellbeing Service, addressing the objectives below:
- creating a healthier environment for Birmingham #
 - increasing levels of physical activity in Birmingham and developing a healthy eating environment #
 - reducing health inequalities #
 - leading a real change in the mental wellbeing of all people in Birmingham #
 - promoting independence of all our citizens #
 - joining-up health and social care services so that citizens have the best possible experience of care tailored to their needs.
- 3.17 Amongst key areas where the Service would deliver health outcomes are:
- increased use of public spaces for physical activity
 - more people walking and cycling
 - improved air quality and utilisation of WHO guidance on health and planning
 - improved sense of community and individual mental wellbeing
 - seeking to prevent, reduce and delay dependency and maximise the resilience and independence of citizens, their family and the community.



JOBS & SKILLS

A great city to succeed in

Birmingham will be renowned as an enterprising, innovative and green city.



HEALTH

A great city to grow old in

Helping people become healthier, especially relating to physical activity and mental wellbeing.

The Wellbeing Service Asset Base

- 3.18 Further analysis of the asset base for the service has been undertaken to inform the structure going forward, recognising the priorities of the service and its partners.
- 3.19 Figure 3.1 outlines the key considerations against each asset currently within the portfolio, alongside a recommendation on its future delivery. This has been informed by extensive analysis of each sites’ contribution to the five ways to wellbeing, current performance, future opportunities, key markets and catchment demographics (particularly IMD statistics), along with strategic consideration of alignment with the key priorities outlined in this and the previous section.
- 3.20 A raft of evidence available upon request from the wellbeing service contains further detailed analysis, supporting the summary in figure 3.1. The financial headlines


contained in figure 3.1 show operating position before subsidy from Public Health or BCC budgets and exclude capital financing charges.

Figure 3.1. Overview of asset base

Asset	Building Condition issues	Financial viability	Other considerations
<p>Handsworth Wellbeing Centre</p> <p>✓</p>	<p>No critical work required, with recent investment in refurbishment works;</p> <p>Some of the programming hasn't started because of the refurbishment;</p>	<p>16/17 Actuals: Income generated by the public: £205k Expenditure to run the site £1,054k Net subsidy from council: £849k</p>	<p>Good link to outdoor offer; Key strategic community living within immediate proximity</p> <p>Has the highest intake in terms of the free offer - key market focus.</p>
<p>Kingstanding Wellbeing Centre</p> <p>✓ / ✗ (further consideration required)</p>	<p>£370,000 over 10 years identified in the condition survey from 2013.</p> <p>Sport England are investing in the site to further improve the offer and income is projected to improve significantly as it will dramatically improve facilities.</p>	<p>Has the highest subsidy of all the Wellbeing Sites</p> <p>16/17 Actuals: Income from the public is £270k Expenditure £1,076k Net subsidy £806k</p>	<p>There is a need to ensure all third parties that are occupying space are properly documented and paying rent; The site is in the least deprived area (compared to other sites); Scores well on age range of users; Concerns that the site does not hit all of the public health target areas due to its location and user profile / catchment. Income generated from the site is an important consideration for the externalised service</p>
<p>Saltley Wellbeing Centre</p> <p>✓? (further consideration)</p>	<p>Self-contained and relatively modern - condition survey identified limited spend required of £47k</p>	<p>Limited Sinking Fund of 22K</p> <p>16/17 Actuals: Income £155k Expenditure £428k Net subsidy £273k</p>	<p>Agreement with the school may be a problem in terms of future development and programming; Football foundation</p>

Asset	Building Condition issues	Financial viability	Other considerations
required)			commitment for 21 years (2008 - 2029) - recognition of need to continue service. Key community living very closely
Shard End Wellbeing Centre ✓	Ongoing aspirations for a new build replacement. £376k of essential works identified in the 2013 condition survey	16/17 Actuals: Income £83k Expenditure £408k Net subsidy £325k	The usage reflects the local community (older people); Not a big site but the only facility in the area. Scope to rebuild the facility on a near by site.
Small Heath Wellbeing Centre ✓ (management contract basis, rather than asset transfer)	Age and condition of the building is an issue - £1.66m of essential works identified in 2013 condition survey Swimming pool currently out of use and waiting for grant award to be confirmed.	Second highest budget 16/17 Actuals: Income £315k Expenditure £1,061k Net subsidy £746k	Academy status of attached School is a concern in regard to strategic control; School use limits usage of building during the day - no school data is collected; Key strategic site for an important community. Women from south Asian communities will travel to go to the centre given what it provides.
Nechells Wellbeing Centre ✗ (asset transfer to a local organisation with a focus on sports development / basketball)	High premises costs and low income	No Sinking Fund in place 16/17 Actuals: Income £112k Expenditure £618k Net subsidy £506k	Possible claw back issues with previous grant funding; Property Trust issues add asset transfer complexities; Is a centre of excellence for Basketball; Usage doesn't

Asset	Building Condition issues	Financial viability	Other considerations
			reflect the local community.
<p>Calthorpe</p> <p>✓</p> <p>(subject to resolution of trust land ownership complexities)</p>		<p>Low running costs</p> <p>16/17 Actuals: Income £0k Expenditure £22k Net subsidy £22k</p>	<p>Small Hub - Community want bigger site (is it reaching capacity - demand / supply); Has park attached with opportunities for outdoor activity development; Good relationship with Edgbaston Cricket Ground; On trust land, with associated legal complexities; Uncertainty about Moseley Road could mean it's the only facility in the area.</p>
<p>Masefield</p> <p>✗</p> <p>(asset transfer to a local organisation)</p>		<p>16/17 Actuals: Income £1k Expenditure £33k Net subsidy £32k</p>	<p>Small tenants hall, but issues with tenants paying rent.</p>
<p>Aston Pavilion</p> <p>✗</p> <p>(asset transfer to a local organisation)</p>	No particular asset condition issues	<p>No sinking fund in place for pitches</p> <p>16/17 Actuals: Income £35k Expenditure £75k Net subsidy £40k</p>	<p>FA funding agreement in place; Located in the park - limitations on usage and programming.</p>
<p>Ackers</p> <p>✗</p> <p>(asset transfer to a local organisation)</p>			<p>Potential wider regeneration on site (Sport England keen to ensure this is linked up as a whole Ackers Site); Football funding and Sport England funding agreements in place.</p>

Asset	Building Condition issues	Financial viability	Other considerations
Stanhope 		Low running costs 16/17 Actuals: Income £1k Expenditure £40k Net subsidy £39k	Usage reflective of local community demographics.

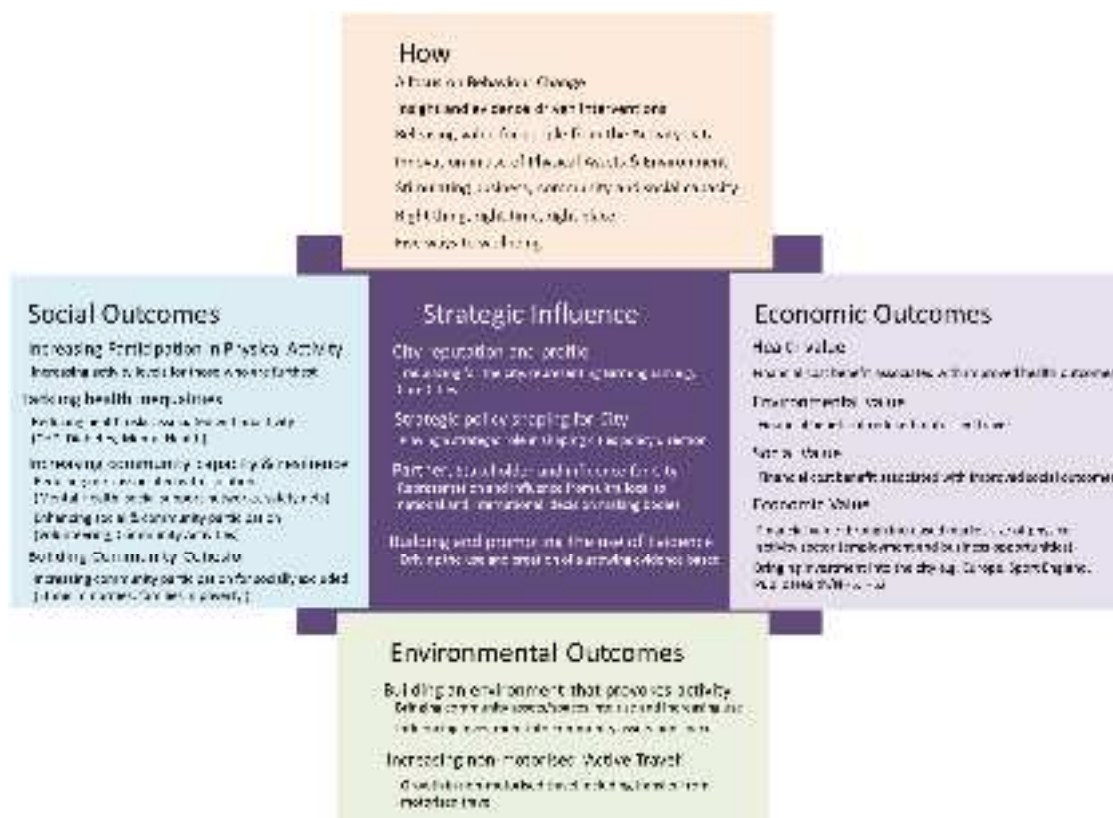
- 3.21 As identified in figure 3.1, a number of smaller sites have been identified for possible asset transfers to local community groups, with opportunities for future use and development as community hubs.
- 3.22 With regards to the larger facilities, Nechells provides more of a traditional sports development offer, with a focus on basketball. A number of expressions of interest have been received in the past and it is recognised that the service focus is not particularly well aligned with the strategic priorities of the Wellbeing Service.
- 3.23 The financial implications of the changes to asset stock are reflected in section 5.

Future Operating Model

- 3.24 A major change for the City Council will be introduction of its Future Operating Model, which sees a stronger leadership role supported by a more streamlined management structure, focussed on co-commissioning models of working with stakeholders, neighbourhoods and partners. The Wellbeing Service already has a track record in this area and, given and appropriate structure, could continue to deliver value to the city's citizens.

An Active Citizen Model

- 3.25 The Wellbeing Service has proposed the Active People Model (APM) shown below which builds upon the priorities of the city to deliver change which will deliver enhanced social, environmental and economic outcomes. It also takes into account the strategic influence of the service in addressing Birmingham's needs within a wider health and physical activity context.



Achieving Change and Strategic Influence

- 3.26 In order to address the activity deficit in Birmingham, it is necessary to alter behaviours so that people are helped to change the way they think about their health and encouraged to focus on behaviours that create positive perceptions and outcomes. An objective is to encourage physical activity people enjoy and then to give back through active participation or volunteering.
- 3.27 Through the introduction of Prevention Pathways, individuals are supported to make healthier lifestyle choices by removing barriers to participation eg cost, lack of facilities/equipment, etc. Such work is supported by more innovative use of physical assets such as well-being hubs, parks and other venues to deliver activity opportunities in accessible locations.
- 3.28 The external strategic influence of the Service has been discussed earlier but it is equally important that it plays a role in contributing to policy formulation with other departments of the City Council. Its close links with specific target groups in many deprived communities will allow it to co-deliver a wide variety of programmes aimed at making a positive difference to residents.
- 3.29 The ACM builds the capacity of local citizens, communities and neighbourhoods to meet their own social, environmental and economic needs. Over 200 staff working directly with citizens and groups across the city build relationships with citizens, and offer a keen, professionally-trained eye for spotting and nurturing community activists. The service is well placed to build social capital, build additional capacity and provide a bridge between citizens and other Council services.

Social Outcomes

- 3.30 One of the most significant ways of impacting on all-cause mortality is physical activity, with 33% of such deaths caused by slow cardio-respiratory fitness. This makes it a more important risk factor for all-cause mortality than hypertension, high cholesterol, obesity, diabetes or smoking - physical activity improves physical health.
- 3.31 The ACM brings activities to people in the right place, at the right time. Physical events enable people to exercise and feel healthier, whilst meeting others with common interests and helping to build social support networks. It also seeks to connect different demographic groups, helping to create more cohesive communities. As people become more regularly involved in physical activities, Active Citizenship encourages them to volunteer in helping to run local activities and create local active citizens who then go onto lead regular events themselves, providing others with the opportunity to be active.

Environmental Outcomes

- 3.32 Through increased physical activity, the ACM supports a shift from motorised to non-motorised 'active' travel such as cycling or walking. As well as benefits to the individual, this gives environmental benefits through saving road space and releasing parking spaces, and reducing air pollution - Danish levels of cycling in the UK would save the NHS £17 billion within 20 years. The growth in participation in physical activities in outdoor settings also has an impact on the feeling of safety as more people will be 'out-and-about' and as the community takes ownership, they may make efforts to protect assets from crime such as vandalism.

Economic Outcomes

- 3.33 Locally, the scale of the impact of physical inactivity on Birmingham is significant, with a factored-up cost to the city of over £20 million per annum - health costs incurred include premature deaths, diabetes, heart attacks, breast/bowel cancer and strokes. Studies have demonstrated the significant healthcare savings or financial returns, particularly when targeting inactive groups.
- 3.34 By improving people's physical health, emotional wellbeing, social strengths and by developing transferable workplace skills through volunteering, the ACM seeks to influence the job prospects and employment outcomes of the people it supports. Studies have shown that physical activity can have longer term benefits associated with employment, such as higher educational attainment, better employment opportunities and better earning potential. Additionally, improving individual outcomes can also impact on the economy as a whole, increasing productivity (eg through reduced sickness) and building a more resilient workforce (ie a fitter and healthier workforce).

Summary

- 3.35 The review of Priorities and Outputs has shown that the Wellbeing Service (or a body offering the same outputs) has a key long-term role to play in transforming the lives of Birmingham's residents through encouraging greater physical activity, and so provide an opportunity to enjoy healthier, more fulfilling lives. There is thus a need to determine a cost-effective and sustainable way of delivering the Service going forward and the following section of this report explores a range of alternative approaches.

4. Delivery Options

Introduction

- 4.1 This section builds upon work previously carried out by the Wellbeing Service, in conjunction with other stakeholders both within and outside the Council, which sought to identify all potential options for future delivery of the activities and facilities which are now the responsibility of the Service.
- 4.2 The discussion is focussed within four general approaches albeit there are a number of different options within each of these - these range from maintaining the status quo to out-sourcing to the private sector, creating a new (or joining an existing) company or creating/joining a social enterprise. Key alternatives are highlighted within the four approaches, with the discussion helping to create a shortlist of delivery options for more detailed appraisal.

On-going In-house Delivery

- 4.3 This option involves the retention of the Council's existing management model, potentially with some operational efficiencies and improvements made to generate financial savings and improved outcomes. The key characteristics of this approach are as follows:
- the Council takes direct responsibility for the management and operation of the facilities and services
 - any staff employed in the operation of the facilities are employed by the Council
 - the Council gathers all income generated by the facilities and is responsible for all expenditure incurred in the delivery of the service
 - the service continues to use the central support services of the Council
 - operating risks and asset maintenance remain with the Council
 - there are no set up costs associated with this option and no timescale issues.
- 4.4 The table below sets out the key advantages and disadvantages of in-house management.

ADVANTAGES	DISADVANTAGES
The Council retains complete strategic and day to day control of services.	Council misses out on potential revenue savings from NNDR relief and VAT.
The Council retains the professional and operational expertise of the Service's management and staff.	Limited access to the benefits of developing new opportunities and from economies of scale.
Workforce remains within the local government framework and pension scheme.	Limited access to entrepreneurial spirit and flair (risk & reward).
Central support costs and economies of scale are shared with other departments and cross-relationships with other local authority services/directorates.	Limited opportunity to improve service management by accelerating decision-making processes and providing greater autonomy to staff.
No set-up costs or lead-in time required.	The Council retains liability for the operational performance of the service.

ADVANTAGES	DISADVANTAGES
Retains ethos of service.	The Council retains liability for the capital maintenance costs associated with the facilities and any capital funding requirements.

- 4.5 Under this option, there is no change unless the Council can consider other self-financing investment options, the rationalisation of facilities or an operational review to improve the financial position. This solution will not address risk transfer issues, provide a single focus for the service nor protect the service from likely service cuts that will face local government over the coming years.

Private Sector Contract/Partnership/Sale

- 4.6 Following the introduction of Compulsory Competitive Tendering in the late 1980s, a number of private companies entered into the market for the operational management of public leisure facilities. Over the years, different delivery models have emerged but all share common characteristics:
- the Council would be the client and supervise a contract between the parties which would include a service specification and performance measurement system
 - a management fee would be payable over a fixed term, during which the contractor undertakes management of the facilities to the agreed specification, gathering all income and being responsible for the majority of the costs - generally, responsibility for structural repair of facilities remains with the client council
 - staff would transfer to the contractor under TUPE
 - the operating risks are transferred to the contractor, who would need to factor in a profit margin and the potential for financial deductions if there are delivery failures.
- 4.7 Working with the private sector could involve a 'trade sale' of assets, a simple management contract or out-sourcing to a hybrid Non-Profit Distributing Organisation (NPDO), either existing or specifically created.
- 4.8 Taking these options in turn, a trade sale could generate a capital receipt from the disposal of the assets but, in the case of the wellbeing centres, this is unlikely to be large. As the Service is not 'profitable', any purchaser is unlikely to maintain the present operation, so having a significant impact on the delivery of health and physical activity interventions in the city. Such a trade sale can thus be discounted.
- 4.9 Turning to a management contract or other form of out-sourcing to a commercial operator of leisure facilities, the table below sets out key advantages and disadvantages of employing a private sector management contractor, either under a simple contract or a hybrid NPDO.

ADVANTAGES	DISADVANTAGES
Experience of private contractor within the sector.	Council does not operate facilities and services from day to day but may retain ultimate capital/revenue liabilities - in particular, it would keep risks arising from ageing asset stock.
Contractor likely to maximise income via a commercial approach.	Contractor likely to prioritise commercial rather than social objectives (profit?).
Council likely to be able to transfer	Potential private contractor focus on higher

ADVANTAGES	DISADVANTAGES
operational risk to the private contractor.	revenue and lower operating costs can be seen to impact on social objectives.
Potential access to capital finance.	Capital finance can be more expensive than that provided by the public sector.
Council has greater certainty of cost in relation to any on-going revenue subsidy.	Management outsourcing leads to a Council's central costs spread over fewer services.
Operational risk can be transferred to a contractor through a long-term contract with penalties for poor performance.	Potential loss of unprofitable services to deprived communities, so excluding target groups unable to pay commercial rates.
Staff transferred under TUPE.	No scope for savings based on VAT relief or NNDR (unless a hybrid model for NPDO).
	May be unpopular with low income users as new facilities may incur a premium price.
	Appointing private contractors can involve high procurement costs.
	Lack of local understanding and insight can lead to misaligned service delivery and increased barriers to physical activity.

- 4.10 Although such a contract or partnership venture with a private sector company may not be appropriate for the Wellbeing Service, this approach has been utilised to operate other 'more commercial' leisure centres in Birmingham. These were transferred to the Birmingham Community Leisure Trust, a NPDO operated by private company Serco on behalf of the Council. Savings, together with investment by the Council and its stakeholders, have seen work on a number of facility enhancements but such funding is unlikely to be available for Wellbeing Centres or Hubs.

Create a Company

- 4.11 A Company created to operate the Wellbeing Service could take one of several forms. It could be wholly-owned by Birmingham City Council or be a Community Interest Company (CIC) designed for social enterprises that want to use their profits and assets for the public good - the latter can be limited by shares or guarantees and can adopt a charitable, not for profit, cooperative or commercial model.

Wholly-owned Company

- 4.12 Should the Council wish to maintain close control over the services being considered in this review, it could create a Local Authority Trading Company (LATC). This has the potential to offer financial efficiencies and enable the new organisation to have greater flexibility, commercial agility and speed of decision-making, while retaining the Council's democratic control over the services delivered.
- 4.13 The structure of any such company would need to meet two tests:
- the 'Teckal' test which requires that any LATC must be subject to local authority control as with an in-house operation, with decisive influence over strategic objectives and significant decisions and no private sector capital or interest, and the LATC must carry out the 'essential part' of its activities with the controlling contracting authority

- be an ‘Eligible Body’ to provide VAT-exempt services, meaning it would be non-profit-making, using its profits to deliver/improve its services and not subject to commercial interest.

4.14 Some key advantages and disadvantages of a LATC are set out in the table below.

ADVANTAGES	DISADVANTAGES
The Council maintains direct control of the Service.	A service specification will be required to clarify the services to be delivered.
Management is likely to understand the business, demographics & market, together with the opportunities that this provides.	Responsibility for the assets used by the LATC remains with the Council.
A focussed and driven team would seek to drive the business for the benefit of the community while prioritising social objectives.	Staff are transferred under TUPE, with pensions funded through a local government scheme.
Any significant capital finance required will need to be provided by the Council.	Limited operational risks transferred to the LATC from the Council.
Potential for savings on central costs currently provided by the Council.	
Savings can be made on NNDR and VAT.	

Community Interest Company

- 4.15 CICs have the flexibility and certainty of the company form but with some special features to ensure they are working for the benefit of the community - these include a community interest test (*“A company satisfies the ... test if a reasonable person might consider that its activities are being carried on for the benefit of the community”*), limitations on dividends and controls on how assets are dealt with (the asset lock).
- 4.16 CICs are intended to use their assets, income and profits for the benefit of the community they are formed to serve and therefore must embrace some additional features to achieve this. They are subject to an ‘asset lock’ which ensures that assets are retained within the company to support its activities or otherwise used to benefit the community.
- 4.17 Their key characteristics are:
- the concept of community can have a wide range of meanings, from the population as a whole to residents of a particular area or group of people suffering from a particular disadvantage
 - a CIC cannot be used solely for the financial advantage of a limited group of people, for political purposes or for the benefit of employees, directors or members of a single organisation
 - the basic legal structure of a CIC is a limited liability company and it will operate in the same way as any other company, with a separate legal identity, the ability to enter contracts and own assets in its name and flexibility in borrowing/fundraising
 - directors will be paid and have the same rights/duties as any other directors, ensuring the provision of public accounts, annual returns and annual report
 - CICs do not receive tax breaks from the Inland Revenue by virtue of their legal status and are liable for corporation tax

- there is no general exemption from VAT for social enterprises that undertake trading activities but, in some circumstances, local government may provide discretionary rate relief to social enterprises if they are for charitable purposes.

4.18 Key advantages and disadvantages of a CIC approach are set out in the table below.

ADVANTAGES	DISADVANTAGES
Management is likely to understand the business, demographics & market, together with the opportunities that this provides.	The Council loses direct control of the services & facilities and it uses the contract & lease as a control mechanism.
A focussed & driven team will seek to drive the business for the benefit of the community while prioritising social objectives.	Staff are transferred under TUPE, although pension benefits may be comparable only.
Operational risks potentially transferred to the CIC from the Council.	If the CIC gets into difficulty, assets cannot be transferred back to the Council it is not an asset locked body.
It may have access to capital finance but this will be subject to levels of security and trading history.	Capital finance can be more expensive than that provided by the public sector.
Strong community focus as annual report on community benefits must be provided.	No VAT benefit on sports and recreational services.
May access NNDR benefits (discretionary).	

Create a Community Benefit Society / Cooperative

4.19 Essentially a Community Benefit Society or Cooperative is a corporation, run and owned by its members, but which operates for the benefit of the community in general or to benefit its members. Other key features of such a body include:

- the Governing document is known as the 'Rules' - a lot of flexibility is allowed in drafting these
- it can own property, enter into contracts, issue shares and take out loans
- it is registered with and lightly regulated by the Financial Conduct Authority ('FCA') - the aims of the society and the way it is run must comply with certain conditions in order for the FCA to accept and maintain the registration
- it must have a least three members.

4.20 Key advantages and disadvantages of a Community Benefit Society or Cooperative approach are set out in the table below.

ADVANTAGES	DISADVANTAGES
Good for promoting democratic ownership and control through co-operative structures.	Not as well recognised as some of the other legal structures such as Company Limited by Guarantee or CIO.
It can issue 'community shares' to the general public with minimal regulation to raise investment and build engagement with service users.	FCA registration fee is high and entails formalities
It can hold charitable status with consequent tax benefits, if correctly structured (need to register with HMRC).	Some funders may not be familiar with 'exempt charity' status (eg it doesn't have a registered charity number) and they may need to be educated.

ADVANTAGES	DISADVANTAGES
It can own property and enter into contracts in its own right.	There is flexibility in drafting its constitution.
It has a separate legal identity from its members.	

Legal Review

- 4.21 Following this initial review, further assessment of the various legal formats for ‘independent’ companies, partnerships and cooperatives has been carried out and these are included in Appendix C:
- Company Limited by Shares
 - Company Limited by Guarantee
 - Limited Liability Partnership (LLP)
 - Charitable Company Limited by Guarantee
 - Charitable Incorporated Organisation (CIO)
 - Community Interest Company (CIC)
 - Community Benefit Society or Cooperative.
- 4.22 The assessment showed that several of the legal structures examined would not be appropriate for a restructured Wellbeing Service and so these were discounted. These included a partnership or contract with a private sector operator as creating local capacity and understanding to deliver the outcomes sought from the Wellbeing Service would be very difficult within a normal leisure contracting model - by its nature, it is ‘loss-making’ in financial terms, with a focus on community benefits and local needs, and the private sector route does not provide an appropriate mechanism or skills for delivering social benefits from a standalone organisation.

Summary

- 4.23 Four of the potential delivery options described above were taken forward for further appraisal. These range from the ‘do nothing’ option of maintaining the status quo to the introduction of innovative approaches which have the potential to focus the Service on delivering high quality outcomes in a cost-effective way. The results of this Options Review are set out in the following section of this report.

5. Options Review

Introduction

- 5.1 The Option Review process is described in the following section of this report. This builds on the comprehensive work carried out by City Council officers to reach this stage, with FMG providing an additional level of scrutiny and sense-checking the options under consideration in line with its experience of similar projects elsewhere in the health and physical activity sector.

Option Appraisal

- 5.2 Between September 2015 and February 2016, officers from within the Wellbeing Service, supported by BCC colleagues from procurement, finance and the policy & insight team, together with Sport England and external consultants, undertook an options appraisal for the future of the Service. The work was initiated through the Future Council considerations, with the main imperative for the work being insecurity around the continuation of the Public Health Settlement. Colleagues from procurement advised on a process that met with corporate requirements, albeit that this could be a unique and innovative proposal.
- 5.3 The first stage of the process was to map out all the existing outcomes that the organisation has delivered through the Wellbeing Service. The outcomes were then tested against the corporate priorities for the Local Authority, and their contribution to strategic priorities mapped and quantified, as per the expectations of the process. These outcomes were sense checked by senior commissioning officers.
- 5.4 Following on from this, a weighting process was allocated against the different outcomes and the weightings values used are set out below.

Weight	Judgement	Explanation
5	Essential	This is critical to effective service delivery
4	Almost essential	Of major importance to successful service delivery
3	Important	Noticeable reduction in service if not provided
2	Quite important	Should be part of a service
1	Not important	A minor aspect of service delivery

- 5.5 Once the outcomes were mapped and agreed, a number of potential options for delivery of these outcomes were considered. These included the following:
- continue to deliver in house as is
 - undertake a joint venture as a private/public partnership
 - create a wholly-owned company
 - create a trust/social enterprise.

Option Scoring

- 5.6 A number of key stakeholders were involved in the scoring and it was done on an individual service basis. The following stakeholders all separately scored the models against the outcomes:
- Wellbeing Service management team
 - lead commissioner for sport and leisure
 - commissioner for public health lifestyles
 - procurement officers
 - policy and insight team
 - finance officers
 - Future Council officers.
- 5.7 Each of the potential delivery models was scored against the outcomes and adjusted by the weighing. The detailed results of the scoring exercise are shown in Appendix D.
- 5.8 A number of other over-riding outcomes were identified as being crucial in delivering a sustainable organisation:
- likelihood of generating savings/surpluses for reinvestment in the service
 - capability - skilled and knowledgeable staff able to deliver the outcomes in a multi-disciplinary way, not just in relation to any one aspect of the offer
 - likelihood of securing external grant funding
 - delivering Innovation
 - flexibility (to meet changing demand from BCC)
 - flexibility (for future inclusion of additional services)
 - shaping policy direction
 - benefit for others (Sport England, NHS, social care, specialist Health, Education, etc.,)
 - timescale and Implementation
 - minimising the financial risk to BCC.

Option Scoring Results

- 5.9 The scores were aggregated and clear final scores for each of the models were identified. The outcome in terms of score and ranking were as shown in the table below (1 being the highest rank, and 4 the lowest and therefore least favourable):

Potential delivery model	Final score	Ranking
Continue to deliver in house as is	610	3
Undertake a joint venture as a private/public partnership	783	4
Create a wholly owned company	874	2
Create a trust/social enterprise	1,059	1

- 5.10 The scoring showed that the Trust/Social Enterprise model was the most appropriate in that:
- it offered the greatest flexibility in terms of tax, funding and opportunity maximisation
 - it could be responsive and nimble
 - it was closest to the public-sector ethos within BCC and therefore would deliver both the actual outcomes and the spirit of public service inherent within current delivery of the outcomes
 - it allowed for access to funding pots currently not open to the Council
 - it retains a local focus and understanding of the communities within which services will be delivered.

Conclusion

- 5.11 An exploration of the Option Review process has confirmed the view that the creation of a social enterprise or trust would be the most appropriate structure for delivering wellbeing services in Birmingham. It has potential to meet the objectives of the City Council while offering skilled management an opportunity to transform the Service into a sustainable model.
- 5.12 Further exploration of this approach with legal experts and other stakeholders has led to a further refinement of the model and so the social enterprise structure recommended is a '**Community Benefit Society**' (also known as a Mutual). This model maximises the benefits of the flexibility of a social enterprise, can access charitable funding sources while not being regulated by strict charity rules, and can have extensive social membership, with the opportunity to issue community shares to members.
- 5.13 The outcome therefore, of the options appraisal for the model for delivery is to propose creation of a Community Benefit Society. This vehicle could then be commissioned to deliver the outcomes currently offered by the Wellbeing Service and, subject to agreement by the Council after a process of due diligence and consultation, would involve the TUPE of staff and the movement of relevant assets to the new organisation.

6. Scope of Community Benefit Society

Introduction

- 6.1 Having outlined the preferred approach in relation to setting up a Community Benefit Society (CBS) to deliver the Wellbeing Service, this section provides an initial overview of the intended scope of service and areas for future work as more detailed development of the proposals continues.

Range of services

- 6.2 From the outset, it is essential to provide a comprehensive description of the services that the proposed social enterprise will provide. This will be used to set a baseline position albeit an advantage of the CBS approach is that its scope can be altered in line with changing priorities and/or to meet the requirements of specific commissioning or funding agencies.
- 6.3 Key decisions to be made will include the following:
- which specific physical assets will be taken on board by the CBS?
 - which specific activity programmes will be operated by the CBS?
 - what central services can be funded through the activities of the CBS and which support services are required to manage these in a sustainable way?
- 6.4 Any agreement as to the range of services should explain how the enterprise will ensure the quality of delivery and monitor and evaluate its performance. In order to provide continuity within existing programmes and facilities, it will also be important to agree appropriate exit strategies for those sites/activities which the CBS will not be managing in the long term. The proposed arrangements for the scope of the CBS- The Active Wellbeing Society- are outlined in the cabinet report that this is attached to.

Stakeholder Engagement

- 6.5 The CBS needs to identify the people and organisations that will have to be involved and informed in the development of the social enterprise. This will include stakeholders such as staff, service users, community organisations, partner organisations, the Council, Clinical Commissioning Group and other health partners.
- 6.6 Once the stakeholders are identified, the following questions should be considered in relation to each of them:
- what is their involvement in the social enterprise?
 - what interest do they have in developing a social enterprise?
 - how will change affect them?
 - what influence do they have on the plans?
 - who else needs to be engaged?
- 6.7 The stakeholder analysis should be used to identify the key stakeholders and consider how they will be affected by the proposed social enterprise development and how these will be managed. The business case should also document the results of any consultation carried out in relation to the proposed social enterprise.
- 6.8 The Stakeholder analysis is available as a separate report upon request.

Commissioner Engagement

- 6.9 A large element of the work of the CBS will be delivering services commissioned or contracted by local commissioner(s). Whilst the organisation may be entitled to receive an uncontested contract at the end of the process, it will need to discuss its proposals with local commissioners to ensure that it is aware of their commissioning intentions further down the line. In addition, this engagement will enable the CBS management to understand the value of the contract and what changes, if any, commissioners would like to see in terms of future service delivery. A key factor will be the consideration of any savings that need to be secured. This work in relation to BCC as a commissioner will be included in the due diligence process through a memorandum of understanding.

Partnership/Collaboration

- 6.10 If the service proposal includes an intention to work in partnership or collaboration with other social enterprises or other service areas and organisations, these should be outlined. The CBS should also illustrate how this will benefit service users and the wider community, for example through improved community engagement and ownership. This will also be addressed within the due diligence process initially.

Costs

- 6.11 Recognising the impact of future savings targets for the service, there is a clear need for a robust financial plan. A financial model has been developed which outlines the base position and fiscal impact of changing the management model (tax, VAT, NNDR, etc.), which will be used to scenario test the future options for achieving financial savings targets. Aspects such as community asset transfer of facilities will need to be considered in the context of the savings required.
- 6.12 In addition, management support and training will be part of this, to provide a sound basis for future sustainability. Other adjustments will need to be made for
- changes to Support Service Costs
 - the cost of service departments providing additional services to the Company
 - the impact of arrangements that differ from the current service provision and budgets (eg. utilities, maintenance, equipment, etc.).

Risks

- 6.13 Long term sustainability is likely to be an issue for potential partners so it will be important to list and clearly describe the risks that are immediately obvious in relation to the project. This may relate to staff skills in certain areas, such as financial management, leadership and governance. It may also include competition and the nature of the market for the services the organisation wishes to provide.
- 6.14 A comprehensive risk matrix is being developed, covering the following categories:
- Human Resources & Organisation Development
 - Governance
 - Financial
 - Operational
 - Reputational
 - Strategic
 - Legal
- 6.15 In each category, an analysis of impact will be noted, alongside mitigating actions required.

Governance

- 6.16 Social enterprises are often characterised by inclusive governance arrangements and the CBS will need to consider how it will involve staff and the local community in the management and direction of the social enterprise. Some social enterprises, for example, have service users and employees as members and directors of the organisation.
- 6.17 Some governance arrangements can help in securing expertise through non-executive directors and executive directors. Directors will help in deciding the direction of the organisation and it is worth considering how the arrangements proposed will affect the development and direction of the social enterprise.
- 6.18 Although related to the legal form and structure of the social enterprise, it is more important at this stage to think about governance, as this will affect the way in which the social enterprise is run.
- 6.19 Currently a shadow board has been established with a chair (Mr Ifor Jones) and 3 trustees (Ms Samantha Porter- marketing and performance management; Dr Carol Coombes- HR and Governance; Professor David Cox- Governance and HR). A further financial expert is due to be imminently appointed. At the current time the board governance is through an MOU with BCC and accountability back to the Deputy Leader's progress group. Rules for the CBS have been proposed, subject to Cabinet sign off.

Legal Review

- 6.20 Community benefit societies are established under the Cooperatives & Community Benefit Societies Act 2014 and are a type of legal entity used for non-profit distributing enterprises which can demonstrate a clear public benefit mission. They are registered with and supervised by the Mutuels Team at the Financial Conduct Authority. (See more at <http://www.fca.org.uk/firms/firm-types/mutual-societies>). Many housing associations, leisure trusts and mutual delivering health and social care services have successfully used this format, for example Greenwich Leisure Limited (www.gll.org/b2b/pages/3), or Aspire CBS in Leeds (www.aspirecbs.org.uk/aspire-about-us).
- 6.21 If the Objects are drafted to be exclusively charitable in nature, they may also be registered with HM Revenue & Customs as an 'exempt charity'. That means that they benefit from having certain privileges available to charities, like not having to pay tax on trading income, enjoying between 80-100% exemption from business rates on their premises and enjoying some VAT privileges. They are not regulated by the Charity Commission, but are required to comply with some aspects of charity law.
- 6.22 The Community Benefit Society is a limited liability entity - which means that the Society exists as a separate legal entity from the people who set it up. It has its own bank account, can enter into contracts and spending commitments and acquire property in its own name. The Board members act as representative or 'agents' of the Society to take decisions, make purchases and enter into contracts on its behalf. Provided the Board members act reasonably and carefully, they should not be personally liable for debts and obligations. The Society will also have members who hold the board to account. They have certain rights, such as the right to appoint and remove Board members, to approve the annual report and accounts and to pass resolutions directing the Board to do certain things. The membership may be the same persons as Board members, or preferably a different group of persons. Membership may be extended to

wider stakeholders in due course, such as service users, staff and the wider community to give them a real say in the way the organisation is run. In that way, the governance structure can be very democratic and ensure accountability.

- 6.23 The Society's constitution is made up of several documents. The main document is the Rules (which are registered with the FCA and cannot be changed without a resolution passed by the members), usually Standing Orders & Financial Regulations, as well as Policies and Procedures. The most important document is the Rules which take precedence over all the other documents. That has the force of law and can be enforced in a court of law by the members or by the FCA (similar to Articles of Association of a company).
- 6.24 The process of registration of a Community Benefit Society takes around 6 weeks (depending on the workload of the FCA Mutuals team) and there is a registration fee of £950. There must be at least three members and a Secretary identified to sign the incorporation documents.
- 6.25 Another interesting feature about Community Benefit Societies is that they can issue 'community shares'. These are a form of withdrawable share capital which can be issued with less formality and regulation than a public share offer made by a limited company. Encouraging individuals and corporates to invest in the enterprise - even a nominal sum - can be a great way to build engagement with a membership base, whilst raising seed capital. This is evidence of strong community engagement which can help to lever in further funding from grant-makers. If structured appropriately, the cost of purchasing the shares can qualify for social investment tax relief, which effectively provides a 30% discount on the purchase price.

7. Conclusions and Recommendations

Introduction

- 7.1 The key steps in progressing the process to set up a CBS are likely to be:
- drawing up a detailed Business Plan, including staffing structure, asset base and identify working capital requirement
 - scoping out the governance model and beginning to populate the shadow Board
 - identifying all the staff, assets, contracts that will transfer to the new entity and carrying out appropriate due diligence checks
 - consulting with all affected stakeholders
 - obtaining necessary internal Council approvals to proceed and following an appropriate procurement route
 - drawing up and negotiating legal contracts to effect the transfer.

Business Plan

- 7.2 With regard to business planning, the corporate savings targets are recognised and will inform the asset stock to be included in the new vehicle, with options such as community asset transfers continuing to be explored where appropriate, in order to achieve the savings required.

- 7.3 The business plan must show that the CBS understands its market - in other words, who will buy the services? It needs to show that it can offer clear value to potential funders and stakeholders. It also helps decide what makes the organisation different from competitors and from the status quo.
- 7.4 Areas that need to be considered include:
- **Organisational Structure:** including the legal structure, the governance, management structure and key personnel, with partner agencies, if applicable
 - **Products and Services:** the nature of the service or product supplied, including whom it is for and how it will be provided, the pricing strategy and how quality will be assured
 - **Marketing Plan:** who will buy and use the services and products provided by the CBC (the Council, health bodies, service users directly?) and how will these stakeholders be reached
 - **Financial Plan:** an estimate of the enterprise's financial future, including a 12-month and five-year profit & loss projection, a cash-flow projection, a projected balance sheet and a break-even calculation - it should also set out where funding and revenue is going to come from and how certain are any assumptions
 - **Corporate Functions:** these include functions such as governance, HR, Information & Communication Technology and finance & payroll - how will these be sourced going forward as often better deals can be obtained outside the Council.

Further Due Diligence

- 7.5 Key areas for further due diligence by the management team at the next stage will be:
- **Payroll and pensions:** gain a full understanding of costs and liabilities, and the likely scope of TUPE transfer (nb TUPE can catch staff employed by contractors as well as directly employed staff) - where are staff records physically located and are they up to date
 - **Corporate Services:** costs and terms of services such as accounting, payroll, HR support, property management and who are third party suppliers (eg cleaning, statutory testing, catering, hygiene?) - consideration of costs and liabilities associated with any contracts or SLAs centrally that will be inherited
 - **Property Ownership:** who owns the buildings, and are there any third-party rights, covenants or other liabilities which could affect their use
 - **Asset Condition and Backlog Maintenance Costs:** ideally updated building surveys should be carried out on all properties if it is intended that the new enterprise will take on repairing and insuring leases - other matters include equipment inventories, updated statutory testing records, clarity over building running costs (business rates, insurance, facility management, etc.)
 - **IT issues:** what equipment will be transferred and will continuing connections to corporate networks be facilitated - on what basis would this be and are there any special security protocols
 - **Data Protection and Information Governance:** especially in the light of the new General Data Protection Regulation which comes into force in May 2018 and introduces more stringent requirements on data storage and handling, what data is already held on Council systems about service users, how was it obtained and can it be transferred to the new enterprise

- **Insurance:** quotes will be required for employer's liability, public liability, professional indemnity, business interruption, etc
- **VAT Position:** will the new enterprise be able to recover VAT input tax if its principal supplies are exempt supplies
- **Pending Claims or Disputes:** are there any relating to personal injury, buildings or other issues
- **Intellectual Property:** what IP rights may exist in the existing service and can these be transferred over - are there any software/ hardware licences that will need to be transferred over.

7.6 Other aspects will arise during the further development of the proposals. However, the list above provides an indication of the robust approach being taken to scoping and developing the Community Benefit Society plans.

Project Timeline

7.7 In order to provide an indication of the time required to implement the new service delivery vehicle, an outline programme has been prepared, setting out the tasks involved in the project. A full programme is included in Appendix E.

7.8 The diagram below summarises the stages and shows that it is anticipated that it will take some 12 months to establish a legally-sound and financially sustainable Community Benefit Society to deliver the wellbeing services in Birmingham. For the purposes of this report Month 1 is May 2017.

TASKS	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Project Management & Administration												
Communication with Staff and Stakeholders												
Select and Appoint Chief Executive												
Personnel Matters (redeployment, transfer, pensions, etc)												
Select and Appoint Senior Management Team												
Select, Appoint and Train Social Enterprise Board												
Prepare 5 year Business Plan & determine VAT position												
Prepare Service Specifications & Operational Plans												
Property Issues (site/condition surveys, disposals, etc)												
Assets (title, leases, lists of equipment/contracts, etc)												
Social Enterprise Structure												
Legal Issues (terms of transfer, document schedules, etc)												
Prepare transfer documentation & submit Applications												
Service Launch within New Vehicle												

Wellbeing Service Management Structure



Appendix B

Wellbeing Service: Priorities and Outputs- available separately

Appendix C

Delivery Options Overview (general market overview)

Available separately

Appendix D

Options Review: Scoring Matrix

Priorities					Potential Service Delivery Options			As Is		Joint Venture		Wholly-owned Company		Social Enterprise	
Children	Housing	Jobs & Skills	Health	FOM	Service Output		Weightings	continue to deliver service in-house		eg. creation of public-private or public - public partnership		eg. created by BCC		eg. Birmingham Wellbeing Service management buy-out	
					Priority Outcomes	Key Activities / Outputs									
Y			Y		Increase participation in physical activity in Birmingham, especially in deprived and inactive communities.	Targets set for priority groups around quintiles, deprivation & key customer segments, women, BME communities, the inactive & disengaged, under 15 & over 60s.	4	6	24	6	24	6	24	8	32
	Y	Y	Y		Building an environment that provokes active citizenship & makes physical activity the local norm focusing on the inactive & disengaged communities	1) bringing community assets/spaces into use & increasing their use for communal activities 2) influencing investment into community assets & environments.	5	5	25	4	20	5	25	8	40
Y		Y	Y		Increasing non-motorised sustainable travel.	1) growth in non-motorised travel including from motorised travel (modal shift) 2) identifying & reducing the barriers to sustainable transport.	5	7	35	7	35	7	35	8	40
			Y		Financial cost benefit associated with improved health outcomes achieved through increased physical activity is realised.	Provide evidence of benefits of activities delivered by the service through increased participation of target groups.	3	6	18	8	24	7	21	8	24
Y	Y	Y	Y	Y	Financial cost benefit associated with improved social outcomes achieved through increased physical activity is realised.	Provide evidence of benefits of activities delivered by the service through increased participation of target groups.	4	5	20	7	28	6	24	7	28
	Y	Y	Y	Y	Financial cost benefit associated with improved environmental outcomes achieved through increased physical activity is realised.	Provide evidence of benefits of activities delivered by the service through increased participation of target groups.	3	5	15	6	18	6	18	7	21
		Y		Y	Financial value through increased market size of physical activity sector (employment/ business opportunities/ enterprise).	Bringing people into activity who weren't before has increased the customer base.	3	6	18	7	21	7	21	8	24
		Y		Y	Bringing national and international investment into the city e.g CocaCola and leveraging additional resources and strategic partnerships.	Bids/ external funding/ key strategic partnerships/ EU funding/ sponsorship to support & fund increases in physical activity.	4	7	28	7	28	7	28	8	32
Y	Y	Y	Y	Y	To influence positive behaviour change in relation to wider Wellbeing in Birmingham's most deprived communities.	Identifying & removing the key barriers to engagement - cost/reducing social distance/ location/ equipment/ co-production/ insight led/ normalising the activities.	5	6	30	7	35	7	35	8	40
			Y		Reducing Health inequalities.	1) identifying & removing the barriers to ensure accessible services for those in most need 2) provide networks and opportunities for increasing resilience for communities 3) actions across the wider determinants of health 4) reduce the social gradient of health inequalities with service proportionate to level of disadvantage.	5	7	35	7	35	7	35	7	35
Y	Y	Y	Y		Improving community cohesion & resilience.	Co-location - communities having central access to services Having the mechanism to utilise parks / leisure centres / highways Building networks for communities.	5	7	35	5	25	8	40	8	40
				Y	Improved customer insight - increased understanding of customer needs and wants.	1) focus on data as an asset to undertake evidence led service design 2) utilised social media and new technologies.	4	8	32	7	28	9	36	9	36
		Y		Y	Cement Birmingham's reputation and profile nationally and internationally as pioneering and next practice in the strategic field for wellbeing and active citizenship.	Eg. core cities, peer mentoring across Europe, national pilots & pathways, urbact, etc.	5	8	40	5	25	7	35	9	45
				Y	Building and promoting the use of evidence.	Driving the creation of and use of a growing evidence base of interventions	4	7	28	7	28	7	28	9	36
				Y	Partner, stakeholder and place-shaper for the city.	Representation & influence from ultra-local to national & international decision-making bodies.	3	7	21	4	12	6	18	6	18

Potential					Potential Service Delivery Options		Value		Quantification		Value from the Community		Inward Investment		
Cost Use	Priority	Value to City	Value to Local	Value to Community	Service Target	Key Activities & Outputs	Value to City	Value to Local	Value to Community	Value to Local	Value to Community	Value to Local	Value to Community	Value to Local	
Cost Use	Priority	Value to City	Value to Local	Value to Community	Service Target	Key Activities & Outputs	Value to City	Value to Local	Value to Community	Value to Local	Value to Community	Value to Local	Value to Community	Value to Local	
		Y		Y	Developing skills to increase social and community capital in deprived communities and reduce the need for future use of public services.	Increase volunteering & access to work / apprenticeship programmes, promoting local employment networks locally.	5	6	30	6	30	7	35	8	40
				Y	Potential to reduce ongoing residual costs for the Council.	1) creating a bigger economy - business growth for Birmingham 2) creating job readiness opportunities 3) developing skills through co-production and volunteering 4) increasing social and community capital in local and key target areas of deprivation.	4	3	12	5	20	4	16	5	20
	Y				Increased community safety outcomes for local areas	1) reduction in opportunities for ASB 2) designing out crime through increased use of key community assets that were previously vulnerable 3) enhanced interagency links and solutions 4) enhanced community engagement and ownership of local assets.	3	4	12	4	12	4	12	5	15
Y	Y	Y	Y	Y	Supporting and nurturing the development of social value, especially in target communities	1) communities shape and design activities and develop and enhance skills/assets 2) acting as a catalyst to provoke skill development 3) working to develop and unlock the potential of resources and assets within local communities.	5	7	35	4	20	7	35	9	45
			Y	Y	Bringing national and international investment into the city e.g coca cola and leveraging additional resources and strategic partnerships.	Bids/ external funding/ key strategic partnerships/ EU funding/ sponsorship.	3	6	18	8	24	6	18	8	24
			Y	Y	Enhancing the number of community resources that lead to tangible enterprise outcomes.	1) training and skill development 2) employment opportunities created 3) CICs & social enterprises supported and created.	4	5	20	4	16	5	20	7	28
				Y	Increased use of assets - parks, dis-used land, highways, local streets.	1) better use of local assets for community benefits 2) assets owned by key community stakeholder 3) reduction in anti-social behaviour and related damage 4) increased capital value as social value increases.	5	6	30	4	20	8	40	8	40
Y	Y	Y	Y	Y	Active citizenship.	Increased number of active citizens engaged in their local communities.	5	5	25	4	20	5	25	8	40
Y	Y	Y	Y	Y	Stronger, networked and more resilient communities.	1) facilitating interventions to develop networked and resilient communities 2) communities having a greater capacity to deliver services at a local level.	4	4	16	4	16	5	20	7	28
				Y	Creating a cycle of information sharing and gathering with citizens through their participation in activities that leads to greater knowledge sharing and engagement.	1) engaging in activities allows civic interaction that has value for feedback mechanisms 2) provoking use of civic space and expectations of engagement & involvement 3) large numbers of hard-to-reach groups engaged & contributing to service design & delivery that goes beyond traditional consultation.	3	7	21	4	12	7	21	8	24
				Y	Opportunity for community/third sector involvement in service design delivering solutions.	1) developing a more innovative and supportive approach to partnership working with the community 2) delivering measurable change in community capacity to engage with design and delivery at a local level in the communities that are the most deprived.	4	6	24	4	16	6	24	8	32
						Sub-total			647		592		689		827

Options					Potential Service Delivery Options		Value	Quantitative		Value from the Funding		Overall Delivery plan			
Costs	Priority	Jobs at risk	Length	Cost	Service Impact Priority Outcomes	Key Justification Rationale	Weighting	Additional funding required to meet	Additional funding required to meet	Additional funding required to meet	Additional funding required to meet	Additional funding required to meet	Additional funding required to meet		
						Sub-total		647	592	689	827				
					Overarching considerations										
				Y	Likelihood of generating savings/surpluses for reinvestment in service.	1) ability to generate additional external funding 2) opportunity to increase capacity through use of volunteering 3) on costs and overheads reduced or not appropriate 4) more flexible & responsive service with flexibility on key resources.	3	0	0	6	18	3	9	6	18
				Y	Capability - skilled / knowledgeable staff to deliver the outcomes in a multi-disciplinary way, not just in relation to any one aspect of the offer.	1) track record of delivering in this area already 2) track record of partnership working & co-design/delivery 3) track record of innovation & market shaping 4) track record of strategic influencing.	3	7	21	6	18	8	24	8	24
				Y	Likelihood of securing external grant funding	1) track record of delivering in this area already. 2) track record of partnership working & co-design/delivery 3) track record of success in additional investment 4) awareness of other funding sources once able to apply for them.	4	6	24	7	28	7	28	7	28
				Y	Delivering Innovation.	1) track record of delivering innovation 2) understanding of the strategic landscape.	3	7	21	6	18	8	24	8	24
				Y	Flexibility (to meet changing demand for BCC).	Understanding of demand management.	5	4	20	6	30	6	30	8	40
				Y	Flexibility (for future inclusion of additional services).	Understanding of links with related services and delivery areas.	4	4	16	6	24	6	24	8	32
				Y	Shaping policy direction.	Track record of shaping policy on a local, national and international level.	3	8	24	2	6	8	24	8	24
				Y	Benefit on others (Sport England, NHS, social care, pecialist Health, Education, etc.)	Clear strategic links with other key stakeholders.	1	7	7	2	2	7	7	7	7
				Y	Timescale and Implementation.	Can this model do it all in time.	3	10	30	5	15	5	15	5	15
				Y	Minimise the financial risk to BCC.	1) ongoing liability of assets 2) BCC governance relationship to model.	4	0	0	8	32	0	0	5	20
Total							209	810	199	783	224	874	269	1059	

Appendix E

Project Timeline

OVERVIEW PLAN FOR IMPLEMENTATION OF A NEW												
TASKS	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Project Management & Administration												
Communication with Staff and Stakeholders												
Select and Appoint Chief Executive												
Personnel Matters (redeployment, transfer, pensions, etc)												
Select and Appoint Senior Management Team												
Select, Appoint and Train Social Enterprise Board												
Prepare 5 year Business Plan & determine VAT position												
Prepare Service Specifications & Operational Plans												
Property Issues (site/condition surveys, disposals, etc)												
Assets (title, leases, lists of equipment/contracts, etc)												
Social Enterprise Structure												
Legal Issues (terms of transfer, document schedules, etc)												
Prepare transfer documentation & submit Applications												
Service Launch within New Vehicle												

