

Children and Young People's Select Committee			
Report Title	The Future of the Youth Service – a Mutual Plan		
Key Decision	Yes	Item No.	6
Ward	All		
Contributors	Executive Director (Children and Young People), Head of Resources (Children and Young People), Head of Targeted services and joint commissioning(Children and Young People), Head of Resources and Performance (Children and Young People) Head of Law		
Class	Part 1	Date: 18.11.15	

1. Summary

- 1.1. This report is a draft of the report that will be presented to Mayor and Cabinet in December 2015, and is presented to Select Committee for comments and discussion ahead of being finalised.
- 1.2. As part of the Council's budget strategy for 2015-2018, the Mayor and Cabinet, on 11 February 2015, agreed budget reductions to the youth service's direct budget totaling £1.4m. This included:
 - Restructure of the service including withdrawal of direct delivery at 2 sites
 - Reshaping of youth re-engagement services,
 - Re-specification of the NEET Programme
 - Agreement to voluntary sector commissioning for 2015-16.
- 1.3. The budget reductions were put in place in April 2015.
- 1.4. The same report also set out options for consideration on the future of the Youth Service beyond these reductions. On consideration of these options Mayor and Cabinet instructed officers to develop a detailed plan for a youth and employee led mutual youth service. This was with the aim of developing a model for the future which could both sustain service and generate further savings to the council.

2. Purpose

- 2.1. The purpose of this report is to outline for the Mayor the developed plan for a youth and employee led mutual (YELM), explaining the alternative options that have been considered and which remain open. The report also seeks agreement to the recommendations outlined below.

3. Recommendations

3.1. The Mayor will be recommended to:

- agree the plan to run a 'mutuals only' tender process under Regulation 77 of the Public Contracts Regulations 2015 for the services.
- Agree that the current Lewisham youth services team would bid for this contract and, if successful in the process, would form a charitable community benefit society as its legal structure.
- Note the outline timelines and resource requirements as set out in this report.

4. Policy context

4.1. Local Policy

4.1.1. The proposals within this report are consistent with the Council's corporate priorities and its need to identify significant savings over the next two fiscal years. In particular, the proposals relate to the Council's priorities regarding Young People's Achievement and Involvement, Protection of Children, and Community Leadership and Empowerment, in line with the Children & Young People's Plan of 2015 – 2018.

4.2. National Policy

4.2.1. Positive for Youth was launched in December 2011 as a broad-ranging strategy detailing the Government's approach to youth provision. The strategy calls for 'a new partnership approach' in local areas – between businesses, charities, public services, the general public and young people – to provide more opportunities and better support to young people.

4.2.2. The priorities of last year's restructure were aligned with this strategy.

4.2.3. Positive for Youth promotes early and positive support to reduce the chances of public funds being wasted in holding young people in expensive secure provision or managing the remedial effects of inadequate support and assistance as they reach young adulthood.

4.2.4. The key strategic themes contained in Positive for Youth and Lewisham's Children and Young People's Plan are as follows:

- Helping young people to succeed
- Promoting youth voice
- Early intervention
- Supporting stronger local partnerships

- Strengthening communities and the voluntary sector

5. Background

- 5.1. Since May 2010, the Council has reduced its budget by c.£133m. In response to continuing reductions in Government grants, the Council is planning to make further savings of £45m by the close of 2017/2018.
- 5.2. Since 2013 the Youth Service, as a part of the wider Council savings, implemented a significant organisational restructure and then a secondary smaller round of cuts. In total this has reduced the service budget from core council funding by £2.43m. The total directly controlled service budget is now £2.6m, made up of £2.1m from the general fund and £500k grant substitution. A full breakdown is contained below in section 9.2.
- 5.3. The service, whilst reduced, is a leaner more efficient service which is still capable of responding to young people's needs including better performance management, income generation and contract management capabilities. Since the restructure, the service has seen an improvement in the sustained attendance across provision.
- 5.4. The statutory duty for youth provision as set out in the Education Act 1996 is to secure access to sufficient leisure time activities and facilities. This can be met as a minimum by providing information to young people.
- 5.5. In Lewisham, the youth service has a role in providing more than the statutory minimum, by delivering and commissioning provision across the borough as part of the Council's approach to early help - contributing to the early intervention and safeguarding approach as set out in our Children and Young People's Plan; reducing demand on children's social care and contributing to the safer communities agenda. The service has played a crucial role in supporting young people across the borough at a time of increasing youth population, increased mobility and overcrowding due to London's housing situation, and continued deprivation in areas of the borough.
- 5.6. Due to continuing central government cuts the council still requires further savings and it was acknowledged that the Youth Service as a largely non-statutory service is therefore at risk of being reduced further in subsequent years. It was also suggested that further reductions to the youth service budget would result in reduced delivery, further efficiency whilst within the council structure was not possible.
- 5.7. Based on this risk the Mayor and Cabinet reports of 11 November 2014 and February 2015 proposed it was important strategically to establish alternatives for the future of the Youth Service.
- 5.8. Alternatives were presented as a set of possible future options and staff and the public were consulted on these at the same time as the consultation on the more immediate proposed savings. They also went through scrutiny both at CYP

scrutiny and three special working groups. The latter's recommendations were incorporated into the February 2015 report and into the plans for a mutual.

6. Summary of options considered in February:

6.1. Two primary options for the future of the youth service, in the context of a further saving requirement, were presented, with four sub-options housed within the second of these, there were:

- 1) Stop providing all but the statutory obligation. This would release a further £1.7m saving, result in the closure of all direct provision and leave only a NEET tracking team and promotion of activities delivered by others.
- 2) Continue a level of funding for youth services through one of:
 - a) commissioning an alternative sole provider from current market
 - b) break up the service and commission a mix of providers
 - c) continue providing reduced direct provision at the reduced budget
 - d) commission a YELM

6.2. It was acknowledged that there is variable risk and reward inherent in every future option for the Youth Service, including one that retains the status quo.

6.3. A full options appraisal was included in the February Mayor and Cabinet paper. Detail of the options and the appraisal is included here at Appendix 1. On considering these options, the Mayor requested officers to develop a plan for a YELM. The full draft business plan for this mutual is available as a separate paper.

7. Summary of the current Youth service

7.1. Aims and Objectives:

7.1.1. Through changes the Youth Service continues to maintain the following vision and aims:

- 1) Encourage others, as well as the Council, to deliver a vibrant range of activities for all our young people to enjoy and benefit from, and to recognise that all activities for young people across Lewisham and London are an important part of our youth offer.
- 2) To support young people in Lewisham in need of extra help, to achieve the skills they need to become happy, healthy and successful adults.

7.1.2. These aims work to engender the following outcomes for young people:

- 1) Improved life skills
- 2) Increased involvement in education, employment or training
- 3) Staying safe and well, and preventing needs from escalating

7.2. Delivery locations:

7.2.1. All activities and support take place at 5 Council-run youth centres, 5 Council-run adventure playgrounds, via street based work, at Baseline (now within Lewisham Library) and at a variety of non-council run venues across the Borough.

7.2.2. The current Youth Service sites are:

1. Riverside Youth Centre, Deptford
2. Bellingham Gateway Youth & Community Centre, Bellingham
3. Honor Oak Youth Club, Brockley
4. The New Generation Youth Centre (TNG), Sydenham
5. Woodpecker Youth Centre, New Cross
6. Deptford Adventure Playground, Deptford
7. Dumps Adventure Playground, Bellingham
8. Home Park Adventure Playground, Sydenham
9. Ladywell Adventure Playground, Ladywell
10. Honor Oak Adventure Playground, Brockley
11. Baseline Drop in shop, Lewisham Library

A map of these is included at Appendix 2.

7.2.3. From its sites the Youth Service offers various activities, and hosts other activities provided by commissioned PVI sector providers and volunteers. Below is a summary of what is provided by whom and at which site during term time only. Non-term time hours and activities vary by holiday.

8. **Current Youth Service elements:**

8.1. Universal Youth clubs and Adventure play:

8.1.1. The Youth Service provides and facilitates access to a range of activities for young people through a combination of direct delivery, support to access delivery provided by other organisations, and commissioning and partnering with the private, voluntary and independent (PVI) sector. The activities are now focused on developing young people's life skills as agreed in the 2013 re-organisation of the service.

8.1.2. Provision includes positive activities for young people, offering them places to go and things to do, including social and cultural activities, sports and play, and early intervention services. The Youth Service also offers informal education, advice and guidance on career choices and healthier lifestyles, and information concerning the dangers of substance misuse.

8.1.3. This year the service is planned to commission c.£600k of services across positive activities and more targeted provision both in terms of targeted groups and more specialist activities.

8.1.4. A summary of service usage data is in Appendix 3.

8.2. NEET Traineeship (formerly Mayor's NEET programme):

8.2.1. The Service's specialist support for young people in relation to education, employment and training consists the NEET Traineeship Programme, a Government-recognised traineeship, in partnership with Bromley College, offers 3 programmes with school terms, each of 12 weeks. The programme works with cohorts of c15 young people who currently have no clear pathway to education, employment or training (EET). It allows them to achieve qualifications including accredited numeracy and literacy support. The scheme ensures pathways to EET post completion. The scheme also allows participants to continue to receive out of work benefits whilst on the scheme.

8.3. Youth re-engagement service

8.3.1. The service currently has 8 specialist one-to-one youth workers, each holding a caseload of c.15 cases at any one time, with an annual service reach of c.240 young people. The Service provides one-to-one youth work and information, advice and guidance for the Borough's most vulnerable including support to young fathers, young women and those considering their sexuality.

8.3.2. The one-to-one service also delivers a one-stop 'holistic support' shop, Baseline, in Lewisham Library. This allows self referral to support from youth workers as well as a variety of commissioned providers. These services are a particularly important part of the Council's early help offer.

8.3.3. As part of the February 2015 Mayoral paper it was agreed in order to release required savings that this service would be grant funded from the government's troubled families programme money and as this grant reduced it could be re-tendered as part of a re-specified Targeted Family Support service. Additional funds are still being sought and this work is in progress. The plan for the YELM has been developed without this element of service.

9. The current cost and income sources of the Youth Service

9.1. The service currently costs a total of £2,656k for service delivery plus £590k for property and on-costs.

9.2. This is made up of:

Amount £ '000s	Source	Allocated to	Detail where possible
2,051	General fund	Youth service direct budget:	<ul style="list-style-type: none"> • APG, Youth club and back office staffing costs including variable salary enhancements • Logistics not covered by corporate top slicing • Frontline prog. money • Commissioning
100	Income generation (mostly rentals)	As above	As above
505	Grant Substitution (Troubled Families and Bromley College)	Youth re-engagement services	<ul style="list-style-type: none"> • NEET Prog. £115k • 121 specialist team £390k
400	General fund	Top sliced for property maintenance across 11 sites	
c.190	General fund	Top sliced for corporate back office functions eg. This figure is based simply on a 7.5% top slicing formula applied to all council budgets and there is no available accurate figures for actual council spend on these back office/support functions.	IT and telephony Personnel Payroll, Laurence house desks Insurance Finance Corp. Health and Safety Corp. Information Etc...
TOTAL	£3,246,000		

10. Summary of the YELM plan

- 10.1. In order to make required savings and continue youth service delivery a model of delivery which enables alternative income generation is proposed.
- 10.2. A YELM is considered an option to achieve this as it has the potential to lower the cost of delivery, raise alternative income and keep the current level of service delivery. Alongside this, and in part because of, it also increases young people and employee participation and empowerment and encourages more creative and imaginative youth delivery.
- 10.3. It is not proposed to alter the general vision and aims as part of the mutual other than a slight rewording required to better suit a new form of delivery.

- 10.4. In essence the Council would be commissioning the service. Unlike standard tendering/commissioning we would be contracting with an entity that:
- a) retained staff and young people's control of delivery and is supported by the current workforce
 - b) has embedded in its core purpose and design the aim of sustaining provision via both a continued drive for efficiency and development of new income streams.

10.5. The draft business plan (contained in a separate paper) suggests that running a 'mutuals only' procurement process under Regulation 77 of the Public Contracts Regulations 2015 will enable LBL to make overall savings of £300k by year 2 and £600k by year 4, whilst retaining the current level of provision the Youth Service currently directs and facilitates. Section 18.3 below details how this saving would accrue across current council budget areas.

11. The benefits of a Youth and Employee Led Mutual

11.1 The critical benefits from the Mutual model are that it:

- Enables the preservation of a youth service for Lewisham, while acknowledging the financial climate in which the Council's ability to fund such services is reducing.
- Helps preserve the public service ethos of the youth service while maintaining local focus, local partnerships and a local base.
- Reduces the cost-base associated with being part of the Council (with regards the cost of support services, local government pensions and salary enhancements) while avoiding a 'race to the bottom' on staff reward.
- Gives the YELM the freedom to innovate in order to improve and broaden our services, thus enabling the expansion of the organisation and ability to compete for other contracts, and therefore supporting cost reductions to the Council.
- Removes legal barriers to the Council providing services at a "profit", thus maximising the income available to be generated from our assets.
- Opens new income, fundraising and investment streams, not presently accessible to the Council, through the development of a new vehicle, focussed on youth provision across the whole of Lewisham.

12. Steps to Mutualisation

12.1. As noted above, the first step would be for the Council to run a procurement process under Regulation 77. This is one that allows the Council to restrict bidders to those who satisfy the 'mutuals' criteria set out in that regulation. The

Lewisham Youth Service would bid for this but, as with any competitive process, could not be guaranteed success.

- 12.2. To deliver the Youth Service as an independent entity ultimately requires the council to offer a contract based on a specification. This would then be managed internally by commissioners. An outcome focussed service specification is under development.
- 12.3. If the Lewisham team did win, then it would set up a legal structure and governance arrangements in the way proposed below; if another 'mutual' were to win, then under most circumstances existing staff would all transfer to that body under TUPE. Under the latter option, though the Lewisham YELM would not be running the service, another mutual would be and so the Council would still have achieved its overall objectives, although the Council would not be able to control the winning entity's governance structure.
- 12.4. Further detail on the process regarding mutualisation and the necessary governance is given in the section on Transition and Implementation on Page 23 below.

13. Features of the Regulation 77 process

- 13.1. To qualify, the Council must be satisfied the services fall within the listed CPV procurement codes. Suggested relevant headings within the available codes are a contract which covers sports-related services (such as the adventure playgrounds), and services provided by youth associations, though there may be others too.
- 13.2. The contract cannot be for more than three years and the winning bidder cannot have been awarded a contract by the Council under Regulation 77 within the last three years. The Council must also expressly refer to Regulation 77 in the call for competition.
- 13.3. To qualify, a bidder must be able to show that:
 - *“its objective is the pursuit of a public service mission linked to the delivery of services referred to above;*
 - *profits are reinvested with a view to achieving the organisation's objective, and any distribution of profits is based on participatory considerations; and*
 - *the structures of management or ownership of the organisation are (or will be, if and when it performs the contract) —*
 - (i) *based on employee ownership or participatory principles, or*
 - (ii) *require the active participation of employees, users or stakeholders.”*
- 13.4. The proposed model for a Lewisham YELM as set out below would satisfy all of these criteria.

- 13.5. Under this tender process, the council would award an initial three year contract to the winning bidder for a first year total of £2,757k with an expectation that by the end of the first year this reduces to £2,607k. A saving over the first two years of £300k. A full breakdown of this is contained in section X below.
- 13.6. After the initial 3 years, then the Regulation 77 process could no longer be used and the Council would then run an open tender process at which point the incumbent YELM could face competition from any other legal entity.

14. Pump priming

- 14.1. In order to initiate new marketable operations and employ the necessary capacity to reap the benefits of these operations, a Lewisham YELM would look to the social investment market (i.e. Big Society Capital, CAN Invest, etc.) to obtain the necessary capital. In the event that it was unable to obtain the capital, it would ask the Council for a one-time add-on of £200k to the contract for the first year. This amount is projected to be repaid at the end of the first year.

15. Assets and lease

- 14.1 It is envisaged that any Employee Led Mutual occupying Council owned property will be on the basis of a lease. These leases should be co-terminos with the main service or contract agreement.
- 14.2 It is proposed that the properties will be let either at a peppercorn rent or at a market rent, or at some point between these two. Any rental cost would involve increasing the value of the core service contract commensurately or reducing the predicted savings. The business plan is predicated on a net zero impact of property rents (i.e. the Council will fund the mutual the same amount that it charges in rent) and based on the use of all 10 current sites. Regeneration and Asset Management has made an assessment of the market rental value of each site and these are set out in Appendix 4. It is important to note that the Council is required to use TNG for the delivery of youth provision, or make a substantial financial re-payment to the Government. No other premises have this constraint.
- 14.3 It is proposed the leases will grant full flexibility to sub-let to partners in line with the entity's core objectives and on the basis the properties are used for services dedicated to the residents of Lewisham.
- 14.4 Any leases should also contain termination and break clause provisions which mirror those set out in the main service or contract agreement. Furthermore. the Council should retain the right to relocate the occupier if required as part of a wider portfolio strategy.
- 14.5 The mutual will be responsible for all outgoings related to the properties, including internal and external maintenance, insurance, business rates, utilities and compliance costs. This will include being responsible for ensuring the

properties are compliant with all legislation, including but not limited to health and safety.

- 14.6 The leases will all be contracted out of the Landlord and Tenant Act 1954 so there will be no Security of Tenure.
- 14.7 Should the council alter the number of sites available to the service, at any point during the life of the contract, alterations to the current business plan will be required. A reduction in sites is not necessarily a problem for a successful YELM, although there are economies of scale and implications for generating income. Although there is a cost to keeping the current number of sites, they are also assets that can be used to generate income as currently set out in the business plan.
- 14.8 It is recognised that changes to sites could occur either before the YELM's formation or at any point during its lifetime and might be to generate more savings or as part of wider regeneration or shared services strategies.

16. Pension and redundancy liabilities

- 16.1. Any organisation (whether a Lewisham mutual or a successful competitor) taking on a contract for delivering service would very likely be subject to TUPE which would protect staff terms and conditions including pensions and redundancy. The current total redundancy liability, for the part of the youth service which is proposed to move to a mutual, is £528k and the current total pension liability is £2.84m.
- 16.2. For most, if not all, independent entities, obtaining a bond to cover these would prove an insurmountable hurdle. A YELM is also only possible with staff agreement to set up and run the new entity. During development of the plan it has become clear staff are not prepared to do this without the protection of their current pensions and redundancy.
- 16.3. In order therefore to give the new entity a chance of success the Council would have to grant the new entity admitted body status with the fully funded 19.1% employer contribution.
- 16.4. The proposed plan requests the council to fund these for all transferrable staff for at least the initial contract period of 3 years.
- 16.5. New staff taken on by the YELM would not be covered by the council and the mutual would have to find ways to cover pensions and redundancies on different terms and conditions.

17. What will it cost Lewisham Council to deliver a YELM?

- 17.1. Assuming the contract is won by the YELM the contract value will be a reduction from current funding of £300k after 2017/18). This can all be taken from the

general fund by the council, where exactly it comes from year on year is detailed below.

- 17.2. Year 1 (2016/17): Total contract value: £2,757k + 200k loan (tbc)
- £2,051k direct service delivery
 - £115k of grant substituted to the council for NTP
 - £400k is building/maintenance
 - £190k is for back off services
- 17.3. At the end of the first year the mutual would return any 'pump primed' money, estimated to be c.£200k, back to the lender, which may be required to be the council. This money would have been used to grow the required income generating elements of the service. See section 17.3 below.
- 17.4. Moving forward the contract with the council is shown below and broken down into where in the council it originates.
- 17.5. The cost of delivering the service is always more than this with the shortfall made up of a combination of income generation and efficiency savings.
- 17.6. Year 2 (2017/18): Total contract value: £2,607k
- £1,924k direct service delivery
 - £115k of grant substituted to the council for NTP
 - £400k is building/maintenance
 - £166k is for back office services
- 17.7. Year 3 (2018/19): Total contract value: £2,457k (cumulative £300k additional saving)
- £1,796k direct service delivery
 - £115k of grant substituted to the council for NTP
 - £400k is building/maintenance
 - £145k is for back office services
- 17.8. Year 4 (2019/20): Total contract value: £2,307k (cumulative £450k additional saving)
- £1,669k direct service delivery
 - £115k of grant substituted to the council for NTP
 - £400k is building/maintenance
 - £123k is for back office services
- 17.9. Year 5 (2020/21): Mutual – post second tender: Total contract value: £2,157k (cumulative £600k additional saving)

17.10. It is expected that, after a second tendering process, should a contract be re-awarded to the mutual in year 5 at least a further £150k reduction could be achieved. This would take the additional saving to £600k.

- £1,541k direct service delivery
- £115k of grant substituted to the council for NTP
- £400k is building/maintenance
- £101k is for back office services

18. How the plan will generate savings/reduced delivery costs in the first 3 years.

18.1. The YELM would generate net income to allow further savings to the council of £300k by the start of year 3. Note that the £294k generated in year 1 would in most part pay off the initial pump priming. This also assumes the continuation of the £100k income already generated by the service.

18.2. The critical benefits from the Mutual model are outlined in paragraph 11 of this report.

18.3. These benefits translate directly into financial savings. These savings have calculated and are shown in the table below:

	Activity	Detail	Estimated Net saving/income per annum £ '000s <i>note this is the amount year on year not cumulative</i>		
			Yr 1	Yr 2	Yr 3
Reduced costs	Reducing the cost of logistic support currently provided by internal corporate council services.	Through a combination of direct provision of some functions – specifically minor site maintenance – and out sourcing other functions to cheaper providers than current corporate partners – specifically payroll and finance/accounting. This could also include IT.	49	49	49
	Reducing the cost of direct delivery through altering the terms and conditions of any new employees and enhanced rates of current employees	This would include no longer offering enhanced rates for work currently defined as ‘out of hours’ and more granulated salary bands, new and more specific job descriptions to new employees and closing the LG pension scheme and offering alternative to new employees	10	28	38

		<p>For current employees any changes would be a board (and therefore staff) decision to make. At present savings here have not been factored in.</p> <p>The YELM would always pay a minimum of London living wage and ensure that all posts were paid at market rates.</p>			
Alternative income	Increased rental of sites	Up to a planned 65% of site capacity outside of the required youth provision hours up from a current 20% usage. c.£55k of this could come from provision, with a partner, of alternative education provision for 6-day exclusion. The latter would both support the delivery of youth services and meet a current gap required by the council.	130	158	180
	New business lines	<p>Cycle tourism scheme.</p> <p>Birthday party packages at sites</p> <p>Zorbing</p> <p>Climbing wall use</p>	18	28	41
	Acquisition of other contracts with partners to deliver additional youth provision outside of core contract	<p>eg. Street based/detached work or summer schemes funded by housing providers, employability training funded by job centre plus, healthy eating and SRE courses funded by CCGs and/or schools and apprentice provision funded by DWP</p> <p>Figures are net of costs of additional staff and bid writers</p>	60	75	40
	Charitable fund raising (via charitable arm)	A combination of fund raising methods including corporate sponsorship, local lottery, local business partnerships – eg. Voluntary bill supplements, individual giving drives – eg. Fund raising events, envelope giving, standing order requests, legacy requests, etc.	59	79	144
		TOTAL NEW INCOME and Cost savings	326	417	492

19. Governance structure of the YELM

- 19.1. Employee-ownership can take a variety of forms, in the proposed model it is intended to be ownership based primarily on involvement ie. Not for profit.
- 19.2. In order to gain the advantages of employee and young people ownership it is proposed, if the Lewisham mutual bid were successful in the process, to set up a charitable Community Benefit Society (CBS).
- 19.3. The Mutual CBS element
- 19.3.1. The choice of a CBS assumes that the Mayor's decision in February for officers to 'develop a plan for a mutual' referred to a plan for an incorporated legal structure (where the structure is considered to be a legal person in its own right) as opposed to an unincorporated structure where those who run the organisation are potentially directly and personally liable.
- 19.3.2. This could be fulfilled with either a CIC or CBS. The latter is preferred as, if established with purely charitable objects, it is recognised in law as an exempt charity and so able to obtain the tax benefits that come with charitable status and also to raise income through mechanisms such as donations with Gift Aid and charitable grants. A CIC cannot also be a registered charity and so, to get the benefits of charitable status, a parallel charity or charity within the group structure of the CBS would be needed, a solution which brings additional setup costs and complexity.
- 19.3.3. The 'ownership' by both employees and young people would be divided 70% to employees and 30% to young people. With shares for the latter owned in trust rather than directly. The trustees could be the young people appointed as directors or others. Whilst the disadvantage of holding shares in trust is that young people would then not directly be members of the organisation the overriding principal benefit is that as young people come and go the organisation does not need to update its list of members (if a company) every time.
- 19.3.4. All shares will be non dividend paying with any surplus/profit being used to support the operations of the company and therefore ultimately savings to the council. There will be a requirement for the shares to be bought back at their nominal value if the person leaves the organisation for any reason.
- 19.3.5. Shares would give employees and young people, via elected representatives from these constituent groups, representation on the company's board and therefore say in strategic governance. These representatives would be voting members of the board. All employees would also be able to attend an annual AGM.
- 19.4. The Board
- 19.4.1. Whilst it would be feasible to have all stakeholders represented at board level, this is not seen as desirable since this could lead to a very large board all made

up of people seen as representing in some way or other a stakeholder interest. In order to be successful the new organisation must ensure that it has people on the board who are able to direct the organisation's strategy and meet the key challenges of maintaining existing work and winning new work. The board must also be of a size to enable reasonably swift decision-making where this is required and to meet the requirements of being a charity must have a majority of votes held by members other than employees. For that reason, a mix of board and also sub advisory groups is proposed.

19.4.2. The board will consist of 9 voting Directors:

- *4 Employee representatives: including the Managing Director [and x other senior management positions] with the remainder* elected annually by all permanent employees on a one share one vote basis.
- *2 young people representatives:* (Any young person acting as a director would legally be required to be aged 16 or over - Young people younger than this can still be involved and engaged in the work of the organisation in other ways). Selected from the Young Mayor and Advisors, who in turn are elected annually by young people across the borough. It is envisaged that the Young Mayor and Advisors select the representatives themselves.

19.4.3. This system allows a transparent election system for young people and gets best value from the robust Young Mayor electoral process already in place. They would be supported both by the structure and youth workers in the Young Mayor's office and the YELM's own Engagement and participation youth worker.

- *4 non-executive directors:* appointed by the board to fill skills gaps identified and taken from stakeholders potentially including the council, the local VCS (potentially the CYP forum), and external experts – Non-executive Directors will be chosen from those with skills to support the YELM including legal, financial and entrepreneurial. This is not to say that a person appointed for skills could not also wear another 'hat' (such as by being a parent, a member of the VCS or a police officer, for instance) but that they would be appointed for their skills rather than due to representing a particular stakeholder.

19.4.4. The board will be chaired by an Independent Chairperson elected by the Executive Directors with a Vice Chair also elected annually. To ensure independence both of these posts will be drawn from the advisory element of the Board.

19.4.5. A Board will be constituted and operate in 'shadow' form during transition. A chair of the shadow board would be appointed to oversee development. See section on Implementation and Transition on page 23.

19.5. Roles of board members

19.5.1. The role of the board is to set the strategic direction of the organisation and to ensure it complies with all of its legal requirements, delegating to staff or others as necessary.

19.5.2. A skills audit process will be required to regularly be conducted across staff and the board itself to allow the Board to identify any training needs applicable to the whole Board (for instance in relation to Board meetings or codes of conduct) or any individual training needs, as well as the gaps to be filled by external appointments. This will also ensure the Board's make-up best supports the YELM.

19.6. Interaction with stakeholders

19.7. The board includes representation from stakeholders but, as noted above, it would be too unwieldy to have all stakeholders on the board. Further interaction with key stakeholders is therefore necessary as set out in the table below. Essentially, each stakeholder can be put into one of the following four categories:

- monitor;
- keep informed;
- keep satisfied; and
- manage closely.

19.8. The table below considers stakeholders need to be involved against these categories:

	Staff	Young People	Council	Community	VCS	Other Partners
Owners / Members	✓	✓				
Directors	✓	✓		?	?	
Formal advisory role (e.g. sub-committee or advisory council)	✓	✓		✓	✓	?
Keep engaged and informed	✓	✓		✓	✓	✓
Other (specify)				Varies from stakeholder to stakeholder	Contracting / joint working	

19.9. Two advisory groups

19.9.1. It is proposed that below the main board three advisory groups would ensure maximum stakeholder involvement. These are:

Advisory Committee	Role/Focus	Stakeholder Group
Community	Advise on issues related Lewisham culture, voluntary groups, synergies among local orgs, improving well-being for YP in Borough, etc	<ul style="list-style-type: none"> • Young people • Parents • VAL & affiliates • Elected members • Staff • Schools
Growth Prospects	Advise on market opportunities, demand for services, cost-benefit analyses, service development, service specification, networking	<ul style="list-style-type: none"> • Elected members • Parents • Local business reps • Cabinet Office reps • Citizens in neighbouring boroughs
Internal Culture & Assessment	Advise on organisational culture/climate, management strategies, theory & best practice	<ul style="list-style-type: none"> • Staff • Pro-bono consultants

20. Support and Corporate Services

- 20.1. One means of cost reduction brought about by the transition to a mutual arises from the new organisation's ability to purchase support services from where it chooses. Part of this saving comes from the mutual no longer having to pay for functions of the local authority and centrally provided services that are not directly relevant to its service provision. Further savings are generated because the mutual can buy the service it requires at the levels it requires under market conditions rather than having to pay for given levels of given services at a given cost.
- 20.2. Whilst the ability for the mutual to make quick cost savings by procuring support services from elsewhere is undeniable, to do so, entirely and immediately, risks leaving the Council with a significant and predominantly fixed cost to be absorbed by the other council services. In recognition of this it is assumed that the mutual may continue to purchase a proportion of its support services from the Council for at least a year, albeit in reducing volumes.
- 20.3. This staggered reduction in demand provides the Council with sufficient time to transform these services as it sees fit without the need to take drastic action, whilst also allowing it to unwind itself from any third party contracts without incurring financial penalty. It is of course entirely possible that the social enterprise will continue to purchase services from the Council beyond the year suggested. However, the decision to do so will be a commercial decision rather than to support the Council's transformation process.

20.4. It should be noted that savings from support services are an important part of the savings plan for the Mutual, and any alteration by the Council on this proposal will risk the ability to deliver the £300k savings planning.

21. HR processes to move to a YELM

21.1. It is proposed that the workforce of the YELM will be established in the first instance through the transfer of staff from the Council. The transfer arrangements will fall within the scope of the TUPE Regulations. The Council remains liable for any loss arising from acts or omissions prior the transfer with the Mutual taking responsibility for salary and pension arrangements for staff post-transfer.

21.2. The staff who are 'within scope' of the transfer are those that are involved in the management and delivery of the Youth Service. In addition, there may be small numbers of staff in support services who would also be identified as 'in scope' during the transition planning stage.

21.4. The application of the TUPE regulations will mean that whilst the employer will change from the Council to the YELM, all other terms and conditions of employment will be unchanged at the point of transfer. The TUPE regulations effectively protect the terms and conditions of transferring staff unless, and until, the new employer consults with staff appropriately to bring about changes. It should be noted that the financial plan is based on the assumption that terms and conditions for staff that transfer under TUPE will not be altered.

21.5. Prior to the transfer of staff taking place, a phase of formal consultation will take place to inform and consult Trade Unions, and transferring staff, about any 'measures' that the YELM may propose to take in relation to the transferring workforce post-transfer. This usually takes place for a period of 28 days.

21.6. Under TUPE regulations, the responsibility for proper consultation lies with the Council. The Council will also need to provide information and records on staff members to transfer. Therefore, there is a requirement for support from the Council's HR to ensure that the Council is discharging its duties under TUPE, completing proper consultation and providing data as necessary.

21.7. It is proposed that the organisation operate on the basis that any employees that the YELM recruits to employment will be on different terms and conditions to the staff that transferred under TUPE. There may be a concern that this effectively creates a two tier workforce. However, this will be necessary to enable the financial outcomes required in the Business Plan. The YELM would still strive to be an employer of choice and would therefore propose to pay at or above Living Wage and to provide a pension which is comparable within the market.

21.8. The Best Value Authorities Staff Transfers (Pensions) Direction 2007 applies to situations where services are contracted out and staff transferred from one employer to another under TUPE regulations. The Direction sets out that the

employee has the right to acquire pension rights that are the same as, broadly comparable to, or better than those that he or she had as an employee of the Local Authority. The YELM will therefore apply for Admitted Body Status within the Local Government Pensions Scheme meaning that existing members can continue their membership of the scheme.

- 21.9. It is proposed to put in place a pooled arrangement with the Council and for the scheme to be closed to new entrants to the YELM. New members of staff will be offered a highly competitive workplace pension, on as good, or better, terms than they could secure with other similar providers.

22. Risk Analysis

- 22.1. A Mutual model is not without risk. A risk register has been completed as part of the business plan and provides a detailed account of the potential risks to the Council, to the Mutual, and also the risk attached to maintaining the status quo. The risk register will be regularly reviewed and updated during the transition phase of work. The key risks are noted below:

22.2. The Youth Service fails to win the initial service contract (due to the Regulation 77 route to procurement)

- 22.2.1. The principal risk is that the Lewisham YELM does not win in the initial procurement process. This is a risk with any proper competitive process. From the Council's point of view, since it would set the specification in the contract process, the winning bidder would still need to run the service in a way which met the Council's requirements. From staff point of view, they would TUPE transfer to the winning mutual. TUPE would protect their terms and conditions, other than pensions, and the new Fair Deal would apply to protect their pensions.
- 22.2.2. The only way to guarantee a contract to the Lewisham YELM is to follow the Teckal process (now contained in Regulation 12). Whilst this has a benefit in terms of contract award, it does have other disadvantages including the inability for the body to attract charitable funding, the inability to adopt a full mutual structure, the risk of the body having to bid for the contract anyway at the moment the Teckal requirements stop being fulfilled, and increased transaction costs due to setting up one model and then changing it later. For example, legal set up costs would potentially be doubled, given the cost of setting up one entity, incurring one set of costs, then setting up another, with a whole new set of costs.
- 22.2.3. For these reasons, the Teckal process has been ruled out. Competition for the contract has been assessed as likely to be low. However, to mitigate the risk, the service should be given the best chance of success by giving it access to professional support to put together a tender.

22.3. The YELM fails to win the 2nd tender after year 3

22.3.1. If the YELM is successfully delivering on its financial targets, whilst delivering positive outcomes for young people, then, as an incumbent provider, it would be in prime position to win the second tender and the risk of losing is low. If it is unsuccessful, then the second tender gives the Council the opportunity to reassess its options against the market. The risk to the Council in either scenario is low.

22.4. Speed of transition to new entity gets complicated by unforeseen factors

22.4.1. The transition and launch of the YELM is highly complex. The potential for delays are numerous and likely to happen without proper project planning and support. The 'untangling' of current delivery from council support services will require both the Council allocating the necessary internal support, for example, from finance, HR, and current senior CYP officers and also the YELM itself accessing external professional support with experience and skills in setting up similar enterprises.

22.4.2. It is crucial that this process meets the legal responsibilities connected to tendering and rules around state aid. To support and guide the process it is crucial that a shadow board is set up and a shadow chair is appointed asap. This board and chair will ideally offer directly, or allow access to, pro-bono expertise from outside the council. A bid to the Cabinet Office's 'Delivering Differently' grant has also been made to enable external expertise to be procured. The outcome of the bid should be known in mid November.

22.5. The YELM fails to achieve its financial targets

22.5.1. There is a risk that the YELM would not be able to make the necessary savings and / or generate the necessary additional income to maintain the current service, as a result of one or more of the following:

- It cannot attract donors, and/or
- New business units are unsuccessful, and/or
- LBL doesn't have requisite money for contract, and/or
- New back office providers fail to deliver savings

22.5.2. This is a risk that one cannot easily mitigate since the challenge of reduced budgets is one that would be faced by any provider of the service, whether in-house, through some form of Council-controlled company, or whether tendered out.

22.5.3. However, in all scenarios other than LBL not having requisite money, this risk has been assessed as having a low likelihood given the savings and income are based on evidence contained within the business plan that has been developed. It should be noted that this also depends on the Council structuring the contract to give the YELM the best possible chance of success.

22.5.4. Should LBL not have the requisite money for the contract, then the risk could not be effectively mitigated and an alternative option of reducing service delivery would have to be considered.

22.6. Employee related risks

22.6.1. If staff are not bought in to the strategy, then this could result in an inability of the organisation to function and deliver savings and increased income, industrial action and reputational damage to the Council. Staff have been involved at every stage in developing plans (see below) and have voted overwhelmingly in favour of the proposals. Therefore, this risk is considered low. However, it will be important to maintain this level of engagement and enthusiasm for the proposals. Our plans include continued detailed communication and consultation with staff at all stages.

22.7. The YELM is not successful in partnering with the VCS

22.7.1. Some of the VCS have already been vocal in raising concerns about a YELM, specifically around the relationship it will foster with current providers. The proposal seeks to engage the VCS fully in plans as they develop, and the governance of the new YELM, as set out in this paper, will include VCS involvement in the running of the organisation. This is in order to ensure that the new organisation is best placed to leverage the best of the current VCS to meet the collective aim for young people. This should also include partnering with some of Lewisham's VCS to increase funding coming into the borough.

23. Alternative Options

23.1. Other options remain open to the council, these are summarized in paragraph 6 above and in appendix 1.

23.2. The option to stop providing all but the statutory obligation would release a further £1.7m saving, result in the closure of all direct provision and leave only a NEET tracking team and promotion of activities delivered by others. This option remains open.

23.3. In its options appraisal the Council also considered commissioning an alternative sole provider from the current market. The proposed approach includes an open procurement exercise, and thus keeps this option open, albeit with a restricted market solely to providers that will not seek to make a private profit from the contract. The level of savings from this option would be determined by the level of funding into the contract, but reduced funding would also reduce service delivery.

23.4. Given the current financial position of the Council, and the level of savings required, a "do nothing" option of the service remaining in house and maintaining the current level of service is no longer viable. All previous options, or further reduction of the service, remain open; however only a Mutual option has the

potential to make some savings and maintain levels of service provision, as well as the benefit of youth and employee ownership.

24. Involvement to date of staff, young people and partners

24.1. Staff involvement and vote

24.1.1. The YELM has been developed by current youth service staff. Led by management and a dedicated project officer, with support from 'Stepping Out' a consultancy expert in developing plans for mutualisation.

24.1.2. In order to allow staff to participate in the planning process, not least based on the theory that this level of involvement will be required and beneficial in a future YELM, two working groups have met regularly to focus on business planning and change management respectively, these have been open to all staff.

24.1.3. The change working group decided, on consideration of processes at other councils and in order to give the Mayor a robust indication of staff support, that a vote of staff with a 75% threshold of support for mutualisation should be required. It has however been explained to all staff that this is a non-binding vote that is for indication only and ultimately how to proceed remains a Mayoral decision.

24.1.4. Alongside the working groups the project officer and service manager have visited sites and held full staff meetings. An online resource of documentation was also made available, as well as summaries explaining plans and considering frequently asked questions.

24.1.5. These methods combined have allowed staff to be informed and to discuss developing plans.

24.1.6. On October 1st a debate between all permanent staff, i.e. those eligible to be part of any future YELM, facilitated by an independent chair and conducted without hierarchy, was held to support staff to openly discuss and formulate their opinions on both the theory of mutualisation and the draft business plan.

24.1.7. This process of involvement culminated in a staff vote on October 15th where the 55 eligible staff were asked whether they supported a YELM. 100% of eligible staff returned their ballot papers. The result was 50 staff (91%) in favour of a YELM, 4 (7%) against and 1 (2%) staff member returned a blank ballot paper.

24.2. Young people's involvement

24.2.1. Young people were initially and formally consulted as part of the 2013/14 consultation on all possible future options for delivery of youth service. This took place through youth clubs, an online survey and via two meetings with the Young Mayor and Advisors. At this point young people showed general support for a YELM. A summary and full details of the consultation were part of the February 2014 Mayor and Cabinet Paper.

24.2.2. Young people have been kept abreast of developments through a combination of visits and discussions by youth workers, the service's Participation and Engagement officer and the Project lead with the Young Mayor and Advisors and through display boards, presentations and discussion sessions across the 10 directly provided youth provisions. This has been largely informal involvement and information sharing and it is recognised that it is hard to engage young people in something which remains intangible and uncertain. However, should the YELM go ahead, a full youth involvement strategy will be put into place that will include requesting formal agreement from the Young Mayor and Advisors to represent young people on the YELM's board.

24.3. Partner involvement

24.3.1. After the initial public consultation and special select committee review that culminated in the February 2015 Mayor and Cabinet paper the development of the mutual plan has mostly been contained in service. However, during the development, the youth service manager and project manager have liaised with both Voluntary Action Lewisham and the associated Children and Young People's Forum. This has included various meetings and discussions with specific focus on governance structures. Unfortunately during this time the CYP forum has undergone an overhaul and will not be able to meet to discuss the actual business plan until November 18th.

25. Implementation and Transition

25.1. The overall project milestones are as follows:

25.2. Phase 1: Jan 2016-Feb 2016

- Project management and transitional arrangements for implementation
- Procurement process planning

25.3. Phase 2: Mar 2016-Apr 2016

- Run 'mutuals only' tender process under Regulation 77 of the Public Contracts Regulations 2015

25.4. Phase 3: May 2016-Jun 2016

- Establish new entity, mobilisation and shadow operation
- Regular communication with stakeholders and progress reports

25.5. Phase 4: 1 July 2015

- YELM Go-Live

- 25.6. These timescales are challenging. Transition and implementation is a significant undertaking and a detailed project plan has been developed to identify the work required to bring the YELM to reality. Work will need to be undertaken on behalf of the Council, on behalf of the YELM and jointly.
- 25.7. The majority of time requirement will be for YELM staff involvement in preparing for the new mutual, further input will be needed from Council's Corporate Services in both commissioning and negotiating the contract and arranging central service functions for the YELM. It has been assumed that these resources can be sourced internally and will be made available.
- 25.8. To ensure the Council's probity on the process, there will need to be an artificial separation of the Commissioners from YELM staff. Commissioners will be required to create tender documentation in isolation from YELM staff.
- 25.9. The YELM will then need to develop into a 'shadow' structure in order to respond to the tender. The legal entity for the new mutual would need to be created early in the process. This would put a formal governance structure in place to ensure probity on the side of the YELM. No staff would formally TUPE until after any tender process has been completed, however, YELM would have a properly constituted board. It is proposed that this board is initially established from Youth Service management, plus an independent chair. This board will have the responsibility to approve the bid before it is submitted.
- 25.10. There is a requirement for external support to provide independent advice and expertise - such as legal and finance - for setting up the YELM and allowing it to make a competitive bid. It is proposed to continue to engage consultants to support this phase of work, providing project management oversight, specialist advice and bringing their expertise of similar projects to facilitate a smooth process. It is hoped that the Cabinet Office will make grant funding available for this support and an application has been made in this regard, under the 'Delivering Differently' grant.

26. Conclusion

- 26.1. The work undertaken has produced a detailed business plan for a YELM for maintaining the delivery of the services concerned.
- 26.2. Whilst establishing a YELM is by no means risk free, and requires some up front investment, the business plan demonstrates that this investment pays dividends in the medium to long term and enables the services to seek out a more sustainable future through the pursuit of new business and a stronger commercial focus.
- 26.3. It should be noted that if more savings are required than are being offered here, that other options originally considered in February 2014 can be returned to. However, if this is the case then further service reduction is almost certain.

- 26.4. The business plan is and will always remain a dynamic document. The ideas within it at the moment, especially around income generation through new business, are a start, albeit one it is believed is a sustainable one.
- 26.5. The creation of the YELM is likely to alter the way staff and young people participate and alter the culture to one more suited to developing new income generating ideas. This focus on income generation should also engender delivering more creatively and flexibly in order to be reactive to user/customer requirements. This should allow the service to attract more users and better allow delivery of the core aims and objectives.
- 26.6. If the business plan is accepted and agreement given to proceed to establish the new organisation the project will move into the transition planning phase before going live in July 2016.

27. Legal implications of savings proposals recommended future option

- 26.1 Section 507B Education Act 1996 imposes a duty on local authorities, so far as is reasonably practicable to promote the well-being of persons aged 13-19 (and of persons aged up to 25 with learning difficulties) by securing access for them to sufficient educational and recreational leisure-time activities and facilities. A local authority can fulfil this duty by providing activities and facilities, assisting others to do so, or by making other arrangements to facilitate access, which can include the provision of transport, financial assistance or information.
- 26.2 Section 68 of the Education and Skills Act 2008 places a duty on local authorities to make available to young people and relevant young adults for whom they are responsible such services as they consider appropriate to encourage, enable or assist them to engage and remain in education or training.
- 26.3 The Mayor and Cabinet determined on the 11th February 2015 that officers prepare a detailed plan to mutualise the youth service having taken savings of £1.4 from the Service. This followed an analysis of this option for an employee mutual as set out in that Report. The analysis included continuing the youth service at its current level (the savings having been taken) with more or less the current staff at the current locations for the initial start up period of up to 3 years. In relation to assets and premises this would be subject to the right for the Council to remove any or all of them in any asset rationalisation exercise or for other reasons.
- 26.4 If Members wished to reduce the scope of the youth service, then further consultation and a new business case would be required.
- 26.5 As is set out at paragraph 12 of this Report, if Members determine to proceed with the proposal for an employee mutual to be established, then the Council is required to tender a contract for the youth service but can reserve the right to participate in the tender exercise to mutual organisations. If it does so restrict the organisations which can tender, then the term of the contract can be no longer

than 3 years under the new Public Contracts Regulations 2015. Thereafter, the contract, if the service is to continue, has to be advertised on the open market.

- 26.6 The contract which will be tendered in these circumstances will include a specification for the youth services to be delivered and it is very likely that TUPE will apply to the staff currently assigned to the services and their terms and conditions will be protected, including pension rights which, as stated in this Report at paragraph 20.8, under UK law, are protected where staff transfer from the public sector through the operation of a contract or business transfer.
- 26.7 The procurement process must be fair and non-discriminatory and the value of any assets provided to the YELM on terms other than market rate must be costed against any asset provided by any alternative mutual.
- 26.8 Paragraph 18 sets out the preferred governance structure of the YELP. A CBS is governed by the Co-operative and Community Benefit Society Act 2015.(2015 Act). It will have to register with the Financial Conduct Authority which is also the body which would grant it charitable status rather than the Charity Commission. The FCA have inspection and investigative powers over all CBS organisations
- 26.9 The business must be run primarily for the benefit of people who are not members of the society and must also be in the interests of the community at large. The CBS' rules must not allow either profits or the society's assets to be distributed to the members. Profits/surpluses must generally be used to further the objects of the CBS by being ploughed back into the business.
- 26.10 The members of the YELM must democratically control the CBS, however, there is flexibility as to how it is governed subject to the requirements of the 2015 Act.

27. Financial Implications

Revenue Financial Implications

27.1 Yelm Proposal

27.1.1 This proposal provides for a gradual reduction of the Council's financial commitment to achieve the existing but reduced level of service. The reduction in financial commitment is £ 300k by 2018/19. This represents a reduction in the Council budget for youth service provision of 11%. This compares with the c30% reductions proposed for services across the Council in order to achieve its financial targets. By 2020/21 a cumulative reduction of £600k or 22% would have been achieved according to the proposed Business Plan. The equivalent savings for many services of the Council over that period are likely to be c50%.

27.1.2 The YELM proposes to achieve its 5 year reduction in Council support as follows:

Activity	Budget	Budget	Budget	Saving	Saving
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	2016/17	2018/19	2020/21	Year 3	Year5
direct service delivery	2051	1796	1541	255	510
grant substituted to the council for NTP	115	115	115	0	0
building/maintenance	400	400	400	0	0
back office services	190	145	101	45	89
Totals	2756	2456	2157	300	599

27.1.3 The reduction in service costs is achieved as set out in 17.3, with the largest factors being increased rental income £158k and contracts for new services of £60k by year 3. Staffing costs changes amount to £28k by year 3.

27.1.4 The reduction in direct provision costs (staffing) is possible: it is reasonably assessed on the basis of recruiting to vacant posts, post the change in status, but carries some operational risk in terms of managing a two-tier workforce. The reduction in overhead costs is reasonably based but would present a diseconomy of scale for the Council. However, given the scale of the anticipated reduction in council overheads of c£5m in 2016 -18, a further increase in that reduction of £190k, as a result of these proposals, would not be significant.

27.1.5 The increased income from renting youth premises would be consistent with the Council's aim to increase the utilisation of its assets. Other proposals by the council to reduce the available space in Community Centres for rent by community groups should increase the probability of these rental income targets been achieved. The increase in rental income represents an increase in utilisation from 25% to 65% which would be a challenging target.

27.1.6 The business case assumes the achievement of donations of £79k by 2017/18 and £144k by 2020/21. This is a difficult area to predict and success will be more likely with the change in status of the organisation but cannot be guaranteed.

27.1.7 The arrangement for the YELM to take on responsibility for its premises, on a leased for basis, will require a rent payment to the Council. These rents have yet to be assessed and agreed. However, these new costs of delivery will be reflected in the cost of the contract to the Council and present no net financial benefit to the Council.

27.1.8 The continuation of the service through the YELM at current levels would avoid redundancy costs for the Council albeit these would be once off with no ongoing implications. The current estimate of redundancy costs is £528k. If the Council was unable, post the creation of the mutual, to maintain its contractual support of the YELM then the Council would have to meet the redundancy costs and assume the pension liability for the workforce currently estimated at £2.84m: a cost the creation of the YELM would enable the Council to avoid long term.

27.2 Summary of YELM Proposal

27.2.1 The creation of the YELM enables the existing level of service provision to continue but with a reduced cost to the Council of £600k. It would add to the savings on overheads costs the Council must achieve and make success there more challenging. The improved utilisation of premises would be consistent with the Council's objectives for the use of its assets. The involvement of the staff and young people in the service delivery and its development would be consistent with that theme of the Council's 2020 vision that the Council creates the conditions where communities will be able to support themselves and the theme to develop entrepreneurial approaches to income generation, particularly in relation to assets.

27.3 Alternative options

27.3.1 If a mutual approach is not adopted the Council could consider a reduction of the service to a statutory level of service. It is estimated that this would provide the possibility of a saving of £1.7m. However, there would be redundancy costs of £528k to offset any savings in year 1 of the change.

27.4 Capital Financial Implications

27.4.1 The creation of the YELM would not require any further capital investment in order to enable it to happen. If the service was to be reduced to its statutory minimum there would be 10 capital assets available for alternative use or sale to generate capital receipts. The sale of the Adventure Playgrounds for existing use would not generate significant value. The youth centre sites would have a sale value dependant upon location and condition.

27.4.2 The TNG building is relatively new and was provided through National Lottery grant. Any proposal for sale would be likely to require repayment of, some or all of, the original grant of £3.7m. Alternatively, the premises could be leased, on a full repairing lease, generating a revenue income for the Council to another organisation.

27.4.3 The youth provision in the Bellingham gateway project uses part of the building, another part of it is used for child care provision. This property has some related covenants due to the original provision of the land which would mean that a sale to generate a capital receipt would not be possible. The accommodation would be available for alternative use.

28. Crime and disorder implications of recommended future option

28.1 There are no specific crime and disorder implications arising from this report.

29. Equalities implications of recommended future option

29.1 There are no specific Equalities implications arising from this report but the Equalities implications of the recommended future option are currently being assessed and will be included within the report to the Mayor and Cabinet on 9th December 2015.

30. Environmental implications

30.1 There are no specific environmental implications arising from this report

Background documents

If there are any queries on this report please contact Mervyn Kaye,
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Appendices

Appendix 1: Alternative Options appraisal

Appendix 2: Map of current Youth Provision (October 2015 – March 2016)

Appendix 3: Summary of Current Youth Service Usage

Appendix 4: Market Rental Value of Current Youth Service Sites

Appendix 5: **To Follow** - Draft Business plan for a Youth and employee led Mutual Youth Service

Please note Appendix 5 is Exempt and will be published in an Exempt supplementary despatch to follow.

Appendix 1: Alternative Options appraisal

From February 11th Mayor and Cabinet paper - Part 2: The future of the Youth Service and youth provision

Given the level of savings required by the Council and that outcomes for young people are a priority, it was important strategically to establish alternatives for the future of the Youth Service. The Youth Service is largely non-statutory and is thus at risk of being reduced further in subsequent years. Consequently, officers examined a variety of options that could ensure the future of a Council-funded youth offer.

All future options considered the broader context in which the Youth Service operates, namely that the Council is required to make savings of £85m by 2017/18, yet wishes to maintain – as is possible – its vision for youth provision.

Summary of Future Options

Within this context there are two primary options, with four sub-options housed within the second of these. These options were all included in the public consultation.

- 1) Stop providing all but the statutory obligation. This would release a further £1.7m saving, result in the closure of all direct provision and leave only a NEET tracking team and promotion of activities delivered by others.
- 2) Continue providing youth services through one of:
 - a) commissioning an alternative sole provider from current market
 - b) break up the service and commission a mix of providers
 - c) continue providing direct provision at the reduced budget
 - d) commission an employee and youth-led mutual

Option 1 was already ruled out by the Mayor on 11 November 2014. It was however included in the consultation. Of the remaining future options consulted on, some would necessitate the Youth Service delivered via alternative means. There is risk and reward inherent in every future option for the Youth Service, including one that retains the status quo. Officers remain cognizant of this, as well as the financial challenges currently facing the local authority.

Note that option D could be seen as variant of option A. However, due to the amount of opinion raised during scrutiny and consultation about option D and the specific complexities of mutualising, over and above commissioning to current market providers, we have considered this as a separate option.

Future Options Appraisal

How options are appraised

Officers addressed each option against the following set of criteria, which are shown below:

- a) Short-term sustainability
- b) Value for money
- c) Long-term sustainability

a) Short-term sustainability:

The extent to which each option could enable services to continue without disruption whilst a level of council funding is available. This extent was determined independent of whether or not an option would yield good value for money. Officers also addressed each option's effect on staff and the way this would impact on delivery, as well as the effect on young people's attendance, engagement and outcomes.

b) Value for money:

The potential to deliver the best outcomes for young people, as judged against the already agreed Youth Service vision and aims, at the lowest cost. In evaluating value for money, officers especially considered how the form of delivery would impact on service users and community members.

c) Long-term sustainability:

The potential to allow the Council to make further required savings and what level of youth provision – either provided directly by the Council or external organisations – could continue. Considered as part of this was an option's capacity for engaging young people and enhancing the youth voice as well as the role staff would play in any option and how these might contribute to future sustainability.

Options analysis:

Below is a summary of each option followed by an appraisal which provides both detailed analysis and scores of "high" "moderate" or "low" against each of the criteria. In measuring the impact of each option against each criterion, officers also considered the potential social value to be derived. In every case officers used their best professional judgment -- which was, where possible, informed by best practice and conversations with other professionals. Each option was analysed independent of other options. This analysis is concluded with a summary table comparing all options' scores.

Operationalisation of scoring:

Officers scored an option as “high” when there was sufficient reason to believe that the model of service delivery maintained a strong likelihood of faring well against most – if not all – of the different elements of a criterion.

Officers scored an option as “moderate” when there was sufficient reason to believe that the model of service delivery maintained a probable, but not high, likelihood of faring well against most -- if not all -- of elements of a criterion.

Further, a “moderate” score indicates officers’ awareness of possible negative implications (shortcomings) of an option when measured against a specific criterion. These implications were not, however, so critical in nature as to merit a “low” score.

Officers scored an option as “low” when there was sufficient reason to doubt that the model of delivery maintained reasonable likelihood of faring well against most – but not necessarily all – of the different elements of a criterion.

Sufficiency of confidence in the relativity of scoring was assured by engaging in dialogue with peers in other local authorities (Kensington and Chelsea, Luton and Knowsley) who had experience deploying the service delivery models inherent in the options put forth by Youth Service officers as well as discussing with organisations who have already spun out from a parent body (Wide Horizons) and with input from the Cabinet Office’s Mutual Success Programme.

Option A: commissioning an alternative sole provider from current market

The Youth Service could commission a provider from the current market to deliver the Youth Service at scale, in its entirety (adventure playgrounds, youth clubs and NEET Traineeship Programme). After implementing the base savings of £1.4m, the Council could solicit bids and tender a Youth Service contract, ultimately awarding the contract on the basis of best value.

a) Short-term sustainability

Short-term sustainability prospects are moderate. Youth provision has been – and remains – a mayoral and Council priority, as specified in the Children and Young People’s Plan 2012 – 2015, and the Council has the capacity to commission a Youth Service contract.

Commissioning an external provider to run the Service has the potential to ensure continuity of youth provision in the Borough for at least the duration of the contract period.

It is likely that continuity of service and outcomes would best be achieved if a local provider won a bidding process. Although it is possible an outside provider could offer similar continuity prospects by basing itself in the Borough and

utilising local staff, which would also align with the Service's aim to recruit locally. Since the vast majority of Youth Service staff live in the Borough, any disruption to continuity could have significant implications for them. In commissioning out the Service, staff would have the right to be TUPE transferred to the provider, which could ensure continuity of employment for a predominantly local labour force, as well as continuity of provision, so long as staff were retained following the transfer.

An effective transfer and assimilation of staff would, however, require the commissioned organisation to deploy robust change management in order to mitigate against negative staffing implications – similar to that following a merger or acquisition in the corporate realm. This presents risks to continuity of provision, which could be amplified by the recently of the last restructure and the accompanying programme of change. A provider, especially a larger organization, could have the resources to successfully manage this change; however the risk could make bidding for delivery an unattractive prospect, further reducing an already small – if existent – market of potential providers.

There is a very limited market for delivering a contract the scale of the Youth Service, and potentially none locally. This is based on officers' initial market testing and conversations with heads of some of the Borough's largest youth providers. Among those with whom officers spoke, there is neither a desire to bid for, nor the demand to take on the Service at its current scale.

If there were competition for a commissioned contract it would likely come from providers outside the Borough.

The Youth Service currently commissions 35 PVI sector organisations, most of which are Lewisham-based. As of quarter 3, results reveal that c.25% of commissioned groups are failing to meet contractually specified targets at a level where it is recommended to end the contract, review and amend performance targets and/or cost in order to achieve agreed value for money. This reduces confidence that our local PVI sector has the capacity to operate the Service in its entirety.

b) Value for money

Value for money prospects are moderate. The current Youth Service has a unique infrastructure in its adventure playgrounds and youth centres, as well as a strong set of capabilities in its staff. The Council could benefit if a provider capable of assuming staff pension and redundancy liabilities came forward. This would likely only be possible if a large provider in good financial health competed for the contract.

If a large provider – from within or outside of the Borough – were to win the contract, it could also have the resources and capacity to grow the Borough's youth offer and/or capably attract external resources. This would, however, necessitate that a provider used its own financial resources, as there is no

indication the Council would increase the The Council could specify a requirement for match funding in a bidding process. Though, again, this could reduce the market for potential providers.

If staff were TUPE'd to a large commissioned provider and immediately made redundant, this would have negative implications for the local labour market and reduce the social value capable of being derived from the contract, as the majority of Youth Service staff live in the Borough.

If staff were retained and the contracted provider had an incentive to recruit local talent and forge partnerships with voluntary sector providers that would help ensure the sustainability of the sector, positive social value implications for the local labour market. There is reason to believe that a social sector provider would have a greater incentive to deliver social value than a private sector organisation, as the latter would be bound first and foremost to the best interest of shareholders and profit generation.

Commissioning a provider will also result in a cost to the Council, as there would exist the need to monitor and manage the contract. This could likely be covered by 0.5 FTE at the PO8 grade.

c) Long-term sustainability

Long-term sustainability prospects are low. Unless a provider offered a level of match funding, a commissioned provider would characteristically deliver services corresponding to the contract's value. The Council could, however, specify in a contract that a commissioned provider must: provide some level of match funding, assume pension and redundancy liabilities, retain local staff, cooperate with the local voluntary sector, include young people on its governing board, and look to grow the Borough's youth offer in the face of further Council funding reductions.

In theory, if a contracted provider could honour these stipulations, positive implications could abound. Officers have pursued this notion in conversations with potential providers, where it was made clear that the aforementioned stipulations would limit interest in the contract, thereby reducing the market for bidders.

Given that long-term sustainability of youth provision is important to the Council and that embedding in a contract any or all of the aforementioned stipulations would limit – or render nonexistent – the market, any future Council funding reductions to youth provision would likely result in less youth provision.

It is likely that such future spending reductions by the Council could have negative implications for youth engagement and the ability to enhance the youth voice in the Borough.

Option B: Break up the remaining service and commission a mix of providers

The Youth Service could divide and spin-out sites, either in clusters or independently.

After implementing the base savings of £1.4m, the Service could separate e.g. splitting-off adventure playgrounds from youth clubs, making each site independent or grouping sites geographically. Once spun-out, sites could incorporate as charities, trusts, social enterprises or employee-led mutuals. Each site, or group of sites, could be managed independently and governed by a board of trustees/directors. Doing this would require the Council to ultimately commission multiple providers – each offering youth provision to a particular part of the Borough.

a) Short-term sustainability

Short-term sustainability prospects are moderate. Dividing the Youth Service into separate sites could devolve responsibility, bring management closer to the end-user and community members, and enable each site(s) to make decisions in its (their) own best interest. A largely local staff group would transfer under TUPE ensuring continuity of service delivery and relationships with young people, the community and local organisations.

Each site(s) would retain its own management team, which would be equipped with new authority over how best to spend its money and deploy resources in line with contractual obligations and based on the needs of the local community, whilst ensuring relationships endure.

Management would be located alongside frontline staff, which could yield improvements in staff culture, strengthening short-term gains. More specifically, sites would have flexibility to define their organisational culture, operations, policies and guidelines. All decision-making power with regard to budget planning, business development, youth provision, youth engagement, partnership working, etc. would be at the discretion of site management and a board of trustees or governors, depending on the organisational model selected. Given this, some of the sites could prosper.

Further, this option could yield significant non-financial benefit to the Council in the form of social value to the local labour market, as the majority of Service staff live locally and would continue in employment.

Looking at provision holistically, problems could arise with regard to cohesion of service delivery. A piecemeal approach to youth provision could immediately create a disjointed youth offer and impede the sharing of best practices and information across sites, unless significant funds were invested in remote working capabilities and improved IT infrastructure. This could have a negative effect on outcomes for young people. This could be mitigated against by implementing a requirement for sites to cooperate and partner with each other.

b) Value for money

Value for money prospects are low. In dividing the Service the Council would be required to commission multiple providers and manage and monitor multiple contracts, adding to the cost burden that would accompany the commissioning process.

As a singular entity, the Youth Service realises economies of scale with regard to its capacities (e.g., management, planning, income generation, hiring, data analysis, etc.). In dividing the Service in any way, these economies of scale would be lost, also putting at risk the sustainability prospects of individual sites (or group of sites). Management capabilities, business development capabilities and back office functions are all costly; as a singular entity the cost of these capabilities is spread across multiple sites, keeping unit costs low. If the Service were to divide, sites themselves would assume the burden of hiring management – along with other capabilities – which would drive up unit costs, decreasing value for money substantially.

Individual sites would be incentivized to generate supplementary income to add value for money to a Council contract. But the success with which this happened would likely vary widely from site to site. With Council funding reductions, some sites would sustain and continue to deliver the same level of provision whilst other sites would be forced to decrease provision relative to funding reductions.

It is highly unlikely that individual sites would have the financial capacity to assume staff pension and redundancy liabilities from the start. These would need to remain with the Council, at least in the short-term.

The potential social value that could be engendered via this option could vary significantly across sites.

This noted, all frontline services are currently delivered by trained, qualified youth workers, all of whom could prove better motivated outside the restrictions of a local authority bureaucracy with tightly defined constraints. A more engaged workforce could be realised -- one that maintains a greater stake in the success of its organisation and could deliver improved outcomes for young people at a lower unit cost.

c) Long-term sustainability

Long-term sustainability prospects are low. It is the Council's aim (which is delineated in the Children and Young People's Plan 2012 – 2105) to have as much youth provision as possible, not less, which could occur if sites failed. Sites would lose the ability to share frontline capacity, a core focus of the last restructure in order to better allow the Service to react dynamically to service user demand. With the loss of economies of scale, high unit costs could also

jeopardise sites' ability to submit competitive bids for external funding, forge partnerships and attract investment.

A divided Service could also create a disjointed youth offer in the Borough, prevent the realisation of natural synergies between sites and risk potential future strategic planning specifically in relation to leveraging Lewisham regeneration schemes. Playgrounds and youth clubs are naturally positioned to complement each other and serve all segments of our target demographic. In the event that one or more youth clubs or playgrounds failed, this could leave a gap in provision and prevent Lewisham from meeting the needs of young people in one or more parts of the Borough. If sites failed, this could have negative implications on the local labour market.

Option C: continue providing direct provision at the reduced budget

The Youth Service could continue operations as a Council-run service with reduced capacity, after implementing the base savings of £1.4m.

a) Short-term sustainability

Short-term sustainability prospects are moderate. As long as Council funding for youth provision remains, the Service could continue to deliver a part of the Borough's youth offer through its adventure playgrounds and youth centres.

Remaining a Council-run service would reduce the need for the type of broad organisational change management inherent in other options. This would lead to a continuity of service – sites could remain open as long as funding levels sustained.

Many Youth Service staff have worked for Lewisham Council in excess of 5 years, and there is great institutional knowledge that accompanies this longevity. Remaining a Council entity would enable the Service to – at least in the short-term – leverage this knowledge base to better support the delivery of the Service and the Council itself.

However, this could all be offset by the threat of future reductions, which could negatively impact staff morale and culture and result in a knock-on effect with regard to outcomes for young people. The threat could also mean negative implications for talent retention and make it more difficult to engage young people in a constantly shrinking service.

b) Value for money

Value for money prospects are low to moderate. With some level of Council funding for direct provision, the Youth Service could continue to deliver services from sites at a low unit cost, as well as commission services from the PVI sector.

The Service could continue to generate some income to supplement Council funding. However, as a local authority service area, income generation prospects are limited, as officers are precluded from soliciting private donations and applying for the majority of youth provision-related grants delivered by charities/trusts.

Any further decrease in funding for youth provision could result in negative implications for the local voluntary sector, as reductions to the Service would likely necessitate further reductions to the amount the Service spends on commissioning.

c) Long-term sustainability

Long-term sustainability prospects are low. After this year, the Council will be required to identify a further savings of c.£45m. Given the scale of savings required, it is unlikely the Council would have the financial flexibility to retain the Youth Service budget at its current level. This would cause the Service to reduce the scope of its youth offer –resulting in site closures, further reductions to commissioning funds, and fewer services for young people in general.

As noted above, it is difficult – and in many cases impossible – for the Youth Service to avail itself of different funding streams. Very few large grant-making trusts and charities fund public bodies and, in officers' experience, corporates have demonstrated an unwillingness to contribute money to local authorities.

Option D: Commissioning of an Employee and Youth led mutual

The Youth Service could mutualise. After implementing base savings of £1.4m, Youth Service staff could, over the next 6-12 months, develop a business plan, vote to spin-out of Lewisham Council and establish an employee and young person-led mutual company. The organisation could continue to operate the Council's youth sites and deliver provision on a service contract with the Council. Staff could be transferred to the mutual company, which would operate as a legal entity independent of local authority control.

a) Short-term sustainability

Short-term sustainability prospects are moderate. A youth mutual comprised of the current sites and staff could retain and build upon its existing capabilities. The Service's predominantly local staff group could be transferred to the new entity, ensuring continuity of service for a predominantly local labour force and existing relationships with the community.

Management would be equipped with new authority over how best to deploy resources based on its service contract with the Council and the needs of the local community.

Layers of Council bureaucracy would be removed, creating a flatter structure for Service staff, which could yield improvements in staff culture, strengthening short-term gains. The organisation would have flexibility to define its organisational culture, operations, policies and guidelines. All decision-making power with regard to budget planning, business development, youth provision, youth engagement, partnership working, etc. would be vested in the mutual and board of directors.

The organisational and governance model of mutual ownership would allow for the formal engagement and input of young people with the services they use, consequently enhancing the strength of the youth voice. Staff members could also gain election to board posts and maintain voting authority, offering them more control over their careers.

Some of the potential short-term advantages could be tempered if the spin-out process proved arduous and time-consuming. Transforming the Service culture from one accustomed to Council operations to one grounded in shared ownership and a business ethos would require robust change management and is grounded in risk. This could enhance the burden placed on managers and has the potential to disrupt service delivery if not administered effectively.

b) Value for money

Value for money prospects are high. Unlike a contracted provider that would deliver youth provision to the value specified in a contract, a mutual company would have in its DNA the aim of becoming self-sustaining by growing revenue streams, which would enable a level of match funding.

Given Council savings requirements, mutualising the Youth Service could sustain a consistent level of youth provision across the Borough whilst enabling the Council to make further reductions to its budget for youth services. This would, naturally, be contingent on a mutual's ability to raise supplementary funds.

Once removed from the local authority, a mutual company could go to the market to procure back office functions at lower cost, adding further savings to the Council.

All frontline services are currently delivered by trained, qualified youth workers, all of whom could prove better motivated outside the restrictions of a local authority bureaucracy with tightly defined constraints. A more engaged workforce that maintains a greater stake in the success of its organisation could deliver improved outcomes for young people at a lower unit cost. In conversations with Youth Service officers, staff from Epic CIC (Kensington and Chelsea's former youth service) and Knowsley Youth Mutual (Knowsley's former youth service) affirmed that mutualising their respective services has improved employee engagement and efficiency. Further, scholarly research on staff owned

enterprises and the mutual model indicates that employees are more productive in such organisations than those that retain traditional structures.¹

There could also exist a significant non-financial benefit in social value to the Lewisham labour market, as the mostly local staff group could retain employment.

A further non-financial benefit could be delivered via partnership arrangements between the mutual and local providers. Such arrangements could include submitting joint bids, sharing services or back office functions and engaging in collaborative strategic planning.

If a mutual proved capable of yielding a surplus, it could look to expand operations in and around the Borough and seek to employ more local talent to support this.

Officers recognise the expertise retained by the voluntary sector. A mutual commissioning providers from the sector would be a way to leverage this to the benefit of young people, while not expending limited resources to duplicate skills.

It is clear from the consultation that a number of organisations in the current local VCS see a mutual as a way to strengthen current delivery and sector wide income generation.

c) Long-term sustainability

Long-term sustainability prospects are moderate. Long-term sustainability would be a mutual's chief organisational aim from the outset, which could be brought to fruition by raising income to retain at least a constant level of youth provision in the face of Council reductions.

Whereas embedding certain stipulations into a contract specification could reduce the market for a Youth Service contract, a staff and youth-led mutual would have a natural inclination to provide a level of match funding, retain and recruit local staff, cooperate with the local voluntary sector, strengthen the youth voice by including young people on its governing board, and look to grow the Borough's youth offer in the face of further Council funding reductions.

There are a number of revenue generation prospects a mutual could take advantage of, as it would be positioned to avail itself of income streams currently

¹ Information taken from: "Model Growth: Do employee-owned businesses deliver sustainable performance?" Lampel, Bhalla and Jha. January 2010.

unavailable to local authorities (e.g. grants, subcontracting, social investment, individual philanthropy, corporate partnerships, etc.) in time to meet Council savings requirements. A mutual would be directed by a governing board responsible for ensuring the realisation of the organisation’s strategy and aims, mitigating against its risk of failure and potentially securing inroads to corporate philanthropy.

To ensure long-term sustainability, current staff could need support and training in fundamental commercial skills, which could be offered in part by experts from across the youth, charitable/VCS sector as well as drawing skills and support from the private sector.

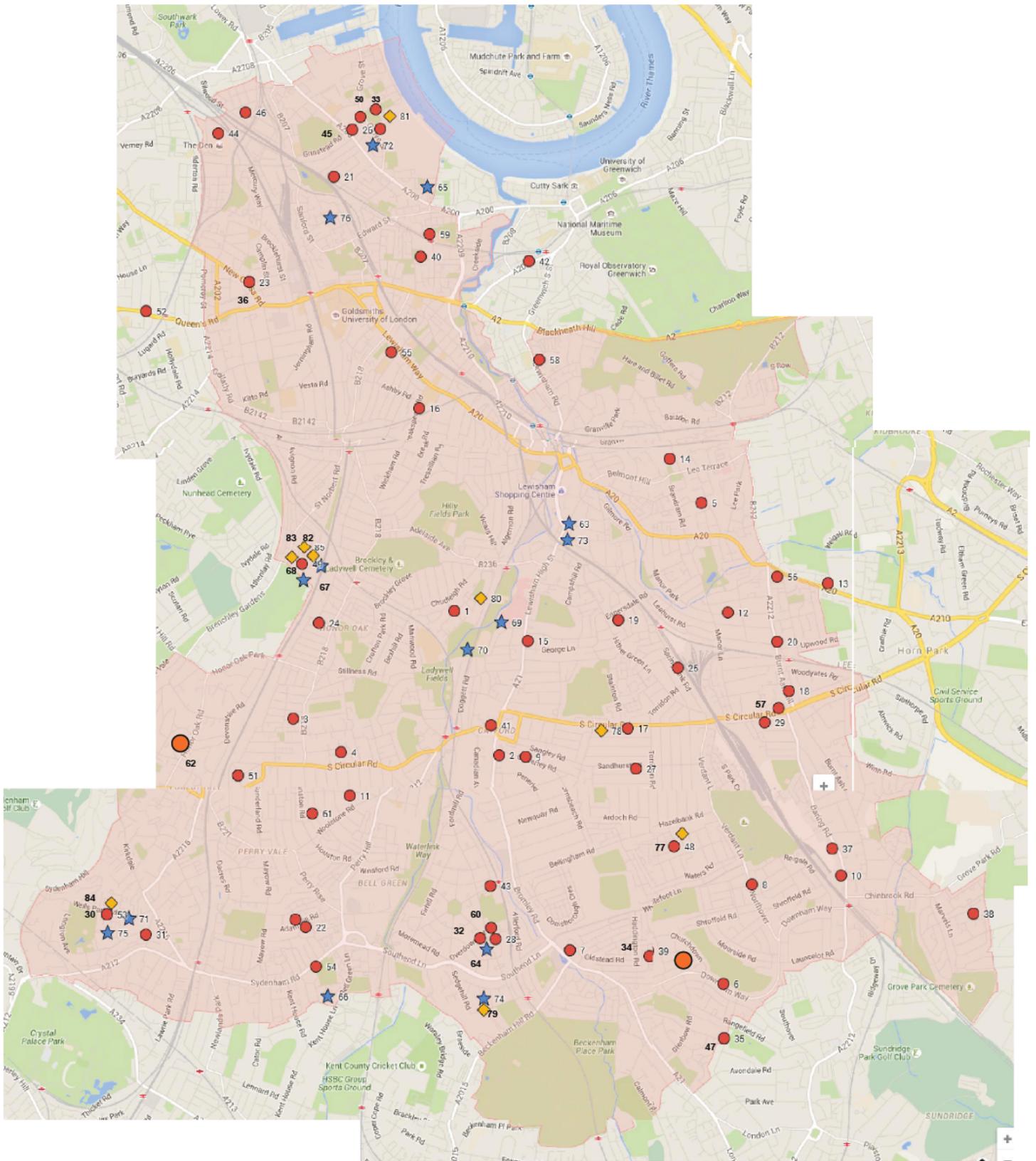
Two youth mutuals exist currently, both of which were launched within the last 12 months. It is thus difficult to draw inferences about the durability of the mutual model in delivering youth provision. However, the mutual model has been replicated c.100 times across the country and succeeded in delivering public/social services. It is reasonable to believe that, so long as a mutual could identify profitable markets and generate income, the model could succeed in delivering the Borough’s primary Council-funded youth offer.

In the long-term, the Council tendering process could impact on the sustainability of a mutual. Whilst the Council can choose to contract a mutual for up to three years, after this point it must allow for an open bidding process. If a mutual failed to win a Council contract after three years, it could be required to downsize significantly or cease operations.

Options summary table

F u t u r e O p t i o n s		Short-term Sustainability			Value for Money			Long-term Sustainability		
		High	Mod	Low	High	Mod	Low	High	Mod	Low
	Commission sole provider		X			X				X
	Break-apart Service		X				X			X
	Continue as Council service		X			X				X
	Mutualise Youth Service		X		X				X	

Appendix 2: Map of current Youth Provision (October 2015 – March 2016)



No	Type	Organisation name	Detail of the activity or activities
1	C	1 Community Project	Single sex and mixed Youth Clubs
2	C	10th Lewisham Scout Group	Scout Group
3	C	11th Forest Hill Scout Group	Scout Group
4	C	12th Forest Hill Scout Group	Scout Group
5	C	12th Lewisham North Scout Group	Scout Group
6	C	12th Lewisham South Scout Group	Scout Group
7	C	12th Lewisham South Scout Group	Scout Group
8	C	12th Lewisham South Scout Group	Scout Group
9	C	14th Lewisham South Scout Group	Scout Group
10	C	16th Lewisham South Scout Group	Scout Group
11	C	17th Forest Hill Scout Group	Scout Group
12	C	17th Lewisham North Scout Group	Scout Group
13	C	17th Lewisham North Scout Group	Scout Group
14	C	1st Lewisham North Scout Group	Scout Group
15	C	1st Lewisham Park South Group	Scout Group
16	C	1st New Cross Scout Group	Scout Group
17	C	20th Lewisham South Scout Group	Scout Group
18	C	21st Lewisham North Scout Group	Scout Group
19	C	25th Lewisham North Scout Group	Scout Group
20	C	28th Lewisham North Scout Group	Scout Group
21	C	2nd Deptford Scout Group	Scout Group
22	C	2nd Sydenham Scout Group	Scout Group
23	C	32nd Deptford Scout Group	Scout Group
24	C	3rd Crofton Park Scout Group	Scout Group
25	C	4th Lewisham South Scout Group	Scout Group
26	C	6th Deptford Scout Group	Scout Group
27	C	6th Lewisham South Scout Group	Scout Group
28	C	8th Lewisham South Scout Group	Scout Group
29	C	9th Lewisham North Scout Group	Scout Group
30	C	9th Sydenham Scout Group	Scout Group
31	C	9th Sydenham Scout Group	Scout Group
32	C	BelEve UK	Interactive Girls' Group
33	C	BelEve UK	Interactive Girls' Group
34	C	BelEve UK	Interactive Girls' Group
35	C	Bromley and Downham Youth Club	Youth Club, SEN Club, Boxing Club
36	C	Carers Lewisham	Youth provision for young carers
37	C	Carers Lewisham	Youth provision for young carers
38	C	Elevating Success UK	Holiday time youth provision
39	C	Greenwich & Lewisham YP's Theatre	Youth theatre, dance and media in school holidays
40	C	Heart n Soul	Art and media provision for SEND young people
41	C	Lewisham Youth Theatre	Youth theatre - junior and senior
42	C	Metro Centre	Youth provision for LGBTQ young people

No	Type	Organisation name	Detail of the activity or activities
43	C	Millwall Community Trust Premier League Kicks Extra	Football activities
44	C	Millwall Community Trust: Premier League Kicks Extra	Football activities
45	C	Millwall Community Trust: Premier League Kicks Extra	Football activities
46	C	Millwall Community Trust: Premier League Kicks Extra	Football activities
47	C	Millwall Community Trust: Premier League Kicks Extra	Football activities
48	C	Millwall Community Trust: Goldsmiths	Football activities
49	C	New Scout Group	Scout Group
50	C	New Scout Group	Scout Group
51	C	New Scout Group	Scout Group
52	C	Represent	Radio Station run by and for young people
53	C	RLSB	Club for visually impaired and blind young people
54	C	Sydenham Independent Scouts	Scout Group
55	C	The Woodcraft Folk	Uniformed youth group
56	C	Triple Helix Training (Lee Green Youth Club)	Youth Club
57	C	Triple Helix Training (Lee Green Youth Club)	Youth Club
58	C	Wash House Youth Club	Youth Club and forum
59	C	Working With Men	Working with young fathers and expectant fathers
60	C	Working With Men	Working with young fathers and expectant fathers
61	C	Young Lewisham Project	Bike maintenance project
62	C	Young Lewisham Project & Friends of Rockbourne	Youth Club
63	D	Baseline Drop-In Service	Youth Service
64	D	Bellingham Gateway Youth Club	Youth Club
65	D	Deptford Adventure Playground	Adventure playground
66	D	Home Park Adventure Playground	Adventure playground
67	D	Honor Oak Adventure Playground	Adventure playground
68	D	Honor Oak Youth Club	Youth Club
69	D	Ladywell Fields Adventure Playground	Adventure playground
70	D	Ladywell Youth Club	Youth Club (Monday night)
71	D	Mayor's NEET Programme	Youth Service
72	D	Riverside Youth Club	Youth Club
73	D	Specialist 1:1 Youth Work Service	Youth Service
74	D	The Dumps Adventure Playground	Adventure playground
75	D	TNG Youth Club	Youth Club
76	D	Woodpecker Youth Club	Youth Club
77	S	Delicious Most Nutritious	Healthy eating cooking sessions
78	S	Lewisham Young Women's Resource Project	After school activities for young women
79	S	BelEve UK	Beauty and make up sessions
80	S	BelEve UK	Beauty and make up sessions
81	S	BelEve UK	Beauty and make up sessions
82	S	BelEve UK	Beauty and make up sessions
83	S	BelEve UK	Customising clothing workshops
84	S	BelEve UK	Customising clothing workshops

Appendix 3: Summary of Current Youth Service Usage

Year	2009-10*	2010-11*	2011-12*	2012-13*	2013-14*	2014-15		2015-16 Q1 (Apr-Sep)	
						2014-15 Total incl Commission- ed Provision	Youth Clubs & APGS Only	Q1-2 Total incl Commission- ed Provision	Q1-2 Youth Clubs & APGS Only
Budget £m	5.5	5.5	5.5	5.5	3.46**	3.46	tbc	2.5	tbc
No. projects (YS sites)	37 (21)	38 (21)	36 (21)	34 (21)	26 (12)	48 (12)	12	33 (10)	10
Total Individuals	3,369	8,024	10,099	9,068	7,019	6,089	3,589	8,751	3,858
Contacts	1,731	4,852	6,668	5,710	4,559	2,855	1,655	4,427	1,736
Participants	1,638	3,172	3,431	3,358	2,460	3,234	1,934	4,324	2,122
Participation Rate	49%	40%	34%	37%	35%	53%	54%	49%	55%
Total Footfall	31,454	71,493	85,973	92,714	67,395	164,110	75,495	89,439	51,008

* Data taken from e-YS database and may include duplicate records

**Cuts made during October 2013

Appendix 4 : Market Rental Value of Current Youth Service Sites

These figures have been taken from the planning use class of the properties (D1) as a basis for comparable evidence. A rate per sq ft has been applied to the buildings and land comparable with other types of property in the local area and borough. The rates applied to the buildings (generally £7.50 per sq ft) represents very much the lower end of the market; a fairly nominal rate per sq ft (between 10p and 25p) has been applied for the land for adventure playgrounds. This is consistent with the valuation approach taken for both the RBKC youth services mutualisation and their Play Service outsourcing (which also encompassed adventure playgrounds).

The rents for the youth centres also reflects a similar (actually lower) rate per sq ft adopted by the Valuation Office for their own valuation of the buildings, and used to calculate business rates payable.

Property	Market Rental Value
Bellingham Gateway YC	£30,000
Honor Oak YC	£35,000
Riverside YC	£30,000
TNG	£90,000
Woodpecker YC	£30,000
Deptford APG	£5,500
Dumps APG	£16,000
Honor Oak APG	£16,000
Home Park APG	£12,500
Ladywell APG	£5,500
Total	£270,500