

APPENDIX 3

Business case for the transfer of Lewisham Music Service from Lewisham Council to *Lewisham Music* (working title), a new independent charity

1. Introduction

This paper sets out the business case for the transfer of Lewisham Music Service from Lewisham Council to a new charity, *Lewisham Music* (working title) in April 2017. *Lewisham Music* will take over Lewisham Music Service's delivery functions including its role as the music education hub role for Lewisham, subject to continued Department for Education (DfE) funding via Arts Council England (ACE). *Lewisham Music* will build on the Music Service's track record and reputation in its provision of music learning, live events and music projects for young people in Lewisham schools and academies, its extensive out of school programme, and its facilitation of high quality local and regional music opportunities provided by a wide range of hub partners and associate organisations. Continuity of service will be assured, whilst providing new opportunities for a greater diversity of provision to the Lewisham community through access to new funding streams, new premises and new governance. (See Appendix 1 for the draft vision, mission and values of *Lewisham Music*).

2. Executive summary

2.1 Summary of benefits for residents, schools and stakeholders

Residents, schools and stakeholders	
Strategic benefits	<i>Sustainable future for diverse and affordable music education services and cultural opportunities (5.1.1). Scope for developing new musical and cultural initiatives e.g. music for families and communities (5.1.2).</i>
Financial benefits	<i>Charitable donations and tax reliefs to support under-represented and disadvantaged groups (5.2.1). Charity tax reliefs and new funding from trusts and foundations safeguards the future and support new programmes in a time of economic difficulty (5.2.2).</i>
Operation and delivery benefits	<i>Improved service delivery through increased flexibility and efficiency (5.3.1). Access to new fit-for-purpose premises (5.3.2).</i>

2.2 Summary of benefits for Lewisham Council

Lewisham Council	
Strategic benefits	<i>Continuation of high quality services for residents, schools and stakeholders (5.4.1). Positive contribution to strengthening the arts and social enterprise sector (5.4.2).</i>
Financial benefits	<i>Cost savings through externalisation of back office functions (5.5.1). Reduction of financial risk should government funding reduce or be removed in the future (5.5.2).</i>
Operation and delivery benefits	<i>Reduced workload for Council officers and senior managers through transfer out of workforce and governance (5.6.1). Desk space and storage areas freed up for other Council departments (5.6.2).</i>

3. Context

3.1 Lewisham Music Service

- Lewisham Music Service was founded in 1999 as a Council service and it is the largest music education provider in the borough. Throughout its history it has delivered non-statutory music education services in accordance with government policy and with the support of government funding.
- The Music Service's 58 music tutors currently deliver over 600 hours of music lessons and ensemble rehearsals each week for 10 weeks per term to over 6,000 children and young people in 69 of Lewisham's 89 schools and academies, as well as in a range of out of school settings.
- The Music Service is a department within Lewisham Council's Children and Young People's Directorate and it is managed by the School Improvement Team's Head of Standards and Inclusion.
- The Music Service is the lead organisation in Lewisham's music education hub. Its programmes are delivered in accordance with the four core roles and three extension roles for music hubs as set out in *The National Plan for Music Education* (DfE, 2011) and the ACE guidance for music hubs (ACE, 2016). The Music Service is responsible for providing music education advice and support for every school and academy in Lewisham as set out in the music hub School Music Education Plan and as recommended by Ofsted (*Music in schools: what hubs must do*, 2013).
- The Service leads a network of over 25 music and arts partner and associate organisations which includes world class orchestras (London Philharmonic Orchestra, London Symphony Orchestra), higher education colleges (Goldsmiths, Trinity Laban Conservatoire of Music & Dance) and local music and arts organisations (Heart n Soul, Horniman Museum & Gardens). In

2014/2015, 3,500 Lewisham children and young people took part in music projects and live events run by music hub partners.

- ACE has given Lewisham Music Service the highest possible rating for the quality of its work as a music hub for three years running.
- In 2014/2015, 2,420 children accessed learning an instrument for the first time through the Music Service's whole class programme in 71% of Lewisham's primary schools and special schools with KS2 pupils. Instruments provided include recorder, violin, cello, brass, djembe drums, samba, guitar and ukulele. 64% of these children are continuing to learn an instrument this year including 830 children in whole class continuation groups. A further 3,162 children in schools receive individual or small group instrumental or vocal lessons.
- The highly acclaimed Lewisham Music Hub Summer Gala at the Royal Festival Hall in July 2015 involved over 1,100 children and young people from 28 schools and 8 Music Service and hub partner ensembles. The Service has booked the Royal Festival Hall for another summer concert in June 2017.
- Over 500 children and young people regularly take part in the Music Service's 36 diverse choirs and music ensembles in its Saturday Music Centre and in a variety of after school settings across the borough.
- In 2015/2016, 3,250 young people from over 200 school, Music Service and hub partner musical ensembles performed to 5,000 audience members in 40 performance events including *Turning of the Year* (Blackheath Halls) and *Lewisham Live*, the largest youth music and dance festival in the borough.
- Lewisham Music Service's assets include musical instruments, audio-visual and IT equipment and a sheet music library. The Music Service provides over 2,500 musical instruments to schools and pupils throughout Lewisham, from violins to djembe drums, from piccolos to bass guitars, and from ukuleles to tubas.
- Pupils excel in ABRSM grade examinations, they progress to London junior conservatoires and colleges, specialist music schools and local and national youth ensembles, and many take up music courses in further and higher education colleges and universities.
- The DfE/ACE 2016/2017 music education hub grant for Lewisham is £403,894. This is provided in full to Lewisham Council. The Council makes it available as a ring-fenced grant for the Music Service. The Council provides in-kind support for business services, HR, IT, finance management and office premises. All staffing costs and other areas of front-line and back-office expenditure are met through the Music Service's budget. The budget turnover for 2016/2017 is estimated at £1.25m. Earned income from schools, parents, projects and events is estimated to be 61% of turnover.
- The DfE and ACE have not yet made any announcements about future music education hub funding beyond March 2017. However, hubs are critical to the delivery of the National Plan for Music Education (NPME) and the expectation is that funding will be continued for hubs at least to the end of the NPME timescale (2020).

3.2 Current trends in the cultural, education and local government sectors

- 3.2.1 The *Culture White Paper* (DCMS, 2016) sets out an ambitious plan for how cultural life in Britain can be better accessed and supported. At the heart of this strategy is the importance of building stronger and healthier communities, building greater local and national partnerships, and establishing cultural investment, resilience and reform. The report states that public investment will need to sit alongside private investment, philanthropy and earned income, and that it is this mixture of income streams that will provide the basis for a thriving cultural sector.
- 3.2.2 The white paper *Educational Excellence Everywhere* (DfE, March 2016) sets out proposals for changes to school funding mechanisms, school governance and the role of local authorities. The white paper's proposals may result in diminished funding for some schools and a reduced role for local authority school improvement teams.
- 3.2.3 Central government's commitment to reducing the national budget deficit has led to grants for local government being reduced. As a result, like other local councils, Lewisham Council has had to make savings which amount to 138m since 2010. Government funding for Lewisham is projected to continue to fall. The Council is anticipating it will need to make further cuts of £43m in its spending by 2020.
- 3.2.4 Many local councils are exploring a range of ways to re-structure statutory and non-statutory public service teams so that delivery can be sustained to the benefit of local residents through transfer into stand-alone social enterprises.
- 3.2.5 *Funding Arts and Culture in a Time of Austerity* (New Local Government Network and ACE, 2016) sets out ideas for new ways in which local government can continue to support arts and culture in a climate where austerity is impacting on provision of services. Arts and culture spending by local authorities (including library services) has fallen by 16.6% overall since 2010, with London boroughs showing the largest reduction at 19%. The report proposes that new ways of working will need to be found if arts and culture are to remain supported within local areas, including the development of new delivery models, new income streams and new partnerships.
- 3.2.6 The impact of these changes has been felt in the music education sector. ACE and Music Mark (the national music education association) officers have reported that many music services across England have transferred out from their local authorities in recent years. It is estimated that 26% of the current 123 music services and hubs in England could be independent organisations by 2018.
- 3.2.7 Lewisham has a thriving arts, small business and social enterprise sector. There are over 800 voluntary and community sector organisations in the borough, the highest percentage of small businesses anywhere in the UK (*Shaping our Future*, Lewisham Strategic Partnership, 2008). The *Lewisham Business Growth Strategy 2013-2023* (2013) sets out ways in which the Council aims to support local entrepreneurship and small and medium-sized businesses. For example, the Council is engaged with

developing co-working spaces to support and promote the clustering of small businesses through its new enterprise hubs, Catford Dek, Ladywell Dek and Deptford Dek. *Shaping our Future* sets out the Council's priorities for working alongside the borough's citizens to build and support sustainable communities. The aims of the *Business Growth Strategy* include enhancing the ability of new and existing businesses to thrive and grow, and to inspire, nurture and promote creativity and entrepreneurship.

4. Opportunities

4.1 Strategic

- 4.1.1 In a climate of change and funding uncertainties, independence, autonomy and flexibility will allow the Music Service to continue to have a leading role in the local music education sector whilst enabling it to adapt to and deal with changing needs and priorities of its users and stakeholders.
- 4.1.2 Charitable status will permit more flexible operating and delivery models, factors which are increasingly important in ensuring the continued maintenance and delivery of good value public services.
- 4.1.3 The Music Service transfer plan connects the Council's business support strategy. *Lewisham Music* will join a flourishing network of small business organisations enabling it to benefit from advice, expertise and partnership working.

4.2 Financial

- 4.2.1 Continued government financial support for music services and hubs is not guaranteed. In a time of austerity, the Music Service cannot rely on the local council to make up any future shortfalls in funding. Reducing its dependency on government grants through accessing charitable reliefs and new sources of funding will add public value to its work and best safeguard the continuation of the Music Service's delivery and partnership programmes.
- 4.2.2 Music education hub lead partner organisations do not need to be local authority services in order to access hub funding under current DfE and ACE guidance. Independence will allow greater control over budgets and costs, enabling more effective and flexible responses to the changing needs and priorities of schools, children and young people, parents and carers, and other users and stakeholders.
- 4.2.3 Charities can apply for a wider range of funds than local authority organisations: public sector bodies are ineligible to apply for many grants that support cultural engagement.
- 4.2.4 The estimated 2016/2017 balance of expenditure will, in principle, provide a carry forward surplus as well as a cash reserve for *Lewisham Music* equivalent to 3

months salary and operating costs subject top transfer terms.

4.3 Operational

- 4.3.1 As an independent charity, *Lewisham Music* will operate with a wider remit than would be possible for a CYP Council department. This will enable the organisation to have the flexibility to explore new markets as well as allowing it to utilise its specialist staff and resources to offer new services to new users from a broader sector of the Lewisham community.
- 4.3.2 The Music Service has a large customer base which includes every school in the borough and therefore with potential access to every pupil in the borough.
- 4.3.3 Lewisham Music Service is a named resident organisation in Phoenix Community Housing's Fellowship Inn development in Bellingham, supported by the Heritage Lottery Fund. Scheduled to open in 2018, this new cultural and community centre will contribute to regeneration of the Downham, Whitefoot and Bellingham wards through community and cultural engagement programmes. Transition premises for the Service from April 2017 have been secured at Catford Dek whilst works are completed at the Fellowship.
- 4.3.4 *Lewisham Music's* constitution will allow for the trustees to set up sub-committees and advisory groups which will facilitate representation and promote ownership and engagement from music hub partners, headteachers and school music leaders, parents and carers, co-opted specialists, music service staff, and young people.

5. The benefits of transfer

5.1.1 Strategic benefits for residents, schools and stakeholders

- 5.1.2 *Sustainable future for diverse and affordable music education services and cultural opportunities.*
 - 5.1.2.1 The ability to respond to strategic developments with independence, flexibility and greater creativity, dynamism and innovation will sustain the impact and reach of the Music Service's work.
 - 5.1.2.2 Subject to DfE funding for music education hubs remaining in place, and subject to approval by ACE of a revised business plan, *Lewisham Music* will retain the Music Service's hub functions. In partnership with local and regional organisations, *Lewisham Music* will continue the Music Service's delivery, facilitation and support for music-making for Lewisham's children, young people, families and schools and for partner and associate organisations working in the borough. New governance, fund-raising and business planning will ensure the Service has a sustainable and secure future.

5.1.3 *Scope for developing new musical and cultural initiatives e.g. music for families and communities.*

5.1.3.1 Charitable status will enable the establishment of bespoke governance with a new board of trustees bringing in a new talent, expertise, experience and insight from within the music, arts, education, charity, legal and business sectors along with new advisory groups with representatives drawn from our staff, user groups, partners and associates. New initiatives will be developed and supported by a flexible and innovative team with the capacity and independence to develop programmes and projects that meet the needs of all residents, schools and stakeholders in the borough.

5.1.3.2 New initiatives together with an expanded range of current services and programmes will have the potential to enrich the lives of every resident in Lewisham in every corner of the borough.

5.2 Financial benefits for residents, schools and stakeholders

5.2.1 *Charitable donations and tax reliefs to support under-represented and disadvantaged groups.*

5.2.1.1 As a charity, *Lewisham Music* will be able to take advantage of financial benefits such as discounts on purchase of some services, tax reliefs, donations and Gift Aid.

5.2.1.2 A new bursary scheme and targeted fund-raising will deepen engagement and open up greater access to progression routes for the most needy in our borough.

5.2.2 *Funding from trusts and foundations safeguards the future and support new programmes in a time of economic difficulty.*

5.2.2.1 *Lewisham Music's* board of trustees will bring new expertise in areas such as fund-raising and finance management and enable the organisation to reduce its dependency on a single source of funding (the ACE grant).

5.2.2.2 Closer collaboration with the social enterprise sector, including opportunities brought about through relocation to the Fellowship in Bellingham, will enable access to a wider range of income streams. Revenue from subletting spaces within *Lewisham Music's* parts of the building to community groups, arts and cultural providers, schools and training organisations will help meet the costs of the lease and service charges as well as supporting the back office costs and delivery costs.

5.3 **Operational benefits for residents, schools and stakeholders**

5.3.1 *Improved service delivery through increased flexibility and efficiency.*

- 5.3.1.1 Independence from Council systems will permit the implementation of new bespoke digital, communication and back office services. These developments will provide a customised and more effective service for staff, schools, users, and hub partners and associates.
- 5.3.1.2 New branding, website and social media will promote wider engagement across the borough, re-energising existing customers and partners as well as attracting new users and stakeholders.
- 5.3.1.3 Alongside benefiting from the Music Service's current experienced and trained workforce under the terms of the TUPE transfer process, greater flexibility with procurement of specialist staff through bespoke contractual arrangements will enable *Lewisham Music* to meet the needs of its customers and partners more effectively than is possible through Council staffing and procurement systems. Examples include specialist practitioners for project delivery; deputy teachers and tutors to cover short term absence; commissions for creative artists for new works and cross-arts programmes.
- 5.3.1.4 Continuity of services, systems, customer base and workforce from the Music Service to the new organisation will minimise disruption due to the transfer for residents, schools and stakeholders. Established school programmes will continue under the new banner of *Lewisham Music* together with after school, Saturday, live event, project and holiday course programmes. *Lewisham Music* will be underpinned by the Music Service's established, respected and successful track record.

5.3.2 *A base for the Service in new fit-for-purpose premises.*

- 5.3.2.1 The Fellowship Inn development will provide *Lewisham Music* with rehearsal, studio, examination centre, administration, storage and meeting facilities as well as access to new performance spaces.

5.4 **Strategic benefits for Lewisham Council**

5.4.1 *Continuation of high quality services for residents, schools and stakeholders.*

- 5.4.1.1 The Council's involvement in supporting a successful transfer that safeguards the continuation of music provision for its residents, schools and stakeholders will underpin the value it places upon the importance of cultural enrichment in people's lives.
- 5.4.1.2 The experience gained by officers involved in the transfer process will help the Council in planning for any future externalisation and re-structuring of services.

5.4.2 *Positive contribution to strengthening the arts and social enterprise sector*

5.4.2.1 The Music Service's partnerships and networks will transfer across to *Lewisham Music*. The new charity will be a major player in the education and arts social enterprise sector. It will join a burgeoning sector of small and medium sized businesses and contribute to the Council's strategic business plans for the borough.

5.5 **Financial benefits for Lewisham Council**

5.5.1 *Cost savings through externalisation of back office functions.*

5.5.1.1 The transfer of the Music Service from the Council will remove the need for the Council to provide in-kind support services. Finance officers have estimated this will create a saving for the Council of £95,149 per annum.

5.5.2 *Reduction of financial risk should government funding reduce or be removed in the future.*

5.5.2.1 Financial risks will transfer to *Lewisham Music*. The Council will no longer carry single-handedly the financial risks associated with ring-fenced ACE funding being removed or with it being inadequate to meet the Service's staff costs and liabilities.

5.6 **Operational benefits for Lewisham Council**

5.6.1 *Reduced workload for Council officers and senior managers through transfer out of workforce and governance*

5.6.1.1 Governance and management of the Music Service will transfer to *Lewisham Music*. This will reduce workload and areas of responsibility for senior leaders and officers in CYP, School Standards and Inclusion, HR, IT, payroll and finance departments.

5.6.2 *Desk space and storage areas freed up for other Council departments*

5.6.2.1 The Music Service will relocate to alternative premises freeing up space in Laurence House for other Council teams.

6. **Conclusion**

CYP and Music Service officers consider the Service will be able to operate more effectively as a charitable organisation in a changing world where the need to develop new approaches to the operation of services, to diversifying funding streams, and to strategic development are crucial to its future.

Services in schools and out of school settings will be safeguarded and their future will be more sustainable.

As a charity the Service can both sustain and expand its services for schools, children and young people, whilst enhancing creativity and value through better engagement with emerging new strategic directions across London and beyond. Charitable status will improve financial resilience by enhanced access to new funding streams and reduced dependency on a single source of public funding. This will permit greater flexibility to customise services and operations as required in the best interests of residents, schools and stakeholders.

Our proposals will not lead to a reduction in our services to schools nor will it disrupt children's learning out of school. The terms of the transfer will safeguard employment terms and conditions for current members of staff.

The transfer will herald a new and exciting chapter in the history of the Music Service ensuring, in its new role as a social enterprise, that its legacy is secured and that the impact and reach of its services are sustained for the many thousands of current and future users in our borough.

APPENDIX 1

The Draft Vision, Mission and Values of *Lewisham Music*

Our Vision

Being musical is at the heart of human experience.

Lewisham Music aims to transform people's lives and communities through access to musical opportunity. We are committed to broadening and deepening musical engagement amongst people of all ages, particularly children and young people, and to providing high quality learning opportunities that support them to fulfil their musical aspirations and potential.

Our Mission Drawing on 17 years of experience in working with schools, young people and cultural organisations, our mission for the next 5 years is to promote and celebrate:

- music in schools
- music in the community
- music in partnership
- cultural diversity, creativity and excellence
- the skills, knowledge and experience of music education practitioners
- equality of access
- the musical aspirations and goals of vulnerable and disadvantaged people in our communities
- access to music for children, young people and adults with additional needs.

Our Values

- We will have the highest musical aspirations and ambition for all our participants and stakeholders.
- We will promote quality of access, fairness and music for all.
- We will work with transparency and accountability.
- We will provide high quality services that make a positive difference to the lives of children and young people, their families and their communities.

References

Arts Council England (2016) *Guidance for Music Education Hubs*. London: ACE.

Department for Education and Department for Culture, Media and Sport (2011) *National Plan for Music Education*. London: DfE/DCMS

Department for Culture, Media and Sport (DCMS) (2016) *Culture White Paper*. London: DCMS

Department for Education (DfE) (2016) *Educational Excellence Everywhere*. London: DfE

Lewisham Council (2013) *Lewisham Business Growth Strategy 2013-2023*. London: Lewisham Council.

Lewisham Strategic Partnership (2008) *Shaping our future*. London: Lewisham Council.

New Local Government Network (NLGN) and Arts Council England (ACE) (2016) *Funding Arts and Culture in a Time of Austerity*. London: NLGN/ACE

Ofsted (2013) *Music in schools: what hubs must do*. Manchester: Ofsted.

Peter Hayward
Head of Lewisham Music Service & Director of Lewisham Music Hub
September 2016