

MAYOR AND CABINET					
<b>Report Title</b>	The Transfer of Lewisham Music Service				
<b>Key Decision</b>	Yes	<i>Item No.</i>			
<b>Ward</b>	All				
<b>Contributors</b>	Executive Director for Children and Young People and Head of Law				
<b>Class</b>	Open	<i>Date:</i>	11 January 2017		

## 1 Summary

- 1.1 On 13 January 2016 and 7 September 2016 the Mayor and Cabinet agreed that in order to safeguard music education for young people in Lewisham the best option would be to transfer the Music Service to an independent charitable organisation.
- 1.2 It was agreed by Mayor and Cabinet on 7 September 2016 that a final decision on the future of the Music Service would be made at a Mayor and Cabinet meeting in January 2017 or as soon thereafter as possible, on presentation of a business plan for Lewisham Music and details of the transfer terms.
- 1.3 This paper sets out key issues relating to the proposed transfer including the grant funding arrangements and details of liabilities that arise as a result of the TUPE transfer of staff. Lewisham Music's business and forecast budget plans are appended (Background Paper 9).

## 2 Purpose

- 2.1 The purpose of this paper is to seek agreement from the Mayor to proceed with the formal transfer of the Music Service on 1 April 2017 to Lewisham Music, a registered charitable incorporated organisation, registered charity number 1169721.

## 3 Recommendations

- 3.1 The Mayor is recommended to:
  - 3.1.1 Note the DfE undertaking that funding for music hubs will be maintained to 2020 (see 5.4).
  - 3.1.2 Note that Lewisham Music is a legal entity and a registered charity (see 5.5).

- 3.1.3 Note that the Music Service (or Lewisham Music if the transfer goes ahead) is a named resident organisation in the Fellowship Inn development under the management of Phoenix Housing Association and with approved Heritage Lottery Funding for the development and refurbishment of the site (see 9.3).
- 3.1.4 Note Lewisham Music's trustees' letter (Background Paper 8) and determine how the transfer of cost liabilities will be dealt with in order that the transfer can proceed, taking into account the interests of the Council and the Music Service (see 12.2).
- 3.1.5 Agree to the commencement of formal consultation on TUPE transfer to Lewisham Music for the staff currently employed by the Council to operate the Music Service.
- 3.1.6 Agree that Lewisham Music's business plan and budget forecasts demonstrate that the transfer of Lewisham Music Service to Lewisham Music best safeguards music education in Lewisham whilst also providing a mechanism for future growth and development (see Background Paper 9).
- 3.1.7 Agree to the transfer of Lewisham Music Service's budget surplus and assets to Lewisham Music (see 4.6, 9.4, 13.2 and 13.4).
- 3.1.8 Agree that transfer terms be finalised and signed off by the Executive Director for Children and Young People for the transfer to take place on 1 April 2017 (see 7.1 to 7.5).

## **4      Background**

- 4.1 Lewisham Music Service has delivered music education services to schools and young people on behalf of Lewisham Council since 1999. In past years Council financial support has been provided for premises and pupil fee concessions. Although since 2011 this support has no longer been provided, the Council has continued to provide in-kind support for the Service through the provision of administration and management services including HR, finance, payroll, IT and office space at Laurence House.
- 4.2 Since 2012 the Service has taken on the additional role of operating as a music education hub financed with DfE funding administered by Arts Council England (ACE). Lewisham Music Service and Hub, which connects up a network of over 30 partner and associate organisations with all Lewisham's schools and academies, has consistently received a 'minor risk' rating from ACE, the highest endorsement it can receive (see Background Paper 9, Appendix 2).
- 4.3 The DfE music education hub grant for Lewisham for 2016/2017 is £403,894. This is provided in full to Lewisham Music Service. The Service receives no other core grants.

- 4.4 The Service and its hub partners deliver music learning to over 6,000 children and young people each week. The hub also supports an extensive project and live events programme which this year saw 3,250 children perform to 5,000 audience members in a range of regional and local venues including the Barbican Centre, Broadway Theatre, Blackheath Halls and local schools.
- 4.5 The consultation with users, stakeholders and staff overwhelmingly supported the Music Service's transfer proposals (see Background Paper 2).
- 4.6 The Children and Young People Select Committee considered the transfer proposal on 12 October 2016 and noted that the Music Service was a well-respected service and that the proposals were designed to safeguard its future. The Committee also noted that pension issues were being worked through, that a consultation had been carried out at the Mayor's request, even though this was not statutory, that many staff members were peripatetic and that property (equipment) would be transferred appropriately (see Background Paper 3).

## **5 Policy Context**

- 5.1 The proposals within this report follow the agreed recommendations contained within Mayor and Cabinet Reports submitted on 13 January 2016 and 7 September 2016 (see Background Papers 1 and 2).
- 5.2 The proposals within this report are consistent with the Council's corporate priorities as set out in the Borough's Sustainable Community Strategy 2008-2020. In particular, the proposals relate to the Council's priorities regarding
- community leadership and empowerment
  - young people's achievement and involvement
  - protection of children
  - caring for adults and older people
  - inspiring efficiency, effectiveness and equity.
- The proposals are also in line with the Children and Young People's Plan 2015-18 and the four outcomes of building child and family resilience, being healthy and active, raising achievement and attainment, and staying safe. The objectives and performance measure for children and young people's engagement with music is children's musical engagement is captured within priority aim HA6 (encouraging access to and usage of culture, sport, leisure and play activities).
- 5.3 A detailed business case for the proposed transfer of the Music Service to charitable status was prepared in consultation with the Transfer Steering Group and Music Hub Strategy Board and presented to Mayor and Cabinet on 7 September 2016 (see Background Paper 2). The benefits for both users and the Council are summarised as follows:

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

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

- 5.4 Continuing funding for music education hubs was announced by the DfE and ACE on 18 November. ACE will continue to distribute and monitor the grant. (See Background Paper 4).
- 5.5 Lewisham Music became a registered charity on 17 October 2016: '[The Charity Commission is] satisfied that Lewisham Music is a charity and it has been entered onto the Register of Charities with the Registered Charity Number 1169721. The decision to register was based on our assessment of the information supplied during the application process and the declarations given in the trustee declaration form and we are satisfied that Lewisham Music is established for charitable purposes only for the public benefit'.
- 5.6 Lewisham Music's Business Plan is attached (Background Paper 9). There is a 2017 to 2022 budget summary in section 11 and a cash flow summary in Appendix 4. The key assumptions and forecasts are as follows:
- 5.6.1 Schools income may reduce due to school budget pressures. This will be offset by reducing delivery costs, increased instrument hire for schools' own programmes and provision of new programmes that meet schools' curriculum and PPA needs.
  - 5.6.2 With the possibility of school music delivery falling as schools' budgets come under pressure and curriculum demands change (e.g. Ebacc), the budget planning assumes the need for expanded musical opportunities out of school. This will increase parental income.

- 5.6.3 ACE grant income beyond 2020 is unknown. A 10% cut has been assumed from 2020 to 2022. Compensation in possible grant income shortfalls will be achieved through increased external grant funding and charitable income.
- 5.6.4 The budget plan allows for the additional back office costs of a post-transfer re-organisation of middle management responsibilities. A new post-transfer Tutor Manager role would help the charity deal with the line management of tutors more effectively than is currently possible within existing arrangements.
- 5.6.5 Back office costs will rise in 2018 due to the increased premises costs incurred as a result of the move to the Fellowship. Some small budget deficits may arise in years 2 and 3 as a result. Budget deficits have been minimised through forecast additional income from premises hire of rooms in the Fellowship (in the parts of the building leased to Lewisham Music) and through forecast income targets through successful applications for new community grants.
- 5.6.6 One-off costs need to be met in the first two years of trading in order to replace services currently provided in-kind by Lewisham Council.
- 5.6.7 The budget is designed to ensure the reserve increases each year. Charity Commission require trustees to have a reserve policy. Without sufficient reserves the future of the charity may be at risk. The current cost of meeting staff member's 4 week notice period is £103,000. 3 months' operating costs are estimated at £15,000.

## **6. Lewisham Music's governance**

- 6.1 The objects of the Charity are for the public benefit:
  - (i) to advance education particularly (but not exclusively) in relation to music;
  - (ii) to advance the arts and culture, particularly (but not exclusively), by promoting and facilitating access to, performances of, and participation in performances of, music;
  - (iii) to provide for the recreation of members of the public by providing equipment, facilities and services to them in the interests of social welfare with the object of improving their conditions of life.
- 6.2 Lewisham Music is governed by a board of four volunteer trustees: Frank Doran (Chair), Esther Cavett, Gregory Shea and Carolyn Unsted. Along with a commitment to sustaining and developing the important and crucial role music education and the arts play in enriching the lives of children and young people and the wider borough community as a whole, they bring to the board many years' experience in a wide range of relevant areas including law, finance, education, culture, charities and business strategy.

- 6.3 The board will expand to a maximum of 12 members once transfer terms are agreed in respect of the proposed transfer of the Music Service. It will also set up sub-committees and advisory groups as required.

## **7 The transfer process**

- 7.1 Subject to Mayor and Cabinet approval of the recommendations above (3.1), the Music Service aims to transfer out from the Council on 1 April 2017.
- 7.2 The first stage of the transfer process involved establishing a charitable incorporated organisation with appropriate governance structures, to receive the transferring services (e.g. the assets and liabilities connected to the Music Service). As referred to in 5.5 above, this stage has been completed with the establishment of a charitable incorporated organisation, Lewisham Music, which was successfully registered with the Charity Commission on 17 October 2017.
- 7.3 The next stage of the transfer requires Lewisham Music to conduct a due diligence exercise, so that it accurately identifies the transferring assets and liabilities. This will include considering details around the transferring employees, important third party contracts, the existing pensions arrangements, other risks or issues associated with the Music Service and any relevant considerations connected to the premises within Trinity Primary School that will be occupied by Lewisham Music post-transfer (see 9.2). Once completed, this due diligence process will allow Lewisham Music's trustees to make an informed decision when accepting the transferring services (or theoretically, not to accept the transfer if significant liabilities are identified which are not appropriately dealt with by the Council). It will help highlight issues that need to be dealt with between the parties before the transfer can go ahead and/or in the legal documentation.
- 7.4 Once the due diligence exercise is complete, the findings will help the parties negotiate and finalise the legal terms governing the transfer agreement and other transfer documentation (such as the property and pension documents) based on the principles agreed in this paper.
- 7.5 For more details on the transfer process, please see the attached transfer steps document (Background Paper 10). This outlines the steps briefly discussed above.

## **8 Transfer of Undertakings (Protection of Employment) (TUPE)**

- 8.1 Music Service staff members will be transferred to Lewisham Music in accordance with the Council's TUPE guidelines. Officers will clarify the details of the transfer and the proposed TUPE measures through a staff consultation in January/February 2017.

## **9 Premises and assets**

- 9.1 The Music Service is currently situated in the Council's offices at Laurence House. Premises are hired as required from schools and community centres

for instrument storage, performances, projects, holiday courses, and weekly after school groups, borough ensembles, Saturday Music Centre and holiday courses.

- 9.2 From 1 April 2017, the Music Service has secured office space at Trinity Primary School, Leahurst Rd, Hither Green. (The Service already hires space for instrument storage from the school). This will become the operational base for Lewisham Music's management and administration teams until the Fellowship, Bellingham is ready for occupation (Spring 2018).
- 9.3 From Spring 2018, Lewisham Music will take up residence in the Fellowship, Bellingham as part of the re-development plan led by Phoenix Housing Association and funded by the Heritage Lottery Fund (HLF). In November 2016 HLF confirmed a £4.1m grant for the project (see Background Paper 5). The refurbished premises will provide rehearsal, studio, music examination centre, administration, storage and meeting spaces. The building will also have two large performance spaces available for live events and projects. These premises will give Lewisham Music an opportunity to play a major role in the cultural life of Bellingham and the surrounding area. It will work with local partners to apply for new funding streams to support music and arts programmes for community groups such as families, early years and the elderly. ACE officers are aware and supportive of these proposed developments.
- 9.4 The Music Service has a large stock of 4,671 instruments, a sheet music library, learning resources and other equipment such as music stands, sound recorders, and amplifiers that essential to effective delivery of its learning and performance programmes. Lewisham Music will continue to make instruments, resources and equipment available to schools and children and young people at affordable rates in accordance with current Music Service policy.

## **10 Risk analysis**

- 10.1 A risk register has been opened for the transfer plan (Background Paper 6).
- 10.2 A summary of the major risks is as follows:
  - (i) the transfer cannot take place due to the charity trustees and the Council failing to agree on transfer terms;
  - (ii) DfE funding for music hubs is withdrawn or reduced from 2020;
  - (iii) ACE fails to approve the transfer of the Lewisham music education hub grant from the Council to the charity;
  - (iv) the demand for music services reduces and income falls as a result of diminished reputation of the service following transfer.
- 10.3 There is mitigation in place such that none of these risks should be a barrier to transfer.

## **11 Legal implications**

- 11.1 The Music Service has sought independent legal advice in relation to its governance arrangements and charitable status which are appended to this Report. The Service will be regulated by the Charities Commission who monitor and offer support and advice to charities in the establishment of the charity, its running and, if necessary, any subsequent winding up. Its operation is subject to a regulatory regime including a statutory lock over its assets.
- 11.2 The Mayor is being asked to approve the business case set out by the proposed Music Service as an appendix to this Report and to agree the transfer of current Council assets and surplus to the organisation. This is for the Mayor to agree having satisfied himself as to the robustness of the business case.
- 11.3 The Mayor is also asked to agree one of the options relating to the potential liability of staff who transfer to the organisation but who are subsequently made redundant due to efficiency saving. These are set out at paragraph 12.2 requiring the Council to guarantee the redundancy liabilities of staff transferring to the new organisation and liabilities under the LGPS in respect of transferring staff who are members of the LGPS or eligible to become members. There are two options, one unlimited in time where the liability would remain until the last transferring member of staff leaves the organisation or for a more limited period of three years. It is stated that the viability of the organisation depends upon such guarantee.
- 11.4 Where staff transfer to an organisation and TUPE applies, their terms and conditions are protected. TUPE does not cover pensions. However, in relation to an outsourcing of function or contracting of services from a public body to a third party organisation the staff pensions are protected by a Government Direction which applies to Best Value local authorities and has statutory force .It is not certain if this transfer of the Music Service would be treated as an outsourcing as the Council will not be contracting services with the organisation. It is more of a Business Transfer to which the Direction does not apply. Even if the Direction did so apply and the staff pensions were protected, this would not automatically mean that the Council should underwrite the LGPS pension liability under either of the options in 12.2. The part of Pension Fund attributable to these staff would be treated as fully funded at the point of transfer but the risk of any underfunding thereafter would normally lie with the transferee employer who would obtain a Bond or other security to cover any such underfunding. Attempts have been made to obtain a Bond but the Council's actuary has confirmed that this is not possible. The Organisation state that they cannot meet this risk on current business case projections.
- 11.5 If arrangements are not put in place to deal with such potential underfunding of the LGPS attributable to these staff, then the other employers in the Lewisham Fund including other Admission Bodies would have to meet this cost should the risk arise.

- 11.6 In the light of the above, the Mayor will have to weigh up the benefits of agreeing to underwrite the redundancy and pension liability to aid the organisation and protect any strain on the Pension Fund against the cost to the General Fund of so doing.
- 11.7 The organisation would enter into an Admission Agreement which would reflect any such agreement reached by the Mayor and would be drafted to protect the position of the Council and the Lewisham Pension Fund under standard terms to comply with Pension Regulations.

## **12 Staffing liabilities and guarantees**

- 12.1 Council officers have identified the following liabilities and required guarantees which arise on account of the proposed transfer of staff under TUPE guidelines from the Council to Lewisham Music. The figures below are based on current tutor hours of delivery. (Staff hours vary with demand for services and it is possible there will be some variance in these figures when final calculations are made in March 2017). Lewisham Music Service currently comprises 8 salaried staff and 55 hourly paid claims based music tutors. All staff will be eligible for transfer.

Redundancy
Estimated total staff redundancy cost as at 31 March 2017 <b>£249,277.</b>
Cost of one month's notice period for all staff £103,209.
Of 63 staff members, 52 are entitled to a redundancy payment as they will have 2 or more years' of service from 31 March 2017.
LBL redundancy payment is double the statutory entitlement.
Local Government Pension Scheme (LGPS)
Estimated value of assets notionally transferred in respect of Music Service staff past service at commencement (1 April 2017): <b>£580,000.</b>
Value of bond or guarantee needed for Lewisham Music to be admitted to the scheme is in the range <b>£169,000 to £371,000</b> , including <b>£51,000</b> redundancy cost for one member age 55+. (Actuarial assessment 14 June 2016).
Admission to the LGPS will be on a 'closed' basis – only active or eligible staff members at the point of transfer will be in the scheme post-transfer.
5 staff members are currently in the LGPS. 2 staff members are eligible to join the scheme.
The employer rate is estimated to rise from 22.5% to 26% from the date of admission into the scheme (1 April 2017).

Teacher's Pension Scheme (TPS)
The value of guarantee needed for Lewisham Music to join the scheme is 3 months' combined employer and employee contributions plus 25% which may be required by TPS to take account of prospective/potential increases in liability due to salary increases and/or increases in staff numbers. On the basis that all eligible members are in the scheme at the point of transfer, this is estimated at <b>£33,885</b> .
Admission to TPS will be on an 'open' basis – active and eligible staff will be in the scheme post-transfer, and the scheme will be open to new Lewisham Music employees.
41 staff members are in the scheme as at 30 November 2016. 13 staff members have opted out but are eligible to join the scheme

- 12.2 Two options have been identified by officers in order for the above liabilities and guarantees to be met.
- 12.2.1 **Option 1: The Council acts as guarantor for all pre-transfer liabilities and for all LGPS liabilities and exit costs that arise through Lewisham Music becoming a LGPS Admission Body and agrees to cover the potential post-transfer costs of redundancy payments of transferring employees.**
- 12.2.1.1 Lewisham Music's reserves would be set aside to cover post-transfer redundancy liabilities.
- 12.2.1.2 In the event of insolvency, the government Redundancy Payments Service offers additional protection for employees (see Background Paper 7).
- 12.2.1.3 Council guarantees would permit Lewisham Music to be admitted to the TPS and LGPS, as required by law. As a result Lewisham Music would not need to secure a bond for admission to the schemes.
- 12.2.2 **Option 2: The Council acts as guarantor for all liabilities for a period of 3 years.**
- 12.2.2.1 Redundancy and pension liabilities would be re-assessed in 2019/2020 with liabilities passed back to Lewisham Music as required and as agreed in accordance with its financial resilience.
- 12.3 The trustees have indicated their concerns in relation to the sharing of redundancy and pension related risks and costs. They are unwilling to accept the level of risk exposure that would result from the Council not guaranteeing pension admission agreements, exit costs and pre-transfer

redundancy liabilities. If a transitional approach is adopted by the Council, and/or transfer terms are such that the charity would be required to take on an unacceptable level of risk exposure, the attached trustees' letter indicates that the transfer of Lewisham Music Service to Lewisham Music will be jeopardised. (See Background Paper 8)

### **13 Financial implications**

- 13.1 The full costs of the transfer are being met from Lewisham Music Service ring-fenced funds. This has been possible through a budget re-structuring in 2015/2016 and 2016/2017 (without any consequent reductions in levels of service) together with a budget surplus built up through rigorous controls of costs and expenditure. The total legal, consultancy and management costs of the transfer are estimated at £50,000.
- 13.2 The Music Service's estimated budget surplus at 31 March 2017 is £135,000. This will be transferred to Lewisham Music to provide an opening bank balance of £50,000 and a cash reserve of £85,000 (see Background Paper 9, Appendix 4).
- 13.3 The Music Service currently receives the benefit of in-kind corporate services from the Council. These are estimated to cost the Council £95,149 per annum. This covers services such as legal, finance, HR and property costs. In-kind services will be replaced by alternative providers on transfer. As a result these costs will be no longer be incurred by the Council following the transfer.
- 13.4 The Music Service's assets are valued as follows:

<b>Item</b>	<b>Value</b>
Musical instruments	Purchase value: £965,246 Current value (staged depreciation to 40%): £495,500
Sheet music and learning resources	£15,000
Other musical and business equipment	£8,200
<b>Total assets</b>	<b>£518,700</b>

Officers propose these assets are transferred to the charity so that they can continue to be made available to schools and users as well as provide a source of earned income for the charity. The assets could be utilised to offset the costs of insolvency if the charity was to default.

### **14 Crime and disorder implications**

- 14.1 There are no crime and disorder implications to the transfer proposal.

## **15 Equalities implications**

- 15.1 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 15.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected characteristic and those who do not.
  - foster good relations between people who share a protected characteristic and those who do not.
- 15.3 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed at 15.2 above.
- 15.4 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 15.5 The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:  
<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>  
<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>
- 15.6 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- [The essential guide to the public sector equality duty](#)
- [Meeting the equality duty in policy and decision-making](#)
- [Engagement and the equality duty: A guide for public authorities](#)
- [Objectives and the equality duty. A guide for public authorities](#)
- [Equality Information and the Equality Duty: A Guide for Public Authorities](#)

15.7 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:  
<https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>

## **16 Environmental implications**

16.1 There are no environmental implications to the transfer proposal.

## **17 Conclusion**

- 17.1 Lewisham Music Service and CYP officers believe that charitable status will enable the Music Service to maintain and develop its services for schools, children and young people in a sustainable way, enhancing creativity and value, as well as offering new opportunities for new users. It will extend the Service's ability to work closely with new and existing partners as well as engage with emerging new strategic directions across London and beyond.
- 17.2 With the Council acting as a guarantor, the charity's financial resilience and sustainability will be enhanced thereby giving the transfer plan the support it needs to be a successful venture.
- 17.3 The proposed transfer will facilitate access to new funding streams, improve resilience to the inevitable strategic and financial changes within the cultural and educational sectors, and give the Service the freedom to re-structure services and operations as required in order to maintain the provision of high quality services to its users.
- 17.4 These proposals will not lead to a reduction in services to schools nor will they disrupt children's learning out of school. The terms of the transfer will safeguard employment terms and conditions for current members of staff.

## **Background Papers**

1. Mayor and Cabinet paper 13 January 2016.  
<http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=3864&Ver=4>
2. Mayor and Cabinet paper 7 September 2016.  
<http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=4304&Ver=4>

3. Children and Young People Select Committee minutes 12 October 2016.  
<http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=134&MId=4149&Ver=4>
4. DfE Press Release about continuing funding for music education hubs.  
<https://www.gov.uk/government/news/thousands-of-children-to-benefit-from-music-and-arts-investment>
5. Fellowship Inn, Bellingham re-development.  
<https://www.phoenixch.org.uk/news/toast-fellowship-%C2%A34million-heritage-pub-restoration-confirmed>
6. Risk Register.
7. Government Redundancy Payments Service information.  
<https://www.gov.uk/government/publications/redundancy-payments-rp1-fact-sheet>
8. Lewisham Music Trustees' letter 16 December 2016.
9. Lewisham Music Business Plan and Appendices 2017 to 2022 (as at 16 December 2016).
10. Transfer summary step plan.

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