

Agenda Item	15.
Report No	PEO 11/18

HIGHLAND COUNCIL

Committee: People Committee

Date: 25 January 2018

Report Title: Council Redesign: Review of Music Tuition services

Report By: Head of Revenues & Customer Services (Review Team Leader)

1. Purpose/Executive Summary

- 1.1 As part of The Highland Council's Redesign Programme, a comprehensive and inclusive peer review of Music Tuition services has been undertaken and overseen by the Redesign Board. Significant opportunities have been identified to help grow and develop the service with options for redesigned service delivery appraised to deliver efficiencies and savings. The Council's Redesign Board has considered the final report and support the recommendation that for Music Tuition services to be affordable, sustainable and with scope to grow, reaching other people and places, they should transfer from The Highland Council to High Life Highland with effect from 1 April 2018.

2. Recommendations

- 2.1 Members are invited to:
- i. Note the findings set out in the Music Tuition services redesign report (circulated separately as Booklet A); and
 - ii. Agree the recommendation of the Redesign Board that Music Tuition services should transfer from The Highland Council (THC) to High Life Highland (HLH) with effect from 1 April 2018.

3. Background

3.1 As part of The Highland Council's Redesign Programme, the Redesign Board considered the final report on the review of Music Tuition Services on 19 December 2017 (a copy is circulated within your Committee papers).

3.2 This report to People Committee provides a detailed summary of the review and seeks Committee approval to the Redesign Board's recommendation that Music Tuition services should transfer to High Life Highland with effect from 1 April 2018 in line with the recommendations to be progressed operationally as detailed in the report from the review team.

4. Music Tuition services

4.1 Music Tuition services are delivered by The Highland Council (THC) in schools through a specialist, central unit which is part of the Care & Learning Service (it is not managed through schools). It is non-statutory and is in addition to curricular music and the instructors employed are not teaching staff and are in addition to curricular music teachers. Pupils are released from normal classes to attend.

4.2 Music Tuition services comprise:

- Instrumental Music Tuition – delivered weekly by THC visiting music instructors in schools (administered by Highland Instrumental Unit), either through one-to-one or group tuition
- School and Area Music Groups – extra-curricular groups run by THC Music Instructors on a voluntary basis
- Highland Young Musicians (HYM) – financed by participant membership fees, supporting Saturday/weekend local and regional groups.
- Youth Music Initiative (YMI): funded by Creative Scotland with four projects, all aimed at primary-school level, providing introductory music sessions – some projects cover all primary schools, others a proportion of schools. This is funded by Creative Scotland on behalf of Scottish Govt. Fèisean nan Gàidheal delivers some of the YMI programme on behalf of the Music Service.

4.3 The current approach of the Music Tuition services is to promote and nurture access to music for children and young people in Highland, contributing to their creative education.

4.4 Instrumental Tuition, as one component of this overall approach, is delivered to approximately 3,000 pupils per annum; about 10% of all pupils. Instrumental Tuition is provided to pupils in 82% of schools (all secondary schools, 83.5% of primary schools, none of our 3 special needs schools).

4.5 Approximately 80% of pupils pay for the Service. 20% receive the service for free; those who are working towards an SQA Music qualification and/or their families are in receipt of certain (financial / welfare) benefits. Highland Council take-up and fees are in the top quartile in Scotland.

5. Affordability

5.1 Music Tuition services is a non-statutory service where the Council has discretion over whether to deliver the function, its service standards and the level of expenditure. The expenditure budget for 17/18 is £2.386m. The forecasted income budget is £1.296m, however this can vary year on year. The net budgeted cost to the Council

of the overall service is therefore around £1.09m per year. The current revenue budget for 17/18 is predicted to overspend by £143k. For 16/17, the budget was overspent by £191k.

- 5.2 In February 2017, the Council agreed Music Tuition savings of £70k as part of the budget setting process for 17/18. The predicted overspend above includes the assessment that the £70k will not be fully delivered.
- 5.3 Over the last two years take-up has been showing some decline - 3,400 pupils on average in 15/16 reducing to 3,100 in 16/17 and 2,950 for 17/18. Fees/prices increased by 10% in 16/17 and 9.5% in 17/18. There are at least 268 pupils on waiting lists held by Instructors.
- 5.4 There are challenging grant settlements and also additional cost pressures of approximately £70k per annum that require to be managed such as pay awards.
- 5.5 In addition to meeting this evident need for change, this review process has identified significant opportunities to help grow and develop the service, effectively and efficiently.

6. Review process

- 6.1 The Review team approached the review in several key ways:
- Reviewing the strategic aims and objectives of the service - to consider the priorities, benefits and outcomes of the service and its relationship with the wider objectives of the Council.
 - In depth appraisal of the current financial management, business planning and business and administrative process - in order to review how the service is currently operating, the opportunities for efficiency and growth.
 - Reviewing the relationships and partnership working with the Council and other services - to consider the wider delivery approach and relationship with other providers.
 - Undertaking a detailed options appraisal of the options for delivering the service in the future - in order to consider how best the service could be provided, ensuring greater efficiency and financial sustainability for the future.
- 6.2 In order to address the areas highlighted above, it was important to consider information from a variety of sources and formats. The Review team used the following approaches to gather information and evidence:
- 6.2.1 Review of documentary evidence
National and international reports on music tuition including on the benefits and delivery approaches taken.
- 6.2.2 Review of financial documentation
- Payment strategy, billing and collection processes, procurement opportunities.
- 6.2.3 Stakeholder Engagement
- Staff engagement - critical to understanding the way in which the service currently operates, the areas which currently aren't working as well as they could and the opportunities for change and improvement from those working directly in the field. Engagement mechanisms with staff included
 - A member of the tuition service team being co-opted onto the review

- team
 - Two half-day workshops
 - An electronic survey was sent to all instructors
- Customer engagement – crucial to understanding the view of how the service operates, the benefits of the service, what could improve the service, what may encourage more pupils to use the service and the opportunities for change. Engagement mechanisms with customers included:
 - Survey to primary head teachers and secondary music staff
 - Discussions with special schools
 - Survey to current users of the service
 - Survey to recent leavers of the service
 - Survey to all S1 parents as potential users of the service

6.2.4 Partner Organisations

- A range of key partner organisations were identified to aid the team's understanding about current partnership arrangements and potential future opportunities:
 - Local Authorities in order to understand alternative delivery approaches
 - Fèisean nan Gàidheal as the delivery partners for the Youth Music Initiative
 - High Life Highland as the charity formed by The Highland Council to develop and promote opportunities in culture, learning, sport, leisure, health and wellbeing
 - Friends of Highland Young Musician as the parent representation body
 - Visits to schools and performances in order to understand the working and functioning of the service. This included 2 observations of individual lessons, to see lunchtime and after-school group rehearsals and also a multiple area group concert.

7. Review findings

7.1 There are many financial and non-financial benefits from Music Tuition services. In addition to music tourism spend of about £105million in Scotland, the non-financial benefits can be summarised as:

- increases memory capacity
- refines time management and organisation skills
- boosts team skills
- teaches perseverance
- enhances coordination
- improves reading and comprehensions skills
- improves speech
- increases responsibility
- exposure to cultural history

7.2 Music Instructors, school staff and parents of current and past users identified a range of benefits as a result of receiving music tuition. This ranged from academic/musical skills gained through learning an instrument including increased concentration and mental and physical co-ordination through to wider social/learning benefits including self-esteem, confidence and team building skills. The parents of current users of the service were asked about the benefits they believed their child got from learning to

play an instrument. Over 90% of respondents reported that music tuition:

- Gave them the skills of playing an instrument
- Created a sense of achievement
- Allowed them to be part of something
- Increased their confidence
- Improved their self esteem

7.3 In addition to highlighting the need for change, the review has identified significant opportunities for Music Tuition services to grow and develop enabling this non-statutory service to be delivered within affordability:

Leadership and management

- Improving the current business, leadership and management of the service and improved focus on business planning
- Having clear aims and objectives for the service connecting the tuition service with broader organisational priorities.

Improving operational service delivery

- Providing diversification in instrumental provision and expanding services to include others such as voice
- Expanding the service into after-school/evening and adult markets
- Developing a more commercial pricing strategy and delivering a better balance between increase in costs and affordability.
- Growing the business enabled by an effective service delivery model supported by improved customer recruitment processes and marketing of the service
- Improving the digital approach to processes, including customer recruitment

Developing wider social benefits

- Having wider learning opportunities available to schools and to individuals, who could specifically benefit from this type of learning,
- Providing equity in the service across the Highland area.

7.4 As section 5 of the report details, the need for change is established with significant opportunities identified. The review determined that the current strategy of increasing prices to deliver savings – and help deliver affordability – is resulting in a materially lower level of customers and therefore income. Additional costs of around £70k per annum for staff costs, pay awards etc are also required to be met.

8. Service Delivery Options

8.1 The 4 possible service delivery options were identified:

- Ceasing/reducing the service
- Partnership and/or integrated
- In-house
- Arms-Length External Organisation (ALEO)

A *Strengths/Weaknesses/Opportunities/Threats* (SWOT) review of the options was undertaken. A detailed summary is presented through the remainder of section 8.

8.2 **Ceasing/reducing.** There are significant disadvantages to ceasing or reducing the

service, both to the organisation and to individual pupils.

- 8.2.1 To the organisation, there would be redundancy implications resulting from stopping the service and correspondingly, no savings realised until at least 2019/20. There also may be reputational risk to the organisation from ceasing the service. The service is recognised for its excellence and valued by parents, pupils, staff and former users. Any attempt to remove the service is likely to result in reputational damage to the organisation.
- 8.2.2 To individuals, the benefits of the service have been well documented in the report. These benefits are both from an educational perspective but also wider social and emotional benefits. The loss of the tuition service would result in many not having, or being able to afford, a similar opportunity. There is considerable experience in the staff group currently operating in Highland, with significant commitment to the service and extra-curricular activities they provide voluntarily to pupils. There is also a strong school and area music group structure operating providing additional learning benefits for young people.
- 8.3 **Partnership / integrated.** The only clear potential partner would be through Fèisean nan Gàidheal as they have coverage across Highland.
- 8.3.1 Whilst they have clear strengths as an organisation, a strong track record of delivering music tuition and an existing partnership arrangement through the delivery of the Youth Music Initiative, this was not considered a viable option going forward.
- 8.3.2 The organisation does not currently have a delivery model that would support the direct employment of staff and this could put undue financial liability on the organisation and potentially threaten their sustainability.
- 8.3.3 The ethos of the Fèis movement is embedded within the traditional music scene and the delivery of this service would result in a change to this approach. Ultimately, whilst committed to continuing the existing partnership, there was no clear appetite from the organisation to broadening the scope of their service and providing this on behalf of the Council.
- 8.4 **In-house.** The option of continuing with delivering the tuition service in-house was identified as a viable delivery model going forward.
- 8.4.1 However, the current strategy of increasing prices is not achieving the necessary savings. As reported within the review report, customer numbers are down 9% in 16/17 and 5% in 17/18 whilst prices rose by 10% and 9.5%, respectively. The only alternative to deliver future savings under the current model is to reduce staff numbers.
- 8.4.2 Clear weaknesses in the existing system were identified, particularly with regards to the current structure and lack of business planning and processes in place. The service delivery model is inefficient and savings are not being fully achieved. All were identified as areas requiring change moving forward. There were strengths in the existing model particularly with regards the musical expertise within the management structure, the flexibility to vary the delivery model and the commitment and dedication of music instructors.
- 8.4.3 The opportunities identified for growing the business could potentially be realised through an in-house approach: growth and diversification in customer base and

services on offer, commercial pricing approaches and digital approaches to processes. However, the analysis recognised that this was not an approach taken to date. It would rely not only on a shift in culture and approach across the service but it would likely require new capacity, processes etc. which do not currently exist in-house.

8.5 **ALEO.** The SWOT analysis of the option for delivering the service through an arms-length organisation also identified that this was a viable option.

8.5.1 With an existing ALEO in place, High Life Highland, many of the potential opportunities and benefits of this model were the proven track record and experience of the organisation. This was particularly in relation to the commercial approaches already identified by the business, the approach to financial and business management and the experience of growing the business. As an existing delivery partner, relationships already exist with schools and there are shared social objectives.

8.5.2 *HLH Business Approach and Savings:* The track record of HLH is important. 79% of HLH's funding came from the Council when it was established in 2011 and now council funding is 54% of its budget. Taking account of the additional work which THC has asked HLH to deliver over the past six years, its actual funding has reduced (excluding the £1.8m rates savings which it makes) by £4m, giving a total year on year saving of £6m to THC. While making savings, the quality of service provision has improved as is evidenced by, for example: the increase in customer numbers from just over 2M when it was established to just under 6M (excl. Inverness Leisure) last year; and libraries having achieved the customer service excellence standard.

8.5.3 The contractual arrangement between the Council and HLH requires HLH to make annual savings. If Music Tuition services were to be transferred to HLH there would be an annual saving to the Council of £80k per annum comprising savings from the reduction in the HLH Services Fee (as per the agreement in the Service Delivery Contract) and THC not having to provide inflationary increases for salaries etc.

8.5.4 As reported at section 7.4, if THC were to retain the service in-house, it would be faced with the need to provide additional funding to maintain the current service levels and increased cost of pay awards and increments etc.

8.5.5 Table 1 provides the financial assessment for the 5 year period to 2022/23 should the service transfer to HLH from 18/19 and is predicted to deliver financial gains to the Council in excess of £1m (£1.15m).

Table 1

Year	Costs avoided (£)	Savings (£)	Total for year (£)
2018/19	70k	0k (1)	70k
2019/20	70k	80k	150k
2020/21	70k	160k	230k
2021/22	70k	240k	310k
2022/23	70k	320k	390k

Note 1. Whilst savings will be delivered during, it is estimated that some one-off 18/19 instrument investment will be required to meet increased customer demand

8.5.6 *HLH Business Planning Approach:* Music Tuition services would be included in HLH's business planning processes, which includes full involvement of their staff, and treated in the same way as its other services where service delivery is protected through:

- Assessing opportunities to earn more income;
- Deliver efficiencies; and
- Only considering service reductions where absolutely necessary and ensuring that the customer impact of these is minimised.

8.5.7 There are also opportunities for HLH to grow the music tuition customer base in a similar way to what it has achieved with its other services and this includes delivering services to more school pupils and also by developing more commercial music tuition services to new, non-school customers including adult and family lessons.

8.5.8 As part of HLH, Music Tuition services would gain an individual identity as a Music Tuition service in the same way as the other HLH Services (e.g. Libraries; Youth Work; Museums; etc.). It would also benefit from having an HLH identity which has become a trusted customer brand in the Highland Council area. This would allow an improved customer profile for music tuition and along with the clear setting of aims and objectives potentially strengthening the position of Music Tuition services.

8.5.9 There are a number of developments and opportunities which could be considered by HLH should a transfer be agreed, such as:

- Youth work and music staff could work together to support young people who might not otherwise participate in music programmes or develop targeted music programmes;
- Opportunity to develop a volunteering programmes around music as part of, or similar to, the HLH Leadership Award, dance leadership or the High Voltage Libraries volunteering programme.
- Opportunity to consider new models of service delivery and associated pricing structures;
- Opportunity to change staffing over time to allow more flexibility to deliver music tuition out-with school times and settings;
- Opportunity to link Music Tuition services and other HLH Services such as Youth Work to improve targeting (e.g. to make the service more accessible to disadvantaged young people);
- Opportunity to market Music Tuition Services to the existing HLH customer base and work with other HLH services to deliver joint projects;
- Opportunity to utilise existing customer booking systems which could be adopted for use for music tuition, linking this with social media advertising and enabling a wider range of staff (in e.g. libraries and leisure facilities) to take bookings to reduce cost and increase customer numbers.
- Opportunity to introduce operating efficiencies over time to contribute to savings targets;
- Opportunity to identify new projects to increase income;
- Opportunity to strengthen the relationship between Music Tuition services and individual schools through formal partnership agreements with schools (as is done for youth work).

8.5.10 *Managing the Service:*

The Service Delivery Contract between THC and HLH requires HLH to maintain price increases within the inflation levels set by THC unless there is specific agreement to do otherwise. In setting charges, HLH is required to take account of the following principles:

- Ensuring affordable access to all sections of the community to encourage participation;
- Fostering social inclusion for those who are economically and socially

vulnerable;

- Developing opportunities across a broad range of activities for an increasing range of participants;
- Reflecting differing local priorities and size, quality and design of facilities;
- Raising income;
- Maintaining free use of school facilities for school and youth work activity, while allowing charging for additional facility management costs incurred;
- Maintaining free access to outdoor facilities to host events delivered directly by the Inverness Festivals Working Group.

8.5.11 Discussions between Council representatives and the Joint Secretary (staff side) of the Local Negotiating Committee for Teachers and Associated Professionals (LNCT) and other unions are taking place to help support a smooth and timeous transfer if the Music Tuition service is transferred HLH. Under Transfer of Undertakings (Protection of Employment) Regulations (TUPE), staff would transfer to HLH on their existing terms and conditions. Music Instructors conditions of service are nationally negotiated at SNCT with devolved conditions being negotiated through LNCT. Following TUPE, THC and HLH would continue to facilitate any negotiations on devolved terms and conditions of Music Instructors through the LNCT. All Music Instructors employed by HLH, both those transferred and newly employed MI, will be employed on the terms and conditions as determined by SNCT and LNCT.

8.5.12 The development of Music Tuition services going forward would be overseen by the HLH board. THC has 4 Members on this Board.

8.6 Whilst some of the strengths of the delivery models are shared between HLH and an in-house approach, HLH are better placed and more experienced in order to provide the transformation required of the service to ensure that it is efficient, effective and sustainable going forward.

9. Redesign

9.1 In considering the peer review team's report and recommendations the Redesign Board on 19 December 2017:

- Expressed their thanks to the review team for their detailed and a very comprehensive report;
- Felt that the dedication of the staff currently delivering music tuition needed to be recognised and acknowledged, noting that the same group of staff as at present would continue to deliver the Music Tuition service if transferred to HLH;
- Acknowledged that HLH had an excellent track record of successfully transferring Council services and promoting and growing services. This proposal therefore presented an opportunity to build on the current service and introduce improvements in future years, with more choice and flexibility than at present including on-line learning, as well as dealing with current waiting lists and the provision of instruments. They noted too that HLH already provided music tuition in Community Centres and that partnership working with Feis would continue and develop;
- They did ask for assurance that if the transfer takes place that HLH design and maintain a business plan (which is one of the recommendations made by the Review Team as part of the report to the Board)
- Some Board members had concerns as to why all the opportunities

identified including improvements required could not be best taken forward in-house within existing services and there was discussion on level of debt which had been incurred to date and the need for an audit of current instruments prior to any transfer being undertaken.

- While retention of music tuition services 'in-house' was one option, following a vote by a show of hands, it was considered by a majority of the Board Members present that transfer to HLH offered the best prospect for future success

9.2 Accordingly the Redesign Board agreed to recommend that Music Tuition services should transfer from The Highland Council (THC) to High Life Highland (HLH) with effect from 1 April 2018. The Care and Learning Service directorate is also supportive of these recommendations as is the Music Development Officer (manager of the Music Tuition service).

9.3 At a meeting of the HLH Board on the 13 December, the Board considered the potential option to transfer Music Tuition services to HLH and agreed in principle to this proposal subject to agreement on budgets, management of grant funding, transfer of any relevant ICT assets and a joint plan for any future redundancies associated with the reduction of Creative Scotland grant funding.

10. Implications

10.1 Resource

- Resource implications are detailed within the report.

10.2 Legal

- TUPE transfer would apply. Music Tuition services is a non-statutory service where the Council has discretion over whether to deliver the function, its service standards and the level of expenditure.

10.3 Community (Equality, Poverty and Rural)

- There have been equality and rural implications identified with the operation of the current service. There are equality implications because the service is not provided in all special schools, therefore not providing some disabled pupils access to the service. There are rural implications as a number of the schools in rural communities do have the service provided. Going forward, the service delivery model proposed will seek to adopt working practices to increase accessibility and access to the service in order to address the implications identified. Should transfer be agreed, High Life Highland would undertake equality, poverty and rural impact assessments of the business plan and approach proposed.

10.4 Climate Change/Carbon Clever

- The service delivery model going forward proposes to seek more effective ways of delivering the service across a wide geographical area and reduce the travel times and distances for instructors wherever practicable.

10.5 Risk

- The current service is not sustainable in its current form and therefore change is required.

10.6 **Gaelic**

- There are opportunities to grow the service through increasing and diversifying the provision of traditional music which could assist in the promotion of Gaelic language and culture.

Designation: Head of Revenues & Customer Services

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