



PROJECT INITIATION DOCUMENTATION

DETAILED BUSINESS CASE

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Programme Name	n/a	Portfolio Holder:	Cllr Don Stockton
Project Reference Allocated	Tbc	Service:	Investment, Employment & Skills
Senior Responsible Owner (SRO):	Caroline Simpson	Project Manager	David Laycock
Date endorsed at Gate 1		Major Change project number	tbc

1. Background

The landscape in which frontline services are designed, structured and delivered is changing rapidly in response to new legislation, government policy and changing market conditions. Cheshire East Council (CEC) is responding to these pressures and in February 2013, the Council announced its three year plan to becoming a strategic commissioning council. This consisted of 29 major change projects covering 8 key priorities and focused on delivering 5 outcomes.

Two of those outcomes specifically relate to Skills & Growth:

OUTCOME 2: *Cheshire East has a strong and resilient economy*

OUTCOME 3: *People have the life skills and education they need to thrive*

Skills and growth policy is undergoing radical reform. Aligned to the Government's Productivity Plan three priorities have been set; to meet employer needs, to get people into work and to increase business investment to improve productivity. To this end, a 4 prong approach is being taken to review skills provision, increase apprenticeships, ensure there is strong careers information advice and guidance, and to look at new ways to get people into work. These initiatives will mean far reaching changes to how skills and growth services are commissioned and delivered. It is therefore an imperative that Cheshire East is well prepared.

The borough is already home to a highly skilled workforce, strong labour demand, employment rates that are significantly above regional and national averages, and low (and falling) levels of unemployment. However, there remain pockets of deprivation and high levels of unemployment in defined areas where targeted intervention programmes are needed. We need to build on our strengths by establishing a collaborative and integrated skills and growth gateway to meet employer needs and maximise the benefits of changes to national policy. Specifically, helping get young people into work, tackling long-term unemployment and reducing NEETs, increasing the productivity of our businesses through investment in upskilling, reskilling, talent and leadership, ensuring our key sectors and businesses thrive and attracting inward investment into borough.

The skills and economic growth services offered by the Council are currently supplied by a number of disparate teams and individuals in different service areas. It is considered that a more cohesive and consolidated approach will achieve an impact greater than the sum of its component parts. This will better support employment, create an improved labour market function, maximise growth in high value sectors (e.g. science, energy, technology) and enable more residents to access those jobs, improving productivity. The net result of these outcomes will be a more prosperous borough with less dependency on council and other public services. The ambition is to make Cheshire East the best place to live and work in the UK.

To support the achievement of these outcomes a review of the skills and growth services has been completed, identifying and considering alternative operating models which could be used in their delivery. A guiding principle of this review has been the desire to create an integrated, effective, and locally responsive service, whilst responding to planned cuts in government grant funding and rapidly changing skills policy centred around both employer and employee needs. In addition, there is the obvious requirement of ensuring that any solution supports the Council in achieving its goals.

The purpose of this business case is to set out the case for change and how the implementation of a Skills and Growth ASDV best meets the Council's objectives. The business case has been developed in accordance with the Council's ASDV Framework guidance and proposes an appropriate project management regime to ensure delivery against time, cost and quality criteria.

It should be noted from the outset that this business case presents 2 options:

Option A (the preferred option)

Includes the transfer of the Life Long Learning service to the Skills and Growth ASDV.

Option B

Excludes the transfer of the Life Long Learning service to the Skills and Growth ASDV (the service would therefore remain with the Council).

Approval is now sought to proceed with either option depending on whether or not the Skills Funding Agency's funding of the Life Long Learning service can be transferred to the Skills and Growth ASDV.

2. Rationale: Why the project is needed

Economic growth is a top priority for the Council. A strong economy and labour market will be key to making Cheshire East a more prosperous place, reducing dependency, benefitting business, residents and the Council itself.

It is considered, linked with Cheshire East's strong economic potential and changes to skills policy, a Council-owned company can improve the labour market function, maximise growth in high value employment and enable more residents to access jobs, reducing long-term unemployment and NEETs.

Research recently carried out by Organisation for Economic Co-operation and Development (OECD) concludes skills and mobilisation of the workforce is the number one factor for driving growth in the UK. Furthermore, there is robust

evidence confirming that lack of skills and workforce flexibility is a key factor in holding back the productivity of the UK's economy.

Government's investment in employment and skills provision in Cheshire East is estimated to be as much as £100 million annually, excluding higher education, although less than 1% of this investment is currently channelled through the Council.

Cheshire and Warrington has the fifth fastest growing economy in the country, with the pace of growth outstripping most northern cities. Cheshire East is largely driving this growth through its high skills base, new business starts, low unemployment and sectoral strengths in science, rail & engineering, advanced manufacturing, digital and creative Industries together with finance & professional services. Arguably, Cheshire East in its own right can be identified as becoming one of the strongest economies in the country.

That said, much of the economic growth in Cheshire East over the recent growth period (1998-2008) was in the public sector (70%) and there was a decline in manufacturing (-36%) over the same period. Going forwards, growth will be private sector led, which needs to be stimulated and facilitated. It is expected over 1250 private sector jobs a year will be created during the local plan period through to 2030. The productivity of our businesses needs to remain strong and indeed increase with a focus on high value, highly skilled jobs, whilst at the same time catering for all labour market demands. This can only be achieved by taking a fresh approach to the Council's skills and growth services to ensure the labour market is fully functioning and employer led, businesses are investing and jobs are being created.

The Government is expected to make significant cuts to the skills and training budgets as part of its drive to reduce the deficit. These cuts will have a profound and wide-ranging impact on skills policy and provision. Adult Skills and Community Learning grants to local authorities are set to be cut by over 24% in 16/17 with similar cuts forecast in the years to come. This comes at a time when the importance of skills to a prosperous economy is increasing.

Government is seeking to simplify and localise controls, devolving powers and responsibilities into the regions, and putting the needs of businesses and employers first. Devolution Deals, Local Area Reviews of Further Education, a new Apprenticeship Framework, Employer Levy and the Youth Obligation are all being implemented in the next three years, which will bring big changes locally. An ambitious target has also been set to create 3,000,000 apprenticeships over the life of the parliament.

Considering the scale of the skills and employment funding opportunity, combined with the changing landscape of skills policy, it is timely to evaluate how best the Council's skills and growth services are delivered to ensure we are best placed to **create employment opportunities for all** and to **attract and grow business, creating high quality employment**.

By better understanding the needs of our employers and bringing them closer to training and skills providers at a local level, we can realise economies of scale, address skills shortages and develop employment opportunities, ensuring **every resident has the opportunity to work**, and **every business has the opportunity to thrive**.

3. Options Appraisal and Proposed Solution

A detailed options appraisal has been completed (attached as Appendix 1) and has determined that the option of creating a single wholly owned company limited by shares is recommended.

That appraisal considered the functions delivered by the following teams:

- Skills and advisory services (e.g. Life Long Learning, 14+ Skills)
- Economic policy, sectoral development and Major Projects (e.g. Science, Energy, Digital, Advanced Engineering, Agri-tech and Financial Services)
- Business and Enterprise Growth (e.g. Rural Enterprise Business Engagement, inward investment, high growth business lead generation programme)

Services delivered by the Workforce Development team were originally defined as being in scope, but have been de-scoped while further consideration is given to the future of the service in the council. There remains an aspiration to deliver apprenticeship, leaderships and talent services commercially from the company. As such, should an opportunity arise from the review of Workforce Development functions, aspects of the service may be brought into scope at a later date.

For the purposes of this business case the functions delivered by the following teams have also been considered out of scope. It might be that elements of these services could be considered for inclusion in the company at a later date, subject to consideration by the council.

- Primary Education
- Supported Employment
- Complex Needs
- Special Education Needs

The conclusion of the review has been to include functions and services currently provided by the following specific teams:

1. Major Projects
2. 14+ Skills including/excluding Lifelong Learning
3. Business Engagement and Inward Investment
4. Rural Enterprise

A list of the functions delivered by these teams is given in Appendix 2. It is clear the council wishes to grow these functions and services to support more

of our residents and businesses, and to increase the prosperity of the borough.

It should be noted that the services delivered by the Life Long Learning team are not funded by the Council but funded by the Skills Funding Agency (SFA).

In order to transfer the Life Long Learning team to the Skills and Growth ASDV:

- a) The SFA must agree to transfer the funding to the Skills and Growth ASDV or allow another level of subcontracting (to allow the funds to be transferred from the Council to the Skills and Growth ASDV) ; and*
- b) The Skills and Growth ASDV must be registered as a Registered Training Organisation (RTO)*

Dialogue with the SFA is ongoing to resolve the above matters but the final decision rests entirely with the SFA. If permission is not granted by the SFA the Life Long Learning Team will need to remain in the Council.

Throughout this paper any key differing impacts of these two options is identified in the highlighted sections as:

Option A - Company including Life Long Learning

Option B - Company excluding Life Long Learning

In the development of the business case it has also been recognised that a fully integrated model working closely with related council services (e.g. Youth Engagement Services, Supported Employment, schools services), other skills and growth service providers, businesses, young people, government and the Cheshire and Warrington LEP will be the key to success.

This recommendation to establish the company is made on the basis that it:

- ✓ Provides freedom to explore additional revenue/grant earning opportunities
- ✓ Encourages a commercial approach to business delivery and income generation
- ✓ Avoids conflict between strategy and delivery functions and gives a common sense of purpose
- ✓ Aligns to our Commissioning Council approach
- ✓ Gives more agility and freedom, particularly when recruiting
- ✓ Provides upskilling and personal growth opportunities for staff
- ✓ Gives greater operational flexibility
- ✓ Generates higher motivation and closer alignment so delivering better services
- ✓ Creates better investment opportunities
- ✓ Provides opportunities for new delivery models
- ✓ Retains a strong and integrated strategic relationship with other functions of the Economic Growth and Prosperity directorate

The proposed operating framework for the new company is illustrated in Appendix 3.

Particular advantages that an ASDV will have include:

- Increasing business rates collected by the council
- Increasing the prosperity of the borough by increasing employment opportunities and jobs
- Meeting employer labour market needs and increase the skills base, specifically in high skills associated with growth sectors
- The ability to generate profits from discretionary skills and growth services
- Greater opportunities to offset losses associated with cuts to Adult Services Budget (ASB) and Community Learning Budget (CLB) government grants through efficiencies and commercial opportunities
- Enhancing the reputation and profile of the borough and the council
- Providing services to other public and private sector organisations on a commercial basis providing economies of scale and offsetting costs for Cheshire East Council
- Reducing demands on public services by getting more people into work and improving health outcomes associated with being in work
- Managing the impact and maximise the benefits of skills and growth policy changes
- Overcoming the perception that the service is provided by a staid council operation with no real commercial experience. Entrepreneurs establishing new companies are more likely to seek, and pay heed, to advice and support from a more independent and commercially focused organization.

Project Objectives and Deliverables

The primary objective is:

To create (by 1st April 2016) an efficient, effective and value-adding Wholly Owned Company , limited by shares, for the delivery of the Council's Skills & Growth services, which support a strong and resilient economy and ensures that citizens have the life skills, education and opportunity to thrive. This will place the needs of Cheshire East residents and businesses at the heart of the company's activities.

Supporting objectives

- To create (by 1 April 2016) a wholly owned company , limited by shares, for the delivery of Skills & Growth services that is a fully equipped to succeed by virtue of having;
 - The ability to leverage council resources to get more from less
 - A fully integrated multi-skilled approach

- Strong and tangible relationships with skills providers, Schools, FE and HE
 - Strong and tangible relationships with employers, investors and policy makers
 - Robust contractual arrangements agreed
 - A high profile and positive identity, brand and market position
 - A detailed business plan and communications strategy for the subsequent 3 years with outline plans for the succeeding 2 years
 - An integrated governance model and delivery plan with other council services delivering to a common skills and employment mandate.
- To reduce duplication, eliminate silo working and streamline service management to ensure a more coordinated approach to service delivery.
 - To plan for and take advantage of policy changes related to the delivery of skills and growth services, devolution and the LEP strategic economic plan
 - To achieve best value and quality for skills and growth services and to reduce net operating costs wherever possible using an agreed performance framework, so as to ensure the best possible service for residents and businesses.
 - To maximise the new opportunities and flexibilities to deliver services that an ASDV offers, hence delivering the expectations of the business plan and in accordance with the assumptions and timings contained within that plan.
 - To identify, retain and subsequently TUPE transfer all staff to the new delivery vehicle and subsequently develop and motivate those staff to deliver service improvements and excellence.
 - To successfully apply for Registered Training Organisation (RTO) status with the SFA allowing the company to deliver training contracts in excess of £100k and to facilitate bidding for additional grant funding

Key deliverables

- Shadow operation of the company from January 2016
- The set up and registration of a company limited by shares
- Appointment of a company board of Directors
- A detailed service specification and contract (including all assets, maintenance issues and performance measures) which has been agreed by both the Company and Council
- Detailed TUPE consultation with all affected staff
- Successful user acceptance testing (UAT) of all supporting systems and procedures
- Formal transfer of staff and the service responsibilities
- Development of a company business plan and performance framework

Management Arrangements

The ASDV will be managed by a board of Directors, which will include 3 appointed non-executive Members. There will also be a nominated officer representative on the board.

In accordance with the decision by Cabinet (24 March 2014) to create a group structure for its ASDVs (Alternative Service Delivery Vehicles) it is anticipated that the new company will be formed as a subsidiary of the Council's 'Cheshire East Residents First' (CERF) parent company with 80% ownership resting with CERF and the remaining 20% directly owned by the Council

Proposed Governance Board Membership (Day 1):

ROLE	COMPOSITION
CHAIRMAN	MEMBER – Cllr Paul Bates
DIRECTOR	MEMBER – To be confirmed
DIRECTOR	MEMBER - To be confirmed
MANAGING DIRECTOR	OFFICER – Julian Cobley

Within the governance structure it is critical that individual roles and responsibilities are defined in a way which allows for clear and robust arrangements that value and recognises the contribution of both organisations.

These responsibilities will clearly be set out in the 'Articles of Association' and service specification which will define the type and amount of influence that the authority will have with the ASDV and will cover key issues such as:

- Financial responsibilities
- Management of Risk
- Business Planning
- Service Standards

It should be noted that:

- The Board may, at some point in the future, determine that it would be beneficial to invite voluntary advisors onto the Board from organisations such as government departments and skills provider businesses, charities and third sector organisations
- The board may determine that it would be advantageous, at some point in the future, to establish subsidiary companies (including social enterprises) that would allow it to exploit additional funding opportunities
- The proposal assumes that the ASDV will qualify for exemption by virtue of having at least 80% of its turnover derived from services delivered on behalf of the Council (Public Contracts Regulations 2015). The remaining 20% of turnover can be profitable. This is confirmed in the financial business plan.

Contractual arrangements

The ASDV will have a strategic contract, a detailed method statement and a set of outcome-based Key Performance Indicators. To oversee the delivery of this the Council will need to identify an officer to the role of commissioner to manage the contract and contractual relationships. This will include the relevant contract monitoring and management, general client relationship and any specific management requirements.

The contract will ensure that any functions delivered to services remaining within the council will continue to be delivered by the company, thus avoiding the requirement for duplication or backfill arrangements. It will also ensure that the company's key goals remain aligned with the Council's strategic vision for growth and prosperity.

The client commissioner to the ASDV will be the Business Manager for Economic Growth and Prosperity, or another post named by the Strategic Director of Economic Growth and Prosperity.

4. SWOT Analysis

A SWOT analysis is attached as Appendix 4 and will be revisited and updated as the project proceeds. This analysis clearly identifies the opportunities available to the new company together with some of the current challenges to the council that its creation will help overcome.

5. Benefits

High level benefits can be separated into the following two areas:

Council;

- To maximise funding opportunities and income from taxes (e.g. Business Rates)
- To improve the level of services offered to businesses
- To reduce demand on Council and other public sector services
- To maintain and enhance services delivered for the authority
- To provide a sustainable delivery model with less reliance on central government funding
- To realise operational efficiencies
- To raise and secure grant funding opportunities
- To increase spending in the local economy
- To provide better economic data, information and intelligence to inform decision making

Residents and Businesses;

- To improve the work prospects and career opportunities for young people
- To fulfil current and future labour market demands
- To stimulate growth of high value and high growth sectors
- To reduce unemployment and NEETs, particularly long term unemployment
- To improve business productivity and profit
- To increase the skills base of Cheshire East, with an emphasis on higher skills.
- To increase investment into Cheshire East
- To increase the number of apprenticeships, jobs and businesses

Quantification of benefits:

Quantification of some of these benefits is inherently complex and will involve ongoing work. Benefits could be direct to the council, to government, to other bodies, and to the wider economy as a whole. In some cases new models may need to be developed, such as payment by results or social impact bonds, to capture the cashable benefit value.

Negotiations with other partners may be needed in order that CEC benefits fairly from any resources it invests in improving the life skills and prospects of its population.

The examples below indicate that the added value cashable benefits that will be derived from the work of the company are significant. At a broad level it is expected that, **there will be a return of over £0.5bn to the local economy and a cumulative increase of over £5m in business rates in the first 5 years of operation.**

Added value:

One Additional FTE	Manufacturing	Financial, Professional and Business Services
Business Rates	£1,160	£915
Wages	£27,788	£27,530
Income Tax	£3,438	£3.39
National Insurance	£5,083	£5,015
GVA	£106,253	£65,162

(Data Source – ekosgen based on ONS and CEC data)

- Adult apprenticeships at level 2 and level 3 deliver £26 and £28 of economic benefits respectively for each pound investment.
- Achieving a Graduate Level 4+ Qualification is valued at £3,404/annum

- Additional spending/contributing to the local economy (local pound)

Savings:

- Avoiding a first time youth offence - £3,620/annum/person
- Pupil avoiding exclusion from school - £11,473/annum/person
- Cost per NEET - £4,673/annum/person
- Job seeker entering work - £10,321/annum/person
- Reduction in income support of a workless claimant entering work
£9,163/Annum

(Data Source – New Economy Manchester, Unit Cost database v1.4 updated March 2015)

These savings figures are made up of a number of factors including benefit claims and council tax discounts and are estimated in Appendix 5. They have been separated from the direct cashable company benefit calculations to avoid raising overly ambitious expectations.

Specific Cashable Benefits

Option A

Over the first five years of operation it is forecast that the company will turn a predicted 'do-nothing' loss to the authority of £213k (due to the loss of government grants) into a profit of £218k – a net improvement of £431k.

Option B

Over the first five years of operation it is forecast that the company will deliver a profit of £394k. However the reduction of grants will mean that the loss of £213k will remain with the authority.

Additionally it is expected over a 5 year period that the activities of the company will generate new jobs growth producing a further £5m in business rates returnable to the council

It will achieve this from a range of initiatives that are quantified in the finance Appendix 5. The initial focus will be on:

This section has been redacted for reasons of commercial confidentiality

Non-Cashable benefits

Specific, intangible benefits to be delivered include:

- Increasing the profile and positive position of Cheshire East and the Council to investors and businesses
- Offering an integrated and holistic skills and growth service, achieving better outcomes (jobs, GVA and sector growth)
- Having the flexibility and agility to change and adapt to best service the market demand/need
- Opportunities to bring together government agencies (e.g. BIS and DWP), skills providers and business in a way not currently possible, focused on common goals – strengthening relationships to achieve better outcomes
- To deliver a programme of lead generation to promote Cheshire's key sector strengths and attract investment to key assets
- A vehicle to deliver skills and growth services as part of a devolution growth deal with Government for Cheshire and Warrington
- Reducing 'red tape' providing a single easy to use 'front door' to businesses and residents alike
- Opportunity to develop a skills and growth function for the Northern Gateway Development Zone
- Building capacity and capability for offering funding advice and guidance to businesses
- Generating and developing comprehensive management information and data to inform strategy and intelligence-based decisions of the council
- Creating a new, dynamic and vibrant brand that will attract new business and, importantly, foster a sense of belonging and commitment amongst staff
- Improving service provision focusing on a proactive can-do approach, developing a more affordable, customer-first, model of professional and support services
- Stimulating a commercial, market-led approach to everything we do
- Improving working practices through reorganising services into a more customer orientated and efficient group providing skills and resources to meet customer demand and protect the public interest, thereby improving the council's reputation
- Improving staff motivation by creating competitive and diverse services, providing opportunities for personal development
- Stimulating the demand in the market to accelerate the delivery of employment land plus considering investment models to bring forwards strategic sites
- Aligning complementary resources to drive new ways of working
- Developing of high growth sector strategies and policies
- Working with employers to encourage upskilling of the workforce and investment to improve productivity
- Improving careers advice and guidance to ensure there is a high standard of impartial advice

- Helping to support the uptake of apprenticeships, with a specific focus to increase degree level apprenticeships

6. Benefits realisation

A detailed benefits realisation plan will be developed and included in the performance management framework incorporated into the service contract.

Cashable benefits will be monitored using the company accounts. Non-cashable benefits will be measured using a suite of performance indicators. These will be refined as part of the contract negotiation process and an initial list is attached as Appendix 6. It can be seen that these reflect or align with many of the Council's corporate priorities.

The reporting frequency will be agreed and included in the service contract between the Council and the Company.

Responsibility for delivering the benefits ultimately rests with the Board of Directors, but in practical terms will be delivered by the Company's Managing Director with overall performance monitored by the Council's Client officer.

7. Risk

A full risk log is attached as Appendix 7. This separately identifies risks to the project, the company and the Council.

It should be noted that some risks would occur irrespective of the creation of an ASDV, and that some are commercially sensitive. Commercially sensitive risks will be redacted from published documents although have been considered in full by the council including MGB, TEG and EMB.

Option A

A specific risk that has been identified to option A is the funding relationship between Life Long Learning (part of 14+ Skills team) and the Skills Funding Agency (SFA), given it is funded through government grants. In accordance with the grant agreement permission from the SFA is necessary to register the company as a Registered Training Organisation, and to seek approval to allow for secondary level sub-contracting. In order to resolve this it will be necessary to:

- Apply to the Skills Funding Agency (SFA) for the company to become a Registered Training Organisation (RTO) in order that it might be contracted to deliver training in excess of £100k in value;
- Make representations to the SFA for an exception to the rules relating to 2nd tier contracting in order that the company might contract directly with other training providers;

The RTO application is a standard procedure that the SFA schedules for twice each year. The next bidding 'window' is expected to be June 2016 and the company will apply when open.

Negotiations have begun in respect of the 2nd tier contracting.

Option B

Should either of the elements in Option A prove problematic then they can be resolved by not transferring the Lifelong Learning team to the company, but by retaining them within the Council. The fundamental principles of the business case would remain largely unchanged, although the added value that would be gained from the team being in the company in order to offset grant cuts through efficiencies and delivery of commercial services would be lost

It is recognised that predicting future needs, demand, user responses and financial viability is an evolutionary process and the process of identifying risks and preparing suitable responses and mitigation, is a continual activity, which will be a key part of the Business Plans for the company.

8. Cost of Project and Investment Appraisal

The primary role of the company is to offer an effective and integrated service to ensure the labour market is effective as it can be to reduce unemployment and NEETS, while increasing business activity to generate jobs and improved productivity. In considering the financial viability of an ASDV consideration has been given to the financial benefits for both the Council and the ASDV. A high-level summary of the benefits is provided below with more detail included in the Finance Appraisal (Appendix 5). The proposal reflects the council's intention to increase investment in skills and growth in 2016/17.

Some of the detail contained in Appendix 5 is, inevitably, commercially sensitive. Sensitive information will be redacted from published documents although it will have been considered in full by the council including MGB, TEG and EMB.

It should be noted that all the figures are based upon comparing the Council's liability in a 'do-nothing' situation with the situation offered by the new company. The figures take into account known reductions in government funding in future years meaning that the overall picture represents both a defensive and a pro-active move.

Option A - Summary Financial Business Case

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
	2016/17	2017/18	2018/19	2019/20	2020/21	5 years
	£k	£k	£k	£k	£k	£k
'Do-nothing' profit/(loss)	(11)	(30)	(45)	(58)	(69)	(213)*
New company initiatives	(38)	47	121	153	148	431**
Net profit/(loss)	(49)	17	76	95	79	218

**The 'Do-nothing' position has been revised to recognize further anticipated grant funding reductions and assumes that 14+Skills and Lifelong Learning will transfer to the company with effect from 1st September 2016*

***The 'new company initiatives' amounts factor in the cost of running the company
The figures do not include inflation/interest rates*

The do-nothing option above illustrates the loss that would accrue to the council should an ASDV not be created, essentially due to known funding cuts by central government. These will be offset by the proposed new company initiatives which turn that loss into a surplus.

It should also be noted the company expects to support the growth of business rate taxes collected by the council by £5m cumulatively over the 5 year period. £6m of indirect benefits will also be derived over the same period, and the return to the local economy could be as high as £500m.

Option B - Summary Financial Business Case without Lifelong Learning

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
	2016/17	2017/18	2018/19	2019/20	2020/21	5 years
	£k	£k	£k	£k	£k	£k
'Do-nothing' profit/(loss)	0	0	0	0	0	0*
New company initiatives	(38)	43	113	143	133	394**
Net profit/(loss)	(38)	43	113	143	133	394

** The 'Do-nothing' position without 14+ skills and lifelong learning gives a net nil position*

***The 'new company initiatives' amounts factor in the cost of running the company
The figures do not include inflation/interest rates*

It should be noted it is proposed the losses associated with ASB and CLB grants would be mitigated more effectively if in the company

9. Equality Impact Assessment

An Equality Impact Assessment is attached as Appendix 8 and concludes that: *“There will be no negative impact for any group as this project is aiming to increase service users’ skills and employment opportunities for all. The target group may benefit positively from this due to the increase in skilled jobs and opportunities and a decrease in the socio-economic gap”*

10. Resource requirements to deliver the project

Resource	Estimate of number of days required	Source of Resource (corporate/service/Shared Service/external)	Comment from Service Manager (for example: require additional expertise, can manage within existing capacity)
<i>Project Management</i>	50	Corporate	David Laycock – Can manage within existing capacity
<i>ICT</i>	60	Corporate	Val Poyser – Can manage within existing capacity
<i>HR</i>	25	Corporate	Debi Wain – Can manage within existing capacity
<i>Consultation / Engagement</i>	Staff consultation is required and will be managed as part of the HR workstream		
<i>Communications</i>		Service	Andrew Arditti – Can manage within existing capacity
<i>Planning</i>	n/a		
<i>Procurement</i>	30	Corporate	Lianne Halliday – Can manage within existing capacity
<i>Legal</i>	46	Corporate	Jayne McLaughlin – Can manage within existing capacity
<i>Assets</i>	10	Corporate	Denise Griffiths – Can manage within existing capacity
<i>Finance</i>	15	Corporate	Helen Donald – Can manage within existing capacity
<i>Risk Management</i>	10	Services	Julian Cobley – Can manage within existing capacity

<i>Performance</i>	5	Corporate	Alex Thompson– Can manage within existing capacity
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11. Review Monitoring & Evaluation

There is a statutory requirement that a business case is prepared and approved before the Council may trade through a company. Thereafter the Council is required to have regard to guidance issued by the (then) Office of the Deputy Prime Minister which advises that the business case, once approved is used as the basis of developing a business plan to be used by the company in future years.

Up until the go-live date, this document will be continuously reviewed by the Project Manager and SRO to ensure compliance with the legal requirements of establishing a trading company and refreshed with any new information.

12. Exit Strategy

Any material changes that will result in failure to deliver the matters set out in the business plan may give rise to concerns that the ASDV will not be sustainable over the long term.

It is anticipated that the additional trading opportunities will only be fully known when the ASDV formally commences trading. There is a recognition that culture change, efficiency savings through different ways of working and contracting, and new business opportunities are the three main drivers for change through which we aspire to achieve a step change in the company provision.

In the event that sufficient benefit to the council has not been realised within a 5 year window or costs begin to spiral, the Council's representatives will have the power, subject to any necessary Cabinet approval, to review the on-going viability of the ASDV and what steps if any it needs to take in the way the ASDV is governed and/or managed to achieve the required benefits.

Given that the Council is the sole shareholder, it potentially has the power to bring the service back in-house or to conduct a formal outsourcing exercise or indeed to sell the ASDV subject to any agreed processes or relevant legislation.

Appendices:

- Appendix 1: Options Appraisal
- Appendix 2: Services & Functions in scope
- Appendix 3: Operating Framework
- Appendix 4: SWOT Analysis
- Appendix 5: Financial Assessment
- Appendix 6: Performance Indicators
- Appendix 7: Risk Log
- Appendix 8: Equality Impact Assessment
- Appendix 9: Glossary of terms