

Cabinet
Thursday, 24 September 2015, 10.00 am, County Hall,
Worcester

Agenda

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Project	Worcestershire Youth Music		
Project/Commissioning Manager	David Kelly		
Project Sponsor	Neil Anderson		

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Worcestershire County Council is aiming to become an excellent commissioning authority. This will mean that the council's role will be to identify the need for a service, whilst recognising the needs of the community and determine exactly what the service must achieve and the best way for this to be delivered.

As part of, FutureFit, all projects will go through the commissioning process outlined below. All services will be commissioned in line with the Council's vision in terms of becoming a strategic commissioner. Services that will not be commissioned include the following: the commissioning process itself and other regulated services including Social Care Assessment and the Democratic process

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Evaluate – start by involving and listening to customers, researching all available information to identify priorities and consider the delivery options about how best to meet the outcomes required.

Design the service specification giving further consideration to how best to deliver the outcomes required.

Source the **best** provider for the customer at the **best** price for the tax payer.

Review the performance of the provision by checking its delivering against **quality** standards, **take action when needed**.

This Recommendations report forms part of the Design phase of the Commissioning cycle, replaces the Outline Business Case as part of the project management framework and sets out the timescales and governance of the project.



1. Background

Following service restructure and base budget removal, this is the ideal time to consider the best governance model for the future of Worcestershire Youth Music (WYM) to ensure it is fit for the future. This Recommendations Report proposes a direction for WYM which would see WCC break new ground in 'spinning out' a service, following the Cabinet Office's methodology. The management of WYM is currently being trained by the Cabinet Office's Mutual Information Service in how best to 'spin out' and feedback from the course providers has been very positive. This report explains how this proposal has been reached and why we believe it is a positive move, both for WYM and for WCC.

Research has shown the benefits of music education for educational attainment and behaviour, self-esteem and social skills. This was the thinking behind the National Plan for Music Education (NPME), launched by the Government in 2011 which stipulates that every child age 5-19 should be given the opportunity to learn a music instrument, to sing regularly, to join an ensemble and to progress with their learning. The NPME would be put into practice through the formation of Music Education Hubs, involving partners working together to deliver high quality music education.

Worcestershire Youth Music (WYM) is the lead organisation of Worcestershire's Music Education Hub. WYM provides music tuition (one to one, small group, whole class and in area music centres), performance opportunities (including an annual concert at the Symphony Hall, Birmingham), instrument hire and other music education to pupils in Worcestershire. This growing service currently impacts on 8-10,000 children and young people. As the lead organisation for the Worcestershire Music Education Hub, it has a government/Arts Council England remit of delivering the National Plan for Music Education (NMPE) in Worcestershire. The impact of this is subject to scrutiny and evaluation by OFSTED and ACE.

WYM currently has a budget of £1.9m of which £738k is Arts Council England (Government) Grant and the remainder is traded income. The service no longer receives Base Budget from WCC. Total savings made in the last 5 years are in the region of £650K.

As a result of financial reductions, the service has transformed into a more commercial operation. The service has also developed and implemented innovative approaches to deliver more for less. A whole service restructure made substantial savings and introduced more flexible staffing and deployment from January 2014, **but the fundamental governance of the service has remained the same.** The *long term* sustainability of the service is dependent upon its ability to expand commercially, to continue to develop innovative approaches to its delivery and organisation and to develop business partnerships in order to attract investment and deliver a progressive and vibrant music education experience to increasing numbers of young people as set out in the National Plan for Music Education, ratified by OFSTED and ACE.

That National Plan brought along new requirements for music services to make music education much more responsive, flexible, and appropriate for *all* young people so that they can all be given the opportunity to learn music and to gain the benefits for their social and educational development.

The challenge, of reduced finances and greater service reach, needs to be met by a service which can innovate, respond quickly, be commercial, but also be community driven.

WYM has an exciting future ahead, leading the Worcestershire Music Education Hub, working more closely with arts organisations across Worcestershire and beyond and providing an accessible service for the county's young people. It has ambitions to develop its offer and its role, as both deliverer and broker, beyond young people, beyond music and beyond the county boundaries. The right governance model can enable this to happen.



The Commissioning Cycle process has come at an ideal time for WYM, to ensure it can build on its current solid base and develop the most appropriate governance for the service, and its remit to lead Worcestershire’s Music Education Hub, into the future.

2. Corporate Prioritisation & Needs Assessment - Summary of key findings

Exciting plans for the future governance of WYM mean that the Corporate agenda to design the right service to deliver outcomes that meet need can be fulfilled. This Recommendation is not about ‘making do’ with tighter finances, it is instead proposing an innovative future for WYM, of which WCC can be proud. **The BEC Directorate and Culture and Community Head of Service Plans** required Worcestershire Youth Music to remove all base budget by 2013, which was achieved, but future sustainability in a competitive marketplace is now a strong driver for finding a new delivery model for the service. **Improved Educational Outcomes** is a key priority for WCC, and high quality music education can certainly contribute to this, as explained in the Needs Assessment.

The **Needs Assessment (Appendix 1)** found the following key themes:

- the need to **grow the provision** of music education to ensure all young people have the opportunity
- the need to **develop new income streams and increase earning potential** to ensure long-term viability of the provision of high quality music education
- the need for better **communication/marketing** of existing opportunities
- the need for greater networking and connecting people and organisations together, particularly **joining up the offer for young people**
- the need for music education to be **responsive** to the requirements of schools, and
- the need to consider how best to ensure **inclusivity** on grounds of finances and specific need, including in special schools and short stay schools (this may include finding ways **to increase funding through other means** (sponsorship, grants etc))

Since September 2014, with a new Service Manager in place, WYM is already making good progress against these themes, but would be far better equipped to do so with the appropriate governance model in place.



Needs Assessment
v6.docx

3. Service Specification and Outcomes

The Needs Assessment's wider research paper included recommendations for **delivery priorities** for the Music Service and Music Hub, based on its key findings. These priorities, together with plans made by the new Service Manager since September 2014, have been developed into the new Business Plan 2015/16 for the Music Service, in its role leading the Music Hub, as submitted to the Arts Council. This business plan is **Appendix 2**:



Appendix 2
Worcestershire Music

Together, these priorities and the Business Plan, form the service specification.

Service Specification - Assumptions for the Music Service/Hub:

- That no base budget will be reinstated
- That the Service must be able to develop its earning potential beyond its current traded income and plan for the possible withdrawal of the Arts Council grant in future years
- That the Service will lead the Music Education Hub and form productive partnerships for the benefit of all children and young people in Worcestershire
- That, as lead organisation of the Hub, the Service will be a key instigator and catalyst of new programmes and initiatives and a significant player within the arts community
- That the Service will diversify its offer, to reach more audiences than just children and young people and to expand its offer beyond music and into brokering for arts and culture

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4. Market Stimulation & Testing

The Needs Assessment (Appendix 1) includes information about which providers for music education exist within the county. A large table of current providers of music education for young people is included in the wider research paper. It is not exhaustive but does give a good sense of what provision exists that can complement and work with Worcestershire Youth Music, who have no competitor of the necessary size to lead Worcestershire's Music Education Hub. The nature of Music Hubs is not about choosing one provider, it is about providing a menu of opportunities for young people. It is important that the Service has a governance model which allows the networked Hub concept to flourish.

Non-music providers

As well as considering existing music providers, there may be a wider market for provision of music education. This may include private sector bodies taking on the music service as one of several WCC services; it may also include existing music services in other localities or charities wishing to take on the music service and extend their brief. In these scenarios, the music service would be 'transferred out' by WCC (tendering is not an option as there is no base budget to tender). Appendix 3 provides a more detailed analysis of this option:



Appendix 3 - Market engagement

Some examples of the governance of other music services regionally are shown here:

External to LA:

Herefordshire

Encore Enterprises is a Community Interest Company – small board of directors (3), including one who is also executive. Works with Music Education Hub advisory board representing wider stakeholders. Little earned income, no LA financial contribution.

Northamptonshire Music and Performing Arts Trust

Registered company with charitable status. Delivers music and performing arts. Became independent of LA in May 2012. www.nmpat.co.uk The board is made up of 8 trustees.

Company objects are:

- to advance education within the framework of the arts for the benefit of the public of Northamptonshire and elsewhere; and
- to advance the arts and culture for the benefit of the public, particularly but not exclusively, by promoting and facilitating access to and performances of music and other art forms; and
- to provide for the recreation of children, young people and adults for the benefit of the public by providing facilities and services to them in the interests of social welfare with the object of improving their conditions of life.

Birmingham:

Services for Education – www.servicesforeducation.co.uk – music service, health education and learning and assessment services. Company with charitable status. Has a chief executive (former LA senior manager in education, was also a former music service head), and 4 heads of services (inc. head of learning technologies). Board of 6 trustees includes director of education and commissioning at Bham City Council, a professor of education and a head teacher. Chair is a partner in Wragge and Co (large law company in Birmingham). Objects:

- the advancement of education, particularly through the promotion of high quality teaching and learning;
- the advancement of the care, safety and upbringing of children and young people by: supporting and assisting those in need, their families and carers; promoting their health; and advancing their education;



- the advancement of the arts and culture, particularly through the promotion and teaching of music.

Sandwell:

www.sandwellips.org.uk Music service is one of several former LA services to education, including teaching and learning advisors, catering, governor services, health and safety, school library service and workforce development. As the company is a co-operative and liable to VAT, the decision was taken that the Music Education Hub grant remains with the LA who commission the music service as part of Sandwell IPS to lead the hub. New website for the hub is www.sandwellmusic.org

Staffordshire:

lead org now Entrust – a joint venture profit making company of Capita (51%) and Staffs County Council (49%)
www.entrust-ed.co.uk

Shropshire:

are planning to 'spin-out' as a consortium of Council support services as a wholly owned company, by September 2016

Coventry:

are planning to 'spin-out' for September 2016, as a company with charitable status

Warwickshire

are also planning to 'spin-out' for September 2016, as a company with charitable status

Dudley:

are planning to 'spin-out' but not until Sept 2017 at the earliest due to major Council restructure and some political opposition

No plans to externalise currently:

Telford :

music service is part of cultural team, fairly newly established after previously using Shropshire MS. So close links with community arts and cultural education mean that MEH provision is part of a wider cultural offer to schools, strong emphasis on Artsmark, Arts Award etc. Strong history of raising external funds, but fairly low traded income. Ian Thomas is lead for the MEH, with a separate operational manager for the music service. So Ian also chairs the MEH steering group. Schools representation is strong on the group.

Walsall:

music service is part of Forest Arts, a community arts organisation and centre where many all age arts activities are offered. Strong LA support.

Solihull:

music service activity was steered by music advisory board, before MEH funding started. LA councillors take an active part, as well as school representatives. Chair is head of school improvement for the LA (music service line manager). No LA core funding now.

Wolverhampton:

No plans to externalise

(NB: These 4 are all smaller services (and some still have LA funding) and so potentially viability is a factor here).

5. Recommendations

Taking into account the recommendations made in the needs assessment (Appendix 1), the service specification and the market testing, the following options have been considered:

1. WYM to remain in WCC, leading the Music Hub as a partnership
2. Tender out the music service/Hub or Transfer the Business (either on its own, or as part of a bundle of services)
3. Independent Music service; a Company Limited by Guarantee with charitable status, leading a partnership Hub
4. Independent Music service, a Company Limited by Guarantee with charitable status, through joint alliance/merger with another not-for-profit music organisation in a neighbouring/close authority (eg: Herefordshire Music Service – Encore), leading a partnership Hub
5. Independent Company Limited by Guarantee with charitable status with a wider cultural/performing arts brief, and leading a partnership Hub

Appendix 4 – Options Appraisal – provides detailed analysis of the pros and cons of each of these options.



Appendix 4 - Options Appraisal.docx

The critical success factor for the future governance of WYM has to be the ability to be **sustainable in the long-term, with the best potential for commercial growth and resilience to offer a high quality service.** By assessing short and long-term financial viability, access for children and young



people, fit with Corporate Plan, risks and quality, this options appraisal finds that the charitable company options have the best chance of meeting this critical success factor and there is a growing body of experience from other music services with this operating model.

Options summary

Option 1 - no change – This option is **not recommended** as it carries high risks around the future financial sustainability of the service, does not align to the corporate ambitions of WCC and does not enable the service to adapt and expand in a changing marketplace.

Option 2 - tender or transfer of business – This option is **not recommended** as it carries too many high level risks around the market for such a service. This is because there is no revenue budget in WYM for WCC to tender. It would instead be a transfer of business, but all the liabilities of the service and restrictions on the use of the Arts Council England grant, as well as experience elsewhere now being reviewed, mean that it is highly unlikely there would be a market for such a transfer.

Option 3 – creation of an independent music service, a Company Limited by Guarantee with charitable status – This option, along with Option 5, carries the least risk for both WCC and the service in the long term. There are short-term costs in the establishment of an external service, but the longer-term financial and quality of service benefits, due to the ability to react fast, reduce large overheads and access new income streams mean that this option is considered as the most beneficial for WCC and the service. **It is not, however, recommended at this time** due to its more narrow focus.

Option 4 – creation of an independent music service through joining up with another Music Service, a Company Limited by Guarantee with charitable status – Although this option has many of the benefits of option 3 and 5 it is **not recommended at this time** as it is unlikely to develop structurally in the near future due to the very different business models in operation in Herefordshire (and other counties already having partners). However, it should not be off the cards for the future.

Option 5 – creation of a Company Limited by Guarantee with charitable status with a wider cultural/arts brief – This option is **recommended for progression** as it is innovative in its ambition for the service and yet carries the least risk for both WCC and the service in the long term. There are short-term costs in the establishment of an external service, but the longer-term financial and quality of service benefits, due to the ability to react fast, reduce large overheads and access new income streams mean that this option is considered as the most beneficial for WCC and the service.

Recommended Option

The Recommendation is for Cabinet to approve progression of Option 5, with Option 4 to still be a possibility in the longer term.

For Option 5 to be successful, there are some key issues to agree with WCC. A separate report, **Appendix 5 - 'Future Governance of Music Service – Key Issues'** makes the case for redundancy indemnity, pensions guarantee and a repayable loan at a competitive rate or working capital to cover cash-flow in the first few months, as well as asset and reserve transfer. These issues will all be debated at Full Business Case stage, subject to in principle approval to Option 5 in September 2015.



Appendix 5 - Future Governance of Music

Why should WCC support Option 5?

Music services nationally are changing dramatically, as can be seen from the examples above. Reduced finances, a more competitive market-place, and national policy developments all require a new direction for what have been quite traditional, steady services in the past. The Options Appraisal shows why, if WYM were to stay within WCC now, it would not be able to react fast or develop commercially and this would most likely mean the deterioration of the service, with expensive redundancy costs and a loss to the children and young people of Worcestershire, reflecting negatively on WCC. Conversely, if WCC supports WYM to 'spin out' successfully, it can be confident of putting in place an innovative and robust solution for the future of music education, and all the benefits socially and academically that brings to young people in the county. WYM is the only Music Service being trained by the Cabinet Office's Mutual Information Service (MIS) in how to create a successful business model for a 'spin out' – WCC is therefore leading the way and can offer the results as a best practice blueprint to others. (David Perkins, Chief Executive of S4E in Birmingham, a 'spun out' body which includes the music service and which is doing well, says his only regret is not requesting support from the MIS before they left the local authority). MIS feedback to WYM so far is very positive – they believe there is a strong business model here that can flourish in an independent set-up, and they are guiding and challenging the service to do more and do better as it proceeds along this path. MIS emphasise that strong leadership and the ability to develop the right culture in the service is critical to success. In September 2014, a new Service Manager was brought in to WYM to change the culture from within, whilst retaining what worked well. Bringing with him experience of turning around both Sandwell and Coventry music services, and of leading the West Midlands regional Hub development, he is making those changes and the team are taking national leads on projects such as the BBC's 'Ten Pieces' as a result. WYM can thrive in the right governance model, and the reputational enhancement to WCC from this Option would be significant. The exploration of how the service might provide a wider arts offer comes at an exciting time when WYM is working more and more closely with the Worcestershire Arts Partnership – a network of 80 arts organisations providing a high quality arts offer across the county.

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Benefits to service users and WCC of Option 5

Benefit	Why?	By when?
Reputational	WYM is the only Music Service being trained by the Mutual's Information Office in how to 'spin-out' successfully. They are impressed at WYM's business model and plans for development. WCC is developing a best practice blue-print for others, enhancing the reputation of the council's Elected Members as proactive facilitators of such 'spin-outs'	Immediate
	Government spin-outs have a positive track record of business success: In the first 3 years, of 70 government spin-outs: <ul style="list-style-type: none"> • turnover increased by 15% • contracts delivered increased by 29% • predicted annual growth rate of 10% • absenteeism fell by 20% 	3 years



	<ul style="list-style-type: none"> staff turnover fell by 16%. 	
	National examples of spin-outs prove that leaving LA control enables services to be much more competitive; able to react fast, reduce significant overheads, access income streams currently unavailable within LA. Staying in-house risks not sustaining or growing music education for Worcestershire's young people due to lack of competitive edge. WCC has the opportunity to enable WYM to thrive.	3 years
	Improved outcomes for children and young people: Increased operating flexibility will allow a more responsive reaction to schools' needs resulting in greater pupil impact, including targets to double current reach of service to 18,000 pupils, engage with all schools, provide whole class tuition to 75% of schools and have a 60% continuation rate	3 years
Reputational and Financial	To lead the Music Hub in response to the National Plan for Music Education (NPME) an organisation has to be of sufficient size and infrastructure to have capacity. An in-house service unable to develop competitive edge in any LA context would allow the private market to erode its capability and size, making it unable to continue to act as Lead organisation for the Hub. This would mean removal of the ACE grant, meaning reputational damage, a diminishing service and redundancy. NPME runs until at least 2020 and Option 5 would enable WCC to set the conditions, instead, for the service to flourish as Hub lead, a robust solution for children and young people.	3 years
Financial	Capping of liabilities (pension and redundancy) at the point of transfer would mean reduced financial burden for WCC. Redundancy more likely if service stays in-house; so Option 5 prevents financial costs	Sept 2016 (At point of transfer) and increasingly over time
Meets Fit for the Future Corporate Plan	Option 5 would follow the corporate plan to ensure WCC only delivers core services in-house where there is a case to do so, finds the right model for future governance and reduces the workforce. Option 5 follows the principles of Act Local; creating an independent Worcestershire Trustee led Company Limited by Guarantee with charitable status	Sept 2016 (At point of transfer)

What would Option 5 look like?

Legal Forms: There are two main models to be considered for the independent body; a Company with Charitable Status or a Community Interest Company. Following the guidance on the Mutuals course, although WYM is not proposing to set up as a Mutual, it would wish to embed many of the principles of greater staff involvement.

Company with Charitable Status:

- A company limited by guarantee with no shares
- Not-for-profit organisation with tax breaks (rates relief, no inheritance or corporation tax, the possibility of gift aid on donations)



- Scrutinised by Charity Commission
- Trustees would be volunteers, initially recruited by WCC
- Music Service manager would report to Trust Board
- Subject to VAT, although structured lessons would be exempt (true educational value)
- Can trade in furtherance of objectives (art, education, recreational, health)
- Would need trading subsidiary especially for any non-charitable trading above £50k p/a (e.g.: sponsorship)
- Well known governance model
- Maximum access to trust, foundation and public funding

Community Interest Company (CIC):

- A company, but Directors need to ensure community benefit and there is a lock over its assets so that they are safeguarded for the community purpose
- Social enterprise brand
- Trading arm not needed, but could have a charitable subsidiary (donations etc)
- Low regulation from the CIC regulator
- Employees can be directors
- No tax breaks or gift aid (possible to get business rates relief) so corporation tax is paid
- Subject to VAT, although structured lessons would be exempt (true educational value)
- Low public awareness and possible less public trust than a charity? May affect funders?

These two models were discussed at a Music Education Hub Management Council, with schools representatives present, and, without proper legal analysis, the preference was overwhelmingly for a Charity – a company limited by guarantee with no shares. This was based on perceptions and experiences of those present. A Charity does offer greater potential for public trust and interest, and the appropriate scrutiny, which WCC would want to be assured of, were it letting the service go. An externally produced report on tax and VAT issues (see below) also concluded that a company with charitable status would be the most appropriate legal form.

One possible way forward would be to follow the Northamptonshire model and create a company limited by guarantee with charitable status and with a subsidiary that is a community interest company. The subsidiary would carry out a variety of profitable trading activities and would then covenant profit back to the charity, providing additional income. All assets can be locked into the charity and subsidiary to ensure they are only used for community or charitable purposes.

Purpose

The purpose of the company with charitable status would need to be established. Consideration could be given to adopting similar objects to those of Northamptonshire and Birmingham:

- to advance education within the framework of the arts for the benefit of the public of Northamptonshire and elsewhere; and



- to advance the arts and culture for the benefit of the public, particularly but not exclusively, by promoting and facilitating access to and performances of music and other art forms; and
- to provide for the recreation of children, young people and adults for the benefit of the public by providing facilities and services to them in the interests of social welfare with the object of improving their conditions of life.

or

- the advancement of education, particularly through the promotion of high quality teaching and learning;
- the advancement of the arts and culture, particularly through the promotion and teaching of music.

These objects are generic enough to allow, for example, the current provision of music education to young people to grow and embrace adults too.

Plenty of examples could be explored at Companies House to avoid reinventing the wheel but ensure the right objects for Worcestershire.

Accountability

WYM would be accountable to the Board of Trustees. The Trust would be accountable to the Charity Commission and to its funders – primarily the Arts Council – and subject to the terms and conditions of their grant. There would be no formal accountability to Ofsted. Music Education Hubs have recently been asked by Ofsted to have challenging conversations with schools and to raise the bar for music education within schools. Ofsted, however, have no statutory remit over the Hubs and the Hubs have no statutory remit over schools. Hubs need to be very influential in delivering music education, and can use the support of Ofsted to drive home this message with schools.

Trustees

The Board of Trustees would need the requisite skills to lead the Music Education Hub and operate a trading arm, considering skills and experience in music education, local authority services, schools, young people, law, finance and business. The County Council would recruit the initial trustees and the body itself would recruit the rest. The recruitment process would be thorough. Trustees would be volunteers.

If the Trust wished not to be classed as local authority controlled, County Council representation would be limited to 19% of the Board membership in either model, or no more than 19% of the vote. This applies to anyone on the Board employed by the LA.

Should WCC be successful in its 2015 application for a Music Hub grant for 2016/17+ then this grant would transfer to the independent body. They would then be the decision makers for the use of the Hub grant and the development of the Hub and would make any future grant applications.

What extra work has been carried out to ensure this is a viable option?



1. *Lessons Learned* – ‘Stepping Out’ is a private organisation advising spin-outs with links to the Cabinet Office. Having been given the detail of WYM’s governance proposals, they are positive about the approach being taken and the work that has been done in preparation for Cabinet. A recent publication, ‘On with the Show’ produced by the New Local Government Network (NLGN) cites Northamptonshire as good practice for a spin-out from the local authority. Northamptonshire Performing Arts (NMPAT) had arrangements in place which has allowed it to develop and succeed as an independent music organisation since 2012. The Chief Executive of NMPAT has shared his thoughts with us, as has the Director of Encore, Cliff Woollard. Neither would wish to return to LA control. They feel they can be fleet of foot in an independent set-up and have provided some useful advice on pitfalls to avoid.
2. *VAT and Tax* – Detailed VAT advice was tendered and procured from Bishop Fleming (see **Appendix 6** – Tax and VAT report). The VAT amount for an independent service is predicted at c.£60k. Other possible VAT costs have been explored and discounted, with legal advice. Tax is payable by a community interest company, but not by a company with charitable status. 20% of business rates may apply to a charity, but relief may be given, depending on the discretion of the landlord.



Appendix 6 Bishop Fleming report - 1407

3. *Pensions* – Business Support staff are in the Local Government Pensions Scheme (LGPS) whilst the majority of staff are in the Teacher Pension Scheme (TPS). No problems are envisaged with the new body being accepted as an admitted body to the LGPS. The annual cost of this to WYM could be predicted as being an extra 1-2% (or £884) on pensions. 2% has been factored into new running costs. However, with the TPS, there is some complexity. Recently changed pension rules mean that, from April 2015, only a ‘function provider’ can be eligible for membership of the TPS. Specialist external advice was taken from Ivan Walker, pensions specialist who has advised other music services. He has provided excellent advice on ensuring that an independent music service could qualify as a Function Provider. However, entry to both schemes requires a bond or guarantor. This is one of the key issues raised in Appendix 5.
4. *Transfer costs and Running costs* – Detailed work has been carried out on the financial viability of an independent service – these are referenced in the Options Appraisal.
5. *Cash-flow* – An independent WYM would have an initial cash-flow problem due to staff being paid before service users (schools/parents) pay WYM. It is recommended that a start-up loan be requested to cover the first few months of operation. This is one of the key issues raised in Appendix 5.
6. *Establish ownership of assets such as instrument stock* – recommend that the instrument stock held by the Music Service be transferred to the new company for nil consideration to ensure that the children and young people who currently borrow instruments are able to continue to do so. The insurance value of the stock is in the region of £1.5m but it is suggested that this is not a true value for the Council as this sum could not be realised if the instruments were sold. If the company does not receive these assets it is unlikely to be able to function effectively

and it is felt that this exercise is not one where the Council should be seeking or expecting a financial windfall as a result of the transfer. It would be possible to include a provision to ensure that the assets are not capable of being sold on the open market unless the receipts of sales are applied to a similar purpose.

Appendix 7: Risk Log for Option 5



Appendix 7 Risk Log.xlsx

7. Outcomes

Detail what outcomes will be achieved a result of the implementation of the above recommendations. How will the outcomes be measured?

1. Increased operating flexibility will allow a more responsive reaction to schools` needs resulting in greater pupil impact. The performance indicators would be:
 - 2,000 additional pupils impacted upon annually until a target of 18,000 pupils is reached –double the current figure
 - A 5% annual increase in the number of schools engaging with the service until a target figure of 100% is reached by 2019
 - Achieve an annual 10% increase in Play to Learn take-up by schools until a 75% target is reached by 2019
 - Achieve an annual 10% increase in continuation from the First Access offer until a 60% target is reached by 2019

2. The new business model of the independent organisation will allow access to a range of financial opportunities:
 - Maximise impact from Gift Aid donations
 - Identify new income streams available to charities with a view to raising at least £150,000 annually from external non-traded income
 - The secured long term future of the service will ensure that Arts Council England would retain its confidence in the secure investment of the Music Education Grant

3. The move to independence from WCC will enable closer partnerships to be formed with a range of significant partners:
 - Joint strategic developments with the Elgar School of Music
 - Deliver vocal strategy in partnership with Armonico Consort who will invest £75,000 of funding in the singing strategy
 - Establish Instrumental Workshop as service able to serve other LAs and improve its commercial performance
 - Maximise business opportunities arising from the formal partnership with the University of Worcester
 - Establish relationship with supply teaching agencies in order to maintain continuity of provision when WYM staff unavailable

8. Implementation and Project Plan

How is it recommended the preferred option(s) are implemented? Who is responsible for the implementation?

Should Cabinet approve Option 5, a timetable for implementation is shown below as **Appendix 8:**



Appendix 8
Implementation timetable

A Steering Group for this project, supported by and linked directly into WCC's Commercials Team, is leading the delivery of this project.

Communication and Consultation:

The table below is a summary of the communication and consultation carried out to date.

Date	Activity	Who
December 2013 - January 2014	Unions and staff and Music Education Hub Management Council were made aware of the development of Governance Options for the future of WYM	DB, CF
12 February 2014	<p>Governance Options report, which highlighted outsourcing as a possible future for the service, was shared with Unions and staff and their views were sought on the proposals so far.</p> <p>In summary,</p> <ul style="list-style-type: none"> • Concern was expressed about the ability of an external body to financially sustain eg: pensions • Some music staff had concerns about other external models that they felt had failings • Some staff felt that this could be a positive move for WYM to be freed up and fly on its own • Unions concern that this exercise was a 'done deal' due to the Commissioning Council approach <p>We responded to all these points and agreed that more work</p>	DB, CF



	was needed on the finances in particular, and on learning lessons from others too	
26th February 2014	Schools were all invited to attend a twilight session about the new Schools Music Education Plan and about possible governance changes. C.30 schools were represented at the evening. DB gave a brief presentation and shared a briefing note about the exploration into governance options. Views were sought on the evening and by email afterwards. Discussion on the day but no further responses were received afterwards.	DB, CF
February 2014	The Music Education Hub Management Council reps were asked for their views on the proposals so far. Without knowing all the detail, the schools present felt that this could be a positive move and that a charity was a preferred model to anything that appeared to be a profit making enterprise.	DB, CF
September 2014	TJ clarified the direction of travel (i.e.: serious exploration taking place into an independent WYM) to all staff at Inset day	TJ
May 2015	TJ and DB met with Unions to present the analysis so far and the most likely recommended option.	TJ, DB

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Future plans for communication and consultation include

- briefing staff on current progress at their Inset day's training in September 2015. TUPE consultation would happen later in the process, as per the implementation timetable
- discussion will be held with schools in order to shape the development of the recommended option
- discussion will also be undertaken with both formal and associate Hub partners on what the implications of the spin out are for their relationship with the Lead Organisation of the Music Education Hub and for the service to be able to respond to concerns and suggestions that are offered.

The benefits of the discussion with schools and Hub partners will not only provide answers to FAQs but to also enable the service to build on the earlier needs analysis and learn of the full range of needs of its customers and partners and incorporate additional programmes to its offer where appropriate.

9. Appendix 9: Equality Impact Assessment



Appendix 9 EIA.doc

Document details	
Version	12.0
Version date	September 2015
Status	
Source file location	Contact FutureFitPMO@worcestershire.gov.uk for details
Review Date	

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Contract notice
(Directive 2004/18/EC)

Section I : Contracting authority

I.1) Name, addresses and contact point(s):

Official name: [Worcestershire County Council](#)

National ID: *(if known)*

Postal address: [County Hall, Spetchley Road](#)

Town: [Worcester](#)

Postal code: [WR5 2NP](#)

Country: [United Kingdom \(UK\)](#)

Contact point(s):

Telephone:

For the attention of: [Emma Breckin](#)

E-mail: EBreckin@worcestershire.gov.uk

Fax:

Internet address(es): *(if applicable)*

General address of the contracting authority/entity: *(URL)* <http://www.worcestershire.gov.uk>

Address of the buyer profile: *(URL)* <http://www.worcestershire.gov.uk/tendering>

Electronic access to information: *(URL)*

Electronic submission of tenders and requests to participate: *(URL)*

Further information can be obtained from

- The above mentioned contact point(s) Other (please complete Annex A.I)

Specifications and additional documents (including documents for competitive dialogue and a dynamic purchasing system) can be obtained from

- The above mentioned contact point(s) Other (please complete Annex A.II)

Tenders or requests to participate must be sent to

- The above mentioned contact point(s) Other (please complete Annex A.III)

I.2) Type of the contracting authority

- Ministry or any other national or federal authority, including their regional or local sub-divisions
- National or federal agency/office
- Regional or local authority
- Regional or local agency/office
- Body governed by public law
- European institution/agency or international organisation
- Other: *(please specify)*

I.3) Main activity

- General public services
- Defence

- Public order and safety
- Environment
- Economic and financial affairs
- Health
- Housing and community amenities
- Social protection
- Recreation, culture and religion
- Education
- Other: *(please specify)*

I.4) Contract award on behalf of other contracting authorities

The contracting authority is purchasing on behalf of other contracting authorities:

yes no

information on those contracting authorities can be provided in Annex A

Section II : Object of the contract

II.1) Description :

II.1.1) Title attributed to the contract by the contracting authority :

Transformation of Human Resources and Finance Services systems and transactional processes for Worcestershire County Council, Schools and Other Customers

II.1.2) Type of contract and location of works, place of delivery or of performance :

choose one category only – works, supplies or services – which corresponds most to the specific object of your contract or purchase(s)

- | | | |
|---|---|--|
| <input type="radio"/> Works | <input type="radio"/> Supplies | <input checked="" type="radio"/> Services |
| <input type="checkbox"/> Execution | <input type="checkbox"/> Purchase | Service category No: 7 |
| <input type="checkbox"/> Design and execution | <input type="checkbox"/> Lease | Please see Annex C1 for service categories |
| <input type="checkbox"/> Realisation, by whatever means of work, corresponding to the requirements specified by the contracting authorities | <input type="checkbox"/> Rental | |
| | <input type="checkbox"/> Hire purchase | |
| | <input type="checkbox"/> A combination of these | |

Main site or location of works, place of delivery or of performance :

NUTS code: [UKG12](#)

II.1.3) Information about a public contract, a framework agreement or a dynamic purchasing system (DPS):

- The notice involves a public contract
- The notice involves the establishment of a framework agreement
- The notice involves the setting up of a dynamic purchasing system (DPS)

II.1.4) Information on framework agreement : (if applicable)

- Framework agreement with several operators Framework agreement with a single operator
- Number : _____
- or
- (if applicable) maximum number : _____ of participants to the framework agreement envisaged

Duration of the framework agreement

Duration in years : 4 or in months :

Justification for a framework agreement, the duration of which exceeds four years :

Estimated total value of purchases for the entire duration of the framework agreement (if applicable, give figures only)

Estimated value excluding VAT : _____ Currency : _____

or

Range: between : [14000000.00](#) : and : [100000000.00](#) : Currency : [GBP](#)

Frequency and value of the contracts to be awarded : (if known)

II.1.5) Short description of the contract or purchase(s) :

The scope of services for this Framework Agreement and subsequent call-off contract is the outsourcing of the delivery and transformation of a number of Human Resource and Finance systems and transactional processes at Worcestershire County Council (the Council).

II.1.6) Common procurement vocabulary (CPV) :

	Main vocabulary	Supplementary vocabulary (if applicable)
Main object	72000000	
Additional object(s)	48440000	
	48442000	
	48490000	
	48450000	
	48451000	
	48810000	
	72251000	
	72320000	
	79211110	
	79631000	
	79414000	
	72317000	
	75100000	
	72250000	
	66520000	
	72212490	
	79410000	

II.1.7) Information about Government Procurement Agreement (GPA) :

The contract is covered by the Government Procurement Agreement (GPA) : yes no

II.1.8) Lots: (for information about lots, use Annex B as many times as there are lots)

This contract is divided into lots: yes no

(if yes) Tenders may be submitted for

one lot only

one or more lots

all lots

II.1.9) Information about variants:

Variants will be accepted : yes no

II.2) Quantity or scope of the contract :

II.2.1) Total quantity or scope : (including all lots, renewals and options, if applicable)

At a high level, the scope of services being considered for external provision is as follows:

- Payroll services for council, schools and other customers' staff
- HR transactional services for County Council and schools
- HR advisory service for schools

- Schools finance advice
- Payments for schools and schools systems support
- Accounts payable and accounts receivable for the council, schools and other customers.
- Occupational Health
- Technology solution management, maintenance, support and its future transformation
- General ledger application to enable Council accounting services
- Process transformation for HR and Finance business processes
- Other related business support services which may be added at a later date.

These other related services may include, but are not limited to; Procurement; Pension Administration; HR Advisory for the Council; Management Accounting and Debt Management; DBS Checking; Learning and Development; Cash collections and Reconciliation.

The services set out above are not exhaustive and in order to maximise resources during the term of the framework and allow flexibility for potential increases and decreases in requirements, the Council reserves the right to both increase and decrease the services being provided to it. Other related business support services may be added using the change control process that will be set out in the call-off contract. Should services be removed during the term of the contract, the Council will require the provider to continue to provide the remaining services and the contract will include a methodology for the removal of particular services.

On commencement of the Framework Agreement the Council will immediately enter into a call-off contract for the services to be provided to it and, for some services, to be provided directly to maintained schools within the Council's area (those maintained schools being contracting authorities in their own right). The Council is also procuring the Framework Agreement so that other contracting authorities can call-off services. The Council currently sells support services to a number of third parties, including schools and academies. The Council has offered to lead a collaborative procurement on behalf of these customers. Contracting authorities that are not the Council or maintained schools at the time of the contract being entered into shall enter into separate call-off contracts with the provider for the services that they require. It is anticipated at this stage that the other contracting authorities will require some or all of the services set out above. These requirements are detailed further in the accompanying procurement documentation.

Other contracting authorities that will be able to enter into a call-off contract with the provider for some or all of the services set out above are:

- any local authority, maintained school within Worcestershire
- any academy within Worcestershire or the multi-academy trust to which they belong;
- any alternative provision school within Worcestershire;
- any free school within Worcestershire;
- any pupil referral units within Worcestershire;
- any special schools within Worcestershire;
- any post-16 schools and Colleges within Worcestershire;
- any corporate entity wholly or partly owned by the Council;
- West Mercia Police and Police Crime Commissioner;
- The Chief Constable Of Warwickshire
- The Chief Constable Of West Mercia
- The Police And Crime Commissioner For Warwickshire
- The Police And Crime Commissioner For West Mercia.

A detailed list of these other contract authorities is available via the Council's eTendering Portal, address found in section VI.3

The Council anticipates the following arrangements for call-off contracts under this framework agreement:

- it will enter into one call off contract for its own services, for seven (with the option to extend for up to another three) years, and for services to be provided to all maintained schools that currently receive the same services from the Council under contracts that expire in March 2018 (or 2016 for those that have not extended). This brings benefits to the supplier in that it will have certainty of business until March 2018 in relation to the majority of maintained schools, and during that period it will only have to have one contractual arrangement with the

Council. In terms of management of the services under this contract, maintained schools will have access to the supplier directly for day-to-day operational matters. For the period up to March 2018 the Council will be sub-contracting delivery of the services to maintained schools and payment for the services provided under the contract between the supplier and the Council will be based on the terms and conditions that the Council has agreed with the maintained schools and will remain during the term of the call-off contract;

- After March 2018 the maintained schools may call off directly from the framework agreement if they so choose during the remainder of the term of the framework agreement;

- As regards academies (and other contracting authorities named in this contract notice), if they currently receive the same services under a contract with the Council, these contracts will be assigned to the new supplier to create a direct contractual arrangement between the customer and the supplier and will be treated as a call-off contract under the framework agreement. The services provided under the contract between the supplier and the academy or other contracting authority will be on the terms and conditions that the Council has agreed with the academy or other contracting authority and will remain during the term of the call-off contract. Again, this will provide the supplier with certainty of business to the end of those contracts (some until August 2016, others until August 2018). After the end of the current arrangements, academies and other named contracting authorities may call off directly from the framework agreement if they so choose;

- Contracting authorities named in this contract notice that do not currently have an arrangement with the Council for the provision of the services may also call-off under the framework agreement at any time during its term.

This contract will also be made available to the following contracting authorities, see the following websites for details:-

http://www.direct.gov.uk/en/DI1/Directories/Localcouncils/AToZOfLocalCouncils/DG_A-Z_LG

<http://www.education.gov.uk/edubase/home.xhtml>

(if applicable, give figures only)

Estimated value excluding VAT : Currency :

or

Range: between : 14000000.00 : and : 100000000.00 : Currency : GBP

II.2.2) Information about options : *(if applicable)*

Options : yes no

(if yes) Description of these options :

The services provided directly to the Council under the call-off contract that the Council will enter into will be for a term of 7 years with the option to extend for up to three further years extensible on a six monthly basis at the Council's discretion and based on the performance of the provider.

(if known) Provisional timetable for recourse to these options :

in months : or in days : (from the award of the contract)

II.2.3) Information about renewals : *(if applicable)*

This contract is subject to renewal: yes no

Number of possible renewals: *(if known)* or Range: between : and:

(if known) In the case of renewable supplies or service contracts, estimated timeframe for subsequent contracts:

in months: or in days: (from the award of the contract)

II.3) Duration of the contract or time limit for completion:

Duration in months : 48 or in days: (from the award of the contract)

or

Starting: (dd/mm/yyyy)

Completion: (dd/mm/yyyy)

Section III : Legal, economic, financial and technical information

III.1) Conditions relating to the contract:

III.1.1) Deposits and guarantees required: *(if applicable)*

The Council reserves the right to require guarantees (Which may include Parent Company Guarantee), bonds, collateral warranties and other forms of security as appropriate. See the procurement documentation for further details.

III.1.2) Main financing conditions and payment arrangements and/or reference to the relevant provisions governing them:

The payment arrangements will be covered by the call-off Contract terms & conditions. See the procurement documentation for further details.

III.1.3) Legal form to be taken by the group of economic operators to whom the contract is to be awarded: *(if applicable)*

For bidding purposes, a consortium/partnership/joint venture/significant sub-contracting arrangement is acceptable but for the purposes of entering into a contract, the Council reserves the right to require groupings of organisations, consortia, partnerships or any other form of joint venture to take a particular legal form or to require a single lead organisation to take primary liability under the contract.

The Authority does not require a formal joint venture or special purpose vehicle to be set up at tender stage but the lead organisation, proposed partnering arrangements and the proposed contracting party should be clearly identified at the tender stage. Further information can be found in the procurement documentation.

III.1.4) Other particular conditions: *(if applicable)*

The performance of the contract is subject to particular conditions : yes no

(if yes) Description of particular conditions:

See the procurement documentation for further details.

III.2) Conditions for participation:

III.2.1) Personal situation of economic operators, including requirements relating to enrolment on professional or trade registers:

Information and formalities necessary for evaluating if the requirements are met:

See the procurement documentation for further details.

III.2.2) Economic and financial ability:

Information and formalities necessary for evaluating if the requirements are met:

See the procurement documentation for further details.

Minimum level(s) of standards possibly required: *(if applicable)*

See the procurement documentation for further details.

III.2.3) Technical capacity:

Information and formalities necessary for evaluating if the requirements are met:

See the procurement documentation for further details.

Minimum level(s) of standards possibly required: *(if applicable)*

See the procurement documentation for further details.

III.2.4) Information about reserved contracts: *(if applicable)*

- The contract is restricted to sheltered workshops
- The execution of the contract is restricted to the framework of sheltered employment programmes

III.3) Conditions specific to services contracts:

III.3.1) Information about a particular profession:

Execution of the service is reserved to a particular profession: yes no
(if yes) Reference to the relevant law, regulation or administrative provision :

III.3.2) Staff responsible for the execution of the service:

Legal persons should indicate the names and professional qualifications of the staff responsible for the execution of the service: yes no

Section IV : Procedure

IV.1) Type of procedure:

IV.1.1) Type of procedure:

- Open
- Restricted
- Accelerated restricted Justification for the choice of accelerated procedure:

- Negotiated Some candidates have already been selected (if appropriate under certain types of negotiated procedures) : yes no
(if yes, provide names and addresses of economic operators already selected under Section VI.3 Additional information)

- Accelerated negotiated Justification for the choice of accelerated procedure:

- Competitive dialogue

IV.1.2) Limitations on the number of operators who will be invited to tender or to participate: *(restricted and negotiated procedures, competitive dialogue)*

Envisaged number of operators:
or
Envisaged minimum number: and *(if applicable)* maximum number
Objective criteria for choosing the limited number of candidates:

IV.1.3) Reduction of the number of operators during the negotiation or dialogue: *(negotiated procedure, competitive dialogue)*

Recourse to staged procedure to gradually reduce the number of solutions to be discussed or tenders to be negotiated : yes no

IV.2) Award criteria

IV.2.1) Award criteria *(please tick the relevant box(es))*

- Lowest price
- or
- The most economically advantageous tender in terms of
 - the criteria stated below *(the award criteria should be given with their weighting or in descending order of importance where weighting is not possible for demonstrable reasons)*
 - the criteria stated in the specifications, in the invitation to tender or to negotiate or in the descriptive document

Criteria	Weighting	Criteria	Weighting
1.		6.	
2.		7.	
3.		8.	
4.		9.	

Criteria	Weighting	Criteria	Weighting
5.		10.	

IV.2.2) Information about electronic auction

An electronic auction will be used yes no

(if yes, if appropriate) Additional information about electronic auction:

IV.3) Administrative information:

IV.3.1) File reference number attributed by the contracting authority: (if applicable)

IV.3.2) Previous publication(s) concerning the same contract:

yes no

(if yes)

Prior information notice Notice on a buyer profile

Notice number in the OJEU: [2015/S 087-157373](#) of: [06/05/2015](#) (dd/mm/yyyy)

Other previous publications(if applicable)

IV.3.3) Conditions for obtaining specifications and additional documents or descriptive document: (in the case of a competitive dialogue)

Time limit for receipt of requests for documents or for accessing documents

Date: [19/08/2015](#) Time: [16:00](#)

Payable documents yes no

(if yes, give figures only) Price: Currency:

Terms and method of payment:

IV.3.4) Time limit for receipt of tenders or requests to participate:

Date: [19/08/2015](#) Time: [16:00](#)

IV.3.5) Date of dispatch of invitations to tender or to participate to selected candidates: (if known, in the case of restricted and negotiated procedures, and competitive dialogue)

Date:

IV.3.6) Language(s) in which tenders or requests to participate may be drawn up:

Any EU official language

Official EU language(s):

[EN](#)

Other:

IV.3.7) Minimum time frame during which the tenderer must maintain the tender:

until: :

or

Duration in months : or in days : 120 (from the date stated for receipt of tender)

IV.3.8) Conditions for opening of tenders:

Date : (dd/mm/yyyy) Time

(if applicable) Place:

Persons authorised to be present at the opening of tenders *(if applicable)* :

yes no

(if yes) Additional information about authorised persons and opening procedure:

Section VI: Complementary information

VI.1) Information about recurrence: *(if applicable)*

This is a recurrent procurement : yes no

(if yes) Estimated timing for further notices to be published:

VI.2) Information about European Union funds:

The contract is related to a project and/or programme financed by European Union funds : yes no

(if yes) Reference to project(s) and/or programme(s):

VI.3) Additional information: *(if applicable)*

Applicants do not need to contact the Council to request to participate - simply register on our eTendering portal and the invitation to tender documents are available for download, at: <http://www.worcestershire.gov.uk/etendering/> the document is in the category "Miscellaneous". The tender documentation will be available through our eTendering portal on despatch of this contract notice and will remain available until the date and time specified in Section IV.3.3.

This is except for access to confidential information that will only be accessible once a non-disclosure agreement (available via the eTendering portal) has been signed and returned to the Council.

Please note that tender returns need to be addressed to:

Tender for Transformation of Human Resources and Finance Services

Director of Resources,
Worcestershire County Council,
County Hall,
Spetchley Road,
Worcester,
WR5 2NP.

Worcestershire County Council reserves the right to cancel this procurement at any stage and not to award the contract.

VI.4) Procedures for appeal:

VI.4.1) Body responsible for appeal procedures:

Official name: [Royal Courts of Justice](#)

Postal address:

Town: [London](#)

Postal code:

Country: [United Kingdom \(UK\)](#)

Telephone:

E-mail:

Fax:

Internet address: *(URL)*

Body responsible for mediation procedures *(if applicable)*

Official name: [Royal Courts of Justice](#)

Postal address:

Town: London

Postal code:

Country: United Kingdom (UK)

Telephone:

E-mail:

Fax:

Internet address: (URL)

VI.4.2) Lodging of appeals: *(please fill in heading VI.4.2 or if need be, heading VI.4.3)*

Worcestershire County Council will enter into this Contract following a 10 calendar day standstill period starting on the day after the notification of the result. The Public Contracts Regulations 2015 (as amended)(The Regulations) provide for aggrieved Parties who have been harmed or who are at risk of harm by breach of The Regulations to bring proceedings in the Royal Courts of Justice. Any such proceedings must be brought within the limitation period specified by The Regulations according to the remedy sought.

VI.4.3) Service from which information about the lodging of appeals may be obtained:

Official name:

Postal address:

Town:

Postal code:

Country:

Telephone:

E-mail:

Fax:

Internet address: (URL)

VI.5) Date of dispatch of this notice:

Annex A
Additional addresses and contact points

I) Addresses and contact points from which further information can be obtained

Official name: National ID: *(if known)*
Postal address:
Town: Postal code: Country:
Contact point(s): Telephone:
For the attention of:
E-mail: Fax:
Internet address: *(URL)*

II) Addresses and contact points from which specifications and additional documents can be obtained

Official name: National ID: *(if known)*
Postal address:
Town: Postal code: Country:
Contact point(s): Telephone:
For the attention of:
E-mail: Fax:
Internet address: *(URL)*

III) Addresses and contact points to which tenders/requests to participate must be sent

Official name: National ID: *(if known)*
Postal address:
Town: Postal code: Country:
Contact point(s): Telephone:
For the attention of:
E-mail: Fax:
Internet address: *(URL)*

IV) Address of the other contracting authority on behalf of which the contracting authority is purchasing

Official name [Please refer to Section II.2.1 Total Quantity or Scope](#) National ID (if known):
Postal address: [N/A](#)
Town [N/A](#) Postal code
Country [United Kingdom \(UK\)](#)

----- (Use Annex A Section IV as many times as needed) -----

Annex B
Information about lots

Title attributed to the contract by the contracting authority

Lot No : **Lot title :**

1) Short description:

2) Common procurement vocabulary (CPV):

Main vocabulary:

3) Quantity or scope:

(if known, give figures only) Estimated cost excluding VAT:

Currency:

or

Range: between :

and:

Currency:

4) Indication about different date for duration of contract or starting/completion: (if applicable)

Duration in months : or in days : (from the award of the contract)

or

Starting: (dd/mm/yyyy)

Completion: (dd/mm/yyyy)

5) Additional information about lots:

Annex C1 – General procurement
Service categories referred to in Section II: Object of the contract
Directive 2004/18/EC

Category No [1]	Subject
1	Maintenance and repair services
2	Land transport services [2], including armoured car services, and courier services, except transport of mail
3	Air transport services of passengers and freight, except transport of mail
4	Transport of mail by land [3] and by air
5	Telecommunications services
6	Financial services: a) Insurances services b) Banking and investment services [4]
7	Computer and related services
8	Research and development services [5]
9	Accounting, auditing and bookkeeping services
10	Market research and public opinion polling services
11	Management consulting services [6] and related services
12	Architectural services; engineering services and integrated engineering services; urban planning and landscape engineering services; related scientific and technical consulting services; technical testing and analysis services
13	Advertising services
14	Building-cleaning services and property management services
15	Publishing and printing services on a fee or contract basis
16	Sewage and refuse disposal services; sanitation and similar services
Category No [7]	Subject
17	Hotel and restaurant services
18	Rail transport services
19	Water transport services
20	Supporting and auxiliary transport services
21	Legal services
22	Personnel placement and supply services [8]
23	Investigation and security services, except armoured car services
24	Education and vocational education services
25	Health and social services
26	Recreational, cultural and sporting services [9]
27	Other services

1 Service categories within the meaning of Article 20 and Annex IIA to Directive 2004/18/EC.

2 Except for rail transport services covered by category 18.

3 Except for rail transport services covered by category 18.

4 Except financial services in connection with the issue, sale, purchase or transfer of securities or other financial instruments, and central bank services. The following are also excluded: services involving the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property or concerning rights thereon. However, financial service contracts concluded at the same time as, before or after the contract of acquisition or rental, in whatever form, shall be subject to the Directive.

- 5 Except research and development services other than those where the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs on condition that the service provided is wholly remunerated by the contracting authority.
- 6 Except arbitration and conciliation services.
- 7 Service categories within the meaning of Article 21 and Annex IIB of Directive 2004/18/EC.
- 8 Except employment contracts.
- 9 Except contracts for the acquisition, development, production or co-production of program material by broadcasters and contracts for broadcasting time.

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