

Cabinet

23 January 2024

New Music Hub Arrangements

1. Recommendations

That Cabinet:

- 1.1 Approves the development of an options appraisal between Warwickshire County Council, Coventry City Council and Solihull Metropolitan Borough Council Music Services to establish and operate a new regional Music Hub that encompasses all three local authority areas from 1 September 2024; and
- 1.2 Authorises the Executive Director for Children and Young People in consultation with the Executive Director for Resources to work with Coventry City Council and Solihull Metropolitan Borough Council to develop the options appraisal with a report back to Cabinet on the preferred model, its establishment and operating arrangements.

2. Executive Summary

- 2.1 In March 2023 the Department for Education (DfE), through Arts Council England (ACE), published new geographic arrangements for Music Hubs, which proposed from September 2024, Warwickshire will form part of a new Music Hub encompassing Warwickshire, Coventry & Solihull Local Authority Areas.
- 2.2 An open competitive application process to lead new Music Hubs from September 2024 began in late July 2023. A collaborative application was developed with Coventry and Solihull Music Local Authority Services and submitted on 12 October 2023 following approval from the Portfolio Holder for Education on 2 October 2023.
- 2.3 A successful application will enable Warwickshire's continued receipt of £0.777m of Music Education Grant funding. The outcome of the application process is expected in April 2024.
- 2.4 Options for delivery of the new regional Music Hub need to be explored, although it is anticipated that the preferred option would be for a new legal entity (possibly a company limited by guarantee with charitable status, a Trust or an Unincorporated Association) to be established and jointly owned by the three Local Authorities to oversee and manage the new Music Hub that will encompass Warwickshire, Coventry & Solihull Local Authority Areas. Each

Local Authority Music Service will retain its local identity and independence and will be the Music Hubs Lead Delivery Partner and recipient of the Music Education Grant for their Local Authority Area.

- 2.5 A full options appraisal will be developed with Coventry and Solihull and a further report will be brought to Cabinet for approval to proceed with the preferred operating model.

3. Financial Implications

- 3.1 The Council's Music Service acting as the lead partner for the Music Education Hub (MEH) receives and manages the Music Education Grant (MEG) for Warwickshire and is also the principal deliverer in the MEH. In 2023-24 Warwickshire's MEG is £0.777m and is used to support and subsidise the delivery of the National Plan for Music (NPME).
- 3.2 The aim through the proposed management arrangements for the new Music Hub, is to retain funding for Warwickshire at current levels, (which would not be possible without the proposed new arrangement). As expenditure will be adjusted to match resources, this is a cost neutral decision for the Council.
- 3.3 If the preferred option for delivery of the regional Music Hub is for a new legal entity to be set up then there will be costs associated with its establishment, for example: legal costs to draft and agree the constitutional documents and any agreements with the other Local Authorities. However, whilst these are not fully known at this moment, it is envisaged these can be managed within existing resources in the current financial year.

4. Environmental Implications

None

5. Supporting Information

- 5.1 Warwickshire Music is a fully traded County Council music education service. The service provides musical opportunities for over 12,000 children and young people each week in school and community settings. In the current year turnover is £2.2m. of which £0.777m of income comes from the Music Education Grant with the balance of revenue gained from trading with schools, parents/carers.
- 5.2 Since 2011, Warwickshire Music, has been the lead for Warwickshire's Music Education Hub. Hub Lead Partners (in the case of Warwickshire, this is the County Council) receive and manage the Department for Education (DfE) Music Education Grant to support the delivery of the National Plan for Music Education (NPME) through a range of delivery and partnership mechanisms.

- 5.3 In June 2022, the DfE published a new National Plan for Music Education (NPME) ([A National Plan for Music Education – The Power of Music to Change Lives](#)) which included the intention to fund fewer, larger, more strategic Music Hubs, encompassing multiple local authority areas.
- 5.4 In March 2023 the DfE, through Arts Council England (ACE), published new geographic arrangements for Music Hubs, which proposed from September 2024, Warwickshire will form part of a new Music Hub encompassing Warwickshire, Coventry & Solihull Local Authority Areas. This builds effectively on existing relationships between Warwickshire, Coventry and Solihull Local Authorities, their Music Services and Music Hubs.
- 5.5 An open competitive application process to lead new Music Hubs from September 2024 began in late July 2023. A collaborative application was developed with Coventry and Solihull Music Local Authority Services and submitted on 12th October 2023. A successful application will enable Warwickshire's continued receipt of £0.777m of Music Education Grant funding. The outcome of the application process is expected in April 2024. In the unlikely event the collaborative bid is unsuccessful, we would have to review the Council's Music Service offer in light of the arrangements proposed by the DfE's preferred regional Music Hub provider.
- 5.6 Warwickshire Music is in a transformation process to establish new management and administrative structures to better meet the current and future business and educational needs of the service. Given the capacity pressure placed on the Service, to ensure the effective implementation of a new structure for Warwickshire Music and mitigate against the risk of an unsuccessful application outcome, it was felt that Warwickshire was best placed to support not lead a collaborative Hub application.
- 5.7 Coventry City Council, through its Music Service Coventry Music, agreed to lead the collaborative application with Warwickshire and Solihull to establish a new Music Hub.
- 5.8 Assuming the successful outcome of the application process in summer 2024 and depending on the outcome of an options appraisal, the three Local Authority Music Services will work to establish a new regional Music Hub (possibly a new legal entity with charitable status) which would be jointly owned/operated by the three Local Authorities to oversee and manage the new Music Hub that will encompass Warwickshire, Coventry & Solihull Local Authority Areas. The aim is for each Local Authority Music Service to retain its local identity and independence and be the Music Hubs Lead Delivery Partner and recipient of the Music Education Grant for their Local Authority Area.
- 5.9 A Memorandum of Understanding (MoU) has been agreed between the three Local Authorities, outlining how they will work together during the application process and how they will work towards establishing a new Regional Music Hub. This MoU included details of the governance and management arrangements for the project including financial contributions of each partner.

- 5.10 The proposed recommendations aim to ensure that Warwickshire Music Service retains its position and influence in the strategic leadership of new Music Hub arrangements from September 2024, and that, Warwickshire schools, children and families continue to benefit from the Music Education Grant to sustain and develop musical opportunities in schools and communities across the county. An equality impact assessment will be undertaken to assess local needs, identify gaps, meeting the different needs of communities and consider those in rural and urban areas.

6. Subsidy Control

- 6.1 Part of the grant conditions from the DfE state that the Local Authorities are to generate additional funding from other sources at 50% or more of the Music Hub's total income. Public bodies and charities are capable of being enterprises if they undertake commercial activities. Cultural activities that are free of charge are not economic activity but where primarily funded via commercial payment by entrants then would be considered economic in nature and therefore the subsidy control rules will be relevant.
- 6.2 If the regional Music Hub commissioned services such as an Orchestra to deliver a particular programme there could be a number of bidders to deliver the service. In order to comply with subsidy control requirements, the Council needs to demonstrate that the following principles are met:
- i.) The subsidy should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale.
 - ii.) The subsidy should be proportionate and limited to what is necessary to achieve the objective. This assessment will need to be made each time an amount of money is committed and the amount is likely to increase subject to the outcome of the Spending Review by Central Government and as the funding potentially being available until 2026.
 - iii.) The subsidy should be designed to bring about a change in economic behaviour of the beneficiary that is conducive to achieving the objective and that would not be achieved in the absence of subsidies being provided.
 - iv.) The subsidy should not normally compensate for the costs the beneficiary would have been funded in the absence of the subsidy.
 - v.) The subsidy should be an appropriate policy instrument to achieve a public policy objective and that objective cannot be achieved through other less distortive means.
 - vi.) The subsidy's positive contribution to achieving the objective should outweigh any negative effects in particular the negative effects on trade or investment in the UK and internationally.
- 6.3 A subsidy control assessment will be undertaken as part of the options appraisal exercise to ensure compliance with subsidy control rules under any arrangements for the new regional Music Hub.

7. TUPE

- 7.1 If the regional Music Hub is planning on directly employing staff to deliver or transfer service and activities from one organisation to another, then it will be necessary to consider whether the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) apply. This will be factored into the options appraisal and any TUPE implications included in the report back to Cabinet.

8. Timescales associated with the decision and next steps

- 8.1 The current plan is set out in the table below:

Date	Activity
12 October 2023	A collaborative application with Warwickshire, Coventry and Solihull Local Authority Music Services was submitted to the DfE/Arts Council England.
January 2024 to April 2024	Working with Coventry and Solihull LAs, undertake an options appraisal for the management of the regional Music Hub.
April 2024	Bidding process outcome to be announced.
May 2024 to August 2024	Transition period
September 2024	New Hub arrangements initiated

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The report was circulated to the following members prior to publication:

Local Member(s): None – this is a County Wide report.

Other members: Chair & Spokes of Children and Young People OSC (Councillors M Humphreys, Brown, Roodhouse)