

# Pecyn Dogfennau



Mark James LLM, DPA, DCA  
Prif Weithredwr,  
Chief Executive,  
Neuadd y Sir, Caerfyrddin. SA31 1JP  
County Hall, Carmarthen. SA31 1JP

7FED MEDI 2015

## AT: HOLL AELODAU'R PWYLLGOR CRAFFU CYMUNEDAU

YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD O'R  
**PWYLLGOR CRAFFU CYMUNEDAU A GYNHELIR YN SIAMBR, NEUADD Y  
SIR, CAERFYRDDIN AM 3:00YH, DYDD LLUN, 14EG MEDI, 2015 ER  
MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD  
YNGHLWM**

*Mark James*

**PRIF WEITHREDWR**



**AILGYLCHWCH OS GWELWCH YN DDA**

<b>Swyddog Democrataidd:</b>	<b>Bernadette Dolan</b>
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## AELODAETH Y PWYLLGOR

### Grŵp Plaid Cymru

Cyng. Mansel Charles  
Cyng. Ken Howell  
Cyng. Jeff Owen  
Cyng. Gareth Thomas  
Cyng. Jeff Thomas

### Grŵp Annibynnol

Cyng. Anthony Davies  
Cyng. Irfon Jones  
Cyng. Hugh Shepardson  
Cyng. Edward Thomas

### Grŵp Llafur

Cyng. Deryk Cundy  
Cyng. Sharen Davies  
Cyng. Tegwen Devichand  
Cyng. Shirley Matthews

# AGENDA

1. YMDDIHEURIADAU AM ABSENOLDEB
2. DATGANIADAU O FUDDIANNAU PERSONOL.
3. DATGAN CHWIPIAID PLAID SYDD WEDI EU GWAHARDD.
4. EITEMAU AR GYFER Y DYFODOL. 1 - 2
5. ADRODDIAD MONITRO CYLLIDEB CYFALAF A REFENIW 2015/16 3 - 20
6. DEWISIADAU RHEOLI ERAILL MEWN PERTHYNAS Â HAMDDEN 21 - 70
7. EGLURHAD YNGHYLCH PEIDIO Â CHYFLWYNO ADRODDIADAU CRAFFU 71 - 72
8. LLOFNODI BOD COFNODION CYFARFOD Y PWYLLGOR A GYNHALIWYD AR 22AIN O FEHEFIN 2015 YN GOFNOD CYWIR 73 - 80
9. LLOFNODI BOD COFNODION CYFARFOD Y PWYLLGOR CRAFFU AR Y CYD - CYMUNEDAU A GOFAL CYMDEITHASOL AC IECHYD 23AIN GORFFENNAF 2015, YN GOFNOD CYWIR 81 - 86

Mae'r dudalen hon yn wag yn fwriadol

# COMMUNITY SCRUTINY COMMITTEE

## 14<sup>th</sup> SEPTEMBER 2015

### Forthcoming items for next meeting – Monday 9th November 2015

Discussion Topic	Background
Affordable Housing Delivery Plan	This report will provide details of the delivery plan for the long-term Affordable Housing Strategy that has been developed this year. The item will be considered in conjunction with members of the Social Care & Health Scrutiny Committee.
Review of the Access to Social Housing Policy	This Policy requires review as a result of The Housing (Wales) Act 2014 which places a new duty on local authorities to work with people who are at risk of losing their home within 56 days, to help find a solution to their problems. The new provisions require greater joint working between the Government, local authorities and the housing industry – including the private rented sector and housing associations.
Community Levy Infrastructure Viability Report	The Community Infrastructure Levy (CIL) is a new levy that local authorities in England and Wales can choose to charge on new developments in their area under Heritage & Environment legislation, replacing section 106 agreements as the main mechanism. This report will assess the viability of implementing the CIL within the county.
Half-Yearly Performance Monitoring Report 2015/16	This is a standard 6-monthly report which allows members to undertake their monitoring role in relation to the relevant services within the Committee's remit. This item will include details of the compliments and complaints received by the relevant services. Report A will also include an update from Property Services on the existing Contractor Framework as well as the new Framework.

<b>Discussion Topic</b>	<b>Background</b>
Budget Monitoring 2015/16	This standard quarterly item enables members to undertake their monitoring role of the various departmental budgets within the Committee's remit.
Actions & Referrals Update	This quarterly report provides an update on progress made in relation to actions and requests from previous meetings.

# PWYLLGOR CRAFFU CYMUNEDAU

## 14<sup>eg</sup> O FEDI 2015

### Adroddiad Monitro Cyllideb Cyfalaf a Refeniw 2015/16

#### Ystyried y materion canlynol a chyflwyno sylwadau arnynt:

- Bod y Pwyllgor Craffu yn derbyn yr Adroddiad Monitro Cyllideb ar gyfer y Gwasanaethau Tai, Adfywio, Cynllunio ac Hamdden a Chwaraeon, ac yn ystyried y sefyllfa cyllidebol.

#### Rhesymau:

- I ddatgan sefyllfa bresennol y gyllideb i'r Pwyllgor ar y 30ain o Fehefin 2015, ynghylch blwyddyn ariannol 2015/16.

**Angen cyfeirio'r mater at y Bwrdd Gweithredol er mwyn gwneud penderfyniad: NAC OES**

#### Aelodau'r Bwrdd Gweithredol sy'n gyfrifol am y Portffolio:

- Cyng. Linda Evans (Tai)
- Cyng. Meryl Gravell (Adfywio ac Hamdden)
- Cyng. David Jenkins (Adnoddau)

<b>Y Gyfarwyddiaeth:</b> Adnoddau  <b>Enw Pennaeth y Gwasanaeth:</b> Chris Moore  <b>Awdur yr adroddiad:</b> Owen Bowen	<b>Swyddi:</b>  Pennaeth Gwasanaethau Cyllidol  Prif Gyfrifydd	<b>Rhifau Ffôn / Cyfeiriadau E-bost:</b>  01267 224160 <a href="mailto:cmoore@sirgar.gov.uk">cmoore@sirgar.gov.uk</a>  01267 224886 <a href="mailto:obowen@sirgar.gov.uk">obowen@sirgar.gov.uk</a>
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## EXECUTIVE SUMMARY

# COMMUNITY SCRUTINY COMMITTEE 14<sup>th</sup> SEPTEMBER 2015

## Revenue & Capital Budget Monitoring Report 2015/16

The monitoring exercise for the period to the 30th June 2015 is attached and indicates that:

### Revenue Budgets

**Regeneration, Planning and Leisure & Sport (Appendix A)** – The Regeneration Business Unit is anticipating an overspend of £34k due to a previous year efficiency to sell the property at Nant-y-Ci which remains unsold. This overspend is offset by vacant posts within Economic Development of £52k.

The Planning Division anticipates an underspend of £27k despite a projected overspend of £153k on Development Management due to non achievement of planning fee income. This overspend is offset by a £121k saving on vacant posts within the division as well as 2 members of staff being charged out to an externally funded scheme (£47k).

The Leisure & Sport Division is forecasting a nil budget variance overall.

**Non-HRA Housing (Appendix B)** – The non-HRA Housing service is projecting that it will be under its approved budget by £1k.

**Housing Revenue Account (Appendix C)** – The Housing Revenue Account (HRA) is forecasting an underspend of -£487k to the year end for 2015/16. £201k of this is within Supervision and Management - employee related vacancies -£126k ,staff related travelling -£14k ,supplies & services costs of -£31k (postages/telephones etc.) and premises related costs -£30k (energy charges).

Improvement in delivering savings on void turnaround times etc. will save £280k.



## Capital Budgets

### Regeneration (Appendix D)

#### Opportunity Street (Llanelli)

-£446k External funding to be used initially with CCC funding carried forward to 2016/17 in order to deliver the final year elements of the project. Should any works be accelerated and brought forward to 15/16 then the variance will be reduce accordingly.

#### Use it or Lose it (Llanelli Area)

-£406k This project is currently at an early grant application stage and a decision to approve (by Welsh Government) is anticipated later this financial year. In order to secure external grant funding (circa £1.6m) the approved budget must be safeguarded for future years delivery. This year's expenditure can only reflect early survey and feasibility works which will progress following confirmation of project grant approval.

#### Cross Hands East Strategic Employment Site

+£1,100k Compensation payments for purchased land have increased significantly following a Lands Tribunal appeal. The scheme variance reflects the projected outturn cost of all land sales based on advice from the District Valuer.

**Leisure (Appendix E) – No variances**

**Private Housing (Appendix F) – No variances**

**Public Housing (Appendix G) – No variances**

*A list of the main variances is attached to this report.*

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report.

**Signed: Chris Moore Head of Financial Services**

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

**3. Finance**

Revenue – Regeneration, Planning and Leisure & Sports Services are forecasting an underspend of £27k at year end.

Capital – The capital programme shows a net variance of +£248k against the 2015/16 approved budget.

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

**Signed: Chris Moore Head of Financial Services**

1. Local Member(s) – N/A
2. Community / Town Council – N/A
3. Relevant Partners – N/A
4. Staff Side Representatives and other Organisations – N/A

**Section 100D Local Government Act, 1972 – Access to Information**  
**List of Background Papers used in the preparation of this report:**

**THESE ARE DETAILED BELOW:**

Title of Document	File Ref No. / Locations that the papers are available for public inspection
2015/16 Budget	Resources Department, County Hall, Carmarthen



Mae'r dudalen hon yn wag yn fwriadol

**Community Scrutiny Report - Regeneration & Leisure**

Appendix A

**Revenue Budget Monitoring 2015-16 as at 30<sup>th</sup> June 2015**

Forecasted for year to 31 March 2016

Service	Working Budget				Forecasted				Variance For Year	Note
	Controllable Expenditure	Controllable Income	Net Non-Controllable	Total Net	Controllable Expenditure	Controllable Income	Net Non-Controllable	Total Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Economic Development</b>										
Europe Direct (E)	32	-32	4	4	1	-1	4	4	0	
WVEC Matchfunding for Future Schemes	1	0	14	15	1	0	14	15	0	
SETs Technical Assistance (E)	46	-46	3	3	24	-24	3	3	-0	
RDP Axis 3 Local Partnership (E)	116	-116	3	3	77	-77	3	3	0	
West Wales European Centre	446	-306	97	237	236	-96	97	237	-0	
Marketing Tourism Development	490	-20	59	528	476	-7	59	528	0	
Visitor Information	66	-9	14	71	61	-5	14	71	0	
Llanelli Community	40	0	25	65	40	0	25	65	-0	
Communities First - CCC Cluster (E)	616	-616	33	33	676	-676	33	33	0	
Communities First Match - Pupil Deprivation Grant (E)	49	-49	0	0	49	-49	0	-0	-0	
Communities First Lift	92	-92	0	0	92	-92	0	0	0	
Amman Gwendraeth Community	94	0	12	106	94	0	12	106	0	
3 T's Community Dev Core Budget	287	0	31	318	294	-7	31	318	-0	
Betws wind farm community fund (E)	117	-117	2	2	117	-117	2	2	-0	
Community Grants	173	0	5	177	173	0	5	177	-0	
Rural Carmarthenshire	29	0	5	34	29	0	5	34	0	
Physical Regeneration	374	0	49	423	376	-2	49	423	-0	
Amman Gwendreath Regeneration	27	0	2	29	27	0	2	29	-0	
Llanelli Regeneration	27	0	3	30	27	0	3	30	0	
Llanelli Coast Joint Venture	134	-134	5	5	134	-134	5	5	-0	
RDP Axis 4 LAG (E)	27	-27	1	1	27	-27	1	1	0	
The Beacon	123	-123	8	9	123	-123	8	9	0	
Local Investment Fund (LIF) (E)	25	-24	11	11	63	-62	11	11	0	
Support for Carmarthenshire Businesses	0	0	1	1	0	0	1	1	0	
SWW Property Development Fund (E)	70	-70	2	2	88	-88	2	2	-0	
Regional Learning Partnership RCF (E)	0	0	0	0	307	-307	0	-0	-0	
ADREF (E)	70	-70	2	2	110	-110	2	2	0	
Green Seas - Pendine Promenade Phase 1 (E)	0	0	0	0	0	-0	0	-0	-0	
Crosshands East SES (E)	63	-63	4	4	38	-38	4	4	-0	
Green Seas - Pendine Promenade Phase 2 (E)	0	0	0	0	0	-0	0	-0	-0	
Carmarthen town centre partnership (E)	54	-54	0	0	54	-54	0	0	0	

**Community Scrutiny Report - Regeneration & Leisure**

Appendix A

**Revenue Budget Monitoring 2015-16 as at 30<sup>th</sup> June 2015**

Forecasted for year to 31 March 2016

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Service	Working Budget				Forecasted				Variance For Year	Note
	Controllable Expenditure	Controllable Income	Net Non-Controllable	Total Net	Controllable Expenditure	Controllable Income	Net Non-Controllable	Total Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Ammanford town centre partnership (E)	36	-36	0	0	37	-37	0	0	0	
Regen Core & Policy Performance	150	0	39	189	150	0	39	189	0	
Regen & Leisure Business Support Unit	308	-107	307	508	331	-95	307	543	34	1
Match Funding Earmarked for Future Schemes	7	0	249	255	7	0	249	255	0	
Economic Development Management	173	0	-1	172	141	0	-1	140	-32	2
Business Support Projects	71	0	27	98	86	-7	27	107	9	
UN Sir Gar	154	-117	0	37	163	-120	0	44	6	
Business Services Salaries	168	0	20	188	148	0	20	168	-20	3
Sector Development	61	0	6	67	66	0	6	72	5	
Events	71	-32	3	42	61	-24	3	40	-2	
<b>Economic Development Total</b>	<b>4,887</b>	<b>-2,261</b>	<b>1,043</b>	<b>3,669</b>	<b>5,003</b>	<b>-2,377</b>	<b>1,043</b>	<b>3,669</b>	<b>0</b>	
<b>Planning</b>										
Planning Admin Account	395	-3	7	399	343	-13	7	336	-63	4
Building Regulations Trading - Chargeable	437	-502	65	0	414	-479	65	0	0	
Building Regulations Trading - Non-chargeable	19	0	3	22	18	0	3	21	-1	
Building Control - Other	198	0	55	253	188	0	55	243	-10	
Build Control Other Works	5	0	2	7	5	-0	2	7	-0	
Minerals	234	-94	63	204	237	-143	63	158	-47	5
Policy-Development Planning	424	-1	39	462	368	-4	39	404	-58	6
Development Management	1,433	-1,239	258	452	1,297	-951	258	605	153	7
Tywi Centre	0	0	6	6	10	-10	6	6	0	
Conservation	253	-24	49	277	251	-24	49	276	-1	
Coed Cymru (E)	56	-56	13	13	56	-56	13	13	0	
Caeau Mynydd Mawr - Marsh Fritillary Project	94	-94	1	1	58	-58	1	1	0	
Carmarthenshire LBAP (E)	59	-59	0	0	59	-59	0	0	0	
South Wales Regional Aggregates Working Party (E)	0	0	0	0	0	0	0	0	0	
Waste planning monitoring report (E)	0	0	0	0	29	-29	0	-0	-0	
Foundations in Heritage (E)	0	0	0	0	-0	0	0	-0	-0	
Building Our Heritage (Delivery Phase) (E)	426	-426	0	0	483	-483	0	0	0	
Tywi Centre EF Holding Account	0	0	0	0	40	-40	0	0	0	
<b>Planning Total</b>	<b>4,034</b>	<b>-2,498</b>	<b>560</b>	<b>2,096</b>	<b>3,857</b>	<b>-2,348</b>	<b>560</b>	<b>2,069</b>	<b>-27</b>	

Revenue Budget Monitoring 2015-16 as at 30<sup>th</sup> June 2015

Forecasted for year to 31 March 2016

Service	Working Budget				Forecasted				Variance For Year £'000	Note
	Controllable Expenditure	Controllable Income	Net non-Controllable	Total Net	Controllable Expenditure	Controllable Income	Net non-Controllable	Total Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
<b>Leisure &amp; Recreation</b>										
Local Nature Reserve Countryside Ranger (E)	0	0	0	0	30	-30	0	0	0	
Millenium Coastal Park	145	-98	1,011	1,058	115	-89	1,011	1,036	-22	8
Burry Port Harbour	140	-178	376	338	154	-187	376	343	5	
Discovery Centre	92	-107	84	69	85	-94	84	75	6	
Pendine Outdoor Education Centre	415	-270	69	215	483	-340	69	212	-3	
Pembrey ski shop	112	-114	4	1	45	-42	4	7	6	
Pembrey Ski Slope	287	-224	114	177	269	-206	114	178	0	
Sport & Leisure West	210	-32	17	195	210	-32	17	195	0	
Newcastle Emlyn Sports Centre	268	-107	17	178	268	-107	17	178	-0	
Carmarthen Leisure Centre	1,242	-1,027	337	553	1,226	-1,032	337	531	-22	9
St Clears Leisure Centre	116	-39	49	127	110	-39	49	120	-7	
Bro Myrddin Indoor Bowling Club	24	0	80	105	48	-8	80	120	16	10
Sport & Leisure East	169	-35	18	152	169	-35	18	152	0	
Amman Valley Leisure Centre	663	-505	78	236	657	-481	78	253	17	11
Brynamman Swimming Pool	0	0	10	10	0	0	10	10	0	
Llandovery Swimming Pool	187	-97	9	99	182	-85	9	106	7	
Garnant Golf Course	0	0	1	1	0	0	1	1	0	
Gwendraeth Sports Centre	32	-17	2	17	31	-6	2	27	10	
Dinefwr Bowling Centre	24	0	60	84	32	0	60	92	8	
5 x 60 (E)	266	-266	13	13	266	-266	13	13	0	
Dragon Sport (E)	112	-111	13	13	112	-111	13	13	0	
LAPA Additional Funding (E)	29	-29	0	0	29	-29	0	0	0	
Sport & Leisure General	442	-44	125	523	440	-42	125	523	-0	
National Exercise Referral Scheme (E)	175	-175	0	1	175	-175	0	1	0	
Sport & Leisure South	187	-34	17	170	186	-33	17	170	-0	
Llanelli Leisure Centre	1,100	-938	416	578	1,087	-887	416	616	38	12
Coedcae Sports Hall	42	-18	5	29	42	-20	5	27	-2	
Country Parks General	932	-39	109	1,002	886	-53	109	942	-60	13
Celli Aur Country Park	0	0	3	3	0	0	3	3	0	
Pembrey Country Park	296	-563	52	-214	292	-507	52	-163	51	14
Emlyn Lech Owain Country Park	44	-20	42	67	33	-22	42	53	-13	

**Community Scrutiny Report - Regeneration & Leisure**

Appendix A

**Revenue Budget Monitoring 2015-16 as at 30<sup>th</sup> June 2015**

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Forecasted for year to 31 March 2016

Service	Working Budget				Forecasted				Variance For Year	Note
	Controllable Expenditure	Controllable Income	Net non-Controllable	Total Net	Controllable Expenditure	Controllable Income	Net non-Controllable	Total Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Carmarthen Library	396	-21	116	491	399	-24	116	491	-0	
Ammanford Library	239	-8	22	253	245	-14	22	253	-0	
Llanelli Library	388	-22	110	475	395	-30	110	475	-0	
Community Libraries	213	-7	118	324	206	-7	118	317	-8	
Libraries General	1,014	-2	105	1,116	1,021	-2	105	1,123	7	
Mobile Library	192	0	10	202	190	0	10	200	-1	
School Libraries General	0	0	8	8	0	0	8	8	0	
Carmarthen Museum, Abergwili.	118	-12	72	177	117	-15	72	174	-3	
Kidwelly Tinplate Museum	7	-0	1	8	13	-0	1	14	6	
Parc Howard Museum	44	-6	90	127	45	-5	90	130	3	
Museum of Speed, Pendine	25	-12	20	33	32	-17	20	35	1	
Museums General	140	0	26	166	141	0	26	167	2	
Archives General	120	-2	99	218	125	-6	99	218	-0	
Arts General	54	0	14	68	57	-1	14	69	1	
St Clears Craft Centre	62	-32	46	76	49	-25	46	70	-6	
Cultural Services Management	76	0	3	79	76	0	3	79	-0	
Laugharne Boathouse	142	-95	21	68	152	-105	21	68	-0	
Lyric Theatre	201	-123	56	134	299	-219	56	135	2	
Y Ffwrnnes	649	-400	143	393	650	-407	143	387	-6	
Ammanford Miners Theatre	43	-17	2	28	39	-12	2	29	0	
Entertainment Centres General	464	-44	28	448	439	-44	28	422	-26	15
Works (E)	0	0	0	0	5	-5	0	-0	-0	
Oriel Myrddin Trustee	190	-191	0	-1	185	-186	0	-1	0	
Oriel Myrddin CCC	102	0	23	125	102	0	23	125	0	
Motor Sports Centre - Pembrey	0	-82	0	-82	0	-82	0	-82	0	
Pendine Beach	8	-26	3	-15	8	-26	3	-15	-0	
Beach Safety	5	0	1	6	5	0	1	6	-0	
Leisure Management	274	0	89	363	267	0	89	355	-7	
<b>Leisure &amp; Recreation Total</b>	<b>12,919</b>	<b>-6,189</b>	<b>4,358</b>	<b>11,089</b>	<b>12,923</b>	<b>-6,193</b>	<b>4,358</b>	<b>11,088</b>	<b>-0</b>	
<b>SERVICE TOTAL</b>	<b>21,840</b>	<b>-10,947</b>	<b>5,961</b>	<b>16,854</b>	<b>21,783</b>	<b>-10,918</b>	<b>5,961</b>	<b>16,827</b>	<b>-27</b>	
<b>Contribution to/from Earmarked Reserves</b>									<b>27</b>	
<b>Net Forecasted End of Year Variance</b>									<b>0</b>	



**Community Scrutiny Report - Regeneration & Leisure**

**Appendix A**

**Revenue Budget Monitoring 2015-16 as at 30<sup>th</sup> June 2015**

<b>Main Variance Summary</b>		<b>£'000</b>
1	Economic Development - Business Support Unit - Efficiency saving was identified for 14/15 in relation to premises costs at Nant Y Ci, with the intention of selling the property. This sale is currently on hold so savings have not been released at this point.	34
2	Economic Development Management - Vacant post	-32
3	Economic Development - Business Services Salaries - Member of staff on maternity leave with no planned maternity cover	-20
4	Planning Admin Account - Underspend anticipated through maintaining vacant posts and planned general reduced spending on administration to offset the reduction in fees generated by the division	-63
5	Planning - Minerals - Underspend mainly due to proposed charging out of 2 members of staff to externally funded projects as a 'direct cost'	-47
6	Planning - Policy - Development Planning - Underspend mainly due to maintaining vacant posts to partly meet the reduction in planning application fee income	-58
7	Planning - Development Management - Overspend mainly due to projected non-achievement of planning fee income	153
8	Leisure - Millenium Coastal Park - Part year vacancies in Service	-22
9	Leisure - Carmarthen Leisure Centre - Part year vacancies in Service	-22
10	Leisure - Bro Myrddin Indoor Bowling Club - Delay in asset transfer	16
11	Leisure - Amman Valley Leisure Centre - Projected shortfall in income to budget	17
12	Leisure - Llanelli Leisure Centre - Mainly due to income shortfall as a result of cafe refurbishment	38
13	Country Parks General - Part year vacancies in Service	-60
14	Pembrey Country Park - Projected shortfall in income to budget	51
15	Entertainment Centres General - Part year vacancies in Service	-26
	Other	14
<b>Forecasted end of year Service variance:</b>		<b>-27</b>
<b>Contribution to/from Earmarked Reserves</b>		<b>27</b>
<b>Regeneration and Leisure Net Variance</b>		<b>0</b>

Mae'r dudalen hon yn wag yn fwriadol

**Community Scrutiny Report - Non HRA Housing**

Appendix B

**Revenue Budget Monitoring 2015-16 as at 30<sup>th</sup> June 2015**

Forecasted for year to 31 March 2016

Service	Working Budget				Forecasted				Variance For Year	Note
	Controllable Expenditure	Controllable Income	Net Non-Controllable	Total Net	Controllable Expenditure	Controllable Income	Net Non-Controllable	Total Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
<b>Council Fund Housing</b>										
Independent Living and Affordable Homes	314	-230	65	149	283	-199	65	149	-0	
Supporting People Providers	6,884	-6,884	0	0	6,495	-6,495	0	0	0	
Home Improvement (Non HRA)	593	-293	142	441	571	-293	142	420	-22	1
Penybryn Traveller Site	127	-119	13	21	127	-119	13	22	1	
Benefit Reforms	48	-48	0	0	50	-48	0	1	1	
Homelessness	154	-43	24	135	175	-62	24	137	2	
Non Hra Investment	0	-15	168	153	0	-2	168	166	13	
Non Hra Re-Housing (Inc Chr)	208	0	96	304	207	0	96	303	-1	
Temporary Accommodation	255	-184	2	74	259	-184	2	77	4	
Social Lettings Agency	753	-764	9	-3	753	-764	9	-3	-0	
Community Floating Support	221	-221	0	0	180	-180	0	0	0	
Houses Into Homes	0	0	0	0	75	-75	0	0	0	
<b>Total</b>	<b>9,558</b>	<b>-8,803</b>	<b>519</b>	<b>1,274</b>	<b>9,174</b>	<b>-8,421</b>	<b>519</b>	<b>1,273</b>	<b>-1</b>	

<b>Main Variance Summary</b>		£'000
1	Home Improvement (Non HRA) - Vacant posts offset by small overspends in other Home Improvement services	-22
	Other	21
<b>Non HRA Housing - Net Variance</b>		<b>-1</b>

Mae'r dudalen hon yn wag yn fwriadol

**Community Scrutiny Report - HRA Housing**

**Revenue Budget Monitoring 2015-16 as at 30th June 2015**

Forecasted for year to 31 March 2016

Service	Approved Budget	Forecasted Expenditure	Variance for Year	Note
	£'000	£'000	£'000	
<b>Expenditure</b>				
<b>Repairs &amp; Maintenance</b>				
Responsive	1,600	1,596	-4	
Minor Works	2,400	2,400	0	
Voids	2,000	2,000	0	
Servicing	1,550	1,550	0	
Drains & Sewers	230	230	0	
Grounds	700	700	0	
Unadopted Roads	100	100	0	
<b>Supervision &amp; Management</b>				
Employee	3,416	3,290	-126	1
Premises	1,434	1,404	-30	2
Transport	108	94	-14	
Supplies	820	789	-31	3
Recharges	1,044	1,044	0	
Provision for Bad Debt	652	652	0	
Capital Financing Cost	12,512	12,512	0	
Central Support Charges	1,609	1,609	0	
Capital - DRF	9,913	9,913	0	
<b>Total Expenditure</b>	<b>40,088</b>	<b>39,883</b>	<b>-205</b>	
<b>Income</b>				
Rents	-34,625	-34,905	-280	4
Service Charges	-846	-846	0	
Supporting People	-355	-355	0	
Mortgage Interest	-3	-3	0	
Interest on Cash Balances	-66	-66	0	
Other Income	-681	-683	-2	
<b>Total Income</b>	<b>-36,576</b>	<b>-36,858</b>	<b>-282</b>	
<b>Net Expenditure</b>	<b>3,512</b>	<b>3,025</b>	<b>-487</b>	

	£'000
<b>BALANCE B/F 1/4/15</b>	<b>10,662</b>
<b>Budgeted movement in year</b>	<b>-3,512</b>
<b>Variance for the year</b>	<b>487</b>
<b>BALANCE C/F 31/3/16</b>	<b>7,637</b>

**Community Scrutiny Report - HRA Housing**

**Revenue Budget Monitoring 2015-16 as at 30th June 2015**

Tudalen  
8

<b>Main Variance Summary</b>		<b>£'000</b>
<b>1</b>	Supervision & Management - Employee - Posts held vacant offset by an overspend in Warden Services South £27k, HRA BSU -£43k, Service improvement -£25k, Sheltered complex 9011 -£25k, Tenancy Mangement -£26k, Environmental works project -£20k, Home Improvement -£19k and other £5k	-126
<b>2</b>	Supervision & Management - Premises - Energy costs -£30k and Rent -£9k offset by an overspend in Cleaning costs £9k	-30
<b>3</b>	Supervision & Management - Supplies - Postages -£11k, Telephone -£20k, Misc / Compensation / Void Dec Allowance payment -£29k offset by an overspend £29k in legal and professional fees in Debt recovery	-31
<b>4</b>	Income - Rents - Void loss prediction at budget setting of 2.75% currently forecast at 2.07%	-280
	Other	-20
<b>HRA net variance</b>		<b>-487</b>

# Regeneration

## Appendix D

### Capital Budget Monitoring - Scrutiny Report for June 2015

			Working Budget			Forecasted			Variance for Year £'000	Comment
Net Exp to June 2015 £'000	Scheme	Target Date for Completion	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000		
32	Llanelli JV General	Mar-17	0	0	0	68	-68	0	0	
3	Environmental Enhancement Projects	Completed	0	0	0	3	0	3	3	
15	Coastal Carmarthenshire - Physical Regeneration Projects	Ongoing	30	0	30	30	0	30	0	
5	Community Development	Mar-16	130	0	130	130	0	130	0	
582	Llanelli Town Centre Improvements - ADREF	Nov-15	1,631	0	1,631	1,775	-144	1,631	0	
1,128	Physical development Fund - PDF	Completed	0	0	0	2,988	-2,988	0	0	
6,194	Cross Hands East Strategic Employment Site	Completed	2,523	0	2,523	4,210	-587	3,623	1,100	Due to Land issues
29	Ammanford Town Centre Regeneration	Ongoing	457	0	457	492	-35	457	0	
1	Rural Carmarthenshire - Physical Regeneration Projects	Ongoing	767	0	767	769	-5	764	-3	
47	Mynydd Y Betws Wind Farm Community Benefit Fund	Ongoing	47	0	47	47	0	47	0	
0	Carmarthenshire Town Initiative	Ongoing	846	-400	446	400	-400	0	-446	Utilising external funding initially with Internal funding carrying forward to 16/17
0	County Wide Regeneration fund 2015-16 Onwards	Ongoing	4,558	-2,800	1,758	2,652	-1,300	1,352	-406	Project at early stages and awaiting Welsh Government approval
0	Health & Safety Remediation Works	Mar-16	100	0	100	100	0	100	0	
8,036	<b>NET BUDGET</b>		<b>11,089</b>	<b>-3,200</b>	<b>7,889</b>	<b>13,664</b>	<b>-5,527</b>	<b>8,137</b>	<b>248</b>	





# Housing G.F.(Private Sector)

Appendix F

## Capital Budget Monitoring - Scrutiny Report for June 2015

			Working Budget			Forecasted		
Net Exp to June 2015 £'000	Scheme	Target Date for Completion	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000
15	Private Sector Income	Ongoing	0	-731	-731	0	-731	-731
12	Renewal Assistance	Ongoing	436	0	436	451	-15	436
224	Disabled Facility Grants	Ongoing	2,266	0	2,266	2,266	0	2,266
0	Penybryn Travellers Site	Mar-16	45	-45	0	45	-45	0
2	Renewal Areas (Private Sector)	Ongoing	731	0	731	731	0	731
0	County Wide Steelwork Repair	Ongoing	413	0	413	413	0	413
253	NET BUDGET		3,891	-776	3,115	3,906	-791	3,115

Variance for Year £'000	Comment
0	
0	
0	
0	
0	
0	
0	
0	



# PWYLLGOR CRAFFU CYMUNEDAU 14<sup>eg</sup> O FEDI 2015

## Dewisiadau rheoli eraill mewn perthynas â Hamdden

### Ystyried y materion canlynol a chyflwyno sylwadau arnynt:

1. Bod Cyngor Sir Caerfyrddin yn llunio partneriaeth â Sefydliad Dosbarthu Dielw (NPDO neu Ymddiriedolaeth) presennol neu hybrid drwy broses caffael gan ddefnyddio deialog cystadleuol, y nodir ei bamedrau allweddol yn y strategaeth caffael o fewn y prif adroddiad, ac a fydd yn ceisio cyflawni arbedion Cyllidebu ar Sail Blaenoriaeth (PBB) 3 blynedd y gwasanaethau, yn unol â'r lefelau fforddiadwyedd a nodir yn yr adroddiad. Ni fyddai'r broses caffael yn cynnwys cyflwyno cais gan NPDO 'mewnol' newydd ei sefydlu.
2. Ar y cychwyn byddai'r bartneriaeth ar gyfer cyfleusterau Chwaraeon a Hamdden (yn cynnwys cyfleusterau Llanelli, Caerfyrddin, Rhydaman, Castellnewydd Emlyn, San Clêr a Llanymddyfri), yn ogystal â'r gwasanaethau Theatrau (Llanelli, Caerfyrddin a Rhydaman), ac yna byddai rhagor o ystyriaeth yn cael ei rhoi i wasanaethau eraill ar ôl i'r contract fod yn weithredol am gyfnod.
3. Os na fyddai diddordeb mewn rhai neu'r cwbl o'r gwasanaethau, yna dylai Cyngor Sir Caerfyrddin fynd ati i sefydlu NPDO newydd er mwyn i'r gwasanaethau gyflawni'r arbedion ariannol.
4. Cynigir bod y tendr yn nodi bod rheidrwydd ar y sefydliad sy'n bartner wneud cais am statws corff a dderbynnir i Gronfa Bensiwn Dyfed, sydd ar gau i weithwyr presennol ar adeg y trosglwyddo.
5. Bod y tendr yn cynnwys rheidrwydd i bennu cost newid Canolfan Hamdden Llanelli am un newydd drwy ddefnyddio model Dylunio, Adeiladu, Gweithredu, a Chynnal a Chadw (DBOM).

### Rhesymau:

1. Mae manteision ariannol a gweithredol (o ran arbenigedd a phrofiad o'r farchnad a'r gallu i ysgogi newidiadau'n gyflym) wrth ddewis partneriaeth gydag ymddiriedolaeth sy'n bod eisoes yn hytrach na sefydlu ymddiriedolaeth fewnol, fel y manylir yn y prif adroddiad. Cynigir y byddai'r opsiwn yma yn lleihau costau ac yn gwarchod gwasanaethau anstatudol a fyddai fel arall yn debygol o wynebu gostyngiadau sylweddol o ran maint wrth i gyllid llywodraeth ganolog leihau.

2. Mae'r cynigion yn seiliedig ar arfarniad manwl o'r dewisiadau, sydd wedi ystyried yr holl ddewisiadau posibl. Mae'r holl ddewisiadau hyn yn aros yn agored i'r aelodau eu hystyried gan gynnwys y sefyllfa bresennol. Fodd bynnag, argymhellir cael partner cyflenwi arall ar gyfer cyflenwi gwasanaethau Chwaraeon, Hamdden a Theatr i gychwyn. Mae rhai cyfleusterau hamdden, megis Canolfannau Bowlio Dan Do Dinefwr a Bro Myrddin, yn y broses o drosglwyddo i'r sector gwirfoddol, ac mae Pwll Nofio Castellnewydd Emlyn yn cael ei weithredu'n barod drwy drefniant ariannu allanol.
3. Byddai'n dal yn werth ystyried manteision gweithredu drwy ymddiriedolaeth ar gyfer ymddiriedolaeth fewnol, os byddai ond ychydig o ddiddordeb neu fudd yn deillio o'r broses dendro gychwynol lle bwriedir ystyried ceisiadau allanol yn unig. Mae hyn yn annhebygol, o ystyried y diddordeb a gafwyd yn sgil profi'r farchnad feddal a wnaed er mwyn asesu'r diddordeb gan bartneriaid posibl.
4. Sicrhau'r telerau gorau posibl i unrhyw staff sy'n trosglwyddo i endid newydd drwy TUPE (Rheoliadau Trosglwyddo Ymgymeriadau – Diogelu Cyflogaeth).
5. Mae'r angen i newid Canolfan Hamdden Llanelli am un newydd yn cael ei gydnabod fel rhan o gynlluniau strategol rheoli asedau'r Awdurdod.
6. Llunio safbwyntiau i'w cyflwyno i'r Bwrdd Gweithredol eu hystyried.

**Angen cyfeirio'r mater at y Bwrdd Gweithredol / Cyngor Sir er mwyn gwneud penderfyniad: OES**

**Bwrdd Gweithredol – 28ain o Fedi 2015  
Cyngor Sir – I'w gadarnhau**

**Aelod y Bwrdd Gweithredol sy'n gyfrifol am y Portffolio:**  
Cyng. Meryl Gravell (Adfywio ac Hamdden)

<p><b>Y Gyfarwyddiaeth:</b> Cymunedau</p> <p><b>Enw Pennaeth y Gwasanaeth:</b> Ian Jones</p> <p><b>Awdur yr adroddiad:</b> Ian Jones</p>	<p><b>Swyddi:</b></p> <p>Pennaeth Chwaraeon ac Hamdden</p>	<p><b>Rhifau Ffôn / Cyfeiriadau E-bost:</b></p> <p>01267 228309 <a href="mailto:ijones@sirgar.gov.uk">ijones@sirgar.gov.uk</a></p>
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## EXECUTIVE SUMMARY

# COMMUNITY SCRUTINY COMMITTEE 14<sup>th</sup> SEPTEMBER 2015

## Alternative management options for Leisure

### 1. Introduction & Background

- 1.1 Back in 2013, as part of the Authority's work in examining more efficient ways of delivering services, officers were asked to undertake a review of alternative management options for the leisure portfolio.
- 1.2 Due to the complexity of the process, it was necessary to bring specialist expertise to the Council to assist with this work; RPT Consulting were appointed in November 2013 to:
- Review all potential management options for the leisure and cultural facilities portfolio
  - Identify potential operational and capital enhancements
  - Review the potential delivery and funding solutions for a new or re-furbished Llanelli Leisure Centre (LLC)
  - Assess the financial, legal, people and risk issues involved with each of the potential management options
  - Recommend preferred options, solutions and timescales for members consideration
- 1.3 An initial options paper was subsequently presented to Executive Board Members and further work was undertaken to examine options around:
- A new Not for Profit Distributing Organisation (NPDO) or Trust to operate some or all of the services, or
  - A partnering arrangement with an existing NPDO to deliver services
- 1.3.1 Soft Market Testing was undertaken to establish interest from the market in terms of running the range of services within the Leisure portfolio. Eleven expressions of interest were returned, five of which were interested in the whole of the Leisure portfolio. Potential partners were keen to explore capital investment opportunities in the portfolio and were generally looking for 10-20 year contract agreements.
- 1.3.2 The main interest, however, was around the Sports & Leisure, and Theatre services (main income generating services, with large buildings).

1.3.3 In terms of the 2 options of setting up an in-house trust or partnering with an existing trust, it was felt that there were both financial and operational (in terms of existing expertise, market experience and ability to effect change quickly) advantages in opting for a partnership with an existing trust, as detailed within the main report.

## 2. Policy Context

2.1 Any alternative delivery model would need to assure members that services will be aligned to deliver on the corporate objectives of the authority, and able to deliver efficiency targets in line with the Council's mid-term financial strategy (MTFS or PBB targets).

2.2 As such any contractual agreement would be based on an agreed outcomes based tender framework.

## 3. Existing Budget & PBB targets for Leisure

**Table 1 – Current Budget (excluding Archives, and Outdoor Education, but including notional R&M allocation of £320k)**

£'000's	2014/15	2015/16	2016/17	2017/18
Net Controllable Cost	7,294	7,002	6,645	6,342
Total Cost of Service	11,288	10,818	10,461	10,159
Related PBB Savings	N/A	-469	-357	-303

3.1 As can be seen the PBB target for the services covered above over the next 3 years is £1.129 million, taking into account additional costs such as increments and asset rental charges.

3.2 Of these savings, over £300k has been identified in 2017/18 to be delivered through alternative delivery models for the service. Thus if the Council decide not to progress with an alternative delivery model, consideration will have to be given to alternative means of delivering these significant savings, which may include reductions in services or closures.

## 4. Initial scope of potential partnership with an NPDO or Trust

4.1 Taking into account the response from the soft market testing, the key services which are recommended to be transferred would be Sport and Leisure and Theatres. Consideration may be given to other services if this proves successful.

4.2 The Sport & Leisure and Theatre services account for the majority of the financial savings and also have the opportunity to operate in the most commercial way, with the levels of income generated.

4.3 The financial savings which are estimated from tax benefits (i.e. by simply transferring Sport & Leisure facilities and Theatres to a trust) are circa £191,000 pa with additional savings likely through operational and commercial improvements, and also through the potential redevelopment of Llanelli Leisure Centre (LLC).

## 5. Affordability Level

5.1 Typically if a Council seeks to procure an alternative management partner then they will set an affordability level, which they will present to the market so that expectations can be set on the level of future bids that would be received to deliver on the expected savings.

5.2 It is proposed that Carmarthenshire County Council sets an affordability limit for any future procurement which is set to deliver the savings within the 3 year PBB period and then an efficiency saving beyond this period.

5.3 Typically the affordability limit would be set for the management fee required as opposed to the overall Council budget. In this case it is assumed the management fee would include the following costs

- Net Controllable Budget for Carmarthenshire County Council
- Notionally allocated Revenue Maintenance Costs

5.4 These areas would effectively be the areas transferred to the partner, with the Council retaining the support services charge and also the capital charges. Thus the affordability levels would be as follows

**Table 2 – Future Affordability Levels**

### Complete Service

£'000's	2016/17	2017/18	Annual Average		Total
			Years 3 - 10	Years 3 - 20	
10 Year Contract	6,645	6,342	6,063		61,493
20 Year Contract	6,645	6,342		5,772	116,890

### Sport & Leisure plus Theatres

£'000's	2016/17	2017/18	Annual Average		Total
			Years 3 - 10	Years 3 - 20	
10 Year Contract	2,627	2,306	2,205		22,571
20 Year Contract	2,627	2,306		2,099	42,714

- 5.5 In addition to this there is the potential to include an affordability level for Llanelli Leisure Centre, through the identification of a capital level and current revenue cost which bidders must deliver on. An example of this would be
- The Council could identify say £9m of capital
  - Further capital will be made available through prudential borrowing if the costs of the borrowing can be funded through revenue savings (estimated at £411k) on the existing cost of running LLC i.e. the annual revenue saving releasing around an extra £7m of capital.
- 5.6 In this way the Council can seek to get the best commercial offer for the redevelopment of LLC, which is likely to cost in excess of £16m.
- 5.7 In addition to these affordability levels there would be set up costs of circa £50,000 for the year 2015/16.
- 5.8 Typically in the market we would expect the affordability level to be the maximum and the market in general tends to be significantly less than the affordability level, with examples of up to £500,000 per annum lower than the affordability level being achieved.
- 5.9 Further central re-charge savings should also be realised, however, this is a matter for internal corporate consideration, with recommended savings of at least 20% suggested within the detail of this report.

**6. Scrutiny Committee are requested to recommend to Executive Board – Key Recommendations/Way Forward**

1. *It is recommended that Carmarthenshire County Council seeks to enter into a partnership with an existing or hybrid Not for Profit Distributing Organisation (NPDO or Trust) through a procurement process using competitive dialogue, which has the key parameters set out in the procurement strategy within the main report, and which will seek to deliver the relevant services' 3 year PBB savings, in line with the affordability levels set out in the report. The procurement process would not include a bid submission from a newly established 'internal' NPDO.*
2. *The initial scope of the partnership would be for Sports and Leisure services (from Llanelli, Carmarthen, Ammanford, Newcastle Emlyn and St. Clears Leisure Centres; Llandovery Pool; and Coedcae / Gwendraeth Sports Centres), plus Theatres services (from Y Ffwrnes, Lyric and Ammanford Miners Welfare theatres), with further consideration given to other services once the contract has been operational for a period of time.*
3. *If there is no interest in some or all of the services, Carmarthenshire County Council should then seek to establish a new NPDO for the services to deliver the financial savings.*



4. *It is proposed that the tender specifies that the partner organisation has to apply for admitted body status to the Dyfed Pension Fund, closed to existing employees at the point of transfer.*

5. *The tender includes a requirement to cost for the replacement of Llanelli Leisure Centre through a Design, Build, Operate, and Maintain model (DBOM)*

6.1 If this recommendation is agreed then the future procurement strategy has been developed to achieve the key outcomes, with a new partner in place for July 2016 at the earliest.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

**I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report.**

**Signed:            Ian Jones                            Head of Leisure & Sport**

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>

**1. Policy, Crime & Disorder and Equalities** – Services delivered by means of alternative management model would be required to conform with the Authority’s equalities policies, with the funding ‘contract’ aligned to deliver on corporate outcomes consistent with the Authority’s strategic aims and objectives.

An initial equalities impact assessment has been undertaken, however, this would need to be updated and developed as the project moves forward, if members are minded to support the recommendation within this report.

**2. Legal** – In the event of the Authority deciding to transfer its leisure service to an NPDO or Trust a procurement process will need to be followed, and once a provider has been chosen a raft of legal agreements and documents will be needed. Other issues to be considered at that time will include staff transfers and asset transfers related issues.

**3. Finance** – Potential savings are identified as follows, however, true costs / savings will only be known through formal market testing:

- Annual saving of £191k by transferring Sport, Leisure and Theatre Services to an existing or Hybrid NPDO (potentially £380k if the whole of Leisure were outsourced), which is based on £343k of NNDR relief off set by additional costs of £13k for VAT and £140k for additional support services costs
- £50k one-off set up cost in 2015/16 (£25k of which is already budgeted for)
- Delivery of current 3 year service specific PBBs and an assumption of further 1% efficiencies year on year thereafter (Officers / Members may wish to alter / increase the 1% figure in light of likely ongoing PBB targets)
- Potential tender price savings of £500k below affordability threshold on services on a scale similar to Carmarthenshire County Council’s Leisure Division
- Potential for capital to be made available through prudential borrowing for a new Llanelli Leisure Centre, based on further revenue savings on the existing running costs of the Llanelli Leisure Centre
- Any future management fee agreed through a new arrangement would be linked to an indexation, which is typically CPI
- There is also the need to secure a performance bond for pension liabilities

**4. ICT** – In the event of the Authority deciding to transfer its leisure service to an NPDO or Trust a procurement process will need to be followed, and once a provider has been chosen a raft of legal agreements and documents will be needed. Other issues to be considered at that time will include IT asset transfers related issues.

**5. Risk Management Issues** – Should the Authority decide to transfer its Leisure Service to an NPDO or Trust, Risk Management issues relating to this proposal will be included as part of the procurement process

**6. Physical Assets** – In the event of the Authority deciding to transfer its leisure service to an NPDO or Trust a procurement process will need to be followed, and once a provider has been chosen a raft of asset-related agreements and documents will be needed which will include defining responsibilities for maintaining any building and grounds transferred.

**7. Staffing Implications** – HR issues relating to this proposal have been considered and are outlined in the main report. It is proposed that any tender specifies that the partner organisation has to apply for admitted body status to the Dyfed Pension Fund. Consideration needs to be given to whether the Welsh Government's Code of Practice on Workforce Matters (2014) will be applicable, which we are advised by Leading Counsel, has statutory effect.

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: Ian Jones Head of Leisure & Sport

1. Local Member(s) – N/A

2. Community / Town Council – N/A

3. Relevant Partners – N/A

4. **Staff Side Representatives and other Organisations** – An internal project team has been meeting to oversee this project. The following Divisions have been represented: Legal; Finance; HR; Risk; Policy; Corporate Property; Property Maintenance; H&S; & IT

Staff have been involved in discussions at workshops considering future management options for Leisure. This was initially undertaken at the Leisure staff conference, held on the 16th September 2014. A further update was provided at the staff conference on the 2nd June 2015.

Initial discussions have been held with Trade unions at a DMT / ERG group meeting on the 23rd February 2015, and a further meeting on the 15th July 2015. Detailed discussions have yet to be held, pending members' decision on a way forward.

**Section 100D Local Government Act, 1972 – Access to Information**  
**List of Background Papers used in the preparation of this report:**

**THESE ARE DETAILED BELOW:**

Title of Document	File Ref No. / Locations that the papers are available for public inspection
Appendix A – Report on the work to date as of May 2014 (Background information)	C/O Head of Leisure & Sport, Parc Myrddin, Carmarthen



## **LEISURE SERVICES BUSINESS CASE**

**A**

**REPORT**

**BY**



**JULY 2015**

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### Introduction

- 0.1 Carmarthenshire County Council (CCC) are currently reviewing the future provision of its Leisure and Cultural Services. Following an options appraisal report in June 2014, the Council agreed an in principle decision to progress with either
- Establishing a new Not for Profit Distributing Organisation (NPDO) or Trust to operate the services, or
  - Partner with an existing NPDO to deliver the services
- 0.2 This report sets out the business case and future delivery plan to progress with one of these options, based on the current scope of the service which includes
- 11 Leisure Centres
  - 30 Cultural Facilities (including libraries)
  - 5 Main Countryside sites
- 0.3 Specifically excluded from the current scope is the archives, outdoor education centre and the legal aspects of rights of way (ROW).

### Current Budget and MTFS

- 0.4 We summarise in the table below the current budget and future MTFS targets and priority based budgeting (PBB) for the period up to 2017/18.

**Table 0.1 – Current Budget, excluding Archives, ROW and Outdoor Education**

£'000's	2014/15	2015/16	2016/17	2017/18
Net Controllable Cost	6,974	6,682	6,325	6,022
Total Cost of Service	10,968	10,498	10,141	9,839
Net Savings	N/A	-469	-357	-303

- 0.5 As can be seen the future savings identified in the MTFS amount to £469,000 in 2015/16, and a further £357,000 (2016/17) and £303,000 (2017/18), giving a total savings of £1.13 million by 2017/18, taking into account additional costs such as increments and asset rental charges.
- 0.6 Of these savings a total of £330,000 has been identified in 2017/18 to be delivered through either closure of facilities or an alternative model of delivery, with a further £35,000 identified in 2016/17.
- 0.7 Thus if the Council decide not to progress with an alternative model of delivery or the future delivery cannot deliver savings of £330,000, consideration will need to be given to closure of services or facilities in order to meet the PBB targets.

### Soft Market Testing

- 0.8 A soft market testing process was undertaken to establish whether there was interesting the market in partnering with CCC to deliver some or all of the services.

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0.9 11 organisations responded to the opportunity including existing NPDO's. The key findings from the soft market testing included

- The sport and leisure area was of greatest interest to the market with all of the companies saying they would be interested in operating this area of the business.
- There were 5 companies who responded saying they were definitely interested in the complete scope of the portfolio, with all of those interested saying they were possibly interested in the other areas.
- All of the companies identified a contract length of at least 10 years with the majority of them also seeking up to 20 years, with two companies suggesting a longer lease (circa 50 years).
- All of the companies would be prepared to invest capital in the facility portfolio, and anticipated being able to improve the financial performance.

0.10 Thus there is significant interest from existing NPDOs in partnering with CCC to deliver the services.

### Existing v New NPDO

0.11 We summarise in the table below the advantages and disadvantages of both an existing NPDO and a new NPDO.

**Table 0.2 – Advantages and Disadvantages**

<b>Newly Established NPDO Option</b>	
<b>Benefits</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"><li>• Access to external funding (including people's time)</li><li>• Speed of reaction to market</li><li>• Less bureaucracy</li><li>• Tax Advantages</li><li>• Security of provision</li><li>• Single focus body</li><li>• Reinvestment in service</li><li>• Ability to 'grow' the business</li><li>• Local focus</li></ul>	<ul style="list-style-type: none"><li>• Control through funding agreement and lease – potentially limited due to independence</li><li>• Lack of wider corporate support</li><li>• Longer to vary service</li><li>• Possible difficulty in recruiting Trustees</li><li>• Slower to deliver financial savings</li></ul>



<b>Existing NPDO or Hybrid NPDO Option</b>	
<b>Benefits</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Access to funding</li> <li>• Speed of reaction to market</li> <li>• Less bureaucracy</li> <li>• Financial benefits</li> <li>• Security of provision</li> <li>• Single focus body</li> <li>• Commercial input</li> <li>• Greater speed in delivering the financial benefits</li> <li>• Greater Control through funding agreement and lease</li> <li>• Greater capital investment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Possible lack of full financial advantages (eg VAT)</li> <li>• Leakage of surpluses away from Carmarthen</li> <li>• Possible lack of local knowledge and 'buy in'</li> <li>• Competing Priorities with other contracts</li> </ul>

0.12 Overall there are a number of advantages which an existing or hybrid NPDO option has over a new NPDO and in addition to this is likely to save the Council circa £380,000 per annum as opposed to £314,000 per annum for a new NPDO.

0.13 These savings are based on tax advantages only and do not factor in future operational improvements other than those already factored in to the PBB savings.

0.14 This suggests that CCC should seek to partner with an existing NPDO due to the advantages and also the delivery of the financial savings.

**Scope of Partnership**

0.15 Consideration has also been given to the scope of any partnership through an alternative delivery model. Taking into account the response from the soft market testing, the key services which should be transferred would be sport and leisure and theatres.

0.16 These areas account for the majority of the financial savings and also have the opportunity to operate in the most commercial way, with the levels of income generated.

0.17 The financial savings which are estimated from tax benefits are circa £191,000 with additional savings through operational and commercial improvements and also through the redevelopment of LLC.

0.18 Consideration may be given to initially entering into a partnership with Sports & Leisure and Theatres and then further consideration to other services if this proves successful.

**Affordability Level**

0.19 Typically if a Council seeks to procure an alternative management options then they will set an affordability level, which they will present to the market so that

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expectations can be set on the level of future bids that would be received to deliver on the savings expectations.

- 0.20 It is proposed that CCC set an affordability limit for any future procurement which is set to deliver the savings within the MTFS and then an efficiency saving beyond this period.
- 0.21 Typically the affordability limit would be set for the management fee required as opposed to the overall Council budget. In this case we have assumed the management fee would include the following costs
- Net Controllable Budget for CCC
  - Maintenance Costs
- 0.22 These areas would effectively be the areas transferred to the partner, with the Council retaining the support services charge and also the capital charges. Thus the affordability levels would be as follows

**Table 0.3 – Future Affordability Levels**

*Complete Service*

£'000's	2016/17	2017/18	Annual Average		Total
			Years 3 - 10	Years 3 - 20	
10 Year Contract	6,645	6,342	6,063		61,493
20 Year Contract	6,645	6,342		5,772	116,890

*Sport & Leisure plus Theatres*

£'000's	2016/17	2017/18	Annual Average		Total
			Years 3 - 10	Years 3 - 20	
10 Year Contract	2,627	2,306	2,205		22,571
20 Year Contract	2,627	2,306		2,099	42,714

- 0.23 In addition to this there is the potential to include an affordability level for LLC, through the identification of a capital level and current revenue cost which bidders must deliver on. An example of this would be
- The Council will provide at least £4.5 million of capital, plus any further capital within the joint venture with Welsh Government
  - Further capital will be made available through prudential borrowing if the costs of the borrowing can be funded through revenue savings on the existing cost (2016/17 budget) of LLC (£555,585)
- 0.24 In this way the Council can seek to get the best commercial offer for the redevelopment of LLC.
- 0.25 In addition to these affordability levels there would be set up costs of circa £50,000 for the year 2015/16.
- 0.26 Typically in the market we would expect the affordability level to be the maximum and the market in general tends to be significantly less than the affordability level, with examples of up to £500,000 per annum lower than the affordability level being achieved.

### Recommendations and Way Forward

- 0.27 Taking these issues set out above and the overall review of the previous study as set out in the report we set out below the key recommendations for the future development.

#### Key Recommendations

It is recommended that CCC seek to enter into a partnership with an existing or hybrid NPDO through a procurement process using competitive dialogue, which has the key parameters set out in the procurement strategy below, which will seek to deliver the MTFS financial savings, in line with the affordability levels set out above. The procurement process would be without a bid submission from a newly established NPDO.

The initial scope of the partnership would be for Sports and Leisure plus Theatres, with further consideration given to other services once the contract has been operational.

If there is no interest in some or all of the services, CCC should then seek to establish a new NPDO for the services to deliver the financial savings within the MTFS.

- 0.28 The rationale for entering into a procurement process with an existing NPDO only as opposed to a process with a newly established NPDO bidding is as follows

- There is a need for a procurement process to be followed and if a newly established NPDO is bidding then the Council will need to establish both an evaluation team and bidding team, which could increase resources required
- Bidders may be put off bidding if a newly established NPDO is also bidding
- An existing NPDO is likely to deliver improved financial savings and in addition, experience has shown that these can be delivered more quickly.
- The Council may well be able to assert more control over an existing NPDO
- The soft market testing process suggests that some bidders may come forward with innovative new models which bring local input and operation to the future delivery

- 0.29 If this recommendation is agreed then the future procurement strategy has been developed to achieve the key outcomes, with a new partner in place for July 2016.

## SECTION 2 – SOFT MARKET TESTING

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### Background

- 1.1 Carmarthenshire County Council's (CCC) Leisure Services portfolio plays a key strategic role in delivering services that contribute to corporate priorities and the community strategy including
  - Healthy and Active Living
  - Lifelong learning
  - Sustainable Communities
  - Strong Economy
- 1.2 Due to the increasing financial pressures facing the public sector and the need for CCC to make reductions in its revenue subsidy over the next few years, CCC is seeking to undertake a review of the management options in respect of the leisure and recreation portfolio.
- 1.3 Currently CCC operate its leisure and recreation portfolio directly through the Council.
- 1.4 CCC undertook a leisure options review in May 2014 which considered a number of different management options for the future operation, which broadly fall into 5 different types of organisation,
  - **In house option** – where the service is continued to be managed through an organisation on which the Council has total control, in effect maintaining the status quo in terms of control and governance. This would include direct provision and an organisation wholly owned by CCC.
  - **A new Not for Profit Distributing Organisation (NPDO)** – where the service is managed by a newly established NPDO specifically set up to run CCC services. The NPDO is established by CCC from the existing Leisure Services Department. The NPDO could be one of a number of different types including a Company Limited by Guarantee (CLG), Industrial Provident Society (IPS), Charitable Incorporated Organisation and could be a co-operative or mutual.
  - **An existing NPDO** – where the service is managed by an existing NPDO which operates services for other Councils, such as Celtic Community Leisure (managing Neath Port Talbot Leisure Facilities) or HALO Leisure (managing Bridgend Leisure Services). Typically these trusts have developed following an initial transfer of services through the creation of NPDO to deliver leisure services. They are usually either a CLG or an IPS but can be other types of NPDO and could be consider to be a co-operative
  - **Hybrid Trusts** – where the service is operated by a private sector Leisure Management Contractor, such as 1 Life (previously Leisure Connection), Places for People (previously DC Leisure), SLM, through a NPDO organisation. It should be noted that within the private sector all of the major operators also have different operating models which enable the benefits of NNDR savings and VAT to be realised, commonly known as Hybrid Trusts. Indeed some of the organisations are now established as registered charities, such as Active Nation. Typically these organisations are CLG's

## SECTION 2 – SOFT MARKET TESTING

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- **Private Sector** – where the service is operated by a private sector Leisure Management Contractor, such as 1 Life, Places for People, SLM, without the use of a NPDO organisation. All the operators offer this potential as well as their NPDO organisation (Hybrid Trusts). In addition there are a number of major FM companies who are now running services such as libraries and other facilities as part of a major outsourcing approach. A joint venture approach could also fall into this category
- 1.5 The previous study identified a number of key recommendations for the future delivery of the leisure service including
- Two management options, a new NPDO or an existing NPDO (or Hybrid NPDO) have the potential to deliver significant revenue savings for the Council
  - There appears to be less interest in an existing NPDO operating other services than leisure, due to the established market for sports and leisure facilities
  - The establishment of a new NPDO may better serve the cultural and countryside facilities, whereas an existing NPDO would deliver greater savings for the sports and leisure facilities
  - There are opportunities to deliver significant revenue savings and reduced capital costs through a Design, Build, Operate and Maintain (DBOM) approach to the replacement of Llanelli Leisure Centre (LLC)
  - The private sector option and retaining the service in house were not recommended as the most cost effective approach to delivery of the outcomes.
- 1.6 Cabinet agreed the recommendation in June 2014 and RPT Consulting was appointed in January 2015 to review the previous study and further develop a business case with recommendations as to the way forward.
- 1.7 This report presents the business case for the service and recommends a preferred management option which will deliver the outcomes that CCC are seeking, having reviewed the previous study and updated the information based on a number of key actions
- Document review of the previous information and assessment of any key changes
  - Soft Market Testing – through an advert in the leisure press to identify the level of interest in operating the facilities
  - Legal implications – a review of the key legal implications and approach to the future management options, in particular procurement issues
- 1.8 This business case sets out our review and the approach to the work based on consideration of the more detailed issues relating to the two recommended management options, either establishing a new NPDO or partnering with an existing NPDO (or Hybrid NPDO).
- Scope**
- 1.9 The focus of the previous leisure services options appraisal is on CCC's leisure and recreation portfolio which includes
- Sport & Leisure

## SECTION 2 – SOFT MARKET TESTING

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- Sports and Leisure Centres
- Health and Activity
- Sports Development Unit
- Cultural Services
  - Town Libraries
  - Community, Mobile & School Libraries
  - Theatres
  - Museums
  - Arts and Galleries
  - Archives
- Countryside
  - Public Rights of Way
  - Millennium Coastal Park
  - Pembrey Country Park
  - Other Country Parks
- Other
  - Pendine Beach
  - Motor Sports Centre, Pembrey

1.10 Within all these services there are a number of services which are statutory services such as libraries.

1.11 Since the previous study there have been a number of changes to the structure of CCC and the following services are now considered to be outside of the scope of review, based on where they sit within the Council and the role and function. Thus the services listed below are not included in this business case

- Archives
- Public Rights of Way
- Outdoor Education

1.12 We have also considered the potential opportunities and implications for future cross border collaboration within neighbouring authorities and potential issues arising from the Williams review.

### **Approach**

1.13 The business case has been developed in partnership with CCC and has involved,

- Consultation with key officers in the Council, including finance, property, legal, personnel and leisure services, through the project team
- Document review
- Soft Market Testing
- Legal Implications
- Financial analysis

1.14 The business case work has not involved any primary research or detailed consultation with customers or non users, but has drawn upon other studies undertaken.

1.15 Our focus has been to ensure that whichever route is chosen for the future of the service, the service outcomes remain at the forefront of the delivery option,

## **SECTION 2 – SOFT MARKET TESTING**

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together with identifying appropriately “commercial approaches” which can generate financial savings, to deliver social objectives.

1.16 The remainder of the report is structured as follows

- Section 2 – Soft Market Testing – setting out the process and response to the Soft Market Testing undertaken
- Section 3 – Options Analysis – a summary of the analysis of the future option and potential implications, including key issues, such as governance and procurement, through the legal implications
- Section 4 – Financial Implications – an analysis and update of the financial implications, taking into account the medium term financial strategy
- Section 5 – Conclusions and Way Forward – including a detailed action plan

## SECTION 2 – SOFT MARKET TESTING

### Process

- 2.1 In order to consider the future management options, in particular the operation by an existing or hybrid NPDO, a soft market testing process has been undertaken, which involved the following key steps
- Advert placed in Leisure Press and also Sell2Wales inviting responses and expressions of interest
  - Preparation of a background document outlining the service and seeking responses to some key questions including
    - Level of interest in operating some or all of the facilities and services – is there a preference for parts of the service or for all of the service as described in section 2.
    - Would you be prepared to invest in the facilities and on what basis
    - Is there the potential to improve on the current performance
    - Would you have a preferred contract length for any partnership - the Council may consider long term arrangements (20 years plus)
    - Do you believe there are opportunities to bring in new or innovative approaches to the future operation – building on other opportunities elsewhere?
- 2.2 In particular CCC is keen to understand what the response to the market was for each aspect of the overall portfolio. The results from the soft market testing would not only help establish the level of interest but also inform the future procurement of any future option.

### Analysis of Responses

- 2.3 There were 15 enquiries for a pack to be sent, of which 11 organisations responded to the pack and expressed an interest.
- 2.4 Those organisations expressing an interest included local to major national leisure management operators and a developer.
- 2.5 We summarise in the table below the responses to the key questions which were asked in the soft market testing pack.

**Table 2.2 – Summary of Responses**

Organisation	Areas of Interest			Length of Term (Years)	Capital Investment
	Sport & Leisure	Culture	Countryside		
Company 1	✓	✓	✓	15-20	Yes
Company 2	✓	?	?	10-20	Yes
Company 3	✓	✓	✓	10 + 10	Yes
Company 4	✓	?	?	10-15 minimum	Yes
Company 5	✓	✓	✓	10 - 20	Yes
Company 6	✓	?	?	20 +	Yes



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Company 7	✓	✓	✓	15 - 20	Yes
Company 8	✓	✓	?	10-15	Yes
Company 9	✓	?	x	15-20	Yes
Company 10	✓	✓	✓	Not stated	Yes
Company 11	✓	?	✓	Long Lease	Yes

### Notes/Key

✓ = definitely interested in operating this area

? = possibly interested in operating this area

x = not interested in this area

2.6 As can be seen from the table above there are a number of key findings from the soft market testing, including

- The sport and leisure area was of greatest interest to the market with all of the companies saying they would be interested in operating this area of the business.
- There were 5 companies who responded saying they were definitely interested in the complete scope of the portfolio, with all of those interested saying they were possibly interested in the other areas, with the exception of Company 9 who weren't interested in Countryside.
- All of the companies identified a contract length of at least 10 years with the majority of them also seeking up to 20 years, with two companies suggesting a longer lease (circa 50 years).
- With the exception of Company 11, who are interested in a long lease on an asset transfer basis, the remaining companies were interested in leisure management contracts.
- All of the companies would be prepared to invest capital in the facility portfolio.

2.7 In addition to this feedback, all of the companies indicated that they are likely to be able to improve the financial performance, although this is based on their experience on other contracts, as opposed to a detailed analysis of the current financial performance.

2.8 Company 7 also presented an option where they would seek to partner with the Council through use of a local Trust supported and wholly owned by Company 7, but utilising the benefits of local trustees.

2.9 Overall there is significant interest in the CCC portfolio, which has implications for any future procurement which is discussed in the next section. In particular the level of interest in Sports & Leisure and Theatres is the most significant.

### Introduction

- 3.1 The previous study undertaken identified two principle options for the future delivery of the leisure management, which are
- Establishment of a new NPDO for Carmarthenshire
  - Partnering with an existing NPDO or hybrid NPDO
- 3.2 Both of these options have the potential to deliver revenue savings of between £318,000 and £385,000 per annum, which we review in the next section.
- 3.3 In addition the previous report considered the future redevelopment and investment in Llanelli Leisure Centre (LLC), which indicated the potential for a new build option which could be delivered through a Design, Build, Operate and Maintain (DBOM) approach, with a new capital build of circa £16 million.
- 3.4 Funding for this could be provided through a combination of capital reserves and funding through invest to save opportunities, with future revenue improvements enabling the Council to borrow capital against these savings.
- 3.5 Within this section we consider the two options having reviewed a number of different aspects, including
- Governance and approach
  - Procurement
  - Legal Implications
- 3.6 By reviewing these areas, we have been able to identify potential issues with the future options and then consider the financial implications within the next section.

### Governance and Approach

- 3.7 There are a number of key differences between governance and Council relationship between the two management options, in particular the key difference being that the new NPDO is a new start up organisation as opposed to an existing organisation.
- 3.8 Typically the new NPDO is established as either a Company Limited by Guarantee (CLG) with charitable status or an Industrial and Provident Society (IPS). An existing NPDO or Hybrid NPDO will also have a similar company structure and could be a CLG or IPS.
- 3.9 We set out some of the key differences in the table below.

**Table 3.1 – Governance Approach Comparison**

Area	Newly Established NPDO	Existing NPDO/Hybrid NPDO
Governance	<ul style="list-style-type: none"> <li>• A CLG or IPS, with surpluses reinvested in service,</li> <li>• Memorandum and articles will determine the business of the NPDO, to include where they can do business and what they can deliver, for example whether it is limited to Carmarthen.</li> <li>• Governed by an independent Board of Directors, with limited (less than 20%) Council representation, typically 11 Board member.</li> <li>• Local people on Board appointed by CCC</li> <li>• A charity – regulated by charity commission</li> </ul>	<ul style="list-style-type: none"> <li>• A separate company (charitable structure in place)</li> <li>• Board are unlikely to be local people – although there is the possibility they could be, through different structures and local board representation (for example through a subsidiary NPDO)</li> <li>• No Council representation on the board</li> </ul>
Council Relationship	<ul style="list-style-type: none"> <li>• Lease of the buildings granted on peppercorn rent to partner, freehold ownership of the facilities remains with Council</li> <li>• Management Agreement attached to lease requiring partner to deliver outcomes and service standards, linked to a performance monitoring system if underperform</li> <li>• Management Agreement includes for annual service development plans to be produced and agreed by Council</li> <li>• Council pays management fee for the delivery of the outcomes</li> <li>• There is a need to potentially limit the level of control to ensure independence of the NPDO</li> </ul>	<ul style="list-style-type: none"> <li>• Lease of the buildings granted on peppercorn rent to partner, freehold ownership of the facilities remains with Council</li> <li>• Management Agreement attached to lease requiring partner to deliver outcomes and service standards, linked to a performance monitoring system if underperform</li> <li>• Management Agreement includes for annual service development plans to be produced and agreed by Council</li> <li>• Council pays management fee for the delivery of the outcomes</li> </ul>

## SECTION 3 – OPTIONS ANALYSIS

Area	Newly Established NPDO	Existing NPDO/Hybrid NPDO
Service Delivery	<ul style="list-style-type: none"> <li>• Council specifies prices, outcomes and service quality through specification and contract, however there is a need to ensure independence of the NPDO and as such there may not be the same level of control with an existing NPDO</li> <li>• Operational risk sits with the NPDO, however in the early years they may not have the reserves and as such the Council may have to fund any shortfall</li> <li>• Maintenance responsibility will be with partner, level of responsibility (full repair and renewing or operational maintenance) to be decided</li> <li>• partner need consent of Council for any capital works or variation to building use</li> </ul>	<ul style="list-style-type: none"> <li>• Council specifies prices, outcomes and service quality through specification and contract</li> <li>• Operational risk sits with partner</li> <li>• Maintenance responsibility will be with partner, level of responsibility (full repair and renewing or operational maintenance) to be decided</li> <li>• partner need consent of Council for any capital works or variation to building use</li> </ul>
Staffing Arrangements	<ul style="list-style-type: none"> <li>• Partner employs staff , after an initial TUPE transfer – staff transfer on same terms and conditions, including pension. This may include staff not within Leisure Centres budgets (such as central support)</li> <li>• Pension to be admitted body status or similar. Council responsible for contributions relating to pension deficit up to transfer. Partner responsible for any deficits arising from their own actions</li> </ul>	

## SECTION 3 – OPTIONS ANALYSIS

Area	Newly Established NPDO	Existing NPDO/Hybrid NPDO
Support Services	<ul style="list-style-type: none"> <li>• NPDO decides on support services they need and where they purchase these services from</li> <li>• NPDO can purchase services from Council through SLA but NPDO decision</li> <li>• Savings in the central support services through no longer delivering support to leisure services can be achieved</li> <li>• There will be a need for a proportionate commissioning/ client role in the Council</li> </ul>	<ul style="list-style-type: none"> <li>• Existing NPDO will have their own central support services – thus no option for continued provision by Council</li> <li>• There will be a need for a proportionate commissioning/ client role in the Council?</li> </ul>

3.10As can be seen from the table there are a number of similarities for both options in that there will be a similar management agreement which the Council is able to specify the outcomes. Some of the key differences between the two options are

- A new NPDO will have a local Board of Directors and any surpluses (at least initially) will be invested in the leisure services within Carmarthenshire. Longer term the surpluses may be invested in other aspects of the NPDO portfolio.
- There is potentially more opportunities for the Council to control the service with an existing NPDO, as they do not have to consider the independence of the organisation. Increasingly the Charities Commission are scrutinising agreements between the Council and newly established NPDO's to ensure there is independence. This means that the level of control may not be as great with a new NPDO.
- There is greater risk transfer with an existing NPDO, at least initially until reserves have been established by the newly established NPDO
- There is greater opportunity for the Council to enter into a support services agreement with a new NPDO as opposed to an existing NPDO which will have its own support services.

3.11 Thus some of the decisions over the future options will be linked to the approach CCC wish to take in delivering the leisure services. Both options can potentially deliver financial savings (Section 4) and have demonstrated with other Councils improvements to the service.

### Procurement

3.12 One of the key issues to consider within the future options is the approach to procurement.

3.13 The key issues identified in procurement for consideration include the following

- The new Public Contracts Regulations 2015 have removed the previous Part B services contract exemptions (which leisure was part of) and there is a general need for some form of market testing
- It is unlikely that the Council could set up a newly established NPDO without going through some form of procurement process

3.14 Following the soft market testing process undertaken (as summarised in the previous section) there is clearly market interest in the leisure portfolio and as such it would appear that CCC will need to follow a procurement process, which could take one of two forms

- Procurement for an existing NPDO, without a bid submission from a newly established NPDO
- Procurement for both an existing NPDO, with a bid from a newly established NPDO

3.15 If the Council decided to progress with the procurement to include a newly established NPDO, then consideration will need to be given to managing both a procurement process and also supporting the establishment of a new NPDO. In particular this will mean that the Council is likely to have two different teams which operate in parallel, meaning greater resources.

3.16 An alternative approach would be to undertake a procurement process which does not have a newly established NPDO within the process, but if there is no interest from the market or indeed no suitable bids coming forward, then the newly established NPDO is a fall back position.

### Legal Implications

3.17 We summarise below some of the issues

- **Local Authority Powers**

The powers of CCC to establish a new NPDO or enter into a partnership are based on both the wellbeing powers of an Authority and the ability to run leisure and cultural services. The establishment of NPDOs and partnerships is well established in the Local Authority market and a number of new NPDOs and Existing NPDOs operate in the leisure sector.

- **TUPE**

Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE) apply in any transfer to any of the delivery options presented, except in house. This means that staff that spend the majority of time providing the

## SECTION 3 – OPTIONS ANALYSIS

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services are entitled to transfer on their existing terms and conditions with no break in service.

This clearly applies to those staff who work directly for the services being transferred (predominantly the leisure services staff), but it may also apply to other staff who work in other departments but spend the majority of their time on leisure services work. Typically this would relate to staff spending more than 50% of their time, but each case would need to be looked at individually.

It is possible that in CCC's case there are staff in central support (such as finance, IT, Personnel) and possibly the property/maintenance teams to whom this may apply to in addition to the staff within the leisure service. If the Council decides to transfer the service to either a new or existing NPDO then detailed analysis of timesheets and roles of central support teams will need to be undertaken to identify any potential TUPE transfers. However this may be mitigated through the continuation of the provision of support services for the initial years, meaning that any TUPE transfer may be undertaken for these staff in a few years.

The other key area in relation to TUPE is to ensure effective staff consultation and management of staff concerns during the transfer process.

- **Pensions**

If CCC enters into a partnership then there is a requirement for the contract to include pension protection for all transferring employees, which is defined as the right to acquire pension benefits which are the same or broadly comparable. In practice this would typically mean that a new NPDO would gain admitted body status to the Local Government Pension Scheme (LGPS).

For existing and hybrid NPDOs their positions on pensions will vary with some of them providing their own similar schemes and others joining the LGPS, although typically most hybrid NPDO's will provide broadly comparable as opposed to gaining admitted body status. The Council can however require that a partner gains admitted body status.

Typically existing and hybrid NPDOs will also if they have joined the LGPS seek to make it a 'closed' scheme that is only available to existing employees. Often newly created NPDOs will also make the schemes closed.

The normal approach to costs is that the Council is responsible for contribution costs which relate to any deficit and the partner would be responsible for any changes in contribution as a result of their actions. In effect however the net cost of pensions does not change across any of the delivery options.

- **Property**

In order to gain NNDR relief the property must be occupied and used for mainly charitable purposes. A lease is a presumption of occupation therefore in general to ensure maximum rate relief is achieved it is recommended a lease is entered into with the partner.

The other key issue in relation to property is whether the lease is a full repairing and renewal lease or whether the maintenance responsibilities are split with the Council retaining structural maintenance and major equipment replacement responsibility and the partner undertaking all other maintenance.

Typically most contracts would tend to be with a maintenance split, although increasingly existing and hybrid NPDO's are taking on full repair and renewal responsibilities. However this will come at a price as the operator will usually price in a risk factor, although sometimes this would be offset by economies of scale they can achieve.

We recommend that if a transfer is considered by the Council then the current approach is retained where the Council continues to undertake maintenance at the sites with the partner undertaking day to day maintenance.

- **Asset Transfer**

There are a number of assets which may need to be transferred in any new partnership, including equipment, ICT, supply contracts, intellectual property, operational manuals, membership databases, user information. It is important in the transfer that CCC's position is protected and we recommend that CCC either loan or licence the assets rather than transferring them.

In this way the partner has an obligation to maintain and repair them as appropriate and then return the asset at the end of the agreement in a good state of repair or updated as necessary.

To ensure this works properly an inventory of the assets will need to be undertaken prior to transfer.

- **NNDR**

There are two ways in which NNDR relief can be achieved, either mandatory or discretionary relief. Mandatory relief is granted to charitable organisations and is 80%. In general to achieve mandatory NNDR relief there needs to be occupation by a charitable organisation and the facilities used for predominantly charitable purposes. The establishment of a NPDO with charitable purposes would satisfy this requirement. In addition there is the potential for additional top up discretionary relief to 100%.

Discretionary relief is granted by the Local Authority and up to 100% relief can be granted, which could also include a 20% top up where mandatory relief is granted.

Whilst there is local retention of business rates in England which impact on these savings, this is not the case in Wales and we understand is not likely to be introduced in the near future.

- **VAT**

Fees for sport and recreation can qualify as exempt from VAT if supplied by an eligible body, which is typically a non profit making body, such as a NPDO. It should however be recognised that if the fees are exempt from



## SECTION 3 – OPTIONS ANALYSIS

VAT it does also mean the VAT on expenditure (Input Tax) cannot be recovered, so would be an additional cost to the organisation.

Some of the hybrid NPDO's have also promoted structures which enable them to claim back VAT through not for profit organisations. If the Council enter into a partnership with a private sector operator then detailed assessment of these structures should be undertaken.

- 3.18 The overall approach is that there is the legal ability to undertake a procurement process and a number of issues that will need to be managed as CCC progresses the project. These will be factored into the project plan.

### Summary

- 3.19 Both of the future management options identified in the earlier report would be able to deliver improved opportunities for CCC leisure services portfolio, with a number of advantages and disadvantages for each option as summarised in the table below

**Table 3.2 – Advantages and Disadvantages**

Newly Established NPDO Option	
Benefits	Disadvantages
<ul style="list-style-type: none"> <li>• Access to external funding (including people's time)</li> <li>• Speed of reaction to market</li> <li>• Less bureaucracy</li> <li>• Tax Advantages</li> <li>• Security of provision</li> <li>• Single focus body</li> <li>• Reinvestment in service</li> <li>• Ability to 'grow' the business</li> <li>• Local focus</li> </ul>	<ul style="list-style-type: none"> <li>• Control through funding agreement and lease – potentially limited due to independence</li> <li>• Lack of wider corporate support</li> <li>• Longer to vary service</li> <li>• Possible difficulty in recruiting Trustees</li> <li>• Slower to deliver financial savings</li> </ul>

## SECTION 3 – OPTIONS ANALYSIS

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Existing NPDO or Hybrid NPDO Option	
Benefits	Disadvantages
<ul style="list-style-type: none"><li>• Access to funding</li><li>• Speed of reaction to market</li><li>• Less bureaucracy</li><li>• Financial benefits</li><li>• Security of provision</li><li>• Single focus body</li><li>• Commercial input</li><li>• Greater speed in delivering the financial benefits</li><li>• Greater Control through funding agreement and lease</li><li>• Greater capital investment opportunities</li></ul>	<ul style="list-style-type: none"><li>• Possible lack of full financial advantages (eg VAT)</li><li>• Leakage of surpluses away from Carmarthenshire</li><li>• Possible lack of local knowledge and 'buy in'</li><li>• Competing Priorities with other contracts</li></ul>

3.20 Of particular relevance is also the need to undertake a procurement process and as such the Council will need to consider whether to include a newly established NPDO within the process.

## SECTION 4 – FINANCIAL IMPLICATIONS

### Introduction

4.1 In this section we consider the financial implications for both of the future options that are being considered through the following analysis

- Analysis of the current medium term financial strategy (MTFS) and budgets
- Review of the previous financial analysis, including any key changes
- Identification of a future affordability level for the service

### Existing Budget and MTFS

4.2 We summarise the current budget and MTFS for the complete service in the table below.

**Table 4.1 – Existing MTFS (Complete Service)**

£'000's	2014/15	2015/16	2016/17	2017/18
Income	-5,959	-6,047	-6,221	-6,663
Controllable Expenditure	13,384	13,111	12,936	13,084
<b>Net Controllable Cost</b>	<b>7,425</b>	<b>7,064</b>	<b>6,715</b>	<b>6,421</b>
Capital Charges	3,172	3,011	3,011	3,011
Support Services	1,143	1,126	1,126	1,126
<b>Total Cost of Service</b>	<b>11,739</b>	<b>11,201</b>	<b>10,853</b>	<b>10,559</b>
<b>Net Savings</b>	<b>N/A</b>	<b>-538</b>	<b>-348</b>	<b>-294</b>

4.3 Thus the net cost of the service in 2017/18 would be £10.559 million a savings of £1.18 million on the 2014/15 budget. This is for the complete service and we summarise in Table 4.2 below the net cost and savings excluding Archives, Rights of Way (ROW) and Pendine Outdoor Education Centre which are considered outside of the scope of the review.

4.4 It should also be noted that within the MTFS savings there are savings of £330k identified in 2017/18 from alternative delivery models, thus any savings identified would be to deliver on these savings and not be additional.

**Table 4.2 – MTFS excluding Archives, ROW and Outdoor Education**

£'000's	2014/15	2015/16	2016/17	2017/18
Net Controllable Cost	6,974	6,682	6,325	6,022
Total Cost of Service	10,968	10,498	10,141	9,839
Net Savings	N/A	-469	-357	-303

4.5 Bearing in mind the level of interest in Sports and Leisure plus Theatres from the soft market testing, we also consider the future MTFS for Sport & Leisure plus theatres.

**Table 4.3 – MTFS Sports & Leisure plus Theatres**

£'000's	2014/15	2015/16	2016/17	2017/18
Net Controllable Cost	2,755	2,687	2,467	2,146
Total Cost of Service	4,530	4,091	3,871	3,550
Net Savings	N/A	-439	-220	-321

## SECTION 4 – FINANCIAL IMPLICATIONS

- 4.6 In addition to these costs there is a notional allocation for maintenance costs on revenue of £320,000 in 2014/15 for the department (which includes properties from Economic Development and Pendine Outdoor Centre, although the apportionment of these costs is relatively small. There is also a notional capital budget allocation of circa £400,000
- 4.7 The net cost of the service excluding the out of scope services in 2017/18 would be £9.839 million, a saving of £0.568 million on 2014/15 (or £2.146 million in 2017/18 for Sport & Leisure plus Theatres). The savings presented above are based on a number of savings and costs as summarised below.

**Table 4.4 – Summary of Savings and Additional Costs**

£'000's	2014/15	2015/16	2016/17	2017/18
Efficiency Savings				
Policy	n/a	-59	-158	-428
Managerial	n/a	-330	-344	0
Additional Costs/(Savings)	n/a	-80	145	125
<b>Net Costs/(Savings)</b>	<b>n/a</b>	<b>-469</b>	<b>-357</b>	<b>-303</b>
Net Costs/(Savings) – Sport & Leisure + Theatres				

Note:

1. The additional costs/savings include increments, validations, housekeeping (virements), asset rental changes, etc
  2. A negative number is a saving or income
  3. These savings and costs are only for the services which are considered in scope
- 4.8 The additional costs or savings are effectively linked to additional costs such as increments or costs which are unavoidable and non controllable. The key cost in 2015/16 is a reallocation of the ROW budget so that the legal statutory duties are out of scope but maintenance of the ROW remains in scope and hence the additional costs, due to a budget realignment.
- 4.9 There are however a number of efficiency savings which have been identified and summarised in the table presented above. These include the following

### *Sport and Leisure*

- Increased income through health and fitness memberships
- Review of wet and dry programme leading to realignment and reduction in costs at the main Leisure Centres.
- Transfer of bowls centres to voluntary organisations with a reducing subsidy, with CCC retaining maintenance responsibility
- Reduction in some opening hours potentially at dual use facilities (shared with school sites)

### *Countryside*

- Service and staff review as part of service realignment, resulting in a reduction in the staffing levels

### *Culture and Heritage*

## SECTION 4 – FINANCIAL IMPLICATIONS

- Service and staff review as part of service realignment, resulting in a reduction in the staffing levels
- Oriol Myrddin transferred to independent Trust from 2016/17
- Review of delivery models for community and mobile libraries, including electronic / on line solutions and co-location of premises.
- Reduction in service specification and review of theatres delivery model

### *Department*

- Closure of a number of leisure facilities or alternative service delivery model, such as Trust model.

4.10 Thus there are a number of opportunities leading to a number of revenue savings through changes to operations, however of particular importance to this process is the savings identified to come from either an alternative delivery model or through closure of facilities.

4.11 The level of savings identified for this are £35,000 in 2016/17 financial year and a further £330,000 in 2017/18. We review these amounts in comparison to the savings identified from the earlier work below.

### **Financial Savings**

4.12 The previous report identified a number of savings for each of the two options. We have reviewed these savings based on the amendments to the scope and also updated the budget based on the amended 2014/15 budget, to reflect the corporate re-validation for only partial delivery of the efficiency savings associated with recharging schools.

4.13 The previous financial analysis was based on the approved 2014/15 budget and as such is still relevant. The table below summarises the savings compared to the previous report.

**Table 4.5 – Financial Savings Compared**

Service Area	Financial Savings/(Costs) (£'000's)			
	Previous Report		Revised Analysis	
	New NPDO	Existing/ Hybrid NPDO	New NPDO	Existing/ Hybrid NPDO
Countryside	55	70	52	67
Sports and Leisure	163	200	163	200
Cultural Services	139	149	137	147
Other	(13)	(9)	(5)	(1)
<b>Complete Service</b>	<b>318</b>	<b>385</b>	<b>314</b>	<b>380</b>

Note: the complete service is not the total of all of the others, due to the VAT calculations

4.14 It can be seen that the savings previously identified are still broadly the same once the revised positions have been taken into account. There is still the opportunity for partnering with an existing NPDO to deliver circa £380,000 of

## SECTION 4 – FINANCIAL IMPLICATIONS

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savings per annum and for a new NPDO, circa £314,000 of savings. Thus the existing NPDO delivers greater savings.

- 4.15 Transfer of Sports and Leisure plus Theatres to an existing NPDO would account for circa £191,000 of the savings.
- 4.16 Within the MTFS a figure of £330,000 has been used for the savings attributable to alternative delivery models from 2017/18.
- 4.17 These savings are based on the following key assumptions and factors

- **NNDR Relief** – a NPDO can gain up to 80% mandatory relief from NNDR, with the potential for a further 20% discretionary relief. This is the case for new, existing and hybrid NPDO's. It will be important that if the Council progresses with a hybrid or existing NPDO utilising this structure, then the risk of tax relief is taken by the partner and that the legal structure proposed is reviewed in some detail.

The level of NNDR that the Council will save is based on 80% mandatory relief it saves plus a further 25% of any top up discretionary relief. Thus a total of 85% could be saved, however we have assumed the mandatory relief of 80% only is saved in our analysis.

The total potential savings allowed for NNDR relief are £510,000 per annum across the service.

- **VAT Benefits** – an analysis of the VAT implications is presented in the attached spreadsheet and represents the savings made through income which was standard rated now being exempt. The supply by a non profit making body to individuals or services for sport, physical activity and education can be exempt, as can the supply of cultural services be exempt through a non profit making body and includes entrance fees and charges. This does not apply to a Local Authority, albeit some charges made are exempt. It is assumed the prices would remain the same to the customer and the NPDO would make the savings on the move from standard rated income to exempt. Set against these savings is the irrecoverable VAT on expenditure (including maintenance) which the NPDO cannot recover due to its level of exempt income.

There may also be the possibility that if the NPDO makes the capital investment the NPDO cannot claim back the VAT on the capital giving rise to a significant VAT cost. If the Council can use prudential borrowing then it will be important a structure is place where the Council invests the capital but the NPDO takes the risk on repayments and capital cost overrun.

It should also be noted that there may be implications if currently organisations who hire facilities recover VAT, however the VAT analysis at present suggests that the majority of standard rated activities appear to be end users.

- **Central Support Costs** – if the services are transferred to a partner (whether existing NPDO, hybrid or private sector) then there is no longer the need for the Council to provide central support services, however there will be a need for additional services which the partner will need to provide. For a new NPDO typically the Council will continue to provide support services to

## SECTION 4 – FINANCIAL IMPLICATIONS

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the new NPDO through a service level agreement (SLA) for a period of 1-2 years.

The financial implications associated with support services will be dependent on a number of issues

- The level of reductions which the Council can make in the support services if they are no longer providing support services to leisure services
- The costs of support services which are required for each of the different management options.

The difference between the reductions and the costs will provide the financial implication for the Council. At this stage of the analysis we have assumed a 20% reduction in the Council budget if support services are no longer provided. This 20% reduction is based on examples from elsewhere and allows for the fact that there will be circa 80% of costs which cannot be saved. This will need further work as the project develops and should be a target for savings.

We have then used market comparisons to assess the future support service costs required under each option (typically existing NPDO uses 5% of turnover and for a new NPDO this is circa 6%).

If the Council decide to transfer the service then a more detailed assessment will need to be made of the level of savings that can actually be made, through detailed timesheet analysis. There may be TUPE implications for staff who spend the majority of their time on leisure services.

It should also be recognised that whilst the transfer of leisure services may not have a significant impact on the central support charges, if other services are transferred in the future, then it may be a greater impact and lead to a fundamental shift in the central support structure.

- **Set Up Costs** – these have been excluded from the savings presented above but have been included within the attached spreadsheet. These would apply to the service in year 1 (2015/16) of any transfer and relate to the costs associated with either a procurement process (in the case of an existing/hybrid NPDO) or the establishment of a new organisation (new NPDO). We have estimated these costs at £50,000 (procurement of existing NPDO) and £75,000 (new NPDO) based on our previous experience of undertaking similar projects. This relates to the costs of external advice (such as legal, financial and project management) as opposed to officer time, and would incorporate current costs of RPT Consulting.

For the establishment of an existing partnership the set up costs would be in the region of £50,000 which are predominantly for legal and external advice, to include the already commissioned leisure and financial advice.

- **Future Operational Enhancements** – there is the potential for different management options to deliver improved revenue and reduced expenditure in comparison to the in house, for a number of reasons, including:

## SECTION 4 – FINANCIAL IMPLICATIONS

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- Commercialism – an existing NPDO/Hybrid and a new NPDO will have the potential to develop additional revenue through a more commercial approach.
- Health and Fitness – the management and approach to health and fitness has shown to improve significant revenue enhancements through a more proactive and established management of facilities with a sales focus. This has been shown on numerous examples
- Economies of Scale – for the existing partner there is the potential for economies of scale reducing costs, such as utilities or maintenance/equipment reduction in costs
- Flexibility – there is the ability for new NPDO's and existing organisations to be more flexibility in the operation, for example, the ability to operate with a flexible workforce in facilities which require it (such as theatres) where events can mean that there is a need to be flexible to get resources to meet the needs of the market. Other examples could include sales incentives for staff such as fitness staff.
- Additional investment schemes such as energy efficiency and other investment schemes to generate income can also be delivered

4.18 Both options therefore still have the potential to deliver significant financial savings, simply through the delivery of tax advantages, and in addition there is the potential to deliver further revenue savings through a more commercial operation.



## SECTION 4 – FINANCIAL IMPLICATIONS

### LLC Redevelopment

4.19 The previous study identified a number of options for LLC and potential opportunities for the future development of LLC, which are summarised below.

**Table 4.6 – LLC Development Options**

	<b>Option 1</b> (Minor Refurbishment)	<b>Option 2</b> (Major Refurbishment)	<b>Option 3</b> (New Facility – Existing Site)	<b>Option 4</b> (New Facility – Old Castle Works Site)
Capital Cost (£m)	3.2	18.6	16.0	16.0
Potential Funding (£'m)	-	-	4.5	9.0
Net Capital Required (£'m)	3.2	18.6	11.5	7.0
Revenue Cost/(Surplus) (£'000's)	354	191	(56)	(56)
Revenue Savings (£'000's)	-	163	410	410

4.20 There are a number of options which the Council would be able to develop through the revenue savings of £410,000 which would fund the capital shortfall of circa £7.0 million.

4.21 The overall development of LLC should be viewed as a potentially stand alone scheme which could be factored in to any procurement process to work in partnership with an alternative provider to deliver future developments. For example, the initial stage of the procurement process could ask for input from the market as to the most appropriate way to develop the LLC and the level of capital required.

4.22 The Council could then determine the most appropriate way forward once receiving this feedback. We discuss this further in the next section.

### Affordability Levels

4.23 CCC currently has identified in its MTFS a number of savings which is expected to be delivered through changes to the operation of the Leisure Services, as set out earlier in this section (Table 4.2), excluding Archives, Public Rights of Way and the Outdoor Education. Equally there are similar levels for Sport & Leisure plus Theatres (Table 4.3)

4.24 Typically if a Council seeks to procure an alternative management options then they will set an affordability level, which they will present to the market so that expectations can be set on the level of future bids that would be received to deliver on the savings expectations.

4.25 It is proposed that CCC set an affordability limit for any future procurement which is set to deliver the savings within the MTFS and then an efficiency saving beyond this period.

## SECTION 4 – FINANCIAL IMPLICATIONS

4.26 Typically the affordability limit would be set for the management fee required as opposed to the overall Council budget. In this case we have assumed the management fee would include the following costs

- Net Controllable Budget for CCC
- Maintenance Costs

4.27 These areas would effectively be the areas transferred to the partner, with the Council retaining the support services charge and also the capital charges.

4.28 The earliest any new arrangement could be introduced is April 2016 and as such the MTFs from 2016/17 illustrates the following level of budgets

**Table 4.6 – MTFs Budgets**

£'000's	Whole Service		Sport & Leisure plus Theatres	
	2016/17	2017/18	2016/17	2017/18
Net Controllable Budget	6,325	6,022	2,467	2,146
Maintenance Allocation	320	320	160	160
<b>Net Cost</b>	<b>6,645</b>	<b>6,342</b>	<b>2,627</b>	<b>2,306</b>

4.29 The figures presented above exclude Archives, ROW and Outdoor Education Centre. We have assumed that 50% of the maintenance budget is attributable to Sports & Leisure plus Theatres.

4.30 In addition to these figures the Council could consider an efficiency target of a further 1% of savings per annum over the life of the contract. Thus we summarise the affordability levels for a 10 and 20 year contract in the table below

**Table 4.7 – Future Affordability Levels**

*Whole Service*

£'000's	2016/17	2017/18	Annual Average		Total
			Years 3 - 10	Years 3 - 20	
10 Year Contract	6,645	6,342	6,063		61,493
20 Year Contract	6,645	6,342		5,772	116,890

*Sport & Leisure plus Theatres*

£'000's	2016/17	2017/18	Annual Average		Total
			Years 3 - 10	Years 3 - 20	
10 Year Contract	2,627	2,306	2,205		22,571
20 Year Contract	2,627	2,306		2,099	42,714

4.31 In addition to this there is the potential to include an affordability level for LLC, through the identification of a capital level and current revenue cost which bidders must deliver on. An example of this would be

## **SECTION 4 – FINANCIAL IMPLICATIONS**

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- The Council will provide at least £4.5 million of capital, plus any further capital within the joint venture with Welsh Government
- Further capital will be made available through prudential borrowing if the costs of the borrowing can be funded through revenue savings on the existing cost (2016/17 budget) of LLC (£555,585)

4.32 In this way the Council can seek to get the best commercial offer for the redevelopment of LLC.

### **Summary**

4.33 Both options still have the potential to deliver significant revenue savings and there is still the potential to deliver the redevelopment of the LLC as part of any procurement

4.34 We consider the future approach and key conclusions within the next section.

### Delivery of Outcomes

- 5.1 A key focus of the service that CCC is seeking to deliver is to identify the outcomes which the service should deliver and the success of the service be measured against.
- 5.2 Our review of the previous study has confirmed that the conclusions identified are still relevant in that
- Both a new NPDO and an existing NPDO have the potential to deliver significant revenue savings (up to £379,000 per annum) through a partnership, which focuses on delivering the outcomes
  - A partnership with an existing NPDO is likely to deliver greater financial savings
  - There is the potential to deliver a new or refurbished LLC through using revenue savings to fund capital required
- 5.3 In addition our review has identified a number of other key factors which may impact on any future decision making, including
- The new public contracts regulations 2015 suggest that there is a need for CCC to undertake some form of procurement process whether establishing a new NPDO or partnering an existing NPDO
  - There would appear to be two options for procurement, either with or without a bid submission from a newly established NPDO
  - Soft market testing has identified a significant level of market interest in the leisure services portfolio, in particular the sport and leisure centres
  - The MTFs has identified a number of savings for the service up until 2017/18
- 5.4 Taking these issues set out above and the overall review of the previous study as set out in the report we set out below the key recommendations for the future development.

#### Key Recommendations

It is recommended that CCC seek to enter into a partnership with an existing or hybrid NPDO through a procurement process using competitive dialogue, which has the key parameters set out in the procurement strategy below, which will seek to deliver the MTFs financial savings, in line with the affordability levels set out below. The procurement process would be without a bid submission from a newly established NPDO.

The initial scope of the partnership would be for Sports and Leisure plus Theatres, with further consideration given to other services once the contract has been operational.

If there is no interest in some or all of the services, CCC should then seek to establish a new NPDO for the services to deliver the financial savings within the MTFs.

## SECTION 5 – CONCLUSIONS AND WAY FORWARD

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5.5 The rationale for entering into a procurement process with an existing NPDO only as opposed to a process with a newly established NPDO bidding is as follows

- There is a need for a procurement process to be followed and if a newly established NPDO is bidding then the Council will need to establish both an evaluation team and bidding team, which could increase resources required
- Bidders may be put off bidding if a newly established NPDO is also bidding
- An existing NPDO is likely to deliver improved financial savings and in addition, experience has shown that these can be delivered more quickly.
- The Council may well be able to assert more control over an existing NPDO
- The soft market testing process suggests that some bidders may come forward with innovative new models which bring local input and operation to the future delivery

5.6 If this recommendation is agreed then the future procurement strategy is set out below to deliver on the future outcomes, as well as consideration of the LLC redevelopment.

### **Future Procurement Strategy and Way Forward**

5.7 We consider a number of key issues for the procurement strategy, which sets the framework for the overall process, including.

- Key Outcomes
- Bid Options and Structure
- Affordability Levels & Financial Implications
- Evaluation Criteria

5.8 The overall approach and timetable is based on a new contract being in place for April 2016 and is based on a competitive dialogue process and will consist of the following stages

- Pre Qualification (PQQ)
- Invitation to Submit Detailed Solutions (ISDS)
- Invitation to Submit Final Tenders (ISFT)
- Preferred Bidder and Contract Award

### *Key Outcomes*

5.9 There are a number of key outcomes which the future Leisure Management Partnership is expected to deliver, which include

- *Facility Investment*
  - Refurbishment or replacement for LLC, based on the feasibility studies undertaken

## SECTION 5 – CONCLUSIONS AND WAY FORWARD

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- Investment in other leisure and cultural facilities to ensure long term sustainability and delivery of commercial opportunities
- Life Cycle costs responsibility to sit with the contractor, although it is recognised that some costs and issues which are difficult to predict may sit better with the Council
- *Service Delivery*
  - Maintain the level of quality of provision as current as a minimum, with continuous improvement
  - Deliver on the Council's key outcomes which include
    - People can access opportunities to be active
    - More children are hooked on leisure/cultural activity for life (0-18)
    - More People (18+ years) are active in Leisure and Culture
    - People are affiliated to clubs/community groups or facilities
    - People are given the skills to become physically and creatively literate for life
    - People achieve their potential
    - Our facilities and services are well managed and efficient
  - Provision of pricing for disadvantaged groups and core prices and maintaining current pricing levels
- *Financial Implications*
  - Affordability levels to be based on existing revenue costs, and the savings identified in the MTFS
  - Any capital investment to be funded through revenue savings over and above those levels of capital identified for LLC.
  - Surplus Share to be included based on simple 50:50 share of surplus above management fee submission, to provide income generation for the Council.
  - Utilities benchmarking to be included based on price benchmarking only – Contractor responsible for energy consumption

5.10 We consider the affordability level later in this section.

### **Bid Options and Structure**

5.11 We set out in Table 5.1 overleaf the structure of the bid (both mandatory and optional submissions) for the ISDS phase which will mean bids which will enable the Council to consider the future options before narrowing down the options at ISFT.

**Table 5.1 – Bid Requirements**

<b>Bid</b>	<b>Requirements</b>
Mandatory Solution (MS)	<ul style="list-style-type: none"> <li>• Operation of the portfolio of sport and leisure plus theatres portfolio to include                             <ul style="list-style-type: none"> <li>○ Design, Build, Operate and Maintain for either a refurbishment or new build for LLC</li> <li>○ Investment in other facilities to deliver on the outcomes and affordability levels</li> </ul> </li> <li>• Full responsibility for the buildings including operational delivery (in accordance with specification) and life cycle costs</li> <li>• 20 Year Contract Term from 1 April 2016</li> <li>• Bidders should include construction programme and should price for interim operation of the existing facilities until the new facilities are open</li> <li>• Bidders can include any additional commercial facilities which improve the overall financial offer.</li> </ul>
Mandatory Variants (MV)	MV1 – As per the MS but with operation of the existing facilities with no capital investment
Optional Variants (OV)	<p>The bidder can submit any additional variant bids which provide added value to the Council and deliver either an improved service or better value for money. In particular some of the areas which the Council has identified as possible added value items include</p> <ul style="list-style-type: none"> <li>• Commercial development (such as soft play, extreme sports, climbing) which deliver enhanced opportunities and finances</li> <li>• Differing contract terms (either longer or shorter)</li> <li>• Different risk profiles, such as life cycle costs</li> <li>• Different prices to customers</li> <li>• Only certain facilities</li> </ul>

5.12 The bid structure presented above would be refined following the PQQ stage.

**Affordability & Financial Implications**

5.13 We summarise over the following paragraphs the affordability and financial implications, with further detail presented in Section 4.

5.14 Currently the Council has developed a MTFS which delivers future savings and on the assumption that a new delivery model will be in place for 2016/17 then there is the potential to deliver an improved model which can deliver the following future cost to the Council

## SECTION 5 – CONCLUSIONS AND WAY FORWARD

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**Table 5.2 – Future Affordability Levels**

*Sport & Leisure Plus Theatres*

£'000's	2016/17	2017/18	Annual Average		Total
			Years 3 - 10	Years 3 - 20	
10 Year Contract	2,627	2,306	2,205		22,571
20 Year Contract	2,627	2,306		2,099	42,714

5.15 In addition to this there is the potential to include an affordability level for LLC, through the identification of a capital level and current revenue cost which bidders must deliver on. An example of this would be

- The Council will provide at least £4.5 million of capital, plus any further capital within the joint venture with Welsh Government
- Further capital will be made available through prudential borrowing if the costs of the borrowing can be funded through revenue savings on the existing cost (2016/17 budget) of LLC (£555,585)

5.16 There will then be additional (non controllable) costs which are within the Council and remain as budgets in the Council.

5.17 It will be important to set out for the bidders this affordability position which considers a number of different factors including the revenue position of the Council and the capital input the Council is prepared to make.

5.18 We recommend that affordability position for the Council is set out as follows:



### **Council Affordability**

£4.5 million of capital and a revenue budget for the 20 year term of £42.714 million have been identified as the affordability limit. If bidders require any additional capital funding the Council have the ability to provide further capital assuming that the scheme stays within the affordability limits, for which bidders will need to account for repayment costs in accordance with the amounts set out below.

The £4.5 million identified is allocated to the refurbishment or redevelopment of LLC, with further potential from the joint venture.

At this stage of the project the Council has identified the potential to borrow the capital identified above but it will be dependent on overall affordability at the time and subject to any changes in legislation, etc when the capital is required.

The affordability evaluation will be undertaken based on the capital being provided by the Council through prudential borrowing.

For any capital that is provided through prudential borrowing the following repayment costs should be clearly shown within bidders submissions.

- Based on interest rate of 3.63% with a 25 year term
- £59,378 per annum per £1 million borrowed

Thus if a bidder is borrowing £3 million then they should include a repayment of £178,134 per annum in their financial submission.

The actual interest rates (including the provision for MRP) which will be used for any borrowing will be determined at the time of drawdown, but for the purposes of evaluation bidders should use the above figures.

5.19 The Council can then also consider what length and level of borrowing it undertakes once bids have been received, for example, other councils have borrowed over the life of the asset as opposed to the contract (such as 40 years). There will also be a need to consider the cashflow for the project once bids have been received and the borrowing can be factored to accommodate this.

### **Evaluation**

5.20 The approach to evaluation will be to deliver a bidder who provides the most economically advantageous bid to take into account any design and capital build, service quality and commercial arrangements.

5.21 Bidders' Detailed Solutions will be scored against the evaluation criteria set out in the Evaluation Model. The Evaluation Model also sets out the maximum weightings that have been given to each criteria.

5.22 Tenders will be evaluated against the award criteria set out below, with more detailed criteria developed under each of these principle areas as the project develops.

## SECTION 5 – CONCLUSIONS AND WAY FORWARD

Evaluation Criteria	Weighting
Services	40%
Technical	10%
Commercial	50%
Total	100%

5.23 An Evaluation Team shall be responsible for evaluating the Detailed Solutions and raising clarification issues with Bidders and ultimately making short listing recommendation(s) to the Council's Project Boards and Members.

5.24 The Evaluation methodology and Evaluation Model will be applied by the Council to score and rank Bidders and will be used to determine which Bidders and Detailed Solutions will be short-listed for the detailed dialogue phase leading to call for Final Tenders.

5.25 Bidders should note that at the Final Tender stage it will be a submission requirement that Bidders submit a solution that reflects the dialogue to date and does not step back or renege from the solution proposed in dialogue.

5.26 The Council will score the Detailed Solutions (and Final Tenders) against the Tier 2 (and where applicable Tier 3) sub-criteria. Each response, will be marked out of a total possible score of 10.

Score	Rating	Criteria for Awarding Score
0	Unacceptable	Does not meet any of the Council's requirements.
1-2	Very Weak	Insufficient information provided / unsatisfactory.
3-4	Poor	Fails to meet the minimum standard, some major concerns
5-6	Acceptable	Satisfactorily achieves the minimum standard, acceptable, no major concerns
7-8	Very Good	Exceeds the requirements, good, full and robust response, gives confidence and will bring added value/benefit to the Council
9-10	Excellent	Considerably exceeds requirements, outstanding, and will bring significant added value/benefit to the Council, shows innovation and the Council has full confidence in response.

5.27 The pass mark for the following evaluation areas is 5 out of 10 and any responses scoring less than 5 for any area listed below will be considered to not meet the requirements and therefore fail the evaluation and the submission will be rejected. These evaluation areas are

- Health & safety
- Staffing

5.28 For the evaluation of affordability the following scoring mechanism will be used, and will apply to the overall annual average Management Fee, to include any costs of capital through prudential borrowing requirements.

## SECTION 5 – CONCLUSIONS AND WAY FORWARD

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5.29 The Council is expecting that the overall cost of the Detailed Solutions submitted will be within the Council's affordability threshold.

5.30 The Council reserves the right to reject any Detailed Solutions which exceed the affordability threshold as being non-compliant.

5.31 At ISDS the overall annual Management Fee of the Detailed Solution will be scored on a scale which is fixed as follows:

- (a) an overall annual Management Fee which achieves the affordability threshold will score 1
- (b) an overall annual Management Fee that exceeds the affordability threshold will score 0.
- (c) an overall annual Management Fee of £500,000 under the affordability threshold or less will score the maximum score of 10

5.32 The scores will be calculated to one decimal place. A worked example is shown below based on a management fee which is £350,000 below the affordability level:

- Receives 1 mark for achieving the affordability level
- receives a further 6.3 marks for the pro rata'd amount between affordability level and £500,000 below, i.e.  $350,000/500,000 = 0.7 \times 9$  marks (difference between 1 & 10) = 6.3
- total marks received is 7.3 marks (1+6.3)

5.33 A project plan, setting out actions and timescales, will form part of the process and is structured to allow flexibility throughout the process including dialogue with any potential partners (if appropriate) to ensure that CCC achieve a solution that not only delivers the financial savings but also will deliver the outcomes.



# COMMUNITY SCRUTINY COMMITTEE

## 14<sup>th</sup> SEPTEMBER 2015

### Explanation for non-submission of scrutiny report

ITEM	RESPONSIBLE OFFICER(S)	EXPLANATION	REVISED SUBMISSION DATE
New Contractor Framework	Mark V. Davies / Hywel Harries	An update on the existing framework as well as the new framework will now be included in Report A of the Half-Yearly Performance Monitoring report, scheduled for the Committee's next meeting in November 2015.	9th November 2015
Carmarthenshire's approach to the National Licensing Scheme for Private Landlords	Jonathan Willis	As yet the Welsh Government has not confirmed its approach. The associated Code of Practice and fee structure have also not yet been confirmed. Once this has been undertaken we will be better placed to report on our approach and the implications.	12th February 2016

Mae'r dudalen hon yn wag yn fwriadol

Eitem Rhif 8

**COMMUNITY SCRUTINY COMMITTEE**  
**22<sup>nd</sup> JUNE 2015**

**(NOTE: THESE MINUTES ARE SUBJECT TO CONFIRMATION BY THE COMMITTEE AT ITS NEXT MEETING)**

**Present:** Councillor D.M. Cundy (Chair)

**Councillors:** J.M. Charles, S.L. Davies, W.R.A. Davies, T. Devichand, J.K. Howell, H.I. Jones, S. Matthews, J. Owen, H. Shepardson, E.G. Thomas (Vice-Chair), G.B. Thomas.

**Councillor E. Williams – Substitute for Councillor , J. Thomas**

**Also present:**

**Councillor L.D. Evans – Executive Board Member for Housing**

The following officers were in attendance:

Mr. E. Bowen – Head of Planning  
Mr. I. Jones – Head of Sports & Leisure  
Mr. R. Staines – Head of Housing & Public Protection  
Mrs. H.L. Morgan – Interim Economic Development Manager (HLM)  
Mr. M.V. Davies – Building/Operations Manager  
Mr. J. Morgan – Housing Services Manager (South)  
Mr. S. Walters – Interim Economic Development Manager (SW)  
Mr. J. Willis – Housing Services Manager (Advice & Options)  
Mr. D. Eldred – Group Accountant  
Mr. R.J. Evans – Principal Officer (Home Improvement)  
Mr. L. Evans – Empty Property Advisor  
Ms. B. Dolan – Senior Consultant

**Venue: Spilman Street Chamber, Carmarthen (10:00am – 11:45am)**

**1. APOLOGIES FOR ABSENCE AND OTHER MATTERS**

Apologies were received from Councillors J. Thomas, H.E. Evans (Executive Board Member for Environment) and M. Gravell (Executive Board Member for Regeneration & Leisure).

Apologies were also received from Mrs. W. Walters (Interim Assistant Chief Executive, Regeneration & Policy).

The Chair welcomed Councillor T. Devichand to her first meeting as a member of the Committee.

**2. DECLARATIONS OF PERSONAL INTEREST**

There were no declarations of personal interest.

# COMMUNITY SCRUTINY COMMITTEE

## 22<sup>nd</sup> JUNE 2015

### 3. DECLARATION OF PROHIBITED PARTY WHIPS

There were no declarations of prohibited party whips.

### 4. COMMUNITY SCRUTINY COMMITTEE TASK & FINISH GROUP 201/15 – EMPTY PROPERTIES IN CARMARTHENSHIRE

The Committee considered the final report of its Task & Finish Group review of Empty Properties in Carmarthenshire. It was informed that the 11 recommendations contained within the report had been formulated by the Group following the consideration of a range of evidence over a series of meetings held between November 2014 and June 2015. The Chair expressed his gratitude to the Group Members and all participants for their contribution to the review. He noted that performance was excellent as 511 properties had been brought back into use over the last 5 years, with 135 during the last year. The scale of the problem had however increased significantly over the same period, with 2,671 empty properties in the county at the 1<sup>st</sup> of April, 2015.

The following issues were discussed during consideration of the report:

It was noted that many empty properties in areas like Ty-isha were not in a poor condition. It was asked what approach was taken to owners of such properties. The Housing Services Manager (Advice & Options) advised that owners in areas such as Llanelli and Carmarthen were written to regularly offering advice and support such as loans to encourage them to bring their empty properties back into use. Enforcement activity was targeted at the worst properties that posed a major risk to public health and neighbourhoods. The Head of Planning added that sections 77-79 of the Building Act 1984 referred to in recommendation 5, allowed owners to remedy any danger to the public which was not necessarily an overall solution.

The Committee praised the work of the small team dealing with empty properties, particularly the work of the Empty Property Advisor which was key to the innovative approaches such as the use of Empty Dwelling Management Orders and excellent performance.

The Head of Housing & Public Protection noted the results of the public consultation which highlighted a strong feeling that empty properties were a wasted housing resource and blight on the landscape.

**UNANIMOUSLY RESOLVED to endorse the Task & Finish Report and recommendations for consideration by the Executive Board.**

### 5. WELSH GOVERNMENT'S HOME IMPROVEMENT LOAN SCHEME

The Committee considered a report in relation to the Welsh Government's (WG) Home Improvement Loan (HIL) scheme in Carmarthenshire. It was informed that the Loan Scheme provided a new opportunity for the Authority to access funding to



# COMMUNITY SCRUTINY COMMITTEE

## 22<sup>nd</sup> JUNE 2015

offer recyclable loans to improve private sector homes. It was also advised that Carmarthenshire had been the first local authority in Wales to offer loans and therefore had considerable experience in administering such schemes.

The following issues were discussed during consideration of the report:

It was asked if the new scheme could be targeted at empty properties. The Housing Services Manager (Advice & Options) advised that the WG Houses into Homes scheme was targeted at bringing empty properties back into use for rent or sale. The HIL scheme was aimed at owner occupiers of properties in poor condition.

A question was asked about how the scheme would be marketed. The Housing Services Manager (Advice & Options) stated that WG had launched the scheme a couple of months ago however adopting the scheme had to be signed off by the Executive Board before it could be promoted locally. The case load was however already building up as people were waiting for financial assistance.

### UNANIMOUSLY RESOLVED

**5.1 To endorse the report.**

**5.2 To recommend to the Executive Board that it accept the loan offer from Welsh Government and to amend the Private Sector Housing Renewal Policy to offer loans in accordance with the national scheme.**

## **6. CARMARTHENSHIRE COUNTY COUNCIL'S ANNUAL REPORT 2014/15 AND IMPROVEMENT PLAN 2015/16 – RELEVANT EXTRACTS FOR THE COMMUNITY SCRUTINY COMMITTEE**

The Committee received for consideration, extracts relevant to the services within its remit from the Council's draft Annual Report 2014/15 and Improvement Plan for 2015/16. The following issues were discussed during consideration of the report:

The following issues were discussed during consideration of the report:

The comparative graph showing all Wales performance in bringing empty properties back into use was referred to. The validity of its inclusion was challenged as it showed percentages without any context and was therefore not considered to give a true picture. The Head of Housing & Public Protection confirmed that local authorities across Wales had widely varying numbers of empty properties which affected performance when expressed as a percentage. He agreed to advise corporate colleagues of the Committee's views.

A question was asked about the location of the 7,500 applicants on the Housing Choice Register (HCR) across the county. The Housing Services Manager (South) advised that the majority were located in the main towns however demand was spread across the county. Approximately 30%-40% of applicants were aged between 16 and 34 years and asking for single person accommodation however the majority of these had no significant housing need. Approximately 1,500 – 2,000

# COMMUNITY SCRUTINY COMMITTEE

## 22<sup>nd</sup> JUNE 2015

applicants were in bands A and B with the highest housing need. There were however only 1,000 vacant Council properties per annum.

The local lettings policy in Ty-isha ward was referred to and it was asked if this was contributing to the number of empty properties in the area. The Housing Services Manager (South) agreed that the local policy meant that single young people did not meet the criteria. There were two issues to consider; were the criteria for the local policy right for the area and were the right properties located in the right area to meet demand and need.

Further details were requested in relation to the use of bed and breakfast as temporary accommodation for homeless families. The Housing Services Manager (Advice & Options) advised that the use of bed and breakfast had reduced significantly over recent years and was kept to a minimum. He agreed to circulate a graph showing the reduction in both usage and costs over recent years.

An update on the LEADER programme for rural Carmarthenshire was requested. The Interim Economic Development Manager (HLM) stated that the LEADER Strategy was currently with WG for signing off and a new LEADER team would be recruited prior to the launch of the programme in September. Projects are also currently being developed.

Progress on the Cross Hands East Strategic Employment Site was requested. The Interim Economic Development Manager (SW) advised that work on the site would be completed shortly. The site would then be promoted and marketed

Additional information was requested in relation to the Un Sir Gâr Hub in Llanelli. The Interim Economic Development Manager (SW) stated that the Customer Service Centre had re-located to the Hub. He agreed to ensure that notices of the re-location were promoted locally. In response to an additional question, the Housing Services Manager (Advice & Options) confirmed that that Housing Officers were available by phone to respond to any housing queries at the Hub.

The status of the study into rural poverty in the county was requested. The Interim Economic Development Manager (HLM) advised that the study had been commissioned under the Rural Development Plan through Corporate Policy. She anticipated that the initial results would be ready in July.

**UNANIMOUSLY RESOLVED to endorse the Annual Report 2014/15 Improvement Plan 2015/16.**

### **7. END OF YEAR PERFORMANCE MANAGEMENT REPORT – 1ST APRIL 2014 TO 31ST MARCH 2015**

The Committee received, for consideration, the End of Year Performance Management Report for the services within its remit, for the period 1st April 2014 to 31st March 2015. The report included an overview of performance by Heads of Service, progress on Improvement Plan actions and performance measures as well as information relating to complaints and compliments.

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The following issues were discussed during consideration of the report:

The statement on legal challenges to planning permissions for wind turbines was referred to and further information requested. The Head of Planning advised that one application had been withdrawn. Permission given on a second application for a wind turbine at Wern was being challenged on the same basis as the challenge on the first application. There were also challenges to developments in Newcastle Emlyn. This was a growing trend.

Further information was requested in relation to current Council tenant rent arrears. The Housing Services Manager (South) stated that these had reduced significantly since January 2015 however arrears had increased generally over the last year. This was not all attributable to the welfare reform and the service's approach had been reviewed. Approximately 55% or 5,000 tenants had started the year with arrears and this was now less than 4,000. The average arrears per tenant had however increased which indicated a need for earlier interventions as appropriate. The service was being re-aligned to focus more on enforcement activity. Some tenants wanted to pay but were having difficulties whereas there was a cohort who would not pay. The Head of Housing & Public Protection noted that there had been a Wales Audit Office study across Wales which showed an increase of 23% in arrears generally. This was within the context of the welfare reform and an increase in child poverty and use of food-banks. This was likely to be a continuing challenge as Universal Credit was implemented and the further £12bn cuts to the welfare system recently announced by Westminster.

It was asked how many evictions there had been. The Housing Services Manager (South) advised that 29 had been made which was the same level as the previous year. 11 of those tenants had had some issues relating to the "bedroom tax" however the level of their arrears far outweighed this. The remaining tenants had been 9 couples without children. The Head of Housing & Public Protection added that evicted tenants then have to make their own housing arrangements however cases involving children raised child protection issues which required liaison with colleagues in Children's services.

An update on the Archives service was requested. The Head of Sports & Leisure advised that the situation was complicated as the current premises were not environmentally suitable. He was working with National Archives and Cymal towards a solution. Some material had been removed for specialist cleaning and temporary storage in Cardiff and Swansea. 70% of visitors were interested in family history which had mostly been transferred to the branch libraries. The cost of environmental improvement at Parc Myrddin was prohibitive therefore he was looking for an alternative site.

Progress with the Swansea Bay City Region was requested. The Interim Economic Development Manager (HLM) advised that two meetings had been held since the last report and support structures for the Board were being put in place. The Regional Engagement Team (RET) function is being led by Carmarthenshire

# COMMUNITY SCRUTINY COMMITTEE

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County Council and European funding is currently being applied for from WEFO to operate this new team.

**UNANIMOUSLY RESOLVED that the report be received.**

### 8. REVENUE AND CAPITAL BUDGET MONITORING REPORT 2014/15

The Committee considered the Revenue & Capital Budget Monitoring Reports relating to the Regeneration & Leisure and Housing Services, in relation to the end of year position for the 2014/15 financial year. The following issues were raised in relation to the report:

The following issues were discussed during consideration of the report:

Additional information was requested regarding the £135k loss at Llanelli Leisure Centre. The Head of Sports & Leisure confirmed that the storm damage to the roof, whilst it had been quickly remedied in terms of repair and insurance claim, had had a significant impact on the business.

A question was asked about the provision for sites for travellers going forward. The Housing Services Manager (South) advised that the Authority had a legal obligation to undertake a needs assessment across the county. The results were due towards the end of the year. Different groups of travellers were being consulted with as part of the process to see if additional provision was needed in areas of the county. The Head of Planning added that the commitment to provide additional sites based on the needs assessment was included in the Local Development Plan. The Head of Housing & Public Protection confirmed that the Housing Act 2014 included this as a statutory obligation.

Additional information was requested in relation to the Brynaman renewal area. The Housing Services Manager (Advice & Options) stated that a Council decision had been taken 10 years ago to declare it as a renewal area based on an assessment of need and stock condition. An application for WG funding had been successful however such funding had been ceased by WG.

**UNANIMOUSLY RESOLVED that the report be received.**

### 9. COMMUNITY SCRUTINY COMMITTEE – ANNUAL REPORT 2014/15

The Committee received an Annual Report for its work during the 2014/15 municipal year, noting that it had been prepared in accordance with Article 6.2 of the County Council's Constitution.

The report provided an overview of the work programme and the key issues considered by the Committee. It also detailed the issues referred to or from the Executive Board, development sessions which have been held for members as well as their attendance at committee meetings. The Chair welcomed the new format.

# COMMUNITY SCRUTINY COMMITTEE

## 22<sup>nd</sup> JUNE 2015

**UNANIMOUSLY RESOLVED that the report be received.**

### **10. COMMUNITY SCRUTINY COMMITTEE FORWARD WORK PROGRAMME FOR 2015/16**

The Committee considered its Forward Work Programme for 2015/16 which had been developed following the Committee's informal planning session held in April 2015.

**RESOLVED that the Forward Work Programme for 2015/16 be endorsed.**

### **11. COMMUNITY SCRUTINY COMMITTEE ACTIONS AND REFERRALS UPDATE**

The Committee considered a report detailing progress in relation to actions, requests or referrals emerging from previous scrutiny meetings.

The Committee agreed to visit Burry Port Harbour to discuss the problems there with the relevant officers prior to consideration of the options report going forward.

**RESOLVED that the report be noted.**

### **12. FORTHCOMING ITEMS**

The Committee was provided with a list of forthcoming items to be considered at its next meeting with the Social Care & Health Scrutiny Committee scheduled for the 23<sup>rd</sup> July 2015.

**RESOLVED that the list of forthcoming items be noted.**

### **13. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 2<sup>nd</sup> APRIL 2015**

**RESOLVED that the minutes of the meeting held on 2nd April 2015, be signed as a correct record.**

**SIGNED:** \_\_\_\_\_ (Chair)

**DATE:** \_\_\_\_\_

Mae'r dudalen hon yn wag yn fwriadol

Eitem Rhif 9

**JOINT COMMUNITY AND SOCIAL CARE & HEALTH  
SCRUTINY COMMITTEE  
23<sup>rd</sup> JULY 2015**

**(NOTE: THESE MINUTES ARE SUBJECT TO CONFIRMATION BY THE COMMITTEES AT THEIR NEXT MEETING)**

**Present:** Councillor D.M. Cundy (Chair)  
Councillor G. Thomas (Chair)

**Councillors:** Community Scrutiny Committee  
J.M. Charles, W.R.A. Davies, J.K. Howell, H.I. Jones, J. Owen, H.B. Shepardson, E.G. Thomas, G.B. Thomas, J. Thomas

**Councillors:** Social Care & Health Scrutiny Committee  
S.M. Allen, S.M. Caiach I.W. Davies, T.T. Defis, P.M. Edwards, W.T. Evans, K. Madge, J.S. Williams

**Councillor A.P. Cooper** – Substitute for Councillor J. Williams  
**Councillor J. James** – Substitute for Councillor E. Morgan  
**Councillor A.W. Jones** – Substitute for Councillor T. Devichand

**Also in attendance:**

**Councillor L.D. Evans** – Executive Board Member (EBM) for Housing  
**Councillor J. Tremlett** – Executive Board Member (EBM) for Social Care & Health

**Also present:**

**Councillor J. Jones** – Executive Board Member (EBM) for Environmental & Public Protection

**The following officers were in attendance:**

Mr. J. Morgan – Director of Community Services  
Mr. A. Maynard – Head of Mental Health & Learning Disabilities  
Mr. R. Staines – Head of Housing & Public Protection  
Mr. J. Morgan – Housing Services Manager  
Mr. D. Owen – Locality Manager (Llanelli)  
Mr. J. Willis – Housing Services Manager (Advice & Options)  
Ms. B. Dolan – Senior Consultant

**Observing:**

Mrs. H. Smith – Executive Support Manager, Communities  
Mr. A. Passenger – Standards Officer (Fair Trading)

**Venue: County Hall Chamber, Carmarthen (10:00am – 12:55pm)**

**1. TO APPOINT A CHAIR FOR THE MEETING**

It was unanimously resolved to appoint Councillor G. Thomas as chair for items 1 – 5 on the agenda and Councillor D.M. Cundy as chair for item 6.

# **JOINT COMMUNITY AND SOCIAL CARE & HEALTH SCRUTINY COMMITTEE 23<sup>rd</sup> JULY 2015**

## **2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors S.L. Davies, T. Devichand, D.J.R. Llewellyn, S. Matthews, E. Morgan, and J. Williams.

Apologies for absence were also received from Councillor M. Gravell, EBM for Regeneration & Leisure.

## **3. DECLARATIONS OF PERSONAL INTEREST**

There were no declarations of personal interest.

## **4. DECLARATION OF PROHIBITED PARTY WHIPS**

There were no declarations of prohibited party whips.

## **5. PROMOTING INDEPENDENCE FOR OLDER PEOPLE IN CARMARTHENSHIRE**

The joint Committee received a presentation which provided an opportunity for consultation on the long-term strategy for services for Older People. It was advised that 390 responses had been received since the launch of the consultation to date. The Committee's views would form part of the overall submission to the Executive Board on 28<sup>th</sup> September 2015

The following issues were raised:

Observations were made about the need to look at different models of delivery for aspects of overall services for older people, the transient nature of some local communities, older people moving into the county to retire as well as the fact that people are living longer and many remain active and healthy. The Director agreed that the profile of older people has changed significantly from when services were originally established. There was now a greater degree of economic independence for many older people which allowed a greater range of active choices. He cited day centre provision which in some locations operated at 50% capacity as older people no longer wanted this model of service. There was also variability in provision depending on who made the assessment as well as where. The funding needed to provide existing services was unsustainable and therefore radical changes were required to how and what was delivered in some service areas.

In response to concerns about shrinking local government budgets, the Director stated that If Welsh Government decided to protect education and schools going forward, this would put other services under even greater pressure and significantly diminish flexibility. There was however an option to develop further support for community provision utilising comparatively small amounts and with help from local town and community councils. It was essential to become more creative, particularly in rural areas.



# JOINT COMMUNITY AND SOCIAL CARE & HEALTH SCRUTINY COMMITTEE 23<sup>rd</sup> JULY 2015

Comments were made about private sector provision and the need for effective monitoring and quality assurance of any provision commissioned by the Authority. The Director agreed with latter as essential and also expressed the view of retaining a mixed economy as he felt this would be more secure. It was however a matter for full Council to decide.

The methodology used for the consultation was questioned as it was felt more direct questions had been omitted that the public would wish to answer. The level of responses to date was also viewed as relatively low. The Director advised that a lot of thought and work had gone into preparing the consultation. The problem with direct questions was that they shaped the response. This was the first stage of the consultation and it was appropriate to have a very open dialogue with the public and members on how to build this policy. The second stage would be to action ideas arising from the results. He urged members to encourage their residents to respond, emphasising that this was about developing services into the future.

It was asked if anything proactive was being done about progressing not for profit social enterprises within the services. The Director stated that a trading company social enterprise model was one of the options to explore for some services. The model could be more entrepreneurial, allow expansion and reduce costs. A business case would need to be developed however there was merit in creating a vibrant mix of provision. It could also be a means of getting capital investment for care homes provision some of which were not economically viable due to their size. He would welcome a political steer from the Committee and assured it that any business case would consider the pros and cons of multiple options as well as the right process to come to a decision.

Concerns were expressed about the forecast increase in dementia in the county, factors influencing this such as isolation, the need for effective diagnosis and primary care services as well as the importance of respite for carers. The Director agreed that although numbers of those with dementia were relatively low, the level of care needed was significant. 70% of day centres attendees had some level of dementia and the centres had not been designed to deal with complex needs. Dementia residential care was the biggest growth area as sufferers at advanced stages would require it. The EBM for Social Care & Health reminded the Committee that an all member seminar to raise awareness and understanding of dementia had been arranged for the autumn.

Observations were made about separate social care and health budgets which could leave clients in the middle of different funding streams for continuing care. The Director advised that Hywel Dda Health Board had agreed to consider whether it was viable to pool budgets for older people services although there were constraints and complexities in many areas. He cited WG rules which capped charges for all community care packages at £55 per week but not residential care which cost £500 - £600 per week.

# JOINT COMMUNITY AND SOCIAL CARE & HEALTH SCRUTINY COMMITTEE 23<sup>rd</sup> JULY 2015

Comments were made about investigating options for cross boundary working in rural areas where services like domiciliary care are difficult and expensive to provide. The Director agreed that this was a positive option to explore in areas like Llandovery bordering with rural South West Powys.

**RESOLVED to RECOMMEND to the Executive Board that:**

- 5.1 The Communities Department investigates developing a business case for using not for profit or social enterprise models for delivering aspects of services for older people.**
- 5.2 The Communities Department investigates which aspects of Primary, Community and Social Care provision would be able to and benefit from pooling the budgets of NHS and Social Care to deliver a more cohesive, cost effective and sustainable service.**

## **6. OUR COMMITMENT TO AFFORDABLE HOMES**

The Committee considered the report which had been produced to reflect an extensive consultation exercise with the public and partner organisations which ran until the end of May 2015. It was advised that there had been more than 1,000 responses, which were reflected in the document. The report also outlined the background in terms of housing need and demographic trends which the Authority must respond to, such as;

- The growth in the number of older people
- The growth in the number of single people and smaller household sizes generally
- Shortages of different types of accommodation in different parts of the County
- Affordability problems and how these vary throughout the County.

The intention was set a clear policy direction and set of principles before developing a delivery plan in the autumn.

The following issues were raised during consideration of the report:

Observations were made about the need to be flexible and innovative in the approach to building and providing affordable housing. The zero carbon affordable homes, recently built by Cardiff University, were cited as an example. The high demand by single people was also noted and it was asked if people were encouraged to house share. The Housing Services Manager advised that remodelling existing stock was the most cost-effective approach. Schemes also existed where landlords took single people into a shared environment.

Comments were made about the need to ensure the local infrastructure was in place to allow access to essential services when assessing housing need.

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Observations were made about the importance of carefully considering the best use of funding to deliver more affordable housing. There was broad agreement with public views on bringing empty properties back into use as affordable homes and also buy back of ex Council homes. The Director stated that there needed to be flexibility over funding but also a wide range of activities developed on the basis of need in different areas to deliver affordable homes. This should include buy back schemes where the need is the greatest. The Housing Services Manager advised that a buy back had been tested on a 2 bedroom house in Llanelli which had cost £77k to buy and bring up to standard with a turnaround time of less than 3 months. Far cheaper and quicker than a new build.

Comments were made about the importance of buying land suitable for development in areas of greatest housing need.

Further information was requested regarding the option of forming an arms-length company for new build. The Housing Services Manager stated that the possibility of what this could look like and deliver was being explored. The Director advised that this was a different concept from the options in the Older People debate. In housing terms, it could be a wholly owned vehicle to generate investment as it would not be subject to the borrowing cap placed on the Authority. He welcomed a political steer on the merits of exploring the option. The EBM for Housing added that the company would borrow but that the Authority would ensure any properties built were of the right standard and own them.

Observations were made about housing need in rural areas, particularly for young people, and the restrictions under the Local Development Plan and Planning Policy. The Director suspected that there was a lot of unrecorded need in rural areas with a scarcity of affordable housing. It would be important to look at options within rural villages and define absolute rather than speculative local housing need.

It was noted that a review of the allocations policy was also being undertaken and this would be presented to the Committee later in the year as well as the affordable housing delivery plan.

**UNANIMOUSLY RESOLVED to RECOMMEND to the Executive Board to:**

- 6.1 Endorse the report**
- 6.2 Investigate new models and develop a business case for creating a wholly owned arms-length trading company for the expansion of affordable housing.**
- 6.3 Contact Cardiff University regarding its recent research into and building of zero carbon affordable homes.**

Mae'r dudalen hon yn wag yn fwriadol