



## **CABINET – 15TH MARCH 2017**

**SUBJECT: INVEST TO SAVE BIDS**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND S151 OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To ask Cabinet to consider a range of bids for one-off repayable funding from the Invest to Save reserve.

### **2. SUMMARY**

- 2.1 Heads of Service have been asked to submit bids for one-off funding that will result in cashable on-going revenue savings.
- 2.2 This report presents details of the bids received for Cabinet consideration.

### **3. LINKS TO STRATEGY**

- 3.1 The bids presented in this report will provide ongoing revenue budget savings to support the Medium-Term Financial Plan.
- 3.2 The identification of revenue budget savings is a key element of effective financial planning which supports the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
- A prosperous Wales.
  - A resilient Wales.
  - A healthier Wales.
  - A more equal Wales.
  - A Wales of cohesive communities.
  - A Wales of vibrant culture and thriving Welsh Language.
  - A globally responsible Wales.

### **4. THE REPORT**

- 4.1 Heads of Service were invited to submit bids for consideration for funding from the Invest to Save reserve. This is a separate reserve held by the Authority that has been previously used to provide one-off funding to support investments that generate cashable savings. Any funding awarded is subject to Cabinet approval and is repayable over a typical period of five years (in effect it is an internal loan). The projected balance on the Invest to Save reserve as at the 31st March 2017 is £477k.

4.2 The bids that have been received total £668k, which exceeds the available funding by £191k. As a result, the bids have been reviewed by the Corporate Management Team in consultation with the Deputy Leader/Cabinet Member for Housing and the Deputy Leader/Cabinet Member for Corporate Services. Following this review it is recommended that the following bids will not be taken forward: -

Description of Bid	Amount Requested (£k)	Annual Saving (£k)	Payback Period (Years)
3D Printers for Libraries	25	5.0	5.0
PV Panels – Caerphilly Leisure Centre	43	5.2	8.3
PV Panels – Blackwood Comprehensive	70	8.9	7.9
PV Panels – Cwrt Rawlin Primary	65	8.5	7.6
<b>Total: -</b>	<b>203</b>		

4.3 The bid for 3D printers in Libraries is not supported as this needs to be considered as part of the wider review of Libraries under the Improving Services Programme (a project team has been established under the Business Improvement Portfolio (BIP)).

4.4 At its meeting on the 30th November 2016, Cabinet approved funding of £10k for an options appraisal on Caerphilly Leisure Centre previously undertaken by Alliance to be updated. Until this appraisal is completed it would not be appropriate to consider an investment in PV panels in isolation.

4.5 The proposed PV panels for Blackwood Comprehensive and Cwrt Rawling Primary are not supported at this time. However, Cabinet will recall that at its meeting on the 15th February 2017 approval was given for an investment of £100k to install small solar PV systems on 20 schools in the county borough.

4.6 The following bids totalling £465k are recommended for approval: -

- Risca Leisure Centre – Replacement Fitness Equipment (£160k)
- Cwmcarn Forest Campsite – 3 x New Glamping Units (£124k)
- Centre of Sporting Excellence – Catering Kiosk (£20k)
- Newbridge Leisure Centre – PV Panels (£54k)
- Risca Leisure Centre – PV Panels (£59k)
- Tir-yr-Berth Depot – PV Panels (£48k)

#### 4.7 Risca Leisure Centre – Replacement Fitness Equipment

4.7.1 The cost of replacing the fitness equipment at Risca Leisure Centre is £160k and it is anticipated that this will generate additional annual income which will peak at circa £57k. At this peak the payback period would be 2.8 years but in reality the additional income will increase incrementally as the customer base grows. A key element of this is anticipated additional customers from the nearby large housing development on the former Alcan site.

4.7.2 The new fitness equipment would enable an active marketing programme to be undertaken to raise awareness of the facility.

#### 4.8 Cwmcarn Forest Campsite – 3 x New Glamping Units

4.8.1 Changes in the caravan and camping accommodation market in recent years has seen the emergence of ‘glamping’ style holidays and a corresponding rise in the development of glamping style accommodation to meet the changing needs and demands of the holiday market.

- 4.8.2 As an early adopter the Council installed 10 accommodation 'pods' in three phases at Cwmcarn between 2011 and 2013 converting existing camping pitches. The improved accommodation offer at Cwmcarn has generated a greater yield per pitch than when previously designated as camping pitches.
- 4.8.3 It is proposed that the existing third field camping site at Cwmcarn Forest campsite is developed to accommodate luxury family glamping accommodation at a higher specification than the current pods to meet the evolution of expectations within the market.
- 4.8.4 Although Cwmcarn Forest is in the top twenty most popular visitor attractions in Wales the current level of visitors has been impacted by the closure of the forest drive as a consequence of on-going tree felling works and the associated temporary closure of a number of walking and biking trails within the forest. However, campsite accommodation as a revenue stream has maintained an even trend.
- 4.8.5 The existing glamping pods provide timber style accommodation for up to four people and can be easily described as a 'wooden tent'. Each pod has electric, heating and lighting and is a significant improvement over tented accommodation and has helped the sector grow as the accommodation offers some protection against typical British weather. The pods are basic in comparison to the style of glamping pod that the market is currently demanding.
- 4.8.6 In the longer-term it is proposed to install up to ten units on the third field of the existing campsite over a phased time period. However, the specific proposal in this report is to secure the required funds to initially install three units.
- 4.8.7 The proposed new units will provide furnished accommodation for varied users from couples up to a family of six and will include a small kitchen, dining table, microwave, fridge, shower room and mains connected toilet; a market need evidenced by the recurring requests received for such accommodation at the site.
- 4.8.8 There are a number of glamping style options available for the development of the accommodation offer on site that will suit current and future requirements. The cost per unit of the available options varies between £29k and £40k and would require additional ground preparation and installation works of circa £24k.
- 4.8.9 The financial return to the Authority from the investment required will be driven from the increased yield generated by each converted campsite pitch through a higher pitch fee charged for the new accommodation.
- 4.8.10 The recommended option is a mixed scheme of three individual unit types as this offers greater variety in choice for visitors to encourage future overnight stays and to provide a unique experience that matches the premium rates for overnight accommodation. The total cost of the three units for the mixed scheme is £124k. The projected additional income is £25k, resulting in a payback period of 4.9 years.

#### 4.9 **Centre of Sporting Excellence – Catering Kiosk**

- 4.9.1 An investment of £20k is proposed to convert an outbuilding at the Centre of Sporting Excellence into a small catering kiosk.
- 4.9.2 It is anticipated that this facility could generate income of circa £4k per annum, resulting in a payback period of 5 years.

#### 4.10 **PV Panels – Various Sites**

- 4.10.1 It is proposed that PV Panels be installed at Newbridge Leisure Centre, Risca Leisure Centre and Tir-yr-Berth Depot. The investment requested, annual savings and payback periods are as follows: -

**Newbridge Leisure Centre: -**

Amount requested = £54k  
Estimated annual saving = £7.6k  
Payback period = 7.1 years

**Risca Leisure Centre: -**

Amount requested = £59k  
Estimated annual saving = £7.7k  
Payback period = 7.7 years

**Tir Y Berth Depot: -**

Amount requested = £48k  
Estimated annual saving = £6.9k  
Payback period = 6.9 years

4.10.2 In addition to delivering revenue budget savings, these schemes will also contribute to reducing the Council's carbon footprint.

**5. WELL-BEING OF FUTURE GENERATIONS**

5.1 Effective financial planning is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

**6. EQUALITIES IMPLICATIONS**

6.1 There are no equalities implications arising from this report.

**7. FINANCIAL IMPLICATIONS**

7.1 As identified throughout the report.

**8. PERSONNEL IMPLICATIONS**

8.1 There are no direct personnel implications arising from this report.

**9. CONSULTATIONS**

9.1 There are no consultation responses that have not been reflected in this report.

**10. RECOMMENDATION**

10.1 Cabinet is asked to: -

10.1.1 Endorse the recommendation not to support the bids totalling £203k as detailed in the table in paragraph 4.2 of the report.

10.1.2 Agree that the remaining bids totalling £465k should be approved for funding on a repayable Invest to Save basis.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 To ensure the prudent use of resources to generate revenue budget savings to support the Medium-Term Financial Plan.

## **12. STATUTORY POWER**

- 12.1 Local Government Acts 1972 and 2000.

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