



EDUCATION FOR LIFE SCRUTINY COMMITTEE – 18TH SEPTEMBER 2014

**SUBJECT: CAERPHILLY COUNTY BOROUGH COMMUNITY CENTRE SERVICE
MTFP 2015/17 – ITEMS FOR CONSIDERATION**

REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To consider Medium Term Financial Plan (MTFP) contributions from Caerphilly County Borough Community Centre in accordance with the Cabinet report – next stages of MTFP – 2015/16 and 2016/17 dated 16 April 2014.

2. SUMMARY

- 2.1 The Medium-Term Financial Plan agreed by Council on the 26th February 2014 identified an estimated savings requirement of £6.5m for 2015/16 and £6.9m for 2016/17. This was based on an indicative reduction in Welsh Government funding of 1.34% for 2015/16 and, in the absence of further guidance from WG, an assumed reduction of a further 1.34% for 2016/17.
- 2.2 The budget strategy agreed by Council for 2015/16 and 2016/17 is currently being taken forward via two main strands. The first of these is further savings proposals for Members to consider in respect of up to 3% efficiency savings. These efficiency targets require savings of circa £5m and will be applied to those statutory and essential services that the Authority has to deliver. The second stand of the agreed budget strategy is a review of discretionary services, including those areas of statutory provision where delivery exceeds the minimum required levels, with a view to identifying savings proposals totalling over £8m.
- 2.3 This report outlines savings options for the Council's Community Centre Service to support the agreed budget strategy.
- 2.4 Members of the Education for Life Scrutiny Committee will be aware of the letter from the Minister for Local Government on the 24th June 2014 informing Local Authorities that due to a range of emerging cost pressures, particularly in the NHS, further significant reductions in the Local Government financial settlement are now anticipated for 2015/16 and beyond. This has serious consequences as WG is now asking Local Authorities to consider how they would respond to funding reductions of up to 4.5%. A report was presented to Cabinet in the 16th July 2014, which identified that a cut in WG funding of 3% would increase the required savings for 2015/16 and 2016/17 from the current planning figure of £13.4m to £22.2m. A cut of 4.5% will increase the savings target to £30.1m. A further report will be presented to Cabinet early in the autumn when the position has been examined in more detail.
- 2.5 Five options for the future delivery of the Council's Community Centre Service form the basis of this report to Scrutiny Members. The options put forward are as follows:-

- (1) Maintain Present Community Centre Network 'as is' – status quo option.

- (2) Council withdraws from delivery of Community Centre provision - No service option.
- (3) Community Centre network is reconfigured to a smaller, more economically sustainable, number of venues in village and town centre locations - Reduced network option.
- (4) Community Centres are offered to local groups via some form of Asset Transfer approach where the economic model and suitable capacity of the Management Committee/Governance body can sustain - Alternative delivery option.
- (5) Community Centre Service transferred via grant aid arrangement wholly to a Third Sector lead body or equivalent - Delivered by others under client / contractor 'arms length' arrangement option.

2.6 Each option noted in 2.5 above takes account of the other areas of possible Community Centre Service saving identified in the long list of efficiencies presented to Members at a special MTFP seminar held on November 21st 2013 totalling £140,000, as detailed in section 4.4 below.

3. LINKS TO STRATEGY

- 3.1 Community Centres contribute to a number of the Council's core priorities including the key themes of its Community Strategy and Single Integrated Plan.
- 3.2 Community Centres act as a social hub, providing the opportunity for the promotion of a wide range of activities and events that further the educational, cultural and recreational needs of all sectors of the community.

4. THE REPORT

- 4.1 The County Borough Community Centre Service has prepared five possible future delivery options for Education for Life Scrutiny Member consideration and comment on.
- 4.2 Each option has been carefully considered to offer the best economic case for future Community Centre provision within the broader context of the Council's significant Medium Term Financial Planning constraints, as highlighted in section 2 above. For completeness two options, remain 'as is' (option 1), and withdrawal of provision (option 2), are provided to ensure Members can consider the widest range of measures that may be open to the Authority.
- 4.3 In each option considered due consideration has been given to the possible legal implications that each might entail should one or more be deemed appropriate to pursue further. The Authority is the Landlord at the vast majority of the Community Centre sites that form the Borough Network and works in close cooperation with each individual volunteer Management Committee to deliver provision on a local basis, any option deemed appropriate for further development will need to take these considerations and collaborative arrangements into account.
- 4.4 Members should note that included in each option under consideration are the long list of possible additional Community Centre Service efficiencies outlined to Members in the November 21st 2013 MTFP Seminar. The savings noted relate to 2015-16 and 2016-17 as highlighted in the long list provided to Members previously. For completeness the long list of possible savings relate to:

Possible Efficiency Area	2015-16	2016-17	Totals
Review Community Centres-Water Rates & Public Indemnity Insurance in conjunction with Management Committees		£50K	£50K
Review Community Centres-Repairs & Maintenance budget	£70K	£20K	£90K
Totals	£70K	£70K	£140K

4.5 Community Centre Service Review Options

4.5.1 Maintain Present Community Centre Network 'as is' - **Option 1** (status quo).

Budget Title / Ref:	Maintain Present Community Centre Network 'as is' - Option 1 (status quo).
Savings (£): Financial Year(s): Comment:	<p>Those already identified in the long list of possible savings within the 2014-17 MTFP = £140k for 2015-17 2015/17</p> <p>The savings outlined include a reduction in the Community Centres building maintenance budget that may impact directly on the condition and on-going suitability of some facilities within the Borough Network as the remaining funding allocation will be targeted at more urgent and statutory works.</p> <p>The savings proposed also include a withdrawal of the Community Centre Service management grants that support each facility to address their respective Water rates and Insurance fees on an annual basis. A sum of £600 per Centre has previously been grant aided for this purpose. The insurance fees, £24k in total per annum, cover public/employee liability and over relevant areas of protection required by Management Committees, but do not address building cover which the Authority corporately deals with presently as Landlord.</p> <p>Each Community Centre is currently leased or licensed to the respective local Management Committee. Under the terms of occupancy, committees are liable for energy costs however the Council as Landlord is presently liable to meet the cost of Water rates. It is proposed within this option that the cost of Water rates be passed onto local Management Committees, generating a saving of some £26k per annum.</p> <p>It important to note that any dispersal of Water rate fees and other similar costs to Management Committees will require mutual agreement locally as the legal obligation presently rest with the Authority as Landlord.</p>
<u>Cost to Implement</u>	
Staff Costs: Resource Costs: Additional Costs:	<p>N/A</p> <p>A £90k reduction in the Community Centre building maintenance budget comprising £70k in 2015/16 and £20k in 2016/17. For Member information the revised budget from 2016 onward, following the reductions noted above, will be £120k per annum.</p> <p>A £50k saving on Insurance fees and Water rates via the transfer of these charges to local Management Committees from 2016/17 onward.</p>
<u>Timeframe to Implement</u>	
Consultation: Statutory Process:	<p>Initial consultation with local Management Committee's has taken place in respect of the withdrawal of grant aid for insurance fees and Water rate costs. More detailed consultation linked to an implementation date would take approximately 3 to 6 months prior to any withdrawal of funding.</p> <p>N/A</p>

<u>Risks of Implementation</u>	
Not Achieving -	<p>The savings are achievable and are considered proportionate. The Authority's Community Centre Manager and Risk Officer team would continue to support and work with Management Committee's to assist in negotiating the best insurance terms achievable for each location as individual facilities adjust to the changes proposed.</p> <p>The impact of reductions to the Community Centre reactive building maintenance budget, during 2015-17 of £90k in total, will require a refocusing of the remaining Council allocation on statutory and high risk areas of work that will require careful prioritisation across the Network of facilities that the Authority has legal obligations toward, some 34 of the present 38 supported sites. It is anticipated that some facilities will receive less maintenance funding as unforeseen and urgent work will require prioritisation, this may in turn lead to future viability concerns at some locations.</p>
Savings:	As outlined above – relatively short implementation phase in each year of savings proposed in section 4.4.
Timeframe	
<u>HR Implications:</u>	
Redundancy:	N/A
Redeployment:	N/A
Redirected Resource:	N/A
<u>Other Options/Issues:</u>	
Legacy building maintenance and management issues could arise due to reduced funding being available to address key site repair requirements or ensure legal conformity of premises.	

4.5.2 Council withdraws from delivery of Community Centre provision - **Option 2**

Budget Title / Ref:	Council withdraws from delivery of Community Centre provision - Option 2 (No service)
Savings (£):	Total Community Centre Budget = £558k .
Comment:	<p>Option 2: Complete withdrawal of Community Centre Service delivered by the Local Authority.</p> <p>Whole service closure administration and consultation costs would be significant. The legal implications alone are anticipated to be considerable and complex.</p> <p>Impact on individual management committees, local communities supported by services provided/accessed at specific Centres, partner services (Flying Start, Meithrin groups, Youth Clubs, etc), residents, staff, and support agencies (HR/Finance/IT etc).</p> <p>It is important to note that this option is the least likely to be progressed as part of the Medium Term Financial Planning process but has been included for comparability.</p>

<u>Cost to Implement</u>	
Additional Costs:	<p>Legal and possible compensatory costs are anticipated to be high and difficult to quantify at this stage with a considerable level of local variation.</p> <p>Possible grant funding claw-back at a number of locations including:</p> <ul style="list-style-type: none"> • Senghenydd Community Centre - £300k Community Facilities fund (CFAP) • Tiryberth Community Hall - £400k Big Lottery Funding (BLF) <p>The 38 Community Centres are in a varying state of repair and suitability – possible capital receipt(s) or risks of dilapidation of a number of premises and fees related to demolition where required.</p>
<u>Timeframe to Implement</u>	
Consultation: Statutory Process:	<p>Detailed consultations in line with Equality Impact Assessment's (EIA) obligations.</p> <p>Legal obligations under charity law for the dissolution of management committees, the removal of trustees and the dispersal/transfer of assets where no incentive or option for asset transfer exists.</p>
<u>Risks of Implementation</u>	
Not Achieving -	See above – closure of whole service would have a significant impact on residents access to a diverse range of facilities and agencies at a local level.
Savings: Timeframe:	£558k 12-18 months minimum dependent on consultation process and complications in decommissioning specific sites and management committee structures / contractual commitments.
<u>HR Implications:</u>	
Redundancy: Redeployment: Redirected Resource:	<p>Redundancy / redeployment costs for two full time officers and 33 permanent part-time caretaking staff.</p> <p>Redeployment may be an option for the two centralised management officers, subject to appropriate alternative roles becoming available. Opportunity to redeploy present caretaking staff less certain and dependent on local opportunities that might arise within the Authority's Cleaning Section or other Council premises in the geographic areas they live within.</p>

<u>Other Options/Issues:</u>	<p>Total service closure – most significant impact of all options under consideration though least likely to take place.</p> <p>Withdrawal of the Authority’s Community Centre Network would have a significant impact on the delivery of local services and the access that many residents have to such valued amenities. Community Centres provide important social spaces for a wide range of activities, including:</p> <ul style="list-style-type: none"> • Under 5 services (Meithrin, crèche space, Playgroup space) • Adult Education classes and IT skill development where equipment is present • Meeting and social spaces for groups, events, and private functions • Youth Club areas <p>The impact on 350 volunteer management committee members cannot be understated who presently contribute to their local areas through their involvement in coordinating Community Centres.</p>
-------------------------------------	---

4.5.3 Community Centre network is reconfigured to a smaller more sustainable number of venues in village and town centre locations - **Option 3** (Reduced network option).

Budget Title / Ref:	Community Centre network is reconfigured to a smaller, more economically sustainable, number of venues in village and town centre locations - Option 3 (Reduced network option based on sustainability of each site, relative proximity to other provision, and utilisation information)
Savings (£): Financial Year: Comment:	<p>£244k (includes £140k see section 4.4 as part of overall option) 2016/17</p> <p>Reduce the Community Centre network by 25% or approximately 9 sites close and/or are transferred in totality to the respective committee’s via Asset Transfer arrangements.</p> <p>This option could be considered as part of a mix of permutations including partial asset transfer, third sector participation, or simply facility closure.</p> <p>Selection criteria for site identification would need Council Member buy-in and adoption by all management committee’s to assess their individual performance and future viability. A mix of site assessment (physical asset), utilisation, and proximity to other similar community operated service points would seem an appropriate starting position for an initial long list of possible Centres that may be less sustainable in the present economic situation.</p>
<u>Cost to Implement</u>	
Staff Costs: Resource Costs: Additional Costs:	<p>£5,733 per officer caretaker/cleaner costs or £51,600 at 9 Centres where the Council employs the officer, e.g. they are not grant aided.</p> <p>Redundancy costs of circa £2k per caretaker, £18-20k in total.</p> <p>Total savings per site closed of approximately £11.6k based upon average maintenance spend per site and caretaking / employee costs.</p> <p>Likely grant claw-back at a number of sites due to Lottery or Welsh Government funding schemes.</p>

<u>Timeframe to Implement</u>	
Consultation:	Consultation process required will determine the timescale constraints enforced. Public consultation on the dissolution of the Charity and the disposal of assets will be necessary (see below).
Statutory Process:	<p>Each Community Centre Management Committee is a constituted charity. Each Centre is leased or licensed to the charity, some for a term of 25 years or longer. Closure of a Centre might therefore necessitate the termination of a lease. In some instances external grant funding has been awarded to a Management Committee on the basis that the security of a long term lease is in place.</p> <p>Closure of a Centre would also necessitate a process required under charity law to address the probable dissolution of the charity and the proper disposal of its financial and other assets which would include fixtures, fittings, furniture and equipment. This process must be undertaken by public meeting.</p>
<u>Risks of Implementation</u>	
Not Achieving -	Likely to be local resident challenges to any proposed closure of Community Centres.
Savings:	Redundancy costs of circa £2k per caretaker, £18-20k in total.
Timeframe:	12 months dependent on level of local consultation and outcome(s) of each Equality Impact Assessment and any mitigating work required as part of the review process.
<u>HR Implications:</u>	
Redundancy:	Redundancy and/or redeployment costs for up to 9 Caretaking staff dependent upon the Centres identified for possible closure or transfer. Opportunities to redeploy caretaking staff less certain and dependent on local opportunities that might arise within the Authority's Cleaning Section and at a community level.
Redeployment:	
Redirected Resource:	
<u>Other Options/Issues:</u>	

4.5.4 Community Centres are offered to local groups via some form of Asset Transfer approach - **Option 4** (Alternative delivery method – Asset Transfer of Centres where the economic model and suitable capacity of the Management Committee/Governance body can sustain).

Budget Title / Ref:	Community Centres are offered to local groups via some form of Asset Transfer approach - Option 4 (Alternative delivery method – Asset Transfer of Centres where the economic model and suitable capacity of the Management Committee/Governance body can sustain).
Savings (£):	Dependent on the level of Asset Transfer buy-in from Community Centre Management Committees and/or other local groups.

<p>Financial Year:</p> <p>Comment:</p>	<p>Based on previous considerations of Asset Transfer by the Council it is highly unlikely to be adopted as an option of choice by any Community Centre Management Committee in the Borough.</p> <p>It important to note that the 35 Centres in Council ownership are already leased or licensed to their respective Management Committee, however the operating and maintenance fees assigned to each facility presently rest with the Authority.</p> <p>£140k (see section 4.4) plus any resultant savings from this option. 2016/17</p> <p>See above, possibly at best a 'part option' to be considered alongside other delivery proposals for the future Community Centre service provision where Council funding support ceases.</p>
<p><u>Cost to Implement</u></p>	
<p>Staff Costs:</p> <p>Resource Costs:</p> <p>Additional Costs:</p>	<p>Transfer of caretaking staff under TUPE arrangements to the local Management Committee.</p> <p>The Authority would be required to present each asset transfer site in a suitable state of repair to assist in mitigating the risks that the respective Management Committee would undertake.</p>
<p><u>Timeframe to Implement</u></p>	
<p>Consultation:</p> <p>Statutory Process:</p>	<p>In order to release a building by asset transfer, the Authority would need to give notice of its intention, and invite business plans from bona fide organisations, properly constituted to manage a community building.</p>
<p><u>Risks of Implementation</u></p>	
<p>Not Achieving -</p>	<p>Based on present the income levels being recorded by Community Centre Management Committees it is highly unlikely that asset transfer would prove successful in the current climate.</p> <p>The risk of transferring an asset to one or more Management Committee who subsequently foreclosed is high – placing a renewed obligation on the Council to take a location back into its facility stock at additional expense.</p>
<p>Savings:</p> <p>Timeframe:</p>	<p>Yet to be determined</p> <p>2016/17</p>
<p><u>HR Implications:</u></p>	
<p>Redundancy:</p> <p>Redeployment:</p> <p>Redirected Resource:</p>	<p>N/A</p> <p>Caretaking staff would be required to transfer under TUPE alongside the building to the new managing organisation. Currently only 2 of the 38 Management Committees are legally structured to allow the safe employment of staff.</p>
<p><u>Other Options/Issues:</u></p>	

4.5.5 Community Centre Service transferred via grant aid arrangement wholly to Third Sector lead body or an equivalent organisation - **Option 5** (Delivered by others under client / contractor arrangement).

Budget Title / Ref:	Community Centre Service transferred via grant aid arrangement wholly to Third Sector lead body or equivalent - Option 5 (Delivered by others under client / contractor arrangement).
Savings (£):	Difficult to ascertain – dependent on the grant subsidy value agreed in order that a third sector body could deliver a comparable level of service to present network of 38 facilities or a suitable number of Centres across the County Borough. Minimum saving of two full time Community Centre Officer posts, circa £78k plus the efficiency savings noted in section 4.4, £140k. A total of £218k .
Financial Year:	2016/17 if the principle was endorsed by the Authority at a sufficiently early stage and the process of specifying the service package, consultation route, and tender arrangements for outsourcing were progressed as a matter of urgency with finance, HR, and Legal Services.
Comment:	See above Yet to be proven if any third party body could deliver the present or similar level of service at a reduced operating cost to make the principle of outsourcing viable whilst generating a meaningful saving for the Authority.
<u>Cost to Implement</u>	
Staff Costs:	Current caretaking costs.
Resource Costs:	Known costs areas that any new entity would be required to address would include caretaking, site maintenance, oversight and management expense and a marketing/promotional budget.
Additional Costs:	
<u>Timeframe to Implement</u>	
Consultation:	The establishment of a new 'parent' body to oversee the delivery of the Community Centre network on behalf of the Council as Landlord (client) and working alongside local committees would require considerable planning by any new contractor/delivery organisation. There may be resistance from management committees and communities to this option that make it untenable or too complex to adopt.
Statutory Process:	
<u>Risks of Implementation</u>	
Not Achieving -	Least suitable option due to the level of complexity involved and financial benefit to either client or contractor/delivery agency who was successful in undertaking the operation of the Community Centre Service for Caerphilly County Borough.

Savings:	Yet to be proven or identified – apart from savings on centrally based Community Centre staff (circa £78k less redundancy fees).
Timeframe:	2016/17+
<u>HR Implications:</u>	
Redundancy:	£28.5k (single redundancy payment) for two centrally based Community Centre Officers.
Redeployment:	
Redirected Resource:	
<u>Other Options/Issues:</u>	
See above	

5. EQUALITIES IMPLICATIONS

- 5.1 Dependent on which option, or options, Members wish to explore further appropriate Equality Impact Assessments will be prioritised as part of the next stage in the formal Community Centre Review process. Where required the detailed Equality Impact Assessments undertaken will form part of subsequent reports to Members for their information and consideration.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications of each Community Centre Review option considered as part of this report have been noted where known at present in section 4 above. The full cost implications of the option, or options, that Members may wish to take forward will be prepared as part of the next stage in the process and included in a further report to Education for Life Scrutiny Committee and Cabinet in due course. To summaries at this stage the following indicative savings may be possible from each option outlined, subject to any redundancy / redeployment costs, and grant claw-back that may apply in certain cases:

Community Centre Review Option	Estimated level of saving	Possible additional financial pressures linked to this option
Option 1 - Maintain Present Community Centre Network 'as is'	£140,000	Impact of reduced building maintenance budget on Community Centre facility stock – may lead to greater costs to sustain in longer term.
Option 2 - Council withdraws from delivery of Community Centre provision - (No service)	£558,000	Redundancy/redeployment Service closure expense, legal fees, site decommissioning/demolition. Minimum Welsh Government and Big Lottery grant claw-back of £700,000. Possible capital receipt(s) for any sites sold may offset some costs.

Option 3 - Community Centre network is reconfigured to a smaller, more economically sustainable, number of venues in village and town centre locations - (Reduced network option)	£244,000	Redundancy/redeployment costs for Caretaking staff at identified sites. Legal and property related fees costs in closing Centres governed by Charity Law. A mix of asset transfer, site closure, or third sector management of one or more facilities could be included in this option if locally feasible.
Option 4 - Community Centres are offered to local groups via some form of Asset Transfer approach - (Alternative delivery method – Asset Transfer of Centres where the economic model and suitable capacity of the Management Committee/Governance body can sustain)	Not possible to specify at this time	TUPE related costs and other related fees in asset transferring service to Management Committee(s).
Option 5 - Community Centre Service transferred via grant aid arrangement wholly to Third Sector lead body? - (Delivered by others under client / contractor 'arms length' arrangement).	£218,000 minimum	TUPE related costs and setup fee support for any third party body who undertook to deliver the Community Centre Service for the County Borough. Legal, procurement, and other related expense in devising an appropriate tender specification and selection process for the transfer of the Community Centre Service to a third party body.

6.2 The anticipated general Medium Term Financial Plan efficiency savings required of the Borough Community Centre Service, between 2015/17, are detailed in section 4.4 above and total £140k. These overarching savings have been incorporated into each of the five review proposals considered to ensure that the maximum efficiencies can be realised.

7. PERSONNEL IMPLICATIONS

7.1 A number of the Community Centre Service options outlined in section 4 of this report have personnel implications that will require detailed consideration, consultation, and costing dependent on which proposals Members elect to take forward. The full HR implications of the option, or options, to be considered further will form a key part of future reports to Members as and when required.

8. CONSULTATIONS

8.1 The views of all consultees listed have been incorporated in this report.

9. RECOMMENDATIONS

- 9.1 The views of the Scrutiny Committee are sought in relation to the suggested savings from the Education and Lifelong Learning Directorate's Community Centre Service.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that Scrutiny Members' views are taken into account in the future budget setting process.

Author: Gareth Evans, Interim Manager Community Education
Steve Hawkins, Community Leisure Officer

Consultees: Sandra Aspinall, Acting Deputy Chief Executive
Tony Maher, Assistant Director, Education and Lifelong Learning
Corporate Management Team
Education Senior Management Team
Kathryn Davies, Acting Principal Personnel Officer
Cllr R Passmore, Cabinet Member, Education and Lifelong Learning
Jane Southcombe, Principal Accountant