



CABINET - 12TH NOVEMBER 2014

SUBJECT: UPDATE REPORT GROUNDWORK CAERPHILLY

REPORT BY: ACTING DIRECTOR CORPORATE SERVICES AND S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 For Cabinet to note the merger of Groundwork Caerphilly into Groundwork Wales, and to authorise officers to take appropriate steps in ensuring the merger. The report provides background on the merger, and updates on the work of Groundwork in the Caerphilly borough. For information the report also raises the issue of grant state aid to voluntary organisations.

2. SUMMARY

- 2.1 Caerphilly County Borough Council currently provides annual Service Level Agreement funding of £43,860 to Groundwork Caerphilly. On the Groundwork Caerphilly Board Council Members sit together with an officer advisor, and a senior manager sitting in a personal capacity. Groundwork Caerphilly is in the process of merging into Groundwork Wales. This is intended to strengthen the national voice and capacity of Groundwork, whilst retaining a local voice and capacity. It is not proposed to make any changes in terms of Groundwork's delivery within the borough with Groundwork continuing to have a strong local presence via its base at Ty Mynyddislwyn in Pontllanfraith. The current project work of Groundwork in the borough is detailed in Appendix 1.
- 2.2 Any future Council Service Level Agreement funding to Groundwork Wales will need to be made Caerphilly borough project specific.
- 2.3 The report highlights the potential issues around *Grant State Aid* in the future funding of Groundwork Caerphilly/Wales and other voluntary organisations by the Council. This relates to European Union (EU) rules when giving subsidies/grants for commercial activities operating in the EU.

3. LINKS TO STRATEGY

- 3.1 The work of Groundwork links to the Greener outcome of *Caerphilly Delivers the Single Integrated Plan 2013-14*. Groundwork Caerphilly's Chief Executive, Katy Stevenson, is the Lead for the Greener Outcome sitting on the Single Integrated Plan leads group.

4. THE REPORT

- 4.1 Caerphilly County Borough Council (CCBC) currently financially supports the core activities of Groundwork Caerphilly through an annual Service Level Agreement (SLA) of £43,860. The Council also provides expertise on the Groundwork Caerphilly Board through both Member

and officer (advisory) representation. Due to reductions in central funding Groundwork Caerphilly is in the final stages of merging into Groundwork Wales. Ten benefits were identified for merging into the existing organisation Groundwork Wales. These include Groundwork Wales articles allow for trading pan Wales, and no need for any changes to Articles of Association for Groundwork Caerphilly. The current status of Welsh Government funding and the funding from Natural Resources Wales are administered through Groundwork Wales, so merger would alleviate the need to re-negotiate these agreements. The new organisation, Groundwork Wales, will take in existing Groundwork organisation in Wales, except the Groundwork organisations operating in North Wales, which will remain separate.

- 4.2 There are significant financial advantages in merging into a larger organisation. Back office savings are made, and a larger organisation is better placed for tendering for regional or national contracts. In merging into Groundwork Wales it is not envisaged that local identity will be lost, although any future Council SLA funding of Groundwork will need to be made project specific in the Caerphilly borough. Groundwork Caerphilly's base in Ty Mynyddislwyn in Pontllanfraith will remain, with the base continued to be run as an Environment Centre. The name *Groundwork Caerphilly* will also remain for the time being for trading purposes. All current managers at Groundwork Caerphilly (except one taking voluntary redundancy) will be part of the new organisation's senior management team.
- 4.3 Currently there are three councillors nominated to the Board, with one councillor co-opted, and an officer sitting on the Groundwork Caerphilly Board in an advisory role, and another senior manager in a personal capacity. Following the merger, which is envisaged as happening in 2015 there will be Caerphilly locality places on the new Groundwork Wales Board, which will be determined in liaison with the Council. Following the merger the Council will first need to request to become a member of Groundwork Wales, and once request to become a member of Groundwork Wales is granted for the Council to resign as a member of Groundwork Caerphilly.
- 4.4 The current Chair of Groundwork Caerphilly, Mr. Bryn Davies will continue to represent Groundwork Caerphilly's interests. The new organisation Groundwork Wales as an entity will be a member of Groundwork UK, and the registered address for Groundwork Wales has recently become the same address as for Groundwork Caerphilly (Ty Mynyddislwyn Environment Centre). Groundwork organisations operating in North Wales will be a *preferred supplier* of Groundwork Wales operating in a sub contract role. A working protocol will be in place defining the partnership arrangements.
- 4.5 The Policy Unit has provided SLA funding to Groundwork for over ten years, which is monitored through quarterly Groundwork Liaison meetings. For the financial year 2014-15 *State Aid* has been raised as an issue regarding the Policy Unit funding SLAs with voluntary organisations. This relates to European Union (EU) rules that when giving subsidies/grants for commercial activities operating in the EU –

If these subsidies have the potential to distort competition and affect trade between Member States they are known as 'State Aid.' The overall aim of the State Aid rules is therefore to maintain a level playing field for free and fair competition in the European single market (Wales Council for Voluntary Action Information Sheet).

- 4.6 This issue is the subject of a thorough review and further reports will be presented to members should the review highlight potential implications for future funding arrangements.
- 4.7 Groundwork's projects operating in the Caerphilly borough are detailed in Appendix 1

5. EQUALITIES IMPLICATIONS

- 5.1 Equalities implications are fully taken into account by the work of Groundwork, which is based on improving life chances of local people, and improving the living environment of the borough.

6. FINANCIAL IMPLICATIONS

- 6.1 CCBC currently provides core funding for Groundwork Caerphilly, which for 2014-15 stands at £43,860. Any further SLAs formed with Groundwork Wales will need to be Caerphilly borough project specific.

7. PERSONNEL IMPLICATIONS

- 7.1 Relations with Groundwork Caerphilly are managed through the Groundwork Caerphilly Liaison Group, which meets quarterly with the Chief Executive Officer of Groundwork Caerphilly. These regular meetings will continue under the new structure. Sitting on the Groundwork Caerphilly Liaison Group are the Council's Policy & Research Manager, Team Leader, Sustainable Development & Living Environment, and Group Manager (Strategy Funding & Support).

8. CONSULTATIONS

- 8.1 The views of the consultees commenting have been incorporated into the report. The names of all consultees are given at the end of the report.

9. RECOMMENDATIONS

- 9.1 For Cabinet to note the merger of Groundwork Caerphilly into Groundwork Wales, and to authorise officers to take appropriate steps in ensuring the merger.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 For CCBC to become a member of Groundwork Wales following its merger with Groundwork Caerphilly.

11. STATUTORY POWER

- 11.1 Local Government Act 2000.

Author: Jackie Dix, Policy & Research Manager
Consultees: Katy Stevenson, Chief Executive Officer, Groundwork Caerphilly
Cllr Robin Woodyatt
Cllr Colin Mann
Cllr Philippa Leonard
Cllr Patricia Cook
Chris Burns, Interim Chief Executive
Sandra Aspinall, Acting Deputy Chief Executive
Dave Street, Corporate Director - Social Services
Nicole Scammell, Acting Director Corporate Services
Gail Williams, Interim Head of Legal & Democratic Services
Colin Jones, Head of Property and Performance
Phil Davy, Head of Programmes
Paul Cooke, Team Leader, Sustainable Development & Living Environment
Antony Bolter, Group Manager (Strategy Funding & Support)

Appendices:

Appendix 1 The work of Groundwork in the Caerphilly borough