



SPECIAL CABINET – 25TH SEPTEMBER 2024

SUBJECT: MOBILISING TEAM CAERPHILLY – FUTURE PROVISION OF MEALS DIRECT AND THE HIVE CAFÉ, TY PENALLTA

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

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1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to update Members on the outcome of the Mobilising Team Caerphilly (MTC) consultation on the future provision of Meals Direct and the catering offer at Ty Penallta, known as the Hive Café, and to present a business case and set of recommendations for consideration.
- 1.2 This report was discussed at Joint Scrutiny on 24 September 2024 and officers will provide a verbal update on the discussion at scrutiny during the Cabinet meeting.

2. SUMMARY

- 2.1 There is currently significant pressure on public finances across the UK. Central Government, Local Government, Health and other sectors are all facing challenges where the costs of delivering services have accelerated far beyond the level of funding available to the sector.
- 2.2 The impact of these challenges upon Caerphilly County Borough Council have seen the Council facing the need to make £65m of savings during the period 2024/25 through to 2026/27 essentially just to stand still. Having identified a range of permanent savings as part of the 2024/25 budget setting process totalling circa £20m, the remaining balance of £45m must be found over the next two years.
- 2.3 In July 20223, the Council launched its Transformation Portfolio known as Mobilising Team Caerphilly. The Portfolio consists of two component programmes: Service Transformation and Place Shaping. The Service

Transformation Programme is primarily charged with delivering the necessary change across the Council to meet the £45m savings requirement.

- 2.4 Service Transformation includes several workstreams with a key focus on, Customer Journey, Collaboration and Partnerships, People and Ways of Working and Unavoidable Change. There are currently 15 projects 'in flight' which are focused on contributing towards the financial target and transforming service.
- 2.5 Each Project is being developed using Agile Programme Management methods while, the Portfolio as a whole, is supported by a Portfolio Management Office (PMO). The PMO is responsible for developing and ensuring adherence to agreed governance arrangements and decision making, as well as driving and tracking benefits realisation.
- 2.6 Portfolio governance arrangements are built upon the Welsh Government endorsed HM Treasury Green Book business case guidance and five case model (cases for Strategic, Economic, Commercial, Financial and Management). On this basis, each of the 15 projects will be underpinned by a business case that covers these aspects.
- 2.7 This report focuses on the Council's provision of Meals Direct and its catering offer at Ty Penallta, known as the Hive Café. The Business Case summary for Catering and Meals Direct (attached at Appendix 1) has been developed over many months through a Project Lead working with a multi-disciplinary project team and with support from a Project Sponsor.
- 2.8 The Strategic Outline Business Case for each Project considers several options for the service under review:
 - Do Nothing
 - Stop
 - Reduce service to minimal legally compliant baseline
 - Improve and modernise the service
 - Alternative delivery model
- 2.9 The Strategic Outline Business Case for the Hive Café and Meals Direct were presented to cabinet members at a Policy Development Meeting (PDM) in April 2024. During this discussion, the options set out in 2.8 were explored and discussed before PDM gave an initial direction on the option that the Project Team should develop.
- 2.10 The option selected for Meals Direct, and the Hive Café was as follows:

STOP non-statutory services (Meals Direct and Hive Café) whilst continuing to explore all other statutory catering services to improve / modernise.
- 2.11 PDM acknowledged the size and scale of the subsidy that underpinned the

service and that the service was non statutory in nature. The development of an Outline Business Case that focused on stopping the service was considered at that point, the most appropriate option.

- 2.12 An Outline Business Case was subsequently developed that focused on stopping the provision of Meals Direct and the Hive Café. The findings of the Outline Business Case (OBC) for Meals Direct and the Hive Café were presented at a series of PDMs in July 2024.
- 2.13 The OBC, again using the Treasury Five Case model, covered the Strategic, Management, Economic, Financial and Commercial aspects of stopping the service. At PDM, support was received to progress to a public consultation on the cessation of the Hive Café and Meals Direct service.
- 2.14 The consultation would take place over a six-week period and would seek to establish the views of the public, staff and relevant stakeholders on the closure of the service by the end of November 2024.
- 2.15 This report provides Cabinet with a Business Case, Integrated Impact Assessment (IIA) and the outcomes of the consultation as a basis for a decision on the continuation of the service. These aspects are summarised in the main body and attached in full within the appendices.

3. RECOMMENDATIONS

- 3.1 Cabinet members are asked to consider the Business Case, the Consultation Report and the Integrated Impact Assessment (IIA) set out within this report and endorse one of the recommendations set out below:
 - 1) Cease the provision at the Hive Café, Ty Penallta and transition Meals Direct service users to other providers.
 - 2) Cease the provision at the Hive Café, Ty Penallta, but ask officers to develop a range of further options to make the delivery of meals direct sustainable over the long-term.
 - 3) Continue with the existing provision at the Hive Café, Ty Penallta and the existing approach to Meals Direct.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Caerphilly CBC needs to identify further financial savings in the order of £45million over the next two financial years. It will not be possible to make this level of financial saving without undertaking significant transformation across all parts of the Council.

5. THE REPORT

- 5.1 Public finances across the UK are under significant strain. Central Government, Local Government, Health and other sectors are all facing challenges relating to the costs of delivering services far outweighing the level of funding available to the sector. On this basis, public sector bodies find themselves having to transform their provision, prioritise the delivery of certain services and, in some cases, cease services all together.
- 5.2 Having identified a range of permanent savings as part of the 2024/25 budget setting process totalling circa £20m, the Council now needs to find the remaining balance of £45m over the next two years. This equates to around 10% of the Council's overall net revenue budget. With 78% of the Council's budget spent on Education, Social Services, Waste and Infrastructure, the Council is facing some extremely difficult choices.
- 5.3 The Council's Transformation Portfolio, Mobilising Team Caerphilly, is now becoming embedded as part of the Council's core business. The Service Transformation Programme aspect of the Portfolio is charged with delivering the necessary change across the Council to meet the £45m savings requirement. At present, there are 15 'in flight' projects which are focused on contributing towards the financial target and transforming service. Every aspect of Council business will, at some point, form part of Mobilising Team Caerphilly.
- 5.4 The Projects are being developed through Agile Programme Management principles and, the Portfolio as a whole, is supported by a Portfolio Management Office (PMO). The PMO is responsible for developing and ensuring that Mobilising Team Caerphilly is managed within agreed governance principles and that all benefits can be tracked and realised as a contribution toward the £45m savings requirement.
- 5.5 Mobilising Team Caerphilly's Portfolio governance arrangements are built upon the Welsh Government endorsed HM Treasury Green Book business case guidance and five case model. The five case model covers the Strategic, Economic, Commercial, Financial and Management cases associated with change. Each of the 15 projects referenced in 5.3 are underpinned by a business case that covers these respective cases.
- 5.6 This report focuses on the Council's provision of Meals Direct and its catering offer at Ty Penallta, known as the Hive Café. The Business Case summary for Catering (attached at Appendix 1) has been developed over many months through a multi-disciplinary Project Team, a Project Lead and with support from a Project Sponsor. The Team have developed the project through an initial Strategic Outline Business case on to an Outline Business Case towards the case set out within this report.

5.7 The Strategic Outline Business Case for each Project considers several options for the service under review, typically:

- Do Nothing
- Stop
- Reduce service to minimal legally compliant baseline
- Improve and modernise the service
- Alternative delivery model

Strategic Outline Business Case Stage

5.8 The Strategic Outline Business Case for the Hive and Meals Direct was developed in the early part of 2024 and was presented to cabinet members at a Policy Development Meeting (PDM) in April 2024. During this discussion, the options set out in 5.7 were explored and discussed in some detail. The option that PDM preferred for onward development to an Outline Business Case (OBC) was Stop, specifically as follows:

STOP non-statutory services (Meals Direct and Hive Café) whilst continuing to explore all other statutory catering services to improve / modernise.

5.9 PDM acknowledged the size and scale of the subsidy that underpinned the service and that the service was non statutory in nature. Summary detail from the financial case is set out in Table 1, section 8 of this report. The development of an OBC that focused on the option of stopping the service was requested by PDM, albeit on the basis that Meals Direct service users would transition to other providers.

Outline Business Case Stage

5.10 An OBC was subsequently developed by the Project Teams under the stewardship of the Project Sponsor. The OBC focused singularly on stopping the provision of Meals Direct and the Hive. The findings of the Outline Business Case for Meals Direct and the Hive Café were then presented and discussed during a series of PDMs in July 2024.

5.11 The OBC, again using the Treasury Five Case model, covered the Strategic, Management, Economic, Financial and Commercial aspects of stopping the service. The OBC also presented four different time frames for stopping the service, which would form the basis of the consultation.

5.12 The OBC is attached at Appendix 1 with a summary extract set out against the five cases below:

Strategic Case: Investment objective to minimise further expenditure on non-statutory Catering services to operate at cost neutral for the Council. This may include ceasing the provision of the Hive Café and transitioning Meals Direct service users to alternative providers and or provision. The strategic benefit is a per annum saving to the Council of £444,094.

Management Case: The project forms part of the Mobilising Team Caerphilly portfolio of work. The Portfolio Management Office is responsible for governing the change approvals process. The key project controls are: change management, benefits realisation, risk management, post-implementation and evaluation and contingency and planning arrangements.

Economic Case: Up to four Outline Business Case options were reviewed and considered by PDM, all having a different impact on the Net Present Value (or savings that could be realised). These included:

- 1) consult from July 2024 with a view to potential service cessation at the end of October 24
- 2) consult from July 2024 with a view to potential service cessation at the end of November 24
- 3) consult from September 24 with a view to potential service cessation at the end of December 24
- 4) consult as part of annual budget consultation with potential service cessation from the end of March 2025.

Financial Case: Considers capital and revenue benefits and dis-benefits. A financial case was created for each of the four options that included associated one-off costs, benefits cost ratio and Net Present Value modelled up to 2030.

Commercial Case: No procurement requirement was identified; however, a review of existing commercial agreements has been considered as part of the Outline Business Case.

- 5.13 Following detailed discussion and consideration of the five-case model set out within the OBC and the consultation options set out in 5.12, PDM determined that the favoured option would be option 2, to consult from July 2024 with a view to potential service cessation of the Hive Café and Meals Direct at the end of November 2024. Again, PDM made it clear that Meals Direct service users would be transitioned to other providers by the point the service was ceased.

Consultation Stage

- 5.14 The consultation took place between 30 July 2024 and 10 September 2024. Designed to gain an understanding of the impact of the proposal on key stakeholders, the consultation focussed primarily on Meals Direct customers, their families and council staff. Where individuals identified that the proposal would have a negative impact on themselves or their family, the consultation sought to help understand the reasons for this and to identify any possible mitigation that could be put in place to reduce that impact.
- 5.15 To enable all those who wished to give their views to take part, a survey was made available bilingually and in a variety of formats including paper formats.

The consultation was promoted in a variety of ways and made available across a range of platforms. The primary consultation tool was a

questionnaire, but participants were encouraged to respond in a number of ways. Meals direct users and their families were contacted directly to inform them of the consultation and paper copies of the surveys were sent to each service user and next of kin with a free return envelope. Contact numbers and email addresses were also provided for anyone who needed support in completing the survey or had any general queries or concerns.

- 5.16 Other methods that were used to promote the consultation included:
A dedicated web page linked directly from the home page of the council's website.

[Link to Web Page](#)

A media release at the launch of the consultation

[Link to Media Release](#)

- Regular social media posts throughout the consultation period.
- Posters displayed in libraries and other public facing council venues promoting a series of public drop-in sessions.
- Targeted e-mails to stakeholder groups.
- As above, potentially affected staff were informed and engaged directly by their management team, Human Resources and supported by Trade Unions.

5.17 **Feedback from consultation process**

Meals Direct:

703 surveys were completed and received by the closing date. The largest group to respond to the survey were family members of service users and “other” interested people (members of the general public, people who may benefit from Meals Direct in future etc). 106 service users themselves responded to the consultation. The average age of service users who responded to the survey was 82. The average age of family members/all respondents who completed the survey was 62.

Just over half (51%) of respondents had a disability, while among service users this was 89%. Of those with a disability, 93% indicated that this impacted on their day-to-day activity. The figure increases to 98.9% of those who are service users.

Around two thirds of customers receive Meals Direct 5 days a week. A further 12% receive meals 5 days a week and frozen on weekends while 21% receive meals between 1 and 4 days a week. The remaining 1% received frozen meals only.

Overall, 95% of respondents disagreed with the proposal.

By far, the overarching theme was the need to protect vulnerable/older people within our community with many expressing the view that this service is vital, and that older people should be entitled to this provision. This is particularly the

case for users who are disabled or have cognitive impairment (memory loss/Dementia) and are unable to cook for themselves.

Other key themes that emerged from respondents include:

- The absence of a like-for-like alternative - a hot meal.
- The additional benefits that the service provides (more than a meal) to service users, such as tackling social isolation, maintaining independence and safeguarding.
- A number felt that the council should use resources more effectively and save money elsewhere.
- Some felt there will be an additional impact on social services / health services if this preventative service is removed and that Meals Direct can aid hospital discharge.
- Many felt that the food provided is of a good quality, nutritionally balanced and offers good value for money food, with alternative providers being more expensive.
- A number indicated that they would be happy to pay more (for a service that offers peace of mind to family members).
- Some felt the proposal would result in job losses, and a small number questioned how they would access provision in the future if the service is removed.
- A smaller number of respondents confirmed they agreed with the proposal, suggesting that affordable alternatives are available, the food currently offered is of poor quality, that they appreciate that financial savings need to be made and that often delivery times of the meals can be inconvenient.

One of the questions sought to understand what impacts the proposal may have on Meals Direct customers and their families. Many felt that removing the service may mean they'd be unable to stay in their homes as they'd be unable to cook for themselves/heat up a meal and so would require a wider care package. Many also felt they would eat a less nutritionally balanced diet if the service ceased in its current form. Social isolation and the impact on cognitive, emotional and physical wellbeing was also highlighted, as Meals Direct is seen by customers as 'much more than just a daily meal'.

A number of customers highlighted that family would not be able to support them daily due to work commitments or distance. Some felt there would be a negative short-term impact but that they would adjust if necessary although many were concerned about potential job losses for staff. A large number felt that alternative providers are too costly, while some felt that the proposal highlighted that older generations are being ignored.

A further question sought to ask how the potential impacts of the proposal could be mitigated for customers and their families. By far, the most widely given response was to keep the service as is. A number of other themes did emerge however including a request to provide a list of alternatives, keep the service but run it differently, make savings in other areas of the council and assess the support needs of current users.

Correspondence was also received on the Meals Direct proposal from a number of other interested parties. The themes highlighted by these is in line with those identified through the consultation, and these, along with all comments received can be found at:

<https://conversation.caerphilly.gov.uk/meals-direct-service>

The Hive Café at Penallta House

A total of 217 responses were received to the survey. The vast majority of the responses came from staff and the main place of work for 77% of respondents was Penallta House. Of those indicated that they visit the Hive to buy something, 73% visit at least once a week.

71% of those who responded to the question disagreed with the proposal to close the Hive. 17% agreed and 12% were unsure.

As expected, those who visit the Hive most regularly were more likely to disagree with the proposal.

The main reasons given for staff disagreeing with the Hive café proposal was the negative impact on staff in terms of wellbeing, social interaction and the potential loss of valued colleagues, as well as a negative financial impact if jobs were lost. Others felt it would remove the provision of a basic need, and that it is well used and of good quality. Some also felt that opportunities to be innovative and increase income through the catering provision are being missed.

Others felt the service is a non-essential one and acknowledged that savings need to be made. Some felt there is less demand on the Hive since the council introduced its agile working policy and it is no longer as well used. Regardless, respondents stated they wouldn't want to see members of the catering service lose their jobs.

All comments received on this proposal can also be found at

[Link to Comments](#)

Conclusion

- 5.18 Public finances across the UK are under significant strain. Central Government, Local Government, Health and other sectors are all facing challenges relating to the costs of delivering services far outweighing the level of funding available to the sector. On this basis, public sector bodies find themselves having to transform their provision, prioritise the delivery of certain services and, in some cases, cease services all together.

6. ASSUMPTIONS

- 6.1 Should Cabinet determine that the Hive Café and Meals Direct should cease at the end of November, it is assumed that Meals Direct users will transition to an alternative provider ahead of the service being removed.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 Integrated Impact Assessment have been completed for Meals Direct as an external service and, separately for the Hive Café as an internal service.
- 7.2 The initial Integrated Impact Assessment identified that in particular, the decision to cease the delivery of Meals Direct may impact on older people more, given that 84% of service users are over the age of 75. It was also identified that the proposal would have a potential negative impact on people with disabilities. Those who are physically disabled will be less able to access some of the alternative meal provision services due to their curtailed mobility. It is recognised that alternative external providers of meals may not necessarily be able to provide a like for like service. The consultation sought to identify how the impact could be reduced for current service users and their families. The mitigating actions proposed should help with alleviating these impacts.
- 7.3 In relation to The Hive Café, there is the potential for negative impact on the staff working in the service, since the workforce is primarily female, lower paid and older age group, who also may have other caring responsibilities that fit in with the part time nature of the employment.
- 7.4 All staff affected by these proposals will be supported by managers, trade unions and human resources staff. Additional support is available via the Employment Team who can provide access to 1-2-1 and group sessions to employees who need support to find alternative employment and access to training to support with upskilling and alternative career options. We understand that there will be impacts to current service users the mitigating actions proposed should help with alleviating these impacts.

The Integrated Impact Assessment for Meals Direct can be found here:

[Link to IIA](#)

The Integrated Impact Assessment for the Hive can be found here:

[Link to IIA](#)

8. FINANCIAL IMPLICATIONS

- 8.1 The financial case for the Hive Café and Meals Direct was presented to PDM in July 2024 as part of the Outline Business Case. The financial case included a range of options for ceasing the service and transferring the provision for Meals Direct to an alternative provider. The financial case is set out below:

Table 1 – Catering Services Options (Attached at Appendix 3)

| OPTION | NPV 2024/25 to 2029/30 | Benefits Cost Ratio | MTC Savings Target 2024/25 | MTC Saving 2025/26 | MTC Saving 2026/27 | MTC Saving 2027/28 | Total Budget Savings (Excluding one-off costs) | One-off costs |
|--|------------------------------|---------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------|---|------------------|
| 1) consult July 24 – cease service end of Oct 24 | (£1,951,191) | 24.34 | (£29,691) | (£414,403) | £0 | £0 | (£444,094) | £83,608 |
| 2) consult July 24 – cease service end of Nov 24 | (£1,912,506) | 23.87 | £0 | (£444,094) | £0 | £0 | (£444,094) | £92,601 |
| 3) consult Sept 24 – cease service end of Dec 24 | (£1,847,173) | 23.87 | £0 | (£371,221) | (£72,873) | £0 | (£444,094) | £90,353 |
| 4) consult as part of budget – cease service end of March 25 | (£1,748,306) | 22.64 | £0 | (£261,912) | (£182,182) | £0 | (£444,094) | £83,608 |

8.2 Option 2 of the Financial Case, which was the direction given at PDM, will deliver a full year budget saving of £0.444m from 2025/26. The Net Present Value (NPV) of this option, i.e. the current value of net saving across five years, would be £1.913m.

8.3 There will be one-off costs in relation to redundancy, pension strain and lease termination costs in progressing a service cessation. At the time of modelling pension strain and lease termination costs were not available, redundancy costs were included and were estimated to be £0.093m. Pension strain and lease termination costs have now been estimated and would be an addition £0.196m. One-off costs will need to be firmed up should Cabinet wish to move forward with the proposed cessation.

8.4 One-off costs can be funded through the MTFP Contingency Reserve of £5.266m under delegated powers approved by Council on 24 July 2024.

9. PERSONNEL IMPLICATIONS

9.1 The Catering services that include the provision of Meals Direct and the Hive Café are intrinsically linked with staff supporting both operations (as well as use of shared contracts and workspace). There are currently 22 staff working in this part of the service that may be affected.

9.2 Should Cabinet determine that the Hive Café and Meals Direct service should cease at the end of November 2024 or make any other decision regarding the operation of the services, management will work with HR in accordance with relevant HR policies and in consultation with staff and Trade Unions as appropriate.

- 9.3 In this circumstance, there would be a statutory requirement to notify the Insolvency Service, Redundancy Payments Service of a proposal to potentially dismiss 20 or more employees as redundant at one establishment.
- 9.4 Where the continuing employment of staff is placed at risk through these proposals, staff who meet the qualifying criteria (i.e. two years' service) would be supported to enter the Council's redeployment pool. If the staff who enter the pool do not secure alternative employment before the expiration of the redeployment period which includes their statutory notice, a relevant redundancy payment would apply.
- 9.5 Staff who qualify for a redundancy payment, who are also aged 55 or over and paying into the local government pension scheme would also gain immediate access to their pension when their employment with the Council ends.

10. CONSULTATIONS

- 10.1 In addition to the detail highlighted at 5.14-5.17, consultation analysis report is attached at Appendix 2. In addition, a full breakdown of comments received through the consultation can be found at:

[Link to Comments](#)

- 10.2 The report has also been considered by the Council's Joint Scrutiny Committee at its meeting on 24 September 2024. Officers will provide verbal feedback on the views of Joint Scrutiny as part of the Cabinet Meeting that considers this report.

11. STATUTORY POWER

- 11.1 Local Government Act 2000. All relevant legislation has been considered as part of this process and subsequent report.

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Appendices:

- Appendix 1 Summary of Catering Services Outline Business Case
- Appendix 2 Consultation report
- Appendix 3 Financial case for Catering