



SPECIAL CABINET – 25TH SEPTEMBER 2024

SUBJECT: MOBILISING TEAM CAERPHILLY – FUTURE PROVISION OF LLANCAIACH FAWR MANOR

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

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 Llancaiach Fawr Manor and to present a business case and set of recommendations for consideration.
- 1.2 This report was discussed at the Joint Scrutiny meeting on the 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 2023, 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 making a contribution 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 business cases that covers these aspects.
- 2.7 This report focuses on the Council's provision of Llancaiach Fawr Manor. The Business Case summary for Llancaiach Fawr Manor (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 a number of 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 Llancaiach Fawr Manor was 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 Llancaiach Fawr Manor was as follows:

ALTERNATIVE DELIVERY MODEL disposal of this asset via various arrangements to operate at a cost neutrality to the Council.
- 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 the development of an Alternative Delivery Model. The findings of the Outline Business Case (OBC) for Llancaiach Fawr Manor 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 an alternative delivery model for Llancaiach Fawr, specifically to 'mothball' the facility at the end of December 2024 and to explore options for the facility to be run in a different way in the future.
- 2.14 The consultation would take place over a six week period and would seek to establish the views of the public and relevant stakeholders on the mothballing of the facility from the end of December 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 is 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) Mothball Llancaiach Fawr Manor at the end of December 2024 with staff exiting this financial year and explore options for the facility to be run in a different way in the future.
 - 2) Ask officers to develop a range of further options to make the delivery of Llancaiach Fawr Manor sustainable over the long-term.
 - 3) Continue with the existing provision at Llancaiach Fawr Manor.

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 at Llancaiach Fawr Manor. The Business Case summary for Llancaiach Fawr Manor (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 a number of 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 Llancaiach Fawr Manor 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 an Alternative Delivery Model, specifically as follows:

ALTERNATIVE DELIVERY MODEL disposal of asset via various arrangements to operate at a cost neutrality to the Council.

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 developing an alternative delivery model was requested by PDM.

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 the development of an alternative delivery model for Llancaiach Fawr Manor. The findings of the Outline Business Case for Llancaiach Fawr Manor 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 mothballing the facility, 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 Tourism services to operate at cost neutral for the Council. This may include a disposal of the asset i.e. to an alternative provider, if possible, for the service, or full sale of asset. The strategic benefit is a per annum saving to the Council of £485,000 whilst aiming to maintain the cultural asset.

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 five 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 on a seamless transition
- 2) consult from July 2024 with a view to mothballing the facility at the end of October 2024
- 3) consult from July 2024 with a view to mothballing the facility at the end of December 2024 with staff exiting in the next financial year
- 4) consult from July 2024 with a view to mothballing the facility at the end of December 2024 with staff exiting this financial year
- 5) consult as part of the annual budget consultation with a view to mothballing the facility at the end of March 2025

Financial Case: Considers capital and revenue benefits and dis-benefits. A financial case was created for each of the five 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 4, to consult from July 2024 with a view to mothballing Llancaiach Fawr Manor at the end of December 2024. PDM also agreed that £30k should be allocated to appoint an agent to begin to market the facility to prospective interested parties.

Consultation Stage

- 5.14 The consultation ran for a 6-week period from Tuesday 30th July to Tuesday 10th September 2024. The consultation was widely promoted to enable all those who wished to give their views an opportunity to take part. It is important to note that consultations on the following proposals were undertaken together:

- to 'mothball' Llancaiach Fawr Manor at the end of December 2024 and explore options for the facility to be run in a different way in the future.
- to withdraw Blackwood Miners' Institute subsidy, which could see the venue mothballed at the end of December 2024. The authority would then explore options for the facility to be run in a different way in the future.

The key findings within the consultation analysis appended to this report include the full findings of both consultations for completeness.

5.15 The primary consultation tool was a questionnaire, however, participants were encouraged to respond in a number of ways.

- The survey questionnaire was made available bilingually online (as outlined above) and in paper format available for printing from the council website, from libraries and on request via e-mail or over the phone
- Four face to face drop in sessions took place at local venues with a further two online drop in sessions held during the consultation period
- A dedicated web page linked directly from the home page of the council's website

[Link to Webpage](#)

- Posters displayed in venues, libraries and other public facing council buildings. The posters promoted the drop-in engagement sessions and a link to the online platform where additional supporting information and the survey could be found.
- Media and social media releases at the launch of the consultation and throughout the consultation period, including via NewsOnline (the council's e-mail newsletter) There were 9 Facebook posts on the council's Facebook page during the consultation period eliciting 168 comments. This was shared widely by local community groups including Friends of Llancaiach Fawr and others.

Targeted engagement with stakeholder groups:

- Potentially affected staff were informed and engaged directly by their management team, Human Resources and supported by Trade Unions

5.16 **Feedback from consultation process**

2726 completed surveys were received by the closing date (important to note the survey sought views on both Llancaiach Fawr and Blackwood Miners' Institute). The largest proportion of respondents were residents of Caerphilly county borough and those who visit the venues.

In addition, just under 200 people attended a drop-in session throughout the consultation period (views were sought on both proposals) to discuss their views with a member of the council's engagement team.

In breaking down the responses, more than two thirds of those who responded to the survey were female. A higher proportion of respondents born before 1950 were men whilst a higher proportion of respondents born after 1970 were female.

Of those who responded to the question, 92% disagreed with the proposal to remove the subsidy for Llancaiach Fawr Manor and mothball the venue from December 2024.

The main reasons given for disagreeing with the proposal can be themed:

- Its unique nature and importance as a historical/heritage venue
- Attracting tourists/visitors
- Contributing to education with a focus on young people
- As a facility for local community
- Economic benefits of visitors on the local economy
- CCBC can make savings in other ways
- 'Some things are more important than money'
- The proposal will not make a significant impact on savings targets
- If it is "mothballed" it won't reopen – the subsidy should be retained until an alternative is found
- What alternative options have been considered?
- The site could be promoted and marketed more effectively to increase income
- It could be used for something else
- Don't want staff to lose their jobs
- Depends on what alternative use of site might be
- Understand savings need to be made but...
- A disproportionate amount of money going to Caerphilly town
- Need to keep facilities in the north of the borough

A number of people felt that more information was needed to help them understand the proposal and comment. They felt that more information on alternative models and detail on income and costs were needed before they could fully give their views.

Main reasons given for agreeing with the proposal were:

- Non-essential service - prioritise essential services
- Level of subsidy is too high
- Do not subsidise/subsidy is too much/should be self-sustaining
- Would agree if an alternative can be found

Respondents were also asked whether they agree or disagree with the level of subsidy for Lancaiach Fawr Manor (£485,000 per annum). 69% stated they agreed with the subsidy level while 13% disagreed and 18% "don't know". The main reasons given for supporting the subsidy were that the subsidy is relatively small and it is important to recognise the wider benefits to the community and local area. Those who disagreed with the level of subsidy – a far smaller number - felt the council should prioritise essential services and that it could be run by an external/charitable provider.

To help understand the potential impact of the proposal to mothball Llancaiach Fawr from December 2024, survey respondents were asked to share how often they have visited the venue in the last 12 months. 54% of respondents had visited the venue between 1-3 times, 16% had visited 4-6 times and 19% more than 6 times in the last 12 months.

By far, the most frequent reasons for visiting Llancaiach Fawr were the café and attending events. A tour of the Manor House was the third most popular reason for visiting, while attending an exhibition and the gift shop were also popular reasons to visit.

One of the questions sought to gain an insight into how the proposal would impact upon residents and their families. Key themes emerging included a significant impact on access to history and local heritage, an impact on the local economy through a reduction in visitors to the area who, in turn, spend money locally and that alternative venues would need to be found for groups which currently use Llancaiach Fawr to meet and exhibit.

In addition, some felt there would be a particular impact on Welsh speaking groups who use the venue for a range of regular activities, and that there would be a significant impact on education for children and young people in particular. A number of people who had attended weddings at the venue felt this proposal would be a great loss in this regard, and many felt the proposal would see the loss of an excellent venue for events.

A further question sought to identify views for how the potential impact of the proposal could be mitigated. By far the preferred suggestion was to keep the venue open. Others felt strongly that more time should be given to allow for alternatives to be put in place. Some felt that the subsidy could be reduced but not removed and a number of suggestions were made regarding running the venue more efficiently and increasing income.

Effectively marketing the venue as a tourist destination was regularly highlighted as was seeking innovative ways of increasing income and widening the offer at the venue.

A petition was also received on 9 September 2024 from the “Friends of Llancaiach Fawr” with 9198 signatures against the Llancaiach Fawr Manor proposal (including 3168 signatures and 6030 to the online petition).

Further, correspondence was received on the Llancaiach Fawr proposal from a number of other interested parties, including Trade Unions. 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/blackwood-miners-institute-and-llancaiach-fawr>

Conclusion

- 5.17 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 Llancaiach Fawr Manor should be mothballed, it is assumed that an interested party can be identified who would keep the facility in use and realise the intent of an alternative delivery model.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 Integrated Impact Assessment have been completed for the Llancaiach Fawr proposal, which is available at:

[Link to IIA](#)

- 7.2 Some respondents perceived a greater impact on them due to their protected characteristics, in particular:

- Disability – Llancaiach Fawr is an accessible venue
- Welsh Language – Welsh language groups use the venue for a wide range of events/meetings
- Age – older people enjoy the accessible venue
- Impact on mental health e.g. visitors using the garden
- Armed Forces Veterans
- Religion
- Gender
- Marital status – unable to get married at the venue
- 20% felt that the proposal will treat the Welsh language less favourably than the English language. The remained either said “no” or left the question blank
- Socio-economic impact:
 - Staff (job losses)
 - Loss of income from the local economy and
 - The need for people to travel further

These potential impacts are explored fully within the Integrated Impact Assessment.

8. FINANCIAL IMPLICATIONS

- 8.1 The financial case for Llancaiach Fawr was presented to PDM in July 2024 as part of the Outline Business Case. The financial case included a range of options relating to the mothballing of the facility. The financial case is set out below:

Table 1 – Llancaiach Fawr 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 on a seamless transition	(£1,751,834)	6.46	£0	(£363,750)	(£121,250)	£0	(£485,000)	£320,817
2) consult July 24 – mothball end of Oct 24	(£1,237,563)	2.38	£0	(£453,849)	(£31,151)	£0	(£485,000)	£922,140
3) consult July 24 – mothball end of Dec 24 (staff exit next financial year)	(£1,156,357)	2.36	£0	(£343,416)	(£141,584)	£0	(£485,000)	£906,463
4) consult July 24 – mothball end of Dec 24 (staff exit this financial year)	(£1,243,273)	2.44	£0	(£444,949)	(£40,052)	£0	(£485,000)	£907,830
5) consult as part of budget – mothball March 25	(£1,083,247)	2.34	£0	(£178,507)	(£306,493)	£0	(£485,000)	£820,240

8.2 Option 4 of the Financial Case, which was the direction given at PDM, will deliver a saving of £0.445m in 2025/26 and a further £0.040m in 2026/27. The endorsement included the appointment of an agent to begin marketing the facility. The Net Present Value (NPV) of this option, i.e. the current value of net saving across five years, would be £1.243m.

8.3 There are likely to be on-off costs in relation to redundancy, pension strain, cancellation fees and operational costs. At the time of modelling these were estimated to be £0.378m but these will need to be firmed up should Cabinet wish to move forward with the proposed option.

8.4 There is also a potential risk of one-off cost in relation to heritage grant claw back. This will be dependent on the outcome of alternative delivery, all relevant steps will be taken to mitigate this risk however worst-case position has been included in the financial modelling of £0.5m. One-off costs of £0.030m have also been included for the appointment of an agent to market the facility and consideration given to cover associated costs to maintain the building if it is mothballed.

8.5 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 There are currently 20 full time or part time members of staff employed to work Llancaiach Fawr Manor. In addition to this, there are 18 casual members of staff.

9.2 Should Cabinet decide to progress with the selected option and mothball the facility from the end of December 2024, or make any other decision with regard to 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.

9.6 Any final decision to "mothball" the venue would not override the entitlement of staff who are eligible to enter the Council's redeployment pool.

10. CONSULTATIONS

10.1 The Consultation Report is attached at Appendix 2 with common themes and mitigating actions summarised in section 5.15.

10.2 The report has also been considered by the Councils Joint Scrutiny Committee at its meeting of the 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 The 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 Llancaiach Fawr Manor Outline Business Case
Appendix 2 Consultation report
Appendix 3 Financial case for Llancaiach Fawr Manor