

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

REPORT FOR CABINET

16th December 2013

OPERATING REPLACEMENT SERVICES – OPPORTUNITIES FOR COMMUNITY GROUPS / INDIVIDUALS

REPORT OF THE GROUP DIRECTOR CORPORATE SERVICES

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1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to highlight support arrangements that Community Groups and / or individuals can access should they wish to consider operating replacement services following any service changes agreed as part of the Council's Medium Term Financial Planning Strategy.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that Members:

- 2.1.1 Note the procedure for the transfer of premises owned by the Council to organisations operating on a not for profit basis. Amended as by recommendations 2.1.2, 2.1.3, 2.1.4 and 2.1.5 below
- 2.1.2 Agree to give any applicants an initial three weeks, post publication of a cabinet decision, to express an interest to the Council in relation to a possible transfer, then if deemed as a viable proposal by the Council, an extended 12 week deadline is to be provided for the submission of Business Plans linked to the application process for the transfer of premises owned by the council to organisations operating on a not for profit basis.(Points 4.5 & 4.6)
- 2.1.3 Agree that Cabinet make decisions on any transfers of premises linked to budget reduction proposals (Point 4.7)
- 2.1.4 Agree that any premises transferred will return to Council ownership should situations arise as described in point 4.8
- 2.1.5 Agree that any transfer of premises, if agreed, must be fully completed no later than 12 months following the 'initial letter of interest' period (Point 4.9).

- 2.1.6 The Community Voluntary Council (CVC) organisation for Rhondda Cynon Taf, Interlink is 'signposted' as the key contact point for business planning advice and initial engagement with Community Groups / Individuals.
- 2.1.7 A report is prepared for Cabinet agreement on the Service Level Agreement in place with Interlink (due April 2014).
- 2.1.8 Note the business and funding advice provided by the Council's Regeneration and Planning Division.

3.0 BACKGROUND

- 3.1 The Council is facing a significant funding shortfall over the medium term, with the latest estimate being a £19.6M funding gap in 2014/15, rising to £70M by 2017/18 (report to Council 27th November 2013). In response to this shortfall, Cabinet agreed to receive reports on potential service change / cut proposals as soon as they become available. The first phase of such proposals were presented to Cabinet on the 21st of October 2013.
- 3.2 Whilst the initial proposals are clearly subject to Cabinet review and decision making following the formal consultation period, there have already been some initial queries received from Community Groups/individuals on what opportunities exist for operating replacement services should decisions be taken to make changes or cease services.
- 3.3 The Council is supportive of local people and community groups coming forward with ideas on how services could be run by them, or with them, within their area and for their communities. As a model, into the medium term, this is potentially what some future service delivery might look like across many areas in Rhondda Cynon Taf.

4.0 SUPPORT AVAILABLE

Transfer of Premises Owned by the Council to Community Organisations Operating on a Not For Profit Basis

- 4.1 As part of the Council's Asset Management Plan, agreed by Cabinet, the Council operates a policy for consideration of requests to transfer premises owned by the Council to organisations operating on a not for profit basis.
- 4.2 There are no objections on policy grounds to transferring/leasing property assets. The Council is committed, however, to managing its assets effectively in the long term and, therefore, before committing to any such transfer it will need to be fully satisfied that the proposals for the service and the property asset are robust, sustainable and deliverable in the medium to long term.

- 4.3 Key stages in the procedure that must be followed to allow consideration for the transfer of an asset to a Community Group / individual are:
- A. **Initial letter of interest** – this gives a brief description of the proposal, details on the applicant, the property or parts of the property relating to the request and any links to existing occupiers.
 - B. **Initial Decision on whether application should proceed** – this assessment is undertaken by relevant specialists within the Council.
 - C. **Next stage approval** – this is not the decision on whether actual transfer can take place. It merely indicates that the proposal broadly aligns with the Council’s policy objectives and there are no reasons not to proceed to consideration in detail.
 - D. **Business Plan preparation** – the application cannot be considered unless a robust and fully costed Business Plan is in place (specific requirements in relation to the business plan are set out within the procedure notes).
 - E. **Verification process** – assessment undertaken of Business Plan and additional information may be required at this stage.
 - F. **Consideration paid** - The Council has a general duty under the Local Government Act 1972 to obtain best value for all disposals of its assets. If the Community Group / individual wish to propose a rent / premium at less than market value, they must indicate the sum proposed and explain clearly in their Business Plan the rationale for the proposal. A final decision will follow this stage.
- 4.4 The detail of the procedure can be found at:
<http://www.rctcbc.gov.uk/en/environmentplanningandwaste/landandpremises/councilownedlandandpremises/councilownedlandandpremises.aspx>
Attached at Appendix A is a flowchart summarising the procedure described in 4.3 above.
- 4.5 The Policy does not stipulate a timescale for expressing an interest in taking over a Council premises given that it is predicated on the Council’s “normal” working arrangements, not in the context of the significant budget reductions that it now faces. In the current context, the Council is potentially likely to have a number of vacant premises to consider and it has a duty to deal with these in a reasonable period of time. It is proposed that a timescale of three weeks is given, from the point of Cabinet Decision to close or cease a service, for any interested parties to express an interest in taking responsibility for premises as part of proposals to deliver replacement services. If nothing is received during that time, the Councils officers will deal with the building as they would normally (re-use, disposal, demolition etc.)

- 4.6 The policy stipulates that Business Plans from Community Groups / individuals must be submitted within 6 weeks following the approval given at 'Initial Interest' stage. Given the unprecedented financial challenge facing the Council, the need to deliver significant budgetary savings and the recognition of the role that communities can play in mitigating the impact of budget cuts, it is suggested that in relation to service change proposal areas, that this timeframe is extended to 12 weeks. This will allow for adequate time for Community Groups / individuals to consider carefully the opportunities that may exist and give them the opportunity to set out realistic and sustainable Business Plans.
- 4.7 Whilst The "base" policy indicates that the decision is made by the respective Service Director in consultation with the responsible Cabinet Member, it is proposed that in cases linked to budget reduction proposals, the decision is made by Cabinet following a report from officers (Local Members must also be kept informed of any interest shown and engagement within their areas).
- 4.8 Should the premises transferred not continue to be used for the function proposed in the Business Plan or the service ceases to operate and the premises is therefore not used, it will revert back to the ownership of the Council with any outstanding costs being recovered from the organisation who were granted the lease. It will then be for the Council to deal with the premises as it sees fit.
- 4.9 Finally, it will be a condition of any transfer agreed, that the premises becomes fully operational as stipulated in the agreed Business Plan no later than 12 months following the initial letter of interest having been received.

Business Planning Support

- 4.10 As indicated in paragraph 4.5, a key requirement for any Community Group / individual interested in delivering services through premises transferred from the Council or in any other settings is the preparation of a robust Business Plan.
- 4.11 The Community Voluntary Council (CVC) organisation for Rhondda Cynon Taf is Interlink. Through funding supplied by the South East Wales Community Economic Development scheme (a European funded project, delivered by the Council), Interlink have officers trained to deliver business planning advice to Community Groups / individuals within the County Borough. Interlink are therefore best placed to deliver this advice given their role as the umbrella support organisation for the third sector within Rhondda Cynon Taf.
- 4.12 Initial discussions have already been held with Interlink and they are very keen to support Community Groups / individuals with business planning advice and be a key contact point for any Community Groups / individuals considering service delivery opportunities. In addition, Interlink and the Council are currently reviewing the Service Level Agreement (SLA) they have in place and any changes in support arrangements will need to be reflected in this update. An updated SLA will be made available by April 2014, following a Welsh Government review of CVCs scheduled to take place early in the New Year.

Grant Availability and Business Support

- 4.13 A key component of a robust Business Plan is a sound financial basis, leading to a sustainable model for the business or community enterprise. Grant funding, loans and general business support can be important to enterprise start up or a particular stage of development.
- 4.14 There are a number of support mechanisms available about which the Council's Regeneration and Planning Division can provide advice, in addition to direct support. These include available funding as well as general business advice. These include:
- Rhondda Cynon Taf Council's Business Support Team
 - Rhondda Cynon Taf Business Club
 - Welsh Government's Business Wales
 - Business Start Up Loans
 - Redundancy Action Scheme (ReActII)
 - Social Enterprise Development
 - Wales Cooperative Centre
- 4.15 More detail and contact details for each of the above is included at Appendix B.

5.0 RISKS AND EXPECTATIONS

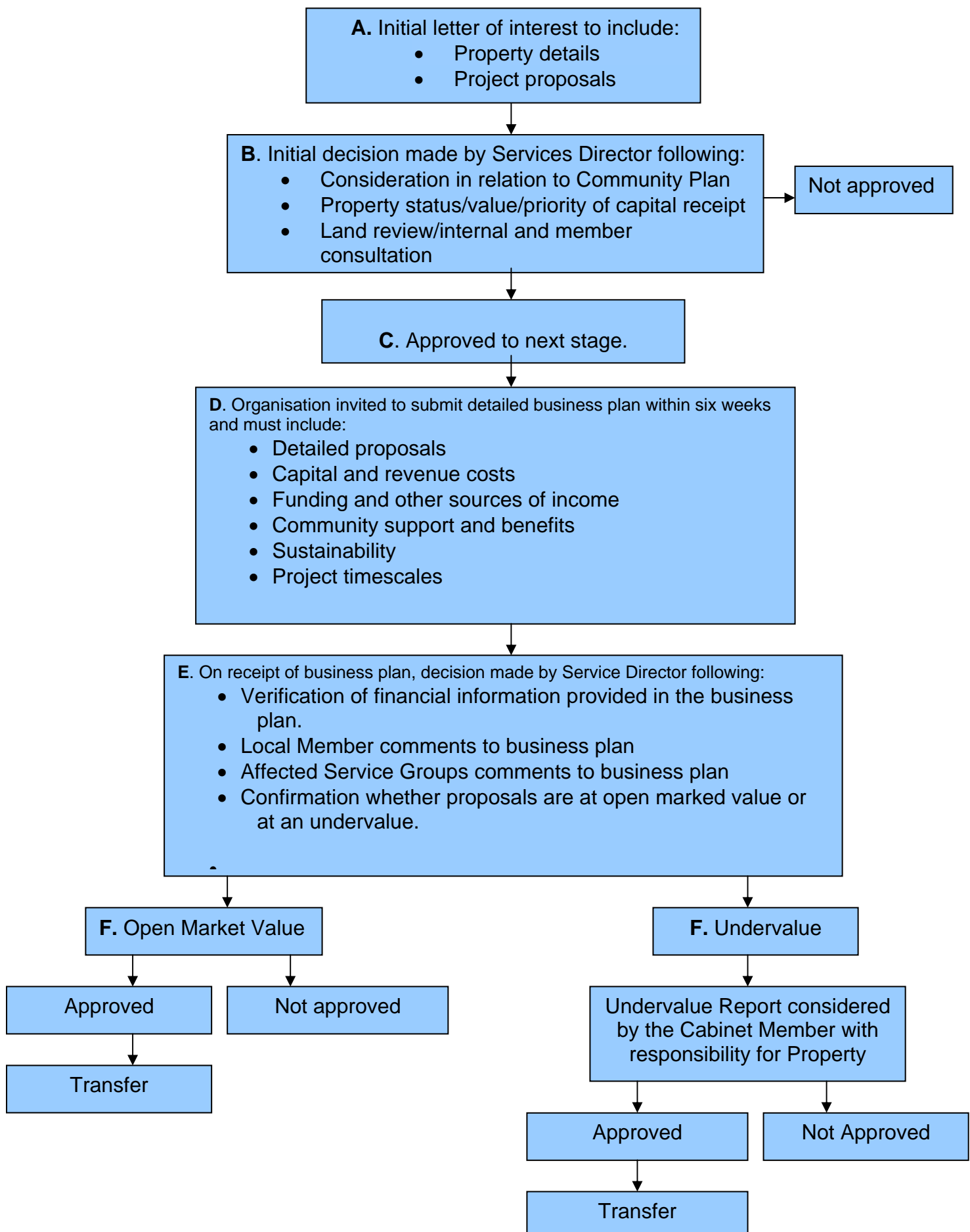
- 5.1 As stated throughout this report the Council has no objections on policy grounds for Community Groups / individuals to operate replacement services that the Council in the current financial climate cannot afford to continue with. It is though accepted that any transfer of responsibility does have risks. Whilst not an exhaustive list, examples of such risks include:
- Capacity of Community Group/ individual to deliver promised services
 - A potential for an ongoing liability for the Council if proposals are not sustainable
 - Potential for negative impacts on other community facilities / groups and on general community cohesion
 - Lack of value for money
 - Conflict with any legal, regulatory requirements
 - Financial risk linked to any funding arrangements in place
- 5.2 To mitigate the risks above, and many others not listed, early engagement with Community Groups / individuals is required. Expectations of Community Groups / individuals must also be based on a clear understanding of service costs and requirements and only those with a clear and supported Business Plan will be supported to proceed.

6.0 CONCLUSION

- 6.1 The Council already has protocols and policies in place to deal with requests for operating replacement services and is supportive of such an approach so long as robust and sustainable Business Plans are in place.
- 6.2 It is proposed that these policies are used as the initial basis for any transfer with amendments as suggested in the recommendations set out at the front of the report
- 6.3 Arrangements will be put in place to signpost any community organisations interested in delivering replacement local services in their area to Interlink, in order that they can then support them to produce a valid business case, essential if any request to seek a leasehold interest in a Council premises is included as a requirement.

APPENDIX A

Flowchart for Considering a Request to Transfer/Lease an Asset



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APPENDIX B

Thinking of starting your own business?

There are a range of business support services available to help you explore and grow your business idea, these include:

Rhondda Cynon Taf Council's, Business Support Team

- *A single contact point providing general business support, advice and signposting*
- Information on available business land and premises, manufacturing units, warehousing units, and office space from a comprehensive database.
- *Potential Business Support Grant programmes tailored for individual business needs.*

For further information please contact the Team on 01443 495169, email invest@rctcbc.gov.uk or visit www.rctcbc.gov.uk/business

Rhondda Cynon Taf Business Club

- Informal networking in a friendly and welcoming environment
- Share ideas
- Pick up new contacts and suppliers
- Promote your business.
- Relevant and interesting guest speakers.
- The chance to meet with representatives from RCT Council and other business support groups.

For further information please contact the Business Club on 01443 495169, email businessclub@rctcbc.gov.uk or visit www.rctbusinessclub.co.uk

Welsh Government's Business Wales

- locally run introduction sessions to get you thinking about running your own business
- a range of business skills workshops to help you build and plan your business
- face to face advice surgery sessions with professional business advisers
- ongoing one to one business advice to develop your business idea and support you once you have started trading

For further information please contact Business Wales on 03000 6 03000 or visit www.business.wales.gov.uk/starting-business

Business Start-up Loans

Business start-up loans are now available for entrepreneurs looking to start a business in Wales through the UK Government backed Start-up Loan Scheme, part of the Welsh Government's business start-up service.

- The start-up loans are available for businesses less than 12 months old. The start-up loan scheme offers low cost, unsecured loans of between £1,000 and £25,000 (the average loan is £4,000) with a fixed interest rate, currently 6%.
- Loans are to be paid back within 5 years (the exact loan period to be agreed). Capital Repayment holidays are available, but interest must be covered monthly throughout.

For further information please contact Business in Focus on 0870 950 90 90, email enquiries@businessinfocus.co.uk or visit www.startuploans.co.uk

Redundancy Action Scheme (ReAct II)

Support under the ReAct II scheme is available for individuals who:

- have become unemployed in the last six months as a result of redundancy, are currently unemployed, and who have not been in continuous employment for 6 weeks or more since being made redundant
- are currently under notice of redundancy
- have not undertaken any publicly funded training since being made redundant, including the work-based learning suite of programmes.

Financial support is available includes:

- 100 per cent of training costs to acquire new skills (up to a maximum of £1,500);
- help with the cost of special equipment to remove barriers to training;
- help towards the cost of travelling to training courses;
- overnight accommodation costs, where appropriate;
- a contribution towards childcare costs whilst training (subject to limits and conditions).

For further information please contact the Skills Delivery Team on 01792 765888 or email skillsdeliveryenquiries@wales.gsi.gov.uk

Social Enterprise Development

- *A single contact for new and emerging social enterprises, including business advice*
- *Potential low level funding for social enterprises in the Rhondda Cynon Taff area*

For further information please contact 01443 495152 or email regen@rctcbc.gov.uk

Wales Cooperative Centre

- Help and business advice to social enterprises and co-operatives in Wales.
- Business Succession and employee ownership

For further information please contact the Wales Cooperative Centre on 0300 111 5050 or Email: info@walescooperative.org