

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**INFORMAL SCRUTINY REVIEW PANEL**

**05 January 2016**

**Report of the Management Team**

**1 REVIEW OF HOLIDAY ACTIVITY PROGRAMMES FOR YOUNG PEOPLE**

**To provide the Panel with options for change for all three activity programmes for further consideration and decision.**

**1.1 Background**

1.1.1 The Panel first met on 25<sup>th</sup> November 2015 and gave initial consideration to the review of the three holiday activity programmes for young people: the Summer Playscheme, the Activate programme and the Y2Crew programme. Set out below is further information related to these schemes to assist the Panel in agreeing some recommendations for change for consideration by the Overview and Scrutiny Committee on 26<sup>th</sup> January 2016.

1.1.2 Whilst every effort has been made to present accurate financial data in this report, the Panel should be aware that the figures quoted relating to possible savings should be treated as indicative as assumptions have had to be made about future direct delivery and overhead costs. Pro rata direct delivery costs have also been used to estimate the costs of individual schemes. There are three key components of these costs as follows:

- Costs related to the direct delivery of a programme
- Direct staff costs related to the programme
- Indirect overhead costs (such as IT and administration) which are apportioned centrally.

Whilst direct delivery costs can be estimated fairly accurately, the implications of making changes to programmes on future staffing levels and apportioned central costs are less easy to determine. On that basis, indicative figures have been presented in this report. Should changes to the three programmes which are the

subject of this review be taken forward, a separate review of overhead costs related to the programmes will need to be undertaken subsequently.

#### **(a) Activate Programme**

- 1.1.3 The annual budgeted costs of delivering the Activate programme for 2015/16 were as follows:

Operational Costs	£23500
Central Overheads	£9653
Direct Staffing Costs	£6749
Income from charges	-£9400
<b>Net Annual Cost</b>	<b>£30502</b>

- 1.1.4 The Panel agreed that the Borough Council should now withdraw from providing the Activate programme. A number of Kent councils have already done this and the focus on external provision follows that recently adopted regarding the formation of the Leisure Trust. One option would be to abandon all work related to the Activate programme generating immediate savings of **£20849** (central overheads would need to be reviewed separately).
- 1.1.5 The Panel, however, indicated a desire to continue to give financial assistance to families who qualify for a Leisure Pass to encourage their continued participation and also promote similar programmes being delivered by other providers. The current rate of concessions for the Activate programme is currently set at 50% of the total attendance cost for each child per week. It is suggested that this be retained and also now be applied to the summer Playscheme (see below).
- 1.1.6 It is difficult to estimate precisely how many families might take up this option and therefore what residual budget should be set aside to meet such costs. As a guide, some 56 bookings for Carrotty Wood programmes were made last year by leisure pass holders. 50% of the cost was reimbursed at a total cost of £790 for the full year. Carrotty Wood is only one provider of such activities and therefore additional costs are likely to be incurred in relation to leisure pass concessions. It is therefore suggested that leisure pass concessions be offered to a maximum budget of approximately £3,000 pa.
- 1.1.7 The following table sets out the resulting savings that could be achieved. Operational costs are now limited to leisure pass costs as estimated above. A separate review of staffing costs (currently £6749pa) related to the programme would also need to be undertaken, for example to take account of a reduction in time for direct delivery of the programme but taking account of some on-going

administration (including health and safety checks) and marketing of the programmes delivered by other agencies. The aim would be to seek to reduce these costs to approximately £3,000. There would of course be no income generated to the Council under this option.

Operational Costs (Leisure Pass)	£3000
Central Overheads	£9653
Direct Staffing Costs	£3000 (indicative)
Income from charges	0
Net Annual Cost	£15653
<b>Net Annual Savings</b>	<b>£14849</b>

- 1.1.8 The overall annual saving would therefore be 50% of current costs at approximately £14849. In addition, the central overheads for the programme currently totalling £9653 will also need to be reviewed which may lead to the identification of further additional annual savings. **The Panel is invited to endorse the above option.**

#### **(b) Y2 Crew**

- 1.1.9 As set out in the earlier report to the Panel, the Y2 Crew is a more specialist support programme run in partnership with KCC Early Help, the scale of which is driven by the extent of available partner funding. A number of partners including the Kent Police, Youth Offending Service, the Community Safety Partnership and Kent County Council refer young people to the programme who then benefit from a range of diversionary activities, although in recent years the scheme was opened to anyone to attend without a referral. The estimated net cost to the Council (via the Community Safety Partnership) of Y2 Crew in 2015/16 is £1,700 comprising direct costs of £1,300 and indirect overheads of £400.
- 1.1.10 The Panel decided that, given the low cost of the scheme and its added social benefits, the Borough Council should continue to support the programme provided other funding partners continued their own levels of support. There would also be scope for the Council to market this programme in conjunction with other holiday activity programmes.

#### **(c) Summer Play Scheme**

- 1.1.11 The Panel gave careful consideration to the future of the Summer Playscheme. Generally, it was agreed that the Borough Council should seek to withdraw from

direct provision as far as possible and seek to outsource the programmes in consultation with Parish Councils and other partners.

1.1.12 The annual budgeted costs of delivering the Playscheme in 2015/16 were as follows

Operational Costs (including temporary staff and leisure pass costs)	£95920
Income from charges/Parish Councils	£43200
Net Cost	£52720
Central Overheads	£39400
Direct Staffing Costs	£27547
Net Annual Cost	<b>£119667</b>

1.1.13 The Panel felt that continued financial assistance should be offered to Leisure Pass holders to reduce the costs of attendance and so enable those on lower incomes to gain access to the programme for their children. Two options were suggested to achieve this objective:

1. To withdraw from all direct provision but to offer a revised concession to leisure pass holders as suggested above (50% reduction per child) when attending a programme run by other partners; or.
2. To retain three directly-provided play scheme centres in the Borough's three most deprived communities – Snodland, East Malling and Trench – and offer a similar level of concession to leisure pass holders as set out above who attend both these centres and those run by other partners. An option of running these centres for both mornings and afternoons was also suggested.

1.1.14 The Panel requested that the costs and benefits of both options be investigated and reported to a second meeting of this Panel. That work has now been completed and the results are shown below at options (b) and (c).

1.1.15 Since the last Panel meeting, however, the Government has announced the local government financial settlement for the coming financial year and beyond. A briefing paper has recently been sent to all Members which indicated that a further savings tranche of some £700,000 needed to be added to the Council's current savings target of £1.4M. Given the severity of this settlement, the Panel is invited to consider a further option in addition to the two outlined above. This is option (a) below.

**(a) Immediate withdrawal from all activities related to the Playscheme and make no further provision for leisure pass holders who attend privately operated schemes.**

1.1.16 As set out in the table at 1.1.12, abandoning all work on the Summer Playscheme with immediate effect could generate immediate annual savings of some £80,000. Further savings via a review of the central overhead costs related to the programme could also be identified via a separate review. This would of course rely on other providers 'filling the gaps' in the service or accepting that some communities might not have access to any local Playscheme. Notwithstanding these drawbacks, the Panel is invited to give serious consideration to this option given our worsening financial position.

**(b) Withdrawal of all direct provision but with continued provision of support for Leisure Pass holders to access other programmes.**

1.1.17 For this option, we have assumed that, for the purposes of this review, the discount available to leisure pass holders is a 50% discount on the total cost of the scheme for each child attending the Playscheme. The Panel should be aware, however, that this might not make the scheme affordable for some low income families with a number of young children. We assumed all existing 12 sites would continue to operate through other providers and that the same level of attendance by leisure pass holders would be maintained at each centre.

1.1.18 Under this option, the costs of attending a privately operated Playscheme would of course be a matter for the provider to determine and so the potential annual costs of meeting leisure pass holder discounts could be difficult to estimate. One approach on which to estimate such costs would be to assume that other providers would wish to charge a fee which generated a level of income which met all of their operational costs (a break even approach). We have estimated that the charge for non-leisure pass holders would need to be approximately £70 per child across all current scheme centres to enable operators to break even. Leisure pass holders would then pay half of this fee (£35) direct to the provider, with the Borough Council paying the remaining £35 per child attending per week.

1.1.19 Assuming the same number of leisure pass holders took up places at the play scheme as previously (504 in 2015), the annual cost to the Council would be approximately £17635 per annum. This is of course an estimate. Providers might choose to charge higher or lower fees and the number of children attending the Playscheme who are leisure pass holders might also vary. However, for the purposes of this review, annual budgetary provision of £18,000 might be a prudent sum to budget for initially. In future years, this sum could be revised in the light of further experience.

1.1.20 Initial liaison has recently taken place with existing providers of the Playscheme. Early indications show a potential desire by them to operate the scheme in the

Borough. One provider has suggested a provisional cost of £70 per week. In addition. However, further detailed work on the cost of each venue and Ofsted regulations are needed before any options are finalised. Whilst every effort will be made to encourage new providers, it cannot be guaranteed that all 12 existing schemes will continue to operate. Parish Councils have also been informed of the review and comments from them are awaited.

1.1.21 Compared to the current costs set out in 1.1.12 above, immediate operational savings (not including direct staff costs and central overheads) of some £34720 could be generated as set out below. The only remaining operational costs would be the leisure pass concession costs of £18000, compared to the current operational costs of £52720. In addition, there will be scope to reduce direct staffing costs (currently £27547) to reflect an on-going need for some residual administration and marketing work. As an initial estimate, this could generate further savings of £12550. There would of course be no direct income to the Council from fees and Parish Councils contributions. Additional further savings could be generated via a subsequent review of central overheads which currently totalling £39400pa.

Operational Costs (Leisure Pass)	£18000
Central Overheads	£39400
Future Direct Staffing Costs (estimate)	£15000
Income from charges/Parish Councils	£0
Net Annual Cost	£72400
Current Annual Cost	£119667
<b>Net Annual Saving</b>	<b>£47267</b>

**(c) Retain three commissioned Playscheme centres at Trench, East Malling and Snodland and provide continued support for leisure pass holders at these and other centres.**

1.1.22 In 2015, these three sites generated a total of 269 attendances, 161 of which were leisure pass holders. To estimate the overall operational costs of retaining these sites, we have assumed that the above attendance rates will be largely the same going forward. We have assumed that the same arrangements will apply as at present whereby TMBC provide the administrative and bookings facilities and, for these three sites, an external provider runs the centres themselves but with the

Borough Council meeting their costs. There may be scope in the future for this approach to be reviewed to generate additional savings, for example, for operators to arrange their own booking facilities.

1.1.23 If other privately provided schemes do continue elsewhere in the Borough and charges there are increased to a cost recovery basis, there may also be scope to increase charges at the three directly provided centres. On the one hand, this would generate increased income for the Council but on the other, assuming we provide the same level of concession for leisure pass holders as above (50% reduction per child per week), the costs of that support would then increase.

1.1.24 Set out below are a range of possible options ranging from retaining the current charge of £39 per week up to an increased fee of £70 per week assuming the same level and range of attendances as at 2015. Direct salary and central overhead costs are considered separately.

Charge per week (non LP)	£39	£50	£60	£70
Charge per week (LP)	£19.50	£25	£30	£35
Total Income	£7352	£9425	£11319	£14138
Direct Delivery costs	£23877	£23877	£23877	£23877
Net Cost	£16525	£14425	£12558	£9739
Total LP Costs	£15140	£16025	£16830	£17635
Total Annual Costs to TMBC	£31665	£30450	£29388	£27374
<b>Annual savings</b>	<b>£21055</b>	<b>£22270</b>	<b>£23332</b>	<b>£25346</b>

1.1.25 Compared to the current costs as set out at 1.1.12, immediate annual financial savings (ie the direct delivery costs) would be between in the order of £21,000 and £25,000. Further savings could, however, also be generated via a subsequent review of direct staffing and central overheads associated with the programme given that the Council would only be responsible for administering the 3 sites and other providers would then operate the remaining nine independently. For example, a 50% reduction in direct staffing costs would generate a further £14,000 of savings.

1.1.26 Further analysis has also been undertaken regarding all-day operation at the above three sites and this is set out on the table below. Within our model, we have assumed some costs associated with the site will double (such as staffing-related costs), others will increase but not double (such as venue hire) and others will remain static (such as transport costs). We have assumed that all current users choose to stay all day rather than a half day (this may of course be unrealistic and, as delivery costs are fixed, this indicates that the levels of income generated below should be treated as maxima (ie best possible case).

Charge per week – all day	£80	£100	£120	£150
Charge per week – all day (LP)	£40	£50	£60	£75
Total Income	£15080	£18850	£22620	£28,275
Delivery costs	£42604	£42604	£42604	£42604
Net cost	£27524	£23754	£19984	£14329
Total LP Costs (all 12 sites)	£18280	£20050	£21660	£23270
Total Annual Costs to TMBC	£45804	£43804	£41644	£37599
<b>Annual savings</b>	<b>£6916</b>	<b>£8916</b>	<b>£11076</b>	<b>£15121</b>

1.1.27 Compared to the net costs of half day operation set out at 1.1.23, potential annual savings are reduced considerably. It should also be recognised that these income figures are maxima. As a comparison, if only 75% of current attendees took up the whole day option, the net annual cost to the Council could increase by some 8% - 21% subject to the level of fees that were charged. The scope to make reductions on direct salaries and central overheads might also be reduced given the longer working days and added administration. **On this basis, the all-day 3 sites option is not recommended.**

1.1.28 In reviewing options for the future of the play scheme, the Panel are invited to consider what limits should be set for the provision of discounts to Leisure Pass holders. The modelling work summarised above is based on the assumption that the same number of Leisure Pass holders will attend the scheme, and that the level of provision remains unchanged. There is a possibility that other providers of similar schemes could come forward and ask for financial support to allow Leisure



Pass holders to attend; if the Borough Council were to do so, the costs to the Council could not be quantified nor restricted at this stage. The Panel is therefore invited to consider whether the provision of financial support for Leisure Pass holders attending the play scheme should be fixed to only the current 12 sites.

## 1.2 Conclusions

- 1.2.1 The Panel is therefore invited to consider the analyses set out above and, taking into consideration the need to make financial savings to agree a preferred option for recommendation to the Overview and Scrutiny Committee. A final decision will then be made by the Cabinet and, at this time, an equalities impact assessment will be required.
- 1.2.2 Clearly, the option to withdraw immediately from all direct provision would be most advantageous on financial grounds and would make a major contribution to the level of additional annual savings now required as a result of the recent announcement of the local government financial settlement.
- 1.2.3 A summary of the various options available regarding the future of the Playscheme are set out below.

<b>Playscheme Review Option</b>	<b>Estimated Annual Savings</b>
Immediate Withdrawal of Playscheme	<b>£80,000</b>
Withdrawal of Playscheme but continued support for Leisure Pass Holders and residual administration/marketing	<b>£47,267</b>
Retain 3 Playscheme sites operated in the mornings only with support for Leisure Pass Holders	<b>£21,000 – £25,000</b> dependent upon weekly rates to be charged
Retain 3 Playscheme sites operated in the mornings and afternoons with support for Leisure Pass Holders	<b>£7,000 - £11,000</b> dependent upon weekly rates to be charged

Background papers:

Nil

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