

Public Document Pack

Late Items (2) – Various Reports

Closure of East Leeds Leisure Centre and Middleton Pool and Reduced Opening Hours of Garforth Squash and Leisure Centre

Grants to Culture and Sport Related Organisations

Response to the review of Home Farm Temple Newsam Scrutiny Inquiry Report

Little London and Beeston Hill & Holbeck PFI Housing Project – Value for Money (VFM) Review and Final Business Case

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To Members of the Executive Board

Democratic Services

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Our Ref: A61/KJT
Your Ref:
21st June 2011

Dear Councillor

EXECUTIVE BOARD – 22nd JUNE 2011 – LATE ITEMS FOR CONSIDERATION

Please find attached to this letter the following reports for consideration at Executive Board on Wednesday 22ND June 2011.

The Chair has agreed to the inclusion of these items on the agenda in order that they may be considered at the Board on Wednesday.

Late Items

Closure of East Leeds Leisure Centre and Middleton Pool and Reduced Opening Hours of Garforth Squash and Leisure Centre

Report attached for consideration. Page 1 to 4

Grants to Culture and Sport Related Organisations

Report attached for consideration. Page 5 to 14

Response to the review of Home Farm Temple Newsam Scrutiny Inquiry Report

Report attached for consideration. Page 15 to 44

Little London and Beeston Hill & Holbeck PFI Housing Project – Value for Money (VFM) Review and Final Business Case

Report attached for consideration. Page 45 to 52

I should be grateful if you could attach these reports to your agenda for consideration at the meeting.

Yours sincerely

Kevin Tomkinson
Principal Governance Officer



Report of the Head of Scrutiny and Member Development

Executive Board

Date: 22nd June 2011

Subject: Closure of East Leeds Leisure Centre and Middleton Pool and Reduced Opening Hours of Garforth Squash and Leisure Centre

Electoral Wards Affected: All

Ward Members consulted (referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In (Details contained in the report)

EXECUTIVE SUMMARY

1. The purpose of this report is to consider a recommendation from the former Scrutiny Board (City Development) that in future, proposals to reduce services like the closure of East Leeds Leisure Centre, Middleton Pool and reduced opening hours of Garforth Squash and Leisure Centre should be fully consulted upon before the matter is referred to the Executive Board for determination.
2. It is also to inform the Executive Board that Scrutiny Board (City Development) opposes the reduction in operating hours at Garforth Squash and Leisure Centre and the proposed Community Asset Transfer (CAT) to the School Partnership Trust and the closure of East Leeds Leisure Centre and Middleton Pool.

1.0 Purpose of this Report

- 1.1 To seek the approval of the Executive Board that any proposals to reduce services should be fully consulted upon before the matter is referred to the Executive Board for determination.
- 1.2 To inform the Executive Board that Scrutiny Board (City Development) opposes the reduction in operating hours at Garforth Squash and Leisure Centre and the proposed CAT to the School Partnership Trust and the closure of East Leeds Leisure Centre and Middleton Pool.

2.0 Main Issues

- 2.1 Scrutiny Board (City Development) at its meetings in February and March 2011 considered a number of requests and petitions for scrutiny of the Executive Board's proposals to close East Leeds Leisure Centre, Middleton Pool and reduce the operating hours at Garforth Squash and Leisure Centre.
- 2.2 The Scrutiny Board received reports from the Acting Director of City Development explaining the rationale behind the decisions which had been made as a consequence of a reduction in the City Development Directorate's Recreation budget net of £2.5m (12.8% of net controllable budget), to which facilities savings in sport contribute £1m.
- 2.3 Members of the Scrutiny Board were concerned that the Executive Board took the decision to close East Leeds Leisure Centre and Middleton Pool and reduce the operating hours at Garforth Squash and Leisure Centre before consultation on the proposals had been completed.
- 2.4 The Acting Director's reports acknowledge that "there was no doubt that some users of those centres which are closing or reducing hours, will have difficulty or may not be able to access other sites". The rationalisation was not presented as desirable in service terms, but sought to minimise negative impacts in the specific proposals for savings. The Scrutiny Board was not convinced as the deprivation in the areas where these proposals have been implemented is high and the negative effect that the decisions will have in those communities is significant.

3.0 Acting Director's Comments to the Board's Recommendations

Recommendation 1 - In future, proposals to reduce services like the closure of East Leeds Leisure Centre, Middleton Pool and reduced hours of Garforth Squash and Leisure Centre should be fully consulted upon before the matter is referred to the Executive Board for implementation.

Response - agreed with qualification

The Initial Budget Proposals report was presented to the Executive Board on the 15 December 2010, and then to the City Development Scrutiny Board on the 11 January 2011. This stated, in the main body of the report, "the current level of sports provision will also need to be reviewed", and within the detailed City Development section of the report, it stated that, "proposals include the possible transfer to community ownership or closure of up to 3 additional sport centres and or swimming pools". At the Executive Board meeting on the 3 November 2010, an approach for stakeholder consultation was agreed, and resident consultation on the spending challenge was run until 17 December 2010. Other consultation on the budget proposals was undertaken via, all party budget meetings, third sector, business sector and trade unions.

With the Council facing 2011/12 unprecedented budget reductions of £90m, the detail behind the Initial Budget Proposals report had to be developed quickly, and in time to be presented to the Executive Board on the 11 February 2011, and the subsequent full Council meeting. It was at the meeting of the 11 February and the Council meeting where the detail was presented and approvals given to close East Leeds Leisure Centre and Middleton pool, and reduce opening hours at Bramley Baths and Garforth Squash and Leisure Centre. It was the opinion of the Directorate that without these approvals and the agreed actions, the Directorate would not have been in a position to begin realising savings as from the beginning of the financial year, thus causing budget pressures.

In summary, City Development would agree that, under normal circumstances, a consultation exercise should take place, as is currently the case with a possible Bramley Baths community asset transfer, but in the case outlined above, in the context of unprecedented budget pressures, and having consulted widely on the Initial Budget Proposals, the Directorate took the decision to recommend immediate action to the Executive Board and full Council without further consultation.

Recommendation 2 - Former Scrutiny Board (City Development) opposes the reduction in operating hours at Garforth Squash and Leisure Centre and the proposed community asset transfer to the School Partnership Trust and the closure of East Leeds Leisure Centre and Middleton Pool.

Response - not agreed.

The City Development directorate needed to deliver £14m of budget savings in 2011/12 from the previous year's net controllable expenditure of £77m, of which the Recreation required saving was £2.5m, and within this figure, the Sport facilities saving was to be £1m.

To deliver this level of saving within Sport, the service needed radical change, and the proposals put forward and agreed were to close East Leeds Leisure Centre as from 31 March 2011 and Middleton Pool as from September 2011, with reduced opening hours at Garforth as from April 2011, and Bramley Baths as from September 2011, alongside a proposal to progress a community asset transfer for Garforth Squash and Leisure Centre. Whilst the pool at Middleton Leisure Centre would close, facilities would be enhanced by planned capital investment to playing pitch provision and changing room refurbishment.

In March and April 2011, the Scrutiny Board considered various reports relating to these sport budget approvals, and officers from the Directorate provided explanations and rationale behind the site specific proposals. Whilst making the recommendations, Scrutiny Board offered no alternative proposals for budget savings of this magnitude to contribute towards the Directorate's £14m required savings in 2011/12, and thus the City Development Directorate cannot agree with the recommendations as outlined by the Scrutiny Board.

4.0 Implications For Council Policy And Governance

4.1 There are no specific Council policy and governance implications from this report.

5.0 Legal and Resource Implications

5.1 There could be specific legal implications arising from this report. In terms of resources there were savings in 2011/12 from the closure of East Leeds Leisure Centre of £572,000 and reduced hours at Garforth Squash and Leisure Centre of £274,000. There is also a projected saving in 2011/12 with the closure of Middleton Pool of £89,000. Clearly, any proposal to reintroduce these facilities or increase operating hours would have significant financial and resource implications.

6.0 Recommendations

- 6.1 The Executive Board is asked to consider the recommendation of Scrutiny Board (City Development) that any proposals to reduce services should be fully consulted upon before the matter is referred to the Executive Board for determination.
- 6.2 The Executive Board is asked to note that the Scrutiny Board (City Development) opposes the reduction in operating hours at Garforth Squash and Leisure Centre and the proposed CAT to the School Partnership Trust and the closure of East Leeds Leisure Centre and Middleton Pool.

7.0 Background Documents

- 7.1 Reports of the Acting Director of City Development to Scrutiny Board (City Development) meetings on 5th and 20th April 2011



Originator: R L Mills

Tel:2474557

Report of the Head of Scrutiny and Member Development

Executive Board

Date: 22nd June 2011

Subject: Grants to Culture and Sport Related Organisations

Electoral Wards Affected: All

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

1. The purpose of this report is to seek the approval of the Executive Board to recommendations made by the former Scrutiny Board (City Development) concerning grants to culture and sport related organisations. The Scrutiny Board considered a report of the Chief Libraries, Arts and Heritage Officer on the impact of the announcements made by the Arts Council England of their grant funding for 2012-2015 and West Yorkshire Grants allocation for 2011/12 and subsequent decisions.
2. The Executive Board is asked to consider where there is a difference of opinion between Scrutiny and the Director/Executive Member, or where recommendations are directed specifically at Executive Board, to pronounce on these matters.

1.0 Background Information

- 1.1 The former Scrutiny Board (City Development) on 17th May 2011 considered the attached report of the Chief Libraries, Arts and Heritage Officer on changes by the Arts Council and West Yorkshire Grants to their grant making approach.

2.0 Main Issues

- 2.1 Members of the Scrutiny Board stated that grants provided by Leeds City Council through West Yorkshire Grants are critical for the survival of many cultural organisations. In acknowledging the view that West Yorkshire Grants may cease giving grants completely in 2012 as is suggested in the Chief Libraries, Arts and Heritage Officer's report, the Scrutiny Board supported the view that money currently given to West Yorkshire Grants by the Council should be ring fenced to continue to support the arts and culture in the city.
- 2.2 The Scrutiny Board wanted to ensure that all benefits in kind from the Council to support organisations (for example reduced or peppercorn rents and free use of facilities) were identified and reflected in the grant making and assessing process.
- 2.3 Finally, the Scrutiny Board thought the grants process for culture and sport related organisations was complicated and that few people understood the process and allocation of these grants. Some Members also thought that there was a disparity of grant aid between similar organisations that needed to be addressed. As a consequence Members felt that there should be a comprehensive review of all grants to ensure openness and transparency.

3.0 Acting Director's Comments to the Board's Recommendations

- 3.1 City Development has considered the recommendations of the former Scrutiny Board (City Development). It is working to implement these recommendations and has integrated them into a broader report later on the Executive Board agenda – 3 Year Grant Funding for Culture.

In summary the proposed actions against these recommendations are:

Recommendation 1

That in view of the grants provided by Leeds City Council through West Yorkshire Grants being critical for the survival of many cultural organisations, that the money currently given to West Yorkshire Grants by the Council be retained and ring fenced to continue to support the arts and culture.

Response

Agreed : Once we have a final decision from West Yorkshire Grants to cease funding Culture the fund currently paid to them by Leeds City Council will be incorporated into the Grants for Culture budget so there is only one funding stream.

Recommendation 2

That the true value of the Council's support to all organisations should be stated and reflected in the grant making and assessing process.

Response

Agreed : Bidding organisations will be asked at application stage to list all other funding sources. During the assessment process their statement will be checked against Council records to identify any other spend the Council makes on behalf of the organisation, eg., premises. The assessors would then be aware of all the funding streams an organisation receives.

Recommendation 3

That a comprehensive review of all grants should take place to ensure transparency and openness and that specific consideration should be also given to the disparity between similar organisations.

Response

Agreed : The report – 3 Year Grants for Culture contains new proposals for grants for Culture and the assessment process to be used to ensure a robust and transparent process.

3.0 Implications For Council Policy And Governance

3.1 There are no specific Council policy and governance implications from this report.

4.0 Legal And Resource Implications

4.1 There are no specific legal or resource implications from this report.

5.0 Recommendations

5.1 That the Executive Board consider the recommendations of the former Scrutiny Board (City Development)

- That in view of the grants provided by Leeds City Council through West Yorkshire Grants being critical for the survival of many cultural organisations, that the money currently given to West Yorkshire Grants by the Council be retained and ring fenced to continue to support the arts and culture.
- That the true value of the Council's support to all organisations should be stated and reflected in the grant making and assessing process.
- That a comprehensive review of all grants should take place to ensure transparency and openness and that specific consideration should be also given to the disparity between similar organisations.

2.0 Background Papers

2.1 Report of the Chief Libraries, Arts and Heritage Officer

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Report of Chief Libraries, Arts and Heritage Officer

Report to Scrutiny Board

Date: 17 May 2011

Subject: Update on External Arts Grants to Leeds Organisations

Report author: Catherine Blanshard

Contact telephone number: 0113 2478330

Does the report contain information which has been identified as confidential or exempt?

Yes (if exempt, please see the public interest test in section 4)
Relevant section of the report:
In accordance with Access to Information Procedure Rule:

√ **No**, this report does not contain information identified as confidential or exempt.

Is the decision eligible for call-in? **Yes** **No – exempt** √ **Not applicable**

Summary of main issues and corporate governance considerations

1. The Arts Council England has announced their grant funding for 2012-2015 and this report outlines the impact of that in Leeds.
2. West Yorkshire Grants have allocated their 2011/12 grants and the impact of that decision is outlined in the report.

Recommendations

1. To note the allocation of grants by external organisations to Leeds organisations.

1 Purpose of this report

- 1.1 To update Scrutiny Board on the recent decisions by major grant making organisations and how they impact on the Arts organisations in Leeds.

2 Background information

- 2.1 The proposals by the Arts Council and West Yorkshire Grants to change their grant making approach have been raised with Scrutiny Board during the year but it is only in the past two months that the full impact of these proposals have been identified.
- 2.2 Arts Council England made a 6.9% cut to grants for 2011/12 and then invited bids from all interested organisations for 3 year funding. West Yorkshire Grants meanwhile investigated a range of options, finally deciding reductions in line with an impact assessment. While the view is that the grants will cease completely in 2012 the final decision on this has yet to be taken.

3 Main issues

3.1 Arts Council Grants

Table 1 outlines the grants to Leeds based Arts Organisations who will receive Arts Council funding through the National Portfolio scheme. These organisations will not be eligible for Grants for the Arts and so there is still significant budget (but yet to be defined) available for an organisation to seek project specific funding. The Arts Council expect to announce the detail of these schemes shortly.

There have been some casualties who have lost their regular funding:

- Pavilion who received £47,807 in 2011/12
- Pyramid of Arts who received £19,039 in 2011/12
- Skippko who received £27,161 in 2011/12
- Jabadao who received £103,125 in 2011/12
- LMU Gallery & Theatre who received £41,468 in 2011/12
- Lumien Arts Ltd who received £20,739 in 2011/12

3.2 West Yorkshire Grants

Leeds based organisations have traditionally gained relative to organisations based in the other five districts due to their work across the region. Leeds based organisations received in 2010/11 £700,209 out of the total budget spend of £1,077,774 (65%).

The Joint Committee decided to reduce grants in line with impact assessment, this resulted in a reduction of £142,821 across Leeds organisations. This included a total cut to East Street Arts, Theatre Company Blah, Blah, Blah, Yorkshire Dance and Pavilion. The Council raised concern about some of the conclusions raised by the impact

assessment. The Council has also asked for clarity on whether the 2012/13 grants have ceased or whether there will be further debate on this issue.

In 2011/12 the organisations below will receive:

Organisation	£
Citizens Advice Speciality Support	54,579
Northern Ballet	122,086
Opera North	215,862
West Yorkshire Playhouse	71,971
Art Link	6,610
Ascendance Rep	8,640
BTCV	10,415
Dyslexia Action	8,640
Interplay Theatre	6,566
Jabadao	8,640
Sports Aid	4,500

3.3 Next Steps

The Council has met with the arts organisations receiving large grants and they are keen to move to longer term funding. A further meeting is planned in July to discuss this further. The Council has also met with the Arts Council following their new grant allocations and discussed the potential and advantages of aligning funding periods and monitoring data. This would reduce the burden on organisations and improve the data quality. Smaller organisations and individual artists have also met to discuss their needs.

Discussions have also taken place with the team developing the new vision to ensure that the data received from a new scheme would form a fundamental part of reporting action against the new City priorities. The principle has been agreed but the actual monitoring cannot be defined until the plan is finalised. However the organisations' contribution to the profile of the City and their contribution to the economy are likely to be fundamental and could include measures such as the number of apprenticeships and training opportunities for local people.

Once clarity has been received on West Yorkshire Grants, the Arts Council's new grants for the arts scheme and the city plan, it is proposed to review Leeds City Council's grant process with a view to introducing longer term grant funding, a streamlining in the

application process and monitoring which can become a fundamental part of reporting on cultural activity so that there is a clear link between grants and the impact on the City.

4 Corporate governance considerations

4.1 Risk management

4.1.1 Not applicable

4.2 Public Interest Test

4.2.1 Not applicable

4.3 Forward Plan

4.3.1 Not applicable

4.4 Scrutiny process: Call-In

4.4.1 Not applicable

4.5 Constitution and legal matters

4.5.1 Not applicable

4.6 Financial and resource implications

4.6.1 As these are external grants the changes do not have an impact on the Council.

4.7 Equality and Diversity and Cohesion and Integration

4.7.1 Not applicable

4.8 Council policies and City priorities

4.8.1 Not applicable

4.9 Consultation

4.9.1 Not applicable

5 Recommendations

5.1 To note report on changes to grant funding by external organisations

6 Background documents

6.1 None

Table 1

Name	Total Revenue 10/11	11/12	12/13	13/14	14/15	Real % change (Oct inflation estimate)
Alchemy	44,297	41,241	66,000	66,000	66,000	35.7%
Artlink	72,934	67,901	64,845	66,402	68,193	-14.9%
Axis Web	382,098	355,733	364,626	373,377	383,085	-8.7%
East Street Arts	49,837	46,398	190,000	194,560	193,015	252.6%
Interplay Theatre Trust	108,404	100,924	150,000	153,600	157,594	32.4%
Northern Ballet	2,825,644	2,630,674	2,512,294	2,572,589	2,641,977	-14.9%
Opera North	10,805,880	10,060,274	9,574,000	9,822,545	10,092,692	-15.0%
Peepal Tree Press	82,336	76,655	113,206	114,962	116,911	29.3%
Phoenix Dance Theatre	478,259	445,259	425,222	435,428	447,172	-14.9%
Project Space Leeds		0	60,000	50,000	40,000	
Red Ladder Theatre Company	253,442	235,955	160,000	163,840	168,100	-39.6%
RJC Dance Productions	83,957	78,164	74,647	76,438	78,500	-14.9%
Slung Low	-	0	99,000	101,376	104,012	
South Asian Arts – UK	89,204	83,049	113,000	115,712	118,721	21.2%
Theatre Company Blah, Blah, Blah	83,863	78,076	108,000	110,000	112,000	21.6%
Tutti Frutti Productions	94,450	87,933	117,500	181,760	186,486	79.8%
Unlimited Theatre Company	94,450	87,933	165,000	168,960	173,353	67.1%
West Yorkshire Playhouse	1,608,969	1,497,950	1,497,950	1,533,901	1,573,782	-10.9%
Yorkshire Dance	199,397	185,639	323,600	331,366	339,982	55.2%

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Originator: Richard Mills

Tel: 3957437

Report of the Head of Scrutiny and Member Development

Executive Board

Date: 22nd June 2011

Subject: Response to the review of Home Farm Temple Newsam Scrutiny Inquiry Report

Electoral Wards Affected:

Ward Members consulted (referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In (Details contained in the re

EXECUTIVE SUMMARY

1. The Scrutiny Board (City Development) considered a number of requests for scrutiny of the farming operations at Home Farm, Temple Newsam following publication of a consultation document by the Acting Director of City Development on the need to reduce costs. The Scrutiny Board (City Development) agreed to undertake an inquiry on this matter and established a working group.

2. This report gives the Acting Director of City Development's response to the Scrutiny Board (City Development) inquiry report and recommendations on Home Farm, Temple Newsam,

3. The Executive Board is asked to consider where there is a difference of opinion between Scrutiny and the Director/Executive Member, or where recommendations are directed specifically at Executive Board, to pronounce on these matters.

1.0 Purpose Of This Report

- 1.1 To provide the Acting Director (City Development) response to the Scrutiny Board (City Development) recommendations following publication of its inquiry report on Home Farm, Temple Newsam.

2.0 Main Issues

- 2.1 The 2011/12 budget for the Parks and Countryside service included a saving of £100,000 from Home Farm, Temple Newsam whilst the Scrutiny Board report identified a net cost of Home Farm activities to the Council of £347,000. As well as the farm and visitor centre at Temple Newsam, some outlying agricultural holdings managed by Parks and Countryside are grouped under this budget heading.
- 2.2 A consultation document on specific proposals to deliver the budget saving was circulated to stakeholders, including farm staff, Temple Newsam ward councillors, the Friends of Temple Newsam and the Rare Breeds Survival Trust in February 2011. The White Park Cattle Society and Rare Breeds International made written representations to City Development Scrutiny Board and the proposals were discussed at their meeting on 8th March 2011, when a working group of Cllr Procter, Cllr Atha and Cllr Elliot was established. This reported back to Scrutiny Board on 17th May, accompanied by an officer commentary and this report is essentially a fuller version of that commentary. It is drafted to be read in conjunction with the Working Group's report.

3.0 Acting Director's Comments to the Scrutiny Board's Recommendations

- 3.1 The following text responds to each of the Scrutiny Board's recommendations.

Recommendation 1: That the Acting Director of City Development ensure that the accounts for Home Farm are simplified to show more readily income and expenditure for the farm and which excludes all other operations.

Response: Agreed with qualification. Currently the Parks and Countryside service maintain agricultural land at 4 separate locations. Our proposal moving forward is to withdraw from agricultural activity at peripheral sites and focus on Temple Newsam Estate. This will in turn make a contribution towards the facilitation of this recommendation. To accommodate the recommendation it is the directorate's intention to realign budgets and the associated income/expenditure to show an overall view of the visitor attraction and the agricultural operation at Temple Newsam, as they are interlocked elements of one visitor product. This process has commenced with further transitional change over the remainder of this financial year.

Recommendation 2: That the Acting Director of City Development considers engaging a consultant to look specifically at:

- (i) how the farm could operate on a commercial basis but integrated as a whole visitor experience rather than seeing the current visitor attraction in isolation from the farming operation.
- (ii) maximising all grants and subsidies that are available for Home Farm.

Response: Agreed with qualification. There is a case for seeking consultancy support for future improvements to the commercial performance and visitor benefits of the combined operation and provisional enquiries have been made to assess options in progressing this further. Notwithstanding that, officers propose to implement common sense measures to reduce costs which would not prejudice any credible future proposals and will retain minority rare breeds interest. Consequently, it is not felt that the engagement of a consultant should be considered a prerequisite to the process of scaling back farming operations.

There is also a need for clarity of interpretation when reference is made to Temple Newsam Farm continuing to try and operate as a commercial farming enterprise. Scrutiny's own recognition of the incompatibility of local government working practices with a commercially viable farming operation as highlighted in paragraph 27 of the Scrutiny Inquiry Report, supports the view that this is an unrealistic expectation.

Our vision is that the farm should operate as a working farm specialising in the conservation and presentation of minority rare breeds while operating to the highest agri- environmental practices creating an environment within which the farm can flourish as a visitor attraction.

By operating to high agri-environmental standards the farm will be able to benefit from additional subsidies through schemes such as Natural England's, higher level stewardship programme. Agri-environmental schemes are voluntary agreements that see farmers and land managers receiving annual payments on top of their basic payments in return for managing their land in an environmentally sensitive way. The principle objectives for these programmes are focussed on;

- wildlife conservation;
- maintenance and enhancement of landscape quality and character;
- natural resource protection;
- protection of the historic environment; and
- promotion of public access and understanding of the countryside.

In practical terms a successful application to join such a scheme could potentially result in additional subsidies and capital funding to plant and restore hedgerows and woodlands, promote biodiversity on the estate, have a less intensive land management regime with more diverse grasslands to include flowers with reduce use of nitrates. Furthermore rare breeds and managing land using minority rare breeds brings additional subsidies under such schemes.

External advice is being taken on grants and subsidies.

Recommendation 3: That the Acting Director of City Development identifies the Farm Manager's key role as the commercial success of Home Farm and its integration as a total visitor experience and that a business plan and timetable be developed to achieve this.

Response: Agreed with qualification. It is agreed that the whole operation should integrate farming and visitor experience. However it does not necessarily follow that the current farm staff have the skills to deliver an improved visitor experience as well as improved farm management, nor that it is reasonable to expect this. We feel the expertise of the farm manager would best be employed in developing a sustainable, efficient and environmentally sound farm within the existing curtilage of the Temple Newsam estate and cooperating in improvements to the visitor attraction along with other staff at Temple Newsam under the leadership of the Estate Manager.

Recommendation 4: That the Acting Director of City Development

(i) undertakes a review of the staffing levels and job descriptions at Home Farm to incorporate the visitor attraction

(ii) considers how to attract volunteers to work at Home Farm and where they could best be used to reduce operating costs.

Response: Qualified agreement with both (i) and (ii).

As emphasised in the Scrutiny Inquiry Report, staffing costs account for approximately 60% of the total expenditure for Temple Newsam Farm. On that basis, a review of staffing levels is necessary to achieve a budgetary saving as agreed at full council. With regards to the relationship between the farm and visitor experience please refer to paragraph 3.3.1 above.

The Parks and Countryside is taking steps to increase the level of volunteering across parks, though not necessarily or primarily as a cost saving but because of the inherent benefits of greater community involvement and participation, and the enjoyment and learning this brings to volunteers. Temple Newsam already has a very successful volunteer programme, though not currently on the farm. Agriculture with heavy machinery and livestock is a potentially risky area for volunteers and it is likely that most support would be at the visitor attraction and in environmental improvements around Temple Newsam farm.

Recommendation 5: That the Acting Director of City Development, in conjunction with the Farm Manager and RBST, determines the land management, livestock numbers and mix of breeds for Home Farm and the visitor and rare breed centres which ensures the continued viability of Home Farm.

Response: Agreed with qualification. In principal this recommendation is agreed but it is felt that this should be clarified in that while this will be done in consultation, responsibility cannot be transferred to these or any other consultees. While the mix and numbers of livestock and the land management regime are important, the thrust of the consultation document is that current financial losses are mainly due to excessive staff costs, and this is what needs to be addressed most urgently.

It should be noted that the decision to focus on Temple Newsam Estate and to forgo agricultural holdings at Lineham Farm, Whinmoor and Lotherton Hall will inevitably lead to a scaling back of livestock holdings due to the reduction in land available to sustain the herd. In keeping with the revised vision for the farm as briefly set out in 3.2.3 of this report, livestock reductions will initially be restricted to those breeds that are not identified as minority breeds by the Rare Breed Survival Trust, but subsequently all livestock numbers will be examined for reduction.

Recommendation 6: That the Director of Resources ring fences the profits from Temple Newsam Café for use by Home Farm, Temple Newsam.

Response: Not agreed. The Head of Finance for City Development has indicated that other activities in the estate also generate turnover in the café, and no doubt a review of these could result in subsequent recommendations for each of them.

Recommendation 7: That the Acting Director of City Development undertakes a review of the visitors' entrance to the farm to identify a more cost effective and

appropriate way for visitors to gain admission to the farm and which improves their overall visitor experience.

Response: Agreed.

Recommendation 8: That the Acting Director of City Development

(i) considers how Home Farm and the visitor and rare breed centres can be better promoted to increase visitor numbers and income.

(ii) develops a long term strategy that would improve the educational experience of the centres and would encourage schools to participate and pay a fee for the experience.

Response: Agreed

4.0 Conclusion to Working Group report

4.1 In the responses above officers have a measure of common ground with the Working Group. The measures proposed are moderate and will sustain the farm and visitor experience, while longer term improvement plans are formulated. Officers agree with the Working Group that the longer term, bigger picture must be the priority; however they would not agree that this means that progress should be shelved, and in view of the difficult financial position of the council cost saving measures should be proactively pursued.

5.0 Implications For Council Policy And Governance

5.1 Not applicable as there are no specific proposals.

6.0 Legal And Resource Implications

6.1 Not applicable as there are no specific proposals.

7.0 Recommendations

7.1 The Executive Board is asked to consider the responses and where there is a difference of opinion between Scrutiny and the Director/Executive Member, or where recommendations are directed specifically at Executive Board, to pronounce on these matters

8.0 Background Papers

8.1 Report of Scrutiny Board (City Development)

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**Review of Home Farm,
Temple Newsam**

Scrutiny Inquiry Report



Introduction and Scope

Introduction

1. The Scrutiny Board (City Development) at its meeting on 8th March 2011 considered requests for scrutiny of the farming operations at Home Farm, Temple Newsam. The requests for scrutiny were from the Rare Breed Survival Trust, Rare Breeds International, the Shetland Cattle Breeders Association, the White Park Cattle Society and a number of individuals who feared for the future of Home Farm and the rare breed centre.
2. They were responding to the City Development Directorate's "Farming Operations Consultation" document which had been circulated in December 2010 to all key stakeholders and other interested parties. This stated that "savings" needed to be made at Home Farm, suggested ways this could be achieved and invited comments and alternative proposals.
3. At the Scrutiny Board meeting on 8th March 2011 Parks and Countryside officers reported that as a consequence of their consultation with key stakeholders several areas for further consideration had emerged as to how savings could be achieved without closing the farming operation.
4. It was reported that at the Council budget meeting in February 2011 it had been agreed that the operating budget of Home Farm, Temple Newsam would be reduced by £100k in 2010/11 but was left open to the City Development Directorate to determine how this should be achieved.
5. It was agreed at the Scrutiny Board meeting on 8th March 2011 to establish a time limited working group to consider

the outcome of the consultation and to submit a report and recommendations to the Scrutiny Board in May 2011 for consideration. It was also agreed that representatives from the Rare Breed Survival Trust and Rare Breeds International be invited to the meeting of the working group.

6. The working group's findings which are endorsed by full Scrutiny Board and recommendations are presented below.

Scope of the Inquiry

7. The purpose of our inquiry was to identify areas of savings that would allow Home Farm to continue as a commercial working farm whilst also continuing as a visitor and rare breed centre.

Anticipated Service Impact

8. We hope that the working group's findings, and the Scrutiny Board's recommendations, will have a positive impact on the service by maintaining Home Farm as a commercially viable operation whilst also maintaining the visitor and rare breed centres but at a reduced operating cost and maximising all available resources.
9. We also hope to see more Leeds schools considering using the Home Farm visitor centre as a resource for their pupils.

2 Review of Home Farm, Temple Newsam

Inquiry Report Published 18th May 2011



Conclusions and Recommendations

Accounts of Home Farm

10. We were advised that whilst the livestock are a key part of the visitor attraction, the numbers on display at Home Farm only represent a small proportion of the total managed. Most farming operations are conducted either on a commercial basis or to sustain the rare breed herd. The result is a net cost to the Council of £347k each year.
11. We understand from the accounts presented to us that the true income and expenditure that is attributable to the management of Temple Newsam Farm and other external agricultural holdings held by Parks & Countryside (P & C) is at present spread across 5 separate cost centres which are listed in the table below. A full print out of these accounts was provided to us and these included total spending in the previous financial year, the budget for the 2010/11 financial year, and then spending against these same headings for this financial year.

Cost Centres

22144	Temple Newsam Farm Account
22149	Temple Newsam Estate Account
22148	Lotherton Hall Estate
22152	Temple Newsam Fees Account
22892	P & C Financing Charges

12. In addition to the account statements, a summary of each of the 5 costs centres were provided to us and is set out in appendix 1. This document clearly defines all applicable income and expenditure that can be attributed to the farming operations undertaken by Parks and Countryside. Furthermore, this

statement draws out those costs which are presently contained within the broader cost centres of Temple Newsam, Lotherton Hall and P & C Workshops.

13. The salient conclusions that we drew from analysing the information provided in appendix 1 are:
- The gross operating expenditure in 2009/10 was £563k of which staffing costs amounted to 60% of the total.
 - The net operating cost was £347k once overheads and income had been accounted for.
14. The table in appendix 2 summarises total farm income over the last 7 years.
15. We noted that when operating costs from the last financial year are considered against average income, the net operating cost would be reduced to £332.5k. Notwithstanding that, it should be noted that when considered over a longer time frame, a major source of income is received from paying visitors to the farm. Given that P & C has already sought to increase income by removing subsidised entrance fees to Temple Newsam Farm for Leeds card holders, where possible operating costs should be reduced to meet the revised budget figures.
16. What became clear to us during our discussions was that the accounts as presented were complicated and difficult to understand. Often it was unclear what percentage allocations had been included under the various cost centres and why. The reasons for the accounts being presented in this way were largely historic and include Lotherton Hall.

3 Review of Home Farm, Temple Newsam



Conclusions and Recommendations

17. We strongly recommend that the accounts for Home Farm are simplified to show more readily income and expenditure for the farm and which excludes all other operations.

Recommendation 1

That the Acting Director of City Development ensure that the accounts for Home Farm are simplified to show more readily income and expenditure for the farm and which excludes all other operations.

Consultation Findings

18. A copy of the consultation document is attached as appendix 3. We were provided with a summary of the key findings from the consultation process, categorised under each consultee.

a) Temple Newsam Ward Members

- Ward Members were unanimous in commending the value of the farm to their constituents and in emphasising the need to preserve and enhance the farm as a visitor attraction.
- Similarly, Members sought comfort that any proposal to reduce the volume of land farmed at Temple Newsam was not being driven by an aspiration to develop part of the estate.
- In light of the budget pressures, Members accepted that savings were inevitable and they desired comfort from officers that visitors to the farm and the wider estate

would not experience a diminished offer from their visit to Temple Newsam.

b) Rare Breed Survival Trust(RBST)

- RBST would prefer the following breeds to be retained at Temple Newsam

Cattle: Vaynols, Gloucesters, Shetland

Sheep: Boreray (as rare as Vaynols), White Faced Woodlands, Norfolk Horns and Portlands

- RBST guidelines for a minimum breeding group size to be effective are five cows and 1 bull, and 15 ewes and 1 ram.
- RBST have also facilitated visits for officers to farm parks at both Sandwell Park and Tatton Park in order to obtain data and understanding to enable comparison between these successful farm parks and Home Farm, Temple Newsam.

c) Sandwell Farm and Tatton Farm

- Both operate on a smaller scale in terms of livestock, land holdings and staff when considered in comparison to Temple Newsam.
- Farm staff undertake a visitor service function in addition to daily farming duties.
- Both seek to exploit voluntary labour to bolster and support specialist farm staff.

4 Review of Home Farm, Temple Newsam

Inquiry Report Published 18th May 2011



Conclusions and Recommendations

- Both sites rely on hired support for fodder production.

◇ Sales per hectare are significantly lower, by a factor of 3 to 7 times

d) Lineham Farm

- The trustees at Lineham Farm have confirmed that they are comfortable with Leeds City Council no longer farming the land adjacent to the centre. Subsequently, both the management and the charity's trustees have confirmed their interest in extending the landholding to include land presently farmed by P & C.

◇ Labour cost, whether per hectare or per £100 turnover, is higher by a factor of 15 to 25 times.

e) Farm Management and Staff

- Staff have identified areas in which they feel livestock numbers can be reduced.

Visitor Attraction

19. We take the view that Home Farm cannot be seen in isolation from the visitor and rare breed centres as they complement one another and work as a whole. The loss of the farm would inevitably reduce visitor numbers.

20. We felt strongly that part of the appeal of Home Farm was that people were visiting a working farm and not a petting farm that uses animals as displays.

21. We should seek to ensure that we maximise all grants and subsidies that are available.

22. We strongly oppose any proposal that would cease commercial farming operations as suggested in the Consultation Document.

f) Other Research

- Some limited benchmark comparisons have been obtained with reference to the Farm Business Survey (backed by the Government Department responsible for agriculture). It should be noted that this survey is based on commercial farms and that Temple Newsam has a unique operational context with extra labour implications associated with the breed mix, so the benchmarking data is mainly a pointer for further investigation. From the data the following can be concluded:

◇ Machinery costs, cost of sales and income from external subsidy are all broadly comparable

Recommendation 2

That the Acting Director of City Development considers engaging a consultant to look specifically at

(i) how the farm could operate on a more commercial basis but integrated as a whole visitor experience rather than seeing the current visitor attraction in isolation from the farming operation.

(ii) maximising all grants and subsidies that are available for Home Farm.



Conclusions and Recommendations

Farm Managers

23. It became clear to us during our discussions that the Farm Manager and his Deputy are not able to fully manage Home Farm because of the duties they are required to undertake at Whinmoor Farm, Lotherton Hall and Lineham Farm. We are not convinced that their costs are being charged properly to these operations and credited to the Home Farm accounts as income.
24. We would like to see the Farm Manager's key role being the commercial success of Home Farm and as an integrated visitor and rare breed centre.
25. We would also like the establishment of a clear business plan and defined terms of reference and objectives for Home Farm as a commercial activity but which integrates and enhances the visitor experience and conserves rare breeds. The Farm Manager and staff have considerable expertise but they do not run the Home Farm visitor attraction
26. We would also like officers from P & C to explore possibilities to engage in agro environmental schemes including higher level stewardship.

Recommendation 3

That the Acting Director of City Development identifies the Farm Manger's key role as the commercial success of Home Farm and its integration as a total visitor experience and that a business plan and timetable be developed to achieve this.

Staffing Costs

27. Clearly since staffing costs at Home Farm, whether per hectare or per £100 turnover, are higher by a factor of 15 to 25 times this is an area which should be reviewed. The net cost of farming operations is estimated at £347k, for which there are the equivalent of nearly 9 full-time staff employed. We recognise that Council employment terms and conditions present some difficulties with the nature of livestock farming due to the 24/7 nature of the job. As a result, staff costs contribute over 60% of the total expenditure.
28. We were advised that currently two members of staff were on long term sick leave and on half pay. As a consequence there are some savings in staffing costs which will contribute towards the necessary savings of £100,000. We suggest that as a consequence of the reduced staffing costs currently being implemented further adjustments need to be made rather than wholesale radical change.
29. However, we recognise that vacancies cannot be sustained in the long term and a review of staffing levels and duties needs to be undertaken.
30. We noted that Friends of Temple Newsam had expressed interest in helping at the farm. We would like to see the development of the use of volunteers at Home Farm Visitor Attraction to help reduce operating costs.



Conclusions and Recommendations

Recommendation 4

That the Acting Director of City Development

(i) undertakes a review of the staffing levels and job descriptions at Home Farm to incorporate the Visitor Attraction.

(ii) considers how to attract volunteers to work at Home Farm and where they could best be used to reduce operating costs.

Stock & Land Management

31. We support a review of livestock numbers and mix of breeds as this will reduce the agricultural workload undertaken by farm staff and reduce the demand for winter feed and the subsequent cost associated with production.
32. We do not support the leasing out of any grazing land. The leasing of land and major events held at the estate could be in conflict. We strongly support an increase in land stewardship.

Recommendation 5

That the Acting Director of City Development, in conjunction with the Farm Manager and RBST, determines the land management, livestock numbers and mix of breeds for Home Farm and the visitor and rare breed centres which ensures the continued viability of Home Farm.

Temple Newsam Café

33. We take the view quite properly that the success of Temple Newsam Café is a direct consequence of visitors being attracted to Home Farm visitor and rare breed centres.
34. We therefore consider the profits made by Temple Newsam Café should be ring fenced for use by Home Farm and not simply allocated to the general rate fund.

Recommendation 6

That the Director of Resources ring fences the profits from Temple Newsam Café for use by Home Farm, Temple Newsam.

Visitor Entrance and Ticket Office

35. We strongly support a review of the visitor entrance arrangements at the farm to develop a more cost effective mode of operation whilst providing an improved visitor experience.
36. We would support the creation of a new shop at the farm entrance which would be used as an access point for the farm. This would provide an opportunity to close the small P & C run shop in the courtyard at Temple Newsam which would realise a saving of approximately £20,000.



Conclusions and Recommendations

Recommendation 7

That the Acting Director of City Development undertakes a review of the visitors' entrance to the farm to identify a more cost effective and appropriate way for visitors to gain admission to the farm and which improves their overall visitor experience.

Visitor/Educational Experience

37. We would like to see greater promotion of Home Farm visitor and rare breed centres as one of the jewels of the city.
38. As part of the longer term plan for Home Farm we would like resources to facilitate an improved visitor/educational experience. This would also encourage schools to visit as part of their studies and a fee could be charged for this opportunity.

Recommendation 8

That the Acting Director of City Development

(i) considers how Home Farm and the visitor and rare breed centres can be better promoted to increase visitor numbers and income.

(ii) develops a long term strategy that would improve the educational experience of the centres and would encourage schools to participate and pay a fee for the experience.

Conclusion

39. We feel strongly that officers shall not simply take the easiest and quickest options to address the reduced budget for Home Farm.
40. We believe that in the short term the current savings in staffing costs are helping to reduce the anticipated shortfall and this gives a breathing space to reflect on a way forward. The approach should not be one of slash and burn as proposed in the consultation document but a measured approach to reduce costs and increase income.
41. We are impressed with all the work that goes on at the farm and hope that it can be developed to provide even greater experiences for visitors in the future especially the children of Leeds including those with additional needs.
42. We would like to conclude by thanking the officers, farm staff and representatives from the Rare Breed Survival Trust and Rare Breeds International for their advice, guidance and co-operation with our investigation



Evidence

Monitoring arrangements

Standard arrangements for monitoring the outcome of the Board's recommendations will apply.

The decision-makers to whom the recommendations are addressed will be asked to submit a formal response to the recommendations, including an action plan and timetable, normally within two months.

Following this the Scrutiny Board will determine any further detailed monitoring, over and above the standard quarterly monitoring of all scrutiny recommendations.

Members of the working group

Councillor John Procter (Chair)
Councillor Bernard Atha
Councillor Judith Elliott

Reports and Publications Submitted

Report of the Chief Recreation Officer

Farming Operations: Consultation Document

Financial Management Accounts – Temple Newsam

Financial Management Accounts – Temple Newsam Estate

Financial Management Accounts- Lotherton Hall Estate

Financial Management Accounts – Temple Newsam Farm Fees Account

Financial Management Accounts Financing Charges

Farm Cost Analysis

Submission by the Rare Breed Survival Trust

Submission by Rare Breed International



Evidence

Witnesses Heard

Mr Peter Titley, President of the Rare Breed Survival Trust

Mr Tim Brigstocke, Rare Breed Survival Trust

Mr Lawrence Alderson, Founder President, Rare Breeds International

Mr Sean Flesher, Head of Parks and Countryside

Mr David Bradley, Farm Manager, Home Farm, Temple Newsam

Mr Anthony Springwell, Senior Project Manager, Parks and Countryside

Dates of Scrutiny

8th March 2011 Scrutiny Board (City Development)

13th April 2011, Home Farm, Temple Newsam Working Group

17th May 2011 Scrutiny Board (City Development)



APPENDIX 1

Farm Cost Analysis

22144	Temple Newsam Farm Account
22149	Temple Newsam Estate Account
22148	Lotherton Hall Estate
22152	Temple Newsam Fees Account
22892	Appropriation Account

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	22144	22149	22 148	22 152	22 892	TOTALS
	Actual 09/10	Actual 09/10	Actual 09/10	Actual 09/10	Actual 10/11	
Staff						
1 Basic Pay	£216,289	£0	£19,126	£35,921	£0	
4 Overtime	£32,098	£0	£0	£1,073	£0	
11 National Insurance	£18,850	£0	£3,736	£2,270	£0	
21 Superannuation (Non Teaching)	£28,409	£0	£0	£4,777	£0	
27 FRS17 Wypf Adjustment	-£3,631	£0	£0	-£611	£0	
Consultation Findings Adjustment	-£16,202	£0	-£6,859	£0	£0	
Sub Total	£275,813	£0	£16,003	£43,430	£0	£335,246
Buildings						
123 Gas	-£155	£0	£0	£0	£0	
124 Electricity	£9,040	£0	£0	£0	£0	
125 Water Services	£593	£0	£0	£0	£0	
126 Removal Of Workplace Waste	£4,212	£0	£0	£0	£0	
129 Cleaning Agency Recharge	£1,848	£0	£0	£0	£0	
162 Premises Security Services	£0	£0	£0	£0	£0	
Sub Total	£15,538	£0	£0	£0	£0	£15,538



APPENDIX 1

Equipment and Materials	22144	22149	22 148	22 152	22 892	TOTALS
	Actual	Actual	Actual	Actual	Actual	
	09/10	09/10	09/10	09/10	10/11	
203 Operational Furniture And Equipment	£8,092	£0	£0	£0	£0	
205 Operational Materials	£65,104	£0	£0	£0	£0	
213 Telephones	£637	£0	£0	£385	£0	
214 Computer Software & Equipment	£132	£0	£0	£0	£0	
226 Memberships	£353	£0	£0	£0	£0	
241 Clothing & Uniforms	£2,331	£0	£0	£0	£0	
255 Hospitality	£14	£0	£0	£0	£0	
262 Security Services non infra	£0	£0	£0			
Sub Total	£76,663	£0	£0	£385	£0	£77,048



APPENDIX 1

Services	22144	22149	22 148	22 152	22 892	TOTALS
	Actual	Actual	Actual	Actual	Actual	
	09/10	09/10	09/10	09/10	10/11	
265 Other Hired And Contracted Services	£8,963	£0	£0	£2,093	£0	
Sub Total	£8,963	£0	£0	£2,093	£0	£11,056
Vehicles and machines						
301 Vehicle maintenance	£0	£2,880	£3,247	£0	£0	
304 External Hire -Occasional	£0	£428	£0	£0	£0	
305 Plant Hire - By Directorate	£0	£185	£0	£0	£0	
311 Car & Motorcycle Allowances	£375	£0	£0	£0	£0	
313 External Hire Fleet Man	£0	£573	£0	£0	£0	
315 Hire Of Movable Plant & Machinery	£853	£11,201	£27,842	£0	£0	
317 Non Leasing Adjustments	£0	-£3,311	-£2,159	£0	£0	
321 Fuel (non LCC supplies)	£0	£13,405	£6,416	£0	£0	
322 Tyres	£0	£243	£0	£0	£0	
324 Miscellaneous Transport Related Costs	£14	£0	£225	£0	£0	
337 Leasing& Internal recharge	£0	£3,311	£4,409	£0	£0	
341 Repairs to LCC vehicles	£0	£5,019	£389	£0	£0	
342 Repair & Maintenance of Plant	£0	£219	£3,188	£0	£0	
344 Outside repairs	£0	£128	£2,509	£0	£0	
346 Plant Spares	£0	£1,447	£559	£0	£0	
Sub Total	£1,242	£17,864	£34,969	£0	£0	£54,075



APPENDIX 1

Central costs		22144	22149	22 148	22 152	22 892	TOTALS
		Actual	Actual	Actual	Actual	Actual	
		09/10	09/10	09/10	09/10	10/11	
410	Professional Legal Services Charges	£3	£0	£0	£0	£0	
442	Internal Reallocation Of Central Costs	£11,388	£0	£0	£0	£0	
444	Resources support service Charges	£17,082	£0	£0	£0	£0	
	Sub Total	£28,473	£0	£0	£0	£0	£28,473
677	Trf to cap reserve equip	£0	£0	£0	£0	£41,180	
	Sub Total	£0	£0	£0	£0	£41,180	£41,180
Income							
890	Internal Income Received By L & L	-£2,392	£0	£0	£0		
910	Grants - DEFRA	-£10,000	£0	£0	£0		
913	Sale Of Food & Drink	-£2	£0	£0	£0		
914	Other Sales	-£43,931	£0	£0	£0		
933	Admissions, Booking Fees & Ticket Sales	-£254	£0	£0	-£129,373		
934	Penalties, Fines & Car Parking Charges	-£148	£0	£0	£0		
973	Other Income	-£1,416	£0	£0	£0		
	Sub Total	-£58,143	£0	£0	-£129,373	£82,360	-£187,516
		£348,549	£17,864	£50,972	-£83,465	£82,360	£375,100

The above spreadsheet provides a summary of the current cost's and income associated with Temple Newsam Farm. As is evident, these costs are presently spread across 5 different accounts held by the Parks and Countryside Service. At present the Vehicle and Machinery costs for the farm are ambiguous with machinery, vehicle and plant costs attributable to the farm and its operations spread across 3 separate budgets 22148, 22149 and 22600. On that basis 50% of the costs associated with Vehicles and Machinery at Temple Newsam and 75% at Lotherton Hall have been apportioned to the farm. Actual spend against 26000 has been used as opposed to 2009/10 to reflect the fact that 2 new tractors were leased in 2010 for use on the farm.

Furthermore staff costs also require clarification. Presently the Lotherton Hall account 22152 includes costs associated with a scale B3 tractor driver who's time is presently split between Temple Newsam and Lotherton Hall. It estimated by estate management that 70% of this costs is applicable to the farm.



APPENDIX 2

This table summarises total Home Farm income over the last 7 years

	2010/11 Actual to date	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	Average
22144 Temple Newsam Farm Account	£157,447	£58,143	£100,203	£72,372	£53,365	£81,733	£75,242	£85,500
22152 Temple Newsam Fees Account	£120,757	£129,373	£115,339	£127,390	£114,952	£102,982	£109,759	£117,224
Total	£278,204	£187,516	£215,542	£199,762	£168,317	£184,715	£185,001	£202,725



APPENDIX 3

Farming Operations: Consultation

ABOUT THIS CONSULTATION

Home Farm is the largest Rare Breeds Survival Trust approved farm in Europe. It has developed over many years and there are now over 500 livestock (mostly cattle and sheep), that utilise over 250 hectares of land centred around Temple Newsam Estate.

Whilst the livestock are a key part of the visitor attraction, the numbers on display at Home Farm only represent a small proportion of the total managed. Most farming operations are conducted either on a commercial basis or to sustain the rare breed herd. The result is a net cost to the Council of £366k each year.

Savings are needed, but the council believes that it will be possible to improve the quality of the visitor attraction at Home Farm and to reduce the level of public subsidy. This will only be possible by a planned approach to reducing the number of livestock and related managed land, and increasing the level of investment for the visitor attraction. It has provisionally identified 3 main approaches to achieving these aims:

- To reduce the number of cattle and sheep whilst displaying other animals including pigs, goats, donkeys and poultry enhance visitor interest in the attraction.
- To directly manage approximately 45 hectares of land around the visitor core of the estate to enable livestock for display purposes, and to support events and activities. Surplus land would be offered under grazing licences or under agricultural lease, but still remain in the ownership of the Council.
- To seek ways to improve the quality of the visitor attraction by reviewing the use of buildings currently used for large scale farming operations, and refocus resources around the visitor as part of an overall investment plan.

These proposals are based on evidence that is presented in this document. But there may be other options, and the detail also needs to be worked out. So before taking decisions, the council wants to open a discussion with staff, 'friends' group,



APPENDIX 3

Rare Breeds Survival Trust and other interested parties to ensure that its plans are shaped to produce a strong and sustainable approach to Home Farm.

If you want to help shape future plans for Home Farm, please read this document and then let us have your views. You can feed your views back to us in the following ways:

- write to us at **Parks and Countryside, Farnley Hall, Hall Lane, Leeds LS12 5HA.**
- e-mail us at parks@leeds.gov.uk



APPENDIX 3

TIMESCALE

The consultation period will close on **31st January 2011**. Following this, detailed proposals will be formulated for the final decision to be taken.

CURRENT PICTURE

Number of Livestock

Home Farm is the largest Rare Breeds Survival Trust approved farm in Europe. As at July 2010 there were over 500 head of livestock, including 274 cattle, 168 sheep and 41 pigs. Stock management in the public areas currently does not match expectations of the visitor and is compromised by the needs of the commercial farming operation both in terms of time allocated and in the safe operation of large equipment. The visitor attraction is in need of further investment, without which Home Farm may struggle to compare with similar attractions in the area. The following is a snapshot of stock numbers and breeds for sheep and cattle as at July 2010:

Sheep	Jul. 2010
Norfolk Horn	35
White Faced Woodland	32
Kerry Hill	35
Portland	24
Boreray	24
Wensleydale	10
Hebridean	8
Dorset Horn	0
TOTAL	168

Cattle	Jul. 2010
Vaynol	38
Red Poll	53
B. Galloway	48
Kerry	0
Gloucester	28
White Park	10
Shetland	27
B. Shorthorn	34
Irish Moiled	36
TOTAL	274



APPENDIX 3

Land Holding

A relatively small number of livestock are made available for display in the farm visitor attraction. Land that is used for agricultural purposes associated with sustaining these livestock is as follows:

Location	Hectares
Temple Newsam	150
Lotherton Hall	35
Lineham Farm	48
Whinmoor	24
Total	257

Cost and Comparisons

The net cost of farming operations is estimated at £366k, for which there are the equivalent of nearly 9 full-time staff employed. Council employment terms and conditions present some difficulties with the nature of livestock farming due to the 24/7 nature of the job. As a result, staff costs contribute over 70% of the total expenditure. The 2010/11 council budget has a target of £100k saving related to farming activities.

Some limited benchmark comparisons have been obtained with reference to the Farm Business Survey (backed by the Government Department responsible for agriculture). It should be noted that this survey is based on commercial farms and that Temple Newsam has a unique operational context with extra labour implications associated with the breed mix, so the benchmarking data is mainly a pointer for further investigation. From the data the following can be concluded:

- Machinery costs, cost of sales and income from external subsidy are all broadly comparable
- Sales per hectare are significantly lower, by a factor of 3 to 7 times
- Labour cost, whether per hectare or per £100 turnover, is higher by a factor of 15 to 25 times



APPENDIX 3

PROPOSAL

General

To cease all commercial farming operations with the exception of retaining approximately 45 hectares around the visitor core of the estate to enable livestock for display purposes, and to support events and activities. This would substantially reduce current grazing stock numbers to match the available land, whilst ensuring that the farm visitor attraction is sustained with further potential for improvements.

Stock Management

The mix of breeds will be based on those suitable for visitor display, and views are welcomed on how best this might be achieved. However, the proposal is to display a mix of cattle, sheep, pigs, goats, donkeys and poultry in Home Farm and to have cattle and sheep on display to the visitor on the land that forms the core of the estate. There will be a decrease in grazing animals (cattle and sheep) which make up the greatest proportion of overall livestock numbers that cannot be viewed either at Home Farm or the estate core.

Land Management

The Council view is that in general surplus land should either be leased to a tenant as a partnership agreement engaging environmental principles, or alternatively grazing licences. In order to be attractive to a tenant, a minimum amount of land would have to be available, and there may be an opportunity to resolve existing tenancy issues to the perimeter of the estate as part of this solution. It has been suggested that the proposed rental value would be in the region of £148/Ha. Proposals are now considered for each area of land currently used for agricultural activity.

Temple Newsam. Of the 150 hectares currently grazed and cropped for hay or silage the proposal would be to retain 45 hectares for grazing and a small grass crop. The land retained would be around the visitor core of the estate that serves a dual purpose for livestock and events. The balance of 105 hectares would include some land for events so could be managed in partnership with another farmer under a grazing licence. Remaining land mainly on the edge of the estate would be managed on an agricultural let, however, public access would continue to be maintained and enhanced through the network of advertised trails and rights of way.

Lotherton Hall. The 35 hectares at Lotherton would be retained as part of the estate to be managed as public access space, event sites and car parking. This will also provide an opportunity to remodel the estate around improvements to visitor experience.

20 **Review of Home Farm, Temple Newsam**



APPENDIX 3

Lineham Farm. The proposal would be to have commercial agricultural letting on this site. There are 48 hectares of land around Lineham farm which is currently farmed for grass crops. There is no animal grazing but the Royal Armouries do keep their jousting horses here when not required for shows, which could be relocated to Lotherton or Temple and thus add to the visitor experience there.

Whinmoor. The 24 hectares at Whinmoor would be managed by short to medium term grazing lets/licences. The landholding on this site will be required for a future cemetery and to accommodate both playing pitches and operational facilities such as the Nursery to allow the potential capital receipt from the Redhall site to be realised.

Financial Implications

A reduction in land holdings and livestock numbers would mean a smaller workforce required for agricultural activities. Current staff costs are £247k and a reduction of nearly 4 full-time equivalent (FTE) staff would offer a saving of £112K per annum. Front line staff would be redeployed within the Parks and Countryside service. Reduced land holdings would also enable a reduction in machinery along with associated fuel and repair costs, at an annual saving of £41.5k.

The estimated financial benefits of this proposal are set out in the following table:

Summary	Current	Proposal	Difference
Staff Numbers	8.7 FTE	5 FTE	3.7 FTE
Main Livestock numbers	483	94	389
Land Holding	257Ha	45Ha	212Ha
	£	£	£
Income Subsidy	29,149	8,310	-20,839
Income rental	0	29,581	29,581
Animal Income	47,648	13,073	-34,575
Total Income	76,797	50,964	-25,833
Operating costs	442,535	284,204	158,331
Net Cost	365,738	233,240	132,498



APPENDIX 3

Carrying out these proposals provide further opportunity to fund development opportunities for the large farm buildings which would no longer be need to store fodder. One example might be to create a play barn that could be run by a third party operator. There could also be potential for a future HLF funding bid for Temple Newsam Estate.

FARMING OPERATIONS - WHAT DO YOU THINK?

Thank you for reading this document. Now please let us know what you think about the future of farming operations at Home Farm, Temple Newsam. We have set out above our current thoughts based on the information we have: but we believe that staff and organisations have a lot to add to our understanding of the issues and the way forward.

We are interested in your views in general, but the following questions may help:

- 1. The current picture** - is there anything important missing from the description starting on page 2? Is it an accurate picture?
- 2. Land management** – do you agreed with this proposal? Are there other viable alternatives that would not increase the liability to the Council?
- 3. Stock management** – do you agree with this proposal? If the Council no longer directly manages many of the cattle and sheep, what alternative arrangements could be made?
- 4. Thoughts on other improvements** – do you have views on how the visitor experience at Temple Newsam could be improved?

The closing date for consultation is **31st January 2011**. You can respond in the following ways:

- write to us at **Parks and Countryside, Farnley Hall, Hall Lane, Leeds LS12 5HA.**
- e-mail us at parks@leeds.gov.uk

Scrutiny Board (City Development)
Home Farm, Temple Newsam
May 2011
Report author: Richard Mills



www.scrutiny.unit@leeds.gov.uk

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Report of the Director of Environment and Neighbourhoods

Executive Board

Date: 22nd June 2011

Subject: Little London and Beeston Hill & Holbeck PFI Housing Project – Value for Money (VFM) review and Final Business Case update

Electoral Wards Affected:

Hyde Park & Woodhouse
Beeston Hill & Holbeck
City & Hunslet

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

EXECUTIVE SUMMARY

1. At its meeting on 9th March 2011, Executive Board noted progress with the Little London, Beeston Hill & Holbeck Housing PFI Project. Members were made aware that the entire housing PFI programme was subject to a value for money (VFM) assessment required by the Minister of the Communities and Local Government Department (CLG).
2. The procurement of the project is at a very advanced state, having completed dialogue on detailed proposals, evaluated final tenders and submitted its pre-preferred bidder final business case (PPB FBC) for approval by Government at the end of October 2010. The PPB FBC has been passed by for CLG consideration in mid-January 2011, when the VFM review was announced.
3. The project, once approved, secures significant investment in two inner city estates which are part of wider regeneration priority areas within the City. 1,248 existing homes will receive significant whole house improvements and 388 new homes will be built to very high sustainability standards across both areas to address priority housing needs. Investment in the wider public realm to address community safety and amenity will also be delivered, although this is likely to be to a lower level than previously proposed as the VFM review has queried the proportion and level of spend on non-housing works. The investment period has also been reduced from five years to three and a half which speeds up the delivery of the project from the originally proposed five year period. The quality of homes and estate environment will then be maintained within the overall 20 year contract period. The works will support the wider

regeneration plans for each area and provide training and employment opportunities within each area.

4. Successful partnerships have been developed with tenants and residents in both areas, with the Community Advisory Groups (CAG) playing an active role in the procurement process. Local Members and other key stakeholders have also been involved in and briefed about the project proposals as these have developed. Both areas have been subject to intensive preparation, including re-housing nearly 500 households and major advance demolition works (7 tower blocks and 2 maisonette blocks).
5. The VFM process has taken time to be finalised. However, the Chief Executive has now received a letter from HCA advising that the project has passed the VFM test, subject to some amendments. This approval enables the project to move forward to seek approval for a pre-Preferred Bidder Final Business Case (PPB FBC), which can be submitted under delegated authority by the Director of Environment & Neighbourhoods.
6. Executive Board agreed, at its meeting on 9th March, further delegations to enable the Director to make any necessary amendments to a Pre-Financial Close Final Business Case (PFC FBC) which requires government approval prior to contractual and financial close. Further detail, reflecting the outcome of the VFM review, will be provided in an update report at its meeting planned for 27th July 2011. Subsequent Government approval of the PFC FBC will enable the City Council to move towards completing contract documentation with a view to achieving financial close in the Autumn of 2011.

1. PURPOSE OF REPORT

- 1.1. The purpose of the report is to inform Executive Board approval of progress with the project prior to final consideration of the contract terms and affordability position in July 2011 and update Executive Board about the project status in relation to CLG's value for money assessment of the housing PFI programme, and the remaining approval processes and likely timetable.

2. BACKGROUND

- 2.1. As part of the Comprehensive Spending Review announcements in November 2010, the City Council was informed that the project would be subject to Final Business Case approval and value for money (VFM) assessment. The City Council was aware that 12 projects in total were subject to the review. Assurances had been given by CLG that projects would be approved on an individual basis. At this stage the Council had already completed dialogue with the two remaining bidders and had submitted its pre-preferred bidder final business case to Government. At such a late stage in procurement, it is difficult to unpick significantly the scope of the project without potentially needing to go back a stage in the procurement and therefore legal advice was also taken about the impact on the procurement process of any changes being proposed.
- 2.2. Initial data was provided to CLG in December 2010 but the detailed requirements for the VFM assessment were not received by the Council until the end of March 2011. The VFM process has required the City Council to provide potential cost savings and acceptable VFM against CLG cost benchmarks for a series of bid and contract cost elements. The City Council made a series of initial responses at the end of April 2011. The details were signed off by the HCA in early May 2011 and have now received CLG ministerial approval.
- 2.3. This approval represents a significant step forward for the project, as it would enable the City Council to update the local community and other stakeholders, to begin preparations to re-engage properly with the proposed Preferred Bidder and to clarify the programme

implications to financial close on a confident and robust basis. A number of government approvals are still required including a two stage Final Business Case approval process, which will now involve additional scrutiny by Treasury.

- 2.4 Given the VFM review, the project timetable has unfortunately slipped. The anticipated financial close date had been April 2011, but it is now more likely to be October 2011.

3. PROJECT SCOPE AND VFM IMPACTS

- 3.1. The previous Executive Board report clarified the changes to the scope of the project which had come about as a result of market change, which had made the realisation of capital receipts through the sale of land and development of new housing no longer viable.
- 3.2. CLG's VFM assessment identified a number of areas where the City Council's project costs were higher than benchmark figures or where historically, CLG had previously raised concerns about the use of PFI credits to fund wider infrastructure works or non-housing outputs and confirmed this in relation to the overall level of infrastructure costs relative to total scheme costs and the high costs associated with the community hub redevelopment works in Little London within the VFM discussions.
- 3.3. Overall the City Council has been able to demonstrate that the project offered a 'very good' or 'good' level of value for money comparability across all the areas of the refurbishment and life cycle works and for contract operational costs. However the following areas were specifically highlighted by CLG as requiring reconsideration by the City Council:-
- new house building standards above Government requirements for energy efficiency and space requirements;
 - credit support towards non-housing outputs such as the community hub proposal in Little London, environmental improvements; and
 - leaseholder cost recovery proposals; and
 - level of demolition of some non-decent housing in Beeston for future development of the sites outside of the PFI contract.
- 3.4. Details of the City Council's proposed changes in response to the VFM review will be brought to Executive Board in July following consultation with local stakeholders. The overall impact of the VFM review is to so far take c.£9m of PFI credits from the project, reducing the credit level from £190m to £181.5m which will need to be found through a mixture of efficiencies, increased Council contribution within the affordability contribution and removal of some elements. The letter from the HCA (attached as an Appendix) also makes reference to "the potential for reducing the still high scope / costs of common infrastructure and to make a greater financial contribution towards the cost of the scheme." Further clarification is being sought from CLG and the HCA about the implication of this message. Executive Board will be advised at the earliest opportunity.

4. PROGRAMME AND PROCESS MOVING FORWARD

- 4.1 The detailed programme was set out in the report considered by Members in March 2011. The impact of delays caused by the VFM assessment and decision making process, together with the additional requirements introduced by Treasury have delayed the project by approximately 6 months. The programme is still subject to approval but the key milestones anticipated are set out below

Milestone	Target date
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Milestone	Target date
HCA/CLG approves revised PPB FBC	01/07/2011
IUK/Treasury review of PPB FBC	29/07/2011
Alcatel period	12/08/2011
Appointment of Preferred Bidder	15/08/2011
LCC submits revised PFC FBC and section 27 consent draft	15/08/2011
HCA/CLG approves revised PFC FBC (6 weeks)	23/09/2011
Finalisation of contract documentation (8 weeks)	07/10/2011
HCA/CLG issues section 27 consent and promissory note	21/10/2011
Financial model confirmed and SWAP dry runs	27/10/2011
Financial close	28/10/2011

- 4.2 Members were previously advised that the final tender was subject to a bid validity period which ended in mid-June 2011. After this point, the tender price would be subject to uplift based on industry published indices.
- 4.3 The proposed preferred bidder has confirmed that it remains in a position to finalise remaining documentation and progress to financial close within 8 weeks of formal appointment as preferred bidder. This is the minimum period required to ensure the completion outstanding details and secure engagement and approval from funders and sub-contractors to the main consortium.

5.0 CONSULTATION

- 5.1 Following the announcement of the outcome of the VFM assessment, the City Council will now undertake wider discussion of the implications for the local community, members, the proposed preferred bidder and other key stakeholders as soon as possible.

6.0 LEGAL, COMMERCIAL AND RESOURCE IMPLICATIONS

- 6.1 The previous report set out in detail, the contractual, commercial and risk positions agreed with the proposed preferred bidder as part of their final tender submission. The City Council has taken legal and procurement advice and is satisfied that any potential risks arising from the implementation of the VFM review have been mitigated and can be managed effectively.
- 6.2 The affordability implications of the project were previously reported in March 2011 and will be updated in July 2011, once the programme to financial close has been confirmed. Members were advised that a small buffer existed on assumed funding rates within the proposed Preferred Bidder's final tender at that time. This should enable the City Council to agree contractual close within the affordability threshold approved by Executive Board, based on market terms at that point.
- 6.3 The proposed Preferred Bidder secured final planning approval for their proposals at Plans Panel East on 17th February 2011 for Beeston Hill & Holbeck and by Plans Panel West on 3rd March 2011 for Little London. The period for judicial review of these decisions has passed without an application for challenge being raised.

7.0 RECOMMENDATIONS

- 7.1 Members of Executive Board is recommended to note this report and to note:-
- i. the positive outcome for the project with regard to CLG's VFM review;
 - ii. the impact of delays and the likely programme to financial close; and

- iii. that a further more detailed report will be submitted on 27th July 2011 to confirm the final proposed scope and affordability of the project for further approval by the Government.

BACKGROUND PAPERS

- **Little London Outline Business Case**
- **Beeston Hill & Holbeck Outline Business Case**
- **Executive Board Report Aug 2002**
 - Approval to submit Little London OBC
- **Executive Board Report April 2006**
 - Approval to submit Beeston Hill & Holbeck EOI
- **Executive Board Report May 2006**
 - Approval of Little London Project Scope and OBC
- **Executive Board Report Nov 2006**
 - Little London OBC Progress
- **Executive Board Report March 2007**
 - Preparation of Beeston Hill & Holbeck OBC
- **Executive Board Report Nov 2007**
 - Submission of Beeston Hill & Holbeck OBC and approval of joint procurement with Little London
- **Executive Board Report Feb 2008**
 - Land Assembly, Scope Update and Revised Affordability Position
- **Executive Board Report Feb 2009**
 - Project Rescope and Procurement Update
- **Executive Board Report Dec 2009**
 - Demolition of Holbeck Towers and Carlton Gate
- **Executive Board Report March 2011**
 - Final Business Case and Contract Award
- **Little London Development Framework**
- **Beeston Hill & Holbeck Land Use Framework**
- **Beeston Hill and West Hunslet Regeneration Plan**
- **Holbeck Regeneration Plan**
- **Little London and Beeston Hill & Holbeck Equality Impact Assessment**
- **Little London and Beeston Hill & Holbeck Final Business Case**
 - provided as an exempt document in the Member's Library

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Tom Riordan
Chief Executive
Leeds City Council
Civic Hall
Calverley Street
LS1 1UR

20 June 2011

Dear Tom

Leeds PFI – outcome of VfM review.

I am pleased to be able to inform you that the Minister has agreed to continue to support Leeds' PFI project through to financial close on the basis of the position reached through the VfM review. This should be maintained and improved wherever possible during the remainder of the procurement.

You are also asked though to continue to examine the potential for reducing the still high scope / costs of common infrastructure and to make a greater financial contribution towards the cost of the scheme.

As you know the project is subject to the normal PFI approval processes and requirements including the submission and approval of an acceptable final business case which now requires HMT approval through their 'TAP' process as well as HCA and DCLG approval. This will include:

- A robust demonstration of VfM through HMT's quantitative VfM assessment as contained within the HCA/DCLG PFI Financial model with key assumptions in line with the project's now agreed VfM metrics.
- A full set of HCA financial pro-formas (including the 'advisory' ones)
- A demonstration that non-benchmarked key metrics – private finance terms, capital and revenue indexation etc – are 'on market' and acceptable given the anticipated financial close date.
- A demonstration of compliance with SoPC and HPP contractual provisions and guidance except where otherwise agreed or where justified and evidenced on a project specific, VfM basis.

HCA will provide further advice on the format and contents of the FBC following clarification with HMT.

You should also develop a timetable through to financial close in liaison with HCA which builds in sufficient time for the steps along the way. This should be agreed with HCA and then adhered to. Material departures may call into question continued support.

HCA is developing revised operational monitoring arrangements for projects post financial close and the council will be expected to participate in these arrangements and provide periodic data and information as requested.

I know you will agree that this is good news and HCA looks forward to working with the council to achieve financial close.

Yours sincerely



Richard Hill