

Report of the Director of Corporate Services

Executive Board
16th November 2020

Towy Community Church – Xcel Bowl

To provide support to ensure the ongoing viability of the Xcel Bowl Centre

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1. BRIEF SUMMARY OF PURPOSE OF REPORT

An application has been received to support the Xcel Bowl Centre and the charitable arms of Towy Community Church so that they can continue to deliver the services they provide to the residents of Carmarthenshire and neighbouring areas.

2. KEY DECISIONS REQUIRED, IF ANY

The report seeks approval for a commitment of funding to be made available as a grant, to ensure the longer term financial sustainability of the Xcel Bowls and associated projects.

3. RECOMMENDATION(S)

- 3.1 Approval is given that a commitment of £50,000 be given to Towy Community Church to support the Xcel Bowl and associated projects allowing them to continue to trade. The funding will be given as a grant which will be drawn upon as required.
- 3.2 Approval is given that should Towy Community Church require additional funds (over and above the grant) to support their continued operation, an increase to their existing loan of up to £50,000 would be allowable. The current loan period will be extended to ensure that repayments are maintained based on the existing level of loan repayments.

4. REASON(S)

An application for financial assistance has been received from Towy Community Church to provide a support package to Xcel Bowl and its associated projects so

that they can continue to deliver the services they provide to the residents of Carmarthenshire and neighbouring areas.

The Foodbank, Community Shop and Furniture recycling in tandem have worked with over 50 referral agencies including the Council, to meet the needs of disadvantaged families.

The support will enable continuity of service provision into the future and provide security of jobs to staff.

5. BACKGROUND AND EXPLANATION OF ISSUES

At a meeting of the County Council in December 2011, it was agreed that Carmarthenshire County Council would provide support by way of an annuity loan in the sum of £270,000 to secure community-led economic and community uses for the former Creamery site for the wellbeing of the County. At the time of writing, the amount of loan principal outstanding is £163,145. Prior to the impact of the pandemic, over the course of the loan period, loan payments of interest and principal had been made in accordance with the repayment schedule.

The Xcel Bowl and associated projects have been trading for over 7 years, and during that time have built an excellent reputation, winning numerous awards as a charity and tourist destination, to become a vital community hub, utilised by a wide demographic within Carmarthenshire and neighbouring areas.

Throughout 2019, the Xcel Bowl in partnership with both local and national organisations, has hosted several events. They have supported local charities and various community events. The venue has also been used for training events by local businesses. Xcel Bowl have continued to have the support of Mencap during the year, which together with their relationship with Remploy has enabled them to offer employment and work experience to a number of disabled persons. They have been recognised as a 'Disability Employer' Company and have made several presentations on behalf of the DWP as an example of best practice in Carmarthenshire and Pembrokeshire.

The Foodbank has worked with fifty active referral agencies in and around Carmarthen to identify those in need of support. As a result, 1,355 three-day emergency food supplies were given out. A total of 3,172 people were fed, including 1,246 children. The community has been very generous donating a total of 39,851kg to the Foodbank during the year. The main donation periods in the year were Easter, Harvest and Christmas, as well as two collections in a local supermarket during June and November/December.

They have continued to build stronger links in the community through sharing information. There have been opportunities and invitations to talk about the work of the Foodbank in local schools and they have been invited to speak to the children and parents, as well as hosting regular group talks in the Foodbank for local clubs and organisations to raise awareness of the work that they do.

The Community Shop has seen a very busy year. It has increased the number of its volunteers and employed an individual to take responsibility for running the expanded warehouse. They donate to other organisations in the area, including local schools providing support to parents and children and to organisations working with the homeless.

2019 saw continued community use of the Recycled Furniture Project. The free collection service meant that throughout the year, the project collected and recycled 6,132 pieces of furniture, including 134 large electrical items, reducing the amount of goods that would have otherwise gone to landfill. As well as selling low cost furniture, they made donations to local people in crisis and have helped 68 individuals and families. They provided work placement opportunities for 2 disadvantaged under 25's, as well as offering work experience to candidates from the Probation Service.

5.1 CURRENT POSITION

In January and February 2020, the Xcel Bowl exceeded their forecast targets generating a profit of £15,000. Plans were being made to embark on the design approval and build of Phase 2 of the Xcel Centre, with works due to commence in June 2020. Grant and loan funding had been secured from WCVA for refurbishment of the kitchen and café area. In March, trade rapidly decreased as fear of the pandemic grew, and the Trustees made the decision to temporarily close on 22nd March 2020 and the Phase 2 development plans were put on hold. Despite the closure of the other projects and the Foodbank Manager being forced to shield, the centre were able to maintain services by adapting delivery to become Covid-19 safe, ensuring that during lockdown families in need were still able to access vital supplies.

During national lockdown, in addition to the Welsh Government Job Retention Scheme, applications for government grant were made and the centre received Covid 19 related grants. The majority of staff were furloughed until 1st July 2020. In anticipation of re-opening on the 3rd August, staff essential to the programme of works needed to make the site Covid-19 safe were recalled.

The site re-opened on shorter revised hours from 3rd August, however due to the restrictions imposed to meet the new Covid-19 safety standards within the bowling facility, the number of lanes in operation was restricted to every other lane and the number of covers in the café were reduced by 50%. Staff numbers have been kept at a minimum and flexible furlough utilised.

English bowling centres were not allowed to open until 17th August, and this impacted on the early trade due to confusion amongst customers, particularly tourists. However, the last 2 weeks of August saw demand for the available lanes almost reach capacity.

With increasing concerns about a second wave of the virus and further restrictions imposed on households mixing, there has been a steady decline in

trade, meaning the centre has only achieved 36% of sales revenue against the corresponding period last year, i.e. August and September 2019. An analysis of the figures was not giving a favourable picture in the short to medium term and having exhausted eligible grant funding, decisions regarding having to close the Xcel Bowl had to be considered.

The Centre Manager approached the County Council at the beginning of October 2020 to discuss potential options and the viability of each. The options considered were:

- Option 1: Closure of the bowling centre for 6 months
- Option 2: Continue to trade with reduced hours
- Option 3: Permanent closure of the bowling centre

Having considered the financial forecasts for each of the options and to ensure the future viability and maintain community benefits, it is considered that the best option is for the Xcel Bowl to continue to trade with reduced hours. This option offers the benefit of continuity of service provision into the future and provides security of jobs to staff. The Centre's business model has always been to utilise funds generated by the Bowl and Café to support the Xcel projects and therefore closing the Xcel Bowl would impact negatively on the Foodbank and other projects.

To further demonstrate that Option 2 presented the best outcome, three further financial forecasts were presented to the County Council. These were based on the following assumptions:

- i) a cautious approach to the increase in sales
- ii) that sales will increase slowly with trade lifting incrementally by Summer 2021
- iii) that sales will increase at a faster rate with trade increasing by Spring 2021

The forecasts are based on the reduction of staff numbers and hours facilitated by the voluntary redundancy programme, which has included trimming middle management. Anticipated future upturn in trading is reflected in additional staff hours. Opening hours have been arrived at by analysing profitability over the last 2 years. The forecasts also reflect the national lockdown in Wales from 23rd October to 9th November 2020.

It is considered that £100,000 would be sufficient to support the Xcel Centre through the most realistic assumption, based on current knowledge.

Should there be an immediate increase in sales as a result of lockdown "bounce back", then the return to profitability is accelerated and may be earlier than the forecasts predict.

6. OTHER OPTIONS AVAILABLE

Other options considered were to either close the bowling centre for a period of six months or close the bowling centre permanently. Both were discounted based on the financial forecasts and the negative impact closure would have on the charitable arms of the business, namely the Foodbank, Community Shop and Furniture recycling together with the loss of benefit to the community. Generally the cost of full closure is in excess of the reduced hours option, due to the decommissioning cost. Complete closure would lose important facilities to the County.

7. COMMUNITY STRATEGY INTEGRATION TOOL

Not applicable

8. IMPLICATIONS:

1. LEGAL

State Aid rules have been considered and the rules are not breached. An amendment will be required to the existing loan agreement between Carmarthenshire County Council and Towy Community Church.

2. FINANCE

The application is for an award of £50,000 to be released at the point of necessity. This can be funded from corporate services departmental reserves. Should additional funds be required, the existing loan arrangement can be increased by up to £50,000. The award will secure financial stability for the Xcel Bowl, Foodbank, Community Shop and Furniture Recycling.

3. RISK MANAGEMENT ISSUES

The national lockdown in Wales from 23rd October to 9th November 2020, known as a “fire break”, has been factored into the cashflow forecasts. However, there are risks associated with the long term uncertainty and impact of Covid-19 with the prospect of potential further lockdowns.

4. PHYSICAL ASSETS

Regarding the development of the former creamery site, Phase 1 covered the bowling centre, food bank and furniture recycling centre, and a 99 year lease was entered into on 26th June 2012 for these premises. Phase 2 involved a building agreement which permitted the construction of a 600 seat auditorium, conference and meeting rooms, debt counselling service, cafe / restaurant, catering training, luncheon club and office accommodation.

The impact of the pandemic on revenue generation has affected Towy Community Church’s ability to progress with Phase 2. Discussions will

need to continue to ascertain the impact on timelines if trading continues under the present recommendation in order to inform a further report on a revised scheme programme and anticipated completion date for Phase 2

9. FEEDBACK FROM CONSULTATIONS UNDERTAKEN

Not applicable

10. LIST OF BACKGROUND PAPERS USED IN THE PREPARATION OF THE REPORT

Title of Document	File Ref No.	Where available for public inspection
Formal request and cashflows		County Hall, Carmarthen.