

SUBJECT:	OUTDOOR EDUCATION – SERVICE UPDATE
MEETING:	CABINET
DATE:	19th FEBRUARY 2019
DIVISION/WARDS AFFECTED:	ALL

NON-PUBLICATION

Appendix 1 is exempt under paragraph 12 of Schedule 12A, - Information relating to the financial or business affairs of any particular person (including the authority holding that information)

1 Purpose

- 1.1 To advise on the current financial position for the Outdoor Activity Centres (Gilwern and Hilston Park)

2 Recommendations

- 2.1 Members note the current overspending position for 2019/20 of 95k and the potential for the service to have the same level of overspending in 2020/21. This is not included within the MTFP pressures list for 2020/21.
- 2.2 To move to a more sustainable model of delivery which could eventually involve site rationalisation.

3 Key Issues

- 3.1 The Outdoor Education service has gone through a period of change over the last 5 years, with the long-established Gwent Outdoor Education Service partnership being dissolved at the end of 2018/19. Provision has been reduced from three to two sites, retaining Hilston Park and Gilwern Outdoor Education Centres.
- 3.2 The joint service had previously been supported by annual subsidies from Local Authority partners. Core funding was frozen in 2006 with fees to clients increasing above inflation to compensate for the reduction in core funding. Between 2013 and 2019, the other three partners withdrew or reduced their subsidy and by the end of 2018/19 the subsidy had been removed completely. (As shown in table 1 below)

Table 1 – Subsidy Received 2012/13 to 2018/19

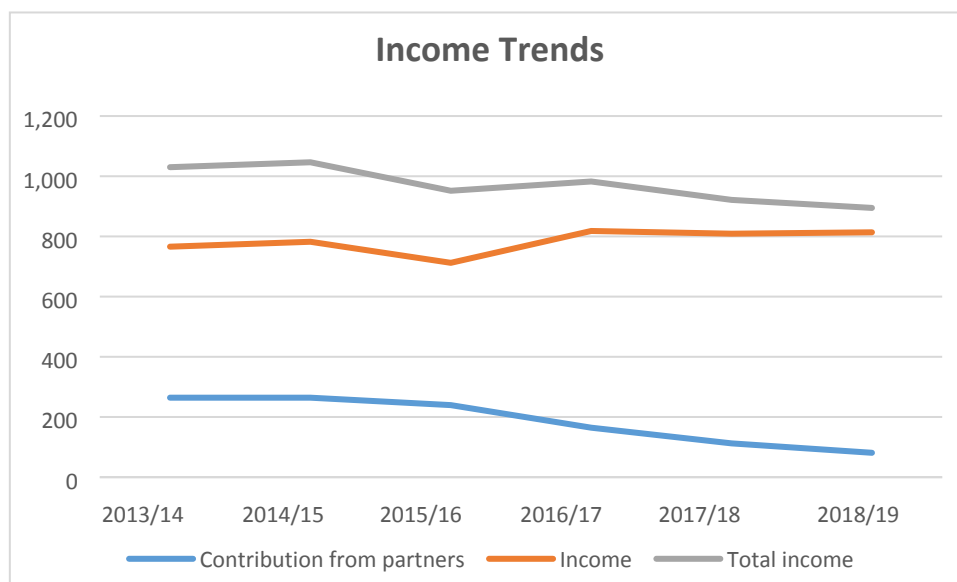
Total Contribution	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
NCC	78,708	0	0	0	0	0	0
TCBC	107,943	107,943	107,943	107,943	44,943	0	0
BGCBC	74,925	74,925	74,925	74,925	62,925	55,730	24,460
Monmouthshire	81,275	81,275	81,275	56,580	56,580	56,580	56,580
Total	342,851	264,143	264,143	239,448	164,448	112,310	81,040

3.3 Table 2 demonstrates the financial position for the service with surpluses in the earlier years being invested in the Outdoor Education reserve. This reserve was then used to fund the deficits incurred in 2017/18 and 2018/19. The reserve has now been fully utilised.

Table 2 – Service Costs from 2013/14 to 2018/19

Total Direct Costs	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Employee	644,693	627,865	590,212	599,208	627,026	685,720
Premises	122,941	102,732	79,707	106,074	112,549	125,211
Transport	67,319	56,043	49,975	54,582	56,030	63,727
Supplies & services	170,391	208,053	228,631	204,146	169,605	161,828
Total expenditure	1,005,344	994,693	948,525	964,010	965,210	1,036,486
Contribution from partners	-264,143	-264,143	-239,448	-164,448	-112,310	-81,040
Income	-765,893	-782,233	-712,268	-818,110	-809,058	-813,673
Total income	-1,030,036	-1,046,376	-951,716	-982,558	-921,368	-894,713
Net Cost	-24,692	-51,683	-3,191	-18,548	43,842	141,773

3.4 The data demonstrates that as partner contributions have been reducing, customer income particularly from 2016/17 has remained at a similar level. Given that price increases of 2.5% have been applied annually, it actually is a slight reduction in utilisation. The graph below shows the trend analysis.



3.5 The current year of operation 2019/20 is the first full year of operating with no other external local authority contribution and so the costs fully reside with the Council. Table 3 demonstrates the predicted outturn for these two sites.

Table 3 – Predicted Outturn and Comparison to Budget for 2019/20

Budget 2019/20	Total Direct Costs	Hilston Park £	Gilwern £	Total £	Overspend from Budget
559,348	Employee	285,511	301,510	587,021	27,673
91,144	Premises	44,257	56,549	100,806	9,662
58,138	Transport	20,809	35,576	56,385	-1,753
123,644	Supplies & services	79,432	67,756	147,188	23,544
832,274	Total expenditure	430,009	461,391	891,400	59,126
-702,000	Total income	-275,000	-391,160	-666,160	35,840
130,274	Net Total	155,009	70,231	225,240	94,966

- 3.6 The subsidy afforded the sites by the Council has been set at £57k since 2015/16 and in 2019/20 the budget was increased further to 130k to allow for pay awards of £10k and an extra pressure of 63k for the loss of subsidies. The latest cost predictions at 225k, is now expected to be some 95k above the budget. There is also a redundancy cost of 42k that is not included above but will be reserve funded. This does not include the cost of building maintenance, grounds maintenance or insurances all of which are held centrally. Both sites have significant backlog maintenance issues.
- 3.7 Further analysis has identified that anticipated income from Monmouthshire schools is likely to be only 148k, which is just over 22% of predicted total income. Discounts continue to be given to Monmouthshire School children accessing free school meals and this has a value of 10k.
- 3.8 The projected overspend had been identified early on in the financial year and in May 2019, a tactical action plan was developed which focussed on promoting residential trips and days visits to primary schools both within Monmouthshire and the wider southeast Wales region. This initial campaign was to begin to drive some commercial gains and focused on developing core business with a view to replicating the approach in different markets if it is successful. As part of this exercise, the service received feedback from schools and customers.
- 3.9 Feedback indicated that the service is well-established and a positive relationship has developed over the years between schools and the centres. There is a flexible and progressive approach to provision with a strong sense of trust between the school and the centres and between the young people and the leaders. The range of activities on offer is seen as providing ‘authentic adventure’ experiences, using the local environment to create memorable experiences.
- 3.10 However, one of the main reasons for the projected overspend is the reduction in residential occupancy as the number and length of bookings are less than the previous year. This has been explored with customers and some of the reasons for this are identified below;
- Challenging school budgets which are important given that schools (most notably primary) are the core users of the centres.
 - The loss of a key account (2019/20, £60k), following structural changes to how the National Citizen Service plans to deliver in the future. This is in stark contrast to previous years when the centres were part of the high-profile delivery network for the scheme.

- Affordability (by schools and parents) which has in some instances changed school usage by reducing the length of the stay (from 5 days to 3) or requesting an extended day offer to avoid having to find a staff member to undertake an overnight stay.
- Significant increase in the rise of independent operators offering a wide range of non-residential adventure and outdoor experiences often operating without a centre / fixed base, they are agile, customer-focused and more affordable.

3.11 Given the current financial position and future projections, the service has been reviewing its operating practices including whether to rationalise the service onto one site. The service is also looking to become more entrepreneurial and business like and overlaps with so many of the Council's services and functions and working with those other department have extended their provision to include;

- offering adventure days during the holidays as part of the TMG brand (Monmouthshire Games)
- extending its relationship with carers groups,
- providing short breaks for disabled children
- providing schools; social services and health colleagues with support packages, tailored to some of their alternative needs and identified pressures,
- designing bespoke packages for and working with children who has a range of needs and sometimes complex needs,
- being more flexible with our packages; including half day, full day, evening activities and curriculum focused options,
- key stage curriculum development and whole school life opportunities and pricing options.

3.12 This is starting to open up new possibilities for service design and delivery particularly in terms of exploring new markets and hopefully this expansion will ensure the service is within budget for 2020/21. The Service is now considering new approaches to delivery, reviewing the existing staffing structure across the sites and restructuring the service to best respond to the new challenges ahead. This includes the option of looking at the Gilwern site and establishing as an integrated hub of fully inclusive provision for children and young people's services.

3.13 Current operating practices are being reviewed with a view to reducing costs and maximising income however despite the implementation of the action plan, we have had limited success in attracting new bookings. The level of overspend may continue and although we have made some changes to the staffing structure, reduced costs where possible, consideration may need to be given to whether we need to continue to operate at two sites as a sustainable model. With demand being fairly static, a one site approach would reduce fixed costs and encourage fuller occupancy of the remaining site and would enable the service to concentrate on delivering a high quality product.

3.14 The Hilston Site needs modernising and requires capital investment notwithstanding the need to be more energy efficient and carbon neutral, with clients referring to it as 'shabby' and 'well past its best'. Notwithstanding its stunning setting and the splendour of its original interior, the centre is in dire need of investment, particularly concerning having accessible accommodation, in order to bring it up to the required standard but given its grade II listing that it likely to be a significant cost.

3.15 Gilwern is the larger of the two sites and is well located and is a flat, level site offering accessible accommodation. One accommodation block includes purpose-built disabled bedrooms and wheelchair access showers and has an accessible classroom block that includes disabled toilets and changing area. The site is also in need of some capital works to

bring them up to modern day standards. The site is shared with the Community and Youth Team and staff delivering the Duke of Edinburgh offer. This has encouraged the diversification of the Youth Offer.

- 3.16 Recent diversification has also indicated that the Gilwern site could become an integrated young people’s hub, with a mix of accommodation stock and provision of outdoor activities which would help revitalise the site and help extend outdoor provision to new markets. If Gilwern were to be an integrated hub for children and young people’s services it could offer affordable services to address some of Monmouthshire’s key priorities but recognise that critical success factors in this would include achieving economies of scale, cross subsidisation and obtaining mutual support from other departments of the Council
- 3.17 A review of the Outdoor Education Service was undertaken in 2015 and updated in 2018. Action plans have been developed which is focussed on income generation. An independent review was commissioned and is available for Members (see appendix 1). The report identified ways to;
- deliver efficiencies
 - generate additional revenue which may need further capital investment
 - improve income by adjustments pricing for commercial and private lettings
 - Improve sales by improved marketing
- 3.18 The focus since May 2019 has been on generating short-term gains to reduce the ever-increasing funding deficit and to look to deliver improvements in business and operational performance for now and future years. Recommendations and actions identified with the December 2019 review are now being implemented. This is the start of the transformation of the service with a drive to becoming self-financing however this is a very challenging market, with market intelligence showing lots of competition. Given the need to invest in both sites and looking at current income trends, it is questionable whether MonLife can operate two centres without a continuing subsidy and a more sustainable solution may be to operate at one site only.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

- 4.1 There are no equality and sustainability implications arising from this report. The service in its current format needs to be reviewed for both financial and practical reasons to ensure it is sustainable and continues to provide a quality service across the two sites. By its very nature the service has continued to provide quality outdoor learning experiences, jobs and new skills – the service will continue to deliver this whilst also ensuring the facilities and activities deliver positive outcomes for all’.

5. OPTIONS APPRAISAL

Option	Benefits	Risks
Do Nothing	<ul style="list-style-type: none"> • Continuation of Service 	<ul style="list-style-type: none"> • Deficit Increasing • Deteriorating Assets • Health and Safety (other providers are experiencing difficulties such as fire risk assessments) • Accessibility issues

Transform Service	<ul style="list-style-type: none"> • Reduced Subsidy • Extend provision to supply services to other parts of the Council which are currently provided externally • Quality provision which also aligns to policies about decarbonisation 	<ul style="list-style-type: none"> • Demand continues to reduce and more subsidy required • Internal customers choose to outsource provision
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6. EVALUATION CRITERIA

- 6.1 This will be evaluated through Delivery and Service Improvement Plans. Regular monthly performance meetings are held to evaluate the success of marketing and sales action plans which captures data such as utilisation, occupancy rates. The regular monitoring of the service and its performance against budget will be reported through the standard budget monitoring report.

7 REASONS:

- 7.1 To raise awareness of the issues facing the service and to recognise the initiatives being undertaken to make the service more sustainable.

8 RESOURCE IMPLICATIONS:

- 8.1 Current Service costs are £95,000 above budget in 2019/20. Whilst work in ongoing to reduce costs and seek new markets to increase occupancy, it may be difficult to deliver the service within budget in 2020/21.

9 CONSULTEES:

Cabinet Members
SLT
Service area staff

10 BACKGROUND PAPERS:

Appendix 1 – Monmouthshire Outdoor Education Centres Review (exempt from publication)

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