

SUBJECT:	OUTDOOR ADVENTURE – SERVICE UPDATE
MEETING:	CABINET
DATE:	29th July 2020
DIVISION/WARDS AFFECTED:	ALL

1 Purpose

- 1.1 To update members with regard to the performance for the Outdoor Adventure Sites for 2019/20 and to inform members on progress made with the action plan which was designed to enable the service to move to become a more financially sustainable model.
- 1.2 To provide an assessment of the potential impact of COVID19 on the service for 2020/21.

2 Recommendations

- 2.1 Members note the overspending position for 2019/20 of £116k and early indications of an overspend in 2020/21 in the region of £350k. This deficit should be reduced further through the potential recovery of income loss shortfalls from Welsh Government.
- 2.2 Given the likely reduced numbers of customers due to Covid-19, the service should remain closed for residential visits until the end of December 2020. Continuing with a two site strategy is not viable in the short or medium term and therefore the service will adopt a one-site approach at Gilwern. A further report will be presented to Cabinet in autumn 2020 which will consider the long term future of the service.

3 Key Issues

- 3.1 Members received a report in February 2020 which outlined the history of the service over the last 5 years, with the Gwent Outdoor Education Service partnership being dissolved at the end of 2018/19 and a reduction from three to two sites, retaining Hilston Park and Gilwern Outdoor Adventure Centres.
- 3.2 The joint service was previously supported by annual subsidies from Local Authority partners however by the end of 2018/19 the subsidy had been removed completely. Any previous annual surplus was carried forward and invested in the Outdoor Education reserve and was used to fund the deficits incurred in 2017/18 and 2018/19. This surplus has now been fully utilised.

Performance 2019/20

- 3.3 During 2019/20, the year which all costs were met by the Council, the actual final position is shown in table 1. This indicates that the cost of delivering the service was £247k against a budget subsidy of £131k resulting in an overspend of £116k. This level of overall subsidy is incredibly high, given that the long term aim of the service is for it to be sustainable and to break even.

Table 1 – 2019/20 Outturn

	Hilston			Gilwern			Total		
	Budget £k	Actual £k	Variance £k	Budget £k	Actual £k	Variance £k	Budget £k	Actual £k	Variance £k
Employees	259	282	23	301	308	7	560	589	29
Premises	34	43	9	57	57	0	91	100	9
Transport	21	27	6	37	39	2	58	66	8
Supplies & Services	64	78	14	60	59	-1	124	137	14
Total Expenditure	378	430	52	455	462	7	833	892	60
Income	-310	-270	40	-392	-376	16	-702	-646	56
Net	68	161	93	63	86	23	131	247	116

* Total Expenditure excludes one off redundancy costs

- 3.4 The budget for income is based upon activity in previous years but the loss of a key client, the National Citizen Service early in 2019/20 resulted in the summer occupancy being substantially reduced and a reduction in income from 2018/19 of £177k to £49k in 2019/20. The sites closed on 20th March 2020 because of COVID19 but both sites experienced reductions in the weeks prior to that as schools made decisions to withdraw from bookings because of health concerns. This led to further reductions in income of £47k.
- 3.5 Re-programming of spaces at Gilwern has given greater opportunity for selling meeting, conference and bookings space in buildings/rooms that are predominantly empty for most of the day. During the winter term, the Gilwern site was also able to offer accommodation to groups for board and lodging, resulting in extra income of £56k when the site was scheduled to be unoccupied for school groups. This has assisted with mitigating the overall loss.
- 3.6 Further analysis has identified that income from Monmouthshire schools was £143k, which is just over 22% of total income. Discounts have been given to Monmouthshire School children accessing free school meals and this has a value of £10k. The bulk of the overspending therefore relates to loss of income from external clients.
- 3.7 There has been a reduction in residential occupancy as the number and length of bookings are less than the previous year, the reasons for which were provided in the earlier February report. Table 2 provides occupancy levels for 2019/20. They indicate an average of just under 45% with Gilwern at 47% and Hilston at 39% occupancy.

Table 2 – Occupancy Rates 2019/20

Site Unit	Beds – Gilwern			Hilston	TOTAL
	Sugarloaf	Blorengre	Total		
No of Beds	62	35	97	56	153
School Days	187	187	187	187	187
Total Beds Nos	11,594	6,545	18,139	10,472	28,611
Actual Site Nos*	5,620	3,005	8,625	4,117	12,742
Occupancy %	48.47	45.91	47.55	39.31	44.54

* Includes days for bed & breakfast usage

- 3.8 The gross costs for both sites are shown below and provides comparisons of cost per bed occupied. The cost per bed is higher at Hilston mainly due to lower occupancy levels.

Table 3 – Cost Per Actual Beds in 2019/20

Site	Gilwern	Hilston	Total
Gross Costs 19/20 (£k)*	462	430	892
Available beds	18,139	10,472	28,611
Cost Per Available Bed (day)	£26	£41	£31
Actual Beds	8,625	4,117	12,742
Cost per Bed (day)	£54	£104	£70

* Gross costs exclude one off redundancy costs

Action Plan

- 3.9 An independent review of the service was undertaken in December 2019 and an action plan developed to be delivered over a 12 – 18-month period which aimed to make significant changes in order to makes the sites more sustainable (See Appendix 1 - Action plan and progress to end May 2020). The service has reviewed its operating practices and costs to ensure value for money. In January 2020 changes were made to the management structure thus reducing staffing costs in 2020/21.
- 3.10 Following the review, and to increase the use of the centres, service provision has been broadened and extended. Prior to the pandemic, twelve additional services were either provided or in the process of being developed (See Appendix 2 for the full list)
- 3.11 Due to the current pandemic and the resultant closure of the sites, despite all efforts there is insufficient evidence to demonstrate any increase in bookings or sustainability of the service.

Potential Impact of COVID19 for 2020/21

- 3.12 As a result of the pandemic recent market intelligence indicates a reduction in usage and therefore a reduction in sector income in 2020. During this period the service will support learning and education for pupils within our primary school settings
- 3.13 There has been a significant reduction in bookings for 2020/21 and bookings totalling £356k have already been cancelled for 2020. There is unlikely to be demand for the remainder of 2020/21 and it may be prudent for both sites to remain closed. Advantage will be taken of the furlough scheme and staff will remain furloughed until the end of the current scheme, 31st October 2020.
- 3.14 It is assumed that residential bookings will start to recover by spring 2021 but numbers are still likely to be less than those enjoyed in 2019/20. Given this indication, the preferred option is to operate at one site only for the rest of 2020/21 with one site reopening for residential visits in January 2021. Average occupancy across sites in 2019/20 was 45% and with a degree of rescheduling and more efficient programming, the majority of these bookings could have been delivered on one site.
- 3.15 A one site approach will help reduce costs and encourage fuller occupancy of the remaining site enabling the service to focus its partnership working with schools, the youth service and other areas of the Council to highlight the benefits of the service.
- 3.16 The Gilwern site is the preferred option as it the larger of the two sites, it is a level site, offers accessible accommodation and is more cost effective to operate. Recent service diversifications (see 3.7) has shown that the site could become an integrated young people's hub. The site however requires some capital investment to bring it up to required standards, this work will need to be undertaken to separate groups in order to maximise the number of bookings on site. The additional cost will need to be accommodated within the Capital Programme when a more detailed business case is prepared.
- 3.17 The benefits of the outdoors are known to be central to active lifestyles, wellbeing, and mental health and although the current situation is a significant challenge, our skilled and passionate workforce have the ability to respond and adapt.
- 3.18 In order to achieve this the Hilston Site would need to remain closed pending the upturn in confidence and the market. However, with the amount of competition in the market and trend analysis it is questionable as to whether MonLife will be able to operate two centres long term without a continuing subsidy. A longer term solution may be to operate at one site only.

Staffing Consequences

- 3.19 The service currently employ 19 staff (15.04 FTE). The end of the furlough period (end of October 2020) will see these staff return to work, if sites remain closed staff would need to be temporarily redeployed to other areas of MonLife or the remainder of the Authority to support vacancies, annual leave and sickness. Initial discussions with the Site Co-ordinators have taken place and further consultation with staff will be undertaken. If demand does not increase sufficiently in early 2021 and there is a

continued need to operate at one site only then the future staffing structure will need to be reviewed.

Other Consequences

- 3.20 Staffing costs and reduced running costs will still be incurred whilst the service is temporarily suspended. Assuming both sites remain closed until January 2021 with Hilston closed for the whole of 2020/21, anticipated lost income offset by some reduced costs are likely to be in the region of £446k (this is based on the assumption that government funding of furloughed staff will continue until the end of October). The budget for the year has been set at 100k, resulting in a potential over spending for the year of circa £350k.

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 will continue to be reviewed for both financial and practical reasons to ensure it is sustainable and continues to provide a quality service. By its very nature the service will continue to provide quality outdoor learning experiences, jobs and new skills and 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
Operate at One Site	<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

6. EVALUATION CRITERIA

- 6.1 This will be evaluated through Delivery and Service Improvement Plans. Regular monthly meetings are held to review the marketing and sales action plans which captures data such as utilisation, and future 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 operate at the Gilwern site until the market returns to “normal” and sites can operate more sustainably.
- 7.2 To suspend the use of Hilston Park as an Outdoor Adventure Residential Centre pending market improvements and increased demand.

8 RESOURCE IMPLICATIONS:

- 8.1 The budgeted subsidy for the service in 2020/21 is £100k. Current predictions, assuming that staff are furloughed until October 2020 and that no income will be received for the first nine months of the year is an overspend of £350k. Whilst work is ongoing to reduce costs and seek new markets to increase occupancy, it will not be possible to deliver the service within budget in 2020/21. This deficit should be reduced further through the potential recovery of income loss shortfalls from Welsh Government.
- 8.2 The Gilwern site may require some updating to separate sections/ rooms within buildings so that they can host multiple groups thereby increasing potential occupancy. This may require additional capital funding. Due to the pandemic and site closure, costs have yet to be identified.

9 CONSULTEES:

Cabinet Members
SLT
Service area staff

10 BACKGROUND PAPERS:

Appendix 1 – Outdoor Adventure Action Plan
Appendix 2 – Additional Groups utilising Centres
Appendix 3 - Equality and Future Generations

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