

Cabinet – 23 October 2019

Outdoor Pursuits – Service Cessation

Portfolio: Councillor Perry; Community, Leisure & Culture

Service: Sport & Leisure

Wards: All

Key decision: No

Forward plan: No

1. Aim

- 1.1 To cease the unbudgeted spend relating to the Outdoor Pursuits Service.

2. Summary

- 2.1 Following the 2015/16 budget process (saving ref 62), the Outdoor Education Service was required to operate without a Council subsidy from year 2016/17. A number of measures have been undertaken to reduce the subsidy including staffing rationalisation, operational efficiencies and the exploration of new markets. However despite significant initial success, a zero-cost budget position has not been achieved. Costs are now increasing and there is no prospect of achieving the zero-cost budget in the foreseeable future.
- 2.2 The option to outsource the service at no cost to the Council has been explored via an open procurement process. However a contractor able to meet the Council's specification for the service has not been identified. Therefore the only remaining option to cease the unbudgeted expenditure is to revert to the original proposal in 2014 and close the service

3. Recommendations

- 3.1 That the cessation of the Outdoor Pursuits Service at the earliest practicable opportunity be approved.

4. Report detail

Context

- 4.1 Outdoor Pursuits Service operates at Sneyd Watersports Centre at the former Sneyd High School and the Aldridge Airport Outdoor & Environmental Education Centre. The Aldridge Airport Centre was developed in 2006 with a £1.076m grant from the New Opportunities Fund, one of the National Lottery distributors at that time.
- 4.2 Following the 2015/16 budget process (saving ref 62), the Outdoor Education Service was required to operate without a Council subsidy from year 2016/17; the previous subsidy was £97k. A number of measures have been undertaken to reduce the subsidy including staffing rationalisation, operational efficiencies and the exploration of new markets. However despite significant initial success in reducing the subsidy, a zero-cost budget position has not been achieved.
- 4.3 The service previously benefited from large-scale commissions from special-schools, alternative curriculum providers and the Council's short-breaks scheme for people with disabilities. Unfortunately, funding pressures have seen all these commissions either reduce or cease altogether. Consequently usage of the service has reduced and without this income, net costs have increased, projected as £100k for the year 2019/20.
- 4.4 Escalating costs led to Cabinet agreeing to the outsourcing of the service on 21 March 2018. The consequent procurement process has now been concluded. Despite a lot of market interest, only one provider submitted a formal tender. Examination of this tender and subsequent communications with the tenderer have identified that this tender is not compliant with the Council's requirements.
- 4.5 The key area of non-compliance is that the tenderer is unable to provide a pension scheme that is "broadly comparable" with the Local Government Pension Scheme – an essential TUPE requirement. The Council's grading of the staff is already significantly above the market rate for outdoor instructors; a requirement for comparable pension contributions to the LGPS 18.3% make the transfer unaffordable.
- 4.6 Previously net costs (overspends) have been offset by savings elsewhere in Sport & Leisure Services, to give the Outdoor Pursuits Service time to explore new markets and efficiencies. Significant additional budget reductions elsewhere in Sport & Leisure Services mean this is no longer possible.
- 4.7 Since it became apparent that the procurement process may not be successful, officers have again reviewed the existing operation to evaluate the potential to achieve the necessary operational break-even by other means, specifically further reductions in expenditure and increased income.
- 4.8 The overwhelming majority of the service costs (more than 80%) relate to staffing. Further reducing the head-count would necessitate a reduction in operating hours. Re-evaluating the post grades, with a view to lowering salaries is an option – the current pay is significantly above the industry norm. However this would be subject to re-evaluation through the Council pay and grading model and should the outcome be a reduced grade, 12 months protection would significantly delay any financial benefit to the service bottom-line.

- 4.9 It had always intended that income generation would sustain a zero net cost budget position. However the groups that have historically delivered most of the service's income are publically funded and have had to reduce usage to reflect their own funding pressures.
- 4.10 Based on current expenditure, the Outdoor Pursuits service would need to achieve an average daily income of approximately £600 to achieve a break-even. This year, average daily income has been approximately £100. Whilst officers have identified a number of potential new income streams and there remains a good deal of enthusiasm in the team, the new income options are not of a scale approaching that required to close this income gap.
- 4.11 There is no prospect of significantly reducing, let alone eliminating the operating subsidy in the foreseeable future and the attempt to outsource the service has proven unsuccessful. Therefore the only option to avoid further overspend is to cease the service. Existing expenditure is currently unbudgeted and therefore – to mitigate further budget pressures – the service should be ceased as early as practicable.
- 4.12 The earliest the service can be closed down in an orderly and compliant manner is projected to be the end of February 2020.

Council Corporate Plan priorities

- 4.13 The health and wellbeing benefits of physical activity and time in the outdoors are well understood. Beyond this there is a vast range of evidence and research to indicate the further positive impact of Outdoor Pursuits. Participation builds self-confidence, fosters teamwork, develops skill and encourages independence.
- 4.14 Outdoor Pursuits allow people to achieve and succeed – including young people who struggle with more traditional activities; this particularly the case with Walsall Outdoor Pursuits' work with young people with disabilities. The adapted Outdoor Pursuits activities allow people with disabilities to experience a greater sense of mobility, independence and achievement than they may otherwise experience in their daily lives.

Risk management

- 4.15 **Loss of service** – ceasing the service will be a loss of service to residents. However there are other providers of outdoor activities and the service is not believed to be the sole provider for any existing user groups.
- 4.16 **Grant clawback** – the service was in receipt of National Lottery Funding and as such grant clawback is a necessary consideration. However this risk is considered small and is explained in more detail in the Financial and Property sections.
- 4.17 **Vacant premises** – the closure of the service will create two vacant premises which will need to be managed to ensure they remain secure and do not present a health and safety risk to residents. The vacant premises will be managed in a similar fashion to other vacant premises.

Financial implications

- 4.18 The estimated cost of continuing the service until 31 March 2020 is £100k – which is being reported in financial monitoring. Ceasing the service by 28 February will reduce this cost by approximately £8k. £100k is likely to be the ongoing annual revenue cost of the service should the Council not cease the service and continue to operate in its current format.
- 4.19 Every effort will be made to avoid making the four staff redundant. However, in the event that it is necessary to make the staff redundant, this cost has been calculated at £27k.
- 4.20 The original grant to build the centre was £1.076m and the grant conditions remain live for a twenty year period from 2006 to 2026. This equates to an annual figure of £53,800 that is likely to be the subject of the grant clawback condition. Assuming that a six year penalty may be applied by the funding agency, the council may have to repay a sum of approximately £0.323m.
- 4.21 Although lottery does clarify circumstances that would trigger clawback, we have been advised that we could close but keep the centre without clawback. Disposal of the asset may trigger clawback, while demolition of the centre would trigger clawback.

Legal implications

- 4.22 The Council has a number of discretionary statutory powers to provide the services.

Procurement Implications/Social Value

- 4.23 There are no procurement implications to this stage of the review.

Property implications

- 4.24 The service currently operates from two sites. Sneyd Watersports Centre is based at the lake at the former Sneyd High School site and utilises changing accommodation within the old school. Any future options will need to have regard for the Council's intentions for the wider site.
- 4.25 The Aldridge Airport Centre was developed in 2006 with a £1.076m grant from the National Lottery. The Lottery Award came with a 20 year asset liability period – which still has 6 years to run until 28 July 2026, representing c.£54,000 per year of remaining claw-back.
- 4.26 Any change in the operation that is not supported by the National Lottery could risk liability for the repayment of an element of the grant. Initial discussions with the National Lottery have indicated the following scenarios:
- If the council was to sell the site entirely then a claw back situation would be triggered and the amount would depend on the date of the sale.

- If the centre closes, there would be no clawback triggered. However the Council would be required to continue to care for the asset and keep it secure.
- 4.27 Integrated Facilities Management have been consulted regarding plans to secure the premises once they become vacant. Longer-term options for the sites will remain under review.

Health and wellbeing implications

- 4.28 The health and wellbeing benefits of physical activity and time in the outdoors are well understood. Beyond this there is a vast range of evidence and research to indicate the further positive impact of Outdoor Pursuits. Participation builds self-confidence, fosters teamwork, develops skill and encourages independence.
- 4.29 Outdoor Pursuits allow people to achieve and succeed – including young people who struggle with more traditional activities; this particularly the case with Walsall Outdoor Pursuits' work with young people with disabilities. The adapted Outdoor Pursuits activities allow people with disabilities to experience a greater sense of mobility, independence and achievement than they will in their daily lives.
- 4.30 The above would suggest that ceasing the service would have an adverse effect on the Marmot objectives. However, given the current low level of usage of the service, any adverse impact is likely to be low. Furthermore, there are other options for delivering these outcomes and other providers able to deliver these services.

Staffing implications

- 4.31 Outdoor Pursuits Service currently has four full-time permanent employees potentially affected by the ceasing of the services.
- 4.32 The potential for the cessation of the service was reported to the Economy and Environment JNCC on 15 October, commencing a 45-day consultation period. The four staff were placed at risk or redundancy on 17 October.
- 4.33 Every effort will be made to mitigate compulsory redundancies. The Council's Organisational Change Management Procedure, Redeployment and Redundancy procedures will be followed and there will be the opportunity for voluntary redundancy.
- 4.34 If alternatives to redundancy is identified, the staff will be issued with their notice of redundancy week commencing 2 December, at the end of the 45-day consultation period. Employees identified as redundant will be registered on the Council's Redeployment Register.
- 4.35 Based on their length of service, the employment of the four staff will terminate at various points in the month of February 2020.

Reducing Inequalities

- 4.36 The Outdoor Pursuits Service users include people with disabilities – a protected characteristic under the Equality Act (2010). However the Outdoor Pursuits Service is not the sole activity provider for any of the existing user groups. An Equality Impact Assessment has not been carried out at this stage.

Consultation

- 4.37 The staff have been involved throughout the review of the service.
- 4.38 The Economy and Environment JNCC has likewise been updated throughout this process.
- 4.39 Service users are aware of the review of the service, including the potential for closure. The Short Breaks team within the Council have been made aware of the potential for closure and have alternate providers available.
- 4.40 Other key service users have also been made aware of the potential closure. Whilst the provision is valued, numbers are relatively small and usage is both limited and inconsistent. Where possible service users will be supported to find other providers.

5. Decide

- 5.1 This report represents the final stage of what has effectively been a five-year review of the Outdoor Pursuits Service. Other options have been explored, specifically:
- efficiency savings,
 - income enhancement
 - service outsourcing
- 5.2 None have been able to deliver the zero-net cost budget position required. Service cessation remains the only option to end the ongoing overspend.

6. Respond

- 6.1 The process of consulting the in-scope staff is already underway and will continue as detailed in the Staffing Implications section.
- 6.2 Work will continue with Integrated Facilities Management to ensure the safe and effective management of the premises once the service ceases.
- 6.3 The proposed timeline will see the service cease no later than the end of February 2020.

7. Review

- 7.1 Work will continue with in-scope staff and service users to manage and mitigate the impact of the service cessation.

Background papers

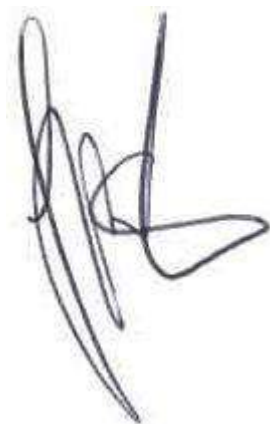
Outdoor Pursuits Future Provision Cabinet Report, 21 March 2018

Author

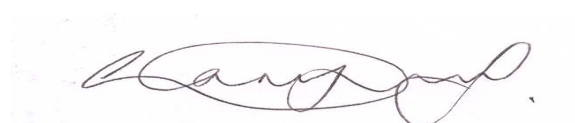
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Simon Neilson
Executive Director
Economy & Environment

A handwritten signature in blue ink, appearing to be 'Garry Perry', written in a cursive style.

Councillor Garry Perry
Cabinet Portfolio Holder
Community, Leisure & Culture