

Cabinet – 21 March 2018

Outdoor Pursuits Future Provision

Portfolio:	Councillor Ian Shires Community, Leisure & Culture
Service:	Leisure, Culture & Operations; Sport & Leisure
Wards:	All
Key decision:	Yes
Forward plan:	Yes

1. Summary

- 1.1 Sport and Leisure's Outdoor Pursuits team are not currently able to achieve full cost recovery for the service based at the Aldridge Airport "High Ropes" course and Sneyd Reservoir. Whilst in 2014/15 the service received a £97,000 per annum subsidy, a zero subsidy position was required by the Council's 2015/16 budget. Whilst progress has been made in reducing the net cost, the lack of a residential offer has restricted income to a small number of key contracts, leaving the service's income vulnerable.
- 1.2 Even with additional savings identified, the ongoing cost of continuing to operate the service in its current format is now likely to be £68,000 in 2017/18. This will reduce to £41,000 in subsequent years due to further full-year efficiencies. To close the service would mean a loss of service to Walsall residents, particularly young people with disabilities. Ceasing the service would also create liabilities for the premises and a risk of grant claw-back.
- 1.3 A service review conducted in mid 2017 identified the potential for the service to transfer to an external provider, potentially in the third or voluntary sector, who may be able to continue to operate the service at no cost to the Council. It is therefore proposed to commence a procurement process to ascertain whether an external provider can be engaged on this basis.

2. Recommendations

- 2.1 That Cabinet authorise the Executive Director for Economy & Environment to undertake a procurement exercise to seek an external provider to operate the Outdoor Pursuits Service,
- 2.2 That Cabinet approve the continued operation of the Outdoor Pursuits Service until 30 September 2018 to allow for the above procurement exercise to take place.

- 2..3 That should a suitable operator be identified, that Cabinet approve the transfer of the Outdoor Pursuits Service, including TUPE transfer of staff, leasing of premises and gifting of equipment.
- 2..4 That should a suitable operator not be identified to deliver the service in a way that meets the Council's requirements and the priorities, a report to be brought to Cabinet to consider other options, including the implications of ceasing the service.

3. Report detail

- 3.1 The Outdoor Pursuits Service operates at Sneyd Watersports Centre at the former Sneyd High School and the Aldridge Airport Outdoor & Environmental Education Centre, the "High Ropes" course. 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.
- 3.2 The team provides a service to twenty-three school and community groups. The majority of the users are children and young adults with special needs. Current users include Mary Elliot Special School, Old Hall Special School, Sense - Adult deaf and dumb disability group, Prince's Trust, Walsall Short Breaks for Children with Disabilities, St Francis of Assisi Technical College, Walsall College, British Muslim Youth group, Aldridge Academy, Shepwell school. Other less frequent users include Cooper and Jordan, Grace Academy, Leighswood JMI, Jane Lane School, Shelfield Academy, Wood Green Academy, and a range of uniform groups (cadets, scouts and guides).
- 3.3 Until the 2014/15 financial year the Outdoor Pursuits service received a revenue subsidy of £97,000 per annum. As part of the 2015/16 budget process a proposal was initially made to close the Outdoor Education Service (saving ref 62). Following consultation with stakeholders and users Cabinet amended the proposal so that, rather than close, the service could attempt to operate at a full cost recovery budget position and ultimately receive no funding from the Council. It was intended that the move to full cost recovery would be achieved over 2 years: 2015/16 and 2016/17.
- 3.4 For context, full cost recovery budgeting is increasingly common with outdoor education providers, such as Staffordshire County Council and Nottinghamshire County Council, with whom officers have benchmarked. However a significant difference is that almost all other providers offer *residential* outdoor education. Due to Walsall Council's previous link with Bryntysilio Outdoor Education Centre, the centres at Sneyd and Aldridge were developed as day-centres, with no accommodation. As a consequence the service has struggled to secure significant work with mainstream schools who particularly value the residential experience.
- 3.5 In the 2015/16 financial year the service was successful in halving its net-subsidy to £48,500. However in 2016/17 the performance was less successful with challenging trading conditions in the first six months leading to the net cost rising to £80,000; in the year that the service should have achieved a zero net cost. The 2016/17 under achievement of income was offset by strong performance in

the Active Living Centres and this was able to cover the shortfall. Significantly, increased income targets for the Active Living Centres in 2017/18 mean that this mitigation is no longer available.

- 3.6 Following the 2016/17 performance, an improvement plan was agreed with the Outdoor Pursuits team. The improvement plan offered further service efficiencies and increased income from several new contracts the team had secured.
- 3.7 However, in mid April 2017 the team were advised with little notice that the New Leaf Centre, a key contract representing a third of the service's projected income for 2017/18 (£82,000 of £248,000), would not be returning after Easter 2017. Despite best attempts, in mid July New Leaf confirmed that they would not be commissioning any further outdoor activities. As a result the projected overspend for the Outdoor Pursuits service for 2017/18 is £68,000. Financial pressures on schools and headteachers have made securing schools' commitment to substantial and ongoing usage of the Outdoor Pursuits service increasingly challenging.

Review of Existing Operation

- 3.8 On the basis of the projected overspend, an urgent service review was undertaken mid-2017 to ascertain measures to achieve the budgeted full cost recovery position.
- 3.9 The structure was revised to make the Senior Outdoor Pursuits Officer redundant. The two Assistant Outdoor Pursuits Officers have the necessary technical competence to operate the two sites and the team now report directly to the Principal Officer for Sport & Leisure Development. This has reduced the annual gross operating costs by £45,000 (salary, plus on-costs) to approximately £189,000 (2018/19).
- 3.10 Additional income remains difficult to secure. The service experimented with a *playscheme* for the 2017 summer holidays to run alongside the short breaks programme; however uptake was poor. There are a number of other income opportunities that are under development along with the development of additional support for marketing curricular and extra-curricular delivery to mainstream schools. However, in part because of the uncertain future of the service and short timescale, no additional bookings have been secured as yet. Furthermore, none of the above present a realistic prospect of delivering the significant net income of the scale required.
- 3.11 Income projected for the 2017/18 financial year is presented in the table below:

Description	Amount
Regular Bookings	£36,590
Cash sales	£12,064
One-off Bookings	£20,503
Short Breaks	£90,957
Total	£156,539

- 3.12 Whilst there is potential to develop further income beyond that outlined above, the vulnerability of the existing income structure should also be highlighted. Almost 60% of the income is from a single source: Children's Services' short-breaks scheme for children with disabilities. If this commission was lost (as the New Leaf commission was) the impact on the service budget would be catastrophic.
- 3.13 As previously indicated, the lack of a residential option is considered a key limiting factor in attracting additional income and usage, particularly from mainstream schools. Unsuccessful bids to develop residential provision at the Aldridge site were made to the Council's capital programme in 2015 and again in 2017.
- 3.14 On the basis of retaining current levels of income, the net cost of continuing to operate the service is projected as £68,000 in 2017/18. For a full-year effect this would reduce to £41,000 in 2018/19. The breakdown of these costs is presented below:

Subjective	2017/18 Budget (000's)	2017/18 Forecast (000's)	2018/19 Projection (000's)
Employees	107	194	167
Premises	7	7	7
Transport	2	1	1
Supplies and Services	25	14	14
Expenditure	141	216	189
Income	(149)	(156)	(156)
Net Cost	(8)	60	33
Variance to budget	0	68	41

- 3.15 Given the sizeable budget gap, the intent was to present a report to Cabinet in September 2017. As part of the preparation of the September 2017 Cabinet Report, consultation with colleagues in Clean and Green, Public Health and Children's Services suggested the potential for number of further options and opportunities that might also be explored. On that basis the Cabinet Report was put on hold.
- 3.16 The potential opportunities identified for exploration can be summarised as:
- Closer working with Clean and Green to generate significant net income to bring the service back on track to full cost recovery
 - Working with Children's Services to provide a residential offer for Walsall young people.
- 3.17 The work with Clean and Green identified a number of areas for better collaborative working that would improve both services. However none of the proposed collaborative working indicated any potential to generate significant net income.
- 3.18 There initially appeared to be the potential to work with Children's Services to pursue a residential offer for Walsall young people, including, early intervention,

children in transition, children in care, special schools and mainstream schools. However in December 2017 it was confirmed that Children's Services no longer wanted to proceed with this option.

3.19 The extensive review and consultation regarding the existing service has identified that the existing in-house operation has little prospect of achieving sufficient income to cover the balance of the £41,000 budget shortfall in 2018/19. This essentially leaves two options to return the service to a position of requiring no subsidy from the council:

- A. Partner / outsource to an external provider
- B. Service cessation

A. Outsource to External Provider

3.20 Part of the review was a soft-market testing exercise to gauge interest from partners to operate the centres alongside the existing in-house team. The majority of the existing delivery is curriculum time – Monday to Friday before 5pm, creating the potential for a partner to utilise the centres during evenings and weekends.

3.21 Whilst there was little interest in a shared operation, one provider expressed an interest in taking on the service in its entirety. Alongside delivering existing sessions to current customers, they would also seek to augment this usage by developing accommodation at the Airport.

3.22 The existing Outdoor Pursuits team has proposed similar development in the past, but was unable to secure the necessary capital funding. As outlined previously, the lack of a residential offer puts Walsall Outdoor Pursuits at a significant disadvantage, particularly as mainstream schools consider the residential aspect integral to the value of outdoor education.

3.23 The option of outsourcing the service to another provider has significant merits:

- Staff would TUPE across to the new provider, thereby mitigating staff redundancies.
- The new provider would continue to provide existing services to Walsall residents and organisations.
- The new provider would be able to use their expertise and network to access additional markets and income.
- The risk of future years overspending would no longer sit with the Council.

3.24 The model of outsourcing would need to ensure:

- Ongoing affordable access to services for Walsall residents.
- Transfer of remaining staff to the new provider in accordance with TUPE requirements.
- Appropriate leasing of premises and gifting of equipment (to avoid ongoing liability of older equipment).
- Approval of the National Lottery (the Aldridge Airport Centre was Lottery funded in 2006).

- 3.25 In tandem with the procurement exercise, consultation will be undertaken with service users (principally the head teachers of the client schools) to ascertain the aspects of the service that are of most value.
- 3.26 The viability of the outsourcing option is ultimately dependent on a procurement exercise identifying a suitable organisation willing to take on the service based on an agreement that secures the above factors. The procurement exercise will seek to attract as much market interest as possible from both the third and voluntary sector, as well as commercial outdoor education providers.
- 3.27 The soft market testing exercise did however suggest that an incoming provider would want to focus on bookings for the peak summer provision and the academic year. Allowing time for a robust and compliant procurement process it is unlikely an external provider could be secured in time for delivery in summer 2018. Providers may wish to market and take bookings in the lead in to a summer peak season. There is therefore a risk that a transfer date of 1 October 2018 (approaching the winter “off season”) may not necessarily suit potential partner providers. An early January 2019 transfer date may be more appropriate.

B. Service Cessation

- 3.28 The fall-back position, if no other options are deemed appropriate or indeed available, would be to revert to the original saving from the 2015/16 budget and close the service. This would necessitate the redundancy of the four remaining staff and cease the provision of services to Walsall residents (including groups with protected characteristics). It would also create a liability for the Aldridge Airport Centre – the ongoing use of which would be limited both by the conditions of the National Lottery funding and also its location in the green-belt.

Conclusion and preferred option

- 3.29 The preferred option is that the Council commence a procurement process to progress the outsourcing to an external provider (option A). This process would seek to (TUPE) transfer the staff, premises and assets to a provider who could continue to provide a service to Walsall residents without a Council subsidy.
- 3.30 The opportunity is anticipated to be attractive to a number of established providers of outdoor education. The opportunity would also be available to voluntary sector organisations.
- 3.31 Progressing option A does not preclude the further development of the existing in-house operation. The staff’s consultation period would continue to be extended and they would remain at risk during the procurement process. The service would continue to operate in its current format (without the Senior Officer) through to 30 September 2018. During this period the revised operating model could continue to develop, both to mitigate ongoing budget pressure and also provide a better developed alternative model to inform the procurement decision.
- 3.32 The outline timescale for the implementation of this recommendation would be:

Advertise tender for external operator	April 2018
Return date for tenders	May 2018
Evaluation of tenders (including operator interviews)	June 2018
Contract award	June 2018
Ongoing Staff consultation	January - June 2018
Handover to external contactor	1 October 2018

4. Council Corporate Plan priorities

- 4.1 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.
- 4.2 Outdoor Pursuits allow people to achieve and succeed – including young people who struggle with more traditional activities; this is 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.
- 4.3 On this basis, efforts to secure the continued provision of Outdoor Pursuits will directly support the following Council priorities:
- **People have increased independence, improved health and can positively contribute to their communities.**
 - **Children have the best possible start and are safe from harm, happy, healthy and learning well.**

5. Risk management

- 5.1 The below matrix indicates the key risks associated with the options for the future of the Outdoor Pursuits Service, assessing the risks as high (red) medium (amber) or low (green).

	Continuity of Service	Redundancy Cost	Ongoing Financial Risk (assets)	Ongoing Financial Risk (Service)	TUPE Risk	Procurement Risk	Lottery Clawback risk
Status Quo	G	G	A	R	G	G	G
Outsource to External Provider	G	G	G	G	A	A	A

6. Financial implications

6.1 The continued operation of the service whilst an external provider is sought is as follows:

Subjective	2017/18 Budget (000s)	2017/18 Forecast (000s)	2018/19 Full-year Projection (000s)	2018/19 6mths to 30 Sept Projection (000s)
Employees	107	194	167	83.5
Premises	7	7	7	3.5
Transport	2	1	1	0.5
Supplies and Services	25	14	14	7
Expenditure	141	216	189	94.5
Income	(149)	(156)	(156)	(78)
Net Cost	(8)	60	33	16.5
Variance to budget	0	68	41	20.5

6.2 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 an eight year penalty may be applied by the funding agency, the council may have to repay a sum of approximately £0.430m.

6.3 Although the Lottery is understandably reticent to specify the conditions that would trigger clawback (but rather assess on a case-by-case basis), it has been advised that it may be possible to close the centre without clawback. Disposal of the asset may trigger clawback, while demolition of the centre would certainly trigger clawback.

6.4 Transfer to another user / occupant may trigger clawback. Such transfers would be considered by the lottery on a case-by-case basis based on the terms of the transfer. The Lottery's approval of such transfers is not uncommon, so long as the incoming provider continues to deliver the outcomes of the project.

7. Legal implications

7.1 This is a discretionary service. Legal Services, Human Resources and the Estates team will need to be engaged to support the procurement and any subsequent transfer / externalisation process. Particular attention will need to be given to:

- Transfer of staff (TUPE)
- Transfer of assets (boats etc)
- Leasing of premises

- National Lottery grant conditions

8. Procurement Implications/Social Value

- 8.1 The Head of Leisure, Culture & Operations would lead a project team of officers to co-ordinate the procurement / externalisation process. The procurement exercise will seek to attract as much market interest as possible from the voluntary sector, outdoor pursuits and commercial operators

9. Property implications

- 9.1 Any future options should have regard to the two sites from which the service currently operates. 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.

- 9.2 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 9 years to run until 28 July 2026, representing c.£54,000 per year of remaining claw-back, a sum of approximately £0.430m.

- 9.3 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 council is intending to grant a lease to a company to run the site for school/ community group use then that would be preferable as it would be in keeping with the original aim of the project.
- If the council is intending to lease to a private company then this would be considered on an individual case basis. The Fund has not in the past been inclined to grant leases to commercial companies but recognise that in the current financial climate sometimes there are no alternatives. In these cases the Lottery would look to agree that the profits from leasing the land are used for the local community/groups rather than being used in general Council funds.

10. Health and wellbeing implications

- 10.1 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.

- 10.2 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.

11. Staffing implications

11.1 The Outdoor Education Service currently has four staff (4 FTE) comprising:-

2 x Assistant Outdoor Pursuits Officers (G7) – instructors
2 x Outdoor Pursuits Assistants (G7) – instructors

11.2 All staff are full-time permanent employees.

11.5 The intent of outsourcing the service is that the remaining four staff would transfer to the new provider in accordance with TUPE regulations. This would secure their ongoing employment.

11.6 If Cabinet supports the recommendations in this report, the staff will remain at risk of redundancy whilst the procurement of a new provider is explored. This will extend their period of consultation allowing the staff to be engaged in the future development of the service.

12. Reducing Inequalities

12.1 The vast majority of the Outdoor Pursuits Service users are people with disabilities – a protected characteristic under the Equality Act (2010). As such any actions that do not secure the continued service delivery to this group will need to be carefully considered. An Equality Impact Assessment has not been carried out at this stage.

12.2 The proposed outsourcing of the service in accordance with the principles outlined in paragraph 3.24, would see no change to the customer experience – service delivery to existing users will remain unchanged. As such this change should have no impact on service users.

12.3 If the procurement exercise leads to the identification and consideration of options that depart from the principles in paragraph 3.24 a full Equality Impact Assessment of these options would be undertaken and a further report brought to Cabinet.

13. Consultation

13.1 The staff have been involved in the review of the service and have been in a period of formal consultation, with regular meetings since 7 June 2017. It is intended that their period of consultation will be extended to cover the procurement process, during which time they will continue to be engaged.

13.2 The Economy and Environment JNCC have been made aware of the review of the Outdoor Pursuits team. The JNCC was briefed on the proposal to seek an external provider at their meeting 16 August 2017 and have received regular updates since. The next planned update will be at the meeting of 24th January 2018.

13.3 Face to face consultation took place with principal users as part of the original savings proposal in 2014 / 15. Including:

- Mary Elliot Special School
- Old Hall Special School
- Chase Community Holmes (residential care for young people with autism)
- SENSE (deaf/blind young people)

13.4 A constant theme through the consultation was the impact the service has on the lives of disabled young people; the service offers them a degree of freedom and a sense of achievement, independence and sensory experiences that they cannot replicate through other services or their daily lives. All the consultees expressed a willingness to embrace different ways of working, but hesitance to access alternate service provision.

13.5 Alongside the procurement process, a consultation exercise will be undertaken with service users to consult on the proposal to outsource the service. The findings of the consultation will be used to ascertain the aspects of the service that are of most value to users.

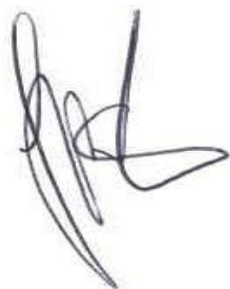
Background papers

None

Authors

Ben Percival
Sport & Leisure Service Manager
☎ 01922 654341
✉ ben.percival@walsall.gov.uk

Chris Holliday
Head of Leisure, Culture & Operations
☎ 01922 650339
✉ hollidayc@walsall.gov.uk



Simon Neilson
Executive Director
Economy & Environment

13 March 2018



Councillor Ian Shires
Cabinet Portfolio Holder
Community, Leisure & Culture

13 March 2018