

# Children, Young People and Families Scrutiny Panel

3 February 2020

<b>Report title</b>	The Towers Outdoor Education Centre – Options Appraisal	
<b>Cabinet member with lead responsibility</b>	Councillor Dr Mike Hardacre Education	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Emma Bennett	
<b>Originating service</b>	Partnerships and Commercial Services (Education)	
<b>Accountable employee(s)</b>	Richard Welch	Head of Partnerships and Commercial Services
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<b>Report to be/has been considered by</b>	Cabinet	19 February 2020

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## Recommendation for action:

The Scrutiny Panel is recommended to:

Comment on the proposed options being considered for the future of the Towers Outdoor Education Centre.

## Recommendations for noting:

The Scrutiny Panel is asked to note:

This item is being considered as pre-decision scrutiny and will therefore not be available to call-in once a decision is made by the Executive.

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Cabinet</b> <b>19 February 2020</b>
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<b>Report title</b>	The Towers Outdoor Education Centre – Options Appraisal	
<b>Decision designation</b>		
<b>Cabinet member with lead responsibility</b>	Councillor Mike Hardacre (Education)	
<b>Key decision</b>	Yes	
<b>Wards affected</b>		
<b>Accountable Director</b>	Emma Bennett	
<b>Originating service</b>	Partnerships and Commercial Services (Education)	
<b>Accountable employee</b>	Richard Welch	Head of Partnerships and Commercial Services (Education)
	Tel	01902 552162
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<b>Report to be/has been considered by</b>	Extraordinary Scrutiny Meeting	3 February 2020

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**Recommendation for decision:**

Cabinet is recommended to:

1. Approve the preferred option 1 as detailed within the options appraisal.
2. Support further work being undertaken with users of Towers to identify alternative options for outdoor education.
3. Under the #YES, engage with parents, young people and schools' longer term to ensure a range of activities and opportunities are accessible for all children and young people.

## **1.0 Purpose**

- 1.1 To provide an options appraisal regarding the Towers Outdoor Education Centre in order that a decision can be made in relation to the future of the facility.

## **2.0 Background**

2.1 The City of Wolverhampton Council (CWC) owns and operates The Towers Outdoor Education Centre (Towers) near Betws-y-Coed in North Wales. Towers offers outdoor education activity to school pupils from Wolverhampton and other schools, outside of the Wolverhampton area, to support learning and personal development as outlined in the National Curriculum. In the financial year of 2018-2019, 18 Wolverhampton schools utilised the Towers Outdoor Education Centre totalling 33 bookings (see appendix 1). The remaining 84 schools did not access the Towers in 2018/19 but did offer a range of alternative provision including on-site, local, regional and national facilities.

2.2 The draft 2020-2021 net budget for the Towers Outdoor Education Centre is £150,000. The Medium-Term Financial Strategy 2020-2021 to 2023-2021 presented to Cabinet on 16 October 2019 includes a Budget Reduction Target of £150,000 for the Towers Outdoor Education Centre in 2020-2021. The Council has recognised that it cannot continue to operate Towers on this basis, and consequently committed to a review and options appraisal to minimise the subsidy element in order to provide the most appropriate outdoor education offer to the children and schools of Wolverhampton. Options include:

- Option 1: Close Towers immediately and dispose via auction (with users signposted to alternative provision)
- Option 2: Community Asset Transfer
- Option 3: City of Wolverhampton Council to retain asset, bearing costs for compliance and on-going budget subsidy.

2.3 Capital costs of approximately £200,000 for immediate priority compliance works and £400,000 for structural works (within a three to five-year period) have been identified in order for the building to be health and safety compliant.

2.4 In an outdoor education survey with 33 school returns, 11 schools who currently do not use Towers stated that their alternative chosen provision included Kingswood Outdoor Education Centre (Kingswood), Conover Centre (Shrewsbury), Brecon Beacons, Larches Wood (Coven), Whitmore Lakes (Lichfield), Manor Adventure (various locations), Mount Cook (Matlock), Duke of Edinburgh (various) and school grounds. Reasons for schools not using the Towers were grouped as distance (5 schools), Cost of both transport and provision (5 schools).

### **3.0 Progress**

- 3.1 In September 2018, CIPFA C. Co Ltd was commissioned to work alongside the Council's internal project team to manage the production of a report which identifies opportunities and options in relation to the future of the site. A Project Board was established to oversee the project and provide a layer of governance and challenge. The board included internal and external representation comprising Education, corporate functions within the Council, an external consultant and 'Friends of Towers'.
- 3.2 One of the options identified within the consultant's report included the exploration of an asset transfer with a local social enterprise (Creating Enterprise) based in Colwyn Bay, North Wales. However, following the identification of immediate priority compliance and health and safety work estimated to be in the region of £200,000, the main facility was temporarily closed in August 2019 and discussions with Creating Enterprise have been deferred pending a Cabinet decision regarding the future of the facility. During this interim period, some schools have chosen to downsize their bookings and use the smaller accommodation on the site (Anglesey building). A number of other schools continue to access instructional provision on the site but are utilising other accommodation within the locality. Forecasted income associated with these bookings is estimated at £7,000.
- 3.3 As part of the review, a consultation exercise was undertaken with existing users of Towers via the 'Friends of Towers' on 9 December 2019 where an update was given regarding compliance issues associated with the facility. In addition, proposed options regarding the future of the facility were also set out. Following the meeting, a total of 10 responses were given to a questionnaire with a mixed response suggesting that the Council should either consider an asset transfer or retain the facility (Appendix 2).
- 3.4 As part of the Council's Youth Engagement Strategy (#YES), a consultation exercise was undertaken over the 2019 summer period which generated 1600 responses. Significant feedback was received which indicated that young people would like more community based, local provision and activities. In addition, strong feedback was also received which demonstrates that young people would like to determine future provision and activities through a co-production approach. The revised strategy will ensure delivery of a key priority for CWC which is to develop more activities and opportunities for all Children, Young People and their families across the City. As detailed in the #YES – improving how we engage with our children and young people (CYP) report presented to Cabinet on 22 January 2020, growth of £150,000 in 2020-2021 will be re-prioritised to support this agenda.
- 3.5 Having investigated the planning implications with Conwy Council regarding the future of the site, research has shown that any disposal would need to be undertaken on the basis that existing use would need to be retained. Consequently, the scope for future use combined with the poor condition of the building would limit the value of the facility. It should also be noted that planning permission would be required for any change of use to the site which may be unlikely given that the facility is based in the National Snowdonia park.

## 4.0 Options Appraisal

The following options are proposed regarding the future of the facility:

### 4.1 Option 1 – Close Towers immediately and dispose via auction (with users signposted to alternative provision)

Timescale for disposal: two months (subject to auction dates). This disposal method represents the most efficient way to dispose of the property in terms of releasing it from the Council and generating a capital receipt. Once the property is vacant and formally declared surplus via Cabinet, the Council would instruct an auctioneer to offer the property for sale at the next available auction. Under this scenario, the facility would be sold to the highest bidder. There would be a risk that no bidder comes forward at auction, but this may be deemed to be minimal and it would leave the Council free to pursue other options.

#### Advantages and Opportunities

- Quickest method of disposing the property via the open market
- Ensures that best consideration is achieved in monetary terms
- Wide audience of potential purchasers
- No cost to the Council, purchaser pays auctioneer's fees
- Minimises void costs

#### Disadvantages and Risks

- Post-sale control is limited
- No ability to assess eventual purchaser pre-sale
- No account taken of non-monetary benefits (social, environmental, economic)
- Interest / demand may be poor
- May not sell
- Loss of jobs

### 4.2 Option 2: Community Asset Transfer – A flow chart detailing the Council's disposal process (including links to the asset transfer process) is detailed in Appendix 3.

It is anticipated that this process would take between 12-18 months to. Under this option the council would be required to undertake immediate priority compliance works estimated at £200,000 but would transfer the longer-term structural costs estimated at approximately £400,000 to the tenant. The Council would be required to bear the costs associated with staffing during the transfer period as detailed section 7.6. As the Council cannot identify the required funding to address priority compliance works, and asset transfers can take at least 12 months to complete, a phased approach would be required.

#### Advantages and opportunities:

- Ability to safeguard provision
- Potential for external partner to invest in facility
- Enhanced and modernised facility could be utilised more commercially at weekends and during holiday periods

### **Disadvantages and risks:**

- Risk of asset transfer collapsing and facility being returned to Council as a liability
- Capital Costs associated with Asset Transfer in excess of £200,000.
- Loss of staff during this period, which may affect the delivery of the service, resulting in the cancellation of current bookings and loss of income.

### **4.3 Option 3 – City of Wolverhampton Council to retain asset, bearing costs for compliance and on-going budget subsidy.**

In order to retain the asset, the Council would need to invest in immediate compliance works estimated at £200,000, further structural works estimated at £400,000 and in order to commercialise the facility, up to a further £1.1 million in refurbishment and modernisation costs.

### **Advantages and Opportunities**

- Enhanced and modernised facility which could be utilised more commercially at weekends and during holiday periods.

### **Disadvantages and risks**

- Costs in excess of £1.7 million
- Lost income and staff not fully deployed during refurbishment period
- Total costs to modernise in excess of value of property

## **5.0 Evaluation of alternative options**

5.1 An alternative option to work in partnership with local Multi Academy Trusts was raised post consultation phase. Although little work has been undertaken to explore this option further, it is proposed that Multi Academy Trust partners within the city will be alerted to any relevant opportunities arising from the Cabinet decision making process as deemed appropriate.

## **6.0 Financial Implications**

6.1 The 2019-2020 gross budget for the Towers Outdoor Education Centre is £449,000. The service has an income budget of £305,000, giving an annual net budget of £144,000. In addition, there are costs held in Corporate Landlord for utilities, general repairs and maintenance, and surveys, these average out to around £60,000 per year.

6.2 The Medium-Term Financial Strategy 2020-2021 to 2023-2024 (MTFS) presented to Cabinet on 16 October 2019 includes a Budget Reduction Target of £150,000 in 2020-2021 for the Towers Outdoor Activity Centre.

6.3 The forecast financial implications associated with each option are detailed below.

- 6.4 **Option 1** – Close the site immediately. This option will deliver the budget reduction target in full. There will be some short-term costs associated with the closure and disposal of the site; including one off pilon cost and redundancy costs, and security costs whilst the Centre is held vacant until disposal. Security costs are forecast to be in the region of £500 per month.
- 6.5 **Option 2** – Community Asset Transfer. This option will not deliver the budget reduction target as currently included in the MTFS. The budget reduction target will not be delivered until the asset has been transferred which is likely to take 12 to 18 months. In addition, priority capital compliance works will need to be carried out before the asset transfer can be concluded, these costs are estimated to be in the region of £200,000. There is currently no approval for this within the Capital Programme.
- 6.6 Parts of the site will need to be closed whilst these capital works are carried out, in addition, the main Towers building will remain out of operation during the whole period; this will impact on the income generated by the Centre. Based on the current operational costs and forecast income that could be generated from the building during this period, the annual cost of retaining the Centre is forecast to be in the region of £290,000.
- 6.7 **Option 3** – Retain the asset and reduce subsidy. This option will not deliver the budget reduction target currently included in the MTFS. This option would require significant capital expenditure to carry out priority compliance and structural works, as well as a full refurbishment to enable the Centre to operation more commercially in order to reduce the subsidy. The estimated total costs of these capital works are in the region of £1.7 million. The annual revenue cost of this borrowing is £120,000. There is currently no approval in the Capital Programme.
- 6.8 The timescale of these works is not yet known; however, it is likely that the Centre would need to be closed in part or full to enable these works to be carried out; this will impact on the Centres ability to generate income. Based on the current operational costs and reduced income that could be generated from the building during this period, the annual cost of the centre whilst the capital work is being undertaken is in the region of £430,000. Once the centre is refurbished and fully operational, additional income of £270,000 (£150,000 net budget plus £120,000 borrowing costs) would need to be generated in order to reduce the subsidy. This is likely to take several years to achieve.
- 6.9 There will also be additional costs in future years with ensuring the Centre is maintained to a good standard.

[Finance Code: AS/28012020/Q]

## 7.0 Legal implications

- 7.1 A disposal via auction or tender would be carried out in accordance with usual conveyancing procedures and would leave the Council with no ongoing liabilities.
- 7.2 Under option 3 the Council would need to ensure that it is not in breach of S.123 Local Government Act 1972 which requires the Council to obtain best consideration reasonably available when disposing of an asset. A lease for a term of more than seven years is regarded as a disposal. A general consent has been issued by the Secretary of State allowing transfers at an undervalue which are for community benefit, but only where the

undervalue is less than £2 million. In order to ensure that this is complied with, a detailed valuation would be required.

In addition to the S.123 requirements, a transfer or lease at an undervalue may also contravene State Aid requirements. The specific details of any community asset transfer would need to be considered to ensure that they are in compliance with State Aid requirements.

It should also be noted that if any of the consideration was non-cash and included the provision of service, the Council would need to consider whether this necessitated a formal procurement exercise

The terms of any lease would need to ensure that the entire repairing liability was passed to the Tenant. Given that the property is in a poor condition this may make a community asset transfer unattractive for potential tenants.

- 7.3 Under Option 4 the Council would be required to ensure all compliance work is carried out and continue to finance the service
- 7.4 The Council is obliged to consider any expression of interest from a community or voluntary body to run a service in accordance with S.81 Localism Act 2011. The expression of interest must include information about the financial resources of the body expressing an interest, evidence that they could run or assist in running the service, information about the outcomes to be achieved and details of how it will engage employees. If the Council accepts an expression of interest it is required to run a procurement exercise. The Council is also able to specify a period during which it will accept expressions of interest for a particular service.

[Legal Code: TS/10012020/R]

## **8.0 Equalities implications**

- 8.1 An equality analysis has been undertaken against each of the options with a supplementary analysis to be undertaken pending the cabinet decision.

## **9.0 Environmental implications**

- 9.1 There are no immediate environmental implications associated within this report. However, if further work to the facility is undertaken as part of an investment programme, advice will be taken from appropriate agencies.

## **10.0 Health and Wellbeing Implications**

- 10.1 The facility provides children and young people within the city the opportunity to experience healthy lifestyle related activity. It is essential that alternative provision be made in the event of option 1 being executed.

## **11.0 Project Implications**

- 11.1 Required documentation was completed for the initial phase of this project. However, if the first recommendation is agreed a further project plan will be created with a monitoring system and governance arrangements in place to drive the programme and manage performance.

## **12.0 Human resources implications**

- 12.1 In the event of a closure, staff will be consulted, and redundancies will apply. A dialogue has been opened with Conwy Council to explore the possibility of redeployment. In the event of a TUPE transfer, HR policies and procedures will be followed. There are no foreseen immediate HR implications for option 3. However, a more commercial operating model may require a restructure to be undertaken to ensure the required skill sets exists within the service.

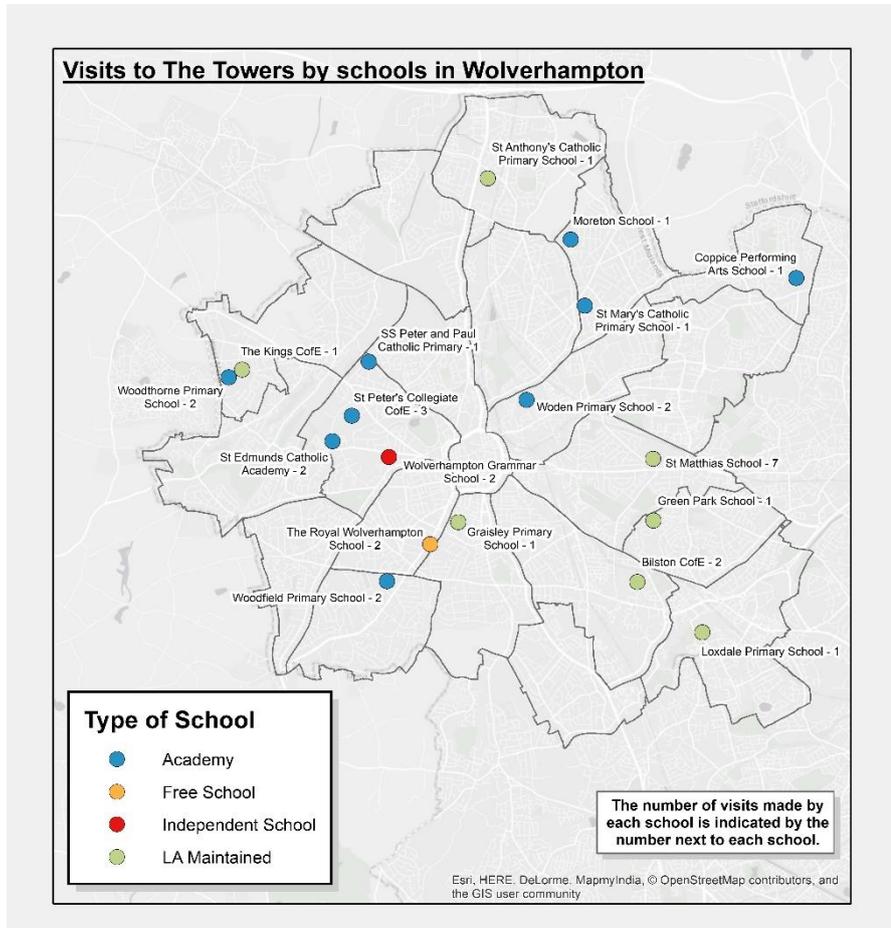
## **13.0 Corporate landlord implications**

- 13.1 In the event of a disposal and sale of the facility, Corporate Landlord would lead on the process. In the event of an asset transfer, Corporate Landlord would lead on the development of a proposed long-term lease between the Council and the successful party.

## **14.0 Appendices**

- 14.1 Appendix 1 – Wolverhampton Schools visits to the Towers Outdoor Education Centre
- 14.2 Appendix 2 – User Consultation Responses
- 14.3 Appendix 3 - Surplus Property Disposal process

Appendix 1



Icon on map	Type of School	School Name	Number of Visits
●	Academy	Coppice Performing Arts School	1
●	Academy	Moreton School	1
●	Academy	SS Peter and Paul Catholic Primary	1
●	Academy	St Edmunds Catholic Academy	2
●	Academy	St Mary's Catholic Primary School	1
●	Academy	St Peter's Collegiate CofE School	3
●	Academy	Woden Primary School	2
●	Academy	Woodfield Primary School	2
●	Academy	Woodthorne Primary School	2
●	Free School	The Royal Wolverhampton School	2
●	Independent School	Wolverhampton Grammar School	2
●	LA Maintained	Bilston CofE Primary School	2
●	LA Maintained	Graisley Primary School	1
●	LA Maintained	Green Park School	1
●	LA Maintained	The Kings CofE School	1
●	LA Maintained	Loxdale Primary School	1
●	LA Maintained	St Anthony's Catholic Primary School	1
●	LA Maintained	St Matthias School	7

[PROTECT]

Appendix 2 - User Consultation Responses

Attached Excel Spreadsheet

Appendix 3

### Surplus Property Disposal Process

