
NORTH AYRSHIRE COUNCIL

20 March 2018

Cabinet

Title: Arran Outdoor Education Centre Business Improvement Plan

Purpose: To seek Cabinet approval for the Arran Outdoor Education Centre Business Improvement Report (2017) proposals and revised pricing structure.

Recommendation: That Cabinet:

1. Approves the content and recommendations of the Business Improvement Report 2017; and
2. Approves a revised pricing structure for North Ayrshire Council groups and for external bookings.

1. Executive Summary

- 1.1 This report informs Cabinet of the Business Improvement Report which will be used to implement a revised pricing structure to improve the financial sustainability of the Arran Outdoor Education Centre. The adjustment is required to meet continued and increasing business pressures which accompany the operation of the facility over a vibrant and complex fifty week, part-week and weekend schedule, and to reduce the risk of the Centre operating at a deficit.

2. Background

- 2.1 The current 44 bed purpose built centre at Lamlash Bay opened in October 2008 at a cost of £4.5 m. Its core business programmes are:
- Five Day & Weekend Residential Primary & Secondary School Outdoor Learning courses;
 - Primary Residential: Environmental & Social Studies, Mathematics, Science, Health & Well Being and Transition programmes;
 - Secondary Residential: Curricular Geography Field Studies, Art, Mathematics and Leadership & Aspiration Courses;
 - Continuous Professional Development leading to National Governing Body Awards such as Mountain Leader;
 - Public Vocational Courses leading to National Governing Body Awards – Royal Yachting Association Shore based and Practical Courses; and
 - Duke of Edinburgh's Award expedition and training programmes.

2.2 Since April 2014 the Centre has moved under new leadership to transform its operations and its relationships. It is highly regarded by the local community, partner organisations and external agencies. This approach is summarised as follows:

“We are open for business, with a strong commitment to partnership working with local communities and national bodies.”

2.3 This has resulted in the following improvements:

- The Centre is open 50 weeks and weekends of the year;
- An increase in user numbers and income;
- A centre which is inclusive to all users; and
- Improved advertising and profile.

2.4 During this period the Centre has reaffirmed its place as a centre of excellence for residential outdoor learning experiences. It now holds 5 star visitScotland accreditation for residential and outdoor adventure activity programmes. Successful revalidations by Royal Yachting Association and Adventure Licensing Authority have confirmed that the quality of expertise and safety of all users has been maintained while increasing overall levels of programming and business activity.

2.5 As a result of increasing activity, which has been accompanied by the requirement for increased expenditure on staff and equipment, an approach to the Business Partner Team to review the financial sustainability of the Centre resulted in an in-depth piece of work with Finance and Centre staff to consider the financials and growing business pressures that were being identified by Centre staff. Employee cost pressures have increased as the Centre bookings and occupancy rates have steadily increased. The Centre is now also required to maintain and replace all equipment from within the Centre Budget. Previously this funding was provided by the former Education and Skills Directorate Core Budgets.

2.6 A five year plan for replacing Centre equipment has been prepared as part of the ongoing business improvement processes within the Centre and highlights the range and cost of equipment required to ensure the Centre is fully operational and ensures equipment is available for use.

This includes the following expenditure areas:

- Water based activities, including, kayaks, and dinghies, other sailing craft, moorings, hoists and anti-fowling gear;
- Land based activities, including mountain biking, cross country ski-ing, camping expeditions, individual equipment (boots, waterproofs, rucksack kit); climbing and John Muir Award requirements.

2.7 The total projected annual replacement cost over a 5 year cycle is £100,000 per year.

2.8 An Internal Audit Report, 14th November provided further information which assisted in considering a Business Improvement Plan for the Centre. The Internal Audit Report of October 2017 identified a risk to the Council by a variety of schools' procedures:

- Changing the number of attendees at short notice;
- Failing to provide supporting documentation for all attendees;
- Cancelling the entire booking at short notice;
- The Centre being financially disadvantaged by providing Centre staff to cover the booking numbers stated on the booking forms; and
- Users who require medical/emotional support are being put at risk as the Centre fails to receive relevant documentation within the required time scale.

2.9 As a result of the North Ayrshire Council Business Partner review, the key findings and outcomes were as follows:

- Centre budget and business pressures were identified;
- This has been offset by continued cost pressures from increased staffing, cyclical equipment replacement and operating costs;
- Fee comparisons across the sector and sensitivity analyses were modelled and completed;
- Lost income was identified: free school places: £45,000 in 2016/17 and accompanying staff places: £10,000 in 2016/17;
- Overnight allowances paid by the Centre for visiting North Ayrshire teaching staff amounted to £5,000 2016/17;
- A revised budget has been produced to incorporate increased cost pressures;
- A revised pricing structure has been created for all users, proposed to be implemented for new bookings from April 2018 onwards; and
- Revised booking procedures have been proposed, to address lost income from non-occupancy post booking, starting from January 2018.

2.10 North Ayrshire Council Service Key Findings

- Centre income has increased to circa £260,000 or by 24.6% since 2015/16 compared with 2017/18 projections;
- Summer income has increased to circa £54,000 or by 54% since 2015 compared to summer 2017 figures;
- Centre usage has increased for mid weeks bookings from 43 weeks to 50 weeks;
- Centre usage at weekends has increased from 17 weekends in 2015/16 to 37 weekends in 2017/18;

2.11 In order to prevent the Centre from continuing to operate at a deficit, and to enable the Centre to invest in, and upgrade, equipment, the Business Improvement Plan seeks to introduce a revised pricing structure for all new bookings and users from April 2018 as follows in **Table 1** below:

Table 1: Arran Outdoor Education Centre: Fee Comparison and Proposal 2018-19

Fee structure (£):	Current Fee Structure	Revised Fee Structure	North Tyneside (1) Council Fee Structure	Sportscotland Inverclyde (2) Fee Structure
North Ayrshire Schools				
Weekend (Fri - Sun)	89	107	170	155
Long Weekend (Fri - Mon)			190	225
Week (Mon - Fri)	169	202	227	295
Other Schools				
Weekend (Fri - Sun)	179	213	230	155
Long Weekend (Fri - Mon)			258	225
Week (Mon - Fri)	339	405	306	295
Family / Other Groups				
Weekend (Fri - Sun)	411	550	824	n/a
Long Weekend (Fri - Mon)	616	825	922	n/a
Week (Mon - Fri)	822	1,100	1,098	n/a

- (1) North Tyneside offers a residential land based programme with a community profile similar to North Ayrshire.
- (2) Sportscotland Inverclyde offers a residential activity/sport based programme.

2.12 In addition:

- Accompanying staff places will be charged at 50% of the regular rate (staff rate);
- Any teacher overnight allowances or expenses will now be covered by individual schools for attending staff; and
- A £20,000 budget line for phased equipment replacement will be introduced, as a minimum investment level. This will be supplemented by in-year surpluses generated by the proposed increase in income charges (see Table 2 below) and will allow the Centre to address historical and current investment challenges in relation to equipment.

2.13 **Table 2** below provides a comparative illustration of the impact of the proposed fee structure on the financial position of the Centre, resulting in an unchanged financial investment by the Council but enabling a much-needed investment in the Centre.

Table 2: Arran Outdoor Education Centre - Summary Income & Expenditure Plan 2018-19

Cost Centre 142001	2016-17 Outturn	2017-18 Budget	Budget Adjustment	2018-19 Budget
	£	£	£	£
Employee Costs	537,223	485,305	74,888	560,193
Property Costs	0	0	1,200	1,200
Transport Costs	6,228	5,290	0	5,290
Supplies & Services	109,455	64,550	80,600	145,150
Administration Costs	11,848	12,478	1,500	13,978
Third Party Payments	3,757	23,879	(23,610)	269
Other Expenditure	36	0	20,000	20,000
Capital Financing Costs	6,631	6,631	0	6,631
Income	(241,888)	(162,200)	(154,577)	(316,777)
Net Expenditure Requirement	433,290	435,933	(0)	435,933

3. Proposals

- 3.1 It is proposed that the Cabinet approves the proposed Business Improvement Plan recommendations as follows:
- 3.1.1 Approves the content and recommendations of the Business Improvement Report 2017; and
 - 3.1.2 Approves a revised pricing structure for North Ayrshire Council groups and for external bookings.

4. Implications

Financial:	<p>The revised pricing structure will ease identified business pressures relating to maintaining equipment to an approved operational standard and ensure sessional staff levels are maintained to provide a 50 week operational cover for all programmes resulting in a balanced budget and the easing of identified budget pressures on Centre budgets. Surpluses generated by increased income charges will be reinvested in equipment replacement, supporting activities and health and safety standards in the Centre.</p> <p>Increased charges for Centre users have been compared with similar centres and are deemed to continue to represent significantly good value for money.</p>
Human Resources:	There are no human resources implications contained within the AOEC Business Improvement Plan.
Legal:	There are no legal implications contained within the current report.
Equality:	The Centre offers a fully accessible facility which supports increased equity within an outdoor learning environment.
Children and Young People:	The majority of users are North Ayrshire pupils and the Centre plays an important role in providing a rich learning offer for all pupils who attend.
Environmental & Sustainability:	There are no direct implications
Key Priorities:	The AOEC Business Improvement Plan supports the Council Plan and CPP Plan objectives of, “Ensuring people have the right skills for life and work” and a “Thriving North Ayrshire for Children and Young People.”
Community Benefits:	N/A

5. Consultation

5.1 The following stakeholders were involved or engaged in developing the business improvement plan:

- North Ayrshire Council Finance Business Partnering Team;
- North Ayrshire Council, Education and Youth Employment Senior Manager and Primary and Secondary Head Teachers;
- Arran Outdoor Education Centre staff; and
- Economy and Communities senior staff.



Karen Yeomans
Executive Director (Economy and Communities)

For further information please contact **John McKnight** on **(01294) 324488**.

Background Papers

Business Paper Finance Recommendations/ Findings
Arran Outdoor Education Centre Internal Audit Report, October 2017