

c. Reducing the Revenue Costs at Brocks Hill, Oadby

Potential implementation from 2018

Potential annual savings of £100,000

1. Present situation

The Country Park

The site at Brocks Hill consists of a country park and centre. The country park (park) is 30 hectares of mixed woodland, meadow and wetland habitats which includes a community orchard, sculpture trail with accessible paths and an amphitheatre. A number of the habitats have conservation status for their species quality. Popular play areas and den building, free car parking, alongside the site being open 24/7 means it is a well used and vibrant open space.

Educational visits for schools are popular and the recent cost effectiveness change to some "self-lead" activities/school visits have already proved to be successful. Likewise the strategy for the amphitheatre use has also changed to make best use of the facility without the typical cost risks to the Council associated with putting on outdoor productions. Groups are now encouraged to utilise the space, bring all equipment including staging and generators, to run their musical/production. OWBC then receives a share of the profits, with no input other than assisting with the promotion .

The park is managed and maintained by the Park Warden, the resources of the Council's grounds maintenance team and significant input from volunteers.

This report is not proposing any changes to the current level of activities at the park nor to the responsibility for the management and maintenance of the park. The country park and barns will continue to be overseen by the Park Warden ensuring the important biodiversity and conservation elements continue to flourish and nationally accredited standards are maintained. The park will continue to be open to all and events such as the annual garden party, cross-country events, Volunteer fairs etc. will continue to be held and promoted.

The current volunteering element will not alter. The Park Warden and the Heritage Lottery funded project will enable the sustainability of both on-site and off-site volunteering opportunities/works to continue.

The Centre

The Brocks Hill centre was intended to be a showcase and exemplar of sustainable technology, to encourage take up of "green" technology and reduce the environmental impact of buildings and their occupancy.

Much of the technology in the building is now obsolete and no longer functioning. The building itself has some flaws in its design and construction and the centre has required and will continue to require significant capital investment and maintenance costs to meet current usage levels and address access and health and safety issues.

Despite the above, the centre's setting within the park is a pleasant environment. The centre currently provides office accommodation for OWBC staff, leased space to The Conservation Volunteers (TCV) a reception/shop, cafe and toilets for visitors to the park or centre users. A varied programme of events and activities are held throughout the year in the exhibition hall and the meeting room can be hired for educational or business purposes.

The centre is open all but 4 days a year.

There has been a significant amount of effort in recent years to increase the income of the centre which has included online marketing and use of social media particularly to attract young people; marketing to address competition by joined up opportunities under the tourism links through Leicestershire Promotions; increased promotion of room hire; increased volunteer participation. Despite all of this, the centre continues to run at a significant loss. The financial position of the running costs of the centre are set out below. This is followed with strategic options for the future management/use of the centre.

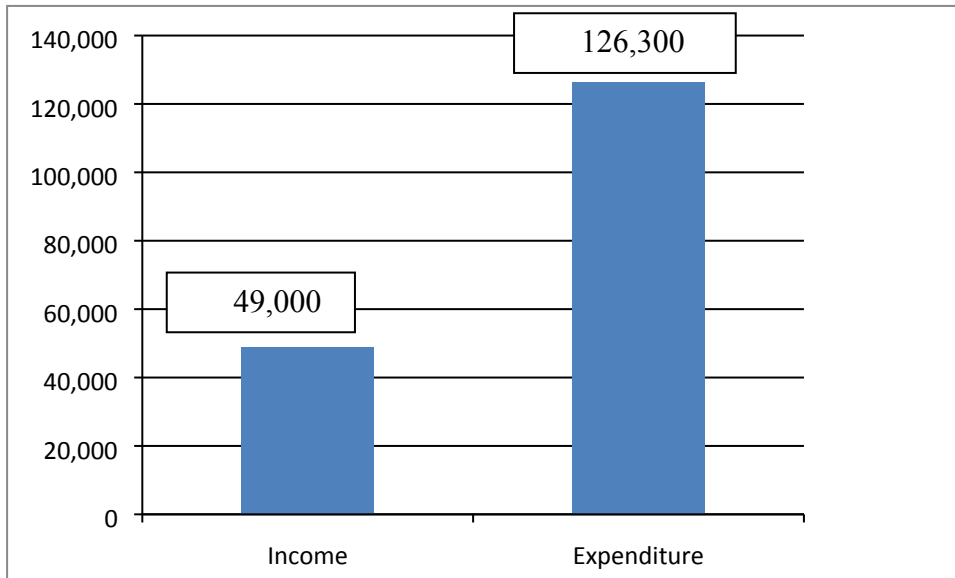
2. The Financial Position

It is understood cost neutrality has not been achieved by any Country Park service in the UK, particularly one that does not charge for car parking and entrance.

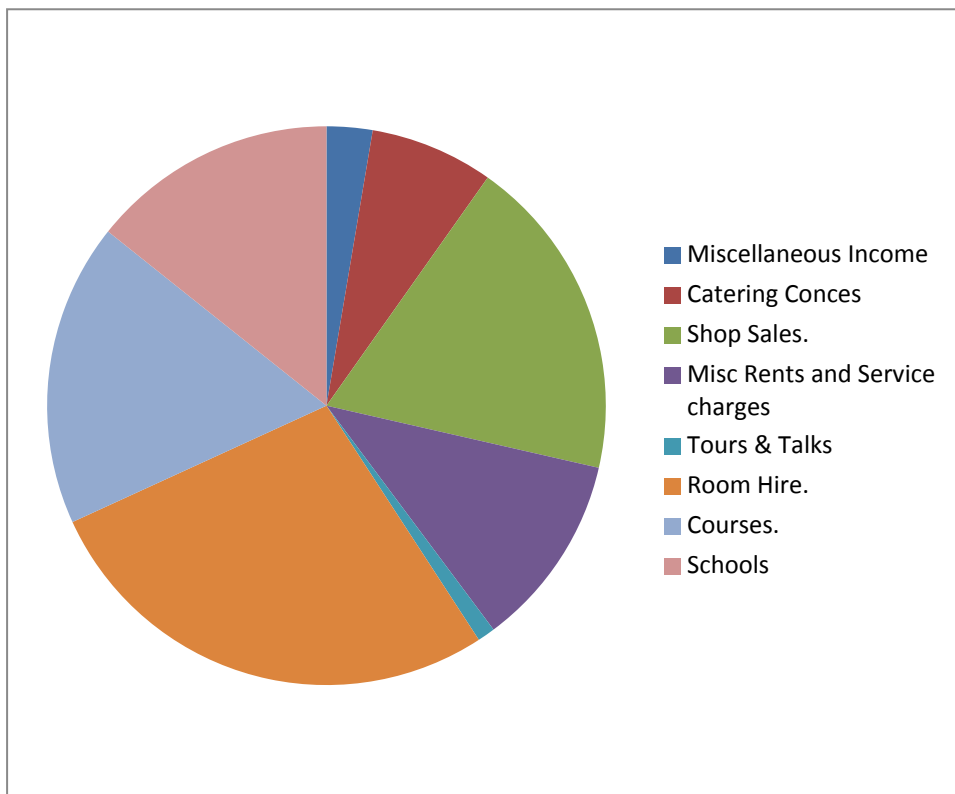
At present the centre includes salary costs for staff who work on the "Greening the Borough" corporate priority. Once this cost is removed the expenditure cost of the Brocks Hill Centre operation for 2017/18 is £126.3 k with income at £49k(c/f yr 14/15 expenditure was £164.3 k and income £52k, a loss of £112,k).

This year's decrease in expenditure is due to salary savings in 15/16. It is not envisaged further significant staff savings can be made if the centre continues to operate as now. As can be seen income is falling.

Income / Expenditure



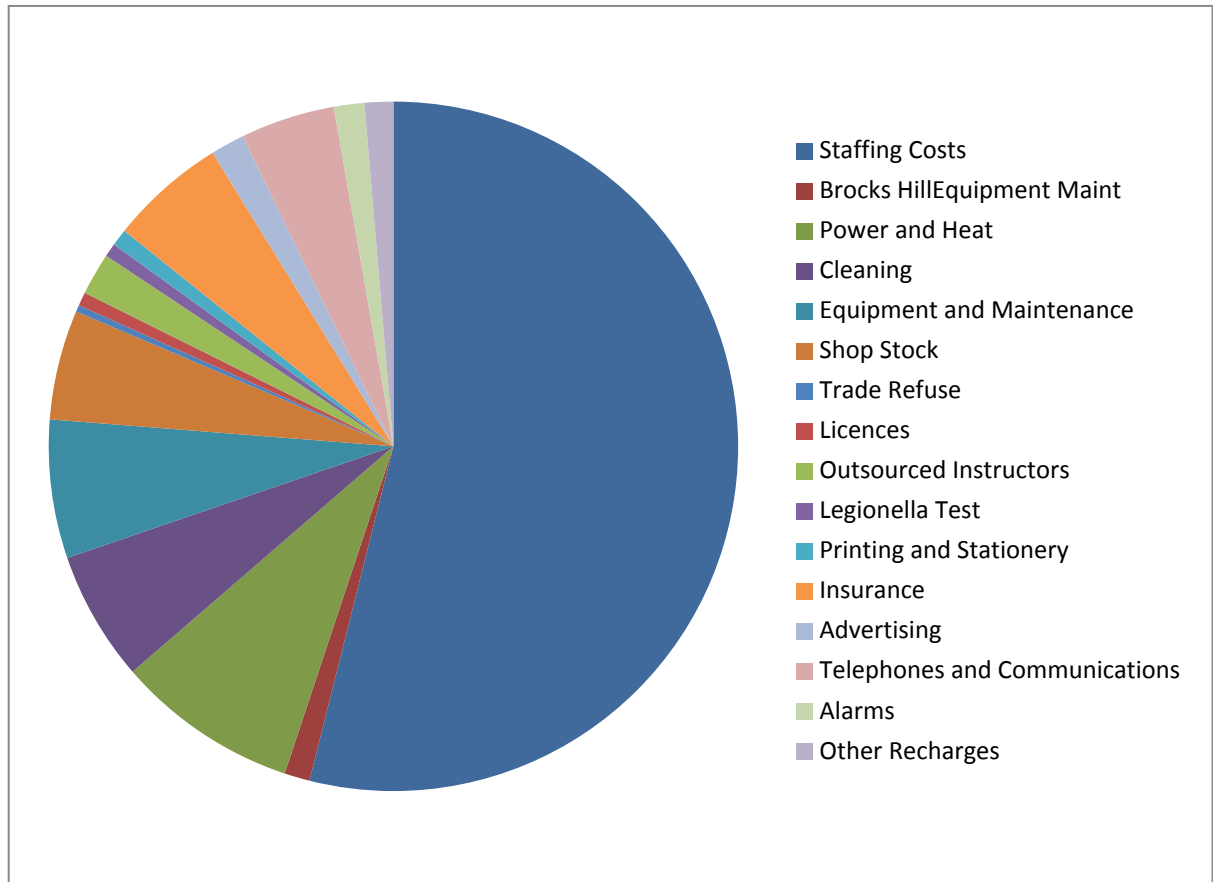
Income Chart 2017/18 - predicted



The major sources of income are:

- Rent/room hire – income makes up 27% at £13.4k The majority of hirers are community type groups/childrens parties/other public authorities eg NHS, for which charging rates are limited. Despite increased marketing there has not been a regular take up from the private commercial sector to generate increased fees. The main reason is likely to be due to the limitations of size and design of the facility and lack of car parking. On this basis the potential for increased revenue from hire is low.
- Sales – Although shop sales income appears significant at 19% of the income the actual profit is low. Stock cost alone is £6.5k giving a maximum net income of approx £3k, ignoring staff costs (which tend to be marginal). Shopping is very much a secondary activity usually related to activities undertaken whilst in the park.
- Activities are offered most days of school holidays for families; for adults on a fortnightly basis and for schools. This is a weather dependant and unpredictable market. A number of these activities are delivered through outsourced instructors which gives a maximum net income of approx £12k. With self-serve activities to save on internal and external resource costs, income will decrease.
- Catering – Whilst there is a small budgetary provision for £3.5k catering income from potential profit share etc. there is currently no catering income as the café has operated either at a loss or a small profit in past years and only now is breaking even. On this basis it is not expected there will be any significant profit share in the short term future. The cafe made net losses of £15.5k and £19.3k respectively in 2012/13 and 2013/14 when running the service in-house. When previously outsourced as a franchise, income from the arrangement was only approximately £3.5k per annum. Since 2014/15 SLM took on the management of the cafe on an interim basis whilst the adjacent Parklands leisure centre cafe was closed for refurbishment. Between June 2014 and May 2015 the cafe made a net loss of £13.8k but by 16/17 has broken even. The interim arrangement has continued whilst options for the centre are being considered. Secondary sales are small given the number of people who visit the site.

Expenditure



- Centre support staff and central support charges – these represent by far the largest element of costs at £68k due to the centre being open all but four days a year. Current contracts are such that staffing costs are higher than would be found in the commercial sector e.g. bank holiday opening incurs double time charges, etc. Central support costs are high as with many public service budgets due to the democratic and other on-costs not present in the private sector. These costs would have to be borne elsewhere if the centre did not exist.
- Maintenance and running costs of the building – the maintenance budget for the building is unrealistically small. The problem appears to be that when the centre was built, an appropriate budget was not factored in to cover ongoing maintenance/wear and tear to the fabric of the building. Whilst recently there has been a routine maintenance and refresh plan implemented mainly through capital works there are ongoing problems that need to be addressed, such as the heating system. A condition survey is due to be carried out.

3. Summary of Strategic Options

3.1 Demolition or Sale

The centre could be demolished or put on the market as it has outlived its initial purpose and could be seen as surplus to the Council's requirements. Accommodation for staff and TCV based at the centre could be found elsewhere within the Council's assets. There would be significant demolition costs estimated to be at least £100k. The much needed additional car parking across the Parklands/Brocks Hill site could however be provided through demolition. In terms of a sale, the price could be affected by the location of the building within the wider leisure facility which would be difficult for some but attractive for others. Sale could also bring about the development options below but provided by a private company. This option may trigger a requirement to return some of the funding previously received.

3.2 Admission Charge

Review access to the site and reduce points of access so a charged admission can be made to the park and/or for car parking.

3.3 Continue In-house Provision

Initiatives undertaken in recent years to increase income have been mentioned above. Whilst there are still some opportunities to grow income these will not bring about dramatic increases. These include:-

- Continue to promote room hire for events and commissioned activities.
- Continue to review and monitor revenue utility spends.
- Review current catering arrangements to bring in an income to the Council/ make new uses possible and increase secondary spend. Profit share in an outsourced arrangement is unlikely to make any significant contribution to reducing operational deficit and in-house provision has the associated salary and central support costs. Whilst there is considerable potential for seasonal growth of sales such as ice creams if an external kiosk was to be added, again this would not generate significant income to reduce operational deficits.

- Develop greater retail opportunities on a commissioned sales or rentable concession space to increase secondary spends. As above whilst there is potential this would not generate significant income to reduce operational deficits.
- Restructure the staffing and contracts to move to annualised hours and demand led expenditure. This is likely to impact on the centre being open at certain times of the year.

3.4 Operation by a Not for Profit Organisation / Charity / Community Group

Due to the scale of the facility and its role across the borough, it is unlikely that a suitable community group could be found to operate the centre. A conservation group offered to take on the management of the centre for an annual bursary of between £100k -£125k per annum for a minimum of 3 years with an option to leave if it proved unsustainable.

3.5 Redevelopment

Potentially part or all of the existing centre could be redeveloped to provide for example:-

- Pre-school child care
- Health spa
- Restaurant

Other options have been considered but rejected due to the size of the building and high costs of extending the footprint. This could be done with the Council retaining ownership and overall control but contracting out or leasing the building to potential partners/investors. It would not necessarily continue the centre's intended purpose

3.6 Operation by a Private Profit Making Organisation/Existing Partner which substantially retains the ethos of the existing Centre

The overall site is shared with Parklands Leisure Centre, operated by leisure contractor, SLM. The current leisure contract arrangements allows for the relationship to be extended.

Whilst we could open this opportunity out for tender to other private leisure operators, this would inevitably provide a negative competitive

market where both SLM and another private operator would be competing for business, at the cost of the service provision to residents.

SLM already have a track record of delivery and working well in partnership with the Council as the recent Peer Challenge report specifically commented upon:

"The Council took a decision to make a significant investment in the Leisure offer which has proven to be a great success and continues to significantly outperform the estimated participation and income. The working relationship with the private sector Leisure provider SLM Everyone Active is an excellent example of partnership working which effectively delivers one of the core priorities of the Council and is an example of best practice. OWBC's private sector provider makes strong links between leisure, health and wellbeing agendas in its delivery and this aligns very well with the Council's own well-being aspirations"

Recently, the Council's leisure provider, SLM Ltd, have put forward a proposal for them to run the Brocks Hill centre which would free up space at Parklands and provide space for new innovative equipment both inside the centre and Parklands which would significantly improve the service offer to the public.

The proposal in more detail would involve:-

- SLM to run the centre with a focus on education and activity, retaining the existing café.
- SLM to run the centre on a lease and full repair basis (subject to a full building condition survey and remedial works actioned/agreed).
- The Country Park and Volunteer Service to be retained by Council.

The focus on service delivery would be:-

- Education – heavily market to schools (utilise SLM's existing extensive database) to promote use of the activity space for educational classes based around an environmental/outdoor/Country Park/activity theme.
- Education – link to existing holiday activity camps held at Parklands, offering a more varied and educational experience.

- Activity – a percentage of the existing activity sessions held in the sports hall at Parklands (eg kurling, tumble tots, exercise classes during the day; cheerleading, gymnastics, martial arts in the evening) to be held in a new activity space at the centre. This would be facilitated by knocking the meeting room and exhibition hall together to make one large activity space.
- Activity – utilise the Park for outdoor based fitness classes linked to Parklands leisure contract programme.
- Activity – the above transfer of some of the existing activity sessions from Parklands to the centre will enable part of the sports hall at Parklands to be converted to a combined “soft play and clip n’climb” facility.
- The above is expected to maintain current (sports hall) participation rates, but spread across both activity spaces and with the soft play etc. facility should significantly increase participation opportunities for an under provided for market segment
- **Café**
Maintain provision including catering for conference/meetings (which the centre can still be used for). Users of the country park will still be able to use the café.

The Benefits

- Significant revenue savings for OWBC (£77k plus potential increased profit share from the contract due to expanding activities)
- More comprehensive service provision – Brocks Hill & Parklands.
- Increased emphasis on educational offering.
- Increased activity participation across a wider variety of activities.
- Awareness – SLM will utilise existing database (49k card holders in the community) to raise awareness of Brocks Hill and the country park.
- Council relieved of all asset responsibility.
- Country park service maintained by Council.

- Long term future of Brocks Hill assured and increase in participation.
- Championing biodiversity and increasing visitor understanding and appreciation of the natural environment;
- Encouraging greater activity and addressing health and well-being issues.

Risk

- Outcome of Brocks Hill building condition survey and costs of remedial works (but partnership approach will be taken).
- Planning approval needed for developments at both Brocks Hill and Parklands (including car park extension).
- Realisation of proposed car park extension.
- Realisation of predicted participation rates for soft play & climbing.
- Ability of SLM to increase income generation at Brocks Hill.
- Reduced capacity for 5-a-side (but mainly casual bookings and can be accommodated elsewhere).
- Potential implications for TUPE transferred staff (3: 1 FT and 2 PT).

Finances

£77k + revenue savings with potential increased income from profit share arrangement. This would be over the next 17 years (running concurrently with the existing leisure contract) and equates to £1.309million savings over the life of the contract with the additional potential for significant increased participation numbers and associated health and wellbeing benefits.

The investment in soft play and climbing wall equipment, reconfiguration to existing structures, building works and associated costs are estimated to be several hundred thousand pounds. This can be funded through capital borrowing repaid over the life of the contract. Even if the Council did not invest in this proposal, significant capital investment would still be needed to bring the existing centre up to acceptable standards.