

BRIEFING

Subject: Trewern – update for Schools Forum

Date: 19th October (Schools' Forum)

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1. Introduction

- 1.1 Trewern Outdoor Centre offers outdoor activity and field study courses to Primary and Secondary schools from the Borough. The facilities are also available to other groups throughout the year. It is located in beautiful countryside on the border between England and Wales, near the small market town of Hay-on-Wye and on the edge of the Brecon Beacons National Park with access to all the natural resources this has to offer, including mountains, wild rivers and some of the most impressive caves in the country. Additionally, Trewern has extensive grounds which offer potential for a broad range of on-site activities. The Centre has been owned and operated by the Council since the late 1960s.
- 1.2 The house accommodates up to 60 guests in shared dormitory style rooms with bunk beds and washbasins, with an additional accommodation block nearing completion. There is also a purpose built indoor climbing wall, classroom and conference room. Trewern is subject to a bi-annual annual day-long inspection by the Adventure Activities Licensing Association. The Centre's latest inspection in April 2021 resulted in the Centre being awarded its two year operating license.
- 1.3 A detailed options paper regarding the future of Trewern was presented to CSG (Corporate Strategy Group) in early 2018 in light of the threats to the Dedicated School Grant's annual £209k subsidy for the Centre.
- 1.4 CSG agreed to option 2 i.e. to remodel staffing deployment, increase income and build up trading reserves through carrying over end of year balances. Three core actions were agreed:
 - Option 2 should be implemented immediately, including Council agreement to Trewern carrying over end of year balances to become a more sustainable traded entity and build up reserves to cushion potential future loss of income;

- The Chair of Management Committee to lead a piece of work with schools over the next 12 months or so to explore how a schools'/schools' forum DSG contribution to Trewern can be retained, possibly at a reduced level;

- A piece of work to be commissioned to help the Council consider the viability, benefits and risks of different partnership/legal entities, including joining BDSIP from 2020 or beyond.

- 1.5 Since the presentation and sign off of the options paper, Trewern has been faced a significant challenge with the onset of COVID-19 and cessation of all residential education trips for a period of nearly 18 months, as instructed by Government. This paper sets out the Centre's position in terms of impact of COVID-19 and business plan for the future.

2. Remedial/ capital works

- 2.1 Trewern has undergone substantial remedial and capital works over the past two years. The closure of the Centre due to COVID provided the opportunity for significant works to ensure that Trewern is both fit for purpose, competitive with other local Centres, and in a strong position to increase income and meet its business plan targets as set out in the options paper.
- 2.2 Works have been funded largely through the School Estates capital budget, and most significantly include the construction of a stand alone accommodation/classroom block that is both fully accessible and can accommodate up to 12.
- 2.3 A grounds development plan for the Centre is in place for the coming year. In addition, the School Estates team visited the Centre over the Summer of 2021 to survey the site. Additional works to upgrade the Centre's shower block, which is extremely outdated, have been agreed. A full, 5 year buildings development plan is also in place.

3. Impact of COVID-19

- 3.1 All educational trips, including residential, were prevented under COVID-19 measures as of 23rd March 2020. This had a potentially devastating impact on Trewern's financial position, given that around 65% of the Centre's budget is reliant wholly on external income, and that the Dedicated School Grant subsidy of £209k per annum had begun to reduce at a level of 20% per year, resulting in significant income targets over the years ahead.
- 3.2 Trewern put in place a series of measure to mitigate the financial impact of the lockdown. All staff, including the Head of Centre, were placed on furlough as of 23rd March. For the majority of staff, furlough continued until September 2021, albeit on an increasingly flexi-furlough basis. The Head of Centre and Office Manager were the first to come off furlough and have managed the process for the remaining staff team in line with the needs of the Centre. This has included allowing some local schools to conduct day trips to the Centre, which has helped address issues of 'skill fade' with Trewern's teaching staff.

- 3.3 The Centre was fortunate enough to receive two business rate rebates from Herefordshire County Council as well as a water rebate. This amounted to £11,691.
- 3.4 As the Centre had a full programme of future bookings at the point of lockdown, the government's lost income compensation scheme for Local Authorities was used to reimburse the Centre for all income it had lost for the 2020-21 financial year because of the pandemic. In total £252k was provided to the Centre to mitigate the financial impacts of COVID, which matches the value of the bookings lost for last financial year (but does not take into account any additional bookings that may have been made had the Centre been open, nor loss of income for the period April - September 2021).
- 3.5 Whilst Trewern was extremely fortunate to receive funding as set out above, many other outdoor education centres have not been so lucky and have closed. AHOEC (the Association for the Heads of Outdoor Education Centres) has estimated that 30 Centres have closed nationally, with the potential loss of 6000 jobs. Many of those that have lost their jobs have retrained into alternative careers, which has led to a shortage of supply staff going forward.
- 3.6 The shortage of supply staff is a risk area for the Centre. However, with the agreement of SitRep and HR, the Centre has chosen to only accommodate smaller groups of up to 30 until after October half-term, to facilitate a safe return post-COVID. In addition, the appointment of a Deputy Head provides stable extra capacity around the staffing of groups.

4. Current financial position and business plan

- 4.1 Thanks to the Centre's existing reserve going into the pandemic, plus the range of COVID financial mitigations put in place, the Centre started the 2021-22 financial year with a strong budget reserve of £443k. This includes a successful application made to the Public Health Grant for £97k to provide subsidised places at Trewern for some of our most vulnerable children who would benefit the most from a residential educational experience but are not always in a position to access one.
- 4.2 Securing Public Health funding is seen as a significant first step in widening the scope and reach of the Centre and residential outdoor educational experiences to support targeted groups of children, young people and even adults. Trewern can play a unique and important role here in promoting positive mental health and building self-esteem in way that cannot be achieved in borough. Schools have welcomed the opportunity to send pupils to Trewern who would otherwise not have access to residential outdoor education experiences. The use and impact of the Public Health grant will be evaluated to build a case for further funding.
- 4.3 Despite the strong base position coming out of the pandemic, costs pressures lie ahead with the yearly reduction and complete cessation of the DSG subsidy by 2024/25 (amounting to £209k per annum). The Centre has therefore put in place a number of measures to increase income capacity. The reserve is therefore to be used to support the Centre over the next 3-4 years to become completely cost neutral. In order to meeting rising demand and the expansion of the Centre's offer, a Deputy Headteacher has been appointed. An additional Teacher may also need to be appointed to meet demand from an increase in bookings.

4.4 Booking income for the 2021-22 financial year and years leading up to the COVID lockdown is as follows:

	Financial Year 2016/17	Financial Year 2017/18	Financial Year 2018/19	Financial Year 2019/2020	Financial Year 2020/2021	Financial Year 2021/2022
Number of School Bookings (LBBB schools in brackets)	37 (23)	35 (22)	30 (23)	35 (25)	-	22 (13)
Number of Non School Bookings	15	18	13	16	-	7
Total Number of Visitors	1434	1347	1215	1560	-	615
Number of vacant slots	13 weeks	17 weeks	20 weeks	8 weeks	-	10 weeks
Lost Income (bookings only)					£ 251,925 (reimbursed)	£ 173,842
Actual Income	£ 307,515	£ 311,585	£ 309,310	£ 314,412	£97,000 (Public Health Grant)	£ 115,626
Carried Forward	£ -	£ -	£80,800	£ 13,632	£348,925	
				Total Carried Forward		£ 443,357

4.5 Schools have shown an extremely strong desire to return to Trewern, including schools that have not visited the Centre before. Income for this financial year has been reduced through the phased reintroduction of residential groups by size, to ensure a safe return. In addition, no groups attended the Centre during the Summer Term of 2021, the Centre's busiest period. COVID restrictions were lifted only halfway during this term.

5. Business plan

5.1 Trewern's income capacity has been increased significantly through the construction of the new, stand alone accommodation block that houses 12 people. This not only improves the accessibility of the Centre for disabled users, but allows Trewern to host concurrent groups. The smaller setting is also helpful for more vulnerable groups and diversifies the Centre's accommodation offer. A conservative forecast of the extra income potential of this is £50k per annum i.e. at two thirds of capacity. Moderate price increases for all groups will also support the Centre's financial position.

5.2 As well as increasing bookings during terms time from schools, the Centre is looking to increase income during the school holidays. Links have been made with the NCS Trust (National Citizen's Service), the government's flagship youth

programme for 16 and 17 year olds. They are keen to use the Centre for Summer programmes from 2022 onwards. This is a further income potential of around £10k per annum.

- 5.3 Whilst there is the opportunity to increase the number of school and youth group bookings at the Centre, the greatest income capacity lies with private sector/ adult group bookings. The Centre already generates some income from this through allowing on site camping and use of the Centre's yurts, but this is still relatively limited.
- 5.4 To secure significantly greater income capacity from private groups, the Centre is planning to construct 3 glamping pods. As well targeting use of the pods at adult groups, these can be also used for some targeted groups of highly vulnerable people, such as addiction recovery and short breaks for disabled children. The pods are completely independent of the main house and situated far from it, and do not therefore pose any kind of safeguarding or other risk.
- 5.5 The private hire income potential from the pods at just 50% capacity alone is approximately £100k per annum and could therefore quickly help move the Centre into a position of being entirely cost neutral. The cost of construction of the pods is approximately £180k in total, and will met entirely from the Centre's reserves. Planning permission is required first, with completion planned for the Summer of 2022 to capture Summer holiday bookings. Pre-planning permission has already been submitted.
- 5.6 With all above measures in place, the combined annual conservative income forecast for Trewern from September 2022 onwards is approximately £470k in total. Typical annual expenditure for the Centre is £490k. However, this includes significant costs for supply staff which can be met more cost effectively through the provision of a Deputy Head and extra Teacher. Should the Centre generate any surplus, going forward it will be used to subsidise spaces for our most vulnerable residents and maintain a small reserve for the Centre to provide a financial buffer against unexpected events.
- 5.7 To support the marketing of the Centre, Trewern's website has been updated and social media channels are active. In addition, a small amount of the Centre's reserve is to be used to produce professional promotional film. This will make the most of promoting the Centre's facilities, surrounding countryside (using drone footage), and quality of teaching and offer.
- 5.8 A summary of the Centre's income targets against the yearly reduction in the DSG and how they will be met is provided below:

Financial year	2020/21	2021/22	2022/23	2023/24	2024/25
Level of DSG reduction	£41,800	£83,600	£125,400	£167,200	£209,000
How deficit will be met	Current reserves (£41,800)	Current reserves (£43,600) Public Health Grant (£40,000)	Increased term time bookings including use of new block (£38,400) Public Health Grant (£57,000) Increased holiday youth group bookings (£20,000) Glamping pods and private hire (£10,000)	Increased term time bookings including use of new block (£74,700) Increased holiday youth group bookings (£52,500) Glamping pods and private hire (£40,000)	Increased term time bookings including use of new block (£93,875) Increased holiday youth group bookings (£55,125) Glamping pods and private hire (£60,000)
<p>To note:</p> <ul style="list-style-type: none"> ❖ An additional week’s residential, based on 40 students (in-Borough) would provide £10,000. ❖ Each additional week of the glamping pods could yield £4,800 ❖ 52 weeks rental of the glamping pods could yield a possible £200,000 ❖ A substantial reserve is still in place should the business plan not be on target 					

6. Conclusion

6.1 The options paper regarding Trewern, which was taken to Corporate Strategy Group in 2018, served to reinforce the Council’s strong commitment to the Centre and provided practical steps to ensure its sustainability. In particular, the opportunity for Trewern to annually carry forward its end of year balances has allowed the

Centre to take steps to build its reserves in the face of the phasing out of its DSG subsidy.

- 6.2 The advent of COVID and the cessation of all residential trips for a period of nearly 18 months, decimated the wider outdoor education sector and threatened to close Trewern permanently. The Centre navigated the period of closure well. It used to opportunity to undertake significant capital works in support of its business plan. To mitigate losses it placed staff on furlough and secured significant funding from the LA's lost income grant. As a result, the Centre has a healthy reserve and a viable business plan going forward that will ensure it is cost neutral within 3-4 years and, with support from our schools, sustain it long into the future.