

CONFIDENTIAL

ITEM NO. 10

MEETING	Snowdonia National Park Authority
DATE	15 th July 2020
TITLE	PLAS TAN Y BWLCH OPTIONS
REPORT BY	Director of Corporate Services
PURPOSE	To enter into formal consultation on future options for Plas Tan y Bwlch

1 BACKGROUND

- 1.1 As Members are aware the impact of Covid-19 on the business of the Authority, particularly the income-generating element of the Authority's business has been profound.
- 1.2 The Plas Tan y Bwlch Board comprises three members of the Authority and three Officers. It has the remit of providing support and assistance to officers and to report periodically to the Performance and Resources committee on the following areas:
 - 1.2.1 The implementation of the Budget Strategy as applicable to Plas Tan y Bwlch.
 - 1.2.2 Migrating over to a sustainable business model.
 - 1.2.3 To consider future challenges and provide a strategic direction for Plas Tan y Bwlch.
 - 1.2.4 To consider the appointment of experts as and when necessary to deal with key issues or problems.
 - 1.2.5 To set charges for courses and activities at Plas Tan y Bwlch.
 - 1.2.6 To provide input to and approve the annual programme of courses and work programme at Plas Tan y Bwlch.
 - 1.2.7 To authorise applications for grants and financial support for Plas Tan y Bwlch where the total gross value of the project does not exceed £50,000.
- 1.3 The Performance and Resources committee in turn has the remit to consider periodic reports from the Plas Tan y Bwlch Board and to act on behalf of the Authority in the establishing of charging policies and the rates at which charges are made for Authority Services.

- 1.4 It is a matter for the Authority therefore to consider and to decide on any potential long term changes to the business undertaken at Plas Tan y Bwlch with suitable input from the Plas Tan y Bwlch Board.
- 1.5 Appended to this report are two reports recently considered by the Plas Tan y Bwlch Board. The first report to be found at Appendix 1 entitled “Future Business” is a report by the Head of Business detailing the very real impact that Covid-19 has had on the centre and the limited scope for recovery, certainly in the short term and probably into the medium term as well. The second report in Appendix 2 is a report entitled “Report On Estimated Cost Of Options Relating To Plas Tan Y Bwlch” which seeks to provide the Board with probable costings in continuing to run Plas Tan y Bwlch on its current business model as well as costings for potential closure of the centre.
- 1.6 Whilst the papers are attached in their entirety I do think it would be useful to draw attention to key facts on the likely costs to the Authority:
 - 1.6.1 Plas Tan y Bwlch cost the Authority £246,055 to run for the last financial year of 2019/20. Some of this figure is attributable to the Covid-19 pandemic but the reality is that the centre was significantly short of its income target prior to the pandemic. This has previously been reported to the Authority and was a key consideration in the Authority deciding to proceed with a grant-funded project that would have overseen a substantial upgrade to the accommodation in general. It also involved converting the annex at the rear to a bunkhouse style development.
 - 1.6.2 The Centre has failed to reach its income target in five of the last six years and the true cost to the Authority of operating Plas during this time has ranged from £147,409 to £377,450 per annum.
 - 1.6.3 If there is no change to the existing business model the likely cost to the Authority is likely to increase substantially. Over the next two financial years from 01.04.2020 – 31.03.2022 the projected cost of running Plas on its current business model will amount to £499,082 on a best-case basis whilst a more prudent assessment arrives at a figure of £760,045.
 - 1.6.4 The cumulative cost of redundancy and pension release is estimated to be £385,181

2 DELIBERATIONS OF THE PLAS BOARD

- 2.1 Prior to reaching any consensus the Board sought clarification on two key aspects namely whether the Authority was likely to recoup any of its income losses from Welsh Government and secondly if the decision was taken to proceed with the development set out in 1.6.1 above whether there was any risk of clawback from Welsh Government at a future date.

- 2.2 At the time of the Board meeting and at the time of writing this report no assurance could be given on either of these two aspects but if the situation has changed by the time of the Authority meeting then an oral update will be provided. If the news is positive on this front then we may be in a position where the funding gap for Plas Tan y Bwlch for this financial year is much reduced. However, if so, this does not remove the real funding shortfall facing Plas into the future.
- 2.3 The Plas Board discussed a number of possible options ranging from continuing with the current business model, operating at a reduced level, mothballing the site for the duration of the pandemic and then considering possible options to a full closure.
- 2.4 As part of this discussion, the Board was made aware of known income streams from the rental income received from the telecommunication mast situated in the grounds and the hydroelectric scheme amounting respectively to circa £3,500 and £28,000 annually. There is also the chalet in the ownership of the Authority that could form an easily lettable self-catering unit for further income generation independent of the main house itself.
- 2.5 There was also even during the pandemic some income generation potential. This included the likely potential of generating significant B&B income if we were able to market the premises as having taken steps to minimise the spread of Covid-19 thus taking advantage of the likely influx of people who choose to do a “staycation” during this time. There are also other bookings highlighted in the Head of Business’ report that are likely to go ahead such as the Red Bull event.
- 2.6 There was general consensus amongst Board members that the current situation was untenable and exposed the Authority to an unacceptable financial and reputational risk. This was particularly so as the two main income streams of the centre are children who attend through their schools and courses which attract a high proportion of those who are at higher risk (due to their age) if they do catch Covid-19. It was felt that with these two age groups the current core business of Plas would not be returning in numbers for the near future and the assumption made by the Head of Business that Plas would once again be operating back to 100% capacity and business by 2022/23 was optimistic.
- 2.7 There was however general agreement that acting with undue haste could also expose the Authority to risk e.g. if the Authority were to close Plas with immediate effect and dispose of the building there is a real risk that we would not realise the best price possible in the current market situation. Likewise, boarding the building up would expose the Authority to risk of vandalism and stripping of the building of valuable materials such as the lead on the roof. It

must be remembered that Plas Tan y Bwlch is a Grade II* listed building and the Authority owes a duty of care to ensure its upkeep.

- 2.8 On the question of whether or not to proceed with any proposed improvements to Plas the Board were mindful that proceeding with improvements could be viewed negatively by staff at a time when its very future is being discussed. It felt on balance however that not to do so could potentially disadvantage both the Authority and staff if another organisation showed interest in the near future to either partner with the Authority in running Plas or alternatively to lease or purchase the building. Having a recently refurbished interior was also felt on balance to add to the capital value of the building.
- 2.9 There was considerable debate on what operating on a reduced basis could actually entail and also what was actually meant by mothballing, or partially mothballing the centre. The Board agreed that further time was needed to discuss and reach agreement on the same as the information was not to hand at the meeting.
- 2.10 Any changes are likely however to result in significant changes to the staffing structure at Plas and there was agreement that the Authority should now proceed with a formal staff consultation which would also involve the Unions on the possible future of Plas.

3 RECOMMENDATIONS OF THE PLAS BOARD

- 3.1 In view of the number of staff potentially affected that the Authority do start the process of formal consultation with staff and Trade Unions on the future of Plas Tan y Bwlch.
- 3.2 That the Plas Board working jointly with the Authority Chairs and the Vice Chair of the Authority do over the next three months consider alternative business models (including working with other organisations) to consider how many posts can be saved. That the Authority do further consider the matter at its Authority meeting in September unless a special Authority meeting is called prior to that date to discuss the matter.
- 3.3 In the meantime that the proposed improvements previously sanctioned by the Authority do proceed so as to place the centre in the best possible position to continue with some form of alternative business model or partnering with others.

RESOURCE IMPLICATIONS

This report in itself does not have significant resource implications but the process of consultation is the first stage in what could be the closure of Plas Tan y Bwlch. As highlighted earlier in my report, the cumulative cost of redundancy and pension release is estimated to be £385,181.

There are also significant resource implications highlighted in my report in connection with the continued running of the centre.

RECOMMENDATIONS

To accept the recommendations of the Plas Board and proceed as outlined in paragraphs 3.1 – 3.3 of this report.

BACKGROUND PAPERS

Papers before the Plas Tan y Bwlch Board meeting on 1st July 2020 annexed to this report as Appendix 1 and 2

APPENDIX 1

ITEM NO. 4

MEETING	Plas Tan y Bwlch Management Board
DATE	1 July 2020
TITLE	FUTURE BUSINESS
REPORT BY	Head of Business
PURPOSE	To provide details of future business potential and options.

1. Background

- 1.1 Due to the Coronavirus pandemic the Centre has been closed for all business since 17th March 2020 when the last residential group left.
- 1.2 Most of the staff were placed on furlough from this date, with some members of the administration team working on for a few week to be able to cancel courses and inform customers. From early May one member of the administration team has continued to work to deal with enquiries and continue to contact customers as the closure period is extended. One other member of staff has continued to work to look after the building security and deal with any other item needing attention along with some basic gardening.
- 1.3 It is unclear when the Welsh Government will ease the restrictions covering residential accommodation to allow us to reopen, and also on what measures will have to be in place for social distancing.
- 1.4 Visit Wales suggest a date of 26th September 2020 for opening for bookings.
- 1.5 Adaptations will have to be made to the way we work to ensure staff can work safely and customers are able to socially distance themselves.
- 1.6 Figures presented in this report exclude any funding the Authority is able to claim under the Coronavirus Job Retention scheme for staff on furlough and for any savings made while closed.

2. Potential business

- 2.1 When looking at the potential for business I have had to assume that social distancing measures will be in place until at least the end of this financial year. It is assumed that these measures will not be relaxed until a vaccine is found for the virus.
- 2.2 As each area of work undertaken has a different customer base and therefore different considerations I will address each separately.

Tea Room and Bar	Tea Room	<p>The Tea Room can be opened as soon as restrictions are lifted as it is staffed by one person. A Perspex screen would have to be fitted to the service area and furniture rearranged to allow for social distancing. However, as most of the profitable days are during bank holidays and weekends, it is unlikely that customer numbers will return to make opening the Tea Room profitable in 2020.</p> <p>It is envisaged that the summer 2021 will see a return to normal levels meaning the Tea Room would return to viability.</p>
	Bar	<p>A temporary bar could be set up on the main corridor (as we do for special events) so it could be staffed by the evening receptionist – unless a large group is in house when additional staff would be required.</p>
Chalet	Currently advertised through Airbnb.	<p>Could reopen for bookings as soon as restrictions are lifted. Would need additional cleaning and disinfecting between customers as per the current guidance from Welsh Government.</p>
Day Meetings		<p>With many organisations successfully holding virtual meetings it is thought there will be reduced requests for meetings. Some meetings will obviously take place however we will have to ensure that we are able to</p>

		implement social distancing perhaps by limiting the number of attendees.
NCS / FSC	All courses for 2020 were cancelled.	FSC, the lead partners in this area, are currently closed. It is likely the NCS groups would return in 2021 although there is no guarantee of this.
Group Bookings	Red Bull	They are still interested in using the facilities at Plas. This could be for them to hire the building with them bringing in their own caterers to provide all services and meals to their guests
	Ukulele Festival	They have rescheduled their event from May to November 2020 using the whole house and all the accommodation. The organiser has indicated that the event is likely to go ahead as planned with social distancing.
	Other groups	Walking groups and Art Societies. It is unknown how these activities will pick up after restrictions are lifted. Many of the customers are in the older age range. If there are groups in the period after we reopen before social distancing regulations are relaxed we will have to ensure that numbers attending do not make it difficult to implement these rules. This includes for the residential side and use of the minibus.
Weddings and Special Functions		All those planned for this year have cancelled with an indication that they

		would like to rebook for next year.
Joint Courses	For WI and Chamber Music Society etc	As with Other Groups the clients in this category are generally in the older age range. I have had to assume these events will go ahead with possibly reduced number for a couple of years.
Bed and Breakfast	Limited availability is currently marketed through Airbnb.	We would have to increase the marketing and make the accommodation available through different online booking agents. To do this we would have to upgrade our back-office systems (project in-hand with IT section), it is possible to manage availability manually, this is however very time consuming and is open to human error leading to double-bookings. Using a manual system also limits the number of online platforms that can be used.
German Groups		The measure for social distancing and the current quarantine restrictions (14 days isolation) mean it would not be possible to run these courses. The German operator who we partner with is keen to reinstate the bookings as soon as possible, however it is not known how bookings on them will be effected. If the 2020 season is cancelled it is unclear if the operator will remain in business so I have had to

		assume no business in 2021.
Training		None currently planned for 2020.
Public Courses		<p>These are usually booked by individuals or couples. There are several issues that will affect the course take up and viability of such courses.</p> <ol style="list-style-type: none"> 1) It will be difficult to run some of them and maintain social distancing. 2) Courses that use our minibuses will have to be limited to 6 persons to be able to offer social distancing. 3) Meals can still be provided, however the dining room would need to be reconfigured to allow social distancing and following the guidance issued by UKHospitality we would not be able to offer waitress service. It may also be necessary to make use of the Oakeley room to allow space for sufficient numbers. <p>We would have to rearrange as many of the courses during the Autumn and Winter months as possible, subject to the tutor being available and it being a suitable time of year. Course viability would have to be checked before confirming new dates.</p>
School – Blas ar Plas		<p>Many of these courses, offered to local Primary schools, are held in the period January to March. It is still unclear what measures will be in place at that time and also the appetite to risk of the</p>

		parents of the pupils. To take account of this, I have had to assume a 75% reduction in attendance. Depending on the level of infections and if there is a second peak as currently predicted in the winter there may be less schools attending. Conversely, the situation may be greatly improved and numbers may be at their normal level.
School – Primary		As with the Blas ar Plas courses it is unclear on what restrictions there may be in place. I have assumed a 75% reduction in attendance
School – Secondary		All the groups planned for 2020/21 have been cancelled. It is envisaged that these will return to normal levels in 2021/20.
University		London University have already cancelled their planned visit for October 2020 as their teaching will all be online. They do not foresee a positive future.

- 2.3 With all of the above considerations it is envisaged that income will be dramatically affected for the short term with perhaps as much as a 75% drop in income. This accounts for approximately £575,000 in the 2020/21 financial year including the already forecast shortfall. This also assumes that we are able to rearrange some of the courses we have had to cancel in the autumn / winter months. If no schools attend before Easter 2021 there will be an additional £36,000 drop in income.
- 2.4 Looking forward to the 2021/2022 financial year it is hoped that there will be a steady increase in the numbers attending our courses and events as confidence returns and that the social distancing measures will be relaxed further or removed entirely. It is envisaged that there could possibly still be nearly a 50% reduction in our income from some courses. This is approximately £240,000.

- 2.5 The figures quoted are the predicted shortfall in income and do not take account of any savings achieved while closed, the furlough scheme grant that the Authority will be able to claim and other items such as Business Rates rebates.
- 2.6 Further details of the financial implications of the closure and possible future additional costs to the Authority are presented in a separate report.

3. Proposed Redevelopment

- 3.1 The proposed redevelopment project that had been planned has been placed on hold for the time being. Tenders for the works have been received but remain unopened.
- 3.2 The project has 4 main elements.
- 3.2.1 **Main house bedrooms** – this work is required as the bedrooms in the main house are in a poor state. If we are going to try to market the accommodation to the Bed and Breakfast market we will need to continue with this, along with upgrading the back office booking system to make the accommodation available to online travel agents.
 - 3.2.2 **Bar relocation and new reception** – this should go ahead as it will improve the facilities.
 - 3.2.3 **Hostel accommodation** – until such time that the social distancing restrictions are lifted there is unlikely to be much call for this type of accommodation. Once restrictions are lifted are customers still going to be wary of hostel accommodation? It may be necessary to re look at the plans and perhaps change them to more generic Bed and Breakfast type rooms.
 - 3.2.4 **Luxury bedroom suite** – this part of the redevelopment has the least justification and it was still under consideration as to the rationalisation for continuing with it.

4. Future Scenarios

- 4.1 Visit Britain and Visit Wales are predicting a surge in demand for ‘Staycations’ after lockdown restrictions are lifted. If we have completed the upgrading of the accommodation and bar relocation and set up the new back office booking system we would be ideally placed to take advantage of this.
- 4.2 Assuming that the social distancing requirements will still be in place we will have to adapt to new working arrangements for the service of meals.
- 4.2.1 **Breakfast** – would have to be plated by a member of staff so that customers are not sharing the serving implements.
 - 4.2.2 **Lunch** – if we are to offer these they could be available only from the Tea Room if suitable measures are put in place such as Perspex screens.
 - 4.2.3 **Dinner** – would have to be as per the present system of family table service making use of possibly the Dining Room, Oakeley Room and Library to allow sufficient space for social distancing.
 - 4.2.4 **Room Service** – we would have to investigate the feasibility of offering this to guests who did not want to use the dining room.
- 4.3 It is predicted that the bunkhouse accommodation will have the least demand as customers will not want to share bedrooms or kitchen facilities with people they do not know. It would be possible to carry out the works on the rooms to provide the en suite

facilities and then furnish them to a differently to the planned bunk beds to enable them to be marketed as slightly cheaper Bed and Breakfast accommodation.

5. New Initiatives

- 5.1 The Centre will need to be proactive in adapting to new initiatives offering new types of courses and events. An outline of the ideas have been discussed at previous Board meetings, they include developing a range of courses addressing issues such as Climate Change and the human impact on the environment.
- 5.2 It will take staff time to find suitable tutors and set up and market these courses / events and it is unlikely they could be established until at the earliest Autumn 2021.
- 5.3 Marketing will be key to the success of re-establishing the Centre in the market. This would be assisted by the redevelopment project should it go ahead.

6. Reopening

- 6.1 For the Centre to be able to reopen while following the Social Distancing guidance given by Welsh Government we would have to purchase and install several Perspex screens, particularly in reception.
- 6.2 We would have to adopt a different system for evening meals, as we do for lunch, to ensure that waiting on staff are not coming into close contact with customers.
- 6.3 Before reopening the water system will need to be sterilised or flushed through to ensure that there is no risk of Legionnaires Disease as the water in the system has been standing for a considerable time.
- 6.4 British Standards Institute have published a comprehensive guidance booklet on Safe Working, the principals of which we would have to adopt for the safety and welfare of our staff and visitors. It includes such recommendations as frequent cleaning of surfaces that are touched regularly (e.g. door handles, light switches, counters, pay points and shared resources).
- 6.5 We would have to look at staff working patterns to ensure that we have sufficient staff on duty when they are required. Currently only one member of staff works in the evening as with our normal activities most guests are engaged in course activities.

APPENDIX 2

ITEM NO. 5

MEETING	Plas Tan y Bwlch Management Board
DATE	1st July 2020
TITLE	REPORT ON ESTIMATED COST OF OPTIONS RELATING TO PLAS TAN Y BWLCH
REPORT BY	Director of Corporate Services
PURPOSE	To provide the Management Board with information to assist in forming a recommendation to the Authority on the future of Plas Tan y Bwlch.

1. Background

- 1.1 As a result of the COVID-19 pandemic, the study centre has been closed from mid-March 2020. Most of the staff have been placed on furlough.
- 1.2 The Authority is facing a significant loss of commercial income as a result of the pandemic. We await official confirmation from the Welsh Government of financial assistance for Snowdonia National Park Authority in this context, but anticipate that such financial assistance might be of a temporary nature.
- 1.3 The perceived wisdom regarding the United Kingdom economy is that we are entering a severe recession with the OECD currently forecasting a drop of 11.5% in national income (GDP) for 2020, together with uncertainty about a Brexit “no-deal” and possibility of a second lockdown.
- 1.4 International travel restrictions including facing a current 14-day quarantine period on return to the UK implies that significantly more UK residents will probably be holidaying in the UK.
- 1.5 Other than for business related to schools, the current demographic for Study Centre customers is in the older age range who are deemed more vulnerable to COVID-19, and a vaccine is not yet certain, let alone imminent.
- 1.6 In 2019/20 the Authority received Welsh Government grant funding of £229,000 towards upgrading accommodation in the main building and developing bunkhouse style accommodation. The Authority have committed £48,840 additional monies to this project from reserves –
 - £28,500 from the Asset Management Reserve
 - £20,340 from the Capital Receipts Reserve.

It is understood that there is flexibility regarding the use of said grant monies should that be required.

The original revenue budget for the study centre in 2020/21 (excluding the annual pay-award yet to be agreed) is provided in Appendix 1.

- 1.7 There is an intention to replace the current course booking system. The budget for this is £28,193.
- 1.8 In 2019/20 the study centre made a loss against budget of £160,370. The results including the 5 previous years is as below, and exclude any contribution to corporate support services and notional rent for the building:

Table 1 – Net Cost of Plas Tan y Bwlch to the Authority.

Year	Revised Cash Budget (revenue)	Outturn (revenue)	Cost to the Authority
	(£)	(£)	(£)
2019/20	85,685	(160,370)	246,055
2018/19	104,557	(42,852)	147,409
2017/18	158,984	(81,005)	239,989
2016/17	308,765	(9,078)	317,843
2015/16	256,576	32,905	223,671
2014/15	348,790	(28,660)	377,450

The significant reduction in the revised cash budget in 2017/18 is mainly due to a £141,500 increase in the target for course fee income.

2. Estimated cost of options

- 2.1 The last complete financial year free of COVID-19 effects is 2018/19, so the actual expenditure and income for that financial year have been used as a starting point for estimating future scenarios.
- 2.2 The Head of Business has estimated generally that if the study centre can re-open in October 2020:
- the 6 months to the end of the financial year will run at 25% turnover
 - 2021/22 will run at 50% turnover
 - 2022/23 will run at 100% turnover.

- 2.3 Applying the above assumptions to the actual 2018/19 figures and adjusting for the rates holiday (£34k) in 2020/21 and savings through the furlough scheme (£122k), we come to the following estimated deficits.

Table 2 – Estimated Net Deficit based on 2018/19 figures

Period	Net Deficit	Financial Year Net Deficit
1/4/2020 – 30/9/2020	161,155	
1/10/2020 – 31/3/2021	215,636	376,791
1/4/2021 – 31/3/2022	383,254	383,254
1/4/2022 – 31/3/2023	157,699	157,699

- 2.4 The Head of Business has reviewed the potential income streams as noted in his report “Future Business Update” to this Board meeting. Using this information to revise the 2018/19 basis gives us the figures in table 3 below. Whilst acknowledging the uncertainty faced and thereby difficulty in achieving a credible forecast, this provides what could be taken as a best case scenario for the periods considered.

Table 3 – Estimated Net Deficit based on 2018/19 & revised income forecasts

Period	Financial Year Net Deficit
1/4/2020 – 31/3/2021	312,597
1/4/2021 – 31/3/2022	186,485
1/4/2022 – 31/3/2023	107,699

The Head of Business figures include £50,000 income in 2021/22 and 2022/23 each for new business attracted on the basis of improved accommodation facilities and on-line booking facility. The Head of Business notes that this income stream could potentially be worth £100,000 p.a. on the basis of 10 rooms booked for 100 nights at £100 per night. The estimates exclude increases in costs e.g. catering, relating to the increased income figures.

- 2.5 The net deficit for the study centre over the two year period 1/4/2020 – 31/3/2022 is therefore estimated to be in the range £499,082 - £760,045, with the following years also looking at sizeable deficits dependent on the ability to attract new business.

3. Cost of Closing Plas Tan y Bwlch

- 3.1 The Study Centre employs 29+ staff depending on how many are required on a “casual” basis. The estimated cost of entitlements to redundancy payments and employer costs of early release of pensions is :

Redundancy	£206,497
Pension release	<u>£178,684</u>
	<u>£385,181</u>

The redundancy costs are based on calculations as at 31/12/2020 and a pay-award, as yet not agreed, of 2.75%.

3.2 Estimated additional costs relating to “mothballing” the building whilst waiting to sell would include a one-off cost of boarding up @ circa £6,000. The hydro scheme would continue to generate income at say £28,000 p.a. to contribute to maintenance costs.

4. **Recommendation**

To consider the report in conjunction with the report by the Head of Business on future income, and form a recommendation on the future of Plas Tan y Bwlch to the Authority.