

MEETING:	Snowdonia National Park Authority
DATE:	07 February, 2024
TITLE:	PLAS TAN Y BWLCH
AUTHOR:	Chief Executive
PURPOSE:	To provide an update for Authority Members to enable them to consider and discuss the content and recommendations.

1. BACKGROUND

- 1.1 Plas Tan Y Bwlch has played a role in the identity and business of the Authority over many years. However, in recent times the business model for Plas has been unable to deliver against the Authority's statutory purposes and the challenge of becoming commercially viable has not been achievable. The last ten years specifically have been challenging in terms of running Plas due to austerity, implications of the pandemic and now inflationary pressures on Plas.

The Authority established a Board structure to provide a specific focus for Plas's management and in meeting its challenges. The Board has come to the conclusions that a viable business linked to delivery of the Authority's statutory purposes cannot be developed within the current resources available.

- 1.2 Members specifically considered the position of Plas Tan Y Bwlch in its working group of April 2023. That working group requested that Plas Board review the Plas business plan and report back with recommendations. Additionally, in July 2023 Audit Wales presented its findings on income diversification within the Authority.

There was a specific recommendation in relation to Plas Tan Y Bwlch, which was to: within 12 months, the Authority review its operating model at Plas Tan y Bwlch to undertake a cost benefit appraisal of the facility to determine its future strategy for the site. Additionally, Audit Wales commented that Plas should be seen to deliver National Park purposes.

- 1.3 Plas Board has thoroughly considered the Working Group request and recommendations of Audit Wales. The Board considerations were agreed unanimously and reported back on them to members in its working group of January 2024. Members want to see Plas prosper; however, the Authority is not able to do so. To enable Plas to be maintained, its staff to be protected and the site to prosper, the Authority should seek potential partners for the management of Plas or consider its transfer to a partner or potential disposal on the open market.

2. **PLAS BOARD CONSIDERATIONS:**

- 2.1 The Board accepts that Plas cannot function as an Environmental study centre as the provision for such courses have changed significantly in the last two decades, with a significant shift away from residential weeklong courses. The Plas calendar confirms this.
- 2.2 The Board could not construct a coherent vision of operation for Plas that aligned it with delivery of National Park purposes, especially the first purpose. The Board felt that there was potential of delivering against our second purpose which involved mostly concentrating on activity-based business. The Board felt that the skills and business experience were not within the Authority and the required capital investment could be substantial. Business delivered at Plas does provide some socio-economic benefits to the area in terms of employment, however the Board felt that a similar benefit could exist if managed under a different model.
- 2.3 It was reported to the Board that the likely capital need in Plas over the next ten years would be in the region of £3M and the annual revenue costs at present are in the region of £240K to 260K. Members felt that such a resource could be utilised in delivering more directly against National Park purposes.
- 2.4 Board conceded that if the Authority wishes to see Plas prosper then a partnership approach could be a mechanism, especially if the Authority wishes to retain an interest in Plas. The Board requested that an informal approach was made with two potential partners to gauge level of interest.
- 2.5 After thorough consideration the Plas Board came to a unanimous decision and concluded to make the following recommendations to the members:
 - 1 The Board could not develop a vision for Plas that delivered strongly against National Park purposes whilst delivering commercial gain,
 - 2 The Board could not support the current business model in terms of delivering against National Park purposes and becoming commercially effective,
 - 3 The Board would wish to consider partnership models but accepted that such a window should be time limited and no more than 6 months,
 - 4 If no partnership is to mature then Plas should be offered on the open market, preferably as a going concern but subject to agent advice,
 - 5 Considering the time constraints involved the Board recommends progressing a twin track approach in terms of gaining a partnership arrangement and open market disposal,
 - 6 Authority members to consider these issues in a member working group and make recommendations to the Authority before the end of the current financial year.

- 2.6 Members have been previously advised of the maintenance implications to the Authority if Plas Tan Y Bwlch has to be closed and not transferred or sold. These were quoted at circa £76,000 annually. Additionally, it was reported to the Board that two estate agents had been approached as to their view of the potential marketability of Plas on the open market. Both confirmed that a potential market does exist and commented on the relatively good condition of Plas, property that is predominantly disposed of by the public estate are usually presented in poor condition.
- 2.7 Members in their working group of January 2024 agreed with the findings of the Plas Board and agreed to consider a formal report with recommendations to the Authority based on Plas Board considerations.

3. AUTHORITY'S FINANCIAL POSITION:

- 3.1 Any decision on Plas or any other element of the Authority's business must be made in knowledge of the Authority's general finances. Over the last two financial years the Authority has set a budget with a deficit of circa £300K. A series of in-year management decisions enabled the Authority to deliver within its budget. It was reported to the Performance & Resource Committee in November 2023 that the predicted shortfall for the 2024/25 is in the region of £870K. Such a deficit cannot be managed by in-year management decisions.
- 3.2 I have consulted with Welsh Government in relation to future financial predictions and their advice considered that any improvements in finances will not be achievable until at least 2027. I advised members previously that permanent savings in baseline cost to the value of at least 50% of the shortfall should be considered in the coming financial year.

4. RESOURCE IMPLICATIONS:

- 4.1 Part of the recommendation is to continue with the current business model until the Authority is able to consider the outcome of any negotiations/offers. However, there will be a need to provide some tolerance in such a time frame, subject to how negotiations with potential partner or purchaser progress or not. Subject to success of such negotiations there may be potential implications to staff, however these can be reported at the appropriate time. In creating a partnership or disposal there will be legal and agent fees that need to be met.
- 4.2 The Authority has established a specific reserve to enable the Authority in transitioning its business to address the implication of inflation and a flatline budget. To adjust baseline costs of the Authority Plas operational costs for 2024/25 need to be funded from this reserve.

5. CONCLUSION:

- 5.1 The Authority needs to reduce the revenue and capital costs resulting from operational management of Plas Tan Y Bwlch and the Authority needs to consider alternative models for Plas Tan Y Bwlch which includes forming partnerships or open market disposal, preferably as a going concern.

6. RECOMMENDATIONS:

- 6.1 To continue with the current business model for a period until the Authority can formally consider its options on future management of Plas Tan Y Bwlch.**
- 6.2 To invite interest from potential partners for the operational management/development of Plas Tan Y Bwlch.**
- 6.3 To offer Plas Tan Y Bwlch on the open market to perspective buyers.**
- 6.4 To actively promote Plas Tan Y Bwlch as a going concern to any perspective partner/buyer.**
- 6.5 To allow a period of up to 6 months for seeking partner or open market disposal.**
- 6.6 The Management Team and Plas Board to monitor progress and report back to members as required but no later than September 2024 with long term recommendations based on outcome of any negotiations.**
- 6.7 To utilise the identified reserve to bridge any financial pressures/needs.**