

# Finance and Resources Committee

10.00am, Thursday 16 August 2018

## Spend to Save funding application – Lagganlia Outdoor Centre

<b>Item number</b>	7.8
<b>Report number</b>	
<b>Executive/routine</b>	Executive
<b>Wards</b>	n/a
<b>Council Commitments</b>	n/a

### Executive Summary

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The report presents for members of the Committee's consideration an application for £40,000 of Spend to Save funding to facilitate the construction of a purpose-built outdoor learning resource at the Lagganlia Outdoor Centre. The proposed facility will enhance the range of facilities available to school and other visiting groups, supplement existing classroom capacity and additionally provide a bad-weather resource.

The proposed Spend to Save contribution of £40,000 would supplement other confirmed funding sources of £260,000, with the investment then repaid over a period of no longer than four years through additional venue hire income.

## Spend to Save funding application – Lagganlia Outdoor Centre

### 1. Recommendations

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- 1.1 It is recommended that members of the Finance and Resources Committee:
- 1.1.1 Consider the undernoted Spend to Save application and, subject to approval, refer this decision to Council for ratification of use of the Spend to Save Fund.

### 2. Background

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- 2.1 Members of the Committee will be aware of a number of recent approved uses of the Council's Spend to Save Fund which provides upfront revenue investment to support the taking forward of projects that will deliver savings in subsequent years.
- 2.2 Applications for use of the Fund should meet three main criteria:
- (i) the expenditure should be one-off (i.e. non-recurring) in nature;
  - (ii) the nature and value of the investment should be clearly shown, along with an indication of how it contributes to delivery of one or more of the Coalition's commitments or overarching Council outcome themes; and
  - (iii) the benefits of the investment, both financial and (where applicable) non-financial should be set out, along with an indication of the anticipated savings expressed in current-day prices. In general terms, the resulting payback period should be no longer than five years, although equally as important is the robustness of the underlying business case.
- 2.3 Following approval by the Finance and Resources Committee and subsequent ratification by Council in June 2018 of a total of £0.5m of investment in additional LED lighting and equipment upgrades at the Usher Hall, the uncommitted balance on the Spend to Save Fund currently stands at £0.7m.

### 3. Main report

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#### Lagganlia Outdoor Centre

- 3.1 The Lagganlia Outdoor Centre was opened by the Duke of Edinburgh on 30 June 1970. The land and original buildings were gifted to the citizens of Edinburgh by the philanthropist George Boyd Anderson as part of his vision to give the young people

of Edinburgh an opportunity to ski, a vision which also included the building of Hillend Dry Ski Slope on the outskirts of Edinburgh (at the time of its construction, the longest dry ski slope in Europe).

- 3.2 The Centre aims to give individuals the opportunity to grow in confidence and develop personally through the medium of outdoor activities and adventures. For Scottish schools/colleges, it delivers many aspects of the Curriculum for Excellence and for all groups offers high-quality residential opportunities for full-board outdoor learning courses and expeditions. The Centre also has self-catering accommodation where groups can hire an instructor/guide for a day activity of their choice. For special group events, the Centre furthermore offers day visitor activities and some conference-type facilities.
- 3.3 Approximately 100 pupils (10 groups of 10 participants) visit Lagganlia for a residential experience each term-time week. 2017/18 visitor statistics recorded 3,500 pupil attendances, with 1,867 from City of Edinburgh schools. In line with increasing school roll trends, residential attendance is growing year on year, with the facility heavily booked up to two years in advance. Lagganlia also provides residential resource to the Duke of Edinburgh programme.

#### **Proposed development of outdoor learning resource**

- 3.4 The new development will create a purpose-built outdoor learning resource. The cabin-style building will be located at the foot of the Centre's existing dry ski slope, with its primary purpose to provide a snow sports teaching area, changing facility and equipment store. The building has, however, been designed as a flexible space to allow multifunctional use enabling additional revenue streams. The proposed facility will therefore enhance the range of facilities available to school and other visiting groups, supplement existing classroom capacity and additionally provide a bad-weather resource.
- 3.5 Holiday and weekend availability will be targeted for commercial growth. The Cairngorms National Park attracted 1.8 million visitors in 2017, with the top attractions for these visitors being walking, snow sports and cycling. Winter usage of the new development will therefore be focused on snow sports whilst the day lodge can be used during all seasons by walkers, water sports participants, cyclists and other organisations.
- 3.6 The day lodge will complement the existing on-site accommodation. The five lodges currently lack a central venue/meeting space. Creation of this resource would therefore bring added value to the estate, widening the appeal of accommodation bookings. The development would also enable the venue to be marketed for conferences, training weekends and events. There is considerable potential to target the wedding market, as venues of this nature are limited in and around the location.

#### **Estimated costs and repayment of investment**

- 3.7 Centre staff have worked closely with Property and Facilities Management colleagues within the Council to develop robust cost estimates for the new facility.

- 3.8 The total construction cost of the project is estimated to be £300,000, including a 14% contingency fund. It is proposed that this total be met from the following sources:
- (i) the £107,000 of remaining funds in the Boyd Anderson Trust, the use of which was earmarked for construction of the facility by the Finance and Resources Committee on 23 January 2018;
  - (ii) a further £153,000 from the outdoor centre reserve, representing funds derived from previous years' surpluses; and
  - (iii) a £40,000 contribution which, subject to approval of this application, will be met from the Spend to Save fund.
- 3.9 After consultation with potential users, including firm intentions from a number of specific groups, it is estimated that the new facility will generate additional income of £35,000 per year. Annual running costs over the building's lifecycle (including energy, rates and maintenance expenditure) are estimated to be approximately £12,500, leaving additional income of £22,500 to repay the spend to save investment and invest in other small improvements at the centre to maintain existing facilities and their resulting competitiveness in the wider outdoor activity market.
- 3.10 The minimum proposed annual repayments of £10,000 provide some contingency should subsequent income and/or running cost assumptions vary from those above. Opportunities will be examined, however, to accelerate repayment wherever possible, such that the Spend to Save Fund may invest in further eligible projects.
- 3.11 Construction time for the facility is estimated at between four and five months. Subject to the Committee's approval and onward ratification by Council, it is intended that the facility be available for the latter half of the Winter 2018/19 season.

## **4. Measures of success**

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- 4.1 Subject to approval, the project will deliver the financial and service benefits set out within the business case.

## **5. Financial impact**

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- 5.1 Assuming approval, £0.040m of funding will be drawn down from the Spend to Save fund, with this investment then repaid over no more than four years, based on total projected lifecycle costs. This sum can be fully accommodated based on current Fund commitments.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 The projections within the business case have been subject to review by both Finance and Property Management staff and incorporate an element of contingency in allowing the Fund investment to be repaid, should actual costs or income vary from these assumptions.
- 6.2 The proposed facility will contribute positively to the Council's aims of delivering a healthier city for all ages and, in particular, for children and families.

## **7. Equalities impact**

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- 7.1 Decked access to the ski slope, disabled changing facilities and an increased equipment store will support additional needs participation.
- 7.2 Friends of Lagganlia is a registered charity formed by a group of individuals who believe in the powerful impact that outdoor learning residentials can have on the personal and social development of young people. In these difficult financial times, more and more people from disadvantaged backgrounds may be excluded from accessing the benefits of residential experiences. Friends of Lagganlia initially aims to:
  - (i) raise funds to set up a bursary scheme to allow children to join their classmates on a school residential, where cost would otherwise be a barrier to participation; and
  - (ii) consider requests from Lagganlia for financial assistance towards improving the quality of the outdoor learning experience at the Centre.

## **8. Sustainability impact**

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- 8.1 The proposed lodge will be constructed with local materials and make use, wherever possible, of renewable energy sources, either specifically or as part of plans for the wider Lagganlia site.

## **9. Consultation and engagement**

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- 9.1 [Planning permission for the scheme](#) was granted by Highland Council in September 2017.

## 10. Background reading/external references

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- 10.1 [Winding Up of Boyd Anderson Charitable Trust](#), Finance and Resources Committee, 23 January 2018.

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## 11. Appendices

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- 11.1 None.