

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

FOR DECISION

**Title: RATIFICATION OF EXPENDITURE PROPOSAL:
 BADAGUISH CAIRNGORM OUTDOOR CENTRE**

Prepared by: Andrew Harper, Head of Economic and Social Development

Purpose

To approve one new expenditure proposal.

Recommendations

- That the Committee approve the expenditure proposal prior to submission to the Scottish Executive.

Executive Summary

Approval is sought for a new expenditure proposal.

- Give a grant of £40,000 to Speyside Trust to assist with the financial package towards expansion of facilities at Badaguish Cairngorm Outdoor Centre. The total cost of the expansion is £2,271,000 and details of other funders are included in the attached Expenditure Justification Form.
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**RATIFICATION OF EXPENDITURE PROPOSAL
BADAGUISH CAIRNGORM OUTDOOR CENTRE**

Discussion

1. The Finance Committee is invited to review the attached Expenditure Justification (Annex 1) and approve if they see fit, allowing the proposal to be passed to the Scottish Executive for final approval.

ANDREW HARPER
29 August 2005

andrewharper@ Cairngorms.co.uk

CAIRNGORMS NATIONAL PARK AUTHORITY

EXPENDITURE JUSTIFICATION

1. Title

Speyside Trust (Badaguish Cairngorm Outdoor Centre)

2. Expenditure Category

Project		Grant	✓	Consultancy	
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3. Description

- Brief overview of project/activity
- Specific elements for which support is sought (if not whole project/activity)

The proposal is to assist with the financial package towards expansion of facilities at Badaguish Cairngorm Outdoor centre as per:

Provision of four additional residential lodges; visitor reception and catering facility together with seminar and training rooms; one utility block which will provide vocational training workshops for outdoor equipment, facility maintenance and toilet/shower facilities. The CNPA granted planning permission for the development on 1 July.

The Speyside Trust ["the Trust"]) is seeking funding towards the overall project cost of £2,271,000.

The Trust has actively promoted the possibility of working in partnership with Highland Council Education Department (HC) and Northern Constabulary (NorCon) on the basis that this will achieve best value from investment of public funds, and that "pooling" resources and expertise will benefit both HC and the Trust in terms of the quality and scope of programmes and facilities which can be offered.

HC and NorCon have no outdoor training facilities of a suitable standard which meet Disability Discrimination Act requirements in order to deliver their youth and community programmes.

Badaguish Cairngorm Outdoor Centre is a national initiative with a strategic location in the National Park. The Centre is an independent local charity and is a Scottish University for Industry branded, SQA accredited Residential Learning Centre promoting equal opportunity access to outdoor education and training. The services and facilities on offer for disadvantaged and disabled people (including specialist staff and 24 hour care) are unique to Scotland.

The Centre currently has existing partnerships with the following agencies & networks:

- * HC Social Work Department and Highlands & Islands Enterprise: Funded by European funding to provide personal and social development outdoor activity programmes and vocational training for people with disabilities and young unemployed people with special learning needs;
- * A 3 year Service Level Agreement (SLA) with H C Social Work Department to provide residential "Activity Breaks" for people with disabilities;
- * Member of the Badenoch & Strathspey Individual Learning (BASIL) Centre network.

3. Description (continued)

The proposal represents a strategic investment for the future to deliver youth and community education and training programmes. It is projected that the project will provide additional capacity for up to 4,000 Highland children and young people per annum. Together with existing services it will extend the length of the season, thus creating critical mass. As importantly, it has the potential to develop new additional service level agreements and provide additional ancillary social firm services.

4. Rationale and Strategic Fit

- Objectives/intended beneficiaries
- Evidence of need and demand
- Fit with National Park Plan/Corporate Plan/other relevant strategies
- Linkages to other activities/projects

The project will contribute to the following goals in the Corporate Plan for 2005-2008

Goal 14

"Stronger and more diverse economic opportunities within the CNP area"

Goal 15

"An increase in the value of sustainable tourism spend consistent with 'Park for All' objectives"

Goal 20

"Good understanding and appreciation by young people of the CNP and its importance"

The applicant's reasoning behind the project is to provide new training facilities to maximise the potential of Badaguish, capitalising on their past success whilst diversifying their product offer and widening the customer base by working in partnership with key statutory agencies. In addition the project will increase mainstream education and training services and reduce the risk of the Trust being marginalised as a specialist service.

The project will encourage increased provision of youth and community education and training programmes within the CNP area. Specifically it will provide:

- * 4 new lodges to provide residential accommodation for additional new visits from Highland children and young people;
- * catering facility together with seminar and training rooms which will provide vocational training facilities for hospitality and catering;
- * utility block which will provide vocational training workshop facilities for outdoor equipment and facility maintenance together with ancillary areas;

From the Trust's point of view the project will provide new training facilities to meet their proposed aims & objectives.

Aims

- * maximise both the potential of Badaguish and its value to disabled people by creating the opportunity for them to be employed and fully involved in the management of delivery services;
- * provide a best practice model of inclusion and equal opportunity for all service users, for the community, and for Highland young people in particular;
- * increase mainstream education and training services.

4. Rationale and Strategic Fit (continued)

Objectives

- * diversify product by providing in-house activities; catering; vocational training & work experience
- * widen the customer base by working in partnership with HC & NorCon to increase youth and community programmes
- * increase turnover and in turn support a larger staff team. New training facilities will provide additional commercial catering and cleaning services.

In their "Vision Statement" the Trust state that they want to create:

"An equal opportunity centre of excellence for the National Park, which is a community resource with a high visibility commitment to disadvantaged people who are part of both delivering and receiving a quality mainstream outdoor education service. Where disabled school children and adults participate alongside their peers in a mainstream environment where there is the expertise to deliver a genuine equal opportunity service and where people with disabilities participate fully in delivering as well as receiving services: for example - vocational training and work experience in catering, visitor, reception, housekeeping equipment and facility maintenance".

While it could be argued that there are various outdoor facilities in the Park that work with specific disadvantaged groups, the tie up with Highland Council and with NorCon ensures that both people locally and adjacent to the Park will be the primary beneficiaries. This provides a particular justification for CNPA support in this instance.

With regards linkages with other CNPA activities, Badaguish could play a role in various ways. For example, it could participate in the planned Youth Apprenticeship Scheme or develop linkages with the John Muir Award. Such linkages would be of mutual benefit and so it would be appropriate to encourage such collaboration, as part of the terms of the grant offer.

5. Option Analysis

- Are there other ways in which the above objectives could be achieved?
- If so, why is this preferred option?

Other options would mean that these proposed activities would be delivered outwith Badaguish, with resultant loss in revenue to the business and the area as a whole. Working in partnership with Highland Council Education department (HC) and Northern Constabulary will achieve best value from investment in public funds and pooling resources and expertise will benefit both HC and the Speyside Trust in terms of quality and scope of programmes and standard of facility which can be offered.

6. Risk Assessment

- Are there risks to the CNPA in funding this project/activity?
- Are there risks in the project/activity not being delivered to required timescale/quality?
- Comment on the likelihood of such risks occurring, their potential impact, and (where appropriate) any action that would be taken to mitigate the risks.

The applicant has undertaken a risk assessment on capital & revenue implications as follows:

Capital

There is a medium risk that building costs will overrun, which can be minimised by:

1. Using the same project lead consultant and project manager as previous projects;
2. At least 5% contingency allowance can be spread between building projects;
3. The development is similar in nature to works previously undertaken.

There is a high risk of slippage on the building programme. This can be minimised by:

4. Using the same main contractor as previous projects;
5. A realistic building schedule;
6. Ensuring there is scope for slippage in the grants schedule.

Revenue

There is a high risk of not achieving new income from catering services.

This can be reduced by recruiting experienced new staff. It will be a new service and there is currently no practical experience within the organisation

There is a high risk of not achieving target occupancy rates for new accommodation with resultant loss of sales for activities and catering.

This can be reduced by negotiating the trading terms and conditions of the lease with HC and Norcon. The potential sale of activities and catering, and therefore the maintenance of occupancy rates, will be critical to the viability of this proposal.

There is a risk that the funding package could fall apart. In particular, the ERDF contribution was tied to the funding package being finalised by 17 August.

This has been extended to give the applicant the opportunity to finalise the funding package but the shortfall needs to be covered quickly to ensure that the ERDF support is not lost.

There is a risk that Badaguish is perceived as competing with commercial outdoor activity centres.

The applicant understands that similar concerns were raised when the CNPA considered the planning application. He has explained that their auditors monitor the activities of the Trust to ensure that they fall within the scope of its charitable objects and conform with Inland Revenue and Charities Commission guidelines. It is, however, still appropriate to make this a condition of any funding support.

7. Costs and Funding

- Detail the financial costs of the project/activity
- Detail the sources of funding
- Detail any non-monetary costs to the CNPA (such as Member or staff input)

	£
<u>Project Costs</u>	
Accommodation Lodges	800,000
Training Facilities	623,724
Services	213,000
Furnishings/Equipment	168,250
Land Purchase	90,000
Contingencies (5%)	94,749
Professional Fees	280,520
	2,270,242
<u>Funding Package</u>	
Highland Council/NorCon	850,000
Speyside Trust	180,000
Scottish Executive Futurebuilders	175,000
Social Investment Scotland	100,000
EC ERDF	741,000
CNPA	40,000 ⁽¹⁾
INBSE	75,000 ⁽¹⁾
HIE	50,000 ⁽¹⁾
Funding Gap	59,242
	2,270,242
Notes:	
⁽¹⁾ Proposed funding. Not yet confirmed.	
All other funding partners listed have confirmed their offer of funding either verbally or by written confirmation.	
As previously stated (section 6) the ERDF contribution is now at risk of being lost. The shortfall in the funding package has come about as the result of Communities Scotland approving a lower sum (via the Futurebuilders programme) than had been sought. The CNPA and INBSE/HIE have been approached to cover the shortfall. INBSE and HIE have verbally indicated that they may support the project but only to an upper limit of £125K. If the CNPA provides £40K, this still leaves a shortfall of £59,242. It is anticipated that this can be covered either through identifying savings in the project cost or via a loan facility that has been agreed with the Trust's bank.	

8. Deliverables/ Impact Assessment

- What end products/outputs will be delivered?
- How will success be measured?
- How will the project be monitored and what will be the feedback to the CNPA?

The training facility will provide the following outputs:

Training facility to provide hospitality and catering skills outdoor activity, equipment and facility maintenance skills.

Community learning centre network (4 centres) will be supported to develop and deliver vocational training in partnership with local schools and colleges.

Community organisation supporting the development of a social firm to pilot new training and work experience in the following fields of:

- Mountain biking skills, maintenance, trail design and building
- Hospitality, visitor reception, catering and housekeeping
- Fund raising and event management
- Social Care and disability awareness.

The project will create 4 full-time equivalent jobs and 8 assisted employment places.

Additional capacity would be created for up to an additional 4,000 children and young people to benefit from activities at Badaguish.

As importantly the project supports working together with key partners: HC, HIE, LearnDirect, BASIL, Careers Scotland, JobCentre.

It will build on and develop a successful model of using highly motivated activities with a positive image as a medium to deliver core skills for both high achieving and hard to reach learners.

In addition, it will pilot joint working with schools, local learning centres and the local community to improve links with high quality work experience and vocational training which is relevant to the needs of a key employment sector in the local economy, which all accords with current Scottish Executive policy.

The project will be monitored through both INBSE's (LEC) & HIPP (ERDF) monitoring & evaluation programmes, which will be made accessible to the CNPA.

9. Value for Money

- In view of the costs, do the deliverables appear to offer value for money? (consider cost of comparable projects, where available).

The applicant has a proven track record of managing and implementing capital projects. He is unlikely to undertake any project which he has not fully appraised and analysed. As in any business assessing best value for money is paramount to the success of any individual project and continued expansion and growth of the enterprise.

The costs have been prepared by Alan Cruden Associates (QS) lead Project Consultants. The work has gone out to tender and application for building warrant has been lodged. Planning Permission has been confirmed. The applicant has shown due diligence in his approach and control of costs, demonstrating best value for money.

10. Exit or Continuation Arrangements (where applicable)

- If this is not a discrete, time-limited, project or piece of work, what are the exit/continuation arrangements for when CNPA support ceases?

The project is time limited therefore there is no need for an exit arrangement. The project will not require on-going support from the CNPA.

11. Additionality

- Does this work/project substitute for or duplicate work being carried out or proposed by others?
- What would be the effects of the CNPA not supporting the project? Would it proceed without CNPA support?

There is no other comparable centre in the area offering the range of community learning/training opportunity to such a wide and diverse group audience.

The CNPA is the funder of last resort in terms of the financial contribution being recommended. Additionality is therefore satisfied in this case. The project is unlikely to go ahead in the near future without intervention from the CNPA, as the current funding package would be jeopardised.

12. Stakeholder Support

- Have the organisations and/or communities that would have an interest in this work/project been involved, and are they supportive?

The project has obvious support from the key funders:

- Highland Council
- Northern Constabulary
- Scottish Executive (Futurebuilders)
- Social Investment Scotland
- EC ERDF
- INBSE/HIE

13. Recommendation

The CNPA is recommended to approve the sum of **£40,000**. Approved funding would be subject to an on-going special condition to ensure that additional activities arising from the capital development are wholly in line with the Speyside Trust's charitable objects.

Any support would also be conditional upon the funding being spent in the 2005/06 financial year. This would require the CNPA to front fund the early development costs rather than funding on a pro-rata basis over the duration of the development. The applicant has indicated that such a condition would be acceptable.

Support would also be conditional upon the full funding package being confirmed and the terms of the CNPA planning permission being met. The offer letter would also encourage the Speyside Trust to collaborate on projects that may be mutually beneficial such as the Youth Apprenticeship Scheme or the John Muir Award.

Name: Shirley Tulloch

Signature: _____

Date: 16/08/05

14. Decision to Approve or Reject

Head of Group

I endorse Shirley's recommendation. This is a very strong partnership proposal that helps address several Corporate Plan objectives. In particular, it fits with our aim of a 'Park for All' with its focus on particular disadvantaged groups and children/young people in general.

The timing with regards pulling together a funding package is now at a critical point. Approvals from the CNPA and INBSE should enable the project to proceed within this financial year.

Name: Andrew Harper

Signature:

Date: 16/08/05

Management Team (CNPA)

Approved at weekly meeting

Name:

Signature:

Date: 23/08/05

Finance Committee

Name:

Signature:

Date:

Board

Not necessary.

Name:

Signature:

Date:

Sponsoring Department (SEERAD)

Name:

Signature:

Date: