

<b>MEETING</b>	Performance and Resource Committee
<b>DATE</b>	20 <sup>th</sup> November 2019
<b>TITLE</b>	<b>PLAS TAN Y BWLCH DEVELOPMENT PROPOSAL</b>
<b>REPORT BY</b>	Head of Business, Plas Tan y Bwlch
<b>PURPOSE</b>	To seek consent of the Authority to progress with the proposed redevelopment of Plas Tan y Bwlch.

## 1. Background and Funding Pressures

- 1.1. In 2012 the National Park Authority received notification from the Welsh Government that austerity measures would mean substantial cuts in the funding over the ensuing years. At this time the Centre was receiving a subsidy of £419,550 (excluding Central Support costs and Capital Charges).
- 1.2. The Authority appointed Mr Jim O'Rourke in November 2013 to review the courses and activities it offered to increase income and to look at where savings could be made in expenditure.
- 1.3. The main outcome of the review was that the Centre should review the course prices and market itself to attract additional group business and develop the special functions market and attract more bed and breakfast business. Also that we should develop a Tea Room and the Gardens to attract day visitors.
- 1.4. Changes to staff term and conditions were made removing additional allowances for evening and weekend working and we moved away from staff lecturers to using brought in lecturers.
- 1.5. The aim of the review (as subsequently confirmed and decided by the Authority) was for the Centre to reduce the subsidy it receives over a 5 year period to zero and to then make a surplus.
- 1.6. Many of the recommendations from the review have been implemented meaning the Centre has reduced its expenditure and increased the income to give a net cost to the Authority in 2018/2019 of £92,993 a saving of £326,557.

Year	Expenditure	Income	Cost to the Authority*
2013/14	912,693	627,446	285,247
2014/15	970,581	551,723	418,858
2015/16	906,010	681,659	224,351
2016/17	935,656	720,231	215,425
2017/18	906,333	749,343	156,990
2018/19	874,605	734,096	140,509

\*excluding Central Support Costs

- 1.7. It has become apparent that we are now struggling to attract new business due to the poor state of some of the en-suite accommodation and the lack of facilities in the bedrooms. The highest grading we are able to achieve from Visit Wales is currently 3 \* Group Accommodation. The Group Accommodation designator indicates a lower level of facilities and generally a lower standard of accommodation, the Visit Wales guidance describes it as *“predominately group bookings in shared bedrooms. May offer meals or self catered facilities”*
- 1.8. In recent months we have been unable to secure potential new business customers due to the bedroom accommodation. When showing customer around they give a favourable response to the meeting rooms and facilities but they then comment that the accommodation does not reach the standard they expect.

## **2. The Proposed Development to upgrade facilities**

- 2.1. Following discussions at the Plas Tan y Bwlch Management Board it was decided to appoint an architect to look at several areas of potential development that had previously been discussed.

### **2.1.1. Main House**

- **Bedrooms**

The proposed development for the bedrooms in the main house is to upgrade the bathrooms and install televisions, tea making facilities and telephones. We have used the Visit Wales grading information as a basis for the standard and level of facilities required in the bedrooms which has been pitched at 3\* Country House Hotel standard. The Visit Wales guidance defines this as Hotels that *“have ample grounds or gardens in a rural or semi-rural location, with emphasis on peace and quiet”*. To be able to obtain a higher star grading we would have to be able to offer in bedroom dining facilities which at the present time was not considered essential for our core business. Trip Advisor and other review platforms confirm that the room facilities do not always meet customer expectations.

- **Bar**

The existing bar is located in the basement in the old wine cellar. Although it could be considered as cosy it suffers from poor air circulation is uninviting and dark and does not have enough space when larger groups are in residence. With the location of the bar in the basement at the end of a corridor it is difficult to find and due to the slate staircase also fails to comply with the Equality Act as there is no easy access for less able bodied visitors or those using a wheelchair. The bar feels detached from the main house, especially for non-residential groups such as weddings and other special events. We have been trying a temporary mobile bar on the ground floor for special functions.

- **Luxury Bedroom**

The next part of the proposed development is to convert the existing Tudor Lounge into a luxury bedroom suite and to provide a new residents seating in the area where there are two redundant bathrooms on the bridge between the two buildings. The proposed new bedroom suite can then be marketed as luxury accommodation and used for weddings.

## **2.1.2. Annex Bedrooms**

- The accommodation block at the rear of the building, which is mainly used for school groups and consists of 7 non en-suite bedrooms on the first and second floor. The ground floor is used as a store rooms and an office. This block is underutilised as it is rarely used outside school term time or at weekends. The existing shared bathrooms are in need of refurbishment and do not reach the minimum standard for Visit Wales grading.
- The proposed hostel accommodation in the annex has been pitched at the 4 star Hostel standard. This would then also enable us to enter into an agreement with the YHA to market our accommodation to their membership as an Enterprise Hostel.

2.2. In conjunction with the proposed developments the Centre is also looking to change its back office computer system to one that would allow for automatic updating of Online Travel Agents to make our courses, activities and accommodation bookable on several sites along with the redeveloped Snowdonia National Park web site.

2.3. The new computer system is vital to enable us to make better use of the available accommodation via online booking sites such as Bookings.com, AirBnB and LateRooms it will also allow us to provide better reporting on income and bedroom occupancy rates.

2.4. The Plas Tan y Bwlch Management Board have agreed to proceed with the developments as outlined below subject to securing funding.

## **3. Business Case and Proposed Developments**

### **3.1. Main House**

#### **3.1.1. Bedrooms**

- The en-suite bedrooms in the main house and the ground floor of the annex were developed in the 1990's with some minor upgrading in the 2000's. They are now tired and in need of redevelopment. They also lack televisions and tea making facilities. Many of the older bedrooms have a bath with shower over. The baths are seldom used by the majority of guests. Most of the bedroom lack the electrical plug sockets to enable us to provide the now required additional facilities of televisions and tea making facilities and for guests to charge their own mobile devices.
- The works include changing the location of the Duty Officers bedroom to a room on the 2<sup>nd</sup> floor and making the current duty bedroom into a letting bedroom. Also the redevelopment of an existing en-suite double bedroom and adjacent non en-suite single bedroom into a one larger family room.
- When marketing the Plas to potential new customers, especially in the small conference market, the lack of television and tea making facilities in the bedrooms is certainly a disincentive to them booking.

- Building works estimated costs are £74,770, plus electrical works of £8,800 giving a total cost of £83,570.
- With the additional facilities in the bedrooms it is anticipated that we would be able to charge an additional £5.00 per person per night for the bedrooms, on current levels of business this would bring in an additional £14,000. It is also envisaged that we would be able to attract additional groups to the Centre, particularly from the small conference market, this should bring in an additional £12,000. Having the accommodation available for booking with online sites will also generate additional income, this is estimated at £6,000 a year.
- As the additional income is mainly from being able to charge more for the existing business there are no additional costs associated with it, apart from bed and breakfast where the costs are approximately 1/3 of the income at £2,000.
- The potential additional income from this part of the development would total £32,000 less £2,000 of costs giving a payback period on the investment of 2 years 9 months.

### **3.1.2. Bar and New Reception**

- The existing bar is located in the basement and is not fully accessible. During special functions we make alternative arrangements by setting up a temporary bar on the ground floor, but at other times this is a problem.
- Aligned with the proposal to relocate the bar is the provision of a new more accessible reception desk. The current provision is located in a large area usually staffed by one member of the administration team. The desk is located behind a tall screen which makes the area very uninviting and makes it difficult for the receptionist to communicate properly with visitors.
- The existing reception area would be redeveloped to provide a bar servery and lounge area partly screened from the corridor. A new reception desk would then be constructed in the bay window area providing seating for 2 staff.
- Estimated cost £36,670 plus electrical £1,500 giving a total of £38,170.
- With the potential from the new customers in the hostel spending an average of £2.75 in the bar per head this would generate income of £10,175 giving a profit of approximately £6,700. The estimate is based on the number of potential residents as discussed with the YHA and the average spend from adults for our current business. Along with increased sales to existing customers it is envisaged that we would increase sales at functions, this is difficult to estimate but it is hoped a prudent estimate of £5,000 profit would be achieved.
- The main benefit from the proposed change is in providing an accessible bar to be able to comply fully with the Equality Act and also to provide a more welcoming reception area.

- The payback period for this would be 3 years 3 months.

### **3.1.3. New Luxury Bedroom and New Reading Area**

- With the installation of televisions and tea making facilities it is felt we will no longer need a dedicated lounge, it is however felt that there should be an area on the first floor where residents or staff in charge of school groups can congregate.
- Building works estimated cost for bedroom £16,170 and Reading Area £6,660 plus total for electrical works of £1,300 giving a total cost of £24,130.
- Potential income generation assuming we are able to charge £200 per night for the room for weddings and £150 for independent guests and it is occupied for 25% of the time is £13,650 Costs to service the bedroom would be £2,000 giving a potential profit of £11,650.

3.1.4. The payback period of 2 years 1 month is estimated.

## **3.2. Hostel Accommodation**

- As the accommodation block at the rear of the building is often empty, and the ground floor is used for storage it was decided to look further into potential use for the building. The conversion to hostel accommodation proved to be the most suitable option as this would allow us to continue to use the space for school groups during term time and market the accommodation for use at weekends and during school holidays.
- Discussions have been held with the Youth Hostel Association regarding an arrangement with them to market the accommodation to their membership. The YHA already have a working arrangement in place, called Enterprise Hostels, which they use with several similar organisations. The plan is to make the hostel available through the YHA booking system on weekends and school holidays and to continue to use it for our core business at other times.
- The estimated costs for building works £98,270 plus electrical £4,700 giving a total cost of £102,970.
- Potential profit from the development of the hostel accommodation, as presented to the Plas Tan y Bwlch Management Board in June and October 2019, is estimated at £67,000 plus approximately £10,000 profit from the sale of meals.
- Payback 1 year 4 months after the hostel has become established which should be possible within 1 year after opening.

### 3.3. Summary table for all elements of the proposal

<b>Proposal</b>	<b>Cost</b>	<b>Potential Income</b>	<b>Payback Period</b>
Upgrading the Existing Bedrooms	83,570	30,000	2 years 9 months
Bar relocation and new reception area	38,170	11,700	3 years 3 months
New Luxury Bedroom	24,130	13,650	2 years 1 month
Hostel Accommodation	102,970	77,000	1 year 4 months
<b>Total</b>	<b>248,840</b>	<b>132,350</b>	<b>1 year 10 months</b>

#### 4. Outcome following the proposed development

- 4.1. After the developments have been established and the marketing has been developed to attract new customers the potential income will increase by £134,200, from £734,096 to £868,296.
- 4.2. Should the whole developments go ahead the Centre would increase its expenditure by £32,500, from £827,089 to £859,589. The increase in expenditure, as outlined above, is for additional cleaning, laundry, food costs and staff time.
- 4.3. This would bring the Centre into a position of a profit of £8,707, a saving to the Authority of £101,700 after a period of approximately 2 years.
- 4.4. Plas Tan y Bwlch performs a vital role for the Authority in fulfilling the second objective of providing opportunities for the understanding and enjoyment of the special qualities of the National Park.
- 4.5. Carrying out the development will also secure the employment of the staff currently employed at the Centre and in the longer term could possibly lead to additional posts being created to service the new hostel and additional cleaning for the main house.

#### 5. Funding

- 5.1. The Authority have received notification from the Welsh Government that they have agreed to provide additional funding to finance these development.
- 5.2. An allocation of £200,000 has been awarded to Plas Tan y Bwlch, which leaves a shortfall of £48,840 for the funding of all elements of the proposed development.
- 5.3. The Plas Tan y Belch Board were supportive to the development proceeding in its entirety subject at that time to investigating potential grant sources. The additional funding provided by Welsh Government has now meant that the bulk of the development is funded.

#### Recommendations

1. To authorise that the Authority finances the scheme in its entirety utilising the additional support provided by Welsh Government and financing the balance itself.