



CABINET – 21ST APRIL 2021

SUBJECT: REOPENING OF CWMCARN FOREST DRIVE

REPORT BY: CORPORATE DIRECTOR – ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To allow officers to agree a proposed collaborative arrangement with Natural Resources Wales on behalf of the Council to manage the operation of the Forest Drive at Cwmcarn Forest as a visitor attraction for a trial period of 2 years.

2. SUMMARY

- 2.1 The Forest Drive is owned and managed by Natural Resources Wales (NRW) and has been closed since 2015 to allow for the felling of around 150,000 trees because of the disease Phytophthora Ramorum.
- 2.2 Following a programme of investment to resurface the forest drive and reinstate and enhance the recreational facilities, Natural Resources Wales are looking to reopen the Forest Drive in the spring of this year and are seeking to work in partnership with the Council to ensure a financially sustainable operation is established through a collaboration agreement.
- 2.3 The Council are being asked to take on the operational management of the Forest Drive at Cwmcarn Forest.
- 2.4 The commercial and investment strategy adopted by Cabinet on 9th December indicates our commitment to working in partnership with organisations who share our values, working with NRW is a good demonstration of this commitment. The strategy sets the foundations for working in different ways, empowering staff to try new things as well as fundamentals of commercialisation such as business planning. This proposal sits within the strategic context supporting all the main aims of the commercial strategy and the wider transformation strategy ensuring we adopt the commercial mind social heart ethos.

3. RECOMMENDATIONS

- 3.1 That Cabinet permit officers to agree a collaboration agreement on behalf of the Council with Natural Resources Wales to support the re-opening of the Forest Drive in 2021 to achieve a financially sustainable operation of the attraction.
- 3.2 Cabinet endorse the recommended admission price of £8 per car, £11 for minibuses and £25 for coaches to include parking fees on Council operated car parks at Cwmcarn as part of the admission fee.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Forest Drive is a unique visitor attraction in South East Wales and its closure has had an impact on the revenues of Cwmcarn Visitor Centre since 2015 as it has limited the availability

of walking trails, cycle trails and general access to the landscape, all of which are drivers of leisure and tourism visitors to the site. Cwmcarn Forest is currently in receipt of substantial funding to invest in supporting the regeneration ambition to make the venue a major visitor attraction in South East Wales, and the reopening of the Forest Drive will reinstate a major attractor at the site increasing accessibility to the surrounding forest and countryside.

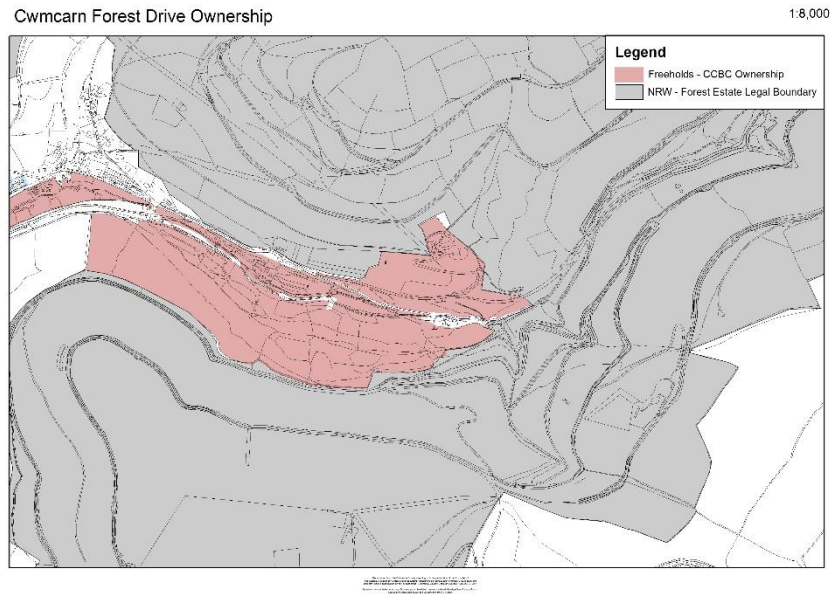
5. THE REPORT

- 5.1 In 2015, Natural Resources Wales closed Cwmcarn Forest Drive to the public having discovered that large areas of the site were affected by Phytophthora Ramorum and planned to fell and remove up to 150,000 trees over a planned four-year period. The closure of the Forest Drive has been an issue for many residents and a community pressure group, ‘the friends of Cwmcarn Forest Drive’ had been lobbying NRW and the Welsh Government to work towards the reopening of the drive. £1m was secured by NRW to undertake the preparatory work required to reopen the Drive and NRW have worked closely with Council officers to devise a work programme and to project manage the project, including the scope for integrating a technology based admission system that could reduce the annual running costs of the site.
- 5.2 The majority of the felling and clearance works have now been completed, and the Forest Drive resurfacing works are complete. NRW are aiming to reopen the Forest Drive to visitors in the spring of 2021. Officers from NRW and the Council have been meeting regularly as part of a project group to work towards this goal as part of a collaborative working arrangement.
- 5.3 Outdoor Activity Tourism (excluding walking and road cycling) is estimated to be worth over £500m to the Welsh economy accounting for 10% of expenditure in the tourist economy of Wales as a whole and supporting 8,000+ FTE jobs. Locally, tourism is worth an estimated £134m for the local economy, responsible for around 1,626 jobs in Caerphilly County Borough.
- 5.4 Cwmcarn Forest is a tourist destination that includes several elements that attract visitors including walking trails, cycling trails, a fishing lake and adventure playground. The Forest Drive, also known as the Scenic Drive, was previously a popular visitor attraction in the South East region of Wales. Cwmcarn Forest as an overall site has recently been afforded ‘Discovery Gateway’ status as part of the Valleys Regional Park Initiative, which also resulted in a grant of £450,000 being awarded by the Valleys Task Force to the Council to enhance the facilities across the site.
- 5.5 The venue has a diverse portfolio of income streams covering around 64% of the total expenditure and are derived from the following areas of activity at the site:
- Café.
 - Overnight accommodation (camping and glamping).
 - Retail offer from on-site gift shop.
 - Car parking.
 - Lease income from retail unit.
 - Hire of room facility.

Table 1 – Net Budget for the period 2020/21

2020/21 Budget			
VISITOR ATTRACTION	Income	Expenditure	Net Budget
Cwmcarn Forest Drive	£443,420	£689,438	£246,018

- 5.6 The Council has an established base at Cwmcarn and has recently expanded to house the Council's Outdoor Education Service. Natural Resources Wales own substantial land holdings around the forest drive and visitor centre, as shown in the site map below, but they do not have an operational base at the site.



- 5.7 As outlined above there has been major investment at Cwmcarn, with further pipeline projects under way from several funding sources as follows:

- Tourism Amenity Investment Scheme (TAIS)
 - Expansion of Bike Trails.
 - Enhancement of Existing Walking Trails.
 - Creation of new welcome arrival features and signage.
- Mon & Brecon Canal Adventure Triangle (M&BCAT)
 - New Adventure Play Hub.
 - New Luxury Glamping Lodges.
 - Lakeside Landscape Enhancements & New Pit Wheel Car Park.
 - Cross-country Cycle Trail (Twrch Loop).
- Valleys Regional Park – Discovery Gateway Site
 - Visitor centre enhancements & new play area.
 - WIFI enhancements.
 - Internal building Improvements.
 - External building Improvements.
 - Walking trail development & landscape/nature interpretation.
 - New toilets.
 - Discovery backpacks.
 - Learning & community cabin.
 - General habitat management



- 5.8 The investment programme is aimed at reducing the net subsidy that the Council provides for the running of the site. The reinstatement and reopening of the Forest Drive will complement the above enhancements to the site and add to the mix of attractions, improving the dwell time with the potential to increase secondary spend significantly from visitors. Further complementary investment projects are being undertaken by NRW to develop the recreational offer and parking areas around the Forest Drive.
- 5.9 Cost estimates and income forecasts have been put together that include an allocation for highway surface maintenance, grass / brush clearance and playground inspections and maintenance, see Appendix one. Based on the limited available data provided by NRW it is considered that the Forest Drive can attract between 7,000 and 10,000 cars per year.
- 5.10 At an estimated average of 2 people per car¹ this could generate between 14-20,000 additional visitors to the forest drive, a proportion of which would be anticipated to generate secondary spend at the Forest Drive Visitor Centre in the gift shop and café.
- 5.11 There is the potential to generate a surplus of around £15,000 if expectations of car visitors are met. The installation of an automated barrier incorporated into the Forest Drive entrance offers flexibility to reduce the initial staffing levels and associated costs of operating the Drive.
- 5.12 The collaboration agreement would take around 6 to 8 weeks to draft and will outline the project objectives, financial arrangements, roles and responsibility of the two parties, review process, liability schedules, health and safety arrangements and protocols, data protection and dispute resolution amongst other aspects of the agreement.

Conclusion

- 5.13 There are financial risks associated with establishing a partnership to reopen the Drive and forecast budgets need to establish a realistic model of potential running costs to ensure that the partnership with NRW to reopen the Forest Drive does not create a financial liability for the authority. A trial period of 2 years is proposed as part of the collaboration agreement to allow a realistic time frame within which to assess the income and expenditure requirements of the site. The agreement will be reviewed after the two-year pilot period ends to establish whether both parties want to extend the agreement. It is acknowledged that the level of visitors in the first year of the trial is likely to be lower due to capacity restrictions resulting from ongoing covid restrictions.

6. ASSUMPTIONS

- 6.1 The financial pressures on local authority budgets will continue in the medium term as outlined in the Council's medium-term financial plan.
- 6.2 Historic levels of admissions can be achieved in the first two years of the drive re-opening of between 7,000 and 10,000 cars per annum (subject to covid restrictions being relaxed).

¹ European Environment Agency, car occupancy rates for travel and leisure

However, the level of visitors in the first year of the trial is likely to be lower due to capacity restrictions resulting from ongoing covid restrictions.

- 6.3 The drive would be open for an 'eight month' season from March to October.
- 6.4 The partnership agreement would be reviewed after an initial two-year operating period.
- 6.5 The re-opening of the Forest Drive will bring additionality in terms of visitor numbers which would lead to an increase in on site secondary spend.
- 6.6 NRW will contribute £30,000 for the first year of the pilot period to support the re-opening of the forest drive and to support the employment of wardens dedicated to the forest drive operation. It is assumed that this funding will also be available for the second year of the pilot period.
- 6.7 That covid and Brexit will continue to impact on currency values and the economic consequences for the tourism industry in terms of UK based visitors switching their destination choices to holiday in the UK.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The decision to reopen the Forest Drive is determined by Natural Resources Wales but the Council is seeking to enter into a partnership agreement to operate the forest drive as part of a long term, collaborative, integrated approach in line with sustainable development principles of the Well-being of Future Generations (Wales) Act 2015.
- 7.2 As part of NRW's decision to reopen the forest drive there are positive impacts on the local community in being able to access countryside and outdoor facilities in support of well-being, economic regeneration and contributing to active lifestyles of our residents. The data collected by NRW shows a higher than average number of visitors to the site amongst two identifiable groups prior to its closure, those aged 25-44 and those who described their ethnicity as black / Asian / mixed.
- 7.3 Consultation with the local community has provided a number of suggestions and ideas for improvements that the Management Board, that will be set up as part of the accompanying collaboration agreement that will support the proposed reopening of the Forest Drive, will review and identify for action. The Management Board will monitor the site to ensure the requirements of the Welsh Language (Wales) Measure 2011 Act are met.

https://www.caerphilly.gov.uk/CaerphillyDocs/IIA/IIA_Cwmcamn_Forest_Apr21.aspx

8. FINANCIAL IMPLICATIONS

- 8.1 There is a financial risk in not achieving the predicted level of income that could be generated at the Forest Drive with limited financial records of past performance available at the current time. A significant operational cost is the staffing element previously used to control admissions to the site, a cost that can be significantly reduced by the installation of an automated barrier on site, thereby reducing the financial exposure of both organisations.
- 8.2 Initial forecasts are that depending on the agreed admission price of £8 per car, installation of an automated barrier, demand being realised and no unknown or adverse events impacting on the Council's obligations, the agreement could generate a profit of between £14,872 for the site, (see Appendix one) or a worst case scenario of a £5,128 loss. Potential profits and losses will be shared equally between CCBC and NRW contributing to the Council's transformation aims to make the attraction more financially sustainable and reduce the current level of subsidy.
- 8.3 The secondary spend benefits of the reopening of the drive are unknown at this stage.

8.4 There is significant uncertainty as to the road map and timescales to re-opening tourist attractions affected by the pandemic and that is likely to impact on the income and expenditure projections.

9. PERSONNEL IMPLICATIONS

9.1 There is a desire from NRW to employ a Forest Drive Warden in response to feedback from recent community engagement events and they are seeking to make an annual financial contribution of £30,000 towards supporting this. It is intended that warden staff (1.5 FTE's to cover the opening hours) will be recruited in line with existing warden duties on fixed term contracts. If the Council determines not to continue with the collaboration at the end of the two-year pilot period, then staff employed because of this agreement will cease employment under the fixed term contract in line with similar externally funded positions.

9.2 There is likely to be an implication for the current general Manager who would be taking on the additional responsibility of the management of the Forest Drive which would need to be evaluated. Similarly, Job Descriptions of the current warden staff on site would need to be revised to include and extend their working boundaries to include the overall site.

10. CONSULTATION

10.1 Management staff at the visitor attraction concerned have been engaged to discuss the option identified in the report. Feedback from the consultees to the report have been included.

11. STATUTORY POWER

11.1 The Local Government Acts 1998 and 2003.

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Appendices:

Appendix 1 – Annual Budget

APPENDIX ONE

ANNUAL BUDGET

	Admission Charge - £8
EXPENDITURE	
Employees	£ 61,595
Grass Cutting	£ 2,200
Brush cutting	£ 1,000
Road sweeping	£ 800
Highway Maintenance	£ 1,500
Utility & repairs	£ 1,000
Toilet Maintenance	£ 5,400
Admissions: Service contract	£ 3,300
Play areas: Inspections & maintenance	£ 5,000
	£ 81,795
INCOME	
Admissions target - 7,000 (less VAT)	£ 46,667
NRW contribution	£ 30,000
	£ 76,667
NET PROFIT / SUBSIDY	-£ 5,128

	Admission Charge - £8
EXPENDITURE	
Employees	£ 61,595
Grass Cutting	£ 2,200
Brush cutting	£ 1,000
Road sweeping	£ 800
Highway Maintenance	£ 1,500
Utility & repairs	£ 1,000
Toilet Maintenance	£ 5,400
Admissions: Service contract	£ 3,300
Play areas: Inspections & maintenance	£ 5,000
	Total £ 81,795
INCOME	
Target - 10,000	£ 66,667
NRW contribution	£ 30,000
	Total £ 96,667
NET PROFIT / SUBSIDY	£ 14,872