



CABINET - 18TH OCTOBER 2023

**SUBJECT: CWMCARN FOREST DRIVE COLLABORATION WITH
NATURAL RESOURCES WALES – REVIEW OF AGREEMENT
AND NEXT STEPS**

**REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND
ENVIRONMENT**

1. PURPOSE OF REPORT

- 1.1 To review the collaborative arrangement with Natural Resources Wales for the Council to manage the operation of the Forest Drive at Cwmcarn Forest as a visitor attraction and to consider whether or not this agreement should be extended.

2. SUMMARY

- 2.1 The Forest Drive is owned by Natural Resources Wales (NRW) and a Partnership Agreement was put in place between NRW and the Council to ensure a financially sustainable operation of the Drive. This was considered and endorsed by Cabinet on 21st April 2021. The Partnership Agreement was considered as an enabling tool to continue with the Levelling Up Fund submission which was unsuccessful.
- 2.2 The drive is currently operating at a small profit which is shared equally between NRW and CCBC. Officers believe the cost to maintain the site is likely to increase over the coming years as deterioration of the built structures will increase maintenance requirements.
- 2.3 Visitor numbers in 2023 are starting to show a downward trend compared to 2022. There is some concern that the Forest Drive may not be able to financially “wash its face” if numbers continue to decline. Extending the agreement by another 12 months, i.e. up to 31st March 2025, will allow accurate income figures to be obtained for comparison with previous years to get a clear indication of trends aspirations moving forward. It will also allow NRW and CCBC to investigate ways of ensuring that the drive does not incur additional financial burdens on each organisation in forthcoming years. Both organisations recognise a small increase in admission charges from April 2024 would be a quick but effective start to this process.

3. RECOMMENDATIONS

3.1 It is recommended that:

3.1.1 The existing agreement be extended for a period of one year. This should ensure that both parties can fully ascertain the finances associated with the operation of the drive at the attraction. It is recognised that the last two years have been a honeymoon period and figures gained from 2023-24 should provide evidence on how the drive is performing financially post initial spike of interest.

3.1.2 Cabinet endorses an increase in the admission price from £8 to £10 per car, from £15 to £18.50 for minibuses and from £30 to £35 for coaches. These prices include parking fees on Council operated car parks at Cwmcarn as part of the admission fee. Season Ticket prices should also rise by a similar amount to £75 for a car, £37.50 for a motorbike and £125 for a minibus. These increases reflect inflation and are proposed to be implemented from the start of the 2024 season from 1st April 2024

4. REASONS FOR THE RECOMMENDATIONS

4.1 The extension of the agreement to operate the Forest Drive on a long-term basis is not a light decision to be made, especially at a time when the Council are facing dramatic targets for savings across all departments. Accurate income figures need to be obtained in comparison with previous years to get a clear indication of aspirations moving forward in light of the unsuccessful Levelling Up Fund application to continue development of the site. Therefore, the extension of the management agreement is recommended for a further 12 month period.

4.2 There is evidence emerging that the net financial position of the Forest Drive is reducing. Therefore, the continued operation of all aspects, including the Forest Drive, requires commitment and engagement with the private sector to deliver some of the additional attractions that have been included in the Levelling Up Fund submission to UK Government. There is some evidence indicating a rise in day visits to attractions in the UK, but a reduction in longer stays. Opportunities to ensure that income can be maximised should now be explored further to ensure that neither NRW nor CCBC are put under additional financial pressure through its management and upkeep.

4.3 Cwmcarn remains a significant visitor attraction in the County Borough and across South Wales. Outdoor attractions and adventures are a key pillar of the Visit Wales marketing strategy for tourism. Most importantly, the past two years have demonstrated that the partnership between NRW and CCBC remains strong, and this existing agreement is an effective platform for exploring how successful tourism outcomes can be achieved using the Forest Drive as a focal point.

5. THE REPORT

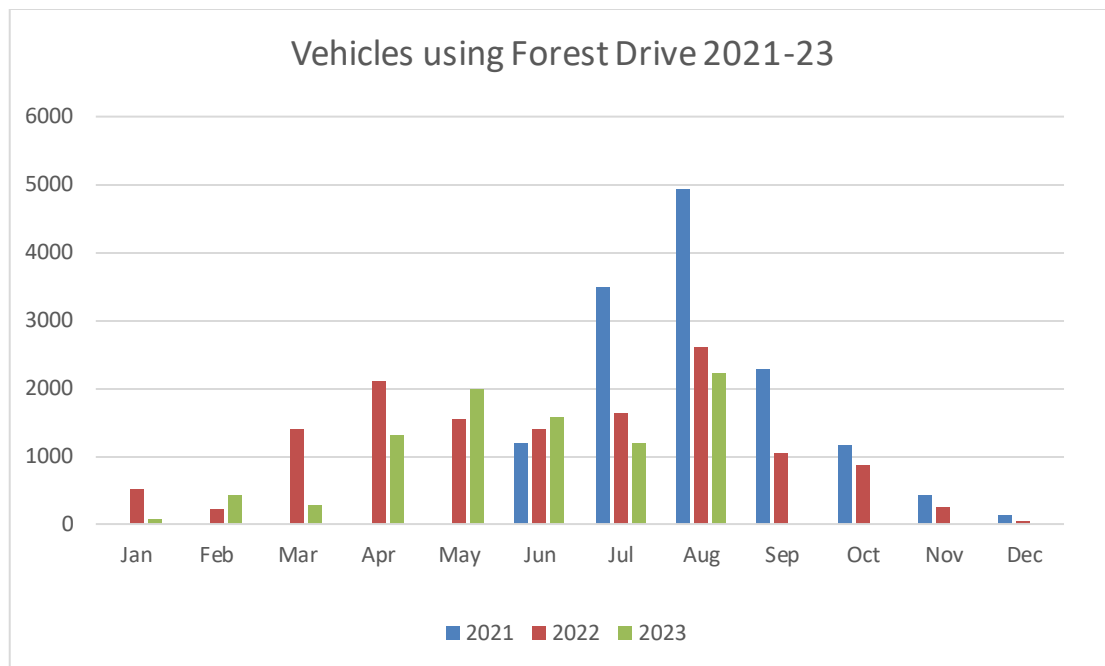
5.1 The Forest Drive is owned by Natural Resources Wales (NRW) and was closed between 2015 and 2021 to allow for the felling of around 150,000 trees because of the disease Phytophthora Ramorum.

5.2 Following a programme of investment to resurface the forest drive and reinstate and enhance the recreational facilities, a Partnership Agreement was put in place between

Natural Resources Wales and the Council to ensure a financially sustainable operation when the Forest Drive was re-opened. This was considered and endorsed by Cabinet on 21st April 2021.

- 5.3 The operational management of the Forest Drive is an example of the commercial and investment strategy adopted by Cabinet in December 2020, which indicates our commitment to working in partnership with organisations who share our values, working with NRW is a good demonstration of this commitment. This agreement 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 and social heart ethos.
- 5.4 On a day-to-day basis, the Council's Visitor Economy and Destinations team manage the site. However larger proposed operations and events require permission from NRW. NRW officers also maintain an active and close watching brief over all aspects of the management and administration of the site including but not exclusive to the operation of the drive, the car park and amenities along the route and the cycle trails.
- 5.5 The Partnership Agreement was considered a key element of a suite of interventions to improve the offer at the attraction. Another component of this was the development of an investment masterplan for the site which was commissioned using Regeneration Project Board resources. Key elements of this masterplan were submitted to the UK Government Levelling Up Fund under Round Two, and Members will be aware that this submission was unsuccessful. It is felt that the need for further investment is critical to the ongoing development and operation of the site. Without further investment, visitor numbers are likely to decline as the offer at other regional attractions improve and become stronger. The ongoing developments at Afan Forest Park, Swansea Sea front, Zip World, Rhigos and the Rhydycar East snow dome development are predicted to have a negative impact on Cwmcarn, unless it improves its offer to the visitor.
- 5.6 Opening times for the Forest Drive are:
- | | |
|--------|---|
| Summer | 10am – 6pm (last entry 4pm) |
| Winter | 10am – 4pm (last entry 2pm – weekends only) |

Visitor numbers in 2023 are down compared to 2022, but at the time of drafting this report it is too early to draw any meaningful conclusions and the number of vehicles is higher in May and June this year compared to last year (see table below and summary data at Appendix 2).



5.7 It should be noted that, after the initial post-Covid boom in 2021-22, the surplus generated was circa £17.5k in 2022-23, albeit in line with initial expectations as set out in the 2021 report. It is worth noting that prior to the site closing for the tree removal, Cwmcarn Forest Drive did not cover its operational costs. There are new play areas available now, so the overall offer has some added value to the visitor but without additional continued investment and development, the site may not be able to compete with other regional attractions.

5.8 Whilst the high level of post-Covid visits has now dropped, it is positive news that the number of visitors recorded across the Cwmcarn destination remains higher than the historic pre-Covid data indicates, with over 300,000 visitors in 2022-23 compared to a high of 240-250,000 in the years up to 2018-19.

5.9 Increasing the entrance price will help to produce a healthier income for the Drive. Officers are therefore seeking Cabinet approval to increase the admission prices from:
 £8 to £10 per car
 £15 to £18.50 for minibuses and
 £30 to £35 for coaches.

These prices include parking fees on Council operated car parks at Cwmcarn as part of the admission fee. Season Ticket prices should also rise by a similar amount from:
 £60 to £75 for a car
 £30 to £37.50 for a motorbike and
 £125 for a minibus (no season tickets have ever been sold for minibuses and so no price has previously been set).

These increases reflect inflation and are proposed to be implemented from 1st April 2024. The small increases are aimed at ensuring that the attraction continues to generate income whilst ensuring that they do not deter people visiting. The prices have not changed since the reopening of the drive in June 2021 and have therefore not kept up with inflation. Even with the proposed increase, the attraction would still be remarkably good value compared to other half day/day attractions in the region.

5.10 As outlined above the surplus generated by the drive was below £20k during 2022-23

and the cost to maintain the site is likely to increase over the coming years as deterioration of the built structures in the exposed conditions will increase, putting pressure on the Cwmcarn site core budget.

- 5.11 To that end, Cabinet are being asked to support the extension of the collaboration agreement for an additional 12 months up to 31st March 2025. It is recognised that the last two years have been a honeymoon period and figures gained from 2023-24 and 24/25 should provide solid evidence on how the drive is performing financially post initial spike of interest. It will also allow NRW and CCBC to investigate ways of ensuring the income from the drive and wider site can be maximised.

Conclusion

- 5.12 It is clear that the continued partnership between the Council and NRW is beneficial to the operations at Cwmcarn as a whole and not just the drive. However, the operation will not be financially viable in the long term, without a clear commitment to further investment in the destination.
- 5.13 The range of unknown or just partially predictable factors set out in the assumptions below suggests that another short-term agreement should be preferred to allow for ongoing assessment of the data emerging from the operation to ensure that the Council does not enter into a financially unsustainable arrangement. The timelines proposed will also allow opportunities for private sector investment to be explored.

6. ASSUMPTIONS

- 6.1 The following assumptions have been made in proposing the recommendations in the report.
- 6.1.1 The Cost-of-Living Crisis is expected to ease during the years ahead – there are early signs that this is happening, as reported in June 2023.
- 6.1.2 Expenditure on maintenance will increase as the site matures.
- 6.1.3 The pressure on local government budgets is set to continue, which affects non-statutory activity such as tourism.
- 6.1.4 Demand for day visits and attractions is set to continue and increase.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment has been carried out for this report and shown that it will have a positive impact. There will be positive impacts on the local community in being able to continue to access countryside and outdoor facilities in support of well-being, economic regeneration and contributing to active lifestyles of our residents. The proposed price increases are considered to be in line with inflation over the past two years and will not impact on visitors' ability to pay.

[Link to IIA](#)

8. FINANCIAL IMPLICATIONS

8.1 2022-23 is the first year where there is a thorough understanding of the true costs of running the Drive and which could be monitored. However, this has been affected by the loss of staff during the year so staffing costs have been lower than predicted. This is a recurring theme that also affects the 2023-24 fiscal year figures as the operation is still a Ranger short (the advert is live at the time of drafting this report).

8.2 Below is the full income and expenditure for the Forest Drive for the last fiscal year. This figure includes staff salaries, maintenance and vehicle hire / running costs. What is not included in these costings are management overheads for both the General Manager and Visitor Centre Supervisor whose involvement in the operation of the Forest Drive is essential but not recorded.

Income 2022/23	£99,028.92
Expenditure 2022/23	£81,405.38

8.3 Any profit from the operation of the Forest Drive is equally divided between the two organisations with both receiving £8,811 from last year. This compares favourably with the forecast surplus of £15,000 per annum stated in the 2021 Cabinet report. There is agreement in place with NRW that any surplus funding will be re-invested into the Drive in the following year.

8.4 It is expected that as the drive matures over the coming years then maintenance costs will increase, and the surplus will reduce. Given that the surplus was under £20k in 2022-23, it is considered likely that the operation may not be financially sustainable in the years ahead if current trends continue and the adverse effects of the Cost-of-Living Crisis are sustained.

8.5 The Cwmcarn Forest Attraction (not just the drive) operates with a subsidy from the Council of
2021-22 - £194,113 (includes WG Covid payments)
2022-23 - £263,671
2023-24 - £260,281

Although management is instigating measures to reduce this subsidy it is unlikely that this will be reduced to zero but in 2023-24 performance in the first six months indicates that the destination is on track to achieve the above figure, which represents a net reduction of £75,000 compared to the previous year after inflationary measures are taken into account.

9. PERSONNEL IMPLICATIONS

9.1 There are 18 staff (13.4 FTE) employed by the Council to support the operation of Cwmcarn Forest. They will not be affected by the proposals in this report as, if approved, the existing operations will continue as at present.

10. CONSULTATIONS

10.1 All comments from the consultation process have been incorporated into the report.

11. STATUTORY POWER

11.1 The Local Government Acts 1998 and 2003.

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Rhys Handley, Natural Resources Wales
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Appendices:

Appendix 1 Cabinet Report on proposed partnership agreement with NRW, 21st April 2021

Appendix 2 Data collected on vehicles visiting the Forest Drive since re-opening in 2021