

### Key Issue

To seek approval for development of the Canal Centre campsite to increase revenue income for the Basingstoke Canal Authority.

### Summary

To seek approval for the investment of Canal Partnership funds in the Canal Centre campsite to maximise existing permitted use, through providing a new facilities block, hard standings for year round use and landscaping. A business plan shows that over 20 years there is a very positive NPV.

### Officer's recommendation

That the Committee authorises officers to implement the proposed campsite improvements, applying for all necessary consents, and applying for a Rural Development Fund Grant with match funding to be drawn from the BCA reserve; subject to the approval at an appropriate level within SCC that the whole proceeds from the development will be retained by the BCA.

#### 1 Introduction & background

The Canal estate lacks significant areas of land other than the water itself and the Canal Centre, the most significant opportunities for revenue generation therefore have to come from these assets.

The BCA currently generate approximately £50,000 gross revenue from operating a campsite at the Canal Centre. The existing planning permission for the 4.5ha site allows for 75 units or 150 persons on site – but the present shower and toilet block is only capable of allowing about ½ capacity. The campsite has no electric hook up points or areas of hard standing and therefore closes for the winter months.

#### 2 Discussion

The campsite has suffered from a lack of facilities for a number of years, yet still manages to gross £45k-£55k per annum. A proposal to build a new facilities block and canoe changing room in conjunction with the Basingstoke Canal Canoe Club in 2011 stalled due to the desire of SCC Estates Officers to undertake a whole site appraisal of the Canal Centre site in order to maximise revenue. Whilst ultimately the proposals which came out of this proved too costly, their economic consultant “A Different View” did undertake a market appraisal of the camping offer and recommended that there was significant room to expand and make the offer more attractive, this has been useful in building this Business Case.

The existing campsite at the Canal Centre is frequently fully booked and generates enquiries year round, even though it is currently advertised as closed during winter months. It is often fully booked during school holidays and when there are events in the local area (e.g.; festivals, Farnborough Airshow). This demonstrates need and demand for camping facilities as both a leisure activity in its own right and as affordable tourist accommodation.

Demand level for such a facility is high in an area which includes a number of leisure resources including museums, country pursuits - mountain biking, canoeing / boating, angling and walking. The area has large

areas of open land which are open to the public for leisure use as well as a dense public rights of way network and the 32 mile canal itself offering walking, cycling and boating opportunities. Data from our existing operation reveals that there is significant demand for additional nights from our existing clientele, as well as considerable scope for attracting additional customers.

There are 4.5 million people living within a 60 minute drive of the Canal Centre, including much of the M3 corridor and areas of south and west London. In 2014 "A Different View" carried out market research for us using our existing users' postcode data and a local market survey. They concluded that there was significant demand for a leisure campsite in the area and not many sites to fulfil the demand. In particular there was room to develop "glamping" in yurts or eco-pods as the local market research revealed that there was a higher than average number of families in the "rising prosperity" socio-economic grouping. We would be looking to tap into this growing market (by gradually introducing eco-pods, 5 initially, increasing to 10 over the first 5 years of operation), at the same time balancing our offer with more affordable options.

The analysis of existing data showed that our existing clientele is mainly from SE England, but with a slightly different make up than the local market – with more visitors from the “financially stretched” socio-economic group than the local market. This shows that camping is an inclusive leisure activity.

Within a 5 mile radius of Mytchett there is only one other public campsite, Homestead Farm at Normandy. There is a further Caravan Club (Members only) site at Fleet. Within 15 miles there are a further 11 sites, but these are mostly orientated towards touring caravans. We already work collaboratively with Homestead Farm to pool capacity but demand will often outstrip supply and displacement is hugely unlikely.

The occupancy rates for the different offers in the proposed development (camping, electric hook up, and pods) are drawn from actual use data, with growth rates set at the conservative end of the scale.

The design of the proposed camping improvements has drawn on the work undertaken for SCC by David Morely Associates and A Different View, but has built on the knowledge of operating the site. As in the DMA proposal the facilities block moves into the centre of the camping field surrounded by newly landscaped camping glades. This takes the pressure off the existing facilities, which will be retained, for use by the Canoe Club and Function Room hirers.

A circular gravel track with hard standings for motor homes with a number of electric hook up pitches are introduced to allow for year round use; increase from average 190 night per year to 350 nights per year. In order to comply with the existing terms of the planning consent a new perimeter security fence is required so the site can be secured during the nesting season for heathland birds.

The proposed layout in *Annexe 2* should be seen as a draft layout only pending further consultation; but has been deliberately designed to move as much activity away from the neighbouring properties in Mytchett Heath as possible.

### 3 Financial implications

The Business Plan attached as *Annexe 1* shows that the project makes a surplus throughout its proposed 20 year life, except the year of investment - providing that 80% of the investment is obtained through a grant from Rural Development Fund (administered by the Enterprise M3 LEP). Initial discussions with the grant funders have proved positive and an Expression of Interest application has been made in the scheme. The 20% match funding has to be drawn from earned income and therefore can only come from the BCA, it cannot come from any public funder.

The project has a positive Net Present Value of £1.5 million over 20 years, with the Present Value remaining positive in all years but the year of investment; this represents excellent value for money with a quick turnaround on investment. By year 2 the £50k gross / £22k net income has become £111k gross / £62k net.

Should the grant application not succeed, although the project remains positive (a positive NPV of £1.1m over 20 years) it would consume nearly all of the BCA's reserve to pay for the initial investment. The Treasurer considers this to be unwise in present circumstances, so an alternative source of capital funding would be required.

#### **4 Consultation**

The BCA have discussed the matter with SCC Planning officers, who have made some observations on the draft plans. Further consultation with neighbours will be required prior to the submission of a formal planning application. Preparatory ecological studies are already being undertaken.

SCC Estates officers have been consulted; a report will be made to SCC Corporate Asset Panel for approval to increase use of an SCC asset, and may require approval by the appropriate SCC Cabinet Member.

The Treasurer is content that the Business Plan is sound and will be a financial benefit to the BCA Canal Partnership. The Treasurer however has made it clear that BCA reserves can only be used as match funding if all of the revenue generated by the BCA's activity on the site remain with the partnership.

#### **5 Equalities & diversity implications**

The Camping Facilities building is being designed with disabled and family change facilities. The landscaping and unbound stone hard standings will improve access for the less able bodied.

Camping is one of the most affordable ways of staying in the countryside, and the proposed scheme offers a range of options to suit different budgets.

#### **6 Crime & disorder implications**

The site will be secured with a new security fence. Existing staffing will be augmented by increasing the hours of the maintenance officer to full time cover increased maintenance and supervision on the campsite. The 24hour duty ranger will continue cover any out of hours issues.

#### **7 Conclusion and recommendation**

Given that there are likely to be at least some reduction in Local Authority funders in the coming 24 months, this investment in the campsite makes economic sense. They double the existing income stream within 2 years.

It is recommended therefore that the Rural Development Fund grant is pursued to cover 80% of the capital costs of construction, with the balance to be met from the BCA's reserves; subject to approval at the appropriate level within SCC that the all of proceeds from the BCA's activities on the site remain with the partnership to offset the running costs of the Canal. Officers are also authorised to undertake consultation with neighbours and obtain all necessary consents and then implement the project.

#### **8 What happens next**

- Officers will consult neighbours, and then obtain consents and implement the project
- Officers will apply for a Rural Development Fund grant for 80% of the capital should their Expression of Interest be approved

| Year  | 0                 | 1                | 2               | 3               | 4               | 5               | 6               | 7               | 8               | 9               | 10              | 11              | 12              | 13              | 14              | 15              | 16              | 17              | 18              | 19              | 20              |
|---|-------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2017              | 2018             | 2019            | 2020            | 2021            | 2022            | 2023            | 2024            | 2025            | 2026            | 2027            | 2028            | 2029            | 2030            | 2031            | 2032            | 2033            | 2034            | 2035            | 2036            | 2037            |
| <b>Income</b>   |                   |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Camping pitches</b>  |                   |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Av occupancy rate % per night   | 34                | 16               | 19              | 23              | 23              | 24              | 25              | 26              | 26              | 27              | 28              | 29              | 30              | 30              | 31              | 32              | 33              | 34              | 35              | 36              | 37              |
| Max potential units   | 35                | 75               | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              | 75              |
| Av price per unit (net)   | £14.48            | £16.98           | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          | £16.98          |
| No nights in season   | 290               | 350              | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             | 350             |
| Income from camping (max potential x price x nights in season x occupancy rate/100) [RPI] | £51,170           | £72,115          | £88,334         | £108,545        | £114,485        | £120,749        | £127,357        | £134,326        | £141,676        | £149,428        | £157,605        | £166,229        | £175,325        | £184,919        | £195,038        | £205,710        | £216,967        | £228,839        | £241,361        | £254,569        | £268,499        |
| <b>Camping pods</b>   |                   |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| No. pods  |                   | 5                | 6               | 7               | 8               | 9               | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              |
| Av price per unit (net)   |                   | £32.00           | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          | £32.00          |
| Av occupancy % per night  |                   | 25               | 25              | 25              | 25              | 25              | 25              | 26              | 27              | 27              | 28              | 29              | 30              | 31              | 32              | 33              | 34              | 35              | 36              | 37              | 38              |
| Income from pods (no.pods x price x nights in season x occupancy rate/100) [RPI]          |                   | £14,336          | £17,616         | £21,045         | £24,629         | £28,373         | £32,282         | £34,048         | £35,911         | £37,876         | £39,949         | £42,135         | £44,441         | £46,872         | £49,437         | £52,143         | £54,996         | £58,005         | £61,179         | £64,527         | £68,058         |
| <b>Electric hook up</b>   |                   |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| No. Pitches   |                   | 10               | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              | 10              |
| Price per unit (net)  |                   | £4.75            | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           | £4.75           |
| Av occupancy %  |                   | 30               | 31              | 31              | 32              | 32              | 33              | 34              | 34              | 35              | 36              | 37              | 37              | 38              | 39              | 40              | 40              | 41              | 42              | 43              | 44              |
| Income from hook up (no.pitches x price x nights in season x occupancy rate/100) [RPI]    |                   | £5,107           | £5,334          | £5,572          | £5,819          | £6,078          | £6,349          | £6,631          | £6,926          | £7,234          | £7,556          | £7,892          | £8,243          | £8,610          | £8,993          | £9,393          | £9,810          | £10,247         | £10,702         | £11,179         | £11,676         |
| Grant   |                   | £337,122         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Match funding (draw from BCA reserves)  |                   | £84,281          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Total income</b>   | <b>£51,170</b>    | <b>£512,961</b>  | <b>£111,285</b> | <b>£135,162</b> | <b>£144,933</b> | <b>£155,200</b> | <b>£165,987</b> | <b>£175,005</b> | <b>£184,513</b> | <b>£194,539</b> | <b>£205,110</b> | <b>£216,256</b> | <b>£228,009</b> | <b>£240,401</b> | <b>£253,468</b> | <b>£267,245</b> | <b>£281,773</b> | <b>£297,091</b> | <b>£313,243</b> | <b>£330,274</b> | <b>£348,232</b> |
| <b>Expendiure</b>   |                   |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Camping pods purchase + maintenance [RPI]   |                   | -£35,000         | -£7,168         | -£7,340         | -£7,516         | -£7,697         | -£7,881         |                 |                 |                 |                 | -£1,000         |                 |                 |                 |                 |                 |                 | -£1,000         |                 |                 |
| Ground Works & Utilities installation & signs etc   |                   | -£257,403        | -£1,000         | -£1,500         | -£1,000         | -£1,000         | -£500           |                 |                 | -£500           |                 |                 | -£500           |                 |                 | -£500           |                 |                 |                 | -£500           |                 |
| Shower & toilet block + on-going maintenance costs [RPI]                                  |                   | -£192,000        | -£250           | -£256.00        | -£262.14        | -£268.44        | -£274.88        | -£281.47        | -£288.23        | -£295.15        | -£302.23        | -£309.49        | -£316.91        | -£324.52        | -£332.31        | -£340.28        | -£348.45        | -£356.81        | -£365.38        | -£374.14        | -£383.12        |
| Premise maintenance officer [+0.5FTE] [Staff]   | -£3,766           | -£9,460          | -£9,602         | -£9,746         | -£9,892         | -£10,040        | -£10,191        | -£10,344        | -£10,499        | -£10,657        | -£10,816        | -£10,979        | -£11,143        | -£11,311        | -£11,480        | -£11,652        | -£11,827        | -£12,005        | -£12,185        | -£12,367        | -£12,553        |
| Grass cutting contract  | -£660             |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Groundcare equipment (etc)  |                   | -£1,000          | -£1,024         | -£1,049         | -£1,074         | -£1,100         | -£1,126         | -£1,153         | -£1,181         | -£1,209         | -£1,238         | -£1,268         | -£1,298         | -£1,329         | -£1,361         | -£1,394         | -£1,427         | -£1,462         | -£1,497         | -£1,532         | -£1,569         |
| Utility costs (bins, water, elec) [RPI]   | -£6,880           | -£9,081          | -£10,157        | -£11,487        | -£11,878        | -£12,287        | -£12,717        | -£13,067        | -£13,431        | -£13,810        | -£14,204        | -£14,615        | -£15,043        | -£15,488        | -£15,953        | -£16,436        | -£16,940        | -£17,465        | -£18,012        | -£18,583        | -£19,177        |
| Consumables [RPI]   | -£1,000           | -£4,000          | -£4,194         | -£4,295         | -£4,398         | -£4,504         | -£4,612         | -£4,722         | -£4,836         | -£4,952         | -£5,071         | -£5,192         | -£5,317         | -£5,445         | -£5,575         | -£5,709         | -£5,846         | -£5,986         | -£6,130         | -£6,277         | -£6,428         |
| Cleaning (contract) [RPI]   | -£2,000           | -£6,000          | -£6,291         | -£6,442         | -£6,597         | -£6,755         | -£6,918         | -£7,084         | -£7,254         | -£7,428         | -£7,606         | -£7,788         | -£7,975         | -£8,167         | -£8,363         | -£8,563         | -£8,769         | -£8,979         | -£9,195         | -£9,416         | -£9,642         |
| Camping database [RPI]  |                   | -£18,700         | -£900           | -£966           | -£990           | -£1,013         | -£1,038         | -£1,063         | -£1,088         | -£1,114         | -£1,141         | -£1,168         | -£1,196         | -£1,225         | -£1,254         | -£1,285         | -£1,315         | -£1,347         | -£1,379         | -£1,412         | -£1,446         |
| Staff - admin (1 min per booking) [Staff]   | -£9,404           | -£1,507          | -£1,803         | -£2,163         | -£2,228         | -£2,295         | -£2,364         | -£2,435         | -£2,508         | -£2,583         | -£2,660         | -£2,740         | -£2,822         | -£2,907         | -£2,994         | -£3,084         | -£3,177         | -£3,272         | -£3,370         | -£3,471         | -£3,575         |
| Staff - daily check (60 min per day) [Staff]  | -£4,098           | -£4,098          | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         | -£4,098         |
| Advertising   | -£500             | -£2,000          | -£2,097         | -£2,147         | -£2,199         | -£2,252         | -£2,306         | -£2,361         | -£2,418         | -£2,476         | -£2,535         | -£2,596         | -£2,658         | -£2,722         | -£2,788         | -£2,854         | -£2,923         | -£2,993         | -£3,065         | -£3,139         | -£3,214         |
| <b>Total expenditure</b>  | <b>-£28,309</b>   | <b>-£540,249</b> | <b>-£48,585</b> | <b>-£51,490</b> | <b>-£52,132</b> | <b>-£53,310</b> | <b>-£54,025</b> | <b>-£46,608</b> | <b>-£47,600</b> | <b>-£49,121</b> | <b>-£49,672</b> | <b>-£51,755</b> | <b>-£52,369</b> | <b>-£53,017</b> | <b>-£54,199</b> | <b>-£55,917</b> | <b>-£56,671</b> | <b>-£58,964</b> | <b>-£59,796</b> | <b>-£60,670</b> | <b>-£62,086</b> |
| <b>Net value</b>  | <b>£22,861</b>    | <b>-£27,288</b>  | <b>£62,700</b>  | <b>£83,672</b>  | <b>£92,801</b>  | <b>£101,890</b> | <b>£111,962</b> | <b>£128,397</b> | <b>£136,913</b> | <b>£145,418</b> | <b>£155,438</b> | <b>£164,502</b> | <b>£175,640</b> | <b>£187,384</b> | <b>£199,269</b> | <b>£211,329</b> | <b>£225,102</b> | <b>£238,127</b> | <b>£253,447</b> | <b>£269,604</b> | <b>£286,146</b> |
| Present Value   | £22,861           | -£25,743         | £55,802         | £70,252         | £73,507         | £76,138         | £78,929         | £85,391         | £85,901         | £86,073         | £86,796         | £86,657         | £87,288         | £87,853         | £88,137         | £88,180         | £88,610         | £88,432         | £88,793         | £89,108         | £89,222         |
| NPV to date   | £22,861           | -£2,882          | £52,920         | £123,173        | £196,680        | £272,818        | £351,747        | £437,139        | £523,040        | £609,112        | £695,908        | £782,565        | £869,853        | £957,706        | £1,045,843      | £1,134,023      | £1,222,633      | £1,311,065      | £1,399,859      | £1,488,966      | £1,578,188      |
| <b>Net Present Value</b>  | <b>£1,578,188</b> |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |