

Basingstoke Canal Joint Management Committee

For information: Colliers' study of the Mytchett Canal Centre site



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Key Issue

To give an overview of Colliers International 's study of options for the Mytchett Canal Centre.

Summary

Colliers have examined the potential uses of the site from a commercial view point and identified 6 possible courses of action to develop the commercial potential of the site, of which they discount 3 as being uneconomic. They recommend that additional studies are carried out on further 3 possible development options. Officers will now look at more detail of some options, discuss conclusions with Hampshire colleagues, and seek guidance from the Portfolio-holder.

1. Project Brief

- 1.1. Colliers International were commissioned by Surrey County Council to investigate and identify potential options for the creation of a commercially viable visitor attraction at Basingstoke Canal Centre.
- 1.2. The aim of the study was to provide several options for the site based on different levels of investment, use or combination of uses, with either minimal or major changes to infrastructure and activities at the site.
- 1.3. In preparing the alternative options an appraisal of core uses for the site was carried out based on their compatibility with the canal and community, physical compliance with the site, planning policy, the strength of the market both in supply and demand terms together with the overall long term commercial viability and sustainability.
- 1.4. The suitable core uses identified in ranked order are as follows:
 - Non Serviced Accommodation (1)
 - Visitor Attraction (2)
 - Sports and Outdoor Recreation (3)
 - Major Food and Drink (4)
 - Major Events and Functions (5)
 - Arts and Culture (6)

2. Consultation

2.1. The following stakeholders consulted:

- Surrey County Council
- Hampshire County Council
- Current Tenants/Users
- Surrey and Hampshire Canal Society
- Surrey Heath Borough Council - Frimley Lodge Park
- Lakeside Leisure (Potters Inn)

2.2. The main views expressed were:

- Openness to whatever works
- Need to find a balance between commercial viability, sustainability suitability.
- Expand and improve current successful activities including themed cruises, camping and function facilities
- Bring boat trips in house and expansion of non residential moorings
- Provide quality food and beverage offer
- Consider use of Robert Haining Cottage other than for residential
- Consider relocation of BCA to alternative site
- Consider interaction of site with surrounding venues such as Frimley Lodge Park and Canal based activities.

3. Colliers Summary of Factors affecting Site

- 3.1. The current facility is tired, under-marketed and disjointed but nevertheless popular with locals and community groups.
- 3.2. The site has potential due to its attractive waterside location and large outdoor green space, with good access, adequate car parking and possible options available to provide overflow-parking facilities if required. There are some concerns regarding the impact of increased traffic to the location that will require further investigation.
- 3.3. Planning policy is supportive of recreation /leisure uses that would be appropriate to the site's countryside location and could take advantage of the position adjacent to the canal and woodland.
- 3.4. Planning policy would not support uses such as residential, indoor leisure office or retail other than as ancillary /complementary to the primary recreational leisure proposal.
- 3.5. Demand for quality outdoor recreation facilities is likely to increase with a significant number of new homes planned in the area.

- 3.6. Existing demand for a leisure destination exists due to the large number of relatively affluent, young families and grandparents with grandchildren living within the area or within a 30-60 min drive.
- 3.7. The local area is already served by outdoor recreation sites such as Frimley Park and the need to differentiate and complement is recognised.
- 3.8. Establishing a hub for BCA canal operations at Ash Lock would be positive but not essential. Robert Haining Cottage could offer accommodation for essential services.

4. Options

Option	Name	Description
1	Do Minimum	No investment in new buildings but expand operation to include new retail offer for campers, new events, boat hire in-house (including leisure cruises) new moorings and improved marketing/branding. i.e. Make the best of what there is with minimal investment.
2	Basic Investment	Basic capital investment in improved café and new campsite amenity block - Canal Centre remains the same. As in Op.1, expand operation to include new retail offer for campers, new events, boat hire in-house, new moorings and improved marketing/branding. i.e. Make the best of what there is focusing investment in improving café and camping.
3	Major Investment	Major capital investment in new Canal Centre building, café/bistro and new Amenity Block. As in Op.1 +2, expand operation to include new retail offer for campers, new events, boat hire in-house (including leisure cruises) new moorings and improved marketing/branding. i.e. invest in new buildings and keep camping in house.
4	Major Investment + Camp site Partner	Major capital investment in new Canal Centre building, café/bistro and new camp site facilities and infrastructure. Expand operation to include new events, boat hire in-house, (including leisure cruises) new moorings and improved marketing/branding Partner with specialist campsite operator to outsource camping operation. i.e. split site in half - part public access canal centre, part private campsite.
5	Major Investment + Small	Major capital investment in new Canal Centre building, café/bistro and new Amenity Block. Investment in new maze attraction, operated in-house.

	Attraction (Maze)	<p>Camping remains in-house at same enlarged capacity (75 units).</p> <p>As in Op.1/2/3, expand operation to include new retail offer for campers, new events, boat hire in-house, (including leisure cruises) new moorings and improved marketing/branding.</p> <p>i.e. the same as Option 3, but with additional maze attraction.</p>
6	Major Investment + Major Attraction (Wavegarden)	<p>Major capital investment in new visitor centre building providing all facilities on site - dual use between Canal Centre users and new commercial attraction.</p> <p>New attraction will require specialist operating/investment partner. Wavegarden, an artificial surf lagoon, is presented as a viable commercial option. BeWILDerwood (previously discussed) has been discounted due to generation of too high traffic/car parking demand.</p> <p>WaveGarden lagoon would be on campsite area - therefore no camping.</p> <p>Expand BCA operation to include new events, boat hire in-house, (including leisure cruises) new moorings and improved marketing/branding.</p> <p>i.e. split site in half - part public access canal centre, part private Wavegarden in ticketed area. Shared facilities/services where possible - café, kitchen, reception, toilets/changing etc.</p>

5. Colliers Assessment of Options

- 5.1. *Option 1* - Not recommended and demonstrates commercial limitations of the current situation, even with some minimal investment.
- 5.2. *Option 2* - Recommended only as a possible fall back option if others cannot be delivered due to scale of capital investment required.
- 5.3. *Option 3* - Recommended as preferred option **IF** it is decided camping is to be retained and operated in-house, and no major new attraction element is added. Iterations of such a scheme with reduced capital investment and retained existing facilities might provide a more attractive option, if appetite for c.£1m+ project is the major issue.

5.4. *Option 4* - Not recommended - based on estimated commercial performance and the operational implications for the site, then this is a less favourable option than Option 3. Option 3 allows for a commercially viable campsite and access to facilities for all site users at nearly half the capital cost, whereas Option 4 runs the risk of being more expensive and less popular with local stakeholders, albeit with a decent commercial performance.

If a core objective was to scale back the BCA operation, then a campsite partner scenario does have the potential to be a good use of the field area in creating a viable, outdoor recreational use. Depending on the commercial details of a lease or contract, the return on investment could be acceptable.

5.5. *Option 5 - Recommended as preferred option* that balances the creation of a step-change destination with commercial return, deliverability, relatively low risk and affordability. Iterations of such a scheme with reduced capital investment and retained existing facilities might provide a more attractive option, if appetite for c.£1m+ project is the major issue

5.6. *Option 6* - Recommended **IF** commercial investment and operating partner can be secured. Potential for major new, unique attraction with strong commercial return but depends on appetite for investment, risk and interest from investment and operator partner (refer to initial expression of interest letter).

Table showing economic assessment of each option

Option	1	2	3	4	5	6
Net Revenue (exc. VAT)	£124,000	£213,000	£242,000	£161,000	£370,000	£1,328,000
Operating Expenses	£154,000	£202,000	£202,000	£147,000	£202,000	£147,000
Profit/Loss	-£30,000	£11,000	£40,000	£15,000	£168,000	£1,182,000
Capital Cost	£45,000	£280,000	£967,000	£1,254,000	£1,514,000	£6,625,000
Pay back period (years)	-	25	24	86	9	6
IRR (10 years)	-	0%	0%	-17%	15%	20%

NB Figures rounded to nearest '000. IRR calculation in 2012 prices, not inflated

6. Officer's views

6.1. Estates Officer

If minimal investment is made very little will change and the future of the site will remain uncertain in terms of income generation, potential exposure to repair costs and the preservation of the use of the site for future generations.

If significant capital is invested then it is desirable that the payback period is within a reasonable timescale. This would enable the demand for the product, and associated costs involved in maintaining and renewing the attraction to be more accurately predicted thereby increasing the likelihood of a the attraction retaining its popularity.

Whilst the capital investment envisaged in option 5 and 6 is high, the rate of return and time period would appear to justify the initial outlay. The two options are at this stage only indicative with no firm decision having been made in respect of the design of the scheme and the relative importance of the component parts. If significant capital is not appropriate then option 3 and 5 should be further explored.

6.2. Countryside Officer

Whilst agreeing with the general thrust of the findings and Estates colleagues views, concern is however raised over the *Wavegarden* option (Option 6) in terms of appropriateness for the site, water supply, impact on the surroundings and long term viability of income from a very substantial investment.

Although identified as a unique selling point more work could have been done to consider if canal orientated business opportunities such as mooring basins, boat trips, restaurant boats, camping boats or heritage related tourist offers could augment the camping offer. This should be revisited in any further appraisals of options 3 and 5.

7. Next steps

- Desk-top feasibility study by officers to see if Option 6 is actually deliverable within site constraints
- Discussions with Hampshire County Council Officers over any parallel developments at Ash Lock
- Guidance from Cabinet Portfolio-holder on preferred option