

Summary Sheet

Council Report

Improving Places Select Commission, 15th November 2017

Title

Proposed Rother Valley Country Park Caravan Site

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Damien Wilson, Strategic Director, Regeneration and Environment Services

Report Author(s)

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Ward(s) Affected

Wales directly but wider impact across the borough.

Executive Summary

Extensive work has been undertaken to develop outline proposals for a new caravan site at Rother Valley Country Park and to assess its business potential. Financial projections suggest that such a development could enable the park to generate a significant net revenue stream for the Council, particularly if it were operational by the time that Gullivers opens in 2019. It would also improve greatly the availability of affordable overnight accommodation in Rotherham, and enhance Rotherham's reputation as a welcoming and enjoyable visitor destination. In particular, it would meet Gulliver's requirement for a caravan site within the vicinity of their major new visitor attraction on the adjacent Pithouse West site.

Recommendations

- 1 Improving Places Select Commission note the recommendation made to Council to include the RVCP Caravan Site project within the Council's approved Capital Programme as an invest-to-save initiative.
- 2 Subject to inclusion of the project within the Council's approved Capital Programme, to invite officers in Regeneration and Environment to bring a further report to Improving Places Select Commission when tenders for construction of the facility have been evaluated and the preferred contractor has been selected.

List of Appendices Included

Appendix 1 Outline Business Case (exempt)

Appendix 2 Site Layout Plan- Recommended Option

Appendix 3 Summary of Recommendations in Independent Business Case Review

Background Papers

Briefing Note and Executive Summary, 31 July 2017

Rother Valley Country Park - Caravan Site Proposals and Business Case Review, Smith Craven Chartered Accountants, June 2017

Consideration by any other Council Committee, Scrutiny or Advisory Panel

A report went to Cabinet and Commissioner Decision Making Meeting on the 13th November 2017

Council Approval Required

No

Exempt from the Press and Public

*An exemption is sought for **Appendix 1**; under paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains sensitive commercial information with regards to costing for works and commercial agreements which could disadvantage the Council in any negotiations if the information were to be made public.*

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information, as the parties' commercial interests could be prejudiced by disclosure of commercial information.

Title (Main Report)

Proposed Rother Valley Country Park Caravan Site

1. Recommendations

- 1.1 Improving Places Select Commission note the recommendation made to Council to include the RVCP Caravan Site project within the Council's approved Capital Programme as an invest-to-save initiative.
- 1.2 Subject to inclusion of the project within the Council's approved Capital Programme, to invite officers in Regeneration and Environment to bring a further report to Improving Places Select Commission when tenders for construction of the facility have been evaluated and the preferred contractor has been selected.

2. Background

- 2.1 At the Cabinet/Commissioner Decision Making Meeting of 26th May 2016, Commissioner Kenny approved the sale of the Pithouse West site for development as 'Gulliver's Valley' resort, a major new family attraction for South Yorkshire. At this point it was noted that, by agreement with Gulliver's, officers were developing a business case to look at the potential provision of caravanning and camping facilities on the adjacent Rother Valley Country Park.
- 2.2 Rother Valley Country Park (RVCP) is the largest green space in the Borough, and plays an important role in the provision of affordable outdoor recreation for local people. Such a facility would complement the accommodation offer at Gulliver's and make a substantial contribution to the development of Rotherham as a tourism destination, stimulating the local economy and jobs, and projecting a positive and welcoming image of the Borough to visitors from across the whole of the UK.
- 2.3 The net cost of running Rother Valley Country Park has decreased significantly over recent years. The net budget has reduced from £458,725 to £104,189 over the past 5 years, largely as the result of increased income generation from a number of capital investments. The aim now is to move the park into a cost-neutral or profit-making position to help secure its future when local authority revenue budget support can no longer be relied upon.
- 2.4 As well as contributing to the wider holiday accommodation needs in South Yorkshire, a caravan site has been identified as having the potential to generate substantial profits. Details are given in the attached Outline Business Case that has been prepared in accordance with the Council's capital project procedures. This is included as the exempt Appendix 1.

3. Key Issues

- 3.1 Gulliver's has stated that they require a caravan site to be available within the vicinity of their new visitor attraction at Pithouse West, and have the option of developing one on their own land if the Council fails to build one. This is further evidence of demand for overnight accommodation and enhances the viability of the proposed caravan site.
- 3.2 The Council is well-placed to build and operate a caravan site at the park as it already owns the land. It has made good progress in developing project proposals and financial forecasts. The park is in a good location relative to the motorway network, Sheffield and the Peak District and there is limited alternative provision within the area. The park has proven business systems and expertise that would equip it to operate the site efficiently and effectively.
- 3.3 Critical success factors have been identified for the project as follows:-
- Average annual net income (net of loan repayments) over the first five years of operation to be sufficient to deliver a planned budget saving.
 - Completion and opening before the end of the 2018/19 financial year.
 - Site to achieve AA 5 Pennants standard, in accordance with research findings which suggest a quality offer is more likely to be successful.
 - Facility to be safe, secure, durable and easy to maintain, to ensure high levels of customer satisfaction and to minimise the risk of increasing running costs over time
- 3.4 The role of income generation through key assets such as Rother Valley Country Park is increasingly important in achieving necessary Council-wide savings because it can help to reduce the pressure to implement cuts to services.

4. Options considered and recommended proposal

- 4.1 A wide range of options have been considered, including doing nothing, pursuing alternative invest to save projects, inviting an external body to develop and operate a caravan site at the park under a long lease, developing and operating a caravan site on other Council-owned land elsewhere, and developing and operating a caravan site on land within the park next to Delves Lane. Consequently, the option of developing and operating a caravan site on land at Delves Lane has been identified as being most likely to fulfil the project's identified critical success factors.
- 4.2 Further detailed options have been considered involving different numbers of caravan pitches and toilet and shower blocks, to optimise the visitor experience and likely income. It was found that options with 129 caravan pitches, 34 pitches for tents and either one or two toilet and shower blocks are similar in terms of their expected financial and other benefits. Details of the evaluation of options are provided in Appendix 1.

- 4.3 It is therefore recommended that firms be invited to tender for a site with 129 caravan pitches and 34 pitches, both with and without a second toilet and shower block, so that a final decision can be taken on which is the most economically advantageous option, once actual capital costs are known. A plan showing the proposed site layout for both these options is included as Appendix 2.

The designs and specifications for these two options will not differ greatly from one another, meaning that the production of tender information for both options will not incur significant additional time or cost.

5. Consultation

- 5.1 External consultation has included other caravan sites, the Caravan and Camping Club, prospective customers and a desk-based review of available trade intelligence such as Visit England, IBIS and Mintel. Additionally, an independent review of the business case was commissioned from Smith Craven Chartered Accountants who delivered their report in June 2017.
- 5.2 Internal officer consultation has included colleagues from Planning, Transportation, Asset Management, Highways, Drainage and Licensing.
- 5.3 The Cabinet Member for Neighbourhood Working and Cultural Services and Commissioner Kenny have been briefed about the proposal in July 2017, and again during the finalisation of this report in September 2017.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The Assistant Director, Culture, Sport and Tourism will be accountable for this project and will act as project sponsor. The Leisure and Green Spaces Manager will act as client project manager, and project implementation will be co-ordinated by the Building Design Team in Asset Management.
- 6.2 The anticipated timescale for implementation is as follows
- November 2017: Site surveys completed
 - January 2018: Planning and Building Regulations applications submitted
 - February 2018: Building Regulations application determined
 - March 2018: Planning application determined
 - April 2018: Technical design completed
Tender period commences
 - May 2018: Tenders receipt, evaluation and approval
 - June 2018: Contractor appointment
 - March 2019: Completion and handover
Caravan site opens.

7. Finance and Procurement Implications

- 7.1 Capital expenditure estimates, shown in the exempt Appendix 1, are based on figures provided by a commercial contractor within the YORbuild framework.

It is proposed that this will be an invest-to-save initiative. Interest rates are currently at a historically low level, making this an attractive option.

- 7.2 It is expected that loan repayments and all day-to-day running costs will be paid for entirely from caravan site income once the facility becomes established. For modelling purposes, a 20 year loan period has been assumed, on the basis of the commercial nature of the development. In addition, the Capital Strategy will incorporate a future requirement for lifecycle expenditure to maintain the asset in an excellent condition, in order to ensure that occupancy rates are maintained.
- 7.3 Operating cost estimates are based on trade data and, where appropriate, experience gained from operating similar facilities elsewhere in the park. All such costs, including any additional staff required, will be met entirely from caravan site income. The modelling in the exempt Appendix 1 indicates that the proposed caravan park will generate profits to support the Council's wider revenue budget.
- 7.4 Income forecasts are influenced mainly by proposed rates for pitch hire and projected occupancy levels. Proposed charges for pitch hire and sundries have been benchmarked with similar sites elsewhere and assessed by independent consultants as being reasonable. Occupancy projections take into account published advice by Visit England, and informal discussions with operators of comparable caravan sites elsewhere, including two located within country parks.
- 7.5 Financial return figures have been calculated for a range of shortlisted options identified as being most likely to meet critical success factors for the project. These are shown in Appendix 1.
- 7.6 A range of procurement routes have been evaluated. Consequently, a traditional full design, specification, tender and fixed price contract route is proposed, as this combines quality assurance, value for money, and familiarity of Council officers with this option. This will reduce risk and help to ensure a successful outcome. It is proposed that tenders be invited from firms within the YORbuild framework.

8. Legal Implications

- 8.1 There are no direct legal implications arising from this report. The necessary legal agreements will be completed in due course by Legal Services.

9. Human Resource Implications

- 9.1 There are no immediate Human Resource implications arising from this report.
- 9.2 Any new staff will be integrated into the existing park staffing structure where adequate management and administration resources are already in place to ensure compliance with Council HR and financial procedures, and to provide the necessary oversight and direction of the business.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 The project will support the delivery of Rotherham's ambition to be a child-centred borough, by creating family-friendly holiday accommodation. This will also widen access to Gulliver's for children, families and vulnerable adults by providing an affordable accommodation offer. The project will support the continued operation of Rother Valley Country Park, which provides recreational, educational and employment opportunities for children, young people and vulnerable adults.

11. Equalities and Human Rights Implications

- 11.1 The project will comply with all planning and building regulations with regard to meeting disabled access requirements. The project increases the availability of affordable holiday accommodation, supporting access to leisure for those of limited means.

12. Implications for Partners and Other Directorates

- 12.1 There are no direct implications for partners and other directorates.

13. Risks and Mitigation

- 13.1 A Risk Register has been prepared and is appended to the Outline Business Case (Appendix 1). Principal risks and associated mitigation measures are as listed below.
- 13.2 **Site Conditions:** The proposed development site, like most of Rother Valley Country Park and Pithouse West, is made ground resulting from restoration of open-cast coal workings. This affects its load-bearing properties and also increases the risk of soil contamination.
- 13.3 **Mitigation:** Detailed site investigations have been undertaken to inform the inclusion in costings of allowances for ground stabilisation and other works needed to allow construction to take place.
- 13.4 **Planning Permission** – Physical development cannot start unless planning permission is in place.
- 13.5 **Mitigation:** Discussions were held with Planning officers at an early stage, highlighting the need for various surveys and other evidence to support an application. Much of this work has been completed, and Planning's pre-application service is now being used to identify any outstanding requirements prior to submission of a full planning application. Planning has also advised that, in principle, a touring caravan site would not be seen as an inappropriate development in the proposed green belt location.
- 13.6 **Capital cost:** The profitability of the caravan site would be reduced if the capital cost (and loan repayments) were greater than estimated.

- 13.7 Mitigation: Outline proposals have been issued to a contractor on the YORbuild framework to obtain commercially tested cost estimates. The Council's quantity surveyor believes that, with firmed up designs and a competitive tendering process, the final tender figure is likely to be lower than the estimates provided.
- 13.8 **Programme:** It is important that a caravan site is operational by early 2019 to benefit from the publicity and associated demand arising from the opening of Gullivers in that year. In addition, submitted budget savings proposals assume profits from a site will start making a contribution to the Council's financial position by then.
- 13.9 Mitigation: A large amount of survey and design work has already been completed, helping to reduce the time it will take to prepare a detailed tender pack and planning application. A detailed project programme will be developed and the project team will meet regularly both pre and post tender to review progress against this.
- 13.10 **Income projections:** Income levels will be sensitive to a number of factors including weather, the quality of the facilities and service at the site, competition, general tourism trends, major events in the vicinity and the development of other attractions at the park and Gullivers.
- 13.11 Mitigation: A marketing plan will be developed and implemented to maximise income and to ensure synergy between the caravan site and the wider offer at Rother Valley Country Park and Gullivers. The site is to be built to a good standard providing durable, attractive and easily maintained facilities. This will reduce the risk of customer dissatisfaction and help the site to remain competitive.

14. Accountable Officer(s)

- 14.1 Polly Hamilton - Assistant Director, Culture, Sport and Tourism.
- 14.2 Phil Gill - Leisure and Green Spaces Manager.

Approvals obtained from:-

Finance Manager, Regeneration and Environment and Capital: Jon Baggaley
Legal Service Manager: Stuart Fletcher
Head of Procurement: Karen Middlebrook
Human Resources: John Crutchley

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