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## Report to the Transport, Environment and Communities Select Committee

<b>Title:</b>	Country Parks Update
<b>Committee date:</b>	Tuesday 1 March 2016
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### **Purpose of Agenda Item**

This report is for *information* and to *advise* the Select Committee on the progress of the decision for the future operating model for the Country Parks Service (the Parks), of the key successes of the service since the last report to the Select Committee in April 2015 and of the planned developments in the coming year.

### **Background**

Response to last select committee questions

#### ***Future Operating Model***

Following the Council restructure an options paper was submitted to the new Cabinet Member outlining potential alternative operating models for the Parks' management. After reviewing the options and given that the Parks continue to increase the levels of net income year on year, it was decided that they would be retained within the direct control of the Council while exploring opportunities for further income generation.

#### ***Country Parks Finances - (Appendix A)***

A full breakdown of income and expenditure for the financial years between 2011/12 and 2015/16 is appended to this report; this balance sheet details all areas of expenditure required to manage the Parks and the income derived from the commercial activities in the Parks. These figures show that a net income has been delivered throughout this period to support other services within Environment Services and the wider TEE business unit; further details of income and expenditure can be provided as required at the committee meeting.

It should be noted that with our on-site partners, Go Ape and San Remo Catering, the gross turnover for the Country Parks sites exceeds £2.5m and provides employment for over 50 people from the local area.

The achievement of these significant levels of income from the Parks has not been achieved without significant effort and innovation from the Parks team, who work closely with our partners to ensure that the developments in the parks benefit all the key stakeholders.

### **Medium Term Financial Plan (MTFP)**

The following table outlines the financial challenges facing the Parks Service over the next 3 years.

	Income Target (£)	Add'l Pressures (£)	2015/16 MTP Target (£)	Net Income Total (£)	% of turnover
2014/15	73,256	0	0	73,256	8.84
2015/16	84,726	0	0	84,726	10.37
2016/17	96,066	0	0	96,066	11.60
2017/18	107,676*	25,000**	50,000	182,676	22.05

\* denotes 12% increase in base income target allocated from previous years MTFP process'.

\*\* denotes end of 10 year HLF project and loss of funding for gardener post.

These figures do not take into account any increases in costs such as inflation, re-grades, restructure, pay awards etc. and this will further impact on the income required to remain a solvent business delivery unit.

### **Visitor numbers - (Appendix B)**

Visitor numbers in the Parks have continued to grow over the last 12 months and over the last 10 years have increased by an average of more than 5% year on year. It is difficult to attribute growth in numbers to any specific activity or event because of the other factors influencing visitor attendance including weather and multiple on site developments in any given year. Nevertheless, this is an impressive rate of growth through some challenging financial times.

### **Developments**

A number of significant improvements have been made across the Parks and others will be completed early in the new financial year.

Langley Park - The car park has been extended to provide an additional 50 spaces and final plans for a timber framed extension to the visitor building, providing indoor seating for the tea room, have been submitted for Building Regulations approval – construction should be complete by the end of April 2016.

Denham Country Park - A new catering lease has been agreed and the new operator has been able to attract external funding totalling £100,000 to improve the facilities, including the café, public toilets and a significant new play area.

Black Park - An additional 'play' facility aimed at teenagers (located adjacent to the Go Ape tree top junior facilities) has been developed and funded by the Alice Adams Foundation. An extension to the public car park is currently under construction that should accommodate the additional demand at peak periods. A summary of the activities and successes of the Parks team can be found in the first addition of the Parks annual review/newsletter. (Appendix C)

Hackathon - Members will be aware that the Parks were pleased to trial the first County Council Hackathon with the Strategy & Innovation Team, which drew experts from across the Council and the private sector, to seek innovative solutions for future developments in the Parks. Initially there were approximately 10 proposals but these soon focussed down to 5 ideas that were developed; Park Live, Augmented Reality and Big Game Hunter were digital applications, Treehouse accommodation and Park Take Over.

Outline business cases were developed and presented to an investment board in January for Park Live and Treehouses and as a result of this process, a detailed business case is currently being prepared for Park Live to fully assess its commercial value and potential return on investment.

Further work will be undertaken over the next 12 months to fully assess any limitations, the financial viability and potential operating models for the treehouse proposal but this will be assessed alongside other potential developments that are 'competing' for the investment funds available.

## **Summary**

Research has shown that the delivery of a self-financing Parks service, that delivers a net income to the Authority is unprecedented nationally; while other services generate significantly more income, their operating costs are also significantly greater and some are currently operating at only 66% cost recovery<sup>(1)</sup>.

Last year the Parks achieved income of 109.75% of operating costs. It is not without significant effort that this is achieved year on year and the service is routinely subject to self-imposed spend freezes to ensure that income targets are achieved.

It is important to recognise the transformation that the Parks have been through since the introduction of the self-financing policy; moving from costing the Council £750,000 per annum to a position where all operating costs are generated from within the service and a net income is delivered to the TEE business unit.

However it is also clear that this level of change cannot be sustained without a significant change in the services and facilities on offer and this will require significant investment.

(1) "Nottingham Parks are on track to be completely self-funding by 2020. The Parks service has costs of just over £6m, of which less than £2m comes from Local Government Funding."

([www.horticultureweek.co.uk](http://www.horticultureweek.co.uk) 05/02/2016)

While there have been huge strides forward since the introduction of the self-financing policy in 1999 (visitor numbers have increased from 329,863 in 1999/00 to 895,975 in 2015/16) the Parks are still vulnerable to the effects of the British weather; last August the 'Fun in the Park' event had just one family visit because of the poor weather. The provision of additional indoor facilities could be one solution to increase demand and income outside of the traditional peak periods.

### **Key issues**

Planning – some of the potential areas of development in the Parks, required to increase income to the required levels, are unlikely to be considered as core business for the Parks (e.g. holiday lodges & function rooms within a visitor centre) and, as such, would probably require planning consent. Given that the Parks all lie within the Green Belt this is likely to be contentious.

Income targets – as detailed above, the MTFP pressures mean that in 2017/18 the net income from the Parks to the TEE business unit will represent over 22% of the Parks current income; this will be challenging to achieve whilst maintaining the current high service standards.

In the development of the 10 year business plan it will be important to understand Members views on what level of commercialisation will be acceptable – highly commercial operations and activities with 'pay to enter' facilities have the potential to generate significant additional income but these are likely to be at the expense of the environmental, social and community benefits currently delivered by the service.

### **Resource implications**

In order to implement the planned developments and meet the Council's Decision Making Accountability (DMA) structure requirements, the Parks are about to commence a staff consultation to consider a new, commercially focussed team structure. Subject to formal approval this structure should provide additional staffing resources aimed at boosting the commercial acumen within the team.

This proposed new structure will have an additional cost implication of £115,507 per annum and, while the new income generating initiatives are developed and implemented, it will be necessary to draw-down funds from the development reserve to cover these costs.

### **Next steps**

Over the next six to eight months the Parks team will be developing a 5-10 year commercial business plan, under-pinned by market research and customer data/insight, and will look to prioritise investment opportunities. This document will be critical to drive the future improvements and investment activities in the Parks.

The 10-year commercial business plan will set out a blueprint to achieve greater levels of income for the Parks but will also detail any caveats and risks beyond the control of the service; developments requiring planning from the District Council, funding being available

for appropriate developments' or extended periods of poor weather, all of which could negatively impact higher income targets for the service.

The Parks team has to routinely consider what is next, horizon scan to identify the next 'big thing' that will keep visitors coming back and attract new visitors to the Parks; not just at peak periods, when visitor records show that the Parks are approaching capacity, but also during the off peak periods too.

In the short term the Parks will seek to improve the current customer journey with simple improvements to e-commerce, events/activity booking and improved marketing in conjunction with the HQ communications team.

Further visitor and non-visitor analysis will be undertaken over the next six months to further understand which developments may be considered appropriate by stakeholders. This data will be combined with the recent Member and Stakeholder questionnaire to inform officers and ultimately, Members, as to what is achievable in the Parks in the future.

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