

# LEYBOURNE LAKES COUNTRY PARK

## PHASE ONE -INCOME POTENTIAL REPORT

### EXECUTIVE SUMMARY



## 1. Introduction and context

Tonbridge and Malling Borough Council (TMBC) commissioned Oaks Consultancy (Oaks) to conduct a review of the current financial performance and the income potential of Leybourne Lakes Country Park (LLCP), a 230 acre country park opened in 2004 that is situated between Snodland, Larkfield and New Hythe.

A feasibility study had been conducted independently to this review, which outlined the costs associated with the development of additional visitor services. These facilities included a visitor centre, water activity centre and additional sports hub, the total cost of which was estimated at £1.4million.

## 2. Current business performance

- Presently, LLCP attracts in the region of 150,000 visitors per annum, of which, 98% said they were satisfied with their visit (user survey 2015)
- Dissatisfaction focused on just two areas, the catering facilities and toilet areas
- The total cost of maintaining LLCP is circa £182,250 per annum
- LLCP generates in the region of £68,000 from water rights and activities, a mobile cafeteria concession, car parking fees and contributions from East Malling, Larkfield Parish Council and Snodland Town Council
- Excluding the financial contributions from this figure, income generated directly from users and concessions is £51,900 per annum (of which car parking is £19,950), an average of 35 pence per user
- This current concessionary contracts can be further analysed as follows:
  - Fishing - £19,000 contract
  - Water sports - £7,800 contract
  - Food concessions - £4,550 contract
- The total income generated at LLCP therefore only covers 37% of the costs, with the remaining £114,250 per annum being subsidised by TMBC
- In terms of income opportunities, these are limited by the facilities on site, and the ability to transact with the visitors on a consistent basis with a varied offer.

## 3. Benchmarking

When benchmarking against other country parks with similar location, size and local population demographic, its income generating performance can be assessed as below average. The country parks who appeared to be the most vibrant and financially sustainable had a varied and well marketed customer offer and high quality visitor facilities. In addition, those which were being managed outside of a local authority structure were financially more stable.

## 4. Future opportunities

To assess the most suitable opportunities that LLCP could pursue to enhance its income generation, Oaks developed an assessment framework. This framework considered a range of income opportunities against numerous factors including: upfront investment / development requirements, income potential, strategic value and community benefit.

The assessment identified a number of opportunities which fulfilled a range of criteria, and the priorities for future development were identified as follows:

- Development of a new visitor centre, to include provision of:
  - A consistent and high quality catering offer in the form of a café / coffee shop

- A flexible space / function room available for general hire and delivery of community activities
- High quality and accessible toilets (re-locating the toilets from the existing position next to the car park)
- A ‘sports hub’ to expand the water sports offer and maximise the facilities of LLCP
- Retail space for long term lease
- Re-allocation of the current building, keeping the rangers office at this location and adding retail space (with a view to outsourcing to an angling specific retailer)
- Review of the car parking charges (in line with the car park expansion)
- Development of a ‘club zone’ to house the current community clubs and attract new clubs and community organisations to LLCP
- Identification of an event company partner

## 5. Proposed options

- For LLCP to improve its current financial performance, it would need to increase the performance of the existing revenue streams by 269% to break even at a figure of £182,920.
- If partner contributions are excluded from this (currently circa £16,100), performance would need to increase by 352% to achieve break even point at a figure of £182,688, equating to an average spend of £1.21 per visitor rather than the current 35 pence per visitor.
- Oaks therefore put forward three options to TMBC
- **Option A** – core business improvement. In this model, TMBC do not invest in any significant facility developments, instead focusing on the improvement of the existing income streams of: fishing, water sports, catering and car parking through service enhancement / re-pricing and contract negotiation.
  - Modelling of the impact of these actions suggests that income per user could be increased to 43 pence, generating a total of **£64,500. (150,000 users)**
  - This would require TMBC to continue subsidising LLCP by a significant amount (£117,750)
- **Option B** – new business development. If pursued, this option would see TMBC invest in the development of facilities at LLCP as outlined in section 4 – priority options for future development – which would facilitate the expansion and development of the core income streams. In particular, the pragmatic financial modelling suggests that a minimum of **£183,825** per annum could be generated from this option, comprised of the following income streams:
  - **Café** – average spend of £2 per head, or £75,000 per annum (based on 25% of current visitor numbers)
  - **Function room** – hired at 50% utilisation, totaling £7,825 per annum
  - **Fishing** – maintenance of angling contract and development of bespoke retail opportunities for 6,000 anglers - £6,000 per annum
  - **Sports hub** – re-tender contract at £30,000 per annum or run in house at £10 spend per water sports user, £160,000 per annum
  - **Events** – delivery of 10 events via an event partner, minimum £1,000 from each, £10,000 over the year period
  - **Club zone** – securing of 5 community clubs within the club zone, with income of £2,500 minimum from each, £12,500 over the year period
- **Option C** – development and outsourcing. This option would require the development of facilities as referenced above and the management of the facilities and associated services (identified in option B) at LLCP to either a singular operator or consortia or operators. Should TMBC pursue this, they should value the outsourced contract at a minimum of **£183,825 - £200,000**
  - Further, if this option is pursued, TMBC should include facility investment opportunities available to potential outsource partners in the negotiation stage

## 6. Recommendations

Based on the above analysis and modelling, Oaks recommends that TMBC pursue either option B or C for LLCP future sustainability.

## 7. Impact / conclusions

If the recommendations above are taken forwards, LLCP could expect to achieve the following:

- Increased visitor numbers
- Improved dwell time from visitors
- Increased revenue per user / visitor
- Increased revenue opportunities
- Improved customer experience
- Meeting user needs
- Enhancement of the services to local residents
- Creation of a consistent 'park community'
- Income generated
- Contribution to the local economy

