

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**COMMUNITIES and HOUSING ADVISORY BOARD**

**13 November 2017**

**Report of the Director of Street Scene, Leisure & Technical Services**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)**

**1 LEYBOURNE LAKES COUNTRY PARK – DEVELOPMENT OPPORTUNITIES**

**Summary**

**This report outlines the findings of a review of income generation opportunities at Leybourne Lakes Country Park (LLCP) linked to capital investment. The report, undertaken by a specialist consultant concludes that the site is both strategically and commercially appealing to a range of external partners, and recommends the Council considers a procurement exercise with a view to developing a potential management partnership in the future.**

**1.1 Background**

1.1.1 A List C project for evaluation is currently in the Council's Capital Plan for improved facility provision at LLCP. The scheme identifies potential improvements to include the provision of an education room/facility, general improvements to the water sports facilities/area and the provision of a café. Developer contributions of just over £700,000 are currently held by this Council specifically to support onsite developments.

1.1.2 Highlighted within the Council's Savings and Transformation Strategy, is the theme of 'Income Generation and Cost Recovery'. Being an area of discretionary service this theme needs careful consideration at Leybourne Lakes Country Park, with a long-term ambition for the Country Park to be financially more self-sufficient. Any such considerations need to be balanced with the nature of the facility and its core objectives, as reflected in the draft Management Plan reported separately in these papers.

1.1.3 Initial advice on the business case for such a project was sought from a leading leisure and sport business consultant, Oaks Consultancy. The key findings of a 'Income Potential Report' produced by Oaks were presented to the last meeting of this Board, which in overview highlighted that:

- *LLCP is very popular (particularly amongst local people) and has a significant customer base from which to generate income.*

- *LLCP is a valuable asset that should be generating additional income for the Council. There are opportunities in a number of areas that are ultimately impacting on its ability to generate enough income to at least break-even.*
- *Core areas of additional income generation relate to fishing, water sports, catering and car parking. In addition, the report highlighted opportunities including retail/commercial space, events, and fitness/sporting activities.*
- Benchmarking suggests that country parks run more independently of a Local Authority have a propensity to be more financially stable.
- The majority of opportunities identified and prioritised as having high income potential are reliant on the development of visitor facilities at LLCP
- There are opportunities to diversify income outside of direct customer transactions, such as the use of grant funding and commercial partnership.
- The utilisation of third parties to deliver events, activities and concessions provides low risk opportunities to the Council whilst attracting significant numbers of visitors, generating income and providing a customer base for secondary spend.
- High performing country parks all feature visitor centres.

1.1.4 The Oaks report supported the Council's initial view that facility development is required and viable, and Members agreed that Oaks be appointed to assist the Council in the business/financial appraisal of options linked to potential capital investment. The report also clearly recognised that direct delivery by the Council in the future might not offer the best outcomes in terms of improvements, investment and financial return.

## **1.2 Options Appraisal**

1.2.1 At the last meeting of this Board Members agreed the aims and methodology of the study. The study incorporated both detailed business planning and a market testing exercise. The market testing was focussed on gauging the level of interest from prospective partners and how they viewed the potential of the site. Prospective partners included organisations in the private, charitable and educational sectors.

1.2.2 A report has been received from Oaks which is available to Members on request. Attached at **Annex 1** is a summary of the report's findings. Members will note that encouragingly the report identifies that the Park is seen as a commercially and strategically appealing asset by potential partners, who will be able to bring both expertise and investment to the facilities. Feedback from potential partners suggested they were confident that they could eliminate the Council's subsidy for the facility within a maximum of 5 years. Oaks strongly recommend that the

Council should consider the external outsourcing of the Park in accordance with a clearly defined Management Agreement. Oaks believe this will be the best option to deliver an enhanced customer offer and improved financial performance. In essence, the report is suggesting that the Council considers a similar approach to managing and developing LLCP as we do for the indoor leisure facilities.

1.2.3 If Members are minded to consider such an approach, Officers will develop a procurement timescale for the project in accordance with this authorities contract procedure rules. The first phase of a potential procurement process would be to report to the next meeting of the Board in February 2018 on the procedure model, and the key heads of terms within any future Management Agreement. To guide this it is suggested that the Council adopts the following key principles relating to any potential future arrangement:-

- the future development of LLCP will take into consideration the core objectives outlined in the LLCP Management Plan.
- an Agreement should reduce the revenue cost of the facility to the Council, with an ambition to make the site financially self-sufficient.
- the existing quality of provision on site should be maintained/enhanced in the future to meet user expectations.
- development opportunities should be linked to income generation and meet the needs of users and visitors to the site.

1.2.4 It is worthy of note that progressing with a procurement exercise will not commit this authority to a new way of managing and developing LLCP, but it will enable Members to consider and evaluate costed proposals from prospective partners, and compare these to other options. The work undertaken by the consultants to date supports moving to the next stage, with future proposals being subject to our own assessment evaluation to determine the best way forward. This assessment will carefully consider both risk and reward.

### **1.3 Consultation**

1.3.1 In bringing forward a procurement exercise for the project, consultation will be undertaken with a range of key stakeholders including staff, local Members, the LLCP User Panel and East Malling and Larkfield Parish Council (the Parish Council currently provides financial support to the Park). This consultation will assist in developing a Management Agreement and will build on the recent consultation undertaken as part of the production of the new LLCP Site Management Plan (see separate report in these papers). Staff working on site have been advised of the potential approach and will be fully involved throughout.

1.3.2 Due to staff capacity and the need for expert guidance, it will be necessary to retain the services of Oaks Consultancy to assist in getting the project to the next stage. This will require involvement in the potential procurement exercise,

preparation of heads of terms and the production of contract documentation. The cost of this work is £10,000.

## **1.4 Legal Implications**

- 1.4.1 The Council's Contract Procedure Rules will need to be adhered to in all cases and close liaison will be undertaken with the Director of Central Services in this regard.
- 1.4.2 Members should be aware that there are a number of covenants that affect Leybourne Lakes. One of which was imposed by Berkley Homes on the transfer of the land to the Borough Council, which required their prior consent to any leases or commercial activities within the site. Legal Services are examining these restrictions further.

## **1.5 Financial and Value for Money Considerations**

- 1.5.1 The potential Capital Plan Scheme for facility improvements at LLCP represents a significant level of investment from developer contributions held by the Council. The consultant's study on potential income generation identifies opportunities at the site by working in partnership with an external provider. These opportunities relate to both external capital investment and the reduction in the revenue cost of the facility to the Council.
- 1.5.2 The current cost to the Council of the Council Park is £124,450 (17/18 original estimate) and if this cost could be significantly reduced, it would represent a welcome contribution to the Council's next tranche of savings in the Savings & Transformation Strategy. [The cost of the next phase of work with Oaks Consultancy is £10,000, which Management Team has confirmed can be met from the Invest to Save earmarked reserve. The project will be developed and delivered in close liaison with the Director of Finance and Transformation].

## **1.6 Risk Assessment**

- 1.6.1 The delivery of projects within the Capital Plan is identified in relevant Operational Risk Registers within the Service. A number of existing controls are in place to help deliver projects in accordance with the design brief, on timescale and within budgets. These controls include the preparation of design briefs, use of consultant teams where applicable, compliance with Contract and Financial Procedure Rules, an Officer Study Team approach and regular reports to Management Team and Members.
- 1.6.2 It is important in light of the Council's overall financial position that opportunities are carefully considered to reduce the cost of the facility to Council. To assist the Council in judging the potential financial risk associated with investment in the site, a leading leisure and sport business consultant has been appointed to work alongside the Council, which will assist the Council in making the best decision for the future.

## **1.7 Equality Impact Assessment**

1.7.1 Equality will need to be taken into consideration with the design of any new facilities being brought forward.

## **1.8 Policy Considerations**

1.8.1 Asset Management, Biodiversity & Sustainability, Community, Procurement, Staffing and Healthy Lifestyles.

## **1.9 Recommendations**

1.9.1 It is RECOMMENDED TO CABINET that:

- 1) the option of external management of LLCP linked to capital investment be explored in accordance with the key principles outlined in the report;
- 2) a report be submitted to the next meeting of this Board on a procurement exercise and timescale taking into account feedback from consultation;
- 3) Oaks Consultancy be approved to assist the Council in preparing for, and undertaking a procurement exercise.

The Street Scene, Leisure & Technical Services confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Darren Lanes

Nil

Robert Styles

Director of Street Scene, Leisure & Technical Services