

## 9. **NORTH LEES CAMPSITE ( PM 9804 / MB/RN)**

### **Purpose of the report**

This report updates members on the tender process for North Lees campsite undertaken in the autumn (2014) and, together with the Part B report, outlines the options for a member decision on how the campsite should be managed going forward.

### **Key issues**

1.
  - Together with stakeholders, a new Vision has been developed for Stanage-North Lees to: 'Care for, enjoy and promote understanding of the North Lees Estate in a sustainable way which respects and enhances wildlife, heritage and landscape for everyone, forever.'
  - A new management regime is in place for Stanage-North Lees. Since September 2014 the property has been managed within Enterprise & Field Services with the new North Lees Manager taking up the post on 1 December.
  - ARP Committee in September 2013 approved the proposal to rent the campsite out, and for this action to be implemented within the following 2 years. As a result a tendering process was implemented in autumn 2014.
  - Only one tender was received which was turned down, primarily owing to the poor financial implications for the Authority. The main reasons stated for the poor tender return were the necessary TUPE arrangements and the need for capital investment in the campsite facilities.
  - The campsite has historically been run at a trading loss or with a small contribution to full cost recovery and will not make the predicted contribution of £8000 to the budget of Stanage-North Lees in 2014/15.
  - The campsite provides an alternative to wild camping on the Sheffield Moors. It also gives opportunities for engagement with visitors and is core to the delivery of the new Vision for the property with its aspirations for outreach, engagement and visitor giving. It also has the potential to provide an event space for the property.
  - Stakeholders, including Stanage Forum, believe that the campsite should be managed as an integral part of Stanage-North Lees.
  - Options for re-tendering the campsite involve significant HR issues.

## Recommendations

2. 1. That members should consider the options for the future management of North Lees campsite and make a decision about the preferred option after consideration of this Part A report and the Part B report.

|          |  |
|----------|--|
| Option 1 | Close the campsite.  |
| Option 2 | Close the campsite early Oct 2015 and re-assess the market and potential investment opportunities.   |
| Option 3 | Manage in-house for 3 years with minimal revenue investment then re-assess the market and potential investment opportunities.                      |
| Option 4 | Manage in-house  |
| Option 5 | Manage in-house for 3 years with £60,000 capital investment, then re-assess the market and potential investment opportunities.                     |
| Option 6 | Manage in-house with £60,000 capital investment, prepare a detailed Business/Mitigation Plan for consideration by ARP Committee in September 2015. |

### How does this contribute to our policies and legal obligations?

3. The campsite contributes to all of the four objectives which make up the 'Welcoming & Inspiring Place' segment of the National Park Management Plan (W11 – W14). The campsite also contributes to DL3 and DL4 within a 'Diverse, Working & Cherished Landscape' and to ES4 within an 'Enterprising and Sustainable Economy'.

## Background

4. Together with stakeholders a new Vision has been developed for Stanage-North Lees to: 'Care for, enjoy and promote understanding of the North Lees Estate in a sustainable way which respects and enhances wildlife, heritage and landscape for everyone, forever.' This vision was endorsed by our Audit Resources and Performance Committee (ARP Minute 54/14 19 Sept 2014). In recognition of the landscape, wildlife and heritage significance of Stanage-North Lees and the desire to achieve exemplary upland land management in terms of both the environmental assets and the recreational resource, the aim is to manage the property in a prudent and business-like fashion to maximise opportunities to deliver National Park objectives whilst minimising costs and with a plan to delivering full cost recovery. The campsite falls neatly within this aim, contributing to the recreational opportunities on Stanage-North Lees, ensuring an alternative to wild camping is available over the whole of the Sheffield Moors, and potentially acting as one of the main mechanism for delivering National Park messages and engagement of visitors. The challenge for the campsite is to maximise these opportunities whilst ensuring a positive financial contribution is made to Stanage-North Lees as a whole.
5. Following recommendations as outlined in the DTZ report and the ARP Report 20th September 2013 (ARP Minute 66/13) tenders were sought for leasing the campsite for a five year term as part of the approved business plan. (The DTZ report was noted by Members at 7th February 2014 Authority Meeting (Minutes 06&08/14) with Management Team response to the DTZ recommendations approved by Members on 23<sup>rd</sup> May 2014 Authority Minute 27/14.) Whilst nine expressions of interest were received only one tender was submitted. This tender was turned down owing to the details of the business plan, with considerable uncertainty over the proposed financial

arrangements which in poor trading years could have involved the Authority in considerable expense, and with no control over capital expenditure and liability. Feedback received for the lack of tenders included the necessary TUPE (Transfer of Undertakings (Protection of Employment Rights) Regulations 2013) arrangements and the outdated campsite facilities. The relatively short term of the proposed lease will undoubtedly have had an impact on the attractiveness of the option. It is worth noting that the DTZ report did not make allowance for the TUPE arrangements when making their recommendation.

6. The Stanage-North Lees Management Plan (2002 – 2012) recognises that the campsite co-ordinates well with other local businesses, is respected in the local community as well as nationally and internationally by its customers, and makes a significant contribution towards education and promoting understanding of visitors to the area. On a day to day basis it is also well recognised as being managed in an exemplary fashion owing to the commitment of the Campsite Warden. The site was first established to provide camping opportunities for visitors in the heart of the Peak District (but with close proximity to Sheffield) and to provide an alternative to wild camping which impacts on the landscape and heritage value of the National Park. The campsite provides a valued National Park experience not only for climbers and cyclists but also for groups including Duke of Edinburgh and school groups (who make up 20% of the campers), low income and disadvantaged families. It is invaluable in giving both National Park and environmental messages directly by the campsite wardens and indirectly through the ethos of the site. The value to the Authority and the National Park is therefore considerably more than financial.
7. There have been considerable fluctuations in the financial performance of the campsite over the last five years relating to summer weather, changes in staff contracts and opening times, and maintenance costs. It has only irregularly made a significant contribution to Full Cost Recovery and the figures for 2014/15 suggest that the campsite will make a small loss rather than reach the planned profit target of £8000. Whilst recognising the difficulties of addressing this situation during the months of January – March we have engaged with the British Mountaineering Council (BMC) to put in place a marketing campaign targeting climbers linked to a discounted rate for BMC and affiliated members. This has the potential to deliver more campers, and so a better financial return, in addition to a proactive and positive relationship with the BMC that should reap benefits for the whole of Stanage-North Lees in the future. An indication of the developing trusted partnership working with the BMC is the donation they have already given us this year for Stanage-North Lees in relation to the BMC event in the summer. Bringing the campsite, campsite staff and the Estate Ranger under the management of Stanage-North Lees has also given us the opportunity to reduce to an absolute minimum the use of casual staff over the winter months by using the Estate Ranger rather than casual staff to cover Campsite Warden absences. Other methods for reducing costs are also being investigated and a marketing plan is under development.
8. In the developing plans for implementation of the Vision for Stanage-North Lees the campsite plays a considerable role. It is the only place on the property where there is direct contact with visitors on a regular basis. The site also has the potential to act as a meeting place for other visitors to the area. This brings considerable opportunities for engagement through events, the distribution of National Park messages and for encouraging visitor giving either financially or through volunteering. In addition the campsite could act as the focus for outreach to the disadvantaged and to groups with disabilities. Opportunities for development of the ranger briefing centre and toilets at Hollin Bank are limited by its location on the fringe of Section 3 Open Access land whereas there is greater opportunity for development at the campsite. The possibility

exists for enhancing the camping experience and providing a venue/meeting place for events. Appendix 1 including Map I describes our aspirations for the campsite within the context of Stanage-North Lees, in more detail.

9. The potential exists for these aspirations to be met through continued direct ownership and management of the campsite or through effective dialogue and agreement with an alternative organisation/individual managing the campsite.

### Proposals

10. Six different options are proposed.

|          |  |
|----------|--|
| Option 1 | Close the campsite   |
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| Option 4 | Manage in-house  |
| Option 5 | Manage in-house for 3 years with £60,000 capital investment, then re-assess the market and potential investment opportunities.                     |
| Option 6 | Manage in-house with £60,000 capital investment, prepare a detailed Business/Mitigation Plan for consideration by ARP Committee in September 2015. |

The proposed investment in Options 5 and 6 includes:

- Two new showers within the existing building
- Installing ceilings in the existing toilets/showers to reduce heat loss and make them more welcoming
- Four camping pods
- Development of a robust marketing plan

Feedback from campers and campsite staff indicates that the number of available showers impacts negatively on the camping experience especially at busy times. This may well be having an impact on the number of returning customers and on the campsite's reputation. Diversifying the camping experience by introducing simple camping pods would make the site more attractive to foreign visitors and extend the camping season without significantly changing the character of the site. The DTZ report recommends: 'Consider capital investment at the (camping) sites to diversify the offer, increase revenues and encourage year-round camping.' It specifically recommends considering camping pods.

The advice from the Planning Service is that whilst camping pods would normally be contrary to policy, exceptions may be made where the site is acceptable in landscape terms, as is likely to be the case at North Lees campsite, where a small number of well-located pods may be acceptable.

11. A summary of the impact of the options on the National Park landscape and on our giving, engagement and outreach aspirations is shown in Table 1 with the detail in Appendix 2. The judgement to be made on the preferred option will depend on what weight is given to the financial drivers and what weight to the other drivers described.

Table 1 Summary of expected impacts to the National Park landscape and to opportunities for giving, engagement and outreach.

|           | National Park Landscape Impact                        | Impact on relationship with stakeholders/ production of Management Plan | Giving, Engagement and Outreach Impact   |
|-----------|---|---|--|
| Option 1: | High owing to potential for wild camping              | High – Unpopular decision   | Limited by no camping opportunity although the site could possibly be used a venue for events  |
| Option 2: | Could involve wild camping during closed period       | High (Reducing to medium to Low in the future dependant on tenant.)     | Limited by the arrangements we can negotiate with the campsite tenant  |
| Option 3: | Could involve wild camping during any closed period   | Medium  | Limited by poor facilities, insecure future and negotiations with campsite tenant after 3 years  |
| Option 4: | Low - No expected impact                              | Medium  | Limited by poor facilities   |
| Option 5: | Could involve wild camping during re-appraisal period | Medium - Low  | Limited by insecure future and negotiations with tenant after 3 years  |
| Option 6: | Low - No expected impact                              | Low – Most popular decision   | Maximises opportunities through direct contact with campers and the development of innovative events and outreach programme based at the campsite. |

12. **Financial:**

The financial implications are detailed in the Part B report

13. **Risk Management:**

Appendix 2 addresses risk management in relation to our aspirations for engagement, outreach and visitor giving. With respect to Options 2, 3 and 5 a mitigation plan would be developed to minimise the impacts as far as possible. This would include:

- (i) Considered assessment of the results of any tender process to ensure perpetuation of the ethos of the campsite and a shared vision for the property;
- (ii) Including options for encouraging visitor giving in the leasing arrangements;
- (iii) Including options for National Park for shared engagement and outreach events in the leasing arrangements;

The impact of the options on our financial aspirations is summarised in Table 2.

Table 2 Summary of Financial Impacts

|           | Most Favourable Financial Impact |
|-----------|----------------------------------|
| Option 1: | High                             |

|           |   |
|-----------|---|
| Option 2: | Very High with an expected positive contribution to the Stanage-North Lees budget |
| Option 3: | Medium-High   |
| Option 4: | Very Low  |
| Option 5: | Medium  |
| Option 6: | Low   |

As indicated in Table 2 the results of the appraisal suggest that with Options 4, 5 and 6 there is a high likelihood of full cost recovery not being met within the timescales.

The financial appraisal in relation to options 5 and 6 is based solely on the predicted additional income from 4 camping pods coupled with effective marketing of these.

This financial impact could be mitigated by:

- (i) Further developing and implementing a robust marketing plan. This has already been initiated for this season and could be expected to yield (as yet unquantified) increased visitors/income in future years.
- (ii) Appraising all costs and reducing where possible, including staff costs and in particular staff costs over the winter. In the timescales involved since the North Lees Manager came into post it hasn't proved possible to investigate the majority of these options fully..
- (iii) Implementing an on-line booking system including a deposit system. This is already under discussion. Costs and savings have yet to be identified owing to time constraints and unknown variables.
- (iv) Providing a semi-hard standing for 4 small campervans subject to planning constraints. (Predicted additional income from 2016/17 onwards £2000 plus per annum.)

The objective for developing and implementing a business case for the campsite based on this mitigation plan would be to achieve a Full Cost Recovery enterprise for options 5 and 6.

In addition, we expect that visitor giving originating from the campsite will make a positive (but as yet unknown) contribution to the management of the property. Whilst this might also be possible if the site is run by another person or body, it is likely to be at a much lower level because the site would not be directly associated with the Authority and its work

An evaluation of the performance of the campsite after 3 years would allow us to reduce costs by adopting a revised business plan and/or changing to a different option at this stage if the campsite was continuing to under-perform financially. It would also allow us to build on a "lessons learned" action plan and build on our strengths.

#### 14. **Sustainability:**

Committing to own (either through direct management or a leasing arrangement) an operational campsite at North Lees for the next 20 years gives the opportunity for the installation of a ground source heat pump which will:

- Deliver sustainable energy for the campsite
- Cover the cost of installation (through the tariff) over the 20 year period
- Make estimated energy savings of at least £800/annum

The ground-source heat pump would increase the campsites 'green' credentials potentially allowing it to meet a European Eco-label standard. This would expand the marketing opportunities. However, it is possible that a new owner could also implement the planning permission which has been granted for the installation of the ground-source heat pump.

15. **HR:**

The HR details are in the Part B report.

16. **Communication with Stake-holders:**

The groundswell of opinion amongst the public, as evidenced by those attending the Stanage Forum AGM on 1 November 2014, is that the campsite should be managed by the Authority as an integral part of Stanage-North Lees. This case was also made by the BMC at ARP committee in September 2014.

17. **Background papers** (not previously published)

None

**Appendices**

Appendix 1: Stanage-North Lees: Into the Future

Map 1: North Lees Hubs

Appendix 2: North Lees Campsite Option Appraisal: Detail, Risks and Mitigation

**Report Author, Job Title**

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