



# **Foxton Locks Business Plan**

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Please note, this report represents the views and conclusions of the authors and is not necessarily representative of the views of the funders or Partnership.

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## 1 Introduction

### 1.1 Foxton Locks Background, Vision and Objectives

Formed in 1996, the Foxton Locks Partnership is made up of voluntary organisations and public bodies, including British Waterways and local councils, that care about the future of Foxton - and its past.

The partners are working together to develop Foxton Locks as a much improved destination for visitors and for the local community.

They are putting into action some ambitious and exciting work that is adding to the experience of Foxton Locks:

- Opening up the site to provide access for all
- Increasing tourism in the area
- Preserving local heritage
- Educating people about the importance of the site
- Benefiting the environment and its wildlife

The partners have already put a lot of hard work into the planning, restoration and development of the Foxton Locks site.

In the last five years around £5m has been invested in opening up the site, restoration and improving visitor facilities.

The ultimate vision of the Foxton Locks Partnership is to bring the site's Inclined Plane boatlift back into full use. The Inclined Plane is an important part of local, and national, heritage and the Partnership is keen to see it conserved and restored as part of works to improve the whole of Foxton Locks.

The Partnership also seeks to increase visitor numbers and tourism for the district, whilst ensuring the needs of local people are taken into account.

### 1.2 The Brief

In support of the ambitions above, the purpose of this study has been:

- To identify the optimum mix of initiatives that will maximise the potential of the site
- Ensure that the project is feasible commercially
- Engage with the local stakeholders to gain their insight and support
- Quantify the site's contribution to the region's tourism and economic vitality.
- To plan the optimum method by which this initiative could be realised.

The following document comprises the Business Plan which includes a summary of the Economic Impact Assessment. Where relevant, more detail on these studies can be found in the accompanying Appendix document.

A Marketing Plan has been prepared as a separate document.

Overall this Business Plan should be read in conjunction with the Masterplan prepared by Rummey Associates.

## 2 Executive Summary

- Foxton Locks comprises 30 acres of quintessentially English countryside in Leicestershire, featuring a striking staircase of 10 locks, a small museum, two pubs, a cafe and the remains of one of Britain's Victorian Inclined Plane Boat Lifts.
- This Masterplanning study was commissioned by British Waterways on behalf of the Foxton Locks Partnership, in order to enable the reinstatement of the Inclined Plane Boat Lift by:
  - Identifying the optimum mix of initiatives that will maximise the potential of the site;
  - Ensuring that the project is commercially feasible;
  - Engaging with the local residents to gain their insight and support;
  - Quantifying the contribution that the site could make to the region, and
  - Planning the optimum method by which this initiative should be realised
- The current experience is very low key and the opportunity exists to bring the visitor experience to life and, in doing so, both grow visitor numbers to the site as well as generating incremental income from all visitors which can be reinvested in the site
- There are almost 15 million people that live within 2 hours of Foxton Locks and it is understood that over 300,000 visitors visit the site annually, making it already the third most successful free-to-enter visitor attraction in the region.
- Behind the investment in a working Inclined Plane Boat Lift it is estimated that an additional 50,000 visitors might visit Foxton Locks each year. Investment in improved visitor facilities could grow this number by an additional [est] 30,000 visitors per year
- The proposed improved visitor experience comprises:
  - Improved entrance and car parking facilities
  - The reinstated Inclined Plane Boat Lift [IPBL]
  - A new visitor centre including an enlarged museum, café and retail facilities
  - A children's play area
  - Living history interpretation of the Lock Keepers Cottage and a Museum Narrowboat plus mobile audio visual on-site interpretation
  - Ecology area
  - Mooring basin and cycle hire
  - A campsite, hostel lodge and ecolodge development
  - An events field

- The total cost of this project is £22.44m including the reinstatement of the Boat Lift. This can be broken down as follows [all costs include provision for professional fees and contingency]:

Item	Capital Cost
<b>Inclined Plane Boat Lift</b>	£11.64m
<b>Visitor Centre plus supporting facilities e.g. car park, road improvements, children's play area, Living history interpretation etc</b>	£6.17m [Visitor centre alone £2.42m + fees + contingency]
<b>Camp site and Ecology Park</b>	£0.73 m [Camp site £150k + fees +contingency]
<b>Ecolodges, Marina and Bicycle hire</b>	£2.49m
<b>Boat yard hostel accommodation</b>	£1.11m
<b>Provision for trip boats</b>	£0.30 m
<b>Total Investment excluding BOAT LIFT and trip boats</b>	£10.49m
<b>Total Investment including BOAT LIFT</b>	£22.44m

- A number of different options have been looked at for consideration as funding alternatives based on their economic return on investment [ERR], the number of jobs added or sustained and the capital costs of jobs added or sustained. This can be summarised as follows:

Project Option	Total Cost	ERR Economic Rate of Return	No of jobs added/ sustained	Capex cost per job
<b>Whole Project</b>	£22.4m	4.69%	58	£55.8k
<b>Just BOAT LIFT and Visitor Centre</b>	£18.2m	5.30%	58	£45.0k
<b>Whole project without IPBL but with a £250k pa sinking fund for future investment</b>	£10.5m	5.62%	34	£25.2k
<b>Whole project without IPBL and no specified sinking fund</b>	£10.5m	5.62%	34	£25.2k
<b>Whole project without the IPBL and without the hostel accommodation</b>	£9.4m	5.88%	34	£22.6k
<b>Visitor Centre, ecolodges and camp site</b>	£9.2m	6.06%	34	£22.1k
<b>Visitor Centre and campsite only</b>	£6.9m	7.25%	34	£16.7k

- A number of sensitivities have been carried out in order to identify the scale of improvements necessary to deliver an ERR closer to, if not in excess of, 8%. If the following improvements are achieved:
  - £1m reduction in capital cost e.g. no eco park, reduced spend on childrens play, outside seating, lighting etc
  - 5,000 additional visitors
  - An increased tariff of £6 [vs £5] on adult interpretation tickets
  - An increased tariff of £15 [vs £10] for boats using the IPBL

Under this scenario, the following improvements in ERR are achievable:

Project Option	Original		Sensitivity	
	Total Cost	ERR Economic Rate of Return	Total Cost	ERR
<b>Whole Project</b>	£22.4m	4.69%	£21.5m	<b>5.54%</b>
<b>Just IPBL and Visitor Centre</b>	£18.2m	5.30%	£17.7m	<b>6.10%</b>
<b>Whole project without IPBL but with a £250k pa sinking fund</b>	£10.5m	5.62%	£9.5m	<b>7.39%</b>
<b>Whole project without IPBL and no specified sinking fund</b>	£10.5m	5.62%	£9.5m	<b>7.39%</b>
<b>Whole project without the IPBL and without the hostel accommodation</b>	£9.4m	5.88%	£8.4m	<b>7.89%</b>
<b>Visitor Centre, ecolodges and camp site</b>	£9.2m	6.06%	£8.2m	<b>8.12%</b>
<b>Visitor Centre and campsite only</b>	£6.9m	7.25%	£6.0m	<b>10.2%</b>

- The creation of a bespoke “Management Vehicle” to run the site holistically will be important if the potential of the site is to be optimised. The creation of a Foxton Locks Trust has been considered as a possible option which may be beneficial from both an operational and a funding perspective.
- A separate consumer and trade trade marketing plan has been produced with development of the travel trade route to market potentially delivering the best and fastest returns to the development
- In terms of the way forward, a number of points are pertinent:
  - An integrated approach will be required both within and across the different organisations and agencies involved. BW will be key to this and “ownership” at a high level by the appropriate team within BW will be important

- The project will need funding from a number of public as well as private organisations
- Due to the current economic climate it would be sensible to take advantage of funding opportunities as they arise, provided that they fit within the overall Masterplan concept. The creation of this Masterplan enables investments in those individual pieces of the jigsaw to take place with each initiative building cumulatively towards the overall, long term picture.
- A visual of the proposed Masterplan for the site is shown on the following page. More detail can be found on this in the accompanying Masterplan document.



### 3 Current Situation

#### 3.1 The Strategic Context

The 30-acre Foxton Locks site is owned and managed by British Waterways, which also currently chairs the Foxton Locks Partnership. The Foxton Inclined Plane Trust, another member of the Partnership, is responsible for running the independent on-site museum.

Other organisations with an on-site commercial interest are the two pubs, the Foxton Locks Inn and Bridge 61 PH, together with a café in the Top Lock Cottage and a small shop

Whilst the priority of this project is to study and hopefully justify investment in the reinstatement of the Boat Lift, it is worth noting that the site has evolved over a number of years. It is believed there are improvements that could be made to the visitor experience which would both improve customer satisfaction and generate income for the site which could then be reinvested to secure its future.

#### 3.2 Review of the Experience

As part of this study and based on a background of extensive operational management within visitor experiences we have compiled our following strategic SWOT [strengths, weaknesses, opportunities, threats] analysis of the site from a visitor perspective.

Strengths
<ul style="list-style-type: none"> <li>• Beautiful first impression</li> <li>• More than just a country park</li> <li>• Unusual attractions – national/destination potential [international on a small scale</li> <li>• A moving feast - watching the boats</li> <li>• Good location and local road network</li> </ul>
Weaknesses
<ul style="list-style-type: none"> <li>• Not child friendly</li> <li>• Lack of things to engage children</li> <li>• Lack of catering choice</li> <li>• Interpretation is very passive – doesn't really engage with visitors enough to extend dwell time</li> <li>• Lack of basic infrastructure/facilities                             <ul style="list-style-type: none"> <li>○ Needs more benches/ seats</li> </ul> </li> </ul>

- Needs more loos
- Car parking on busy days
- Evening lighting
- Car park security
- Physically demanding site – especially for the elderly
- Site experience not “joined up” – you could easily miss bits e.g. the museum
- Marketing and communication
  - Well hidden and disparate
  - Weak and confusing multiple web sites

### Opportunities

- Restoration
- More catering choice and presence
- Bringing the experience to life
  - Ironbridge-style simple interpretation ‘living history’
  - Guided tours
  - Trails
  - Boat trips
  - Events
- Facilities to engage with children [and draw them away from the congested areas]
- Boats and water – strong appeal
- Site ecology
- Harnessing the destination appeal for overnight stays
- Space for seasonal activities

### Threats

- Increasing demands of Health and Safety
- Accident potential
- Other attractions facilities and experiences are moving ahead
- On site operators acting independently
- Daventry considering the introduction of an Inclined Plane boat lift

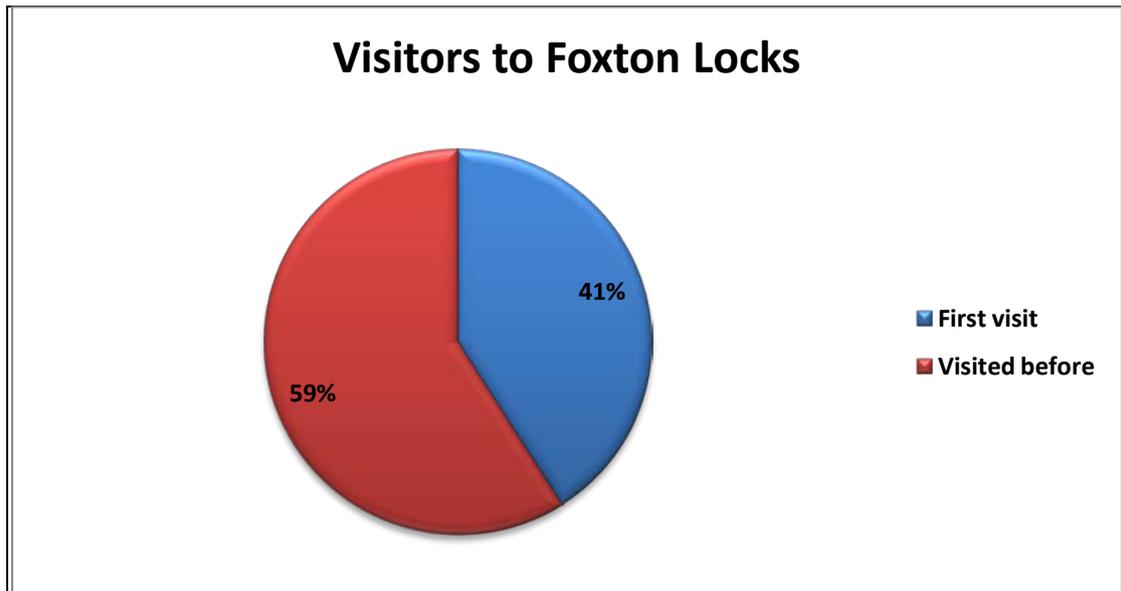
## 3.3 Research

As part of this study we have reviewed the existing market research from British Waterways. Key points from this are summarised below and information from these studies informs our thinking on a number of key areas later in this document.

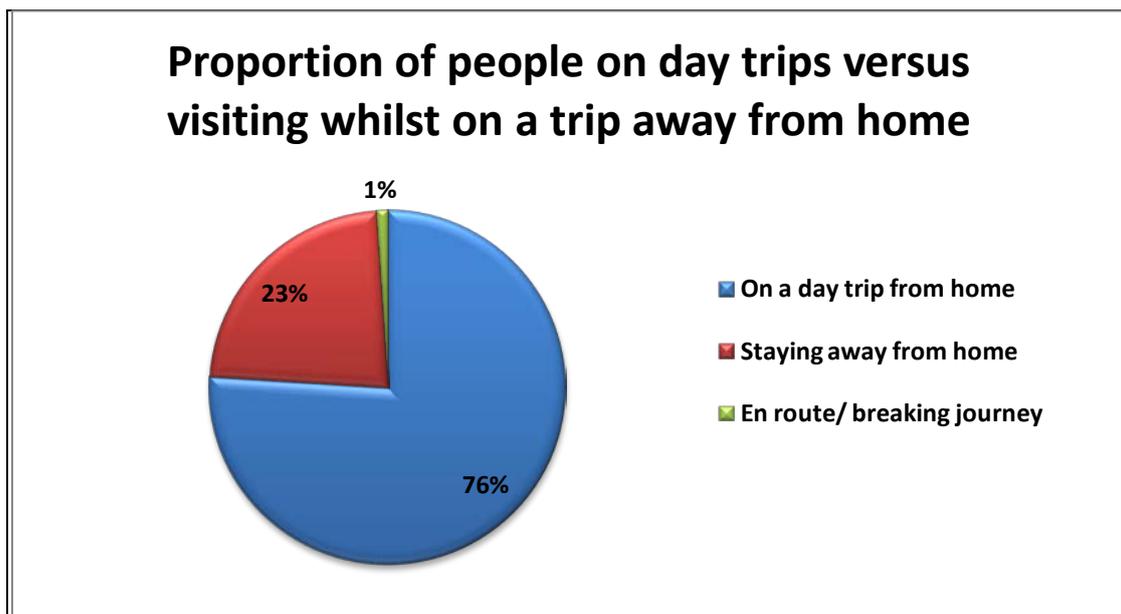
### Existing Visitor Data

Qualitative research using face to face interviews has been carried out three times a year and the following extracts are worthy of mention from the last full years data [2007/08]:

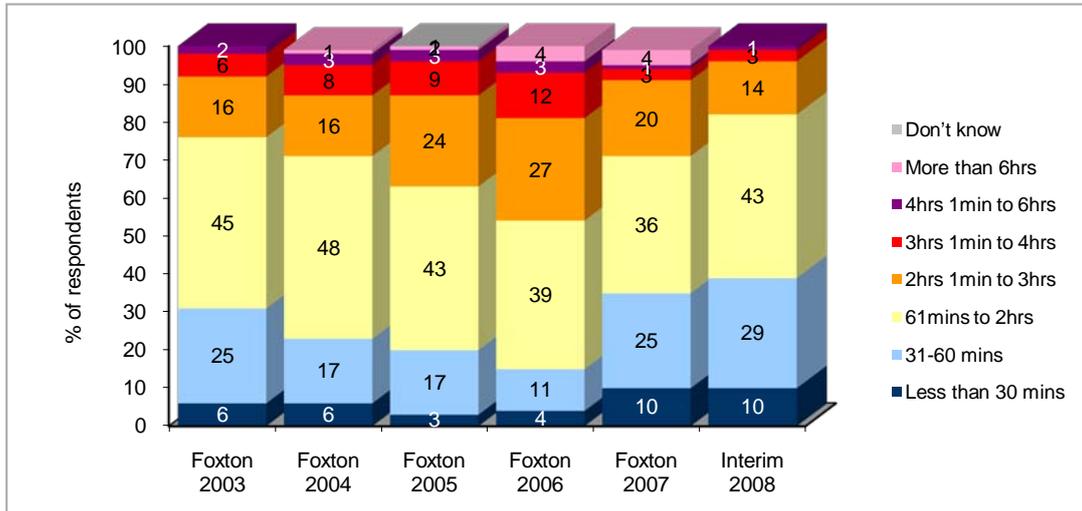
- A significant proportion of visitors are coming for the first time. Since 2005 the proportion of first time visitors has increased by almost 50% and word of mouth has the greatest influence in terms of visits.



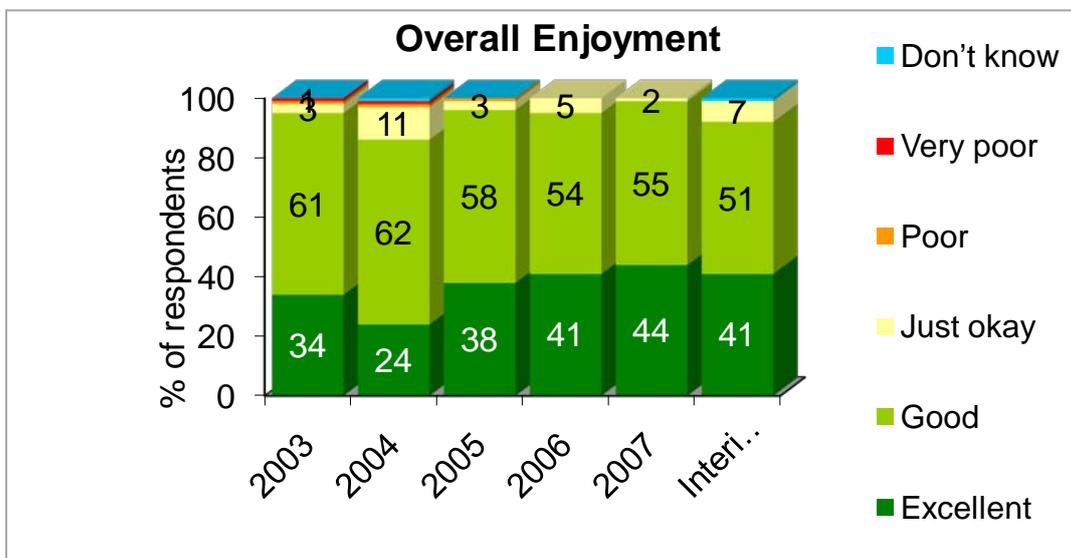
- A significant proportion of visitors are coming as part of a trip away from home. This is important from the perspective of the contribution that Foxton Locks is making to the regional economy.



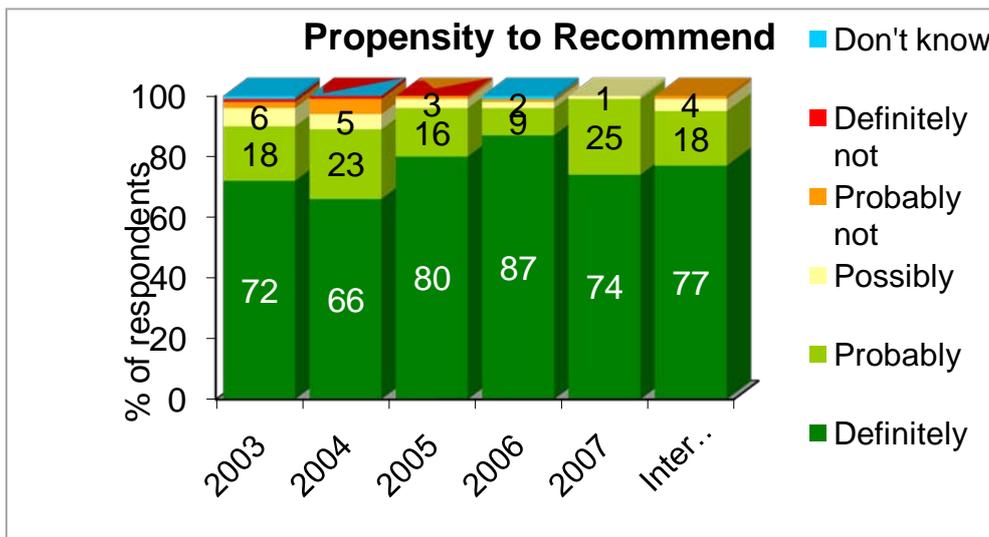
- The average dwell time at Foxton Locks is around 2 to 2.5 hours but a significant proportion of people visit for a very short time. The graph below shows that almost 40% of visitor come for less than one hour. Whilst a proportion of these will be regular dog walkers, some of them will be visitors who should be encouraged to stay longer and engage with the experience.



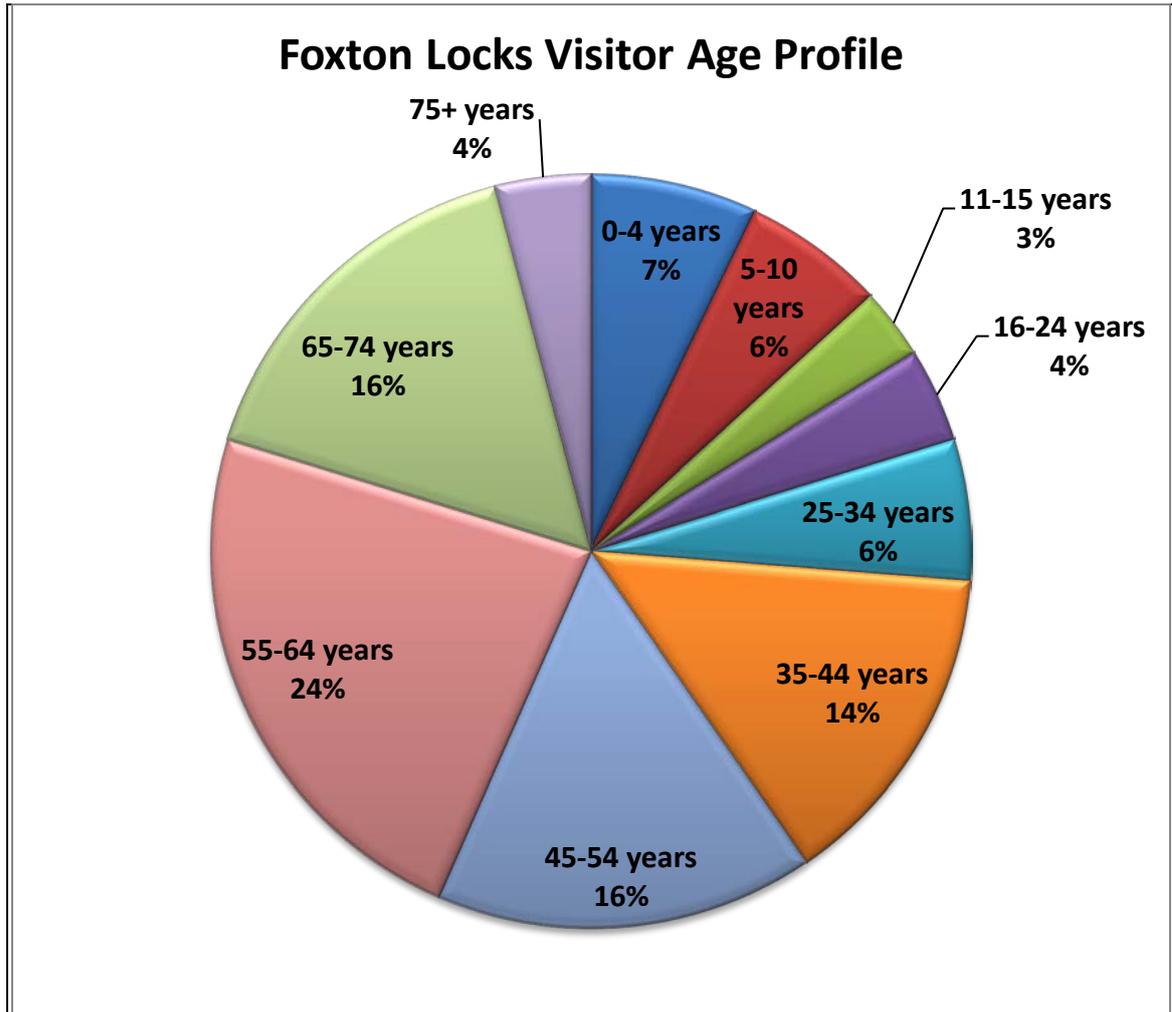
- Enhanced visitor facilities could increase this dwell time enabling the commercial operations on site to penetrate the market to a greater extent
- In commercial visitor attractions, enjoyment is diligently measured and ruthlessly followed. Scores in excess of 90% for excellent are achieved and deemed necessary for a sustainable future.
- With only 41% of people rating the experience as excellent, the graph below shows that Foxton Locks is falling short of this level of experience and needs to improve the visitor facilities if it is to compete seriously against other visitor attractions.



Reassuringly however visitors' propensity to recommend Foxton Locks to others appears to be quite strong, although, again, commercial visitor attractions would aim for scores in excess of 90% for "definitely".



- Over 50% of the current visitors to the site are aged 45+. This is made up of predominantly social greys 65+ and suburban BC1 couples aged 45 – 65. They mainly visit the site in small groups of 2-3.
- Very few children under 15 are currently recorded as visiting the site because the site offers little for them and maybe due to safety concerns.



- The majority of visitors are fairly affluent and are drawn mainly from Leicestershire (60% travel under an hour).
- The most common reason given for visitors is seeing the locks [67% ] followed by fresh air [40%]
- Food and drink offer is a key part of the package with over 50% of the spend being spent in the pub.
- At the FIPT Museum 90% of visitors on weekdays and Saturdays are recorded as social greys. During the School holidays there is an increase in Grandparents with children.

## 4 Market Size and Profile

### 4.1 Introduction

In terms of tapping into the general population Foxton Locks will be competing with other visitor attractions in the day trip market.

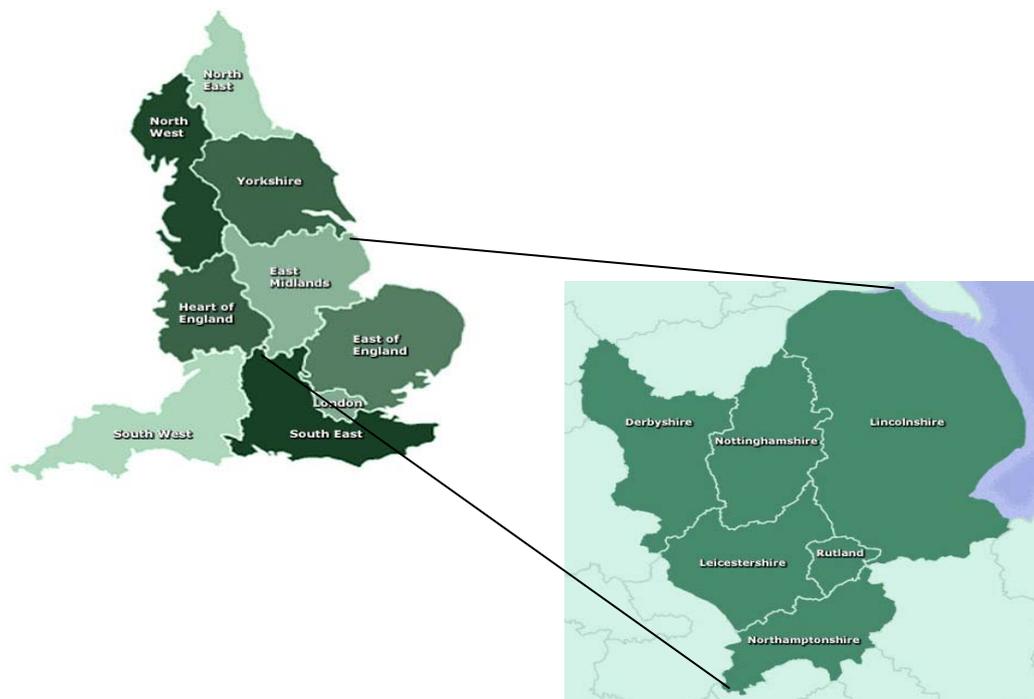
It is generally accepted in the industry that people are prepared to spend up to two hours to reach their destination when considering a day or half-day trip out to a visitor attraction. Of course there are attractions with national appeal for which people are prepared to travel further even for a day trip (e.g. Alton Towers draws visitors from up to 3 or 4 hours away) but these are the exceptions

A review of the regional context within which Foxton Locks sits has been carried out as part of this project. The full detail of this is included in the appendices [section 3].

The following section summarises key points from the regional market study.

### 4.2 The Market

Foxton Locks is located on the southern boundary of the East Midlands region. This region is made up of six counties: Lincolnshire, Derbyshire, Nottinghamshire, Leicestershire, Northamptonshire and Rutland.



The six counties have a combined population of nearly 4.2 million; The county breakdowns are as follows:

<b>Population by County</b>	
Lincolnshire	1.01m
Derbyshire	996k
<b>Leicestershire</b>	<b>933k</b>
Northamptonshire	678k
Nottinghamshire	1.06m
Rutland	38k
<b>TOTAL</b>	<b>4.4m</b>

Source: ONS Mid-year Population Estimates 2007

Nottingham has the largest population of all the region's six county towns at 289k, closely followed by Leicester, Derby and Northampton.

#### 4.2.1 East Midlands Tourism

In the East Midlands Tourism Strategy 2003-2010 document, tourism in the East Midlands is valued at over £5bn annually with over 30,000 businesses and 200,000 employees (source East Midlands Tourism Strategy 2003-2010 information as 2002 *emda*).

Day trips account for the vast proportion of visits with 90% in this category. 9% visit from outside the region and 1% from overseas. The East Midlands area receives approximately 800,000 overseas visits annually.

The Regional Economic Strategy (RES) aspiration for the area is to be one of Europe's top 20 destinations by 2010 with tourism being one of the key factors in achieving this.

#### 4.3 Catchment Area Analysis of the General Population

On the basis that people are prepared to spend up to two hours to reach their destination, we have commissioned data from the information provider, CACI which shows the size and profile of the population within 30, 60 and 120 minute radiuses of LE16 7RA, the postcode for Foxton Locks. These contours take into account travel times based on normal speeds.

CACI uses 2001 census information and updated population estimates in order to give the estimated size of the market within specified drive-time distances of a given location as well as a breakdown of the profile in terms of: age; gender split; marital status; social grade and ethnicity.

Due to the complexity and detail of the information contained within this part of the study the following section includes a summary of key facts.

The full detail of this section is contained in the appendices [section3.2].

The table below shows that there are 14.9 million people within a two hour drive time of Foxton Locks:

	<b>30 minutes drive time</b>	<b>60 minutes drive time</b>	<b>120 minutes drive time</b>
<b>Drive time subsector</b>	180,000	2,146,000	12,635,000
<b>Cumulative total</b>	180,000	2,326,000	14,961,000

The map overleaf shows the 30, 60 and 120 minute contours and shows that, due to the excellent road connections, the core catchment area for Foxton Locks stretches beyond Cambridge to the east, north to Doncaster, south to the outskirts of London and west beyond Telford.



### 4.3.1 30 and 60 Minute Drive Time

The residents within the 30 and 60 minute drive time are considered to be local to the site and may engage and consume the experience differently and perhaps more frequently than those visiting on a pre-planned day trip.

#### Key features of this local market:

- This is a very rural location and within 30 mins of Foxton Locks there are just over 180,000 residents
- By 2017 the population within the 30 minute drive time is predicted to grow to just under 200,000
- There are 2.3 million people living within a 60 minute drive time of Foxton Locks .
- 49% of the population are male
- 51% of the population are female
- By 2018 the population within the one hour drive time is predicted to grow to just over 2.5m

#### Age:

- Over 27% of the population are currently over 55 years old
- 32.2% are under 20 and this represents a significantly higher proportion or index when compared to the rest of the UK
- By 2018 the proportion of residents over 55 is going to grow from 27.5% to 29.7% although over 30% remain below the age of 20 which is still above the national index

#### Social Classification

- In terms of traditional social evaluation the largest proportion of residents would be categorised as C1, that is, junior, clerical or supervisory professionals.
- However the region also hosts significantly above average numbers of semi-skilled or unskilled manual workers as compared to the rest of the UK population.

#### Economic Activity and the Retired Population

- Economic activity essentially underpins the social class assessment above
- The region within 60minutes of Foxton Locks has significantly below average levels of unemployment at an index of 88 versus the rest of the population.

- The retired population is in line with the national picture, at almost 13% of the population.

#### **Ethnicity**

- Reflecting the well documented ethnic mix in the 60 minute drivetime area which encompasses Leicester, the population close to Foxton Locks shows a higher proportion of Asian residents than the national average.
- 7.3% of the population within this drive time are Asian versus a 4% population in the UK as a whole

#### **Transport**

- As most of the visitors to Foxton Locks come by car, it is worth noting that almost 25% of households, within the 60 minute catchment area, do not have any private transport – i.e. either a car or a van.

### **4.3.2 120 Minute Drive Time**

For residents within the 1-2 hour drive time of Foxton Locks the site would be considered to be accessible on a pre-planned day trip.

#### **Key Features of this market:**

- There are under 15 million people living within a 120 minute drive time of Foxton Locks.
- Just under 49% are male and just over 51% female
- By 2018 the population within this catchment will have grown to just over 16 million people

#### **Age**

- Almost 28% of the population are currently over 55 years old
- This equates to 4.1m people
- Almost 32 % are under 20 and this represents a higher proportion or index when compared to the rest of the UK
- By 2018 the proportion of residents under 20 stays over 30% and those over 55 growing to almost 30% or almost 5m individuals

#### **Social Classification**

- In terms of traditional social evaluation, the population within this broader region closely reflects that within the rest of the UK population.
- Of the 7m people within a two hour drive time of Foxton Locks over 3.6m – the largest proportion - are in the C1 category of supervisory, clerical, junior managerial/admin/professional roles.

- As you move beyond the 60 minute contour, the region within 120 minutes of the Foxton Locks still demonstrates below average levels of unemployment but the retired population edges above the national average
- Looking at the ACORN classifications, the region boasts above average “Wealthy Achievers” residents who are “Comfortably Off”

**Transport**

- It is worth noting that almost 25% of households within the 120 minute catchment area do not have any private transport – i.e. either a car or a van.

## 5 Market Benchmarking Study

### 5.1 Introduction

An extensive benchmarking study has been carried out as part of this project. Due to the depth of information gathered, the full detail of this section is included in the appendices [section 4] and covers:

- The local/regional competitive market place
- National benchmarks identified as important comparators for the Foxton Locks project.

The following section summarises some of the key points from this study the detail from which has been used to inform the business modelling.

### 5.2 The Visitor Attractions Market

In order to set the scene for Foxton Locks, it is important to note that the East Midlands hosts a wide range of attractions, from outdoor pursuits centred around the Peak District to national sports venues such as Donnington Park. It offers a diverse arts and cultural scene due to its ethnicity and enjoys 50 miles of coastline off Lincolnshire.

The region's top ten charged-for and free attractions based on visitor numbers, as at February 2007 [the latest data available], are listed below. Attractions include wildlife collections, museums, cathedrals, archaeological sites, amusement and country parks.

Rosliston Forestry Centre in Derbyshire saw the biggest increase of visitors year on year from 2006 to 2007 where visitor numbers increased by 35%.

	<b>The Top Ten Charged-for Attractions in the East Midlands</b>	<b>2007 footfall</b>	<b>Exact/Estimate</b>
1	Chatsworth House & Garden, Derbyshire	606,689	Exact
2	National Space Centre, Leicester	218,000	Exact
3	Belton House Park & Gardens, Lincolnshire	206,581	Not specified
4	Lincoln Cathedral	202,000	Estimate
5	Hardwick Hall, Derbyshire	136,745	Not specified

	<b>The Top Ten Charged-for Attractions in the East Midlands</b>	<b>2007 footfall</b>	<b>Exact/Estimate</b>
6	Skegness Natureland Seal Sanctuary	114,709	Exact
7	Rand Farm Park, Lincolnshire	114,335	Exact
8	Calke Abbey Park and Gardens, Derbyshire	113,583	Exact
9	Midland Railway Butterley, Derbyshire	110,000	Estimate
10	Keddleston Hall, Derbyshire	91,663	Not specified

Source: Visit Britain

	<b>The Top Ten Free Attractions in the East Midlands</b>	<b>2007 footfall</b>	<b>Exact/Estimate</b>
1	Markeaton Park Craft Village, Derbyshire	1,000,000	Not specified
2	Bradgate Country Park, Leics	900,000	Estimate
3	Carsington Water, Derbyshire	750,000	Estimate
4	Superbowl 2000, Notts	250,000	Estimate
5	Attenborough Nature Centre, Notts	225,000	Estimate
6	Ye Olde Pork Pie Shoppe & the Sausage Shoppe, Leics	208,428	Exact
7	Burbage Common & Woods, Leics	200,000	Estimate
8	Rosliston Forestry Centre, Derbyshire	196,226	Exact
9	New Walk Museum & Art Gallery, Leics	176,586	Exact
10	Skegness Water Leisure Park, Lincs	150,000	Estimate

Source: Visit Britain

Foxton Locks @ 213,000

### 5.3 Leading Local Attractions – Competitor’s Study

A brief study of a cross-section of the leisure attractions which compete with Foxton Locks (selected in conjunction with Leicester Shire Promotions), has been undertaken as part of this project.

It looks at the admission prices, car parking charges, visitation levels, secondary spends/income opportunities, and experience/average dwell times of some eight destinations in the more immediate vicinity. It also details the current offer and any foreseeable changes or developments in this as at January 2009.

Management of the following attractions were interviewed as part of this exercise:

Attraction	Name	Position
Twycross Zoo	Kim Riley	Marketing Manager
Donnington GP Collection & Park	Gary Rankin	General Manager
Snibston Discovery Park	Kate Hall	Marketing Manager
Staunton Harold Reservoir	Wayne Ball	Park Ranger
Bosworth Battlefield & CP		Admissions Manager
National Space Centre	Chas Bishop	Chief Executive Officer
Conkers	N/A	N/A

#### 5.3.1 Rationale

The rationale for looking at each one is given below; collectively they represent attractions with a strong nature and outdoor offering and those pertaining to national history/heritage

Attraction	Rationale
Twycross Zoo	Well established tourist attraction with huge educational offering.
National Space Centre	A more recently established attraction with a very interactive and forward thinking programme also with a huge educational offering.
Snibston Discovery Park	A strong regional attraction based on local heritage
Conkers	A relatively new product which has seen good growth in visitors and strong schools performance
Bosworth Battle Field Heritage Centre	A strong heritage product with an

Attraction	Rationale
& Country Park	appeal to the overseas market albeit a small visitation. Smaller educational offering.
Staunton Harold Reservoir	A well visited outdoor attraction but with little commercial investment.
Donnington Grand Prix Collection & Donnington Park	A niche product with history/heritage. Small visitation figures which could be built upon. No educational offering. Race events are excluded from this analysis

### 5.3.2 Proximity/Distances

All the attractions are within approximately a one hour drive-time of Foxton Locks, although the National Space Centre is only around half an hour away. Each represents an alternative day out to a trip to Foxton Locks, in other words these are the main competitors fighting for the same day-out leisure pound and leisure-hour that Foxton Locks will be targeting following its programme of redevelopment.

Foxton Locks is 13.6 miles from Leicester, less than 30 minutes drive-time.

Attraction	Location Address	Distance from Foxton Locks (miles)	Distance from Foxton Locks (time)
Twycross Zoo	Atherstone, Warwickshire	41.2 miles	63 mins
National Space Centre	Exploration Drive, Leicester	16.3 miles	31 mins
Snibston Discovery Park	Ashby Road, Coalville, Leicestershire	28.5 miles	48 mins
Conkers	Rawdon Rd, Moira, Ashby-de-la Zouch, Derbyshire	38.6 miles	62 mins
Bosworth Battlefield & Country Park	Sutton Cheney, Market Bosworth, Nuneaton, Warwickshire	34.4 miles	53 mins

Attraction	Location Address	Distance from Foxton Locks (miles)	Distance from Foxton Locks (time)
Staunton Harold Reservoir	Calke Rd, Melbourne, Derbyshire	38 miles	65 mins
Donnington Grand Prix Collection & Park	Castle Donnington, Derbyshire	37.5 miles	58 mins

Source: theaa.com

### 5.3.3 Visitor Profiles

Not all the attractions considered capture detailed visitor data, ie visitor types by percentage and the distances they have travelled to get there but what is available, together with anecdotal information, is given here.

Attraction	Distances Travelled by Core Visitors	Types of Visitor
Twycross Zoo	60 mins	Families with children up to age 10
National Space Centre	65 mins average but can be up to 2 hours	Families with children 8-14
Snibston Discovery Park	Within 60 min: the majority	Predominantly families with young children
Conkers	No details available	All ages, young families & grandparents with grandchildren. Schools important
Bosworth CP & Battlefield	Within 60 mins; 60%-70%	Mon-Fri: grey market & schoolchildren Sat-Sun/BH Mon: families Special Interest – 5% Note: Some American visitors
Staunton Harold Reservoir	60 mins	Young families with children and grandparents with grandchildren for the outdoor play area.
Donnington GP Collection & Park	60 mins + on event days	Young families and motorsport enthusiasts

Families with primary school children clearly make up the majority of the visitor profiles of the eight attractions investigated. However, the very clear message coming through from almost all the attractions is that an increasing number of grandparents are now accompanying grandchildren to the sites. Snibston Discovery Park, Bosworth CP, Staunton Harold Reservoir and Conkers all have outdoor play areas which are a huge draw for this market.

60 minute drive-times are likely to be the maximum for these sites as families are reluctant to drive for much longer with young children.

The National Space Centre and Donnington GP Collection & Park are offering very unique, national experiences which will account for much longer drive-times than other attractions.

Clearly Twycross Zoo is the largest attraction of the eight in terms of visitor numbers and the most established both in terms of visitor offering but also in the educational arena where its conservation work has been key.

Twycross in particular has a very large repeat visit factor which is accounted for by their gift aid charitable status where one ticket allows repeat visits all year. This, together with their ongoing investment and continual new births of animals, will keep it very much in front of the local day visitors.

### **5.3.4 Education & School Groups**

In view of the potential future importance of school visits to Foxton Locks, this area was examined in more detail

In 2007 Leicestershire had just over 74,000 children of school age 5-15 compared to the East Midlands figure of c.510,000 [source ONS].

The detail in the appendices identifies which attractions make a per pupil and/or teacher charge and whether resources are also charged for as these are factors which make a big difference to a teacher's decision to visit or not visit with a school party.

Teachers Resources materials are largely provided for free but appear to vary in extent. It appears that the more commercial of the eight attractions, Twycross Zoo and the National Space Centre have a significant educational offering which includes "teaching" and various workshops rather than a downloadable pack which teaching staff are then obliged to teach themselves.

They are, therefore, commanding impressive numbers of school visits. Pricing policy for these two are similar hovering around the £5-£6 per child and £6.50-£7.96 for every paying adult.

The less sophisticated attractions in the group have similar pricing but have noticed that school visits are dropping and are being taken more as “end of term treats”.

### **5.3.5 Visitation, Admissions Prices, Secondary Spend Opportunities**

Of the attractions we have looked at that charge for entry, The National Space Centre has the most expensive adult admission price £12/£10 per adult/child with Twycross Zoo a close second. However, by offering under 5s as free of charge it makes it more affordable for single parents and with gift aid allowing 12 month admission this attraction becomes a very cost effective day out and potential return visit offering.

The charge for entry to the remainder of the attractions falls well under the £10 entry price level and in the case of Bosworth and Staunton Harold Reservoir only car parking charges apply. This would make these sites particularly attractive in the current economic climate.

Foxton Locks' car parking at £1.50 is very much in line with Bosworth CP & Battlefield and Staunton Harold Reservoir and whilst this does make it an affordable day-trip, which is going to become even more important over the next 2 years, securing advance ticket purchase revenue is impossible, making the attraction very much a destination that can be chosen on spec rather than an planned visit.

Bosworth Battle Field & Country Park believe charging for parking is a sensitive area and can make a difference as to the amount that people will pay on secondary elements such as eating, gift purchasing and events. The Director there is conducting pilot research over the coming three months to see if by eliminating the car parking charge imposed by the council, spend is greater in the shop and café.

Interestingly Twycross Zoo will capitalise on the retail expenditure of the general public by giving them access to the shops/catering without having to enter the attraction. This will help to increase income without having to service footfall within the site. It is undoubtedly hoped that this will become a destination shop at key times of the year.

A look at estimated average dwell times shows which attractions offer particularly good value for money and explains in part their annual visitor numbers.

Most attractions rely increasingly on secondary spend to swell income with all attractions offering significant catering/retail experiences, something that is not maximised at Foxton Locks. The tiny shop on site at Foxton Locks appears to be mainly aimed at the boaters for essential supplies with only a secondary and much smaller offering for the tourist market. The Museum also has a limited range of gifts.

Some of the attractions are supplying conferencing, birthday parties, and weddings. Bosworth Country Park would be a similar sized attraction to benchmark this against. Having only entered this market relatively recently they are beginning to promote their facilities more widely.

The appeal of regional foods is also increasing with many attractions, beyond the eight we have examined, holding regularly “food & drink” events. The East Midlands Food & Drink Festival last October hosted over 200 exhibitors and attracted thousands from the locality. One of the key outcomes hoped for when this event was set up was *“Maximising the potential economic benefits from tourism by focusing on the development of quality food products, which increase commercial and social benefits for visitors and destinations”*.

In addition farm shops are becoming more prominent and the highly successful Chatsworth Farm Shop now runs events in its own right. This appeal is demonstrated by the huge numbers visiting Ye Old Pork Pie Shoppe & Sausage Shoppe with over 200,000 visitors in 2007 and the sixth most visited free attraction in the East Midlands.

The tables in the appendices [section 4.3.7] summarise the admission numbers and pricing of the regional competitive/comparative attractions along with an estimate of likely dwell time and a summary of commercial operations on site.

## 5.4 National Comparator Study

As part of this study an extensive benchmarking exercise has been carried out amongst key comparator destinations. These are destinations which, due to location, may not directly compete with Foxton Locks but due to their individual idiosyncrasies, each one might inform an aspect of the development potential for Foxton Locks.

Seven attractions were agreed upon, including:

- British Waterway's leading flagship/iconic visitor attraction, Falkirk Wheel
- A restored working monument canal-based attraction operated by British Waterways, Anderton Boat Lift
- One of the UK's best known historic rural attractions, Ironbridge Gorge
- A leading garden/park attraction undergoing extensive restoration and re-orientation - involving the creation of new visitor facilities, The Royal Landscape (within Windsor Great Park)
- A massive garden restoration project that has brought considerable economic benefits and maximised funding sources, The Alnwick Garden
- Two country parks which are developing niche market opportunities where investment in a wow factor is simply not possible, Lickey Hills Country Park and Coombe Country Park.
- Standedge Tunnel, to help understand the business case for a rural canal-based attraction without the draw of a high profile heritage wow factor.

Each one was chosen for very specific reasons and to help answer particular key questions pertaining to Foxton Locks, namely:

- To what extent can a water/canal-based wow factor draw audiences and is visitation sustainable over a longer term?
- To what extent can secondary spend opportunities help deliver income?
- What sorts of economic benefits can a leisure attraction bring to a wider area?
- How can a destination that is spread over a large area and used by many different audiences, cater for all successfully, and maximise income where there is no admissions charge?
- What development strategies can open up additional funding streams?
- How can multiple audiences with different needs/wants be met without core groups being alienated?
- How can schools be attracted for a day out? What facilities and support do attractions have to provide to capture this challenging market?
- What else can substitute for a wow factor when the scale of investment funds cannot be justified?

### 5.4.1 Study Selection

The attractions are shown in the table below together with the rationale for their selection.

Attraction	Rationale
<p><b>The Falkirk Wheel,</b> FALKIRK, SCOTLAND</p>	<p>British Waterways (BW) largest capital investment attraction. A millennium project that will demonstrate the honeymoon effect of a new iconic attraction and visitation over progressive years.</p>
<p><b>The Anderton Boat Lift,</b> NORTHWICH, CHESHIRE</p>	<p>A working monument to the canal system, restored and reopened as an attraction by BW in 2002. Described as “an exciting experience for all ages and boasting a brand new exhibition in 2008”, this is a seasonal attraction which is closed for three months of the year and operates restricted hours in the shoulder months. It comprises an Operations Centre with a café, shop, a viewing deck and an interactive exhibition about the lift’s history and the people who worked on and around it. This is centred around the lift control centre and provides a window on the lift operation. Visitors can take boat trips and lift trips.</p>
<p><b>Ironbridge Gorge,</b> TELFORD, SHROPSHIRE</p>	<p>A world heritage site and one of Shropshire top attractions. Centred around the famous gorge, this former industrial site has been reclaimed by nature and is now a maze of footpaths, bridleways and country lanes, drawing visitors from the UK and overseas. Visitors are attracted by the many ‘Kodak opportunities’ as well as the numerous and varied Victorian themed museums and whole Ironbridge offer – events, shopping, restaurants.</p>
<p><b>The Royal Landscape</b> (comprising The Savill Garden, Virginia Water and Valley Gardens) SURREY</p>	<p>Operated by The Crown Estate, this park is undergoing a phased programme of restoration in accordance with its agreed Masterplan. Set in affluent, conservative Surrey, it faces many challenges of NIMBYism and investment plans need to reflect the challenges of operating costs, landscape management and local preferences. Their main income stream is car parking but this has been supplemented with a number of commercial albeit sensitive initiatives to reflect park usage by different audiences, including an award winning Visitor Centre and catering kiosks.</p>

Attraction	Rationale
<p><b>The Alnwick Garden,</b> ALNWICK, NORTHUMBERLAND</p>	<p>The Alnwick Garden is the sixth most visited garden attraction in the UK (Source: Visitor Attraction Trends 2007), yet just 10 years ago it was hardly on the map. It now attracts visitors from as far afield as London and the home counties but is also enjoyed by thousands of local people who visit it several times a year. It is also well-known for its community engagement programme.</p>
<p><b>Lickey Hills Country Park,</b> REDNAL, BIRMINGHAM</p>	<p>Lickey Hills is a leading regional country park, visited by around 550,000 local residents per annum. It's a good example of how a leading country park that has been in existence for generations has developed to meet the changing demands of key user groups, in particular, school and families.</p>
<p><b>Coombe Country Park,</b> BINLEY, WARWICKSHIRE</p>	<p>Coombe Country Park is an example of how a leading country park has found ways to extend visitor dwell times and develop much needed income from 'passive recreation' – through car parking charges, catering, retailing, and concentrating on selected key markets.</p>
<p><b>Standedge Tunnel &amp; Visitor Centre,</b> MARSDEN, YORKS</p>	<p>The highest, longest and deepest canal tunnel in the country, the Standedge Tunnel was restored and opened as a visitor attraction in 2001.</p>

The detailed feedback from this study, by site, is contained in the appendices.

### 5.4.2 Benchmarking Data

Most of the attractions approached were happy to share information and data. As anticipated, not all sites were prepared to share *all* data but a good cross section has been achieved.

Information was gathered on the scale of visitor facilities at the comparator sites, income performance and factors affecting income performance.

This data, along with the detailed feedback from the interviews with each of the benchmark sites is included in the appendices [section 4.4.2] and where relevant this data has been used to inform the business modelling in the next section.

## 6 Analysis of Visitor Volume

Our task here is to attempt to quantify likely future visitor numbers as robustly as possible given the different levels of investment that might be achievable at Foxton Locks

### 6.1 Calculation of Visitor Potential

Visitors are likely to come to Foxton Locks on the basis of its attraction as a destination of national importance but also as a developing country/landscape based experience.

The investment in the reinstatement of the Inclined Plane Boat Lift would undoubtedly put Foxton Locks on the map internationally amongst the canal enthusiast community and raise the profile nationally amongst the general population.

If investment in the IPBL is not possible then Foxton Locks will compete as more of an enhanced country park – a country park with a twist. Country parks tend to pull the majority of their visits from within 30 minutes based on a relatively small number of people repeating regularly. Beyond 30 minutes drivetime visitors are likely to find other local locations more accessible.

This is not an exact science; however, Britton McGrath Associates has extensive experience in applying a combination of research and industry experience to the task of predicting attraction visitor volumes.

1. Analysing the local competitive landscape
2. Comparing Foxton Locks to equivalent national comparators
3. Sense checking potential performance with local comparators

#### 6.1.1 Methodology

The following methodology has been adopted in the forecasting of potential visitor numbers to Foxton Locks in the future:

- Due to the known inaccuracies of the pedestrian counter and the car parking data the starting point of known transactional data from Foxton Locks Inn has been used
- Foxton Locks Inn state that they have c.124,500 transactions per year [based on the last full year data]
- They also state a percentage split between regular users and day visitor users of 50:50 during the summer and 85:15 during the winter
- An assumption has been made of transactions amongst regulars equating to an average of 1.5 people

- This predicts a total of just under 110,000 regular patrons of the Foxton Locks Inn per year
- The assumption has been made that day visitors come in an average party size of 2.7 – based on industry benchmarks for family day attractions.
- This predicts a total of just under 140,000 day visitors to Foxton Locks Inn each year
- Based on other day visitor attractions e.g. Windsor Great Park or Wisley, it is known that c.70% of people will consume something in the main café facility. The application of this factor to the above data means that this 140,000 customers to Foxton Locks Inn is likely to represent 70% of the total day visitors which results in a total day visitor attendance of just over 213,000 per year.
- Collectively therefore, in 2008/9, the Foxton Locks Site had a total of:
  - 213,000 day visitors
  - 110,000 regular pub patrons
  - A total of 323,000 people

This is shown in the table below:

Description	Current Position	Source/Comments/Assumptions
Number of People on site	<b>250,000.0</b>	Original BW estimate
Volume of people on site calculation		
<b>Number of transactions in the pub</b>	124,500.0	Foxton Locks Inn data
<b>Number of regulars transactions</b>	73,196.4	Foxton Locks Inn data
<b>Number of regulars per transaction</b>	1.5	BMA Estimate
Number of regulars on site	<b>109,794.6</b>	
<b>Number of visitors transactions</b>	51,303.6	Foxton Locks Inn data
<b>Number of visitors per car/transaction</b>	2.7	2.7 industry norm for family attractions
<b>Number of visitors on site</b>	138,519.8	
<b>Likely/max penetration of visitors</b>	0.7	Industry Benchmarking
Volume of attraction visitors to site	<b>213,107.4</b>	
Total number of people on site	<b>322,901.9</b>	<b>Derived estimate based on Foxton Locks Inn data</b>

It is worth noting a couple of sensitivities at this stage. The number of visitors per car is a crucial factor in the calculation of the total number of visitors. The above table uses the industry standard for car usage as informed from a number of the benchmark attractions such as The Royal Landscape, Windsor.

However, attractions which attract a significant proportion of people from the grey market e.g. Wisley, note that visitors per car can fall to an average of 2.1 per car. applying this to our calculation gives us a sensible downside to our estimate of current visitor numbers at 275,000 visitors overall with c.165,000 visiting as day/attraction visitors.

This is shown in the table below:

Description	Current Position	Source/Comments/Assumptions
Number of People on site	<b>250,000.0</b>	Original BW estimate
Volume of people on site calculation		
<b>Number of transactions in the pub</b>	124,500.0	Foxton Locks Inn data
<b>Number of regulars transactions</b>	73,196.4	Foxton Locks Inn data
<b>Number of regulars per transaction</b>	1.5	BMA estimate
Number of regulars on site	<b>109,794.6</b>	
<b>Number of visitors transactions</b>	51,303.6	Foxton Locks Inn data
<b>Number of visitors per car/transaction</b>	2.1	2.1 industry norm for grey market attractions
<b>Number of visitors on site</b>	107,737.6	
<b>Likely/max penetration of visitors</b>	0.7	Industry Benchmarking
<b>Volume of attraction visitors to site</b>	<b>165,750.2</b>	
<b>Total number of people on site</b>	<b>275,544.7</b>	<b>Derived estimate based on Foxton Locks Inn data</b>

In contrast to this the County Council who used to operate the car parks at Foxton Locks estimated 3.1 people per car.

Applying this factor to the calculations gives us a figure closer to 350,000 visitors to the site, 245,000 of which are visiting the attraction as day visitors. This is shown in the table overleaf:

Description	Current Position	Source/Comments/Assumptions
Number of People on site	<b>250,000.0</b>	Original BW estimate
Volume of people on site calculation		
<b>Number of transactions in the pub</b>	124,500.0	Foxton Locks Inn data
<b>Number of regulars transactions</b>	73,196.4	Foxton Locks Inn data
<b>Number of regulars per transaction</b>	1.5	BMA estimate
Number of regulars on site	<b>109,794.6</b>	
<b>Number of visitors transactions</b>	51,303.6	Foxton Locks Inn data
<b>Number of visitors per car/transaction</b>	3.1	Source MHDC
<b>Number of visitors on site</b>	159,041.2	
<b>Likely/max penetration of visitors</b>	0.7	Industry Benchmarking
<b>Volume of attraction visitors to site</b>	<b>244,678.8</b>	
<b>Total number of people on site</b>	<b>354,473.4</b>	<b>Derived estimate based on Foxton Locks Inn data</b>

The reality is that Foxton Locks appeals to a broad range of visitors from extended family groups, prevalent in the Leicestershire area, through to grey market couples and therefore the industry average of 2.7 people per car is probably a sensible midpoint to use for our forecasting purposes.

For the purposes of the destination attraction modelling, only the day visitors have been used to predict the likely impact of investing in the Inclined Plane boat lift plus enhanced visitor facilities or just enhanced visitor facilities.

### 6.1.2 Visitor Volume Forecast

New visitors will be driven to the site by a combination of investment in the Inclined Plane boat lift, enhanced visitor facilities and marketing.

## **Boat Lift:**

An incremental 50,000 visitors p.a. have been predicted to visit if the inclined boat lift is reinstated.

Combined with investment in enhanced visitor facilities, detailed below, a further 30,000 visitors can be forecast.

This total growth of 80,000 visitors is based on the experience at both Anderton and Falkirk where the introduction of the boat lift and wheel respectively resulted in an average of 30% of visitors riding on the lift/wheel.

The total increment of 80,000 visitors equates to 30% of the total day visitor number which results in a total visitor forecast of just under 300,000 visitors per year.

## **Enhanced visitor facilities:**

The increment of 30,000 visitors enabled by the investment in enhanced visitor facilities has been predicted on the basis of increased targeting of the attraction industry's coach market.

- Foxton Locks is an ideal product for this market, in terms of target audience and visitor experience
- But very few coaches currently bring visitors to the site because:
  - There isn't a tangible product for them to market
  - They haven't been marketed to
  - There are no suitable parking facilities for coaches at present
  - There are no coach driver facilities to attract the operator
- An attraction of this type, with the appropriate facilities, should be able to attract between 10 and 15% of its business via this trade market
- An estimate of 12% business has been adopted

This is reviewed in more detail in the marketing planning section of this study and adoption of this strategy could deliver a growth of 30,000 visitors to the site.

Obviously this is a simplistic evaluation and some of the incremental day visitors driven by the boat lift and the enhanced visitor facilities will come by car, some by coach and some will come and stay overnight in the possible new accommodation e.g. Eco-lodges. However, more detailed analysis on this is not appropriate at this stage.

Although a working boatlift is the Partnership's preferred option should it not prove financially viable this increment in visitor numbers would, in our opinion, be achievable with the investment in improved visitor facilities and marketing.

For the purposes of creating a robust, deliverable business plan, a total growth figure of 30,000 visitors has been taken as a quantifiable and justifiable number to target from enhanced visitor facilities

**In summary:**

- The current visitation from day trippers to Foxton Locks is estimated to be 213,000 people per year
- Enhanced visitor facilities plus the reintroduction of the boat lift will drive an additional 80,000 visitors resulting in total visitation of just under 300,000 per year
- Without the boat lift, the enhanced visitor facilities alone could still drive an additional 30,000 visitors resulting in just over 240,000 attraction day visitors per year

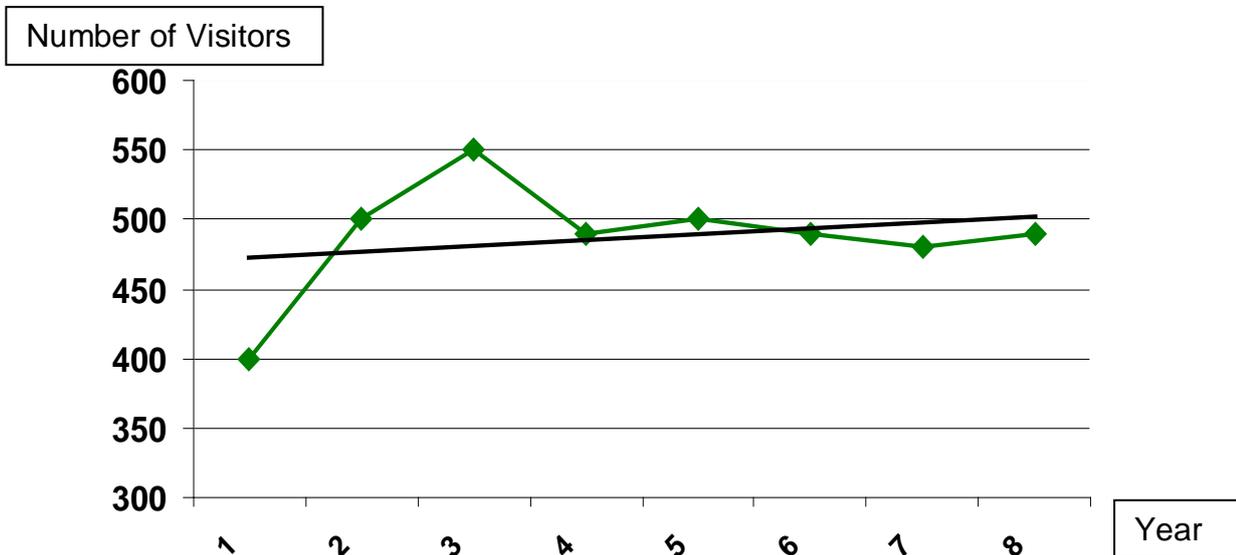
The table on the next page summarises the forecasted visitor numbers for Foxton Locks and demonstrates the likely scale of the peak visitor day and that of the “design day” which is explored in more detail in the next section.

Description	Current Position	Boat Lift	No Boat Lift	Source/Comments/ Assumptions
Number of People on site	<b>250,000.0</b>			Original BW estimate
Volume of people on site calculation				
<b>Number of transactions in the pub</b>	124,500.0			Foxton Locks Inn data
<b>Number of regulars transactions</b>	73,196.4			Foxton Locks Inn data
<b>Number of regulars per transaction</b>	1.5			BMA estimate
Number of regulars on site	<b>109,794.6</b>			
<b>Number of visitors transactions</b>	51,303.6			Foxton Locks Inn data
<b>Number of visitors per car/transaction</b>	2.7			2.7 industry norm for family attractions
<b>Number of visitors on site</b>	138,519.8			
<b>Likely/max penetration of visitors</b>	0.7			Industry Benchmarking
Volume of attraction visitors to site	<b>213,107.4</b>			
Total number of people on site				
	<b>322,901.9</b>			<b>Derived estimate based on Foxton Locks Inn data</b>
Total number of visitors available for Foxton Locks Visitor Experience				
<b>Additional visitors from boat lift</b>		50,000.0		
<b>Additional visitors due to investment in visitor facilities</b>			30,000.0	Target growth 12% coach business on current numbers
Visitor numbers with boat lift				
		<b>293,107.4</b>		Total increment of 80k is c.30% of total - as per Anderton and Falkirk
Visitor numbers w/o boat lift				
			<b>243,107.4</b>	
<b>Peak Day estimate</b>		4,894.9	4,059.9	Industry norm of 1.67% of total visitor numbers likely to come on peak day
<b>Design Day estimate</b>		1,963.8	1,628.8	Industry norm of 0.67% of annual visitor numbers
<b>Peak Hour</b>		491.0	407.2	25% of design day

## 6.2 The Development Curve

Whilst the above visitor forecast is robust, it must be noted that this visitor volume will not be achieved overnight. There is a standard volume curve most attractions broadly follow after a launch/relaunch. This is illustrated in the diagram below:

**Example of a Standard Launch Curve**

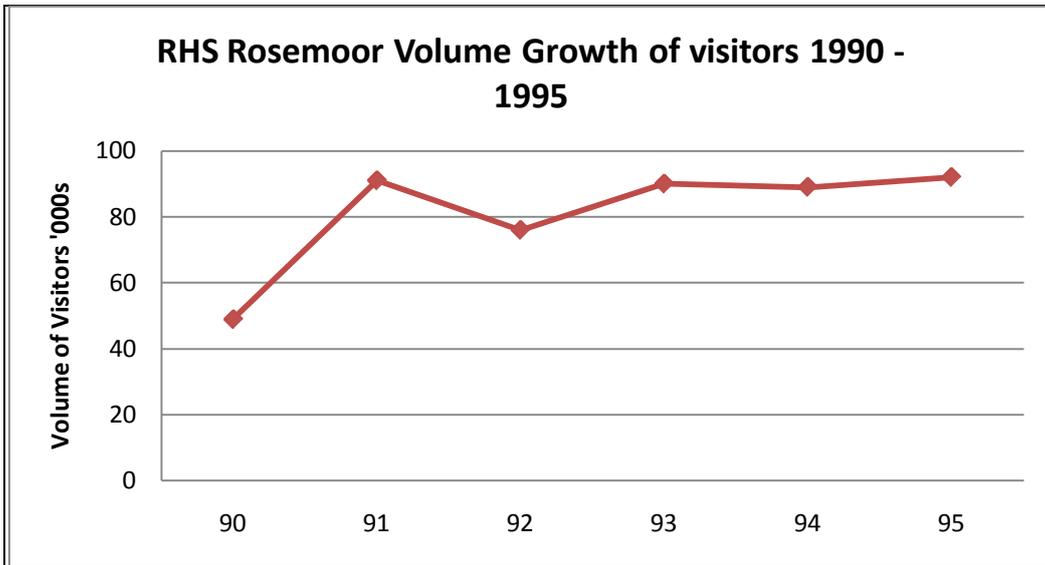


If Foxton Locks is relaunched including the Boat Lift then there is a strong possibility that there will be intense media interest and that visitor numbers in the first year will peak strongly

Research across a number of visitor attractions has demonstrated that following a first year peak, visitor numbers tend to fall back c16% in the second year and then grow more gradually from that base.

Examples from the visitor attraction market that illustrate this curve include:

RHS Rosemoor who experienced a post launch correction between 1991-1992 of 16% as shown in the graph below:



RAF Cosfords post relaunch correction between 2007 and 2008 was also 16%:



In fact, a number of other post launch or relaunch corrections all point to a degree of fall back in the order of 16%:

Benchmark post launch visitor volume declines:

- RHS Rosemoor = 16%
- RAF Cosford = 16%
- Legoland = 18%
- London Eye = 15%
- Eden = 33%

This all leads us to suggest that the application of a 16% correction on the relaunch year for Foxton Locks would be sensible.

Growth in visitor numbers from that point will vary annually based on a number of factors:

Positive Factors:

- General increase in population, awareness
- Launch of significant product developments e.g. new visitor experiences, Ecolodges
- Special Events
- Increased marketing activity

Negative Factors:

- Competition
- Economic issues e.g. cost of travel, population migration

Achievement of just under 300,000 visitor attraction visitors [i.e. assuming that the 109,000 pub regulars continues on top of this] would place Foxton Locks at number 4 in the ranks of free to enter attractions within the region and second only to Chatsworth in the ranks of “paid for” attractions.

This is an ambitious target!

	<b>The Top Ten Free Attractions in the East Midlands</b>	<b>2007 footfall</b>	<b>Exact/ Estimate</b>
1	Markeaton Park Craft Village, Derbyshire	1,000,000	na
2	Bradgate Country Park, Leics	900,000	Estimate
3	Carsington Water, Derbyshire	750,000	Estimate
4	Superbowl 2000, Notts	250,000	Estimate
5	Attenborough Nature Centre, Notts	225,000	Estimate
6	Ye Olde Pork Pie Shoppe & the Sausage Shoppe, Leics	208,428	Exact
7	Burbage Common & Woods, Leics	200,000	Estimate
8	Rosliston Forestry Centre, Derbyshire	196,226	Exact
9	New Walk Museum & Art Gallery, Leics	176,586	Exact
10	Skegness Water Leisure Park, Lincs	150,000	Estimate

Foxton Locks @ 300,000

Source: Visit Britain

	<b>The Top Ten Charged-for Attractions in the East Midlands</b>	<b>2007 footfall</b>	<b>Exact/ Estimate</b>
1	Chatsworth House & Garden, Derbyshire	606,689	Exact
2	National Space Centre, Leicester	218,000	Exact
3	Belton House Park & Gardens, Lincolnshire	206,581	na
4	Lincoln Cathedral	202,000	Estimate
5	Hardwick Hall, Derbyshire	136,745	na
6	Skegness Natureland Seal Sanctuary	114,709	Exact
7	Rand Farm Park, Lincolnshire	114,335	Exact
8	Calke Abbey Park and Gardens, Derbyshire	113,583	Exact
9	Midland Railway Butterley, Derbyshire	110,000	Estimate
10	Kedleston Hall, Derbyshire	91,663	na

Foxton Locks  
@ 300,000

Source: Visit Britain

## **7 The Visitor Experience**

Section 3 of this document reviewed the current Foxton Locks experience from our strategic SWOT perspective.

As part of this project, a brainstorming workshop was held amongst representatives of the Trust, British Waterways, key regional bodies as well as the Masterplanning project consultants. At this session the detailed strengths and weaknesses of the current visitor experience were debated and possible opportunities for product evolution explored.

As a result of this session, the following ideas were conceived whereby investment would improve both the visitor experience as well as the potential of the site to succeed commercially and give the project the best chance of financially justifying investment in the Boat Lift.

These development ideas are summarised below for the purposes of the Business Plan. The executive summary contains a fold-out site plan and more detail can be found in the accompanying A3 Masterplan document

### **7.1 The Boat Lift**

Obviously the entire thrust of this project is to enable the team to reinstate a full, working Inclined Plane Boat Lift at Foxton Locks.

Although a scheduled ancient monument, little more than the Inclined Plane itself plus the concrete foundations for the rails survive of the original boat lift. The original building that housed some of the operating machinery has been replicated and houses the current Foxton Canal Museum and archive.

The re-establishment of a working Boat Lift would be of national and international importance and could engage with visitors and canal users as an experience on a number of levels:

- A trip boat could offer “rides” to land based visitors
- A high impact visual experience for those not wishing to ride on the lift itself
- As an alternative method of navigating the canal/lock flight for current boat users

### **7.2 The Wider Visitor Experience**

Being a predominantly free to enter, outdoor, landscape experience Foxton Locks has limited opportunity to engage and communicate the human and historical stories behind the site and earn revenue from its visitors.

Connecting with visitors on an emotional level will be a key contributor to increasing dwell time, thereby generating income from the facilities on the site as well as

improving visitor behaviour, underpinning good word of mouth and future visitor numbers.

It is not possible to make the entire site a ticketed entry and therefore we need to create experiences which people want to actively buy into because they see that they will enhance the otherwise free “country park” and canal/lock experience. To this end, our recommendation is to provide a number of attraction elements around the site with a modern audio visual guiding system connecting the different elements of the experience together, essentially “joining the dots” around the site.

Beyond the reinstatement of the Boat Lift itself, the centre piece of this would be a significant area for interpretation within the visitor centre, encompassing the current museum augmented with a more sophisticated model of the working boat lift plus interactive features which allow people to simulate the operations of the locks. This latter element will hopefully help satisfy visitors’ desires to engage with the locks whilst removing the risks associated with inexperienced people operating the actual locks.

Other interpretation experiences within the site would include:

- The Lock Keepers Cottage, brought to life as a living history experience, showing how it would have looked in the early 1900’s illustrating the harsh life of a lock keeper and his family
- An historic narrow boat, brought to life to show what one would have been like to live on during this period. Visitors who had paid the “admissions charge” would be able to board the boat and walk through the experience.
- A sophisticated audio visual guide to the site enabling visitors to understand all aspects of the history and ecology of the site.

In addition to bringing to life the historical experience, the Masterplan process highlighted the potential benefits of investing in play facilities for children.

Currently children are not well provided for on site, which inevitably means that parents don’t choose Foxton Locks as a suitable place to visit with children.

A key part of the Masterplan strategy is to engage better with children and in doing so, draw them to the managed interpretation and an extensive but sympathetic, themed adventure playground.

Doing this will achieve a number of things:

- Signal that Foxton Locks is a place for families with children
- Extend dwell time
- Increase secondary spend via the café and souvenir retailing

Finally, it is worth noting that a secondary benefit of good quality, engaging visitor facilities is a reduction in the long term maintenance requirements of the site. Again, it is well understood within the industry that where visitors gain a good understanding and even an emotional connection with a visitor attraction then there is an increase in respect for the features of the site and a reduction in the abuse levied on the

attraction. Although this may not currently be a problem at Foxtton, it is one that we would be reluctant to ignore.

### 7.3 Catering

The market for visitor attraction cafés has moved on and continues to do so as:

- Standards and expectations of cafes and restaurants in the UK generally have increased - from the introduction of premium coffee stores on every high street at one end of the market, through to high-end dining at the other
- Heritage attractions and visitor attractions in general have looked to their café or restaurant facility as a key source of income and have pushed up quality levels in order to encourage visitors to dwell longer and eat and drink more
- New entrants onto the market have set new standards for 'destination cafes' E.g. Inn the Park at St James's, Petersham Nurseries, The Savill Building at Windsor
- 'Café culture' continues unabated with a more mobile workforce who often have informal meetings or work on their laptops in high street coffee shops

Whereas in the past, cafés in parks and parkland attractions were primarily *reactive* – i.e. relying on penetrating customers who had come to the site for whom a visit to the café was a secondary decision, they are becoming increasingly *proactive*, driving people into the park or landscape by virtue of the fact that the café or restaurant is there and offering an alternative experience to simply walking in the park.

Once on site, influenced heavily by the scale of the site and the dwell time, there is also the opportunity to exploit multiple catering opportunities via kiosk, café and restaurant facilities. Good examples of this can be seen at RHS Wisley which has four catering outlets, the new initiative at Barton Marina [on the Trent and Mersey Canal just outside Burton Upon Trent] involving warehouse redevelopment, including a pub and shops alongside the canal and also the developments in Lichfield.

When looking at benchmarks for the proposed facility at Foxtton Locks therefore, it is important to look beyond the confines of the traditional park café and the existing offer and consider the opportunity that the wider project and the new build offers.

#### 7.3.1 Key Success Criteria

The success or failure of any café but particularly those located within public parks or heritage landscapes is dependent on three key criteria:

- The menu & pricing
- The operator quality/delivery
- The building & interior design

These are explored in more detail in the following sections:

#### 7.3.2 The Menu & Pricing

It goes without saying that the menu and pricing are of paramount importance. To a certain extent, spends can be driven up through pushing up price points but this can only be sustained if the product is of a sufficient quality, well served in a pleasant atmosphere.

Increasingly operators are moving away from ubiquitous generic offers and are now sourcing locally grown and organic produce, something for which people seem prepared to pay a little extra. Some operators deliberately set prices at the premium end of the market on the basis they have more customers than seats during busy periods and so wish to discourage people who will only buy one coffee and will 'nurse it' all morning while they read the paper or work.

They would rather attract customers who are coming to the café for an occasion or as a destination and are therefore likely to purchase a meal and drink together. Entry-point prices are key so many outlets will have filter coffee for £1.20 on the menu – but know that these will be sold as a rarity and that most customers will buy a latte for £2 or £2.50.

### **7.3.3 The Operator**

Most public spaces, even ones with destination appeal, tend to rely primarily on local users who reflect the idiosyncrasies of the immediate market. Each will also have 'interest groups' be they dog walkers, mums with buggies, walkers, cyclists, joggers etc, and operators need to be able to successfully integrate or at least not alienate all these user groups.

Operators need to be able to read their market well and adapt accordingly. For example, in Holland Park, Cooks and Partners have recently taken over the café from Milburns. Whereas Milburns had one all day menu, Cooks & Partners have now introduced three fixed menus a day, breakfast/brunch from 9.30-11.30, lunch from 11.30-3.00 and tea from 3.30 onwards, in an attempt to better serve their market which ranges from yummy mummies and nannies through to a regular group of men who play chess there every afternoon.

In terms of daily operations, the ability to employ and retain good staff who are attentive and able to turn tables

### **7.3.4 The Building & Interior Design**

The design of the building can be the difference between a café that serves the needs of existing visitors to a location, to one which actually attracts a whole new set or at least a broader set of visitors and almost becomes a destination in its own right.

Research quoted by Painshill Park for example indicates that for the grey market a café or shop is one of the key determining factors in choosing whether to visit a particular venue. Figures also indicate that 70% of this market's visit will be spent in the shop or café with only 30% of their time spent in the gardens or attraction!

This is particularly important also for the development and exploitation of the coach and organised groups market.

The size and design of the building can also be the key to making the investment both financially viable as well as delivering on other community objectives. For example, the design may enable or preclude parts of the building to be closed off for

private functions and or used in the evenings for private functions, something which can make or break commercial success. Likewise the ability to include an education or community space can open up access to funding streams and to balancing off-peak periods with use by community groups.

round efficiently is obviously key to driving up high utilisation figures.

### 7.3.5 Scale of facilities

Some information on the scale of catering facilities was gathered as part of the comparator benchmarking exercise and this has been combined with information from a number of other sites known to Britton McGrath Associates. This is shown in the table below:

	Description	Operator	Visitors	Size / Covers
<b>National Memorial Arboretum</b>	Café and overflow in main visitor centre	National Memorial Arboretum	300,000 in 2008 but facilities designed for 60,000	90 in cafe 80 in overflow Total 170 seats
<b>Pembroke Lodge &amp; Kiosk Richmond Park</b>	Operator invested £3m in the building. Strong weddings business.	Sole Proprietor	300k customers to the Lodge & Kiosk	300 covers - 200 inside - 100 outside
<b>Savill Garden Visitor Centre</b>	Opened in June 2006	Leiths	c.500,000 to park Est 183k customers	310 covers - 160 inside 250 m2 indoors - 150 outside
<b>RHS Wisley new Glasshouse Cafe</b>	Opened summer 2007	Sodexho	c.700,000	110 covers inside 70 covers outside
<b>RHS Rosemoor</b>	Restaurant	Sodexho	c.135,000	145 covers inside 50 covers outside
<b>Royal Air Force Museum Cosford</b>	The Aviator	Third party 7/8 staff across both restaurants/cafes per shift	c.200,000	130 covers indoors/25 covers outdoors
<b>Conkers</b>	The Olive Tree:  The Waterside:  Plus 3 kiosks	In house	c.240,000	244 m2 180 covers indoors  166m2 (wk'ends/summer holidays only) 125 covers indoors
<b>Bosworth Battle Field Heritage Centre &amp; CP</b>	'The Barn', a medieval tithe barn:	Third party 4/5 staff per shift weekdays/6 at weekends	c.26,000 but this excludes free visitors to the country park	323 m2  85 covers indoors/50 outdoors

### 7.3.6 Catering Facility Recommendations

The catering facility is an integral part of the visitor experience at an attraction that has:

- A strong day trip market – i.e. not primarily local, high repeat visitors
- A significant proportion of visitors from the grey market
- A predominantly outdoor landscape/garden proposition

Success in this area will both optimise the income stream to Foxton Locks as well as underpin good word of mouth and future visitor numbers.

To this end, our advice would be that the new café becomes a core feature of the visitor centre.

### 7.4 Retail Facility

Operators have been less forthcoming regarding their provision of retail information, however we have had some success in gathering details and these are summarised in the table below:

	Size	Visitors	Staff	Additional info
<b>Lickey Hills Country Park</b>	20 m2	c.500,000	Rangers manage the visitor centre, shop and school groups; no dedicated staff for shop	They used to sell just maps and orienteering items but have extended this to include a much wider range, ranging from items at 50p to £5
<b>Coombe Country Park</b>	50 m2	300,000	A Manager plus Assistant	They run the Park's Visitor Information Service so fulfil 2 functions
<b>Savill Garden Visitor Centre</b>	314 m2 gift shop, plus 141m2 plant shop	100,000 to the garden plus c.350,000 to the location	N/A	Visitors to the Savill Garden have to pass through the visitor centre A proportion of the c500,000 visitors to the landscape will also use the facilities
<b>Wisley</b>	Gift shop 500m2 Plant ctr1,628m2	700,000 pa	N/A	A significant proportion of visitors come purely for the garden centre and shop
<b>Rosemoor</b>	Gift shop 64 m2 Plant C'tre 82 m2	c.135,000	N/A	64 sq M, Plant Centre 82 sq M. Spend per head
<b>Royal Air Force Museum</b>	Not available	c.200,000	4 Full-time and 8 Part-time (8-30 hrs);	The shop is not big enough and is being extended now. The museum also a run mail order business and sell flight simulator rides from the shop.

	Size	Visitors	Staff	Additional info
<b>Conkers</b>	80 m2 (best guess)	c.240,000	Not available	October 08 they were due to open an additional Gallery shop space where they will sell local arts & crafts. Information on the success of this has not been available
<b>Bosworth Battle Field Heritage Centre &amp; CP</b>	88 m2	c.26,000 excludes free visitors to country park	Not available	

## 7.5 Other Visitor Experience Investment Areas

There are a number of other visitor facilities proposed for the site:

### 7.5.1 Ecology Park

Foxton Locks hosts, as a function of its lock water management set up, large pools of water which have evolved into areas of natural interest with almost nature reserve status.

Interpretation and managed access of these areas would create an additional facet of interest to both the public as well as underpin potential schools and further educational interest.

Board walks, bird hides and dipping pond areas could bring this part of the site to life as well as manage otherwise unmanageable and potentially damaging access to sensitive parts of the site

### 7.5.2 Accommodation on site

The Masterplanning brainstorming session highlighted a possible opportunity to host accommodation on the periphery of the Foxton Locks site.

Two types of built accommodation have been considered – 16 Family, holiday ecolodges and 13 individual simple [Youth Hostel style] accommodation units on the site of the former boat yard

Detailed feasibility studies will be required to substantiate the demand and operating model for such concepts but these can be requested from experienced specialists at the expressions of interest stage

In addition to the investment in formal accommodation, the area of land next to the Gumley Road car park has been identified as a potentially attractive site to host camping.

It is understood that, with the addition of a visitor amenities building, this site could host up to 100 pitches.

Whilst the site could accommodate caravans as well, the District Council Planners were not enthusiastic about a significant caravan presence and therefore this has not been considered at this stage.

A review of the local camping market suggests that most local camping operators are modest facilities than the theoretical maximum at Foxton Locks. A selection of those reviewed includes the following:

Waterloo Farm Leisure, East Farndon	5 pitches
Sunnyvale Farm & Nursery, Harrington	10 pitches
Brook Meadow, Sibbertoft	12 pitches
Wicksteed Park, Kettering	60 pitches

The largest operator is Billing Aquadrome in Northamptonshire which is understood to have c.755 camping pitches, however this is primarily a holiday, resort business with a similar number of touring caravan pitches around a large recreational lake and holiday camp activity/entertainment centre. Family holidays as the primary focus of this business would appear to support the significantly more extensive camping facilities

On the basis of this research a cautious approach i.e. starting with a few pitches which could be built up as the site evolved might be a sensible starting point.

The scale of the possible camp site is one thing; the anchor that might drive a visit is another. Clearly the plans for Foxton Locks are ambitious and the reinstatement of the Inclined Plane Boat Lift would put Foxton on the map as a potential visitor destination. However, the site at present holds limited appeal for a camping visit longer than a one, or possibly two, night duration. With this in mind, again a prudent approach to scale might appear sensible with camping scale and costs rising commensurately with the investment in the visitor experience and therefore the appeal of the site as a camping destination.

Finally, one additional benefit of this initiative would be that it would enable Foxton Locks to provide basic shower and lavatory facilities for passing boaters as well as the campers on a 24/7 basis, whereas at present lavatory facilities are only available to boaters during daylight hours.

### **7.5.3 Mooring Basin**

Part of the charm of the Foxton Locks site are the colourful narrow boats that moor locally and pass through the locks.

In order to encourage an increased presence of boats concentrated around the visitor experience, as well as providing a location for boats awaiting their turn on the Boat Lift to moor, a small short stay mooring basin has been proposed for the land to the north of the site.

#### **7.5.4 Bike Hire**

Foxton Locks sits on the No.6 Sustrans route and, whilst cycling is not permitted alongside the lock flight, it is encouraged along the Sustrans route and the tow path south of the site. This provides another opportunity to engage with visitors, give them something to participate in and earn revenue for the site.

To this end a small cycle hire operation is proposed adjacent to the mooring basin on the northern bank of the canal.

### **7.6 Service Facilities**

Visitor attractions use the term “hygiene” facilities to mean the basic facilities that don’t particularly add to a visitor experience but will definitely detract from the experience if delivered badly.

The delivery of these services is crucial to underpin good word of mouth and repeat visitation.

Under this heading we have looked at the provision of lavatories, seating, car parking, lighting and security.

#### **7.6.1.1 Lavatories**

Foxton Locks is a large, spread out site. However, because there isn’t an obvious visitor route around the site we may need to provide slightly more lavatories than might be calculated on a per head basis.

Primary facilities should be provided within the new visitor centre but these will supplement the existing basic facilities in the car parks

#### **7.6.1.2 Offices and Coach Operator Green Room**

As a function of managing this site effectively allowance has been made for a small amount of office accommodation behind the scenes within the visitor centre.

In addition to this, in order to offer the facilities required by the coach operator market which will enable us to secure the additional coach business anticipated, proper “green room” facilities are required for the coach drivers. This is disproportionately important to this market.

In total these facilities have been estimated at a scale of 50m<sup>2</sup>

### **7.6.1.3 Seating and mobility**

A large parkland experience such as Foxton Locks, especially one that caters to the older clientele, should proactively plan for seating around the site. Our model identifies that it is likely that 5% of the visitors will wish to be seated at any one time and therefore at least c.30 benches will be needed to be sited around the site, clustered in key areas e.g. close to the Boat Lift or at key viewing points near the locks. However we recognise that this needs to be balanced against the visual impact.

In addition to this, Foxton Locks has a significant grey market and, whilst there is a high degree of accessibility at the moment, the gradient and some of the pathways within the site are still challenging for the elderly and/or infirm. This plan proposes pathway improvements and mobility solutions which, whilst not needed by everyone, will underpin the delivery of a positive experience for many.

### **7.6.1.4 Car parking facilities**

The current car parks can host the following numbers of cars:

- Short Stay Car Park - 75 spaces plus 20 spaces in an overflow capacity available 28 days pa
- Gumley Road Car Park – 80 spaces plus 300 spaces in the overflow fields

Using the assumptions made before on the design day and including the assumption that the number of people per car is 2.7 with 5% of people visiting by public transport [again industry averages for this type of attraction]

We would suggest that in order to cope on a design day Foxton Locks will need to provide parking for 600 cars plus 7 coaches.

It is anticipated that this additional requirement can be accommodated within the Gumley Road car park and overflow site with improved surfaces, set up and layout.

It is worth noting that Foxton Locks must have a contingency to manage car parking on a peak day. The site has experience of using a local park and ride operation on an event day, which could be used on a more regular basis.

Finally, the proposal is to include a new entrance to the Gumley Road car park which would be reached ahead of the turn off onto the access road to the short stay car park. The result of this would be to reduce confusion caused at the current entrance set up, remove cars from the road ahead of where visitors are likely to be crossing and filter a greater proportion of the traffic into the Gumley Road car park.

### **7.6.1.5 Lighting and security**

Currently lighting around the site and car park security is an issue. Whilst not being a key business driver themselves, investment in this area will indirectly underpin the growth of business from the other areas.

## 7.6.2 Schools Facilities

Most visitor attractions embrace school visits to a greater or lesser extent. Foxton Locks has a very small number of school visits at present thought to be in the region of less than 2,000 pa.

The performance of key comparators suggests that Foxton Locks could significantly increase the number of school visits it achieves.

As has been noted in the benchmarking study, it appears that most of the comparators, with the exception of Lickey Hills Country Park, charge a per pupil entry although charges are generally fairly modest (to reflect there are other costs involved for parents including transport and often pocket money). Birmingham City Council have deliberately adopted a policy of making school visits a special free occasion, a reflection of the poverty in the area and because the Council is prepared to allocate funds for rangers. Costs are minimised by limited resources being made available – the emphasis is on outdoor bespoke activity to support teacher programmes. The charges at Conkers are the highest of all the attraction considered.

Teachers Resources materials are largely provided for free but appear to vary in extent; at Coombe Country Park they are able to charge by using a specialist Education Resources provider with an established schools sales network. Income generated in this way could be used to fund a teaching resource.

Unfortunately we have been unable to obtain detail of the facilities provided at sites for schools groups. However, it is worthy of mention here in terms of the potential scale of this market and the fact that facilities provided for schools could be used during other day parts for additional activities e.g. conferencing or evening events

As part of this Masterplanning exercise, it has been proposed that the optimum location for schools facilities at Foxton Locks would be the current Museum building at the top of the Boat Lift site. Noise from a working boat lift above might be an issue. Drop off could be coordinated from the visitor centre but the main facility would offer teaching rooms and locker locations from which groups could explore the site.

## **8 Business Plan**

The visitor projections made in section 6 are used as the basis from which to develop a strategic plan which is both commercially astute but sensitive to the historical integrity of the site and the resistance that 'overt commercial exploitation' would bring.

In this section we look at the investment required in expanded facilities, what they might generate in terms of improved revenues and we then go on to look at how this business might look from an overall financial perspective going forward.

### **8.1 Capital Investment**

In order to give an indication on the size of facilities required we have collaborated with our Masterplanning associates Rummey Design who have advised us on this area using their attraction development experience. It should be noted however that all of these estimates are ball park figures for indicative purposes only at this stage and further analysis will be required as the project evolves in order to accurately predict requirements in this area.

In order to give some direction on the scale of facilities required a number of assumptions have had to be made at this stage. These are outlined in each of the following sections where they relate to a specific feature e.g. catering, retail etc. However one overriding assumption has been made on which to base facility recommendations and that is the assumption of a "design day."

Essentially, when designing facilities for sites, it is economic and common practice to design the facilities based around a "design day" which is neither the average number of visitors per day nor the peak day. Rather it is the busy day which most frequently occurs during the peak season – usually the summertime.

In the case of Foxton Locks this has been assumed to be at a visitor level of just under 2,000 people, based on the industry norm of 0.67% of annual visitor numbers.

#### **8.1.1 The Inclined Plane Boat Lift**

Because W S Atkins has already done considerable work on the technical side of the reinstatement of the Boat Lift [Ref: W.S. Atkins "Foxton Inclined Plane Restoration Feasibility Study" July 2000] this study focuses on other aspects of this project.

Therefore, for the purposes of this project, the W S Atkins costings have been reviewed and updated to current prices. This has included a 'health check' from David Cooper an expert who has considerable expertise in lifts and similar structures, to ensure the technical side is up to date, including suitable protection for the public.

The following costs have been assumed for the reinstatement and operation of the Boat Lift

<b>Foxton Inclined Plane - Engineering Costs for Full Restoration. (£,000s)</b>			
<b>Item</b>	<b>Atkins 2000 Costs</b>	<b>2009 Costs</b>	<b>Comments</b>
<b>Civils</b>			
<b>Lower Arm and Docks</b>	125	400	The lower basin has been restored however the slip at the end will require substantial remedial works which were underestimated in the Atkins report.
<b>Upper Canal Arm</b>	325	150	The majority of the upper arm has been restored however the lift end still requires restoration and dam removing.
<b>Steel Tank Foundations</b>	35	56	1.6 construction indices factor used for inflation.
<b>Sluice Gate Foundations</b>	23	37	1.6 construction indices factor used for inflation.
<b>Control Room/Operating Centre</b>	46	74	1.6 construction indices factor used for inflation.
<b>Electric Supply</b>	23	37	1.6 construction indices factor used for inflation.
<b>6 new Tracks</b>	1400	2240	1.6 construction indices factor used for inflation.
<b>Traction Drive Headgear</b>	165	264	1.6 construction indices factor used for inflation.
<b>Traction Drive Tailgear</b>	Nil	150	Omitted from Atkins Report
<b>Aqueduct to Western Caisson</b>	Nil	400	Omitted from Atkins Report
<b>M&amp;E</b>			
<b>Traction Drive System</b>	3564	6415	1.8 construction indices factor used as steel prices have doubled between 2000 and 2009.
<b>Safety Fencing</b>	Nil	100	To comply with current H&S standards.
<b>Stage 1 and 2 CIR 2004 Authorisations</b>	Nil	20	The restoration of the lift would now be covered by the Cable Installation Regulations 2004 and would need Dept. Tp approval.
<b>Fees</b>			
<b>Design</b>		750	
<b>Project Management</b>		300	
<b>Total</b>	<b>5706</b>	<b>11393</b>	
<b>Extra Over Items</b>			
<b>Viewing Area</b>		50	Operating Centre to include a viewing area.
<b>Steam Engine, supply and install.</b>		200	For 'High Days and Holidays'.
<b>Total development costs</b>		<b>11,643</b>	

## Foxton Inclined Plane - Engineering Costs for Full Restoration. (£,000s)

Item	Atkins 2000 Costs	2009 Costs	Comments
Continued....			
<b>Maintenance Costs</b>			
Lift, Motor and Cables		12	per annum
Steam Engine		3	per annum

### 8.1.2 The Attraction and Visitor Interpretation

A key part of the visitor interpretation on site will be hosted in the relaunched museum experience within the visitor centre.

The following table indicates how the scale of the proposed facility has been calculated:

Spatial Planning of visitor centre		<b>NB ALL CALCULATIONS ARE ESTIMATES FOR INDICATIVE PURPOSES ONLY</b>	
Visitor numbers w/o boat lift		243,107	
Visitor numbers with boat lift	293,107		
<b>Design Day estimate</b>	1,963.8	1,628.8	Industry norm of 0.67% of annual visitor numbers
<b>Peak Hour</b>	491.0	407.2	<b>25% of design day</b>
<b>Exhibition/Visitor Experience</b>			
Percentage penetration of visitors	0.2	0.2	current museum visitors est 25,000 which equates to an 12% penetration of current visitor numbers [213,000]
Number of users per day	392.8	244.3	
Peak hour capacity	98.2	61.1	
Spatial allowance	5.0	5.0	square metres per person
Exhibition front of house space	491.0	305.4	

Encompassing the current museum facility, our model assumes a visitor interpretation area within the visitor centre in the order of 490m<sup>2</sup> for the attraction with the reinstatement of the Boat Lift or 305m<sup>2</sup> without.

### 8.1.3 Catering facilities

In terms of the provision of an additional café facility i.e. to complement the Foxton Locks Inn and other catering outlet, we have assumed the following:

- Catering facilities are being designed to work best on a “design day” of 2,000 visitors
- This is commensurate with the 295,000 pa total visitor numbers anticipated with the reinstatement of the boat lift
- Due to the presence of the already established Foxton Locks Inn, a penetration rate of only 25% to this facility has been assumed
- During the peak period 25% of all visitors will wish to eat/drink at the same time

On this basis the front of house catering space would need to be c. 200-250 m2 of front of house cafeteria/restaurant.

Clearly the main restaurant provision proposed above is very large and it is noted that other visitor attractions have ameliorated the cost of providing this by creating some of the seating areas outside under weather proof protection e.g. glass canopies or awnings, on the basis that strong visitor number days are most likely to be achieved on days of better than average weather.

This also has a positive impact on costs and therefore 20% of this space has been moved outdoors along with an additional 100m2 of outdoor space to support seating around the children’s play area. This gives a total front of house provision of:

- 195m2 indoor catering seating
- 150m2 outdoor catering seating

We would also advocate the existence of 2 outside kiosk/carts providing drinks, ice creams etc to be positioned around the site on good weather days

The catering scale and capacity calculations are shown in the table overleaf:

Spatial Planning of visitor centre		NB ALL CALCULATIONS ARE ESTIMATES FOR INDICATIVE PURPOSES ONLY		
Visitor numbers w/o boat lift		243,107		
Visitor numbers with boat lift	293,107			
Design Day estimate	1,963.8	1,628.8	Industry norm of 0.67% of annual visitor numbers	
Peak Hour	491.0	407.2	<b>25% of design day</b>	
<b>Café</b>				
Percentage penetration of visitors	0.3	0.3	25% penetration of visitors [low vs industry due to FLI on site]	
Number of users	491.0	407.2		
Capacity required during peak hour	122.7	101.8		
spatial allowance per customer	2.0	2.0	metres squared, industry benchmark	
Café front of house space requirement	95.5	53.6	Metres squared NB Kitchen/storage space requirement on top of this	
Outside seating with weather protection	150.0	150.0	20% of total space moved outside plus 100m <sup>2</sup> outside space	
Catering back of house	98.2	81.4	Assume 40% of FOH	

#### 8.1.4 Retail facilities

In the benchmarking, all attractions noted the importance of their shop in terms of income from visitors.

The key point for the optimisation of retail is that as many of the visitors as possible should exit the attraction via the shop without an alternative exit option.

This is the case amongst most of our benchmarks, apart from Coombe Country Park. They recognise this “mistake” which has had an impact on income generation.

Clearly this isn't possible for an un-gated attraction such as Foxton Locks; however, there are clearly optimum locations for the retail which will maximise the likelihood of visitors engaging with the retail experience. In this case, placing the retail close to the principal visitor experience, café and children's play area – i.e. where visitors are likely to dwell longest, will optimise income potential.

Combining the information from the key benchmarks along with our industry experience our recommendation on retail space would be as follows.

The shop should be c.200 - 250m<sup>2</sup> for visitor numbers up to c.295,000 pa. This calculation is shown in the table below:

Spatial Planning of visitor centre			NB ALL CALCULATIONS ARE ESTIMATES FOR INDICATIVE PURPOSES ONLY
Visitor numbers w/o boat lift		243,107	
Visitor numbers with boat lift	293,107		
Design Day estimate	1,963.8	1,628.8	Industry norm of 0.67% of annual visitor numbers
Peak Hour	491.0	407.2	<b>25% of design day</b>
<b>Retail</b>			
Percentage penetration of visitors	0.2	0.2	
Number of users per day	392.8	325.8	
Capacity required during peak hour	98.2	81.4	
Spatial allowance per person	2.0	2.0	metres squared
Retail front of house space	196.4	162.9	Metres squared Assumes retail point manages ticketing
Retail back of house	58.9	48.9	Assume 30% of FOH

### 8.1.5 Service facilities

The application of our model on service provision tells us that at the forecast visitor numbers we need to provide at least 11 lavatories within the visitor centre which will require about 55 m2 of space.

Spatial Planning of visitor centre			NB ALL CALCULATIONS ARE ESTIMATES FOR INDICATIVE PURPOSES ONLY
Visitor numbers w/o boat lift		243,107	
Visitor numbers with boat lift	293,107		
Design Day estimate	1,963.8	1,628.8	Industry norm of 0.67% of annual visitor numbers
Peak Hour	491.0	407.2	<b>25% of design day</b>
<b>Loos</b>			
units per peak hour	45	10.9	9.0 No of loos needed
size of each unit	5	54.6	45.2 space 5m 2 per loo
Coach drivers green room	20.0	20.0	
Office space	30.0	30.0	2 people

## 8.2 Development Costs

The following table summarises all of the development cost assumptions used in the financial modelling of the proposed Foxton Locks Investment.

Parameter	Value
	£'000s
<b>1. Development costs, £'000s</b>	
<b><u>Visitor Centre building costs, £'000s</u></b>	
Café	£484.3
Outside seating area	£202.5
Retail	£383.0
Exhibition / museum	£1,227.5
Rest rooms	£82.5
Green room, offices etc	<u>£50.0</u>
<i>Sub-total building costs of the Visitor Centre, £K</i>	<b>£2,429.7</b>
Children's play area	£400
Field station for educational visits & "learning lite" seminars for guided tours	£75
"Museum Boat" experience	£150
Lockkeeper's Cottage - Living History interpretation	£76
New entrance to Gumley Road car park	£100
Additional car parking - in addition to assumed 200 existing spaces	£400
Refurbish / reorganise the current Gumley Road car park	£50
Abnormal services	£50
Low level LED lighting across site & CCTV	£300
Site landscaping	£160
Enhanced site interpretation	£150
Traffic calming on Gumley Road	£300
Initial provision for mobility vehicles	<u>£25</u>
<i>Construction cost of Visitor Centre &amp; ancillary facilities</i>	<b>£4,665.7</b>
Provision for professional fees	£700
Provision for contingencies	£805
<i>Total cost of Visitor Centre &amp; ancillary facilities</i>	<b>£6,170.4</b>
<b><u>Camp Site and EcoPark costs, £'000s</u></b>	
Camp site & shower / toilet facilities	£150
Ecology park / nature reserve	<u>£400</u>
<i>Base construction cost of Camp Site &amp; Ecology Park</i>	<b>£550.0</b>
Provision for professional fees	£83
Provision for contingencies	<u>£95</u>
<i>Total cost of Camp Site, Ecology Park &amp; ancillary facilities</i>	<b>£727.4</b>
<b><u>Ecolodge and Marina costs, £'000s</u></b>	
Ecolodge development programme	£1,200

Parameter	Value
	<b>£'000s</b>
External works for ecolodge development programme	<b>£500</b>
Marina & Bike Hire Facility	<b>£180</b>
<i>Base construction cost of Ecolodges &amp; Marina</i>	<b>£1,881.0</b>
Provision for professional fees	<b>£282</b>
Provision for contingencies	<b>£324</b>
<i>Total cost of Ecolodges &amp; Marina</i>	<b>£2,487.6</b>
<b><u>Boat Lift Reinstatement Costs, £'000s</u></b>	
Initial provision for trip boats	<b>£300</b>
Boat lift reinstatement	<b>£11,643</b>
<b><u>Boat Yard accommodation (hostels), £'000s</u></b>	
Accommodation on boat yard site	<b>£1,112</b>
Residual value of the development as a % of original cost	<b>30.0%</b>

### **8.3 Revenue Generation**

A number of key revenue streams have been researched and considered for Foxton Locks

These are:

- Ticketing for the visitor attraction elements
- Catering
- Retail
- Car parking

Clearly ticketing catering and retail are going to be primary income providers and consequently these are explored in the most detail.

The car parking income will be a function of visitor volume.

All the figures for revenue generation contained in the remainder of this document are derived from our “best estimate” of what might happen based on the benchmarks from the competitors and comparators researched. Significantly more benchmarking detail can be found in the supporting appendix document although key benchmarks are included in the following sections.

Whilst this document contains a snapshot of the potential future business structure, all of the models have been set up electronically, in such a way that different sensitivities can be explored e.g. variations in visitor volume achieved, improvements in cost of sales etc.

All figures, unless otherwise stated, include VAT.

#### **8.3.1 Visitor Attraction Tickets**

Tickets will be sold across the site for a number of features. Forecasted revenue potential for each of these areas is covered in the sections below:

##### **8.3.1.1 The Boat Lift – Boat Users**

It is anticipated that it will be possible to charge boat users £10 to take their boats up/down the site via the reinstated Boat Lift.

The business plan has assumed a prudent use of the boat lift with 2,000 boats taking one trip per year.

This equates to an income of £20,000 per year.

##### **8.3.1.2 The Boat Lift – as a Trip Boat Opportunity**

The opportunity to take a trip on a boat, including a ride up or down the Boat Lift has been included at a headline price of £12.50 per person, inclusive of VAT. Allowing for some discounts, this equates to an estimated yield net of VAT and discounts of £9.38 per person.

The potential revenue opportunity has been calculated on the basis of the following assumptions:

- A single trip boat
- 5 days per week, 6 trips per day operation during peak periods
- Weekend only, 2-4 trips per day operation during shoulder periods
- Closed November, January and February

This equates to a total of 8,720 trips per year generating a net income of just under £81,800 pa.

At a penetration of just 3% of visitors this is clearly a conservative assessment although current trip boat operation suggests that a shorter, cheaper experience might be more successful and this assumption therefore allows the flexibility to accommodate this without undermining the business plan P&L.

In advance of the Boat Lift opening, a boat trip could be run southwards from the site starting at or near the Top Lock Cottage.

It has been proposed by some of the operators on site that trip boats might be able to run on more days per year than has been proposed here. However, this is not certain and therefore any upside from additional trip days has been left as possible upside rather than having a high level of risk in the base case model.

### **8.3.1.3 The Museum/Interpretation Experience**

The current Foxton Locks Museum sells about 25,000 tickets per year which, based on the estimated number of visitors coming to the site of 213,000 people per year represents just under a 12% penetration of the possible audience.

This is a very low penetration rate but is probably significantly affected by the location of the museum, lack of awareness and the proportion of visitors who are currently dropping in for a very short visit [see section 3]

The Masterplan proposes the reinstatement of the Boat Lift as the jewel in the crown of the site and a new visitor centre at the middle of the site which would host:

- The launch point for a boat trip up/down the locks and/or the Boat Lift
- The purchase point for the visitor interpretation experience which would include:
  - The extended Museum experience
  - AV interpretation around the site
  - Access to the Living History experiences within the Lock Keepers Cottage and the Museum Boat

It is anticipated that with the improved and extended experience a greater proportion of visitors to the site will purchase some form of paid for visitor attraction experience due to a number of factors

- The appeal of the Boat Lift and a desire to ride on it rather than just look at it
- The museum location as part of the central visitor services facility
- Enhanced interpretation via the use of living history and more interactive features within the museum and in other locations around the site
- Multiple experience points around the site to engage with visitors who don't park in the Gumley Road car park
- Visitors with AV equipment being seen by other visitors who, in turn, are inquisitive
- The targeting of the coach market who are likely to be interested in purchasing a “package” as part of a tour

As a result of the above, an increased penetration rate of 20% [still only 1 in 5] of attraction visitors have been assumed to purchase the Museum/Interpretation ticket.

With the extended experience the price has been increased from the current £2.50 per adult to £5 per adult but, at present, the model still assumes that children don't pay to participate.

This generates an income of over £100,000 per year (£117,200 in an average year, once any initial novelty factor has worn off).

### 8.3.2 Catering

A number of individual benchmarks have been identified and examined as part of the research for this project.

As highlighted before, the quality standards of cafés and general facilities at public parks and other open spaces has improved dramatically in recent years and continues to do so. The current catering facilities at Foxton Locks are focused primarily at the northern end of the site [although there is a small cafe in the Top Lock Cottage]; however they primarily revolve around a pub/lunch experience and evidence from other sites such as RHS Wisley and The Royal Landscape, Windsor suggest that incremental spend could be generated via the provision of a complementary café facility closer to the entry point of the site.

Looking specifically at Foxton Locks, from a commercial perspective the following benchmarks have been identified.

Attraction	Description of Facilities	Visitor Numbers	%age Penetration	Average Transaction Value	SPH / other financial information
National Trust Garden	Tea rooms	c.52,000	c.40%	£5.00	£2.00
National Trust Garden	Restaurant	c.164,000	53%	£4.74	£2.51
Major Garden SE	Full range cafe	c.1.35m	N/A	£4.77	N/A
	Upmarket Café		N/A	£6.39	N/A

Attraction	Description of Facilities	Visitor Numbers	%age Penetration	Average Transaction Value	SPH / other financial information
<b>Major Garden in NE</b>	Café	c.555,000	45%	£5.00 pre 2005 £9.00 Since opening TTH for eve trade	£2.25
	Coffee shop		60%		
<b>RHS Garden</b>	Coffee shop (in retail outlet outside of paid perimeter)	c.700,000	22%	£2.59	£0.57
	Café/ restaurant		61%	£4.79	£2.92
	Restaurant		1%	£20.70	N/A
	Smaller Cafe		13%	£3.20	£0.41
<b>RHS Garden II</b>	Restaurant	135,000	N/A	N/A	£4.50
<b>Premier garden SE</b>	Café/ restaurant	450,000	55%	£6.50	£2.10
<b>Lickey Hills Country Park</b>	Visitor Centre Café operated by third party	550,000			Turnover £7.5k  Ice-cream van: £2.5k
<b>Coombe Country Park</b>	Visitor Centre Café, operated by third party "A nightmare"	300,000	N/A	N/A	£14k income from turnover of £220,000  Doughnut seller: £6k pa  2 x ice cream sellers: £27k pa
<b>Royal Air Force Museum</b>	'The Aviator'	200,000	N/A	N/A	£2.00
	'Check Point Charlie'				£2.00
	Both operated by third party				
<b>Conkers</b>	The Olive Tree, The Waterside and The Gallery	240,000	N/A	N/A	N/A

Most of the cafés analysed are operated through a franchise arrangement

- Which minimises the risk for the venue operator
- And brings in skills and experience
- Although it reduces income potential

Most heritage venues have negotiated a lease based on a percentage of turnover, rather than a flat fee rental basis which typifies the leases offered by most local authorities

### **8.3.2.1 Catering Spend per Head [sph]**

The benchmarking data would suggest that, given the right facilities a gross sph of between £2.00 and £4.00 should be achievable, from a café facility dependant on the offering. For the purposes of the financial forecasts, an average spend per head of £3.00 has been assumed.

Based on the visitor experience at Foxton Locks our recommendation would be to offer a facility not dissimilar to either the glass house café at Wisley or a National Trust tea room. These offer an extensive self service menu ranging from a sophisticated coffee and cake operation through to sandwiches, panini and perhaps a self service buffet.

### **8.3.2.2 Catering Penetration**

The second significant factor in catering performance will be the proportion of people that actually participate.

Based on other sites with multiple catering facilities it is proposed that a 25% penetration of the market should be achievable with the right facilities in the right location.

### **8.3.2.3 Catering Revenue**

Applying the information derived from this exercise to the future visitor volume gives us the predictions shown below for catering revenue under the following assumptions:

- The new facilities are implemented from year 1 [2013]
- All figures are based at today's prices [i.e. no allowance for inflation]
- Spend per head £3.00
- 25% penetration of the available audience
- Turnover in the order of £220k pa achieved if the entire development programme is implemented

### **8.3.3 Retail**

A number of individual benchmarks have been identified and examined as part of the research for this project.

Once again penetration of the available market is seen as a very significant factor in retail performance

Attraction	Description of Facilities	%age Penetration	SPH, Average Transaction Value or other financial information
<b>Small Independent Garden SE</b>	Shop in visitor centre	N/A	SPH £1.00
<b>National Trust Garden SE</b>	Shop in visitor centre	28%	ATV £9.55
<b>Major International Garden SE</b>	Shop in visitor centre	19% (Was 24% - penetration has fallen as membership has risen)	ATV £8.00
<b>Major Independent Garden NE</b>	Shop in visitor centre	14%	ATV £6.00
<b>RHS site</b>	Gift Shop	30%	£15.00
	Plant Shop	30-33%	£20.00
<b>Other RHS site</b>	Combined gift and plant shop	60%	£13.00
<b>Other RHS site</b>	Very small combined gift and plant shop	33%	£10
<b>Other RHS site</b>	Combined gift and plant shop	45%	£15 Continued...
<b>Lickey Hills Country Park</b>	Small shop in visitor centre	N/A	Turnover £20,000 pa [calc SPH £0.04!]
<b>Coombe Country Park</b>	Small shop in visitor centre	N/A	Turnover £55,000 pa [calc SPH £0.18!]
<b>Royal Air Force Museum</b>	Small shop in visitor centre	24% (based on recent month)	SPH £2.50
<b>Conkers</b>	Shop in visitor centre	N/A	N/A
<b>Bosworth Battle Field Heritage Centre</b>	Small shop in visitor centre	N/A	SPH £4.50 Turnover £78k

Clearly there is an extensive spread in the spends per head achieved at the various benchmarks considered.

The public parklands generally get very low spends per head but this is likely to be a function of their local audiences visiting frequently and the lack of reasons for souvenir purchases

The RHS and other significant gardens examined get very strong spends per head but this is due to the fact that retail is very much seen as part of the garden visit experience and many of the sites have visitors that come purely to purchase in the associated garden centre.

Whilst Foxton Locks is a country park experience to many, it is also a destination visitor attraction based around the canal/lock experience and as a result, in our experience, could generate some souvenir spend.

### **8.3.3.1 Retail Revenue**

Drawing all of these threads together leads us to suggest that an average transaction value of £3.75 might be achieved from 20% of the visitors which equates to a 75p spend per head.

This is a conservative forecast and will be heavily dependent on the quality and breadth of the retail offer provided.

Based on these assumptions, a turnover of c. £220k pa should be achievable:

### **8.3.4 Car parking**

Car parking income is a function of visitor volume and whilst there is a small evasion rate we have assumed that the proportion will be unchanged.

In 2007/8 just under 62,000 visitors purchased car parking tickets generating revenue of just over £100,000 [gross]

Car parking charges are currently:

- £1.50 per car in the Gumley Road car park
- £2 per car in the short stay car park

With the proposed improvements to the experience on site it is anticipated that the car park charges could be increased to:

- £3 per car in the Gumley Road car park
- £4 per car in the short stay car park

This increase allows the business to support free car parking in the short stay car parking during the winter months – a request from the Foxton Locks Inn management based on the proportion of pub regulars at this time of year.

Based on capacity, the growth of visitor numbers forecast leads to a different split of business between the two car parks and the following assumptions have been made for the business plan:

<b>Car Park</b>	<b>Current Split of business</b>	<b>Future Split of business</b>
<b>Short Stay Car Park</b>	60%	54%
<b>Gumley Road Car Park</b>	40%	46%

The increases in volume and pricing for the car parks proposed results in an income stream to the project in the order of just over £350,000 per year.

One final point is the poor condition of the Gumley Road car park surface which means that in our view it will be extremely difficult to maximise or “enforce” car parking payment until better conditions are provided.

### **8.3.5 Accommodation on site**

Accommodation has been proposed under a number of guises at different locations within the site. Clearly this may not all be appropriate to be pursued from day 1 but for the purposes of modelling this business plan the following assumptions have been made:

#### **8.3.5.1 Ecolodges**

- Based on the benchmarked information from the family lodges at the Calvert Trust near Kielder
- 16 units are assumed each of which can generate £600 per week in peak season and £250 per week during low season
- 65% occupancy, the industry average, has been assumed
- Allowing £8,000 per year per lodge for cleaning, maintenance and electricity etc plus a £2,000 per year contingency
- This generates a revenue, net of costs, of £6,000 per lodge per year – equating to gross revenues of £16,000 per lodge, less maintenance costs of £10,000 per lodge.

#### **8.3.5.2 Camping**

It is difficult to secure a “standard” model of the occupancy and financial performance of the camp sites reviewed. This appears to be due to the fact that the camp site market is diverse in terms of the product offered – type, ownership, management and scale of site – and is a relatively unsophisticated market managed with low technology management information systems, often by farmers or landowners to generate a secondary income stream.

Even at larger camp sites, bookings for camping are taken in paper form and income as opposed to volume and occupancy are measured and managed on an ongoing basis. With “turnkey” operations and low operational costs the need for sophisticated management information appears to be limited.

However, some industry statistics from the Camping and Caravanning Club do indicate average occupancies in the order of 35-50% per year although this does not provide information on the different sizes of the camp sites within the sample.

A second factor which is likely to affect the appeal and therefore performance of Foxton Locks as a camping destination is its ability to market itself and gain a place in the repertoire of well known and well marketed campsites already up and running in the UK. Membership of, and accreditation from, organisations such as the Camping and Caravanning Club would be crucial to raise awareness of the facilities at Foxton Locks and upon entering what is a competitive business an investment in PR would be important. It is also worthy of note that as the name suggests, camping and caravanning do go together and with the site potentially limited to one visitor stream, i.e. just camping, this may also impact on its potential

As a result of all of this assessment, we recommend a prudent approach to the introduction of camping and the scale of success of this needs to be forecast in the light of three key factors:

- The visitor experience – i.e. the anchor which might drive a visit
- The scale and quality of the facilities – success will need investment in quality loos, showers, laundry and site support facilities
- The marketing of the site as a new camping destination

For the purposes of this business plan the following assumptions have been made based on the information provided by the Camping and Caravanning Club:

- Camping might achieve an average occupancy of 25%
- Camping is also likely to be more affected by the seasons and therefore we have assumed that this business is only operational for six months of the year.
- At a per night charge of c.£12 [£14 gross], in line with the competition, this would result in a business income in the order of £55,000 per year per 100 tents.

The business plan has been modelled on the basis of c.100 pitches being created, delivering an income of £55,000 pa.

### **8.3.5.3 Boatyard Accommodation**

- Simple hostel style family accommodation
- 13 units earning a net income of £4,500 per year per unit – comprising gross rentals of £12,000 per unit, less maintenance and utility costs of £7,500 per unit

### 8.3.6 Other Income

There are other income earning opportunities around the site which have been included for illustrative purposes at this stage. These include:

- Bike hire
- Mooring basin [short stay only]

Income from these other income streams has been assumed as follows:

- Bike hire
  - Based on experience at Cyclexperience Ltd Brockenhurst, Hampshire
  - Turnover of £15,000 per year has been assumed
- Marina
  - Based on British Waterways experience at other locations
  - Income from short stay moorings has been assumed at a total of £15,000 per year.

### 8.3.7 Summary of Revenue Generating Activity

<b>Visitor Numbers &amp; Composition</b>	
Current numbers of land visitors to the Locks	<b>213,107</b>
Current numbers of regular patrons of the Foxton Lock Inn	<b>109,795</b>
Total current number of people on site p.a.	<b>322,902</b>
Additional numbers drawn to the Locks by the boat lift	<b>50,000</b>
Additional numbers drawn to the Locks by the core development	<b>30,000</b>
Current number of boat visitors	<b>7,000</b>
Additional numbers of boat visitors drawn to the Locks by the boat lift	<b>3,500</b>
Additional numbers of boat visitors drawn to the Locks ex-boat lift	<b>500</b>
<b><u>Composition of land-based visitors - current percentages</u></b>	
Day visitors: day trip from home or en route	<b>77.0%</b>
Overnight stayers - UK residents	<b>18.0%</b>
Overnight stayers - foreign residents	<b>4.0%</b>
Special interest visitors	<b>1.0%</b>
	<b>100.0%</b>
<b><u>Composition of land-based visitors - post-development percentages</u></b>	
Day visitors: day trip from home or en route	<b>73.0%</b>
Overnight stayers - UK residents	<b>21.0%</b>
Overnight stayers - foreign residents	<b>4.5%</b>
Special interest visitors	<b>1.5%</b>
	<b>100.0%</b>
<b><u>Novelty factors - post-development percentages</u></b>	
Year 1 as a % of "steady state" visitor numbers	<b>10.0%</b>

Year 2 as a % of "steady state" visitor numbers	-6.0%
Year 3 as a % of "steady state" visitor numbers	-2.0%
Year 4 as a % of "steady state" visitor numbers	0.0%
<b>3. Internal benefits &amp; costs</b>	
Percent of all visitors on site currently going to the Museum	11.7%
Percent of all visitors on site paying to see Exhibition, Museum Boat & Lockkeepers' Cottage & AV interpretation	20.0%
<b><u>Visitor Centre Site Yields - No Development Scenario</u></b>	
Standard adult tariff for Museum, £	£2.50
Net yield in entry tariffs as a % of standard adult tariff	38.7%
Car parking - average number of visitors per vehicle	2.9
Car parking - % of vehicles parking in car park at upper car park	40.0%
Car parking - % of vehicles parking in car park at the lower car park	60.0%
% of cars paying in the upper car park	80.0%
% of cars paying in the lower car park	62.0%
Tariff per car in the upper car park, £	£1.28
Tariff per car in the lower car park, £	£1.70
<b><u>Visitor Centre Site Yields - Development Scenario</u></b>	
Standard adult tariff for Visitor Centre & audio interpretation, £	£5.00
Net yield in entry tariffs as a % of standard adult tariff	40.0%
Net retail & publication sales per visitor	£0.75
Net catering sales per visitor at the Visitor Centre	£0.75
Cost of sales as a % of sales - shop	55.0%
Cost of sales as a % of sales - café	35.0%
Staff costs as a % of sales - shop	25.0%
Staff costs as a % of sales - café	35.0%
Car parking - average number of visitors per vehicle	2.7
Car parking - % of vehicles parking in car park at the top of the site	46.0%
Car parking - % of vehicles parking in car park at the bottom of the site	54.0%
% of cars paying in the upper car park	85.0%
% of cars paying in the lower car park	75.0%
Tariff per car in the upper car park, £	£2.55
Tariff per car in the lower car park, £	£3.40
Annual net revenues from special events (net of costs)	£20,000
<b><u>Site Operating Costs - pre development</u></b>	
Site maintenance costs, £'000 per annum	£80
Staffing costs, £'000 per annum	£44
Services	£35

<b><u>Site Operating Costs - post development</u></b>	
Visitor Centre hard maintenance costs, £'000 per annum	£87
Visitor Centre overhead costs, £'000 per annum	£30
Site maintenance costs, £'000 per annum	£100
General Manager, £'000s	£60
Staffing costs, £'000 per annum	£116
Average remuneration per staff member, FTE, £'000 per annum	£18
<b><u>Boat Lift Yields</u></b>	
Boat trip income p.a.	£81,750
Number of boats using the lift each year	2,000
Charge per boat using the lift	£10
Number of FTE employees managing the lift & operating the Trip Boats	7
Staffing costs, £'000 per annum	£126
Average remuneration per staff member, FTE, £'000 per annum	£18
Annual maintenance costs, £'000s	£15
<b><u>Other Yields, £'000s</u></b>	
Bike Hire net income	£15
Ecolodge gross revenues	£256
Ecolodge maintenance costs	£160
Ecolodge net income	£96
Hostel gross revenues	£156
Hostel maintenance costs	£98
Hostel net income	£59
Camp site gross revenues	£55
Camp site maintenance costs	£27
Camp site net income	£27
Boat mooring charges - average per boat per night	£10
Ratio of boat visitors to boats	3.5
Average number of night's mooring per boat	0.2
<b><u>Other costs - £'000s</u></b>	
Marketing & communications - Year 0	£50
Marketing & communications - Year 1	£100
Marketing & communications - Year 2 & onwards	£50

## 9 Financial and Economic Analysis

### 9.1 Introduction

For the development of Foxtan Locks to be economically justifiable and viable, it must pass two tests. Firstly, it must not be a drain on the financial position of the sponsoring organisation. Secondly, it must have positive benefits for the wider East Midlands region, in terms of economic value-added and job creation.

In order to assess the degree to which these two tests are achieved, a financial and economic impact model has been developed for the project, which is included as an Appendix to this report. The model comprises a series of integrated worksheets, driven by an Inputs Worksheet, into which all inputs to the model are shown in blue. Outputs from the model are in black.

The model measures the effects of the Foxtan Locks development compared to “no development”, and can be used to test a number of scenarios regarding the scope and phasing of the development programme.

### 9.2 Assumptions

Key inputs to the model are as follows:

- Visitor forecasts under the ‘Do Nothing’ baseline and the Development scenario, distinguishing between day and staying visitors, based on the forecasts set out in this report;
- Estimates of the proportion of each category of visitor who are additional – i.e. who would not otherwise have visited, or spent their money, in the East Midlands region;
- Average yields per visitor from entry to the Visitor Centre, and from catering and retail operations on site;
- Other project revenues, e.g. generated by events and car parking;
- Operating costs, including property and maintenance costs, staff costs and variable costs such as the cost of sales for catering and retail revenues;
- The initial development costs of the project, as set out in Section 8;
- Off-site expenditure on accommodation, food and beverage, shopping, travel etc; and
- The Multiplier factor, which measures the extent to which expenditure is recycled within the regional economy, generating additional income and jobs.

Key assumptions that drive the financial and economic impact of the proposed Foxton Locks development programme include the following:

- 1. The effect the development will have on visitor numbers and expenditure within the area, and more widely in the East Midlands.** It is currently estimated that Foxton Locks attracts just over 213,000 visitors per annum, and in addition there are approximately 110,000 regular patrons of the Foxton Locks Inn. Estimates of the increase in the number of visitors following the development of Foxton Locks are set out in Section 6, and indicate that a further 80,000 visitors could be attracted if the Inclined Boat Plane could be restored to its operational state along with the visitor centre and improved facilities. If the Boat Plane was not restored, but a Visitor Centre was developed, the number of additional visitors would fall to 30,000 annually. There may also be a “novelty factor” in the immediate years following the completion of the development. The Novelty Factor refers to the extent to which visitor numbers are higher in the early years following completion of a development compared to a "normal" post-development year, because of additional media interest and profile.
- 2. The composition of existing and new visitors, and the expenditure by type of visitor.** The 2007 British Waterways Destinations Survey Site Report indicates that 77% of all visitors to Foxton Locks are currently day visitors, 18% are overnight stayers who are UK residents, 4% are overnight stayers who are foreign residents, and 1% are special interest visitors (canal and boat enthusiasts). We estimate that the development will attract more staying visitors, so the proportion of day visitors will fall to 73%, while the proportion of UK overnight stayers will rise to 21%, the proportion of overnight stayers to 4.5%, and special interest visitors to 1.5%. This is significant, as overnight stayers spend more money per capita than day visitors – particularly on accommodation – and thus have a greater economic impact.
- 3. The extent to which visitor expenditure is additional rather than displaced.** Additionality is a key concept in arriving at forecasts of the economic return to the development. It indicates the amount of new money brought into the region by the development, as opposed to money which is merely switched or displaced from expenditure on other items. For example, if a resident of the East Midlands spends money on a visit to Foxton Locks, rather than spending the same money on other leisure activities in the region, his or her expenditure is said to have been *displaced* from those other activities. In economic terms, it does not add anything to the value of total expenditure in the East Midlands. By contrast, if a visitor from France decided to come to the East Midlands because of a desire to visit Foxton Locks, and would have stayed on the continent if the Inclined Boat Plane had not been restored, then his or her expenditure is *additional* – it is new money brought into the region by the development.

For operational attractions, the amount of additional expenditure can be calculated through visitor surveys. To the extent that visitors indicate that they only came to an area to see the attraction, their expenditure can be

deemed to be additional for that area. In the absence of visitor survey data, which could not be obtained until the development was completed, we have used estimates of additionality factors based on experience from elsewhere, but erred on the side of caution in using estimates of additionality at the lower end of the range of experience elsewhere.

For day visitors, a factor of 20% has been applied – meaning that one-fifth of the expenditure of day visitors represents expenditure that they would not otherwise have made within the regional economy. This is on the basis that, had they not visited Foxton Locks, day visitors would have spent four-fifths of the expenditure they made on their day out on some other activity within the East Midlands, so four-fifths of the expenditure of day visitors is displaced from other activities in the region, while one-fifth is additional.

For UK overnight stayers, an additionality factor of 30% has been applied, and for international overnight stayers a factor of 40%. The additionality factor for special interest visitors is 100%. As these visitors are drawn to the region exclusively by a desire to visit the Locks and the Boat Lift, by definition, they would not have visited if these did not exist.

4. **A Multiplier estimate** of 0.5, measuring the extent to which visitor expenditure is recycled within the local economy to generate additional revenue and jobs. In other words, of every £1 spent by visitors directly, a further 50p is recycled within the East Midlands economy.
5. The initial **capital costs** of the development, which are set out in Section 8.

To calculate the extent to which additional expenditure would sustain additional employment in the town and region, a turnover per job figure of £50,693 has been used, net of VAT, based on STEAM Harborough data. This is based on STEAM estimates indicating that tourism supported £94.71m gross expenditure in Harborough District in the most recent year for which data is available, of which £10.61m represented VAT, equating to £84.1m of net expenditure supporting 1,659 jobs. Dividing £84.1m by 1,659 gives a turnover per job of just under £50,700.

The economic return to the development is calculated by discounting the additional expenditure generated by the development against its initial costs. Additional expenditure is calculated by estimating the extent to which the amount of money spent by visitors to Foxton Locks is new to the area, as opposed to displaced from money that would have been spent whether or not the development had been carried out.

In discounting future expenditure, a real discount rate of 3.50% has been used in accordance with HM Treasury's Green Book.

This is summarised in the table overleaf:

<b>External Benefits</b>	
<b><u>Visitor Profile - Spend Rates per Visitor outside the Attraction</u></b>	
Day visitors: day trip from home or en route	<b>£13.20</b>
Overnight stayers - UK residents	<b>£45.00</b>
Overnight stayers - foreign residents	<b>£45.00</b>
Special interest visitors	<b>£45.00</b>
Boat visitors	<b>£29.75</b>
<b><u>Visitor Profile - Additionality factors</u></b>	
Day visitors: day trip from home or en route	<b>20.0%</b>
Overnight stayers - UK residents	<b>30.0%</b>
Overnight stayers - foreign residents	<b>40.0%</b>
Special interest visitors	<b>100.0%</b>
Boat visitors	<b>100.0%</b>
Sensitivity factor for additionality	<b>100%</b>
<b><u>Economic factors</u></b>	
Average turnover per job	<b>£50,693</b>
Percentage of Round 1 expenditure retained in each region	<b>33.3%</b>
Regional Multiplier	<b>1.50</b>
Real Discount Rate	<b>3.50%</b>

The analysis assumes that the development programme is implemented between 2011 and 2012, and an uplift in visitor numbers occurs thereafter, over a 25-year operational period between 2013 and 2037.

At the end of the appraisal period, in 2037, it is assumed that the development retains a residual value of 30% of the initial development cost. This is based on the assumption that land and buildings have a 50% residual value, while equipment and mechanical and electrical (M&E) plant have a 10% residual value, and the initial investment is split 50:50 between civil works and M&E costs.

### **9.3 Model Structure**

The economic impact model is driven by an Inputs Worksheet, into which all assumptions driving the model are entered. Inputs into the model are shown in blue, while outputs are in black. Any changes in the inputs will automatically feed through to the outputs, so that the model enables different scenarios to be run rapidly and on an internally consistent basis.

There are three output sheets, as follows:

1. **Financial Analysis.** This worksheet forecasts the total cash revenues generated by projects comprising the development programme, and the costs associated with them, to arrive at an estimated operating profit for each component of the development programme.

2. **Economic impact** of development programme. This worksheet forecasts the likely impact of the development on total visitor numbers and expenditure, jobs and value-added. Expenditure rates are based on visitor surveys undertaken to update the regional tourism model (STEAM). These rates are multiplied by the estimated increase in visitor numbers to derive estimates of the likely level of incremental expenditure and jobs generated by the development compared to a “do nothing” baseline. The model also computes the gross value-added Net Present Value (NPV) and Economic Rate of Return (ERR) of the development based on the proportion of incremental expenditure which is genuinely additional for Foxton Locks and the East Midlands region.
3. **Sensitivity analysis.** The Foxton Locks Development Programme is currently at conceptual stage only, and this means that many of assumptions underpinning the economic model are indicative and not based on validated external evidence such as the results of visitor surveys. Therefore it is important to test the impact of changes in key assumptions, and this has been done through a series of sensitivity tests. These tests show how the returns to the development would be affected by changes in the initial development costs, the increase in visitor numbers, and the level of additionality post-development.

## 9.4 Results

### 9.4.1 Business as usual

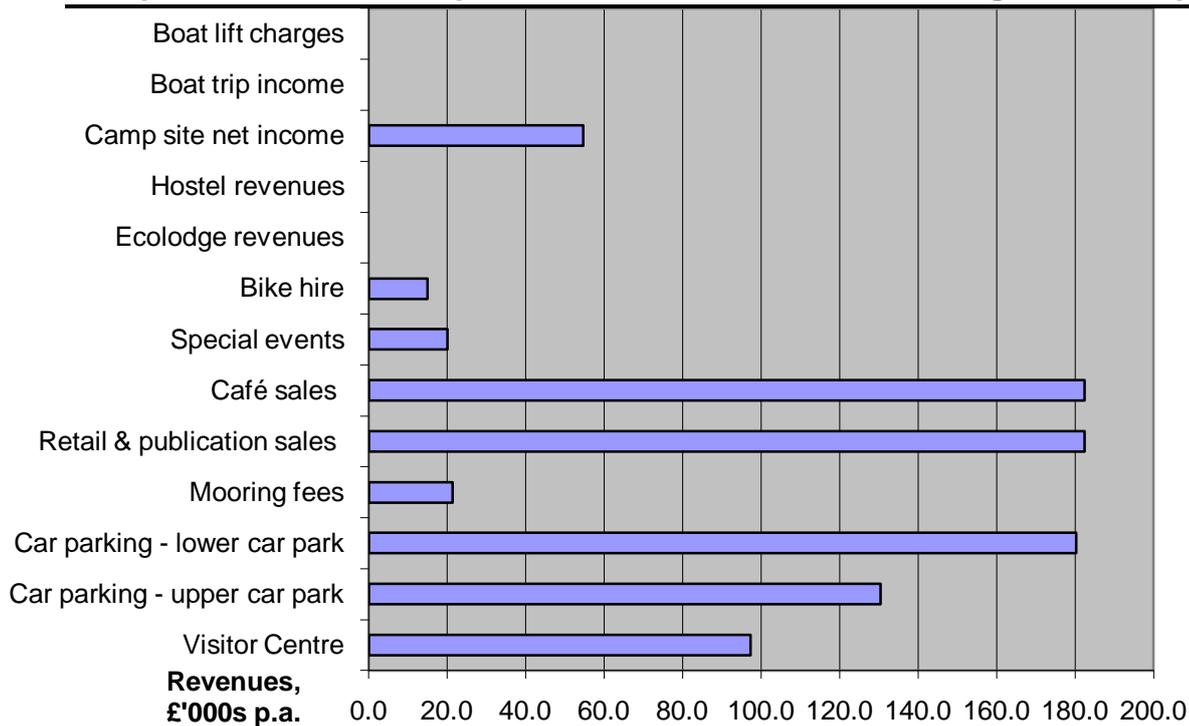
The total income from Foxton Locks is currently approximately £140K per annum, of which £24K is generated by Museum admissions, £45K by car parking charges from the upper car park and £70K from car parking charges from the lower car park.

### 9.4.2 Development Scenario

In the early years following completion of the development, there is a novelty effect, with the initial marketing “push” and media publicity drawing in more visitors than usual. After the novelty effect has worn off, the increase in visitor numbers compared to the current position is forecast as 80,000 p.a. with the Boat Lift restored to operational status, or 30,000 without the Boat Lift.

The results of development scenario indicate that total visitor expenditure will rise by £1.55 million p.a. in Foxton Locks in the post-development “steady state” with the Boat Lift fully operational. The composition of this expenditure is shown in Figure 9.1 overleaf.

### Composition of visitor expenditure at Foxtan Locks following full development



**Source:** Foxtan Locks financial and economic impact model

The graph above shows that the proposed ecolodge development could generate just over £250K of revenues annually, based on weekly lodge yields of £600 per week during the high season (April – September), £250 per week in the low season (October – March) and 65% occupancy. This would yield average annual revenues of approximately £16,000 per lodge, with 16 lodges provided.

The café and shop would each generate just over £200K of revenues annually, while the two car parks would between them generate revenues of approximately £350K p.a., on the assumptions put into the model.

Off site, the 84,000 extra visitors attracted to Foxtan Locks – comprising 80,000 visitors by land, and 4,000 extra canal boat users – are forecast to spend approximately £2.27 million annually on accommodation, catering, shopping, travel etc., or an average of approximately £27 per visitor. Of this amount, just over £0.8 million p.a. represents *additional* expenditure, while approximately £1.5 million is displaced. If multiplier effects are taken into account, as before, the total value of additional expenditure rises to approximately £1.2 million, with the multiplied impact being approximately half of the initial expenditure estimate.

The total number of jobs supported by the visitor economy increases under the post-development scenario. Following the completion of the development, approximately 289 jobs are sustained by the development, of which 59 are net new jobs compared to a “business as usual” scenario – of which 14 are directly created by the Visitor Centre, retail and catering activities on the site, while 45 are sustained by visitor expenditure off-site.

## 9.5 Economic returns

The purpose of an economic appraisal is to assign monetary costs and benefits to the development proposals, through a cost-benefit analysis (COBA). The COBA has been prepared as an Excel spreadsheet, which enables sensitivity analysis to be undertaken rapidly, accurately, and on a consistent basis.

The costs and benefits of the Foxton Locks development are discounted back to a 2009 value to arrive at the Net Present Value (NPV), defined as the value of an investment's future net cash flows minus the cost of the initial investment, discounted back to today's date by applying a social discount rate of 3.5% in real terms. The NPV is an indicator of how much value an investment or project adds to the value of the economy.

Under the full development scenario, with the Boat Lift restored to operational state, the NPV of the Foxton Locks development is computed as £3.36 million over a 25-year operational lifetime.

If the Boat Lift is not restored, but all the other aspects of the development proceed as planned, the NPV of the Foxton Locks development is £2.85 million over a 25-year operational lifetime.

In both cases, the financial rate of return – measuring the narrow commercial return to the investment – is negative, indicating that the development programme could not go ahead without grant support. In particular, grants would be required to fund the restoration of the Boat Lift – the investment cost of the entire programme being approximately £22.4 million including the restoration of the Inclined Boat Plane compared to approximately £10.5 million excluding the restoration. It should be noted that there may be non-economic benefits associated with the Boat Lift restoration – e.g. heritage benefits, which are not valued in the model.

A second method of computing the economic returns to an investment involves calculating the internal rate of return of the investment. The internal rate of return (IRR) is the rate of discount that would set the NPV of a particular project equal to zero. For example, if the IRR for a project was computed as 8.5%, it would mean that the NPV of the project's cashflows would be exactly zero if they were discounted at 8.5%. The NPV would be positive with discount rates below 8.5%, and negative with discount rates above 8.5%.

The financial IRR is the rate of return on the revenues (net of operating costs) earned by a project, discounted back against the initial capital expenditure. For example, for a cultural venue, the financial IRR would be applied to the financial cashflow of the venue – e.g. the forecast ticket receipts net of collection, maintenance and other operating costs, plus any local or national subsidies to the venue operator, discounted back against the initial capital cost of providing the venue.

The economic rate of return (ERR) takes into account all of the economic costs and benefits of the project, netting out any transfer payments such as taxes and

subsidies. The ERR seeks to calculate the economic value added of a project, or its value to the wider economy, whereas the financial rate of return calculates the financial return to the project sponsor.

The ERR of the Foxton Locks development programme is calculated as 4.69% in the Boat Lift development scenario, in real terms, and 5.62% in the No Boat Lift development scenario, in real terms.

## **9.6 Sensitivity Analysis**

### **9.6.1 Phasing**

The base case model assumes that the entire development programme is implemented over a two-year period in 2011 and 2012, and becomes fully operational in 2013.

This is an ideal scenario, which could only be achieved if funding of £22.4 million could be mobilised. If a lesser amount of funding can be secured immediately, then an alternative scenario would involve phasing the development programme. The model was run to assess the impact of the following phasing:

- The Visitor Centre and ancillary facilities (shop, café) and car park improvements are still implemented in 2011-12, as the first phase of the overall Masterplan;
- The Camp Site and Ecology Park are implemented in 2014-2015;
- The Ecolodges and Marina are implemented in 2016-2017;
- The Boat Lift is developed in 2018-19; and
- Hostels are developed on the Boat Yard site as and when private developer interest can be secured.

Under this scenario, the NPV of the development falls to £1.9 million, with an economic rate of return of 4.50%. The lower returns arise because the benefits of site development take longer to come through in total, while the overall lifetime of the appraisal remains 25 years after the initial two-year development programme: i.e. 2013-2037 inclusive.

### 9.6.2 Returns on Individual Project Elements

Different runs of the model were undertaken to compute the returns on individual project elements within the overall development programme.

The results are summarised in the table below:

	Capex '000s	Financial IRR	Economic NPV	Economic Rate of Return
Whole project including Boat Lift	£22,440	-3.00%	£3,361	4.69%
No Boat Lift	£10,498	-2.15%	£2,848	5.62%
<b>Individual project elements</b>				
Visitor Centre only	£6,211	-5.63%	£3,614	7.88%
Marina and Ecolodges only	£2,448	1.58%	-£558	1.58%
Boat Yard Accommodation only	£1,112	3.32%	-£24	3.32%
Camp Site & Ecopark only	£727	1.34%	-£185	1.34%

The Table indicates that, on the assumptions underpinning the model, the marina, ecolodges, hostel accommodation on the Boat Yard site and camp site generate positive financial rates of return, but they are all small (at less than 4% in real terms), so it may prove difficult to interest commercial developers in these elements. For these projects, the economic rates of return are equal to the financial rates of return, as it is assumed that, on their own, they are unlikely to attract additional visitors to the East Midlands.

Additional visitors will be drawn in by the development of the Visitor Centre and restoration of the Boat Lift to full operation. Both these projects have negative financial rates of return, but positive economic rates of return, reflecting their external benefits in generating additional expenditure and employment within the East Midlands.

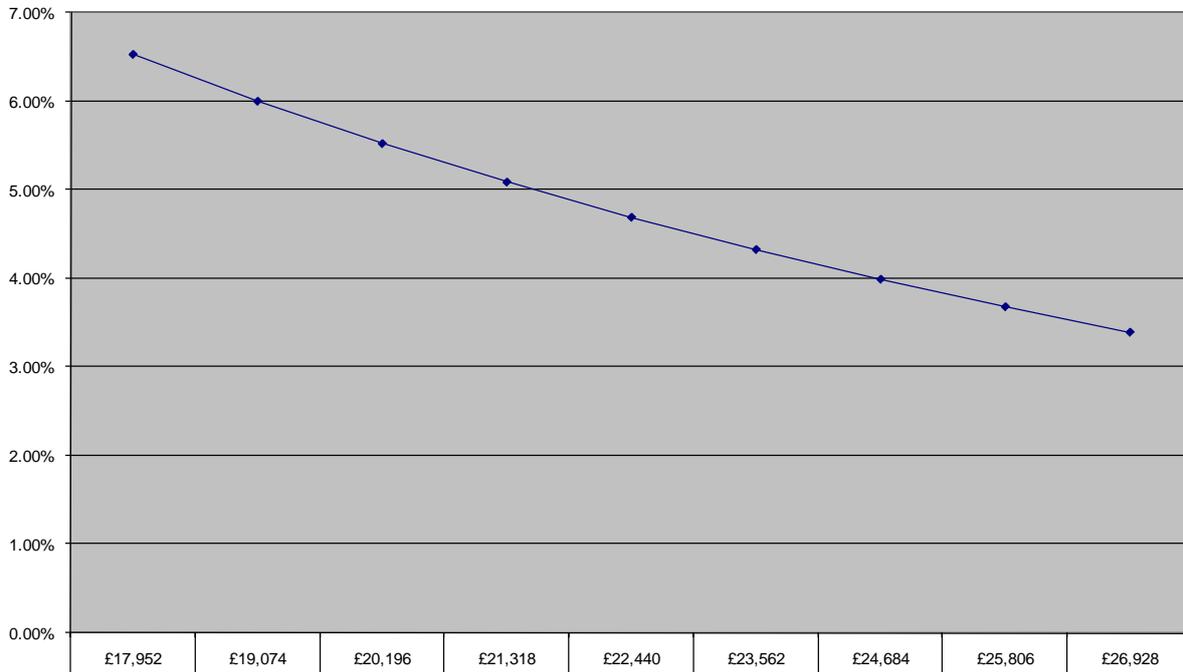
### 9.6.3 Variations in development costs

A range of sensitivities were run to compute the impact of variations in the initial capital costs of the development on its economic returns. Sensitivities were run to calculate the impact of variations in capital costs of between + / - 20% of the base value of £22.4 million for the full development with the Boat Lift.

These variations do not affect visitor numbers, expenditure or jobs, which remain the same as in the base case model, but do affect the Net Present Value and Economic Rate of Return of the development. As the initial capital costs of the development rise, so the economic rate of return from the development tends to fall, and vice versa, as shown in the graph below.

The graph shows that, if the outturn cost of the development were 20% lower than forecast – at approximately £18 million compared to £22.4 million – the real economic rate of return would rise to 6.5%, while if it were 20% *higher* than forecast, at £26.9 million, the economic rate of return would fall to just under 3.4%.

This indicates that the overall economic return to the project is quite sensitive to changes in the capital cost, point to the need to keep development costs under close control through tight project management and a robust tendering process. It also has implications for the funding plan, which will be discussed further in Section 10 of this report.



**Source:** Foxton Locks financial and economic impact model

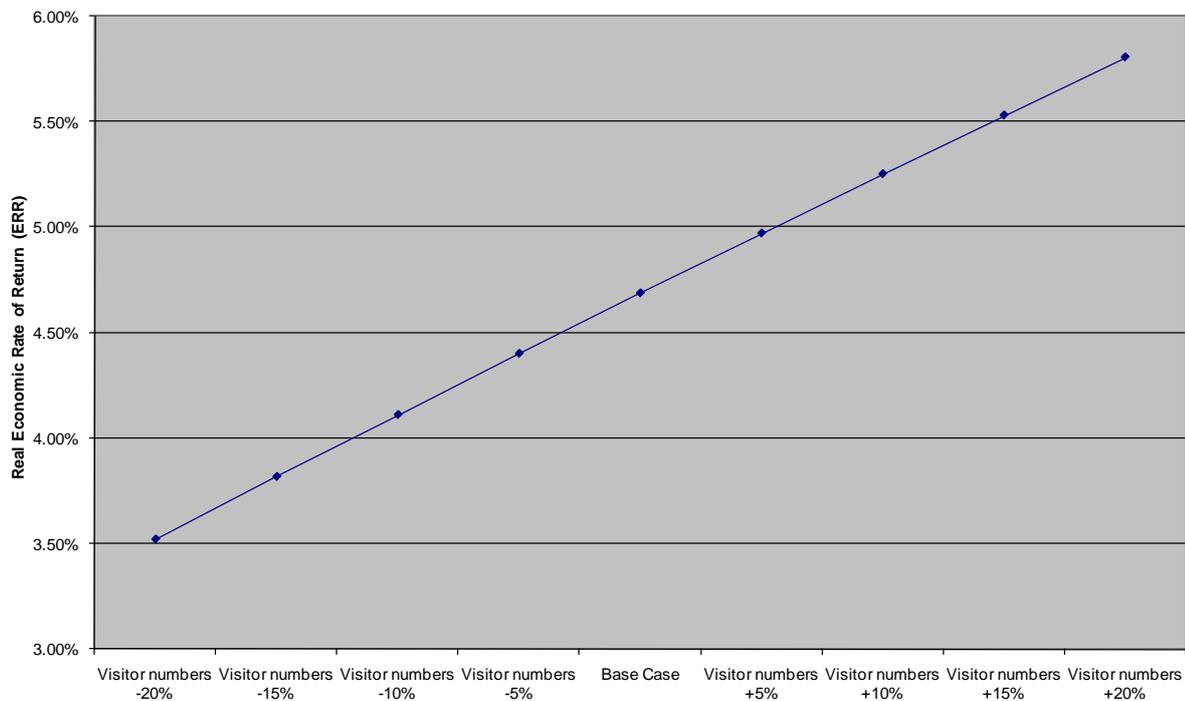
### 9.6.4 Variations in visitor numbers

The impact of variations in the increase in visitor numbers compared with a no development scenario was assessed by running sensitivity analyses showing the effect of variations in a range of between + / - 20%.

These variations have an impact on both jobs and expenditure:

- With a 20% fall in visitor numbers compared to forecast, the number of new FTE jobs created falls from 58 to 51, while the level of expenditure off-site by visitors to Foxton Locks falls to £1.9 million p.a.;
- Conversely, with a 20% rise in visitor numbers, the number of new FTE jobs created increases to 66, while the level of expenditure off-site by visitors to Foxton Locks rises to £2.5 million p.a.

There is also a linear relationship between the overall increase in visitor numbers and the real economic rate of return, as shown in the graph below.



**Source:** Foxton Locks financial and economic impact model

The relationship between economic returns and the increase in visitor numbers to Foxton Locks points to the importance of an active marketing strategy to attract as many people as possible to the site – including in particular visitors from outside the East Midlands region.

### 9.6.5 Higher or lower additionality

Sensitivities were run to assess the impact of variations in the additionality factors assumed for the development – i.e. the amount of additional money it brings into the East Midlands Region compared to business as usual. Again, sensitivity tests were run in a range of +/- 20% of the base case estimates.

The results indicate that, if the additionality factors are 20% higher than forecast, the economic return to the project would increase to 5.97%, while if they are 20% lower than forecast, the ERR would fall to 3.34% in real terms.

## 9.7 Conclusions

A range of scenarios were tested through the economic impact model. The central conclusions of these analyses may be summarised as follows:

- The real economic return to the development programme is positive, at 4.69%;
- Different elements within the overall programme offer different rates of return considered separately. Certain elements – the campsite, Ecolodges, Marina and hostel development on the Boat Yard site – might attract commercial developers. However, the restoration of the Boat Lift and the development of the Visitor Centre would not be commercially viable, and would require grant funding to support their implementation;

- The overall economic return to the project is quite sensitive to changes in the capital cost, point to the need to keep development costs under close control through tight project management and a robust tendering process;
- The economic returns are also sensitive to variations in visitor numbers and expenditure rates, and the degree to which visitor expenditure is genuinely additional, rather than displaced from other expenditure in the East Midlands. This points to the importance of an active marketing strategy to attract as many people as possible to the site – including in particular visitors from outside the East Midlands region.

## 10 Funding

This section sets out some considerations to inform the appropriate funding strategy for the Foxtan Locks development programme.

The projects comprising the programme may be classified according to their level of financial viability, as follows:

### 10.1 Commercially viable projects,

These are projects whose operating profits could be expected to amortise their initial capital investment – i.e. in this case it might include the camp site and ecolodges but potentially also the catering and retail elements of the development programme.

These projects could in principal be wholly funded by private investment, mobilised through a Development Prospectus inviting submissions by suitably qualified developers and operators.

A second option could be to implement them as joint ventures between private sector developers / operators selected after a tender process, and BW.

A third option could be for them to be implemented under the aegis of a Foxtan Locks Trust (see section 11), with the revenues they generate used to help fund non-profit making elements of the wider development strategy.

In general, these projects may not be eligible for grant funding. Under EU State Aid rules, grants cannot generally be given to projects that compete with private sector enterprises in the open market, as they would distort competition.

An exception is made for gift shops and cafés developed as part of a wider visitor attraction, and operating within a pay boundary – so that they are not competing in an open market, but rather form part of the attraction offer.

However, if the retail and catering facilities are open to the general public, it would be safer to regard them as purely commercial enterprises within the overall development programme.

To mobilise private finance for these enterprises, British Waterways and / or the Foxtan Locks Trust could prepare a tender inviting expressions of interest to develop and operate them. It would be open to any bidder to express interest – including operators already established in the area.

A prequalification process might be desirable to shortlist a maximum of 5-6 appropriately qualified bidders who can demonstrate that they have the experience and financial strength to deliver, operate and maintain the facilities.

The shortlisted bidders would then be invited to submit full proposals. The winning bidder would normally be the bidder willing to pay the highest rent / royalty to the

landowner, subject to achieving service quality standards specified in the tender document.

The marina or bike park, ecolodge accommodation and proposed accommodation on the boat yard site could also be tendered in this way. Testing the market for these projects – and developers' willingness to invest in them – would minimise the risks incurred by British Waterways, and maximise the potential value-added of the Foxton Locks development programme, by:

- Transferring the risks associated with these projects from British Waterways to developers and local businesses with a track record of successful commercial experience in their management;
- Providing an additional check on the commercial viability of these activities – as developers will only come forward if they are independently convinced that they can run these operations on a profitable basis;
- Helping to enhance the additionality of particular activities, and minimise displacement from local business enterprises. Rather than being in competition with nearby shops and café, BW would offer them the opportunity of developing their existing businesses in a prime location;
- The tender process leading up to the award of development mandates would provide a transparent and auditable market test of their value;
- By providing commercial incentives to private entrepreneurs, the overall level of marketing and promotion of Foxton Locks is likely to be greater than if the entire burden remains with BW.

British Waterways would benefit from a steady rental stream to support its wider community and educational mission.

Development mandates could be awarded through a two-stage tender process, starting with prequalification to ensure that bidders have relevant experience and the financial wherewithal to sustain their business proposals.

At the second stage, pre-qualified bidders would be assessed according to which offers the best value for money, combining quality and the cost of service delivery.

## **10.2 Operationally but not commercially viable projects.**

The second category of projects comprise those which are forecast to generate sufficient revenues to cover their operating costs, but not their initial capital costs.

The main project in this category is the proposed Visitor Centre which is justified by virtue of its wider community and economic benefits, in helping to enhance the visitor experience, and provide an educational facility.

The capital cost of this project would need to be funded, at least in part, by grants. The Visitor Centre's operating and maintenance costs would be covered by its operating revenues.

Within the overall financing strategy, BW would apply for grant funding to economic regeneration agencies), requesting support towards the capital costs of the Centre as part of an integrated development strategy for Foxton Locks.

The case made to support economic regeneration would be that:

- The development of the Centre is essential to achieve the wider regeneration and development of Foxton Locks;
- It is not a commercial project, and therefore not commercially bankable, but is justified by virtue of its wider benefits;
- In particular, it will be a magnet to attract more visitors to the area, secure higher spending levels, and thus generate new jobs as well as helping to secure and safeguard existing employment in the area;
- It will also help to leverage in other funding – including private finance for Category 1 projects (as described above), and potentially heritage funding for Category 3 projects (as described below). This public investment will help to act as a catalyst to pump prime investment in the wider development programme.

### **10.3 Non-commercial and “support infrastructure” projects**

These are projects which (generally) do not generate sufficient revenues to cover their costs, but are essential to sustain the overall Foxton Locks development programme and provide services to the community and visitors.

Some projects – e.g. car parking – may generate revenues, but others such as road access and hard and soft landscaping will not.

These projects could be funded either by BW or a newly created Foxton Locks Trust (as described in Section 11) as part of the overall development programme, and their operating and maintenance costs would be funded from revenues generated by the Visitor Centre and by rental and royalty payments from private sector operators on the site selected following the tender process described under 10.1 above.

The single most significant non-commercial project in the Foxton Locks development programme is the restoration of the historic Boat Lift.

The Boat Lift's restoration is justified by its heritage value and making it a national attraction within the East Midlands. However, a strict economic analysis suggests that its economic benefits – in terms of the additional visitors it would attract and their value to the East Midlands economy – would justify an investment of approximately £15.5 million in the entire programme, rather than the estimated amount of £22.4 million which has been calculated at the total investment required to achieve the

entire Masterplan. This is the level of capital expenditure which the programme could support and still generate an Economic Rate of Return of 8% in real terms.

It is possible that a basic restoration could make a boat lift operational at a cost of less than £10 million. However, it is unlikely that such a basic restoration would be acceptable to English Heritage, who may insist on restoration of the Boat Lift to its historic operating condition in Victorian times.

The cost of such a restoration is likely to exceed the sum that could be justified on economic grounds. This suggests that funding of the full amount may be difficult to secure from an economic regeneration agency such as *emda*. The rationale for restoring the boat lift to its historic state is essentially based on its heritage value, and therefore, to reflect this, it should be at least part funded from heritage sources such as the Heritage Lottery Fund (HLF).

If a bid to the HLF was successful, the restoration of the Boat Lift could proceed. In the meantime, it could be maintained in its current non-operational state as a central point of interest in Foxton Locks, with its history described in the Visitor Centre, where its operation would be demonstrated by a larger, more sophisticated working model.

#### **10.4 An overall funding strategy**

The financial model for Foxton Locks was used to calculate funding for different options, based on the following assumptions:

- Commercial funding sources would be deployed where feasible – defined as being where the *financial* rate of return for a particular project, or part of a project, is forecast to be 8% or higher;
- Economic regeneration sources would be deployed to the point justified by the external economic returns to the development – defined as being where the *economic* rate of return is forecast to be 8% or higher;
- Where the capital costs exceed the maximum levels to generate an economic rate of return of 8%, the shortfall would have to be made up from other grant sources, such as heritage or training grants, or private philanthropic donations.

The options under consideration for the development of Foxton Locks are as follows:

- The whole project
- Just the boatlift and the visitor centre
- The whole project without the boat lift but with a £250k pa sinking fund
- The whole project without the boat lift and no specified sinking fund
- The whole project without the boat lift or hostel accommodation
- The project without the boat lift, hostel accommodation or marina – i.e. just the visitor centre, ecolodges and campsite

- The project without the boat lift, hostel accommodation, marina or ecolodges – i.e. just the visitor centre and campsite

The Table overleaf summarises the capital involved and the funding scenarios that exist under each of these alternatives, as computed in the Base Case (Version I) set out in Section 6 of this report.

As shown in the Table, the scenarios run indicate the following funding structure in order for the whole development to be implemented, at an estimated investment cost of £22.44 million:

- The sponsors would need to raise approximately £7 million from “non-economic” sources such as heritage, educational and private philanthropic donors;
- A valid case could be made to the Regional Development Agency for grant support of approximately £13.5 million [subject to the availability of a suitable budget] to reflect the hard economic benefits of the development programme;
- Between £2.1 million (in the Base Case) and £2.4 million (in the Upside Version II scenario) could be mobilised from commercial sources.

If the Boat Lift were excluded, capital cost savings made in the order of £1 million and some increases in revenue generation achieved, as outlined in the list below, the Table indicates financial and economic returns to the project would support a case for it to be fully funded by commercial finance and regional economic development grants, without recourse to heritage or educational grants.

- £1m reduction in capital cost e.g. no eco park, reduced spend on children’s play, outside seating, lighting etc
- 5,000 additional visitors
- An increased tariff of £6 [vs £5] on adult interpretation tickets
- An increased tariff of £15 [vs £10] for boats using the IPBL

The impact of these changes/improvements are shown in the sensitivity options in the table overleaf.

	Total Cost	Funding that can achieve a Commercial return of 8%		Funding that can achieve an 8% Economic rate of return e.g. RDA		Funding required at no economic or financial return e.g. HLF		Additional Points			
		£m	£m	%	£m	%	£m	%	ERR %	No of Jobs added or sustained	Capital cost per job added or
• The whole project											
<b>Base Case</b>	<b>22.4</b>	<b>2.1</b>	<b>9%</b>	<b>13.4</b>	<b>60%</b>	<b>6.9</b>	<b>31%</b>	<b>4.69</b>	<b>58.6</b>	<b>55.8</b>	
Sensitivity Option	21.5	2.6	12%	14.2	65%	4.7	23%	5.54	61.0	53.3	
• Just the boatlift and the visitor centre											
<b>Base Case</b>	<b>18.2</b>	<b>0.2</b>	<b>1%</b>	<b>13.3</b>	<b>74%</b>	<b>4.6</b>	<b>25%</b>	<b>5.3</b>	<b>58.6</b>	<b>45</b>	
Sensitivity Option	17.7	0.7	4%	13.8	78%	3.2	18%	6.1	61.0	44	
• The whole project without the boat lift but with a £250k pa sinking fund											
<b>Base Case</b>	<b>10.5</b>	<b>0*</b>	<b>0%</b>	<b>8.1</b>	<b>77%</b>	<b>2.4</b>	<b>23%</b>	<b>5.62</b>	<b>33.8</b>	<b>25.2</b>	
Sensitivity Option	9.54	0.0	0%	9.0	94%	0.6	6%	7.39	36.0	23.2	
		*Because the project makes a net loss									
• The whole project without the boat lift and no specified sinking fund											
<b>Base Case</b>	<b>10.5</b>	<b>1.5</b>	<b>15%</b>	<b>6.6</b>	<b>62%</b>	<b>2.4</b>	<b>23%</b>	<b>5.62</b>	<b>33.8</b>	<b>25.2</b>	
Sensitivity Option	9.54	1.9	20%	7.0	74%	0.6	6%	7.39	36.0	23.2	
• The whole project without the boat lift or hostel accommodation											
<b>Base Case</b>	<b>9.4</b>	<b>0.9</b>	<b>10%</b>	<b>6.6</b>	<b>70%</b>	<b>1.9</b>	<b>20%</b>	<b>5.88</b>	<b>33.8</b>	<b>22.6</b>	
Sensitivity Option	8.4	1.3	15%	7.1	85%	0.0	0%	7.89	36.0	20	
							Because the project is already nearly at 8% ERR				
• The whole project without the boat lift, hostel accommodation or marina – i.e. just the visitor centre, ecolodges and campsite											
<b>Base Case</b>	<b>9.2</b>	<b>0.9</b>	<b>10%</b>	<b>6.6</b>	<b>71%</b>	<b>1.7</b>	<b>19%</b>	<b>6.06</b>	<b>33.8</b>	<b>22.1</b>	
Sensitivity Option	8.2	1.3	16%	6.9	84%	0.0	0%	8.12	36.0	20	
							Because the project is already above 8% ERR				
• No boat lift, hostel accommodation, marina or ecolodges – i.e. just the visitor centre and campsite											
<b>Base Case</b>	<b>6.9</b>	<b>0.0</b>	<b>0%</b>	<b>6.4</b>	<b>92%</b>	<b>0.5</b>	<b>8%</b>	<b>7.25</b>	<b>33.8</b>	<b>16.7</b>	
Sensitivity Option	6	0.3	4%	5.8	96%	0.0	0%	10.2	36.1	14.5	
		*Because the project makes a net loss					Because the project is already above 8% ERR				

## 11 Organisational Structure

This section sets out a potential structure for the implementation and management of the Foxton Locks development programme.

Key criteria in devising an organisational structure defining the relationship between the British Waterways as the ultimate landowner and any organisation or organisations that implement, manage and operate different elements of the programme are that:

- The structure should be grant and tax-efficient – i.e. maximise the potential to mobilise grant funding for the development, and
- The structure should also be tax-efficient – minimising the ongoing liability of the project to corporation tax and VAT.

The funding structure discussed in Section 10 assumes that any VAT incurred on either development costs, or ongoing operating costs, is recoverable – all figures in the financial analysis are net of VAT. If this is not the case, the cost of any irrecoverable VAT should be added to the overall cost of the project.

Whilst beyond the remit of our brief, based on experience elsewhere, one potential model would involve British Waterways creating an arms-length Trust with charitable status – the Foxton Locks Trust – charged with overall responsibility for developing and maintaining Foxton Locks for community and educational benefit. This idea may merit further evaluation/consideration.

The ultimate landlord, British Waterways, would lease Foxton Locks to the Trust for specified purposes on agreed terms. The Board of the Trust would comprise representatives of stakeholders with an interest in the area's development for public benefit.

The Trust, as a registered charity, would have access to grant funding to achieve the development strategy which would not be available to British Waterways as a commercial operator. The roles of different organisations within the structure would be as follows:

- The Foxton Locks Trust would have overall responsibility for the implementation of the Foxton Locks development strategy. The Trust would also be the conduit for grant funding mobilised towards project costs;
- The Trust would tender commercially viable elements of the development programme and would earn a rental income from sub-leases awarded to selected developers and operators;
- The Trust would directly manage for public benefit the Foxton Locks Visitor Centre, Boat Lift, Museum Boat, Lockkeeper's Cottage and other assets forming the visitor attraction;

- It may be appropriate for the Trust to set up a wholly-owned trading subsidiary – Foxton Locks Enterprises Ltd. This subsidiary would operate on a fully commercial basis and be registered for VAT and liable for corporation tax. In reality, most of the profits made by the trading subsidiary would be covenanted back to the Trust as a charitable donation. The trading subsidiary could be registered as a community interest company, so it is clear it to users of the facilities operated by the company that any revenues are being recycled into the Trust’s broader charitable objectives, rather than distributed as dividends to shareholders.

The structure set out above – where a registered charity owns the asset, while a VAT-registered trading subsidiary is responsible for its operation – is the standard structure used by visitor attractions such as:

- Westminster Abbey where the Abbey itself is owned by the Church of England, while visitor services are delivered through Westminster Abbey Enterprises Ltd, which is VAT registered and
- The Alnwick Garden, where the Alnwick Garden Trust holds a 99-year lease on a peppercorn rent from the Duchy of Northumberland, and has set up a wholly-owned trading subsidiary, Alnwick Garden Enterprises, to manage and maintain The Garden and its ancillary facilities.

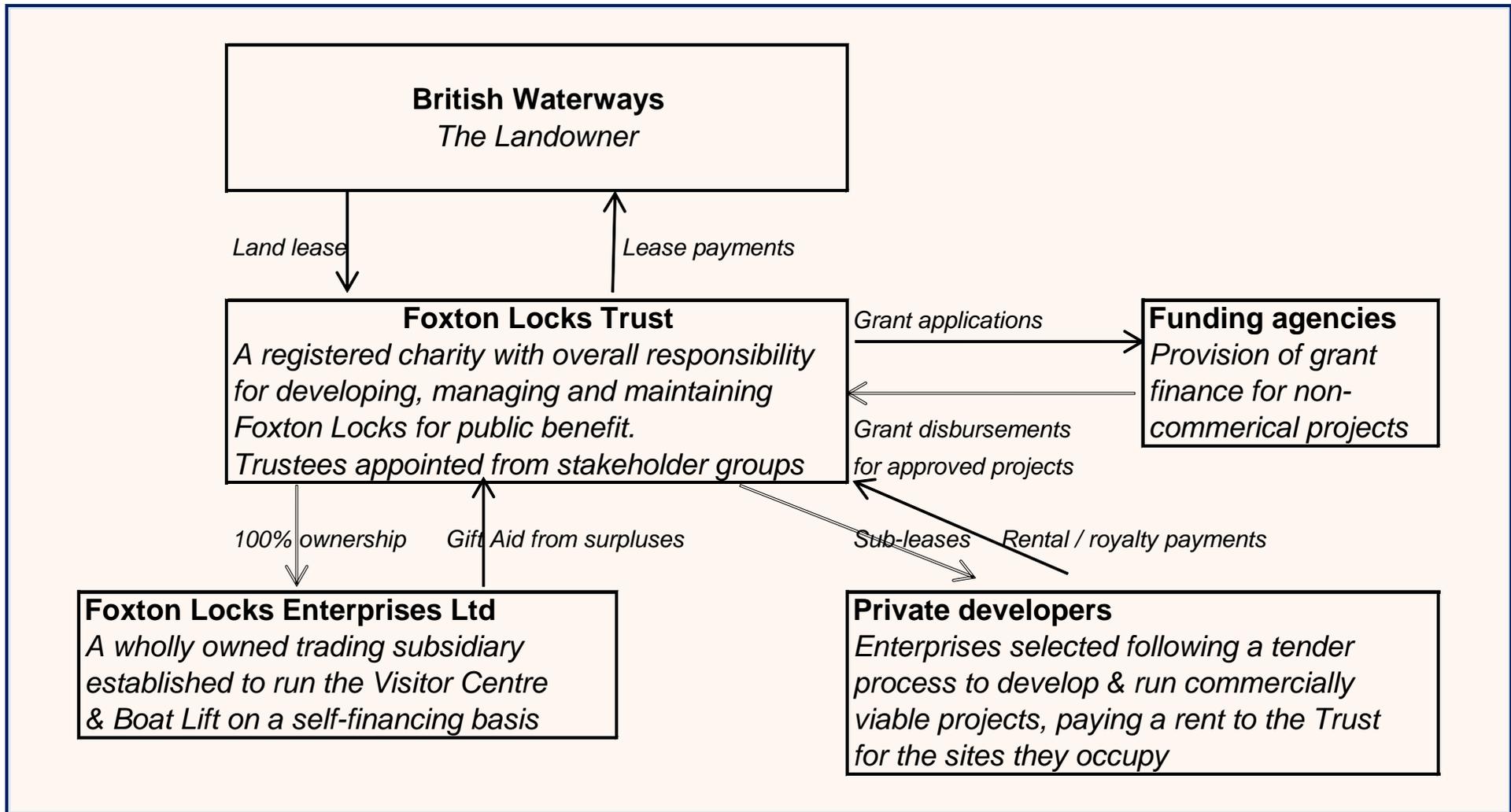
The overall structure is illustrated graphically in the diagram on the following page.

As shown in this diagram, British Waterways would be the ultimate landowner and landlord, and issue a head lease to the Foxton Locks Trust for the overall co-ordination, management and maintenance of Foxton Locks and its assets.

The Trust would directly develop and maintain non-commercial assets such as the Visitor Centre and Boat Lift, and the area’s infrastructure (including the car park) and landscape.

Their commercial management would be carried out through a wholly-owned trading subsidiary, Foxton Locks Enterprises Ltd.

Commercial activities would be tendered to private developers / operators, whose rental payments would help to fund the Trust’s community and educational activities.



## 12 Monitoring and Evaluation

This section sets out a monitoring and evaluation framework for the Foxton Locks Development Programme.

The key issue that needs to be addressed in setting out an Evaluation Framework is – what are the objectives of the stakeholders to who the Evaluation Reports will be addressed, and what Key Performance Indicators (KPIs) are most appropriate to assess the degree to which these objectives are being met?

Key stakeholders in the Foxton Locks development programme include:

- British Waterways as the landowner;
- Potential developers and operators of individual projects within the overall development programme;
- The local community;
- *emda*, as the economic regeneration agency;
- Heritage enthusiasts – including the volunteers who currently maintain the Boat Lift and Museum – and heritage agencies such as the Heritage Lottery Fund (HLF).

Each of these has different evaluation needs, some of which overlap but many do not. Each group has particular interests in specific projects within the overall development strategy. As set out in the sections covering the funding and organisation of the development programme, we would classify the projects comprising the Foxton Locks Development Programme into three groups, as follows:

1. **Commercially viable projects**, run by commercial operators with a view to profit.
2. **Operationally but not commercially viable projects**, justified by virtue of their wider community and economic benefits.
3. **Non-commercial and “support infrastructure” projects** justified by their regeneration, community and heritage benefits.

A potential evaluation framework for each type of project is set out below.

## **12.1 Commercially viable projects**

The KPIs for these projects are financial, and can be monitored through the Annual Report and Accounts of the trading entities responsible for their operation. Relevant KPIs include:

- business turnover;
- business solvency;
- profitability;
- the protection and enhancement of stakeholder value.

## **12.2 Operationally but not commercially viable projects.**

The KPIs for these projects would measure their wider community and economic benefits.

Economic benefits generated by the Foxton Locks Development Programme include:

- Jobs created and safeguarded;
- The level of visitor expenditure generated in the region by visitors to Foxton Locks;
- Businesses created and/or attracted to the East Midlands region, and businesses assisted to improve performance, including SMEs assisted and social enterprises assisted;
- Individuals assisted to get a job;
- Individuals assisted in their skills development;
- Public sector and private sector investment levered.

The Table below sets out a proposed Evaluation Plan for economic outputs and the methods by which they could be monitored.

<b>Economic Outputs Evaluation Plan</b>			
	<b>Output</b>	<b>Evidence</b>	<b>Method</b>
<b>1</b>	<b>Jobs created/safeguarded</b>	Derived from business plan revenues	Monitor business plan revenues annually & monitor number of jobs directly supported in enterprises operating in Foxton Locks
<b>2</b>	<b>Additional visitor expenditure</b>	Visitor surveys	Ask visitors how much they spent during their visit, & what they would have done had they not visited – to estimate additionality
<b>3</b>	<b>Businesses assisted to improve performance, including those engaged in new collaborations with the knowledge base, SME's assisted and social enterprises assisted</b>	Number of businesses set up in the Foxton Locks area – retail, catering, leisure etc	Agree with <i>emda</i> a potential training and business development programme
<b>4</b>	<b>Individuals assisted to get a job</b>	Over time there may be people who move from volunteer status to finding a real job as a result of the Foxton Locks experience.	Records to be kept.
<b>5</b>	<b>Individuals assisted in their skills development</b>	Derived from volunteer and staff training	Records to be kept. Possibility of NVQs to be investigated
<b>6</b>	<b>Public Sector and private sector investment levered.</b>	HLF and developer contributions and investment	Audit value of contributions

### 12.3 Non-commercial and “support infrastructure” projects justified by their regeneration, community and heritage benefits

A potential framework for assessing these benefits is the evaluation framework devised by the Heritage Lottery Fund (HLF).

This is a prescriptive process which is likely to be management intensive during the set-up period.

In its document “*Evaluating your HLF Project*” the HLF states that it expects up to 5% of a project value to be spent on evaluation, although it recognises this is too high for projects with a large capital budget. It also states that it can contribute between 1% and 3% of the HLF grant toward evaluation costs, but this is capped at 1% of £1m. Evaluation is a critical determinant of HLF support. It uses material from project evaluation to disseminate lessons learned and best practice models. To ensure it is done it holds back 10% of the grant until the evaluation report is completed.

The HLF process requires a narrative style in its reporting, literally “telling the project story” in which it expects to learn how change happens. The HLF provides a lengthy evaluation form to fill with highly detailed definitions of its desired inputs.

It starts out by asking for the applicant to explain:

- Why you want to do your project – what need or opportunity is your project seeking to address?
- What you will do – both the capital works and activities our grant will pay for?
- What difference the project will make – what will have changed as a result of your project?

The Foxton Locks Project is able to answer these three questions comfortably but it will be important that the first and the third will be presented from the perspective of the *beneficiaries*.

Underlying the HLF approach is its requirement that evaluation addresses both *proving* and *improving*. The first means showing that change has taken place, the second that there is a continuous process of learning and growth, including the evaluation process itself.

The evaluation outputs which HLF will need are described as “*Formative*” and “*Summative*”. For formative outputs HLF expects periodic reviews to take place and to be shown details of the project spend and implementation timetable as it unfolds. For summative evaluation HLF requires the evaluation report which makes a comparison with the aspirations first laid out in the application.

While the methods and vocabulary of the HLF may initially seem daunting, it actually requires similar information to that of an economic evaluation.

HLF has used the New Economics Foundation to design a methodology for evaluation. The recommendations include holding workshops with stakeholders, using a set of “prove it!” tools which may require an external facilitator. However, on the quantitative side they will need basic data from a second round application, including:

- The activities you ran as part of your HLF funded project and the number of people attending.
- Annual number of visits to an attraction you manage that has benefited from our funding (where this applies).
- Data on volunteers involved in your project.
- Data on trainees involved in your project.

These will give HLF the indicators it needs to link the project to its strategic aims of conservation, participation, learning and enjoyment.

The project team will need to become very familiar with the details of HLF’s evaluation guidelines document (all 69 pages!) so that records are kept over the life of the project.

## **12.4 An Evaluation Framework for a possible Foxtan Locks Trust**

In addition to the evaluation requirements of external funders and stakeholders such as *emda*, as the economic regeneration agency, and the Heritage Lottery Fund, the Foxtan Locks Trust itself should agree a series of KPIs to monitor its success in achieving its objectives.

We have set out below a suggested Foxtan Locks Trust evaluation plan which would allow it to monitor its objectives within a management framework .

<b>Evaluation Plan for the Site Management Vehicle [possibly the new Foxton Locks Trust]</b>			
<b>Objective/aim</b>	<b>How to achieve</b>	<b>Evaluate</b>	<b>Method</b>
<b>Dramatically enhance the visitor experience in Foxton Locks</b>	Competent design brief and procurement. Efficient project management	Quality of execution of design brief	Visitor satisfaction levels via surveys
<b>Provide for the educational needs of children, schools, visitors and local people</b>	Educational programme	Delivery of an Educational Activity and Event Plan	Visitor satisfaction levels via surveys. Teacher feedback
<b>Deliver a range of activities that increase people's learning and participation in the heritage of Foxton Locks</b>	Activity and Event Plan with targets for outputs	Execution of the plan	Attendance levels against targets. User satisfaction surveys
<b>Enhance the quality and effectiveness of the volunteer experience and effort</b>	Define volunteer roles needed, recruit new capacity, design training plans and execute	Quality of volunteer effort and skills	Records of role definition, recruitment, training plans and skills acquired. Visitor satisfaction levels via surveys
<b>Conserve and manage the heritage assets of Foxton Locks buildings and Boat Lift</b>	Conservation Management Plan	Policies and actions in the Plan	Adoption of Plan after consultation. Quarterly reports to the Management Vehicle [possibly a Trust] on progress against targets
<b>Contribute to the social and economic regeneration of Foxton Locks and the East Midlands</b>	Visitor numbers and Activity and Event Plan	Numbers against Plan. Activities/events executed	Annual review of visitor numbers at different events & participation rates in the activity programme