

Open Report on behalf of Executive Director for Communities

Report to:	Executive Councillor for Economic Development
Date:	20 June 2012
Subject:	Sutton Bridge Marina
Decision Reference:	01991
Key decision?	No

Summary:

This report concerns the provision of a council grant towards the Sutton Bridge Marina project, and recognition via the capital appraisal process that the project can be delivered.

Recommendation(s):

It is recommended that the Executive Councillor for Economic Development, in consultation with the Executive Councillor for Finance and HR: -

1. approves allocation of Lincolnshire County Council (LCC) funding from the Lincolnshire Waterways programme budget and allocation of LCC funding from the Green Tourism budget to the scheme
2. approves the capital appraisal for the project

Alternatives Considered:

1. Do not allocate funding
2. Build a smaller marina

Reasons for Recommendation:

This project will provide economic regeneration benefits to Sutton Bridge, as well as continuing the work of the Lincolnshire Waterways Partnership which seeks to gain recognition of Lincolnshire as a primary area for water based tourism.

1. Background

The Lincolnshire Waterways Partnership (LWP) has operated since 2001. Its purpose is to realise the economic and tourist potential of the county's waterways.

The partnership is led by Lincolnshire County Council, and includes British Waterways and the Environment Agency.

Since 2001, the LWP has led projects of differing scale, for example:

Major schemes	-Boston Lock Link -Water Rail Way
Partner schemes	-Sleaford Navigation bridge -Brandy Wharf moorings -Lincoln rowing club
Small schemes	-Surfleet slipway -Hubberts Bride moorings -Grantham canal river trip boat

These are just examples of the range of schemes that the LWP has delivered, either in its own right or in behalf of its partners. An evaluation of the LWP's work was undertaken in December 2008. The evaluation included a questionnaire to businesses that were close to the LWP projects. The evaluation showed that:

- 62.2% of businesses that responded believed that their business had developed or been safeguarded as a result of the LWP's work
- 56.3% of businesses that responded considered that the number of customers and visitors had increased as a result of the LWP's work
- 62.5% of businesses that responded felt that their turnover had increased

As a result of a "Village Alchemy" scheme, the possibility of a marina in Sutton Bridge was raised with the LWP. The Village Alchemy scheme was funded by the East Midlands Development Agency (emda) and helped residents in a small number of communities in the region (Theddlethorpe and Sutton Bridge received support through the programme in Lincolnshire) to define projects that they felt would benefit their communities.

As can be seen from the list of examples of LWP work, there is a wide range of activity but none in Sutton Bridge and none on the River Nene. In order to help the area benefit from the LWP, and in order to help the LWP to broaden its range of waterway schemes, it was decided to pursue the marina project.

Project proposal

The project will provide a series of linear moorings, running along the western bank of the River Nene in Sutton Bridge. The project is split into dryside and wetside activities.

Dryside:

The project will provide car parking for 28 cars, along with an office for the marina manager, pumping facilities for boaters, and a footpath that runs for 350 metres

along the top of the floodbank which will be used for recreational purposes. The dryside proposals have been designed to ensure that they do not have a negative impact on the flood defence in any way; Environment Agency consent has been approved for the works on this basis.

Wetside:

There will be provision for approximately 80 moorings, which are split into leisure and visitor moorings.

- 70 'leisure' moorings of which approximately:
 - o 35 will be used by people in the local area
 - o 35 will be used by people from outside the local area
- the remaining 10 moorings are designated as 'visitor' moorings and for visits by prestige attraction boats such as sail training ships or famous racing yachts.

A map showing the proposed location of the project is at Appendix 1.

The scale of the marina should be considered. Creation of a smaller marina would mean less capital cost. However, even a reduced number of moorings would still require the same amount of operational support. In the business plan the operational support (maintenance of moorings, welcome and invoicing of boats, support for navigation, etc) is paid for by the mooring rent. Reducing the number of moorings would make the rental income for moorings increase to levels that would be uncompetitive with other facilities in the area and as such would substantially reduce the viability of the marina.

Project demand

At a strategic level, Sutton Bridge is a peripheral part of the Spalding and Holbeach economic zone. This zone is dependent upon the agri-food industry, and whilst this industrial sector is an important engine of the local economy there is still the need to diversify and provide wider economic regeneration particularly given that over the last decade growth in the working age population in the area has outstripped employment growth and is projected to do so for the foreseeable future. Currently the area suffers from unemployment levels (as measured by the International Labour Organisation definition which counts people who are out of work, want a job, have actively sought work in the previous four weeks and are available) that are higher than the county and national average (8.1% compared to 6.1% and 7.7% respectively)¹. The area also has particular issues around skills levels with 39% of the 16-74 age group having no qualifications (compared to 33% and 29% respectively) and only 10% with qualifications equivalent to NVQ level 4 and higher (compared to 14% across the county and 20% nationally)².

¹ 'Lincolnshire – A Local Economic Assessment 2011' interactive toolkit, Lincolnshire Research Observatory

² 'Lincolnshire – A Local Economic Assessment 2011' interactive toolkit, Lincolnshire Research Observatory

Economic Regeneration has undertaken a number of schemes that benefit Sutton Bridge and the surrounding area. These include:

- being a partner in the Wingland development, and promoting the site through our Invest Lincolnshire campaign
- running the Wash Fens programme that has provided grants to businesses and communities in the area
- providing funding to enable Port Sutton Bridge to open up land for job creation
- delivering training programmes for people at a disadvantage in conjunction with the village primary school
- funding part of the Sutton Bridge community centre through our grants programme

Substantial feasibility work has been done into the project. An analysis of the market for marinas and moorings was carried out by Bell and Colvill (2008) to contribute to the project business plan. This analysis confirmed that:

- There is a growing market for leisure craft in the UK;
- There is evidence of supply shortage and demand for moorings in the Wash area;
- There is well documented evidence for the links between marine and waterside development and regeneration impacts. In many locations these impacts have been credited with providing a stimulus to local regeneration and development plans and increasing adjoining property values by up to 20%;
- Design and survey work has shown that there is sufficient space at Sutton Bridge to develop up to 69 new leisure moorings and 10 visitor moorings;
- Direct additional income for businesses and facilities in Sutton Bridge as a result of this project.

We understand that over 50% of the moorings can be let immediately on the basis of enquiries that have been received by Nene Marine, the community interest company that will operate the marina on a day to day basis. This is equivalent to the year one lettings target in the business plan.

Project costs –expenditure and income

SUTTON BRIDGE MARINA		Funding and cost estimates		
FUNDING	£k	Estimated costs	Costs	£k
Green Tourism budget	337.00	Leisure pontoons		623.41
		Car park and Town Quay		221.00
RDPE	376.09			
LCC W'ways	139.16			

Total ex fees	852.25	Total Leisure project Fees	844.41 70.84
Green tourism budget (fees)	63.00	fee %	8.39
Total	915.25	Total inc fees	915.25

In terms of income, it should be noted that:

- (i) The project has received the biggest Rural Development Programme for England grant in the Wash Fens programme, and is seen as the legacy for that programme
- (ii) The project will make use of £400,000 from the joint South Holland District Council/LCC green tourism budget, two thirds of which was made up by section 106 agreements. The other third is from LCC funds.

The Green Tourism budget was agreed between South Holland District Council and LCC on 17th July 2009 and runs for a period of three years –ie to 17th July 2012. Extending the date of the agreement to 31st March 2013 would ensure that the funding is available to the project as is within the terms of that agreement.

A full business plan for the operation of the marina has been produced by Nene Marine, the community interest company that will run the marina, with the assistance of the Lincolnshire Waterways Partnership. The business plan shows that income exceeds expenditure once the marina is running effectively. For the first five years of the scheme's operation, the revenue surplus/deficit is as follows:

Year	1	2	3	4	5
Occupancy	55%	65%	75%	80%	85%
Income	32,198.33	39,312.11	46,621.51	51,041.38	55,506.09
Expenditure	35,145.13	36,876.30	38,653.15	47,328.48	48,942.60
Surplus/deficit	(2,946.80)	2,435.81	7,968.36	3,712.90	6,563.49
Reserve	22,803	25,923	34,669	39,422	47,168

The business plan will receive a commuted sum from the capital project of £25,000. This sum will be put into an interest paying account, and will be used to manage cashflow, and to build up a capital budget for repairs in the longer term. Therefore, any deficits will be funded by the sum and any surpluses will be reinvested in the budget so that repairs can be undertaken. No payment will be made to the directors of the Community Interest Company.

Timetable

The development of the project will take place in stages with the Wetside works being completed in October 2012 and all remaining leisure works completed by December 2012. This will be followed by the commercial moorings.

Critical milestones include:-

- Tenders for the pontoons and harbour master office have been completed.
- Full planning permission is in place however due to a change to the design layout for dryside works as advised by the Environment agency and LCC's highways division a Section 73 planning notice has been submitted to the planning authority. This was to be concluded by April 2012.
- EA flood defence consent for the dryside works was granted on 23/01/12.
- EA flood defence application for the wet side works will be submitted on 13th July 2012, with determination by 7th Sept 2012.
- The Marine Licence application to be determined by the Marine Management Organisation (MMO) is under consideration but MMO are under no obligation to confirm a final date.
- Wet side works will be tendered on 02/03/12 and it is expected that a contract will be awarded in May with works starting on 17th Sept 2012. Aligned to this is the flood defence consent submission to the Environment Agency. This element of the project will be completed by November 2012.
- A Heads of Terms agreement with The Henry Smith Charity for the lease of the river bank and bed is at an advanced stage and will be complete by the middle of June 2012.
- A Heads of Terms agreement with Fenland District Council for strategic management of the marina is in preparation and will be complete by the middle of June 2012. Fenland District Council's cabinet formally agreed to be a partner in the project on 1st March 2012.
- Dryside works including promenade and parking will start in November 2012 and complete in December 2012 and will be delivered by LCC's TSP partnership through the May Gurney term partnership.

Roles and responsibilities

The project is being led by the LWP. In practice, this means that Lincolnshire County Council is providing the project management role to the project. LCC will own the marina, and will lease it to Nene Marine on a peppercorn rent basis. In the longer term LCC will provide one member of a 4 person management board including FDC and Nene Marine.

An important partner in the project is Fenland District Council, the accountable body for the Port of Wisbech. This role covers statutory port authority duties for the River Nene between the Wash and Wisbech as well as construction and maintenance at Wisbech Yacht Harbour. In addition to building and operating the commercial moorings FDC will provide support to Nene Marine CIC in respect of the leisure marina. This will include professional marina management guidance, including Port safety and environmental legislation, integration of operations and boat movements within Port of Wisbech, and strategic advice on marina development and maintenance.

The Nene Marine Community Interest Company based in Sutton Bridge will manage all the other day to day operations of the leisure marina. As with all

partnerships that the county council enters into, Nene Marine’s memorandum and articles have been checked by Legal Services Lincolnshire. It should also be recognised that all community interest companies’ constitutions are analysed by Companies House before their approval.

South Holland District Council are also an important partner. Their economic development unit has been an active supporter of the LWP, identifying and driving opportunities that could be delivered in South Holland. South Holland District Council have also worked with Lincolnshire County Council on promoting green tourism in the area, and this led to the creation of the joint fund which will be used to part-finance Sutton Bridge Marina’s construction.

So, the roles in the project are as follows:

LCC: LWP
 attracting external funding
 providing own funding
 project management
 dryside project delivery –through Technical Services Partnership

Fenland DC: design of wetside project and compliance with maritime requirements
 wetside project delivery
 strategic operation of marina

South Holland DC: strategic input
 provision of funding

Nene Marine: local communication
 day to day operation of marina

The relationship between LCC and Fenland DC has been agreed, and set out in a letter of agreement.

A detailed Memorandum Of Understanding will be agreed between LCC, Fenland DC, and Nene Marine before the marina starts operation.

Risk assessment

There are four strategic risks associated with the project which are detailed below. Project specific risk logs are held by the project manager.

Risk	Likelihood	Impact	Mitigation
Project funding is unavailable	Low	High	LCC funding is already in capital programme; RDPE contract is in place; Marina is identified as priority in Green Tourism budget

Project design causes environmental difficulties	Low	High	Design has been done by specialist engineers including port authority; EA consent for dryside works already received
Problems affect construction period	Low	Medium	Clear project plan is in place following PRINCE II principles; build will take place during favourable seasons
Business plan targets not met	Low	Medium	Feasibility plans have been carried out by marina specialists; Economic Regeneration team have worked on detailed business model

Project outputs and benefits

Of the 35 moorings to be used by people in the local area, the boat owner is estimated to spend £1,460³ pa in the local community on running costs and general upkeep of the boat in the local area (not including mooring fees). This equates to **£51,000 pa** (35 x £1,460).

Of the other 35 moorings used by people from outside the local area we can assume:

Marina boats permanently berthed	35
Average crew numbers	3
No. of peak weeks available	26
Peak weeks usage	50%
Non peak weeks usage	25%
Average length of visit (days)	2
Annual total visitor days to permanent berths	5,265

Source: Spalding Waterspace Study adapted from the 'BMF Economic Benefits of Inland Marinas in the UK'

Applying an estimate of £20 per head for the average daily spend of visitors outside of the marina⁴ provides an estimated visitor spend of **£105,300 pa**.

Of the remaining 10 visitor berths, and assuming 250⁵ additional visitors pa to these berths, with an average crew of 3, and an average daily spend of £20 per head equates to **£15,000 pa**.

In terms of non boating visitors or day trippers, these have been assumed to account for 20%⁶ of all visitor days to the site. Therefore with visitors days from

³ Spalding Waterspace Study, Market Research & Economic Benefit Study for Environment Agency, McKenzie Wilson Partnership

⁴ Spalding Waterspace Study, Market Research & Economic Benefit Study for Environment Agency, McKenzie Wilson Partnership

⁵ Nene Marine Business Plan, July 2008

boat owning visitors at approximately 6000, we can assume a further 1,500 non boat owning visitors. Adopting a conservative estimate of £10 per head spend per visitor⁷, this equates to a further £15,000 spent in the local area.

In total then, the spend on services in the area pa would be:

£102,000 (£51,000 x 2)
£105,300 +
£15,000 +
£15,000+
£237,300

2. Conclusion

In conclusion, the Sutton Bridge Marina project will bring significant benefits to the area. It has been designed, and will be managed, by specialist engineers and is the result of detailed feasibility work.

The project will cost LCC £0.38 per head of the county's population.

3. Legal Comments:

The recommendation is within the remit of the Executive Councillor.

4. Resource Comments:

Approval of this report will commit the Council to a £139,160 capital contribution to the Sutton Bridge Marina. The scheme will be led by the Lincolnshire Waterways Partnership with a total cost of £915,250 including contributions from Rural Development Programme for England (£376,090) and Green Tourism Budget (£400,000) the latter being a joint budget with South Holland District Council to which Lincolnshire County Council has contributed a third of the total budget.

The business case demonstrates that the day to day operation of the Marina will incur a small loss in year one but will generate a profit year two onwards. The overall surplus will be placed in reserve to fund any repairs and maintenance required in future year.

The Councils contribution will be funded from the current Enterprise Capital Programme.

⁶ Spalding Waterspace Study, Market Research & Economic Benefit Study for Environment Agency, McKenzie Wilson Partnership

⁷ Spalding Waterspace Study, Market Research & Economic Benefit Study for Environment Agency, McKenzie Wilson Partnership

5. Consultation

a) Has Local Member Been Consulted?

Yes

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

N/A

d) Policy Proofing Actions Required

An equality impact assessment has been done on the project.

The planning process has ensured that environmental policy issues have been addressed.

6. Appendices

These are listed below and attached at the back of the report	
Appendix A	Map of proposed location

7. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Business plan for Sutton Bridge Marina	Economic Regeneration, County Offices, Newland, Lincoln

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