



**South Downs**

National Park Authority

**Agenda Item 17**  
**Report NPA20/21-07**

Report to	<b>South Downs National Park Authority</b>
Date	<b>7 July 2020</b>
By	<b>Project Management Lead / Head of Business Services</b>
Title of Report <b>Decision</b>	<b>Phase I Seven Sisters Country Park by SDNPA</b>

**Recommendation: The Authority is recommended to**

- 1. Note the increase in estimated costs following the completion of Quantity Surveyor work undertaken as part of the ongoing project work at Seven Sisters Country Park.**
- 2. Approve the revised phase I business case set out in appendix I and increase in financial commitment of £600,000 to deliver revised Phase I of the project, to be funded from prudential borrowing and/or use of reserves, as appropriate.**
- 3. Note the longer term masterplan and potential further investment in the future for the Foxhole area of Seven Sisters Country Park pending approval of a detailed business case to the NPA in October 2020.**

**1. Introduction**

- 1.1** This report provides an update on the ongoing project being undertaken in advance of the acquisition of seven sisters country park from East Sussex County Council.
- 1.2** The original business case approved by the Authority in May 2019 set out costs of £1.33m estimated by Savills for the purposes of viability for SDNPA investment at SSCP. This was not a Quantity Surveyor (QS) costed exercise and the Savills survey work did not include Professional Costs and Mechanical & Electrical within it.
- 1.3** The new costs set out in this paper are calculated costs undertaken by a QS in advance of the planning application (which has now been submitted for works at Exceat and Foxholes) and seeks approval from the Authority to increase the financial commitment to deliver the outlined Phase I as set out at **Appendix I**. Additional funding will be met from a combination of prudential borrowing and use of the authority's existing reserves, the implications of borrowing versus use of reserves is subject to ongoing discussion with the Authority's s151 Officer, to ensure the best use of resources is made. All further action in relation to the potential borrowing is predicated on the successful acquisition of the site, which is subject to approval by the relevant Government Department(s). Appropriate provision for borrowing was made in the authority's medium term financial strategy agreed by the authority in May 2021
- 1.4** It should be noted that the original business case of May 2019 included proposed works at Foxholes for a camping barn and 3 holiday accommodation units and shepherds huts. The project board has taken the view that it would be preferable to remove the full development at Foxhole cottages and the shepherds huts from the Phase I business case,

which has a limited holiday accommodation offer related to the camping barn and associated facilities. The full development of the 3 holiday cottages and shepherds huts are proposed in a later phase as outlined in **Appendix 2**. The updated business case is included in Appendix 1 and shows even with the reduced commercial activity of the holiday cottages we can still meet our predicted return on investment.

- 1.5 Phase 1 development (set out at appendix 1) has now been costed by the QS as £1,903,776 and this paper seeks approval for this increased financial commitment from the NPA.
- 1.6 A second proposed phase (Phase 2) is outlined in **Appendix 2** of this paper, and a full updated business case will be brought to the NPA in future to approve any additional financial commitments needed. This phase includes a more comprehensive holiday accommodation offer at Foxholes. No steps have yet been taken to allocate a budget for this work, and decision relating to funding, from loans or reserves, is yet to be taken.
- 1.7 There is a separate paper at this NPA to outline the proposed procurement strategy for our Phase 1 contractors, which is subject to the agreement of the NPA to the funding request.
- 1.8 The commercial interests of the SSCP will be managed through the Trading Company that was approved by the NPA at the May 2020 NPA meeting. A member workshop has been set up for September on the Trading Company details. Whilst any company established for the delivery of activities for a commercial purpose will operate through the buildings at the site, the property will be retained and managed by the NPA, and will remain an Asset on the Authority's accounts.

## **2. The Project Background**

- 2.1 On the 16<sup>th</sup> May 2019 the NPA (Report NPA14/19) agreed to the potential acquisition of the Seven Sisters Country Park. This decision provided the mandate for the SSCP project to proceed within the framework established by the Business Plan.
- 2.2 On the 17<sup>th</sup> June 2019 ESCC announced the SDNPA as their preferred bidder for the acquisition of the Seven Sisters Country Park (SSCP).
- 2.3 On January 20<sup>th</sup> 2020 ESCC Lead member confirmed the acquisition by the SDNPA of SSCP. This decision is now subject to approval by the Secretary of State. The exact date of transfer is currently unknown as the timeline for this approval is not within our control.

## **3. Progress to Date**

- 3.1 A Project Board was established in June 2019 to ensure governance of this project and ensure the authority operated within the remit established by the NPA in May 2019. Its membership includes the Chair of P&R and one of the Committee's Deputy Chairs as well as the Deputy Chair of the Authority and other members from the P&R and Planning Committees. The Project Board has convened every month and undertaken decision making to progress the proposed development of the Seven Sisters Country Park.
- 3.2 A two day consultation exercise was held at Seven Sisters Country Park with over 200 attendees. Many of the aspirations included in the masterplan for SSCP have been derived from initial consultation with local communities and stakeholders.
- 3.3 A significant amount of work has been undertaken since June 2019 by SDNPA staff, architects and surveyors to develop a long term masterplan for the site as well as a detailed planning application. A planning application was submitted on the 26<sup>th</sup> May 2020 for the Phase 1 works at Seven Sisters Country Park Reference SDNP/20/02124/FUL.
- 3.4 Following the decision by ESCC in January 2020 to transfer the ownership of the SSCP to the SDNPA, a Heads of Terms document has been produced and agreed by both parties. This is now with the Secretary of States for Defra and MCLG to formally consent the acquisition of SSCP by the SDNPA. It is envisaged the formal transfer will take place between November 2020 and January 2021.

## **4. Funding Update**

- 4.1 A funding application has been submitted to EFRAD for a contribution of £170,000 towards the eligible Phase 1 works including the visitor centre, new toilet block and outside

landscaping at Exceat to facilitate improved access. We have successfully passed the EOI stage and are preparing a full application for submission at the end of August 2020.

- 4.2 An application has been made for £50,000 to the SDNPA CIL fund, this would only be eligible to fund infrastructure related elements of Phase 1 but could include pathways and access, visitor centre and toilet buildings, and public areas. A decision on this funding is due to be taken by the Planning Committee at the appropriate time, and is advised by Officers suitably separated from the Seven Sisters project.
- 4.3 A separate funding application has also been submitted to BIFFA for a grant of £75,000. This funding application, if successful, would support refurbishment of the visitor centre at Exceat. We have now passed the initial EOI stage and hope to hear the outcome of this application by late July.
- 4.4 A funding application for £501,000 towards whole project costs at SSCP has also been submitted to the SELEP following a call for capital projects that are “shovel ready” to be delivered before April 2022.

## **5. Issues for consideration**

- 5.1 The Planning Application includes the key elements of the original business case outlined to the NPA in May 2019. However the scope of development proposed has had to expand to include the following additions which address recent changes in NPA policy, the input from community consultation and new survey information, all of which has been received since the Business Plan was approved:
  - 5.1.1 Sustainability measures have been incorporated, including air source heat pumps and grey water recycling, to reduce our carbon footprint as a result of the NPA agreement to the carbon reduction through the Climate Action Plan in March 2020 (Report NPA19/20-29).
  - 5.1.2 Surveys revealed the Visitor Centre required additional works to the heating and lighting to ensure it could be staffed 364 days of the year. In addition a raised floor was included to improve access for all and remove the need for a complex lift system.
  - 5.1.3 To enhance equality and access for all a Changing Place Toilet has now been included in the works at Exceat.
  - 5.1.4 Improved Broadband is required for existing tenants and our future use at the site.
  - 5.1.5 Surveys identified that increased capacity for the existing drainage and sewerage system is necessary at Exceat to ensure we can adequately cater for the needs of our visitors.
  - 5.1.6 New windows and building cladding has been identified for the new toilet block refurbishment to reduce energy usage and keep down operational costs. These also adhere to our sustainability requirement of carbon reduction on site.
  - 5.1.7 Stakeholder discussions and the lessons of the COVID-19 pandemic also determined that staff and volunteers should have access to basic welfare facilities not accessible to the public.
- 5.2 These new elements of the project have associated additional costs that need to be included in the overall business plan.
- 5.3 It should be noted by members that the Planning Application includes all proposed works at Exceat in Phase 1, but also includes the Camping Barn and Facilities at Foxholes and the full development of the Foxhole cottages which are considered to be Phase 2. This is to ensure we were cost efficient in our professional fees when preparing our planning application, but also should the funding become available for Phase 2 we would be ready to start work immediately.

## **6. Options & cost implications**

- 6.1 Transforming the site, improving the landscape habitats and the visitor centres and making

the whole operation commercially viable in the longer term, is only possible with capital investment. The level of capital investment required was estimated at £1.335m in the NPA (Report NPA14/19) from May 2019. This amount was estimated as a viability exercise and not a costed exercise to deliver a planning application, therefore it is difficult to compare the two.

- 6.2 The full planning application proposed works (including the Phase 2 full development of the 3 Foxhole Cottages) has now been fully costed by a Quantity Surveyor on the basis of the detailed designs drawn up for the planning application and endorsed by the Project Board. The full scope of works included in the original business case including full development of Exceat, the Camping Barn and Foxhole cottages 1, 2 and 3 has been costed at £2.8 million.
- 6.3 To keep the project close to the original approval for £1.335m investment the Project Board has proposed splitting the business case into Phase 1 and Phase 2. Phase 1 is a full development of Exceat including Visitor Centre, Toilets, Jaguar and Dairy Barn as well as essential repairs on Foxhole Cottages and repairs and refurbishment to the Camping Barn
- 6.4 Phase 2 is a full refurbishment of the three Foxhole cottages for holiday accommodation, as well as the development of four glamping units such as shepherds huts and the associated infrastructure needed to support the Foxhole holiday offer (the costs for the shepherds huts and associated infrastructure were not included in the £2.8 million total as outlined in section 6.2, but these are outlined in **Appendix 2**).
- 6.5 Appendix 1 provides a breakdown of the work elements and associated costs for Phase 1. Further detail on the Phase 2 works at Foxholes is included in **Appendix 2**.
- 6.6 Based on the new QS costs the level of capital investment required for Phase 1 is calculated at £1.9m. This is an increase of £600,000 over the indicative costings in the original business plan. This would be provided through a combination of prudential borrowing and judicious use of reserves and the business case (appendix 1) has been compiled in accordance with HM Treasury Guidance on Appraisal and Evaluation “Green Book” methodology.
- 6.7 Once the capital investment is in place and the trading regime is established the overall operations within the Country Park are expected to return a surplus of c£123,439 per annum. Using the ‘Green Book’ methodology, this results in a Net Present Value of £2.1 million when residual values are included (valued on a multiplier of the annual return). Any profits accruing to the Trading Company would potentially be subject to Corporation Tax at 17% (main rate from 1 April 2020)
- 6.8 Phase 1 could be delivered within the original business plan budget but only with the loss of the following features: the list of additional required items outlined in section 5 to enhance accessibility; carbon neutral aspirations would need to be scaled back considerably; the Camping Barn and associated facilities would also need to be removed. A basic development at Exceat would instead form the proposed scope of Phase 1 and without basic repairs to the Camping Barn and Foxhole cottages there would also be additional maintenance costs for the future to consider. Whilst it is therefore clearly a “no change” option that is open to members, officers would not recommend it.

## **7. Next steps**

- 7.1 The Secretary of State decision is awaited to formally confirm the acquisition of the SSCP by the SDNPA. Following this legal conveyancing is required between ESCC and the SDNPA before the asset is transferred to our ownership.
- 7.2 Subject to approval a construction start of between November 2020 and January 2021 is envisaged to deliver the Phase 1 investment at SSCP.

## 8. Other Implications

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	Not for the Phase 1 delivery, but additional papers are proposed to the October NPA for the further investment at Foxholes for Phase 2.
Does the proposal raise any Resource implications?	The business case estimated SDNPA borrowing £1.335m to invest in capital assets within Seven Sisters Country Park, this has now been calculated at £1.9m.
How does the proposal represent Value for Money?	The business case for the proposal has been established in accordance with HM Treasury Guidance on Appraisal and Evaluation “Green Book” methodology. The Net Present Value of the investment to SDNPA is calculated at £2.1 million with residual value included.
Are there any Social Value implications arising from the proposal?	Not in terms of the acquisition itself, however a number of positive social values are expected as part of our proposals to refurbish the visitor centre and provide improved facilities and access for all, and improved holiday accommodation offers.
Have you taken regard of the South Downs National Park Authority’s equality duty as contained within the Equality Act 2010?	Yes, the business case for SDNPA managing the Country Park is based partly on increasing access to the Country Park and improving the visitor experiences, for people of different ethnic origins and those of different physical capabilities and mental health.
Are there any Human Rights implications arising from the proposal?	None
Are there any Crime & Disorder implications arising from the proposal?	No
Are there any Health & Safety implications arising from the proposal?	No
Are there any Data Protection implications?	No
Are there any Sustainability implications based on the 5 principles set out in the SDNPA Sustainability Strategy?	Yes, significant increases in sustainability of the natural and built landscape are included in this proposal

## 9. Risks Associated with the Proposed Decision

9.1 A copy of the Project Risk Register is included as **Appendix 3**.

**ALAN BROUGH**  
Head of Business Services

## South Downs National Park Authority

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Appendices

1. Phase I Seven Sisters Country Park Business Case
2. Foxholes Outline Business Case
3. SSCP Project Risk Register

The appendices of the report are excluded from publication as, in the opinion of the proper officer, the meeting is likely not to be open to the public during consideration of the appendices because they contain exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, being information relating to the financial and business affairs of a particular person including the Authority, and that in all the circumstances of the case, the public interest in maintaining the exempt information outweighs the public interest in disclosing the information. This conclusion was reached on the basis that whilst there is a public interest in maintaining transparency of Authority proceedings in relation to the business of the Authority it is felt that on balance this is outweighed by the requirement of the National Park Authority to be able to undertake negotiations in relation to its business and fully consider the implications of its actions or proposed actions without the disclosure of information that could undermine its position.

SDNPA Consultees Chief Executive; Director of Countryside Policy and Management;  
Director of Planning; Chief Finance Officer; Monitoring Officer; Legal  
Services  
External Consultees None