

CESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting: 17 January 2011
Report of: Strategic Director - Places
Subject/Title: Tatton Park Vision
Portfolio Holder: Cllr Jamie Macrae

1.0 Report Summary

- 1.1 This report presents the new vision for Tatton Park which aims to substantially develop the visitor experience, generate new sources of income and in doing so, eliminate the need for a public subsidy.
- 1.2 By 2016/17, it is proposed that Tatton Park will attract over 1 million paying visitors; this increase will directly increase park entry revenues as well as secondary spend throughout existing and new visitor facilities. This improved economic performance will have been achieved by a programme of targeted investment, cost efficiencies and development in existing visitor product.
- 1.3 The proposal set out in this report aims to deliver real growth in a competitive market through developing the potential of its attractions and events. This would deliver sufficient additional net income to help eliminate the need for a public subsidy over the next 5-6 years and provide a sustainable platform from which to secure its current and future leasehold obligations.
- 1.4 The vision and associated 'invest to save' programme was fully endorsed by the Tatton Park Board on 15 October 2010 and it recommends this as a way forward for the Council's management of Tatton Park.

2.0 Decision Requested

- 2.1 Cheshire East Council endorse the Tatton Park Vision, supported by a capital "invest to save" programme to realise the full potential of the asset.
- 2.2 The Council's Capital Programme be updated in due course to include investment in development proposals as part of the Tatton Vision programme, supported by firm business cases.

3.0 Wards Affected

- 3.1 All

4.0 Local Ward Members

- 4.1 Cllr Jamie Macrae, Cllr Andrew Knowles, Cllr George Walton (Bucklow)
- 4.2 Cllr Steve Wilkinson, Cllr Olivia Hunter, Cllr Tony Ranfield (Knutsford)

5.0 Policy Implications including

- 5.1 Climate change – None
- 5.2 Health - The provision of access to countryside, cultural assets and creative/adventurous play contributes towards better health and encourages family activity
- 5.3 Economy - Tatton Park is already a successful heritage attraction, with nearly 800,000 visitors and a net annual output to the local economy of £8.8m (£3.3m Gross Value Added¹). The positive impact of Heritage attractions and the Visitor Economy on the prosperity of Cheshire East is recognised in the Council's Sustainable Communities Strategy and the development of Tatton Park is identified as a key priority in the Council's draft Visitor Economy Strategy.

6.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)

- 6.1 This report is seeking guidance on the principle of investing in a number of projects identified as part of the 'Tatton vision'. It is therefore important to place that in the context of the potential returns that could be made. A Financial Plan has been developed that identifies the ability of the Vision projects to cover the cost of potential financial options that the Council may wish to consider and return a profit.

7.0 Legal Implications (Authorised by the Borough Solicitor)

- 7.1 The Council does have a power to invest but must exercise it reasonably and has both a fiduciary duty and requirement to seek value for money.
- 7.2 There are three clauses in the National Trust lease that are relevant to projects proposed as part of the vision: Clauses xv/xviii of the lease require Cheshire East to have formal written permission from the NT for any new buildings or erections on the demised premises, and not to do anything which would contravene Planning legislation ; Clause xxvi is the key clause which prevents assignment, under letting, or parting with possession (including sharing occupation or possession) of any part of the property. Any concession on this clause would require the Trust's consent in writing.
- 7.3 Negotiations for the vesting of Tatton in the Council as sole legal long-leasehold owner are at an advanced stage.

¹ SQW 2006

8.0 Risk Management

- 8.1 A full risk management study would be undertaken in relation to the financing options for the elements of the Vision if the approach is adopted. If an 'invest to save' approach is not adopted, the opportunity for Tatton to reduce its subsidy from the Council would be lost on this occasion and alternative projects would need to continue to be sought.
- 8.2 It is understood that a 'do nothing' option will not only fail to realise the potential of the visitor asset at Tatton but may lead to declining income as competitors invest. The vision offers an opportunity to reduce the longer term liability through generating additional and new sources of income through an investment programme.
- 8.3 To maintain success over time, attractions require reinvestment and repositioning. Competitors in the region continue to prepare significant development proposals to deliver new visitor attractions. Failure to invest in the five priority areas may lead to stagnation or reduction in the market and increase the risk of reduced income streams.
- 8.4 The approval of the National Trust to elements of the vision is a key determinant owing to the terms of the lease, while they understand that success of the proposals would help to sustain the conservation of the estate.

9.0 Background and Options

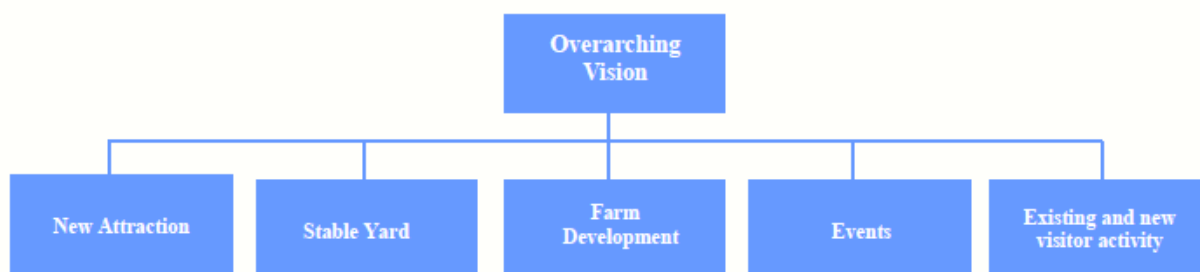
9.1 Introduction

- 9.1.1 It is recognised that Tatton Park has even greater potential as a top attraction to benefit the wider economy, the community and to generate a sustainable way of meeting Cheshire East Council's leasehold obligations and in pursuit of the Council's wider objectives. In meeting this potential, this also provides an opportunity to dramatically reduce or even eliminate the £900k annual public subsidy currently supporting Tatton Park.
- 9.1.2 Efficiencies continue to be sought in Tatton's existing operation and are included in the financial and investment plan being developed for Tatton over the period to 2016. However, because of the nature of the historic estate, the lease obligations and the high dependence on income generation, this cannot address the significant reduction in funding sought on its own, nor enable Tatton to remain competitive. For this to happen therefore, investment is required to develop Tatton's visitor facilities to increase visitor numbers and spend in order to develop a secure financial footing to realise these benefits.
- 9.1.3 The vision outlined in this report could ensure that by the end of the 2016/17 Tatton Park will attract over 1 million paying visitors providing an even more exciting destination with a high quality offer that appeals not only to the heritage market, but delivers real growth in the family market through its attractions and events, in the business and functions market through its facilities and in cultural tourism.

9.1.4 Through this it will deliver sufficient additional net income to help eliminate the need for a public subsidy and provide a sustainable platform from which to secure its current and future leasehold obligations. This improved economic performance will have been achieved by a programme of targeted investment, cost efficiencies and development in existing visitor product.

9.2 Future Vision

9.2.1 From focused discussions with partner organisations, 'visioning' work was started in 2009/10 to help us look forward and describe the type of business that Tatton Park might be engaged in at the end of the plan period or beyond. Following a presentation to the Tatton Park Board in August 2010, Blue Sail Consulting was asked to describe a vision for Tatton that would help to realise the potential of Tatton. Our report based on proposals in the, 'Tatton Park Vision for visitor activities', was endorsed by the Tatton Park Board on 15 October 2010 and focused on five key development areas:



9.2.2 It describes the components that by the end of the 2016/17 financial year would provide an even more exciting destination with a high quality offer, would deliver sufficient additional net income to help eliminate the need for a public subsidy and provide a sustainable platform from which to secure its current and future leasehold obligations. By 2016/17 it states that:

'Tatton Park will attract over 1 million paying visitors; this increase will directly increase park entry revenues as well as secondary spend throughout existing and new visitor facilities. This improved economic performance will have been achieved by a programme of targeted investment, cost efficiencies and development in existing visitor product.'

9.2.3 The report to the Tatton Park Board provided a high level analysis of the potential benefits of each activity area, established the investment required and identified priority areas and actions for the Council to consider. Based on some of the modelling developed in the report, a financial plan has been developed that identifies how, with investment, Tatton could reduce or eliminate the public subsidy over the plan period.

9.2.4 Alongside developing the vision and the related capital investment, it should be recognised that there will be a continuing need to meet existing business commitments and maintain existing levels of income. In addition, there will be a need

to invest in the organisation's culture, skills and capacity to deliver this transformational project, without which capital investment alone cannot succeed.

9.3 Priority areas

The 'Tatton Park Vision for visitor activities' is underpinned by a report by Blue Sail Consulting (October 2010). The vision identifies five priority areas for action and investment that could realise the site's potential:

- **New attraction:** There is a major investment opportunity for the development of a new attraction for visitors at Tatton Park with high impact on the business. This needs to be in line with the Tatton brand, meet National Trust requirements, be suitable for the site, provide a 'bespoke' offer and address market potential.
- **Stable Yard retail and catering:** Another major investment opportunity to see the stable yard extend and transform to destination level, develop new trading models and attract private investment
- **Farm:** moderate investment required in farm attraction, taking full advantage of a developing family market and priority to realise development opportunities for the 'top yard'
- **Events:** moderate investment with big impact to develop quality and flexibility of functions facilities. Attract new events, develop existing and continue to expand Tatton's reputation as a major venue.
- **Current activities:** Build on and improve experiences, investigate potential new activities, seek efficiencies. Extend 'freedoms & flexibilities' and explore new ways of working.

9.4 Conclusion

- 9.4.1 The report recognises that Tatton Park has even greater potential as a top attraction to benefit the wider economy, the community and to generate a sustainable way of meeting Cheshire East Council's leasehold obligations and in pursuit of the Council's wider objectives. For the vision to be realised, upfront investment is required to develop Tatton's visitor facilities to increase visitor numbers and spend in order to develop a secure financial footing to realise the benefits outlined.
- 9.4.2 The proposals presented in this report offer Tatton Park the opportunity of realising its full economic potential, eliminate its need for public subsidy and continue to deliver its environmental, educational, social and lease obligations. The combined impact of this investment would lift the position of Tatton Park in the region to a more complete destination level attraction and maintain a competitive position in the visitor economy.
- 9.4.3 The agreement of a five year 'invest to save' plan based on key actions outlined above would achieve the vision set out in the report, while identifying the potential for further development opportunities and private sector investment.

10.0 **Overview of Year One and Term One Issues**

10.1 N/A

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer

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