

## **Britton McGrath Associated (BMA) Supplementary Review for Horkesley Park to achieve on-going viability.**

**Report dated 12<sup>th</sup> February 2013**

**Application 120965**

**Response to Colchester Borough Council**

Our comments on the above report are as follows:

### **1 Preamble:**

The above report, dated 12<sup>th</sup> February 2013, was lodged on the CBC web site late on February 15<sup>th</sup>, some four days after the closure of public consultation, and was not given any prominence by the Council in spite of its potential importance.

This is the fifth report to be prepared by BMA on the Horkesley Park project.

In para 1.1 of this report they say that they have been commissioned by CBC to carry out an **independent** review of the current proposal and list the areas they are expected to cover. These include a review of and, where relevant/pertinent, comment on the objections of the Stour Valley Action Group (SVAG); such review to focus on Tourism and Visitor Numbers, Viability and Job Numbers.

They go on to say that:

“a number of meetings have been held between Colchester Borough Council, BMA and Bunting and Sons plus their advisors, Sykes Leisure Projects and agent Mr Tony Collins.”

Further they say:

“CBC, Bunting and Sons and BMA participated in a workshop to consider the project’s ability to achieve on-going financial viability should a reduced business case manifest itself.”

Whilst there might have been reason for one such meeting with CBC to review the brief, we cannot accept the reasons for meetings with the applicant and his agents. Such meetings, with no minutes in the public domain, tend to undermine public confidence in the concept of impartiality and independence of BMA. It would appear that they have been placed under substantial pressure to find every possible reason to give credibility to an otherwise flawed application as they found in their first report which was truly independent. They have compromised their position in the public eye as credible independent consultants by their involvement with the applicant.

Furthermore, the Planning Officers responsible for these meetings have compromised their credibility to be acting on behalf of the Borough constituents for whom they ultimately work and who pay their salaries. It would appear that the Planning Officers are doing everything in their power to justify the unjustifiable and give the impression they are working on behalf of the applicant.

## **2 Viability and visitor numbers:**

BMA do not withdraw their conclusion in their first report that Horkesley Park would lose money at the rate of £1.8m per annum after depreciation based on the original business plan and visitor numbers from the applicant.

They say that this Supplementary Review should be read in and reviewed in the context of the previous reports and that, in and of itself, it does not constitute a full review of the Horkesley Park proposition and Business Plan.

At no stage do they conclude that Horkesley Park could reach the same level of visitor numbers annually as proposed by Sykes. They say that:

“We have not shifted fundamentally in our view that 310,000 visitors per annum is overly ambitious. However, the investment in the Chinese Garden in particular, could, if exploited correctly, enable the development to reach the upper rather than the lower limits of our estimate of 100-150,000 visitors per annum.”

Their absolute maximum is 150,000 compared with the Sykes figure of 316,250. We fully support their view and this has been set out in our letters to the Council dated February 7<sup>th</sup> 2013. Furthermore, in our letter of February 13<sup>th</sup> 2013 we have shown that Sykes has no credibility and that he uses references that are unsound in reaching his conclusions. BMA also say that his assumptions on penetration rates are unsound even if one accepts his ridiculous estimates of market size. It also appears that BMA question his assumptions on income from gate money and from retail and catering spend as being overly optimistic. We cannot see the actual figures as they have been redacted but this conclusion is supported by our own research as included in our letter of July 26<sup>th</sup> 2012.

They go on to say that :

“Despite this, we have been able to demonstrate, in full collaboration with Bunting and Sons, that, with prudent management, it is possible to create a viable and sustainable business at this level”

This statement has a number of problems:

(i) This viability is only at the trading profit level before interest, depreciation and tax. No business can reasonably operate without accounting for obsolescence through depreciation and providing a return on capital to the

providers of such capital. No mention is made of interest costs on capital employed in operating the venture. No mention is made of tax liability.

These figures must be taken into consideration and that the venture is almost certainly not viable when all such costs of operating a business are considered.

(ii) The collaboration with Buntings stated above implies collusion or, at the very least, straining to arrive at the desired answer.

(iii) We note that BMA are now talking of 50-60 FTE jobs for the **region**. How many are they talking of for the site? If this is meant to be for the site then it is clearly very different from the 106.4FTE jobs in the application. If the numbers are for the site only, claims by the applicant for wider job creation in the region in his original submission are vastly overstated and must be set to one side.

**In considering the new BMA Horkeley Park we are now looking at an attraction employing only 50-60 people in the region with 150,000 visitors per annum at maximum. This is completely different from the original application which claimed 316,215 visitors per annum and 106 FTE jobs on site.**

### **3. Conditions:**

We note that in this Supplementary Report, BMA have not varied their conditions for Horkeley Park to become a quality attraction from those in their second report.

#### **3.1 Chinese Garden:**

In their conclusion section 7 BMA require that:

“the investment in the Chinese Garden is forthcoming to the levels indicated and is executed to a high quality.”

We doubt the applicant’s ability to do this and suggest that this should be clearly demonstrated as a prerequisite to any favourable consideration of the application. Since the proposal is an exception to policy the Council should ensure that the proposals are fully described within the application and that their funding is demonstrably secured before they could begin to consider any element of them in a favourable light.

We note that the opening paragraph of the BMA section 3.2 covers the structural issues raised in Mrs Ramsay’s letter of January 25<sup>th</sup> 2013. All of these structures would be in the AONB. No details have been provided and one of the reasons for rejection of 090231 in 2011 was the new building within the AONB. Why should it be allowed this time? Full details must be provided.

In para two, Bunting’s connections with the Far East surely relate to their lily business with Japan and not China? They are very different cultures. What

evidence is there that Colchester as a town has been developing strong links with China? This is the first time we have seen this assertion and it needs to be justified with evidence if it is to be believed. We note that they have now dropped the link between Essex CC and Jiangsu Province now that Essex CC has withdrawn their support.

In their third paragraph we note that funding is not yet in place for this development. The “advanced discussions” quoted to be taking place in China can take months, if not years.

In the last paragraph, no evidence is given for assertion that the Chinese Garden could draw visitors from up to two hours away.

### **3.2 The Constable Experience:**

In their conclusion section 7 BMA require that:

“The Constable Country offer is further developed and defined and includes the exhibition of a number of authentic Constable paintings in the Chantry.”

Surely it is essential that the applicant demonstrates **how** the further development of the ‘offer’ is to be achieved before planning consent can even be contemplated?

In the second para of the BMA section 3.4, the assertion that the existing Constable Country offer is weak, is specious and without foundation. Constable Country speaks for itself without the embellishment of these proposals. The life and times of the artist himself is properly recorded at Flatford Mill Centre and his original paintings are available locally at Christchurch Mansion in Ipswich, Dedham Church and Nayland Church. We would also note that Christchurch Mansion is due to open a new gallery for its Constable paintings in March 2013.

The fifth paragraph of this section reveals the applicant’s true intention which is to capitalize for their own profit on the Constable heritage and offer a Constable experience that ‘is easier to consume’ than the current product on offer...” We are sure that Constable would be turning in his grave if he could read such overt exploitation of his name in the name of mammon. The whole idea of ‘consuming’ Constable is offensive in the extreme.

In para 10 we note that the Bunting family state they are now in discussion with a number of galleries and private collectors with a view to exhibiting (presumably: original) Constable paintings in the Chantry. Previously the indications had been that they already had access to such works. Now we know that they don’t and the authoritative and well-researched letter from Georgina Harding of February 12<sup>th</sup> 2013 makes it clear that they will almost certainly be unsuccessful in their endeavour to source such paintings. A collection of reproductions or paintings without provenance would be of little value.

This further demonstrates the inchoate nature of the proposals some three years after the previous application, of which this is a re-submission, was made. It is clear from the BMA reports that no favourable consideration could be given to this aspect of the application unless and until it has been conclusively demonstrated that the project will proceed in the sense of being able to show original works by John Constable.

### **3.3 Suffolk Punches:**

We note that BMA are not convinced that the Suffolk Punch element would be sufficient to draw significant numbers of visitors from outside the region. They make the point that they cost a lot to keep (feed and veterinary costs) and there are restrictions on how they can be used in terms of proximity between them and visitors due to health and safety reasons.

### **3.4 Link between elements:**

We note that there is no link whatever between the three elements of the Chinese Garden, the Constable experience and Suffolk Punches other than the fact that they would be on the same site. No evidence is given to show why the 'pulling power' of the mix is greater than the individual elements.

### **3.5 Other preconditions:**

These are listed in section 7 of the BMA report. They are:

“That the development will be of high quality:

That the balance of investment between 'content' and infrastructure is managed carefully with the emphasis on elements that add to the visitor experience;

That the promised programme of events is forthcoming.”

The applicant gives no indication as to how he would meet these conditions. They are very subjective and the Council would find it hard to monitor them through an s106 agreement.

In conclusion BMA strongly recommend that the applicant undertakes independent market research among potential consumers in order to fully assess potential. This research should be conducted at a point when the concept is further developed in terms of design and branding, **but before it is too late to change in response to research findings.**

**BMA's comment clearly shows the massive amount of work that remains to be done before this collection of half-formed concepts could seriously be considered as reasonably likely to be a viable regional tourist attraction. The fact that this work still requires to be done demonstrates most clearly that BMA have no confidence in the current application and significant work needs to be done both to define the**

**terms of the proposal and to test its credibility in the market place. Manifestly it is far from a proposal which could be the subject of a grant of planning permission.**

Buntings have had twelve years to do this work and BMA have pointed out that they have singularly failed to do it.

#### **4. Conclusion:**

Our conclusions are:

- The fifth BMA report has been compromised in terms of its independence by the collusion with the applicant and the Council.
- The Planning Officers have not been acting in the interest of the Colchester Borough electorate.
- BMA have **not** withdrawn their earlier conclusion that Horkesley Park would make a loss before interest and tax of £1.8m per annum based on the applicant's visitor numbers and revenue projections.
- BMA stick by their projection of 150,000 as being the absolute maximum number of visitors per annum compared with 316,250 forecast by the applicant.
- BMA say that Horkesley Park could be viable at the operating level at 150,000 visitors, subject to the criteria they lay down. We do not have sight of the figures used in this prediction. They do however take no account of depreciation, interest and tax. These must be considered and the business, even at 150,000 visitors, is almost certainly unviable.
- We note that BMA are now predicting 50-60 employees in the **region**. This is vastly reduced from the 106.4 FTE jobs **on site** predicted in the application.
- The Chinese Garden requires new build within the AONB. No details for this have been given and no permission sought.
- The funding for the Chinese Garden has only just been put into the subsidies plan at £1.5 to £2.0m at the eleventh hour and is not yet in place.
- The report states that there is an opportunity to "capitalize" on the Constable heritage. This is an extremely offensive concept.
- We note that the applicants still do not yet have access to genuine Constables. Our research shows that this is very unlikely to be achieved. We agree with BMA that without them demonstrably in place this part of the proposal would fail.
- No evidence is given to show that the combined 'draw' of the Chinese Garden, the Constable Experience and the Suffolk Punches is any greater than the individual elements.
- The Suffolk Punch is not a great 'draw'.
- No indication is given as to how the applicant would meet the other pre-conditions set out by BMA.
- BMA recommend further definition of the project and further **independent** market research. This must be carried out before the application can even be considered.

**What comes out of this report most clearly is that the applicant has tacitly accepted that he will not achieve the visitor numbers forecast or the levels of income originally predicted. We are now talking of an application with a maximum of 150,000 visitors at the absolute maximum generating only 50-60 new jobs in the region and almost certainly operating at a loss after interest and tax.**

**This is a new application and must be the subject of a new submission. 120965 must be rejected before it comes to Committee.**

**Whilst this paper is a response to the 5<sup>th</sup> report from BMA and deals with viability and visitor numbers, the application remains in an unsustainable location and is contrary to national and local policy.**

**W L Pavry**

**Stour Valley Action Group**

**18<sup>th</sup> February 2013**