

BALLATER CARAVAN PARK

Unique Opportunity for the Ballater Community

Status Report by the BRD Steering Group October 2011

Ballater Caravan Park was initially purchased for the Burgh of Ballater. It is currently operated by Aberdeenshire Council. Recently, the opportunity has arisen for the management of the site to return to the local community. This report briefly outlines the background to this, some of the issues involved, what has been achieved to date on behalf of the Ballater community and notes some recommendations of the Steering Group.



Static Caravans at Ballater



Touring Caravans at Ballater

Background

Ballater Caravan Park (**BCP**), currently owned by Aberdeenshire Council (**AC**), is adjacent to the River Dee just south of the town centre. It houses 103 static caravan plots and over 50 touring caravan / tent plots. The park is both a profitable business and indirectly a major contributor to the economy of Ballater. Users of the caravan park are important to local shops, restaurants and even the Golf Club, not to forget the Bowling Club.

The major part of BCP was purchased by the Burgh of Ballater in 1967 but ownership was passed to Kincardine and Deeside District Council who extended the site by purchasing extra land. All the land is subject to feu conditions with Invercauld Estate as superior. Ownership later passed to AC. Return of BCP to the community of Ballater would complete the loop.

BCP is just one of eleven sites operated by AC. The sites vary in size, facilities offered, profitability and in the way they can be operated. Several are loss making and in the autumn of 2007 AC invited offers to manage the sites. Ballater (RD) Ltd (**BRD**), recognizing the importance of this opportunity, and being properly constituted to develop it, expressed interest in running BCP for the local community. Subsequently, a steering group was set up and started negotiations with AC.

Despite continual pressure from BRD and support from local councillors, progress in the negotiations with AC over the three-year period up to March 2011 was minimal. BCP was seen as an important site to AC and its loss would undermine the viability of the other sites. Although it was difficult to assess the profitability of BCP, the Steering Group judged that given a suitable agreement the site could be managed for the benefit of the local community.

In March 2011, principally due to financial cutbacks, AC announced a major change in policy. Running caravan parks would no longer be one of its roles. It would invite others to operate these sites and preference would be given to community groups who sought to run their local parks. It was intended that the new operators would take over by 31 March 2012 at the latest and that leases would be signed by October 2011. Several community groups are currently negotiating with AC about the management of their local caravan parks.

Recent developments have markedly improved the prospective value of BCP to the local community. These developments include:

- A The completion of a major water/sewerage improvements to the static caravans area leading to increased revenue.
- B Increased usage of the touring caravan/ camping area.
- C Substantially increased charges for all users
- D AC is no longer seeking open market rental from a community group if surpluses go back into the business or into the community.

These developments have increased income and reduced expenditure with the potential of greater financial gain for the community.

Community Asset Transfer and Community Grants

For many years Local Authorities have been accumulating assets and powers as local structures have become weaker. Community groups have been supported by a system of grants. However, this process has become increasingly unwieldy and in recent years there has been a trend back towards local control and responsibility. Communities are increasingly expected to solve local problems by setting up viable businesses. This process has been guided by the Developments Trusts Association and its success is one of the justifications used for the Government's 'Big Society' concept. There have been some great successes. Several deprived areas have developed very substantial businesses which now provide money, jobs and hope to the community. In some rural locations, desperately needed shops and facilities have been saved by being run as local cooperatives. Often the benefits arise because the local input makes a project eligible for grants not otherwise available.

Grants for community exercises will probably become more difficult to obtain unless there is evidence of local community enterprise. Ballater is well endowed with groups working for the benefit of the community including Ballater (RD) Ltd, Ballater Business Association, Charitable Chiels, YES group, Ballater Enhancement Group, Ballater Historic Forestry Project, Victoria and Albert Halls Development Association, Deeside Donside Development Project, the Ballater One Voice Our Future (BOVOF) Partnerships, Ballater Victoria Week and Ballater Highland Games amongst others. The existence of such groups gives grounds for optimism.

Recently, AC has been encouraging local groups to adopt assets and has created a Community Assets Transfer policy. Not all assets being offered to the community are seen as valuable but it is hoped that the local communities can manage the assets better than the Council. In amongst the assets are some that are potentially valuable, viable and sustainable and the Steering Group believes that BCP is in this category.

Community Asset Transfer is not restricted to sale of assets and long-term leasing is an option. Indeed AC has expressed a preference for leasing of the caravan parks because it believes that they are important to the economies of local communities and it fears that sale of the parks may lead eventually to their loss. The Steering Group believes that, initially, leasing is the best choice but the option of eventual purchase should be retained.

It is not just the Steering Group which believes in the inherent profitability of BCP as this view is shared by commercial caravan park operators, both local and national. AC policy is to withdraw from operating caravan parks but to give priority to community groups in the choice of future operator. AC believes that a community group, preferably BRD, should take on the running of BCP for the benefit of the community as a whole. Should no local community group wish to take on the running of BCP then AC will invite the commercial operators to bid – at market rates.

The Steering Group therefore believes that the opportunity to take on the management of BCP will occur just once and there will be little time for a decision.

Now that, at last, this project is moving forward rapidly, there is an urgent need to inform the community of the opportunity and its potential benefits, to identify and gain the support of interested parties and to set up a suitable operating entity – an operating company.

The Operating Company : Steering Group recommendations and comments

Structure

In light of the decision and preference expressed by AC, and noting that BRD is both a community company and a registered charity, the Steering Group believes that BCP should be operated by

A wholly-owned subsidiary company with BRD as sole shareholder. The suggested name for the subsidiary company is Ballater Community Enterprises Ltd or, simply, BCE Ltd.

BCE Ltd would have its own separate board of directors drawn broadly from the community and its principal purpose would be to operate a profitable business in line with objectives set by the Board of BRD.

The Steering Group believes that the proposed structure allows suitable separation of the business activities of BCE Ltd and the charitable activities of BRD. It is intended for the share capital of BCE Ltd to be one share of £100 value. This creates a fixed liability on BRD and directors, essentially acting to protect them should BCE Ltd fail. It is understood that BCE Ltd will not be liable to Corporation Tax provided that all income is in the first instance applied solely to the costs of operating the BCP, with any surplus being remitted to BRD towards its charitable objectives.

Method of Operation.

BCP does not own caravans or tents but does offer for rental plots for use by caravan or tent owners. In practice, BCP comprises two components:

A Static Caravans site

B Tourer Caravans (and Camping) site

The two components combine well but differ in many ways: some of the differences are noted below:

A. Static Caravans

Caravan plots rented for whole summer period
Caravan can remain on site in winter storage
Single advance annual payment
Caravan pitches are connected to main water/sewerage system
Caravans are mainly used as weekend and holiday homes
Caravan owners are represented by owners' association

B. Tourer Caravans/ Camping

Plots are rented for short periods
Caravans and tents are removed from site
Payment on booking or on arrival
Occupants use central washing and toilet facilities
Occupancy is not greatly affected by day of week
No representative body

Clearly, the tourer caravan/ camping component requires close supervision of a warden to book in arrivals and supervise regular changes in occupancy. There is less need for a warden for the static caravans. It should be possible to operate one component when the other is closed – e.g. during the Christmas / New Year holidays.

The Steering Group has considered various options for running the company including whether to manage the business directly or indirectly with the aid of a commercial partner. **It believes the best choice is direct management of both components.** One strong reason for this is that the Steering Group understands that AC would not view favourably sub-leasing to a commercial company and would probably demand a higher rent in such circumstances.

The board of directors of the BCE Ltd will provide guidance and expertise to the site management. It will not be involved with the day-to-day operation. It will report to and be guided by the Board of BRD.



Direct management.

Wardens will supervise the day-to-day operation of the caravan park. A manager will be required to provide administration and guidance on business strategy. The manager will supervise accounts, advertising, insurance, maintenance contracts etc. It is envisaged that initially the wardens will continue to be employed on a seasonal basis. ***It is likely that the manager will be required throughout the year but probably on a part-time basis.***

Currently maintenance work is carried out through contracts (mostly with other AC departments). It is likely that in the early years such work will continue to be contracted out but there would be a case for a switch to directly employing maintenance staff.

Involvement of the community

AC will be dealing directly with BCE Ltd (not with BRD) and will require that it is operating on behalf of and for the benefit of the community. BRD will ensure that this is so. The value of BCP to the economy of Ballater will be recognized when making decisions. Some or all of the operating surplus will be re-invested so as to improve site facilities. The rest will be fed back to the parent charity (BRD) to be used for benefit of the community in compliance with its Memorandum and Articles of Association.

Successful operation of BCP will benefit *inter alia* shops, restaurants and the golf club. Its operation must be in line with local tourism aims. It is therefore desirable that BRD is seen to work closely with the Ballater Business Association (BBA) as a representative of local businesses. BBA should be viewed as a community 'stakeholder'.

Management of BCP is a long-term project which is intended to run long beyond the average period of office of directors of BRD and BCE Ltd. Processes to be adopted need to satisfy this long-term aim i.e. the business must be sustainable. Sustainability can be achieved only if BCE Ltd has a robust succession policy and continues to recruit quality directors when required. The process must not be allowed to ossify as can happen with traditional community trusts. Young members of the Ballater community with suitable experience should be encouraged to join the board.

The owners of the static caravans using BCP form a community which interacts with the local community. They can also be seen as 'stakeholders'. A mechanism will be in place to liaise with owners to ensure relevant customer service is provided and to gain their assistance and cooperation in the quest to establish a park of high quality.



The Victoria and Albert Halls would likely benefit from caravan park surpluses

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