

Development of Catering and User Facilities at Carron Valley

Introduction

Forestry Commission Scotland (FCS) was created on 1 April 2003 as a result of the Forestry Devolution Review. It serves as the forestry department of the Scottish Executive, advising on and implementing forestry policy and managing the national forest estate. The mission of FCS is

“to protect and expand Scotland’s forests and woodlands and increase their value to society and the environment.”

The current strategy of the Forestry Commission Scotland is outlined below:

- to maximise the value to the Scottish economy of the wood resource available over the next 20 years;
- to create a diverse forest resource of high quality that will contribute to the economic needs of Scotland throughout the 21st century and beyond;
- to ensure that Scotland's trees, woods and forests make a positive contribution to the environment;
- to create opportunities for more people to enjoy trees, woods and forests in Scotland; and
- to help communities benefit from woods and forests.

The contribution which forests make to society in terms of learning, enjoyment and recreation are integral to the future development of the Forestry Commission. The Forestry Commission is dedicated to providing maximum access where possible to ensure that safe and responsible use is made of the nation's forest stock. It is within this context that access to the Carron Valley has recently been developed.

The Carron Valley

The Carron Valley is located adjacent to the B818 which links Craigton to Denny in the central belt of Scotland. The Valley is a popular destination for outdoor activities including hill walking, fishing and mountain biking. In 2005, mountain bike trails were created to the east of the Valley by the Carron Valley Development Group, a group of enthusiastic mountain bikers keen to provide additional mountain bike trails in the forest. The CVDG is an active partner in the Carron Valley Partnership which includes CVDG, Forestry Commission Scotland, local authorities and community representatives.

Forestry Commission Scotland is committed to working with partners to achieve shared goals. In this instance the FCS has supported CVDG in providing new access to Forestry Commission land for the purposes of recreation and mountain biking. The trails are currently in their second year and have reported considerable success thus far. CVDG and the Carron Valley Partnership are

interested in building on the success of the creation of the mountain bike trails to consider the feasibility of developing the facilities and services available at the site, including creating a catering facility at Carron Valley to be leased to a business to service the mountain biking and associated outdoor activity markets. This document outlines the expected outcomes of a feasibility study to consider the viability and sustainability of providing catering facilities on-site.

There are several destinations in Scotland which demonstrate the core concept which this project aims to learn from and apply to the potential at Carron Valley. One such project is the development of Wolfrax at Laggan. The Laggan project includes mountain bike trails, 2 log cabins including a café, male and female toilets, shower facilities and bike storage. The Forest District staff expects approximately 20 – 25,000 visits this year. The tenant of the café and bike shop pays an annual lease of £10,000. The Laggan project reported the following outputs to May 2005:

3 LOG CABINS
UPLIFT BIKE
SALES AND REPAIR
JOHN DICKINSON

- Full time employment for two adults running café/bike hires business, which relocated to the area.
- Part time local seasonal employment for two youths at café/bike hires business.
- Part time local employment during path construction phase for at least 6 individuals.
- Full time employment during construction phase for local consultant. This business was in its infancy and Wolfrax was the consultants' first delivered mountain bike project.
- Supporting local employment opportunities by attracting visitors to the area who would not otherwise visit.

PM.

The Project

The Forestry Commission wishes to appoint business planning consultants to undertake research to assess the feasibility of offering a facility from which a catering franchise could operate to service mountain biking, walkers, horse riders and other outdoor activity users in the Carron Valley.

The outputs of the study would be:

- Strategic review of the forest and surrounding area — LIKE TRL - MOUNTAIN!
- Comparator analysis of experience and lessons learnt from similar sites elsewhere in the UK
- Market analysis of the needs and preferences of potential users / customers
- Consideration of facilities already there, and agreed future additions — MORE MTB TRAILS
- Liaison with selected stakeholders
- Identification of the type of businesses appropriate in the context
- Type of lease agreement which would be most effective
- What FCS would provide, what business would provide
- Identification of potential businesses
- Gauge interest
- suggest content of brochure & how to market
- Pilot testing of the concept with an appropriate business

- Produce report

The following sections consider the activities which will be undertaken by the selected consultants in order to deliver the project.

Strategic Review of the Forest and Surrounding Area

The success of the catering operation to be delivered as a result of this project will be dependent on getting the product right for the current and expected market. A review of current facilities, services and activities within the Carron Valley area is required to inform the market appraisal for the catering operation. The review would consider physical infrastructure, attractions and facilities to consider the likely level of use of the café. Furthermore, consideration of the impact of other agreed development projects is required to assess the wider development of the Valley. In particular, the planned development of a replica mediaeval fort by the Clanranald Trust as a visitor attraction and educational resource could substantially affect the operating viability of the proposed café. An assessment of these additional proposals is required to consider visitor numbers and likely impact on the operation of the cafe.

Competitor and Comparator Review

Competitor and comparator reviews are critical elements of a market appraisal for any new business function. Whilst recognising the limited competition facing the project in the immediate vicinity of the Carron Valley, the competitor review will consider the product offer from local businesses, their location, development plans (if any) and any other issue which may affect the development proposal. More interesting will be the comparator review of other mountain bike / out door sports locations which have developed catering / refreshment facilities. A series of case studies would be undertaken to consider as a minimum:

- Process of development
- User numbers of the sport / activity which the café was created to serve
- Product offer at the café
- Business performance
- Future plans

The comparator review should not be restricted to mountain bike facilities. It is likely that development concepts could be applied from other locations at which development of catering and other functions have been undertaken.

User Survey

The pilot testing of a catering franchise will allow FCS to test the types of refreshment which would be most appealing to the target markets. In addition to the pilot testing of the catering franchise, an on-site survey should be undertaken to complement the surveys undertaken by the Forestry Commission. The surveys would be undertaken to assess the extent to which the forest is used by

WHICH ONES ARE DONE THEN?

repeat 'customers', support for the development of the permanent catering facility, range of product which should be offered from the café and other issues associated with the proposed development. One key issue to be addressed is the requirements of different users of the forest in terms of catering and other facilities.

The user survey would be used to inform the market analysis of current and expected users by identifying demographic characteristics, preferences and support for the development proposal.

Consultation with Stakeholders

It is anticipated that consultation will be required with the following organisations and stakeholders:

- Carron Valley Partnership
- Carron Valley Development Group
- Mountain bike trail users
- Other users of the Carron Valley
- Local businesses
- Forestry Commission Scotland
- Operators of other similar café / catering facilities
- Others as appropriate

Wide ranging consultation will be required to ensure that all issues are addressed as part of the feasibility assessment.

Type of Business in the Context

Type of business can refer to a number of opportunities and it is vital that all are considered and the most appropriate selected within the context of the development proposal. The type of business may relate to the following:

- Product offered
- Size and scale
- Legal structure e.g. social economy or established commercial business

The study should consider the merits of different types of businesses and provide a series of recommendations regarding the preferred type of business. Research undertaken will provide evidence of the likely level of demand from both the public for goods and services and from businesses wishing to take a lease at Carron Valley. This section will effectively inform the scale of future development, i.e. whether the most effective solution would be leasing a pitch of land for a mobile catering outlet or building a space to lease to a catering franchise.

Type of Lease Agreement

FCS may provide a facility for lease to an appropriate business. This study should consider all traditional lease arrangements and where required special conditions of lease to safeguard the Commission and other partners. The consultants will be required to identify the most effective lease agreement which will be attractive to potential businesses and will offer stability and security for the Commission.

FCS Provision and Tenant Provision

In developing the capital aspect of the project and the on-going servicing and maintenance of the franchise function, the feasibility study must consider what FCS will provide and what the franchisee would provide. This is relatively simple if the product offer were to be a pitch for a catering van. If however, the market would support a café building, consideration would be given to whether the café would be fitted out by the FCS or the tenant and other such issues. The study team should advise on the most appropriate arrangement given the likely delivery of catering function.

Assess Market Interest

The preceding research will have assisted in the development of a concept for the provision of catering facilities at Carron Valley based on market evidence and research. It is important that a concept is developed prior to testing the market to ensure that the most effective means of delivery has been established. Interest in the proposed concept would be assessed through consultation with identified operators and agents.

Marketing Plan

An important element of the feasibility study will be consideration of the process through which the Carron Valley will be marketed in the future. Clearly there will be a number of constituent elements which must be co-ordinated to maximise the investment from each partner and to minimise duplication. The feasibility study will consider who should market what and those elements which should be marketed in partnership. For instance, Wolftrax mountain biking at Laggan is marketed on its own website and there is a link to basecamp mtb – the provider of catering facilities at Laggan. The marketing plan should identify costs and media to be used to promote the facilities at Carron Valley.

Pilot Testing

The Forestry Commission wishes to ensure that the feasibility study is as robust as possible. To inform the development of catering provision, a pilot project will be delivered to test actual usage and the financial viability of operating a catering franchise at Carron Valley. A catering operator would be identified by the consultants who would operate on the site of the proposed catering facility for one year. As there are no built facilities from which a café could be operated, a catering facility would be sourced by the consultants in partnership with the Forestry Commission which

would provide a range of catering options of sufficient quality to service the current and future market. The successful caterer would be chosen via a competitive process. An advertisement would be distributed throughout the local area to identify a new or expanding business which would be willing to operate from the Carron Valley site. An assessment framework would be established to identify the most appropriate operator with negotiations being held between the operators, FCS, Carron Valley Partnership members and the appointed consultants. It is intended that the study team and FCS would have access to the sales information of the catering operator to allow an assessment of the viability of the facility. It is understood that this may be difficult to secure and as such the following options have been considered to secure the services of a catering franchise:

1. Charge for the pitch with proceeds representing a partnership funding contribution to the project from FCS
2. Offer the pitch free of charge in return for access to information about trading performance
3. If demand is insufficient to secure a catering provider, consideration would be given to offering a financial incentive to the catering operator to ensure that the pitch is taken

The options are presented in order of preference. Ideally, the pitch will be attractive to a new or expanding business and as such it would be reasonable to charge for the lease, thereby generating a revenue stream to contribute to the cost of the feasibility study. If this is not possible, additional options would be to offer the pitch free of charge, offer a financial inducement or it could be set to a minimum requirement in the contract with the selected business.

In order to be of greatest use to the outcome of the study, the catering franchise should be open to the public as much as possible. Assuming that a pro-active catering operator was sourced, it is reasonable to assume that the facility would be open as the market required. However if this were not the case, and the operator decided to open on a limited basis, to the detriment of the study, action would be required to ensure that the facility was open for a sufficient period of time so as to generate enough data to allow an assessment of viability. This may require that the study budget subsidises the operation of the franchise to enable the team to ensure that it is open for an appropriate length of time. A prudent approach for the purposes of providing an estimate for the cost of the study is to assume that a financial inducement would be required. This element of cost has been included as a contingency budget heading.

The pilot project would provide a measure of viability and would allow further research to consider how viability could be improved through for instance changes to the menu etc.

Study Budget

FCS has been advised that the cost of completing a feasibility study to the required level of detail would be circa £20,000 which includes a contingency allowance of £5,000 to support the development and implementation of the pilot project. The consultants' fee would therefore be approximately £15,000. Assuming an average daily rate of £400 per day and a 10% expenses allowance the following would be anticipated:

- 29 days at £400 per day
- Expenses allowance - £1,160
- VAT at 17.5% is £2,233

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