



BUSINESS PLAN

PROVISION OF GLAMPING ACCOMMODATION AT WILLOW GRANGE FARM

Table of Contents

MARKET ASSESSMENT: PROVISION OF GLAMPING ACCOMMODATION AT WILLOW GRANGE FARM . 4

Summary..... 9

Forecast & Financial analysis..... 8

Farm Diversification..... 9

1.0 Introduction

1.1 This Business Plan has been prepared in conjunction with the Applicant, Mrs Fiona Dunne, of Willow Grange Farm, Ely Road, Chittering, Cambridge, CB25 9PL

1.2 Historically, Willow Grange Farm has been a mixture of livestock, including a pig enterprise and arable. For the past 30 years the arable land has been farmed by contract farmers. The applicant has a passion for sustainable farming and has brought the farm back into livestock farming, specifically, rare breed Traditional Hereford cows. The applicant has previously diversified with a country clothing store and a fishing tackle and bait shop. The farm remains an agricultural enterprise which remains subject to volatile incomes. Willow Grange Farm, like many rural enterprises, are compelled to diversify their income streams to remain as a viable rural business enterprise. Indeed, due to the pressures faced by rural businesses, farm diversification has been actively encouraged in policy to ensure the continuation of rural businesses by strengthening their portfolio. This, in turn, supports the local rural economy by providing employment and facilities to the local community.

1.3 In order to enhance the rural business income, a small parcel of land, previously used for grazing the applicants family horses, has been identified as a suitable parcel to diversify into a an area for siting 3.no Shepherds huts for glamping accommodation. This proposed enterprise is seen to enhance the rural business as a whole by developing an additional income stream.

2.0 The Farm Business

2.1 The Land at Willow Grange Farm, has principally operated as part of an agricultural unit. However, the applicant has found that there is an increasing pressing need to strengthen the rural business by diversifying the portfolio. The Applicant has therefore sought to create additional income streams to diversify this rural business further in order to create a resilient, dynamic rural business.

2.2 The Land at Willow Grange Farm is used for grazing cattle which are used to produce beef, with the land sown with grass, which is periodically cut for hay. These diversified enterprises add to the portfolio of income streams for the holding. However, they are not currently sufficient to ensure the long-term viability.

2.3 The Applicant is looking to continue the sustainable growth of this rural business through this proposal to enable the continuation of the rural business, along with the subsequent employment and leisure services provided to the local community.

3.0 Need for Diversification

3.1 Given the agricultural focus of the Willow Grange Farm, annual income can be significantly volatile. There is significant uncertainty felt by farming businesses due to the loss of the Basic Payment Scheme (BPS) which was an agricultural subsidy payment, phased out as part of Brexit. BPS payments often make up a large proportion of a family business' income. Further, it is becoming more common for extreme weather conditions affecting land-based businesses, affecting commodity prices and input prices for such businesses. It has therefore become increasingly important for rural businesses to seek further diversification to protect their financial security.

3.2 It has been identified that, by diversifying a small parcel of land currently contained within the agricultural business, amounting to roughly 3,895m², into a glamping location siting 3.no Shepherds Huts, the Applicant will be providing a much-demanded facility, whilst having little to no impact on the current business operations. The market demand for glamping is explored in Section 5 of this Business Plan, combined with reasonable financial projections, showing a feasible return for this holding.

3.4 As detailed in the financials, which sets out the financial forecasting of this proposal, it is expected that, by year four, a profitable income will be achieved, amounting to approximately £19,002.00. This is expected to increase to £ £33,515.00 by year five. Further, the forecast clearly shows that this Business Plan will result in a profitable income stream, allowing the applicant to employ multiple people as part-time staff, as well as providing maintenance work for local tradesman and suppliers. Such employment will act as a multiplier within the local community.

3.5 The figures have been calculated in consideration of other local market competitors. The particular locality between Ely and Cambridge has also been considered in regards to the associated increase in the expected demand for this service.

4.0 The Proposal

4.1 The proposal is for the change of use of Land Willow Grange Farm to provide a glamping site with 3.no Shepherds Huts.

4.2 The land subject to this proposal is currently laid to grass. The specific area subject of this proposal amounts to 3,895m². There will be no permanent buildings as a result of the proposal, an area of the farmyard will be allocated to allow the parking of six cars for those specifically for glampers and employees.

4.3 The proposed site provides the optimum and most viable location for the business, being located just outside the settlement boundary of Chittering, whilst being a short distance from the settlement of Stretham and Waterbeach. Waterbeach has a substantial population, and the prosed site has good highways access. The site is also accessible via footpath and local bus services and commutable to Ely and Waterbeach Train station as well as the proposed new Park and Ridge at Waterbeach. It is therefore envisaged that the site location within this proposal will lead to a good level of demand, with this facility being used by tourists visiting both Cambridge and Ely, as well as those in the surrounding local areas.

4.4 The proposed change of use of the land will enable the sustainable growth of a rural business. This proposal allows the wider area to benefit from an additional income stream, which will not be affected by adverse weather (i.e., drought), the withdrawal of agricultural subsidy income opportunities, high input costs, or other uncontrollable factors which affect the income levels achieved by the agricultural business operated by Willow Grange Farm. This additional diversified income will strengthen the rural business as a whole, and, during unpredictable years for other parts of the business. This, in turn, will assist Willow Grange Farm to continue to provide a similar employment level and facilities to the local community, whilst also providing the family run business with an opportunity to grow.

4.5 The forecast shows that this proposal is profitable in the medium-term. Appendix 1 also evidences how this proposal will contribute local rural employment from the very beginning of this proposal and will continue throughout the lifespan of the business. The applicant expects the glamping units to provide 1.5 Full Time Equivalent (FTE) labor, which will allow existing staff to take on additional hours.

5.0 Market Demand and Local Community Need

MARKET ASSESSMENT: PROVISION OF GLAMPING ACCOMMODATION AT WILLOW GRANGE FARM

Overview

An enterprise that we consider may be appropriate on the farmland during the summer months is glamorous camping ('glamping'), a high-quality camping is becoming increasingly popular across the UK and offers great potential as an additional income stream for the Farm. Figures released in April 2017 by Visit England show that the UK tourism sector is significantly expanding, with visits up by 11% compared with April 2016 and an increase in spend of 14%.

This industry certainly provides opportunity in the current markets.

In terms of investment, we are aware of, and have extensively researched, a number of companies who provide both the tents/other forms of accommodation and marketing/booking services, meaning that outside operators could also share some of the investment and responsibility. The Farm would be required to provide just the land itself and a small range of facilities such as management of the huts, receiving and checking out guests and providing bed linen. Even this element could be contracted out, which has been implemented for competitors elsewhere. This would allow the Farm to initially 'sample' this enterprise, limiting risk and reducing the time required to operate the glamping site.

Glamping units may be attractive to, people visiting tourist attractions in the area, and people who live locally wanting to experience a countryside retreat, so there is a large pool of people to draw from.

A key matter to consider is competition in the surrounding area. Research reveals a limited number of other sites offering glamping within a reasonable distance of the Farm. Most accommodation is in the form of permanent residential accommodation (e.g. hotels, private rentals and B&Bs).

Holidaying Habits

There is an increasing trend for short stays, 'staycations' in the UK as a result of a weak pound compared with the euro, national press/publicity for holidays in the UK, increased prices for flights and a trend in young generations for short breaks favored over long international beach holidays.

The average number of holidays per person has grown reaching 3.8 per person, an increase of 0.4 on 2016. 30% of holiday makers holiday in the UK only, with 42% holidaying in the UK and abroad. 72% of the people surveyed by the Association of British Travel Agents (ABTA) took a UK break in 2017. People aged 35 to 44 are most likely to holiday in the UK and average 2.5 domestic trips per person.

Over 65s are the age group most likely to holiday abroad. 50% of people holiday only with their partner and 40% with their immediate family.

BRITONS TAKING A HOLIDAY 2013-2017



TABLE 1 Britons taking a holiday 2013-17

Countryside breaks feature 3rd in the top ten types of holidays with 25%, with the most popular holiday type being CityBreaks, followed by beach holidays.

With the £ continuing to be weak by comparison to other currencies, the UK looks set to be the most popular destination overall for holidays in 2018 with 66% of people surveyed are planning a UK break at some point.

A recent survey by Barclays Bank has found that 37% of people planning a domestic holiday were planning a rural break and 51% of people will take a short break in addition to a main international holiday. When asked 82% of respondents said escapism/ distraction was an important motivator for UK holiday.

This supports proposals for glamping on the Farm. Published research suggests that the short stays are growing in popularity, and there is an increasing demand for domestic holidays.

Local Market

We have undertaken a search using Canopy and Stars (the UKs largest glamping marketing platform) and have identified that there are just two accommodation options in Cambridgeshire, each being single units to sleep 2 persons. This accommodation is priced at £155 and £270 per night minimum, increasing in price during the peak holiday season.

There are only 7 glamping options within a 40 mile radius of the site, with prices ranging from £130 to £270 per night minimum. There are a small number of camping and caravanning sites in the county, but these are mostly focused on river and marina locations, so are not considered comparable to Willow Grange Farm.

Our research shows that there is a distinct lack of glamping accommodation within, Cambridgeshire and the surrounding areas. This is a market that should be exploited to benefit the Farm but also the wider rural economy.

Marketing Plan

- Professional photoshoot to provide high quality images for the website & social media
- Professional website with a clear call to action & booking online functionality
- Conveying the Sustainable and eco message of Willow Grange Farm – No plastic onsite, supporting local suppliers, farm to fork, building without concrete, eco suppliers
- Visibility on 3rd party booking platforms such as booking.com, Air BnB, Canopy and Stars, Cool Camping
- Search Engine Optimisation (SEO)
- Digital marketing plan with a heavy focus on Facebook and Instagram with multiple posts per week showcasing the farm, local area, luxurious side of the accommodation.
- A blog to drive traffic to our website
- Media coverage: Times and Telegraph, travel news, high street magazines featuring UK breaks and accommodation/ glamping, stay cation, Where to stay.

Accommodation Options

The list of accommodation types is almost endless, with options to suit all budgets. We have completed a brief review of the accommodation in the local area and found that there is a significant lack of high quality, alternative options. The vast majority of the options are low cost or non-glamping options low quality and would not appeal to the 'New Traditional' identified as key customers.

New traditionalists are likely to be early 20's to late 30's, couples or young families. Most likely to work in the private sector, in professional positions. They actively seek a healthy work-life balance, but are wise spenders, however they have disposable income and will pay for the right experience. They are willing to pay more per night for a short stay if they feel they are getting quality experience.

Our research shows that New Traditionalists will favor high quality accommodation, with integrated facilities - bathrooms and kitchenettes, with a touch of luxury which makes a short stay comfortable, for example hot tubs.

Examples of accommodation that would typically be attractive to New Traditionalists:



Treehouses
Shepherd's Huts
Glamping Pods

Traditional glamping tends to be yurts, wigwams and canvas safari tents, however due to the English climate, we favor accommodation types which can be used all year round and are more permanent in nature. We have therefore focused our financial analysis below on Glamping Pods, Shepherd huts, and Treehouses. All readily available on the market to purchase with minimal construction or installation requirements in most cases.

Operation Options

Depending on the type of holiday accommodation you choose to provide, there are a number of options available for operation. The basic options are:

- To run the business in hand, including
- funding set-up costs. Lease the site to third party for a term and collect a rent.
- Run a Joint Venture Agreement or franchise with an accommodation provider.

The most appropriate method of operation will largely depend on the time you have available, and your desire to be involved. Depending on the scale of the accommodation you provide it can be a full-time job with some part time assistance.

In the case of Willow Grange Farm, we believe we have skill set, knowledge and experience to operate the accommodation in hand. This could provide a full-time employment position.

Financial Information

Payback on these sort of glamping schemes ranges between 5 years and 15 years depending on the scale. If a large amount of the construction work can be completed in house this can reduce the pay back significantly.

Forecast & Financial analysis

Year One	Summer	Winter	Year Two	Summer	Winter	Year Three	Summer	Winter	Year Four	Summer	Winter	Year Five	Summer	Winter
Occupancy	60%	30%		65%	35%		70%	40%		70%	40%		75%	45%
Average Booking Price per night	£160.00	£130.00		£160.00	£130.00		£160.00	£130.00		£160.00	£130.00		£160.00	£130.00
Average Net cost per night	£110.00	£90.00		£110.00	£90.00		£110.00	£90.00		£110.00	£90.00		£110.00	£90.00
Booking Income per week (net)	£462.00	£189.00		£500.50	£220.50		£539.00	£252.00		£539.00	£252.00		£577.50	£283.50
Booking income per season	£12,012.00	£4,914.00		£13,013.00	£5,733.00		£14,014.00	£6,552.00		£14,014.00	£6,552.00		£15,015.00	£7,371.00
Total income x 3		£50,778.00			£56,238.00			£61,698.00			£61,698.00			£67,158.00
Annual operating costs		£10,000			£11,000			£12,100			£13,310			£14,641
Total Income		£40,778			£45,238			£49,598			£48,388			£52,517
Purchase price	£150,000.00													
Ground work costs	£15,000.00													
	£165,000.00	-£124,222.00			-£78,984.00			-£29,386.00			£19,002.00			£33,515.00

Summary

There is a clear gap in the market in Cambridgeshire for high end glamping accommodation, which should be exploited. Willow Grange Farm offers a hugely desirable location for such accommodation to be situated, which will compliment the wider farm and provide a diversified means of income. The Farm is well positioned to provide additional holiday accommodation in the local area.

Farm Diversification

This section of the Plan addresses how the Proposal will support the current farming business.

In line with SCDC Local Plan Policy **E/18: Farm Diversification** we provide the following details to set out how the proposed tourist accommodation will work alongside the existing farming business.

Policy E/18 states:

... “Applications must include a Business Plan, to demonstrate how the proposal will support the continued operation of the agricultural and other land based rural businesses.”

Willow Grange Farm extends to approximately 55 hectares (136 acres) and comprises 24 hectares (60 acres) of permanent pasture and just under 24 hectares (59 acres) of arable land. In modern terms, it is a very small farm and therefore the Applicant has been forced to consider alternative uses to ensure the unit remains viable.

The farm is currently a livestock unit. There is a small herd of pure breed Traditional Hereford cattle that graze the pastureland as well as occasional Gloucester Old Spot pigs that are purchased as weaners, fattened up and used for meat and Welsh Black Mountain sheep. The farm is also home to rare breed poultry which produce eggs to sell to glampers.

Given that the farm is relatively small farm in respect of modern farming practices, the reality of the Basic Payment subsidy payment being removed is a concern. The farm alone will not be self-sufficient through the loss of BPS and other EU funding sources. It is proposed that the loss of EU funding will be somewhat replaced by a UK scheme called ELMS (the Environment and Land Management Scheme) which will have the mantra of ‘public money for ‘public goods’ and funding will be provided for landowners who can demonstrate climate-friendly farming bringing landscape improvements, increased biodiversity, public access to the countryside and high animal welfare. However, the level of payments available under this scheme will be considerable reduced compared to what is currently received through BPS.

The reduction in Basic Payment Scheme (with it being phased out completely in 2027) means profitability of the arable land will be marginal going forward, particularly when cropped with a cereals rather than higher value vegetable crops. Vegetable rotations are typically every 4-5 years.

An increase in the area of grazed pasture would complement an application under ELMs or Countryside Stewardship Scheme, utilising the “Low Input Grassland” options leading to greater biodiversity. In addition, specialist grassland options such as Pollen and Nectar Mixes or Flower Rich Areas could be considered to

enhance pollinators. The working capital requirement of a pasture based farming system would be greatly reduced compared to an arable business, thus reducing financial risk and providing benefits to the environment.

However, the livestock business is most viable where there is a direct sale of meat, rather than having to use a third party seller.