

5 October 2013

# HorseWorld Trust

Registered Charity No. 1121920

## Financial Viability Statement

**Prepared by Savills on behalf of HorseWorld Trust**

Savills (UK) Limited  
Embassy House  
Queens Avenue  
Bristol  
BS8 1SB

# Contents

1.	Introduction .....	2
2.	Section 106 Proposals .....	4
3.	Dealing with Uncertainty .....	6
4.	Conclusion.....	7
5.	Section 106 Heads of Terms .....	13



# 1. Introduction

---

This Statement provides details of the Section 106 proposals by HorseWorld relating to the new Visitor Centre and enabling residential development at Whitchurch.

Two planning applications have been submitted on land within HorseWorld's ownership. For the purposes of this Statement, these are referred to as the east and the west land parcels. The planning application on the east land parcel comprises a new Visitor Centre and associated infrastructure and parking provision. The application proposals on the west land parcel are for enabling residential development of up to 125 dwellings. The application is submitted in hybrid form, with outline for the majority of the site and details provided of the curtilage listed buildings adjacent to Staunton Manor Farmhouse.

Full details of the development proposals are contained within the Planning Statement and Design and Access Statement submitted in support of the planning applications.

The Planning Statement also provides details of the background and context for the application proposals. Due to a substantial decline in legacy donations and the broader effects of the economic recession HorseWorld's income is no longer sufficient to cover expenditure. The current situation is not sustainable and unless dramatic action is taken to address the balance sheet, HorseWorld will be forced to significantly scale back or close.

HorseWorld has developed a full Business Plan for the proposed new Visitor Centre, summary details of which are provided in the Planning Statement. The Business Plan is an important component of the 'very special circumstances' case and a full copy of the Plan has been submitted in confidence to the Council.

The Planning Statement explains the assessment of alternative options and concludes that the only realistic and achievable means of putting the Charity on a sustainable long term footing is to develop a new Visitor Centre and to redevelop the existing Centre for 'enabling' residential development.

The new Visitor Centre has been designed to incorporate only those buildings considered essential to deliver a quality visitor centre experience, which will generate the necessary income to ensure the Charity can cover its costs. The relocation of the Visitor Centre and its co-location with the rehabilitation work of the Charity will also substantially increase the potential for legacy and other charitable donations, as visitors will have a far clearer appreciation of the good work that HorseWorld do in support of animal welfare.

In addition to the core work in the rehabilitation and re-homing of horses, HorseWorld delivers a number of additional community benefits. Full details are provided in the 'Very Special Circumstances' section of the Planning Statement.

In order to secure the long term future of HorseWorld it is therefore necessary to ensure that the 'enabling' residential development generates sufficient value to meet the capital costs of delivering the new Visitor Centre.

A high level iterative financial appraisal has taken place as the application proposals have evolved. This has been based upon a development appraisal of the potential capital receipt from the sale of the existing Visitor Centre site for housing and cost consultant input on the construction costs for the new Visitor Centre. Details of both the projected capital receipt and construction cost estimates are provided within the Financial Viability Report previous submitted in confidence to the Council.

At this stage there is an inherent uncertainty in the development process and, whilst reasonable and justified assumptions have been made to assess the potential capital receipt, the actual income will not be certain until the land sale has transacted and the construction of the new Visitor Centre has been completed. The mechanism proposed in the third section of this Statement addresses the issue of uncertainty. The proposed mechanism will ensure that:

- (i) HorseWorld are able to achieve their primary objective of delivering the new Visitor Centre and deliver the associated community benefits; and
- (ii) the Council secure the maximum proportion of affordable housing which can be afforded by the development.

## 2. Section 106 Proposals

The Table below summaries the proposed Section 106 financial contributions provided by the various Officers within B&NES Council. The Table also includes our commentary on these components. These contributions all relate to the residential ‘enabling’ development.

Section 106 Component	Contribution	Comments
Open Space	£20,000	The financial contribution has been negotiated taking account of the scale of the development, the on-site provision of open space, wider enhancements to open space as part of the new Visitor Centre and the proximity of considerable children’s play equipment on the new Visitor Centre site. In addition to the financial contribution, all future residents of the housing would be issued with the a 10 year family membership for HorseWorld.
Allotment Provision	£26,516.25	There is potential for the necessary allotment provision to be provided on site. It is therefore proposed that the Section 106 allows for either the payment of the financial contribution or on-site provision.
Early Years	£351,638	This is the total contribution sought by B&NES Education Officer.
Primary Education	£503,456.27	This is the total contribution sought by B&NES Education Officer.
Youth	£16,675	This is the total contribution sought by B&NES Education Officer.
Public Transport	£90,000	The Public Transport office is satisfied that the existing services on weekdays are already appropriate and do not need improving. He has however suggested improvements to the existing 376 bus service between Wells and Bristol City Centre such that it will operate to a 30 minute frequency on Sundays and Bank Holidays rather than the current 60 minute frequency. The cost of this will be £18k per annum over a 5 year period, i.e. a total of £90k.
<b>Total</b>	<b>£1,008,285.52</b>	

Based on the commentary in the Table above, we consider an appropriate and reasonable Section 106 package would comprise total financial contributions of £1,008,285.52.

In order to balance the capital receipt from the sale of the existing Visitor Centre for 'enabling' residential development and the construction of the new Visitor Centre requires a reduction in the affordable housing proportion to 10%. The viability information and justification for this has been provided in a separate confidential Report.

### 3. Dealing with Uncertainty

---

There is an inherent uncertainty at this stage in the development process surrounding the capital receipt from the sale of the existing Visitor Centre for residential development. In order to ensure that HorseWorld can achieve its desired objectives (and the substantial community benefits derived from the delivery of a new Visitor Centre) but that, at the same time, the Council secure the delivery of affordable housing, a 'claw back' mechanism is proposed in the Section 106 agreement for the new Visitor Centre.

The mechanism, which it is proposed will be captured in the Section 106 agreement, is as follows:

- Developers will be asked to bid for the site on the basis of there being on-site provision of 10% affordable housing (mix and tenure split to be agreed);
- Once both the existing Visitor Centre site has been sold and the new Visitor Centre has been fully completed, there will be a financial reconciliation;
- The reconciliation will compare the capital cost of the new Visitor Centre (A) and the capital receipt from the sale of the residential site (B). If (B) exceeds (A) then 100% of the difference up to the 'maximum figure' will be paid to the Council to provide affordable housing off-site;
- The 'maximum figure' will be set at the cost of delivering 25% affordable housing off-site, i.e. the difference between the on-site provision of 10% affordable housing and the adopted policy requirement of 35%;
- If the difference between (B) and (A) exceeds the 'maximum figure' then any remaining surplus will be retained by HorseWorld and used to fund the operations of the charity.

## 4. Conclusion

---

This Statement sits alongside the confidential Viability Report and Business Plan submitted to the Council in support of the 'open book' Section 106 negotiations. The viability evidence demonstrates that in order for the residential development to cross-subsidise the new Visitor Centre there would need to be a reduced provision of affordable housing below the current policy position.

Whilst the Affordable Housing provision is therefore lower than the Council starting point, this is necessary in order to achieve the substantial community benefits that would be secured from the proposed development. It is important that the Development Control Committee members are fully aware of these benefits in order that these can be weighed up the benefits against the proposed affordable housing contribution. These benefits are explained in full in the Planning Statement, the relevant extracts are provided below:

**i) Maintaining the important rescue, rehabilitation and re-homing of neglected and abandoned horses**

HorseWorld is an important charity; it undertakes considerable good work in the rescue, rehabilitation and re-homing of horses.

In 2011 HorseWorld saw an increase in the level of welfare assistance cases. These cases varied from telephone advice to members of the public to assisting rescue services. HorseWorld responded to 91 road incursions during 2011, unfortunately a number of these horses were fatally injured. Others were transported to HorseWorld before being returned to their owners. Over the past five years HorseWorld has been directly involved with 187 rescue cases.

HorseWorld offered a greater number of temporary refuge places in 2011 compared to previous years, whereby equines are in HorseWorld's care and deemed wards of the courts whilst owners or keepers are subject to judicial proceedings.

A total of 59 horses were rehabilitated in 2011 at HorseWorld and on average 55 horses per annum are re-homed. Today there is currently 125 horses resident within HorseWorld and over 300 further horses in the care of the Charity who have been re-homed. It is important to HorseWorld that once horses have completed their training they go to homes that are fit for purpose and subsequently monitored to check they are being cared for appropriately.

John Atkinson, an RSPCA inspector states:

*"When people see HorseWorld's rescue, rehab and rehoming work close up, they are often deeply moved. The proposed new centre would allow visitors to get much, much closer to what this excellent charity does. In turn this would play an*



*important role in educating people about responsible animal ownership, which we would expect to then lead to a reduction in neglect and mistreatment.”*

## **ii) Helping young people through the Discovery Programme**

Since September 2010 HorseWorld has attracted 361 local children and teenagers, many from chaotic and dysfunctional backgrounds or with a history of abuse, disengagement or educational special needs, to participate in Discovery programme. Schools and colleges, together with social services and youth project teams refer young people to Discovery with the objective of improving behaviour within the formal education setting.

Using the horse as a tool for the promotion of emotional growth and learning, young people with restricted development are given an opportunity to experience the benefits of the equine facilitated learning concept within Discovery which promotes enhanced concentration, communication and confidence.

Working in a quiet rural environment with rescued horses, small groups of young people demonstrating behaviour within the autistic spectrum as well as dysfunctional and anti-social reactions can explore core areas through non-verbal communication.

As a lead-in to increased self-esteem and positive interaction with each other and their surroundings, Discovery's value as an interpreter for the needs of disengaged youngsters cannot be underestimated. Additional charitable work undertaken by HorseWorld is addressed below but the rescue, rehabilitation and rehoming of horses and the Discovery programme are the primary objectives of the charity.

In 2011 the Discovery's intake of young people had increased sufficiently for HorseWorld to provide on average four courses a week. The busiest period was between August to December with almost 160 young people benefitting from the course during this period. HorseWorld also experienced more schools signing up for the course for 2012. An extension of the programme for 2012 to include children from the traveller community became possible as a result of funding from the Big Lottery Fund and an additional sum from The Baily Thomas Charitable Fund. A total of 361 young people benefit annually from the Discovery course.

## **ii) Assisting in the education of young people, young offenders, people with special needs and recovering drug and alcohol addicts**

In addition to the education of young people, HorseWorld works with the Youth Offending Team. Small groups of young people work at HorseWorld whilst serving community service orders and are closely supervised to ensure their work is completed properly. In 2011 a total of 300 adults serving probationary and community service orders contributed a total of 3,082 hours mainly working within the Equine Welfare and Maintenance Departments.

Over recent years the charity has supported over 350 individuals, providing training, mentoring and leading, wherever possible, to a new career or return to education. Other educational activities include work with disadvantaged children from local schools. This has been extremely successful and resulted in high retention rates. These programmes provide an opportunity for young people who would normally have no access to horses to learn about the care of horses, to work as a team with a range of people, to overcome fear by approaching and learning to handle horses respectfully. They have learnt to follow instruction and become involved in a wide range of activities that would not normally be available to them.

In the current economic climate there is less public money available to support the education of young people and provide opportunities to young offenders, people with special needs and recovering drug and alcohol addicts. HorseWorld provide these benefits to many young people without public subsidy and the Trustees are wholly committed to expanding these opportunities. Unless the long term future of HorseWorld is secured through the development of a new Visitor Centre then the work of the charity in helping vulnerable groups will be lost and is unlikely to be replaced by the local authority or other public sector body due to constraints on finance.

HorseWorld aims to continue its charitable work with the opening of the new Visitor Centre and will continue to look at opportunities to enhance the charitable work going forward with relevant groups

#### **iv) Education of the Emergency Services**

HorseWorld currently works directly with Avon Fire and Rescue, Avon and Somerset and Wiltshire Police Constabularies providing advice and training on horse rescues. In addition to this work, HorseWorld provides physical support at horse rescues and staff at the Charity frequently work with local authorities including highway authorities, the Police and traveller community to address the problem of fly grazing and other problems.

With regard to the education and training of emergency service staff this is done in association with Norton Radstock College with a focus on animal rescue. HorseWorld provides the facilities and animals including turkeys, pigs, horses, ponies and donkey's with staff supporting the college in teaching emergency service staff effective animal rescue.

HorseWorld also works directly with the fire services together with Director of National Equine Welfare and Veterinary staff to refine best practice in equine rescue scenarios. Similar training is provided to the police and British Horse Society for safe animal rescue and equine handling, including how to approach horses that are left illegally grazing.

Gary Weeks, Avon Fire and Rescue Station Manager states:

*“HorseWorld plays an invaluable role in helping to ensure firefighters from Avon Fire and Rescue Service learn the most effective techniques and have the right skills to handle animals we are called to help with, often in emergency rescue situations, where the animals are already distressed, and need to be dealt with in the right way to prevent further injury to themselves or risk to others. These proposals would undoubtedly provide a huge boost to facilities at this excellent local charity so that even more organisations and people can benefit from all that HorseWorld has to offer.”*

This year HorseWorld has twenty one planned training days with Avon Fire and Rescue and a taster day which will include Somerset and Devon fire services. There are three half days training sessions in the diary for Avon and Somerset and Wiltshire Police Constabularies with additional dates being arranged for training packages for North Somerset and Gloucestershire Training Standard departments. HorseWorld has also previously held training days for a range of other organisations, including B&NES emergency planning department.

HorseWorld would like to continue to offer education and training to the emergency services and in the future grow the number of courses and training days with the emergency services, however, their ability to do so is directly influenced by their ongoing financial sustainability. This benefit to the emergency services can only be secured into the future of HorseWorld continue to operate.

**v) Retention of a significant local employer**

HorseWorld is a significant employer in Whitchurch with 62 employees and 140 volunteers. If the charity were to relocate, close or even scale back it would result in the loss of a number of jobs, and would not be able to employ members of the community who have difficulty gaining employment elsewhere, such as ex-offenders.

There is strong government support for job creation. Both the ‘Plan for Growth’ and the National Planning Policy Framework highlight the important role the planning system has to play in economic growth. This includes protecting existing jobs and, given the current challenging state of the economy, it is extremely important to support the retention of existing jobs.

The Ministerial Statement on planning for economic growth identifies the top priority in reforming the planning system is sustainable economic growth and jobs. The Statement also confirms that local planning authorities should support enterprise and facilitate economic and other forms of sustainable development.

The new Visitor Centre would create both secure and potentially create new jobs at HorseWorld. It would also generate new jobs in the construction sector from both of the application proposals. In so doing the proposals are consistent with

national planning policy and would support local economic growth and prosperity. Conversely, if the development proposals were not approved, there would, in all likelihood, be a significant loss of permanent jobs.

## **vi) Delivery of the Council's Corporate Objectives**

The development of a new Visitor Centre for HorseWorld and the considerable benefits that this would bring for both horses and people are entirely consistent with the corporate vision adopted by the Council. Indeed, delivery of the strategy would contribute to each of the three components of the Council Vision:

### **1. Promoting independence and positive lives for everyone**

HorseWorld is committed to the education of children and young people as outlined above with the different courses they run with schools, local colleges, emergency services, young offenders and local authorities. They share the same objectives as the Council and make significant changes to the lives of people that they work with through nurturing young people, instilling a sense of community and achievement.

The education programmes and volunteer roles that HorseWorld provide demonstrate their commitment to making a positive difference to lives and the local community. The education, training and indeed the Discovery programme help young people develop self-esteem, resilience and important life skills that the Corporate Plan seeks to achieve. HorseWorld also contributes to the providing an opportunity for everyone to engage with leisure and cultural activities.

### **2. Creating neighbourhoods where people are proud to live**

HorseWorld and its design team have worked hard to produce residential proposals that would represent a natural extension to the village of Whitchurch. Every effort has been made to create a neighbourhood where people would be proud to live. The layout of the residential development has been designed to reduce the potential for crime and anti social behaviour and respect its historic setting.

The new Visitor Centre will be a world class facility and visitor experience. Its design and the work that goes on in the rehabilitation of horses and education of young people will increase pride in the local community and be a great benefit to Whitchurch.

### **3. Building a strong economy**

The third main objective identified in the Corporate Plan is for B&NES to enjoy a thriving economy which protects and grows the thriving tourist industry. HorseWorld is a UK wide visitor attraction with people coming from all over the Country to visit and witness the charitable work that HorseWorld delivers. For

2011 HorseWorld had forecast a total of 81,497 visitors but the reality was that 100,167 visited. The new Visitor Centre is expected to attract 134,000 visitors in its first year of operation which will boost the tourist income in B&NES.

HorseWorld already provides a significant number of local jobs which potentially could grow with the development of the proposed new Visitor Centre. The Council's Corporate Plan encourages local business to play an active role in community life, HorseWorld is a leading example of this in practice.

It is clear that HorseWorld does not only support the delivery of the Corporate Plan but is a leader in achieving the Council's aims and objectives. The proposed development would have significant benefits in achieving all three of the Council's corporate objectives, a consideration which weigh's strongly in favour of the development

For the many reasons outlined above, we consider that the considerable benefits derived from the delivery of the new Visitor Centre outweigh the reduced (initial) affordable housing provision. With the inclusion of the mechanism proposed in the preceding section of this Statement, should there prove to be a greater difference than anticipated between the capital receipt from the sale of the Visitor Centre and the cost of delivering the new Visitor Centre, then the benefits of this would be clawed back by the Council and an additional financial contribution paid towards off-site affordable housing.

## 5. Draft Section 106 Heads of Terms

---

It is envisaged that there would need to be two separate Section 106 agreements, one for the residential 'enabling' development and the other for the new Visitor Centre. The former will contain all the relevant obligations which will be applied to the purchaser of the residential 'enabling' development site. The latter will include the 'clawback' mechanism which is applicable to HorseWorld only.

### Residential 'Enabling' Development Draft Heads of Terms

- **Link between the 'enabling development' and the 'enabled development'**

The X<sup>th</sup> dwelling will not be occupied until construction work on the new Visitor Centre has been commenced.

The Y<sup>th</sup> dwelling will not be occupied until construction work on the new Visitor Centre has been completed.

- **Open Space**

Financial contribution of £20,000, payable on occupation of the 1<sup>st</sup> dwelling.

- **Allotment Provision**

Either:

1. Financial contribution of £26,516.25, payable on occupation of the 1<sup>st</sup> dwelling; or
2. X sq.m. allotment space will be provided within the land currently in HorseWorld's ownership.

- **Early Years Education**

Financial contribution of £351,638, payable in two stages:

- 50% on occupation of the X<sup>st</sup> dwelling; and
- 50% on occupation of the Y<sup>th</sup> dwelling.

- **Primary Education**

Financial contribution of £503,456.27, payable in two stages:

- 50% on occupation of the X<sup>st</sup> dwelling; and
- 50% on occupation of the Y<sup>th</sup> dwelling.
- **Youth**

Financial contribution of £16,675, payable on occupation of the 1<sup>st</sup> dwelling.
- **Sustainable Transport Measures**

Financial contribution of £90,000, payable on occupation of the 1<sup>st</sup> dwelling.
- **Affordable Housing**
  - The development will include 10% affordable housing on-site.

## The New HorseWorld Visitor Centre Draft Heads of Terms

- **Affordable Housing**
  - The following clawback mechanism will be incorporated into the legal agreement:
    - The full and final cost of the new Visitor Centre is defined as (A);
    - The capital receipt from the sale of the existing Visitor Centre for residential development is defined as (B);
    - The 'maximum figure' is defined as the cost of providing 25% affordable housing off-site.
    - Following disposal of the existing Visitor Centre and completion of the new Visitor Centre (but prior to first occupation):
      - HorseWorld will provide to the Council written confirmation of (A) and (B) along with a statement of the difference. A reconciliation of these figures would result in one of the following three potential outcomes:
        - Should (A) equal or exceed (B) then no further action should be taken;
        - Should (B) exceed (A) by less than the 'maximum figure' then the total of (B) minus (A) will be paid by the

applicant to the Council within one month of the Council confirming acceptance of the figures; or

- Should (B) exceed (A) by more than the 'maximum figure' then the applicant will pay to the Council the 'maximum figure'.