

A New Luxury Holiday Lodge Park's Key Economic Contribution in East Lindsey

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1. INTRODUCTION

This statement examines and analyzes the economic contribution of a the first of a series of new Luxury Holiday Lodge Parks in East Lindsey (Planning Application S/002/01844/21). It is presented by the park's seasoned development team and relies largely on recent published research material referenced in the text. The statement attempts to adopt a conservative approach in arriving at its economic conclusions and projections. However, the authors remain optimistic that East Lindsey will continue to benefit from the surge in UK staycation holidays throughout the near-term and beyond. The team is focused on delivering a high-quality and memorable holiday experience to visitors comparable to domestic and foreign premium resorts and demonstrate how luxury lodge parks will attract more affluent visitors to East Lindsey. Included is a detailed Table on Page 6 illustrating how the project will contribute over £71 million to the East Lindsey economy over the next six years and train up to 116 workers. It will clarify the important differences between traditional caravan parks and lodge parks, point out the significant economic benefits of assembling holiday lodges locally and examine the ongoing collaboration with the East Lindsey DC and the Lincolnshire County Council.



2. QUICK REVIEW OF THE PLANNED LUXURY HOLIDAY PARK

THE LODGES & PARK DEVELOPMENT: The park features 490 luxury twin Holiday Lodges with a classic Victorian packing house located centrally. This visual axis will serve as an all-weather club house featuring a variety of shops, mini-mart, gourmet food factory, salons, spa, pool, mini-golf, children's arcade, medical clinic, community activities and much more. Initially the parks 490 luxury lodges will be assembled in the club house resulting in a raft of benefits for the developer and local economy.

THE SITE: Located on a rectangular flat 22-hectare field completely devoid of trees and hedgerows. Agriculture has been identified as one of the largest contributors to the loss of biodiversity due to high degree of physical soil manipulation and possible inputs of pesticides, herbicides and nitrate/phosphorous/potassium fertilizers. Considering the high proportion of arable farmland bordering the East Lindsey coastal communities, intensive crop cultivation may have negatively impacted local biodiversity due to tillage, loss of wildlife habitat and runoff into the local drainage network.

THE LANDSCAPE SCHEME: The park's published Ecological Appraisal states "It is anticipated that the development could achieve positive contributions to the site". This conclusion is based on adopting recommendations in the Appraisal some of which are: A 2,000-meter-tall perimeter boundary hedge screening the park from outside view while providing generous wildlife habitat and winter forage. The dedicated 9.0 meter setback between the hedge and the perimeter "moat Like" drainage network will be seeded with wildflower providing additional wildlife habitat and feature a summer nature trail for

visitors; biodiversity is further benefited by eliminating tillage and bulk inputs of pesticides, herbicides including nitrate, phosphorous and potassium fertilizers; the interior landscape scheme includes abundant planting of indigenous trees, shrubbery and evergreen groundcover; the new ponds will be stocked with water lily and aquatic plants; hundreds of bird nesting boxes to be installed around the park; lodge porches will feature fragrant vines and flower baskets; and park illumination will be limited to soft indirect lighting and gaslighted main entrance contributes to a pleasant sense of arrival.

3. REVIEW DIFFERENCES BETWEEN TRADITIONAL STATIC CARAVANS, HOLIDAY LODGES AND PARKS

As both the caravan and holiday lodge sector are regulated in the exact same way... planning applications are generally processed in the same manner. At first glance, the public and even some local representatives may not immediately discern the important differences between the two sub-sectors.

SINGLE AND TWIN STATIC CARAVANS & TRADITIONAL CARAVAN PARKS: Traditional Static Caravans are constructed under the EU EN1647 standard and not certified for year around habitation primarily due to insufficient heating and low energy efficiency. Commonly clad in embossed metal sheets and flat or faux tile metal roofs. The traditional caravan parks usually have a high-density utilitarian caravans sited in rows with minimal or no landscaping and no screening under the chassis. They offer the traditional basic “camping” holiday experience and often together with touring caravans.

TWIN HOLIDAY LODGES & HOLIDAY LODGE PARKS: The Luxury Lodge Park offers an upgraded and more memorable holiday experience. Target market is higher net worth visitor who may not favour holidaying in traditional caravan holiday park but seeks a higher quality accommodation more comparable with premier European, Caribbean or Florida resorts. Holiday lodges are almost always configured as “twins” consisted of two separate halves which are mated on site. Lodges meet the BS:3632 British Standard which allows (subject to planning approval) for year around occupancy and can measure up to 22ft wide and 65ft long. Lodges are often sited on attractive themed waterfront or parkland sites and can be fitted out to the highest standard of luxury with basic models ranging from £125,000 to £800,000 for large luxury models sited in premium destinations.

4. EXAMINING THE CARAVANS AND HOLIDAY LODGE MANUFACTURING SECTOR

The Lincolnshire coast has Europe’s highest concentration of caravans with around 35,000 units yet surprisingly there are no local caravan manufacturers. This new park represents a windfall opportunity for the East Lindsey economy to benefit by vertically integrating the local holiday lodge sector. The developer plans to pioneer the local production of holiday lodges. On-site assembly offers a raft of cost and operational efficiencies that provide competitive edge and benefits the visitor, local economy and the park operator. Cost savings include significant reduction in logistical costs, siting, risk management, weather issues and elimination of costly chassis to name a few. An added bonus is that the lodge designers have a unique opportunity to increase ceiling height up to the 10ft maximum resulting in a fresher and airy interior space verses the typical low vaulted ceilings... this dramatic interior transformation opened up new markets in the US and was followed by a surge in sales.

BENEFITS OF ASSEMBLING INITIAL BATCH OF 490 LUXURY TWIN LODGES ON-SITE IN EAST LINDSEY

With a total of 490 twin lodges the necessary economy of scale is achieved justifying the investment in modern, clean lodge assembly operation. The immediate benefit to the local economy is the generation of up to 82 additional year around FTE skilled and semi-skilled jobs. Priority will be given to candidates in our neighbourhood starting with Addlethorpe, then Ingoldmells, Chapel St Leonards, Orby, Burgh Le Marsh and Skegness. Men, women, young, old, school leavers, disabled can all be trained in a variety of skills and trades including joinery, cabinetry, cultured marble, electrical, plumbing, central heating, roofing, window/door fabrication, plastering, decorating and material handling. In addition, other specialized training in marketing, administration, accounting, health and safety, quality assurance, security, maintenance and catering. A recent Job Fair with the Skegness Job Center resulted in over 100 applications and another Job Fair is being planned in Addlethorpe or Ingoldmells. Training will be provided both in-house and in partnership with public and private providers such as Net UK/Grimsby Institute and Skegness TEC. Significant indirect local employment is also generated by a variety of trade and transport providers. Our team has estimated a collective savings of up to £15,000 per lodge as a result of assembling the lodges on-site which will be passed on to the park visitors. The modern “clean” assembly operation results in zero disturbance of the park visitors... outside operations are scheduled at the most appropriate time of day. An often-overlooked benefit of onsite assembly is the speed and quality of after sales service... warranty, repair and maintenance service work can be undertaken immediately and without delay. The marketing team can often convert the resulting high level of guest satisfaction into marketing upgrades or valuable referrals.

5. ZERO IMPACT ON EXISTING TRADITIONAL CARAVAN PARKS

By targeting more affluent visitor profile the new development is predicted to have zero to negligible impact on existing caravan park volume or operations with the benefit of significantly increasing the footfall of higher-spending affluent visitors.

6. ECONOMIC MODELLING RESOURCES

The sector research resources include three key reports which seek to model the economic impact and or contribution of caravan parks to the economy. Below are the three reference resources used, one is specific to the local East Lindsey caravan economy and the other two are based on the national caravan economy.

1. **2019 Paper - The Economic Contribution of Caravan Parks to the Economy of East Lindsey - Rose Regeneration - Commissioned by East Lindsey District Council**
2. **2012 Paper - UK Holiday Parks - Economic Impact Roger Tymms and Partners and commissioned by the British Holiday Park Association**
3. **2019 Paper - Pitching the Value; 2019 Economic Benefit Report: Holiday Parks and Campsites UK - Frontline Consultants, commissioned by the UK Caravan and Camping Alliance**

The table below demonstrates how we arrived at the £19,885 average spend per owned static caravan and the GDV /Job figure of £30,857 that are applied in our projections.

For example, the total National Annual Expenditure for Owned Static Caravans is £4,136,400,000 divided by the Total Owned Static Caravans of 208,044 arrives at the National Average Spend per Owned Caravan of £19,885.

For East Lindsey we multiply £19,885 by 23,438 local owned caravans to arrive at the local Annual Expenditure for Owned Static Caravans of £466,050,487. Finally multiply the Number of local Jobs for Owned Static Caravans by £30,857 Gross Value Added (GVA) in £266,295,910 GVA or annual Owned Caravan Contribution to Economy of East Lindsey.

NATIONAL		
Total Owned Static Caravans	208,044	Ref: Paper #1 P.7
Annual Expenditure for Owned Static Caravans	£4,136,400,000	Ref: Paper #1 P.7
Average Spend per Owned Caravan	£19,885	Ref: Paper #1 P.7
One Job per Average Spend Amount of	£54,000	Ref: Paper #3
EAST LINDSEY		
Average Spend per Owned Caravan	£19,885	Ref: Paper #1 P.7
Total Owned Static Caravans	23,438	Ref: Paper #1 P.7
Annual Expenditure for Owned Static Caravans	£466,050,487	Ref: Paper #1 P.7
Number of Jobs for Owned Static Caravans	8630	Ref: Paper #3 (1 job per £54,000 of Expenditure)
GVA/Job	£30,857	Ref: Paper #3 (£5,291,600,000 GVA & 17,488 Jobs)
GVA - Contribution to Economy of East Lindsey	£266,295,910	

7. ECONOMIC MODELLING APPLIED TO THE NEW LODGE PARK

The data from the economic modelling results combined with the data of the new holiday park are combined in the table below. The adjusted totals of the holiday park's development, assembly of lodges and operation indicate the potential contribution to East Lindsey's economy over a six-year absorption or build-out period and beyond.

The park development, infrastructure and lodge material cost estimates were also adjusted downward to reflect items that would be sourced outside East Lindsey. For further clarification a line-by-line explanatory section follows the table.

9. TABLE: METHODOLOGY FOR DETERMINING HOLIDAY PARK CONTRIBUTION TO EAST LINDSEY ECONOMY

#	DESC	DETAIL	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 1-6 Totals	Year 7+ Stabilized
1.	Dev - Lodges	Production @ 2 x Week	70	100	100	100	100	20	-	-
2.	Dev - Pitches	Completed & Serviced	100	100	100	100	90	-	-	-
3.	Dev - Lodges Open	Sited Ready for Occupancy	40	140	240	340	440	490	-	490
4.	Jobs - Lodges	Production Staff & Operators	66	82	82	82	82	26	-	6 (Warranty)
5.	Jobs - Club House	Construction	10					15		
6.	Jobs - Pitches	Park Development	10	6	6	6	6	4	-	-
7.	Jobs - Holiday Park	All Staff	4	8	10	15	18	21	-	21
8.	Jobs - Marketing	Inside & Outside Sales Team	6	10	10	10	10	4	-	4
9.	Jobs - Total	Total Job Count	96	106	108	113	116	69	=	31
10.	Visitor Spend	£19,466 per Year /Caravan*1	778,640	2,725,240	3,951,840	6,618,440	8,565,040	9,538,340	32,177,540	9,538,340
11.	Park Development	£25,000 / Serviced Twin pitch (Adj. for 90% Local Spend)	2,250,000	2,250,000	2,250,000	2,250,000	2,025,000	-	11,025,000	-
12.	Club House	1,663 SM Construction (Adj. for 60% Local Spend)	2,148,000	-	-	-	-	895,000	3,043,000	-
13.	Lodge Materials	£63,000 per Lodge (Adj. for 35% Local Spend)	1,543,500	2,205,000	2,205,000	2,205,000	2,205,000	441,000	10,804,500	-
14.	Lodge Labour	£25,000 / Lodge Prod & Siting	1,750,000	2,050,000	2,050,000	2,050,000	2,050,000	500,000	10,450,000	150,000
15.	Lodge Sales Team	£4,000 Comm per Lodge & £1,200 Comm Resales	160,000	400,000	400,000	400,000	400,000	80,000	1,840,000	24,000
16.	Lodge Park Staff	£25,000	123,428	246,856	308,570	462,855	555,426	647,997	2,345,132	647,997
17.	Sub Totals	Annual & 6 Year Totals	8,753,568	9,877,096	11,165,410	13,986,295	15,800,466	12,102,337	71,685,172	10,360,337

10. CLARIFICATION OF LINE ITEMS

1. *DEVELOPMENT - LODGE ASSEMBLY*: On-site assembly of 490 twin lodges at the rate of two per week. First year requires three months to train operators and staff and assemble prototypes models.
2. *DEVELOPMENT - PITCHES*: Number of fully developed pitches including services, roads and phase amenities.
3. *DEVELOPMENT - LODGES OPEN*: Completed and sited lodges ready for sale or rental
4. *JOBS – LODGES*: Total staff and operators required to assemble and site lodges
5. *JOBS - CLUB HOUSE*: Total employees required to build club house. The first phase is for use for lodge assembly and the second phase to complete final build-out as a club-house amenity.
6. *JOBS - PITCHES*: Employees required to develop pitches and some landscaping and services.
7. *JOBS - HOLIDAY PARK*: Employees required to operate and manage holiday park operations.
8. *JOBS - MARKETING*: Lodge inside and outside sales team
9. *JOBS - TOTAL*: Self explanatory
10. *VISITOR SPEND*: Based on 2019 annual visitor spend per caravan
11. *PARK DEVELOPMENT*: Prorated cost of £25,000 to develop each of the 490 pitches including services, infrastructure, reception center, roads but not including the club house. Includes a deduction of 10% for materials and services sourced outside of East Lindsey.
12. *CLUB HOUSE*: Development cost of 1,633 SM Assembly Hall / Club House. Includes a deduction of 40% for materials and services sourced outside of East Lindsey.
13. *LODGE MATERIALS*: Cost of materials to build and site lodges. Includes a deduction of 40% for materials and services sourced outside of East Lindsey. Includes a deduction of 65% for materials and services sourced outside of East Lindsey.
14. *LODGE LABOUR*: £25,000 labour cost to assemble and site a lodge.
15. *LODGE SALES TEAM*: Commissions paid to professional sales team for each lodge.
16. *LODGE PARK STAFF*: Based on average wages
17. *SUB TOTALS*: Park's Grand Total of £71,685,172 Contribution to the East Lindsey Economy based on full absorption of the park over a maximum of six years followed by stabilized annual contribution of £10,360,337 without adjustments for annual inflation.

11. NOTEWORTHY HIGHLIGHTS FROM THE THREE KEY REPORTS

- Tourism is the life blood and bread and butter of the East Lindsey Coastline. In 2019 its economic value was £543 million and supported 6,435 fulltime equivalent jobs ¹.
- At the end of 2019 the Lincolnshire coastline had 35,121 caravans ² reputedly the highest concentration in Europe. ³
- One eight of all static caravans sited in UK are located along the East Lindsey coast.
- Caravans represent principal stock of tourist visitor accommodation
- Between 2017 and 2019 the East Lindsey caravan sector grew by 8.8% ⁴ and predicted to grow annually through 2025 by 3.8% faster than the UK economy ⁵. A significant number of planning applications confirm the significant local growth in the sector.
- Despite coronavirus the caravan sector growth outperforms other tourism trends.
- In 2020 there are 7,500 people employed in East Lindsey accommodation and food services with 90 % furloughed.

12. WINTER CLOSURE

The well debated major constraint for the local economy and year-around employment is the winter closure of the caravan parks and attractions along the East Lindsey coastal strip. Other flood prone areas such as Florida, Louisiana and Texas have mitigated flood risks by implementing relatively simple solution at zero cost in public funds. The author believes that these minor revisions in the manner caravans and lodges are sited offer an opportunity for East Lindsey caravan and lodge parks located in flood prone areas to operate safely year around. Sanctioned by the Environmental Agency the scheme could open a new era of year around vacationing and employment on the East Lindsey coastal plains. The park developer team is prepared to conduct a one-off “proof-of-concept” at the new park for regulatory and market evaluation. A one-month season extension at Christmas and New Year could increase visitor spend by £47 to £63 Million which equates to 873 to 1,185 jobs.

13. ELDC AND LINCOLNSHIRE COUNTY COUNCIL COLLABORATION

The park development team has found the local East Lindsey District Council and Lincoln County Council growth oriented and thoroughly supportive of new leisure and employment projects. This is especially evident in March 2021 when Lincolnshire County Council’s contributed £500,000 to launch of the visitlincolnshire.com website. This visionary commitment of public funds offers a valuable portal

¹ STEAM Final Trend Report 2015-19 East Lindsey Coastal Strip

² East Lindsey District Council Public Caravan Register

³ THE CARAVAN COMMUNITIES OF THE LINCOLNSHIRE COAST, Christina Beatty, Steve Fothergill and Ryan Powell Centre for Regional Economic and Social Research, Sheffield Hallam University with Sue Scott, East Lindsey District Council. A report to EDLC July 2011

⁴ Based on a comparison of the number of licensed caravans in East Lindsey between 2018 and 2020

⁵ Pitching the Value: 2019 Economic Benefit Report: Holiday Parks and Campsites UK – Frontline Consultants, Commissioned by the UK Caravan and Camping Alliance

for East Lindsey caravan park operators to feature and promote their accommodation. This free resource allows visitors to book their whole trip including caravan accommodation online. Approximately 20 of the 162 caravan parks located in Skegness, Ingoldmells, Chapel St Leonards, Mablethorpe, Sutton and Burgh le Marsh coastline have participated. The architect of the new website, a prominent Lincolnshire County Councilor and Executive County Councilor for Economy is quoted as saying “we’ve no doubt, we are going to see a vast influx of visitors as soon as those (Covid) restrictions are lifted” and “we believe that when the season kicks off, there won’t be any vacancies anywhere across Lincolnshire”. The Councilor’s vision and substantial commitment of public funds is an encouraging message for investors planning new quality holiday parks, resorts, attractions and employment projects across the East Lindsey coast.

14. OUTLINE LONG-TERM PLANS OF DEVELOPER INVESTOR IN EAST LINDSEY

The developer has a thirty-five-year working relationship with senior management in the leisure, hospitality and tourist attraction sector in Central Florida, Cancun/Cozumel and Punta Cana in the Caribbean. These destinations have recently suffered record losses due to covid transatlantic travel restrictions. They are looking at opportunities to mitigate possible long-term effects of global travel restrictions.

Considering their long-term experience hosting British holidaymakers, the development team is promoting the UK to these seasoned operators. The primary destination being presented is the East Lindsey coastline due to low-cost land and national boom in staycations holidays... our strategy is “If UK’s vacationers can’t reliably travel overseas... then the overseas operators must come to the UK”.

Interest has focused on “themed” lodge parks, destination resorts, holiday flats, luxury beachfront towers (fractional ownership) and a water adventure park. Focus is on sites inside the A158 corridor linked together by a transportation “Loop” incorporating stops at popular locations like Skegness Pier, Fantasy Island, Hardy Animal Farm with special consideration to include smaller campsites and tea rooms.

The developer is preparing plans to coordinate a trade mission to the East Lindsey Coast inviting a group of overseas operators during the 2022 holiday season.

15. CONCLUSIONS

According to recent professional reports, East Lindsey has 35,121 caravans being the largest concentration of caravans in Europe. The entire caravan sector including static caravans and touring caravans, contributes £698,381,005 to the local economy and supports 12,932 jobs. Weighing all the credible published economic statistics and modelling, East Lindsey’s coastal caravan sector is arguably the district’s proverbial “Goose that lays the Golden Eggs”. The New Holiday Park in Addlethorpe features 490 Lodges designed to meet or exceed the high standards of overseas luxury resorts. Vertically integrating the on-site assembly of the lodges increases local full-time employment from around 25 to over 100 and the workers acquire valuable life-time skills through training. Over the first six-years the project is projected to contribute an additional £71,685,172 to East Lindsey’s local economy by bringing higher footfall of affluent families to the coastal destination.