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of the Local Government

Folkestone

Hythe & Romney Marsh
Shepway District Council



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Report Number **C/10/??**

To: Cabinet
Date:
Status: Non Key Decision
Corporate Director: Kathryn Beldon
Cabinet Member: Councillor R C H Bliss, Cabinet Member for Asset Management

SUBJECT: HYTHE POOL – POTENTIAL FOR REDEVELOPMENT

SUMMARY:

This report provides a high level overview of the development potential for the Hythe Pool site.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations as set out below because a steer from members is required before staff resources and costs are committed to this project.

RECOMMENDATIONS:

1. To receive and note Report C/10/?
2. ...

1. INTRODUCTION

- 1.1 This report seeks to explore the possibility of redeveloping the site, including the provision of a new pool facility with residential development above. The details within the report are based on basic assumptions and should not be relied upon except for indicative purposes.

2. CURRENT SITUATION

- 2.1 The current pool building was constructed during the mid 1970's under a 'turn key' contract. These contracts were a typical and popular method of procuring construction projects at that time. They were a quick method of developing a site but had some disadvantages. The pool building was constructed of basic quality materials, i.e. LBC bricks and the roof covering construction had to be replaced after only approximately ten years. The pool was not constructed to one of the recognised competition lengths, i.e. 33 or 50 metres. It is a 25 metre pool.
- 2.2 The building has served its purpose well but is now expensive to maintain and there is the potential for a number of serious failures that would be expensive to remedy and would necessitate the pool being closed for a relatively long period, i.e. the single remaining boiler failing, the pool structure itself failing (which has been liable to leak) and the polycarbonate roof covering needing repair. The pool building is now coming to the end of its economic and viable life.
- 2.3 The pool building has a dedicated revenue budget of £8730 for reactive repairs that are required throughout the year. This sum is used on relatively minor works that are required to keep the pool operational. Planned maintenance works are also identified each year to maintain the integrity of the structure to the best standard that is possible.
- 2.4 The statutory costs such as gas, electricity and water amount to £95,840 per annum, business rates cost £30,070 and ancillary costs a further £2100 per annum.
- 2.5 *Paragraph on usage and running costs from AB*

3. LAND VALUE

- 3.1 In 2005, the Council carried out some soft market testing of the site using Cluttons, a well respected firm. As part of the market testing, Cluttons sought expressions of interest from various developers. The market testing did not include testing the appetite of the developers in relation to building a pool. No design brief was given to the developers and none of the developers carries out any site analysis.
- 3.2 As to be expected, the prices developers indicated varied significantly, ranging from £1.5m to £6.5m. The advice from Cluttons was that the value of £2.5m was in their opinion correct and that this value ought to be discounted by approximately 20% for onerous site conditions, etc. In

summary, the advice from Cluttons in 2005 was that the site was worth approximately £2m.

- 3.3 The Council's Property Team has reviewed the 2005 valuation and sought informal advice from an experienced local valuer in relation to land value movements for the last five years. Approximately, land values between 2005 and 2007 increased by 25% and between 2007 and 2010 land values decreased by 22%.
- 3.4 In summary, land values in Hythe have returned to the approximate 2005 values and further to the Cluttons soft market testing and advice, for the purposes of this exercise the site has a land value of £2m - £2.25m

4. NEW POOL – BUILD COSTS

- 4.1 Basic research of local authority pool provision has indicated a pool size of approximately 33m x 15m (495 sqm) is the norm. Including the necessary ancillary requirements, e.g. café/bar, toilets, fitness suite, etc takes the required area for build purposes to approximately 900 sqm.
- 4.2 Indicative build costs are as follows: -

Item	Calculation	Item Cost (£)	Total Cost (£)
Build costs	£2,000 per sqm	1,800,000	1,800,000
Demolition costs	Estimated	70,000	1,870,000
Professional Fees	15%	280,500	2,150,500
Exceptional Ground Costs	10%	215,050	2,365,550
Contingency	10%	236,555	2,602,105

For the purposes of this report, the indicative build costs, including all costs fees and contingencies is rounded to £2.6m.

5. VIABILITY CONCERNS

- 5.1 The high level appraisal of land value and build cost indicates that the cost of rebuilding the pool on its current site exceeds any expected capital receipt by approximately £350,000 to £600,000.
- 5.2 The above appraisal has not taken into account three important market factors. Firstly, there has been no market testing of the appetite of developers to build a pool facility. The 2005 market testing was in relation to a residential only development and attracted interest from the traditional residential developers. What the response would be to an opportunity to build a pool and residential development is an unknown factor.
- 5.3 Secondly, the appraisal is based on the attractiveness to the market of a scheme made up entirely of flats and apartments. The market today, in terms of mix of accommodation rather than price, is very different to 2005. Recent experience and discussions with local experts indicates that flat led redevelopments are unattractive to the market in the current financial climate and marketplace.

- 5.4 Thirdly, the location of a pool below residential accommodation may have an impact on the end value of the units, which would then impact on the land value of the site at the point of disposal by the Council.

6. OTHER ISSUES

- 6.1 *Paragraph on Nickolls Quarry from TE.*
- 6.2 Any development of the site, which included the reconstruction of the pool at basement and ground floor level, would be a complex construction challenge, it would also be expensive.
- 6.3 The complexity of building a pool complex at the lower levels of a high rise development with residential units above would undoubtedly necessitate considerable ground works to support and accommodate the structure above.
- 6.4 The pool would need to be out of commission for some considerable time whilst the existing pool building was demolished, the site cleared and the new swimming pool plus multi storey building was constructed. It is estimated that the pool would not be available to the general public and the swimming clubs for approximately 18 to 24 months.

7. FINANCIAL CONSIDERATIONS

- 7.1 The value of the site for a purely residential scheme will be higher the value of a site that incorporates a pool and a residential scheme. Simply put, the more space the pool takes on site, the less space available for residential development and therefore the lower the potential capital receipt to the Council.
- 7.2 The work carried out to date is high level and in order to progress this project further funds will need to be made available to carry out a detailed analysis of the pool usage and future need together with further detailed work being commissioned on the land value and build cost issues outlined above.
- 7.3 There may also be an additional staff cost in taking this forward. This Project is not currently in the work programme for the Head of Corporate Services and given other commitments, i.e. waste procurement, ALMO, outsourcing projects, West Hythe Beach, seafront development, etc it will be difficult to accommodate this Project within the next 18 months within current resources.
- 7.4 Serious consideration must also be given to the leisure provision to be provided at Nickolls Quarry and whether the Council ought to be allocation a potentially considerable capital receipt (together with any shortfall necessary) to a pool complex when one may provided elsewhere within Hythe.

8. RISK MANAGEMENT ISSUES

8.1 A summary of the perceived risks follows:-

Perceived Risk	Seriousness	Likelihood	Preventative

9. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

9.1 Legal Officer's Comments (JC)

9.2 Finance Officer's Comments ()

9.3 Diversities and Equalities Implications

There are no diversity or equality implications within the report.

10. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting;

Jeremy Chambers, Head of Corporate Services
Tel: 01303 853248 E-mail: jeremy.chambers@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report;

Appendices:
None