

Sheringham Enabling Land

Summary: Following the commencement of the leisure devolvement construction phase and having received a formal offer to acquire the site, officers have prepared a paper that considers the offer received for a freehold acquisition of the site, for an apart-hotel development and a number of alternative options.

Options considered: 8 Options have been considered

Conclusions: The site has been marketed for over 2 years and the Council has recently received a formal offer to acquire the freehold of the land for redevelopment.

The offer received would generate a capital receipt for the Council as described in Option 1, would support the tourism sector, local economy and create a range of employment opportunities.

Recommendations:

1. To approve the disposal of the site as detailed in Option 1
2. To allocate a capital budget of £100,000 for site servicing costs and in addition a contingency of 10%.

Reasons for Recommendations: To dispose of an asset that is surplus to requirements and funds generated are to enable the Leisure development on adjacent land.

Cabinet Member(s) Cllr G Hayman	Ward(s) affected :
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1. Introduction

1.1 The Council owns Splash a leisure facility at Sheringham, located on the edge of the town and approximately 3.5 acres in size. The site has planning consent for the development of a new leisure facility with swimming pools, gym, studios, Skate Park and café. The development utilises 2.3 acres of the site. Planning ref: PF/18/1435.

1.2 Construction of the Skate Park and enabling works as the first phase has been completed and the main leisure facility construction works commenced during September this year. The works to construct the new building are due to complete summer 2021, which will then enable the existing building to be demolished for the creation of car parking for the leisure facility.

- 1.3 The new leisure development will result in surplus land of approximately 1 acre that has been identified as enabling land to facilitate the leisure development. The site is located adjacent to the Norfolk Coast Area of Outstanding Natural Beauty, within the Coastal Shelf and between the new leisure centre and the existing industrial estate to the East. Development in this location should be well integrated into the landscape and not form a "harsh edge". Careful attention should be given to site layout, building heights and materials in order to minimise the visual impact of development. See Appendix A; Site plan with new leisure facility site hatched Blue and surplus land hatched Green).
- 1.4 Whilst the site will not be available for physical development until the new Leisure Centre has been completed (as the site required as a compound during the leisure development), the site has been marketed and promoted for hotel development. This marketing has been undertaken over the last 18 months with offers invited for the site, rather than advertising for a set price.
- 1.5 During this period of marketing there have been a number of interested parties as detailed below:
- 1.6 A charitable society that delivers community focused sport, leisure and entertainment programmes in a bid to create vibrant visitor destinations. They proposed to develop a leisure complex on the site incorporating a gym, climbing area, golf, café, meeting space, hotel/camping/lodges and residential enabling development. This proposal required the acquisition of an adjacent site and was unviable without both sites.
- 1.7 A property development company, with a portfolio in many sectors of the UK property market including hotels, leisure and residential. Their proposal was to develop a care facility on the site, subject to various conditions including the need to secure a national care operator. The proposed use of the site for a care facility was at that time considered not appropriate alongside the proposed leisure use and as there was no operator secured there was a risk to the disposal.
- 1.8 A national hotel operation expressed an interest in a lease arrangement for a 55 room hotel with bar and café. With this proposal, the Council would be required to fund the development of the hotel and lease back to operator for a 25-year term. The Council would have needed to invest further capital to fund the development and other associated costs. This did not meet the objectives at that time of generating a capital receipt to support the leisure development and was considered to be a high risk proposal.
- 1.9 A development company who develop a range of mixed use schemes, including hotels, commercial space and a number of residential developments regional expressed an interest, however, after consideration, they felt a scheme would not offer them the level of profit required to meet their business criteria.
- 1.10 The Council received interest from a local development company for the acquisition of the site for a hotel development at the end of 2018. At the time they were seeking to work with a local hotel operator, however since this time they have changed the model of the hotel, which has enabled them to further increase their offer.

- 1.11 With the leisure development having now commenced and a programme for its completion in place, it is an appropriate time for the Council to consider the offer as describe in 1.10, alongside other possible options.

2. SWOT Analysis

- 2.1 Below is a SWOT analysis that has been undertaken on the enabling land, to highlight the sites, strengths, opportunities, weaknesses and threats.

<p>Strengths</p> <ul style="list-style-type: none"> • Site is a regular shaped level site • Within the development boundaries • New leisure facility to be developed adjacent • Wider leisure uses adjacent • Residential and commercial uses nearby • Well located for access to the town • Transport links nearby 	<p>Opportunities</p> <ul style="list-style-type: none"> • Land surplus to new Leisure Centre requirements • Commercial or resident development potential (subject to planning consent) • Emerging Local Plan • Popular tourist destination • Enhance the local area with good quality development • Economic development
<p>Weaknesses</p> <ul style="list-style-type: none"> • Service upgrades required including sewage network capacity (developments of 10 units to contribute to its enhancement) • Site allocated as employment land in current and emerging Local Plan which may limit alternative uses • Substation located within the site • Shared access with leisure facility 	<p>Threats</p> <ul style="list-style-type: none"> • Economic uncertainty • Potential rise in interest rates • Potential rise in development costs • Ground conditions and/or contamination from previous use • Planning constraints/Area of Outstanding Natural Beauty/Coastal Shelf

3. Options

- 3.1 There are a number of options for the site that have been considered, which can be found in Appendix B.

4. Conclusion

- 4.1 The site has been marketed for over 2 years and the Council has recently received a formal offer to acquire the land freehold for the development of the site as a hotel. This offer if approved would generate a capital receipt to the Council and gives the Council an opportunity to support the tourism sector, economy and create a range of employment opportunities.
- 4.2 When the site initial was marketed, the intention was to generate a capital receipt as the site was earmarked as enabling land for the leisure development. The offer received meets those objectives and whilst the site requires some servicing to fulfil the condition proposed by the purchaser, the

overall net receipt is in line with anticipated sum included in the leisure development financial appraisal.

5. Implications and Risks

- 5.1 The market appraisal assess a number of the options. It is based on assumptions and uses estimated costs as no detailed design, nor site investigations have been undertaken for the specific end use and planning consent has not been obtained. This method is sensitive to variations in the estimated costs, therefore if the construction costs increase due to specialist foundations, or house prices fall for example then this will have a negative effect on the overall land value.
- 5.2 Risks and legal implications have been considered for each option and included in Appendix B.

6. Financial Implications and Risks

- 6.1 There are a number of financial implications and risks associated with each option and have been highlighted with each option. These can be found in the Appendix B.

7. Sustainability

- 7.1 By taking forward the recommended option which is to dispose of the site, the capital receipt will support financial sustainability of the Council through the development of the leisure center.
- 7.2 Redevelopment of the site will need to comply with planning permission and building regulations that take into account sustainability and environmental measures.

8. Equality and Diversity

- 8.1 With any development of the site, the purchaser will be required to meet current equality and diversity legislation.

9. Section 17 Crime and Disorder considerations

- 9.1 There is a risk of crime and disorder if the site remains vacate with anti social behavior and fly tipping.

Appendix A – Site Plan
Appendix B – Options
Appendix C – Option 1 Drawings (1-7)
Appendix D – Option 1 Offer Proposal
Appendix E – Market Appraisal
Appendix F – Option 3 Sketch Plans
Appendix G - Options Summary