

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	TOURISM AND LEISURE COMMITTEE	2 JUNE 2016	4
THE ISLAND REGENERATION			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

This report presents the history and background to the development of the Island site on the promenade at St Anne's. The report also refers to recent interest in the Island and recommends the undertaking of a marketing process to seek expressions of interest and ideas/proposals to redevelop and regenerate the site.

RECOMMENDATIONS

That the committee:

1. notes the report and agrees to the principle of marketing The Island site to seek proposals for redevelopment and regeneration
2. instructs officers to prepare a brief and particulars for the marketing of the site which would set out those parameters to guide the exercise
3. agrees that once the brief and particulars are prepared that marketing is undertaken through appropriate media to seek interest from developers
4. agrees that a working group is approved made up of the chairman (or their nominee) from each of the following committees: Tourism & Leisure, Operational Management, Development Management and Finance & Democracy to assess any interest received
5. agrees that a report presenting the outcome of the exercise be produced and reported to members

SUMMARY OF PREVIOUS DECISIONS

Planning Policy Scrutiny Committee 31st July 2008

Following a lengthy debate the Committee RECOMMENDED the following:

1. To thank Mr Nick Laister and Jonathan Dixon of RPS Planning & Development for their attendance at the meeting;
2. To meet with the lessees of the site with a view to exploring their interest or otherwise in any redevelopment scheme in general, and in the proposed master plan in particular;

3. Dependent on the outcome of 2 above, to request that appropriate officers in consultation with the Chairman and Vice-Chairman of committee and the Portfolio Holder investigate the scope and content of the proposed consultation exercise;

4. Dependent on the outcome of 2 above, to ask the Executive Manager in consultation the Chairman and Vice-Chairman of committee and the Portfolio Holder to look at alternative options for funding the next stages of the proposed Master Plan and how it could interlinked with the Heritage lottery fund;

Cabinet 17th September 2008

That dependent upon the outcome of a meeting with the lessees, to ask that the Portfolio Holder, in consultation with the Chairman and Vice-Chairman of the Committee and appropriate officers, to investigate the scope and content of the proposed consultation exercise.

Also, dependent upon the outcome of a meeting with the lessees, to ask that the Portfolio Holder, in consultation with the Chairman and Vice-Chairman of the Committee and the Director of Strategic Planning, to look at alternative options for funding the next stages of the proposed Masterplan and how it could be interlinked with the Heritage lottery fund.

Cabinet also agreed that following public consultation and subject to staffing resources officers be asked to prepare a planning brief in respect of the Sea Front Master Plan.

In reaching the decision set out below, the Cabinet considered the details set out in the report before it and at the meeting and RESOLVED to approve the recommendations of the Planning Policy Scrutiny committee.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	√
Working with all partners (Vibrant Economy)	
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	√
Promoting Fylde as a great destination to visit (A Great Place to Visit)	√

REPORT

HISTORY OF THE SITE

1. The site of Pleasure Island (now known simply as 'The Island') resulted from the closure and demolition of the former site of the St. Anne's Lido. The open air pool and its ancillary external area was closed to the public in 1988 and finally demolished in 1992. The Council had marketed the site since its closure and ultimately, the company, Carr Royd Leisure Ltd., took a long term lease and sought to redevelop the site. The theme for the site – to be known as Pleasure Island - was based primarily around children's entertainment, including the construction of a building to incorporate a play barn, although other uses became established including a casino, cinema and amusement arcade. Outdoor attractions, albeit within the overall site, included former railway carriages being used for café and specialist retail uses and children's rides.
2. By 2000 The Island site, comprising the main building, the public house, the railway carriages and the car park to the front, was let to Whitbread Ltd., though it occupied the public house and its car park only. The remainder of the site was sub-let to Carr Royd Leisure Ltd, who in

turn had a number of sub-lettings including the casino, amusement arcade, restaurant, internet café, railway carriages and fairground rides.

3. Whilst the site operated with some success, it is fair to say that the original budget for developing the site by Carr Royd Leisure had been modest. As a result, the 'build quality' of the new development had been and remains of mediocre quality. Subsequently Whitbread undertook the construction of a public house/restaurant on part of the site, considered to be of a relatively high standard in line with its company specification for such developments. This element of the site remains fully operational. The principal building operates as a cinema with an amusement arcade and area dedicated for restaurant use that ceased trading, but is to be re-opened shortly.
4. Under the previous operator, Carr Royd Leisure, the site operated at a modest level and in 2007 the company advised the council that it was exploring the potential for a comprehensive redevelopment of the site. In early 2008, relevant officers and Portfolio Holders of the council were invited by Carr Royd Leisure to attend a presentation to learn about its proposals for potential redevelopment. The proposals were radical in nature and involved the total demolition of all of the buildings and structures on the site and their replacement with a number of buildings, including a multi-storey hotel, entertainment uses and a covered shopping 'mall'. It was not known at that time whether the proposals were feasible from the point of view of developer interest, but they were considered by Carr Royd Leisure to be a 'starting point for discussion' that the company foresaw as an admittedly radical proposal.
5. As a response to the proposals presented by Carr Royd Leisure, the council resolved to undertake its own 'market testing' to ascertain what commercial interest there might be from the leisure industry. It advertised the commission and subsequently appointed RPS Planning to undertake the exercise. Part of the commission required the consultant to present, by way of a master planning exercise, how the site could be developed. Following its market testing, RPS reported its findings in late 2008 (which are detailed later in this report).
6. In 2008 the lease of the public house was assigned to Mitchells and Butlers Ltd. Carr Royd Leisure Ltd. continued to trade on the site until 2009, when the company went into administration. In 2011 the administrators assigned the lease of the remainder of the premises from Carr Royd to PDJ Management (Lytham) Ltd. Subsequently, this new operator reopened some of its former facilities including a refurbished cinema.

STRATEGIC CONTEXT

7. The council adopted the Fylde's Coastal Strategy and Action Plan in 2015 which sets out a vision up to 2032 for the regeneration of Fylde's 18 km coastline stretching from Starr Gate to Savick Brook and which establishes a network of green infrastructure (green and blue space) along the coast. The strategy identifies and develops high-level key actions, addresses the major issues affecting the Fylde coast and applies these key actions to 6 specific zones, (Zone 2 covers St Anne's' and The Island).
8. The strategy aims to give a detailed overview of the many factors that should be taken into account to inform a plan of implementation aimed at the protection, restoration, regeneration, conservation, development and management of the natural and built environment appropriate to the particular area of coastline.
9. The Island site is located within Zone 2 St Anne's on the Sea. Any redevelopment of The Island site would cut across a number of key themes, key actions and zone specific actions. The Fylde Coastal Strategy key themes are summarised overleaf:

Theme 1 - Green Infrastructure and Landscape

- Protection and enhancements of green infrastructure assets
- Protect and enhance footpaths and cycle ways along the coast
- Enhance and develop public art opportunities throughout the green infrastructure network

Theme 2 - Coastal Protection

- The Island sea wall replacement

Theme 5 - The Visitor Economy

- To maintain a vibrant, diverse daytime and evening economy
- To work in partnership with the private sector to maintain a quality offer
- Through the planning process to support the primary holiday area as a centre for holiday accommodation and tourism whilst preventing inappropriate uses
- To encourage a range of fine dining experiences across the coast
- Promote the area as a primary hub for tourism

Theme 6 - Culture, Leisure, Sport and Recreation

The site plays host to St Anne's swimming pool; the principal site in Lytham St Anne's to offer public swimming. Actions include:

- To work in partnership with the major leisure providers and clubs and organisations to ensure sustainable facilities and varied and diverse sports activities.
- Sustain and further develop the sports facilities at St Anne's swimming pool and promenade gardens.
- Seek to develop the Island site to maximize its potential including developing a gateway project fronting St Anne's swimming pool.

Theme 7 - Heritage Assets

The promenade gardens are at a pivotal position on the sea front and are an impressive landscape laid out in the late nineteenth century. They are grade II Listed on Historic England's parks and gardens register. Actions include:

- Work closely with stakeholders and the community to develop and implement proposals for the enhancement of the historic assets
- Secure funding to restore the grade II listed promenade gardens

Theme 10 - Marketing Promotion and Publicity

- Develop interpretation and signage for St Anne's pier, promenade gardens and the Island site.

10. As outlined earlier, in 2008 RPS Planning was commissioned by the council to assess the potential for leisure development of the site and produce the St Anne's Seafront Master Plan. RPS was chosen for the commission partly on the grounds that the company had extensive experience of working with and on behalf of major players in the leisure sector.
11. The brief given to the consultant also required it to assess the way in which potential, viable uses, as may be identified, could be integrated into the site. In particular, the sea front, and the important 'listed' gardens presented significant constraints. This was to ensure that the scale, massing and orientation of development was appropriate for the site and its setting. At the time, in 2008, the council had resolved to close the indoor swimming pool (subsequently re-opened in 2010) and so the consultants considered two options. One considered redevelopment with the pool building retained and one with it assumed to be surplus to requirements, for reuse or demolition.
12. The two options presented took into account the potential uses that RPS Planning considered realistic for the site following their 'industry research'. These included the potential for a hotel, health spa, re-opening of the casino, health and fitness club, bowling alley and amusements. The concept Master Plans indicated a range of buildings over the site with options for retaining car parking and/or the creation of a large public square and re-modelled promenade.
13. The consultants thereafter, made five recommendations as a potential way of taking the redevelopment of the site forward. These were:

- (i) Allocate the site through a policy allocation in the 'local plan' for comprehensive redevelopment and indicate the type of permissible uses including tourism related retail, hotel use, leisure use, visitor attraction, casino use and prescribe car parking and other public realm enhancements.
 - (ii) Publish a planning brief for the site
 - (iii) Undertake a financial appraisal to ensure best value for the site to protect the council's interest.
 - (iv) With the current leaseholders, seek expressions of interest from the market.
 - (v) The council should prepare broader public realm proposals for the surrounding parts for the site.
14. Since the Seafront Master Plan was produced in 2008 the council has adopted two important strategic plans governing coastal defences.
 15. The first is the Shoreline Management Plan 2 (SMP2) which was adopted by members in 2010. This provides a high level assessment of the risks associated with coastal erosion and flooding along the north west England and north Wales coast. The policy describes how a stretch of shoreline is most likely to be managed to address flood and coastal erosion over the next 100 years. Furthermore the SMP2 presents long term policies to sustainably manage these risks to people and the developed, natural and historic environment. The coastline at The Island is part of cell 11b with an agreed policy to hold the existing defence line.
 16. The second is the [Strategy Appraisal Report \(StAR\)](#), also referred to as the Fylde Shoreline Strategy which was adopted by members in 2014. This sets out the more local proposals for the management of risks related to coastal erosion and flood from the sea along the Fylde coastline. The approved strategy will eventually lead to individual project appraisal reports (PARs) to seek Environment Agency funding for implementation of coastal defence schemes, the first of which is the Fairhaven & Church Scar project appraisal report.
 17. Coastal defences at The Island were built in the 1930s and form a strategic headland protecting the sand dunes from Fairhaven Road to Fairhaven Lake from erosion. This sub unit (F1.2 of the StAR) suffers from overtopping of the sea wall when high tides and storm surges occur and has in the past resulted in flooding of the car park and amenity premises. This flooding is expected to increase once climate change impacts take effect. By year 100 from the date of agreement of the StAR (i.e. 2114), 252 residential and 42 commercial properties would be at risk of erosion.
 18. The preferred option in the StAR for Sub Unit F1.2 is to maintain, with a new coastal defence in year 20 (i.e. by 2034). This will mean that the footprint of the structure will remain the same in the short term, accretion on the beach will also continue in the short term and the sand dunes will be managed and maintained.
 19. Any major regeneration plans for The Island may require an accelerated implementation of the new coastal defences to protect the new investment that sits behind. Currently the benefit cost ratio of the coastal defence scheme falls below that required for 100% public grant and at present would require other sources of funding.

RECENT HISTORY

20. When the St Anne's Seafront Master Plan was produced in 2008 the consultant spoke with a number of private sector operators and arrived at two broad options; limited redevelopment and major redevelopment. From these several sketch concepts were developed.
21. When the Master Plan report was considered, members resolved:

- To meet with the lessees of the site with a view to exploring their interest or otherwise in any redevelopment scheme in general, and in the proposed Master Plan in particular;
 - Dependent on the outcome of above, to request that appropriate officers in consultation with the chairman and vice-chairman of committee and the portfolio holder investigate the scope and content of the proposed consultation exercise;
 - Dependent on the outcome of above, to ask the executive manager in consultation the chairman and vice-chairman of committee and the portfolio holder to look at alternative options for funding the next stages of the proposed Master Plan and how it could interlinked with the heritage lottery fund;
22. Cabinet also agreed that following public consultation and subject to staffing resources officers be asked to prepare a planning brief in respect of the Sea Front Master Plan.
 23. The Master Plan was commissioned and prepared around the time of the worldwide financial crisis of 2007-08. With economic decline nationally and locally, many operators were focused on staying in business with reduced exposure to risk which meant no investment capacity/opportunity at the time.
 24. In line with the cabinet resolution a meeting was held with key lessees at the time although given the underlying state of the economy there was no appetite or economic potential to consider any redevelopment of the site. As a result of this there was little point in undertaking a wider consultation exercise at the time.
 25. Subsequently in 2009 the operator of The Island went into administration and the facility was put on the market. Following marketing of the site by the administrator there was some interest in the site and the council received a request to assign the lease to PDJ Management Ltd. Early meetings with the new operator in relation to the Master Plan revealed that the company wished to consolidate its operation before considering any major investment proposals.
 26. Over the last few years, the site has, for the most part, continued to operate on what might be considered a relatively low key, although viable, basis. There have been improvements to the cinema within the main building and the public house. Part of the site has been used intermittently by a series of restaurant operators and whilst currently unused, it is believed that it is to re-open shortly after some investment. The casino licence remains in place but this part of the enterprise is not currently in use. External to the building, the railway carriages have been retained for specialist retail and café use and the rear of the site is used as a Council run car park.
 27. The site is in a key sea front location and, as outlined within the report, the original development, which included the brick clad portal framed building, could never have been considered something of high architectural quality. It was the result of the level of developer interest at the time and presumably the funding available. Later additions to the buildings and some alterations have had beneficial effects and the removal of some of the accumulated clutter under the present principal operator has been welcomed. With the appropriate level of investment, the present building and site could be significantly improved with the design rationalised and external spaces enhanced.
 28. Since 2008, the proposals for the re-development of the coastal defences have advanced and the outer promenade, which includes The Island site, will be replaced. The replacement sea wall is due for completion in around 20 years' time from 2014 (i.e. 2034). In the case of a potential comprehensive redevelopment of the site it might be possible to bring forward the construction timeframe, particularly if the level of investment had significant economic benefits and some element of grant aid could be justified to create an element of 'match

funding'. If a more modest development proposal were to be brought about it is likely that the sea wall replacement would run to its current anticipated schedule.

29. The RPS Master Plan exercise included a significant level of market testing and in 2008 there appeared to be interest in the site and its development potential from a number of leisure operators. This type of comprehensive redevelopment would also have had significant aesthetic benefits to the site and its surroundings and added significantly to the leisure offer of St. Anne's and the Borough.

DEVELOPMENT PROPOSALS

30. There is an action in the council's agreed Coastal Strategy (2015) to *seek to develop The Island site to maximise its potential including developing a gateway project fronting St Anne's swimming pool.*
31. Recently the council received interest from a developer proposing refurbishment and reconfiguration of the wider Island complex. An initial assessment of these proposals is that they are a potential solution to the issues at The Island and could be an indication that the economic climate for such investment is now right to achieve improvement and regeneration. The complex and multiple leasing arrangements do, however, comprise a significant obstacle to implementation of the plan.
32. In order to understand these complexities it is necessary to be aware of the current legal position. Fylde Council owns the freehold of the entire Island site. Mitchells and Butlers Ltd (M & B Ltd.) has a lease, with 80 years unexpired, of the main Island building, the public house, the railway carriages and the car park to the front. They occupy the public house and its car park, while the remainder of the leased area is sub-let to PDJ Management (Lytham) Ltd on a lease with 26 years unexpired. They, in turn, have a number of sub-lettings including the casino, amusement arcade, restaurant, beach huts office, railway carriages and fairground rides. As it is not a party to these sub-lettings, the council is not aware of their detailed terms. Some of the minor tenancies could be allowed to expire, but no major regeneration of The Island could take place without coming to an arrangement, or working in partnership, with the main leaseholders.
33. The party is interested in the regeneration of the whole of The Island, which is shown edged black on the attached plan and also includes the swimming pool, council car parks, RNLI boathouse, boating pool, café and ice cream kiosk. This is despite the fact that there are protected leases in place which cannot be overridden.
34. Building upon the work carried out to date it is proposed that a broad marketing exercise be undertaken to seek interest from private investors to see what ideas and proposals come forward for the site.

LAND TRANSACTION RULES

35. The council has within its constitution a section titled 'Land Transaction Procedure Rules'. This sets out the rules that shall be complied with for contracts to sell or buy land made by or on behalf of the council. Any disposal of the council's interest in land at The Island would be governed by these rules.
36. The Rules include a presumption that, in order to obtain maximum value from any disposal, there will be competitive marketing by way of tender, private treaty or auction unless special circumstances apply. Special circumstances may include the existence of a 'special purchaser' or 'partner'. It is considered that neither of these apply in the case of the interest shown in The Island site. Therefore if members are minded to proceed, any disposal of all or part of the

council's interest in The Island should be undertaken competitively so as to obtain the best consideration.

FINANCIAL CONSIDERATIONS AND RISKS

37. The council currently benefits from a source of revenue income from owning the wider Island site. When income from the leases and that from the council car parks is added together it achieves around £145,000¹ in gross annual income for the council. The council's costs in managing and operating these facilities would need to be deducted to obtain the true net value of the site to the council.

PROCESS FOR SEEKING INTEREST

38. The simplest approach to marketing the site would be to offer the council's freehold interest. This would give the chosen developer the same, albeit limited, ability to carry out a scheme and work with tenant's to achieve its implementation. However, a freehold sale would limit the council's ability to control the long term future of The Island and it is recognised that members would be reluctant to dispose completely of such an important asset. The recommended approach would be to instead offer a long leasehold interest, which could be created to sit between the council, as freeholder, and its existing tenants. The lease could incorporate terms allowing the council control over key issues. However, the complex leasing arrangements are likely to be a deterrent to prospective developers.
39. If members agree to the principle of marketing the site, it is recommended that certain parameters are set through a brief to guide the exercise. Such parameters will need to be broad and flexible so that any developer can cooperate with the main tenants and work round any that are unwilling. They could, however, include retaining elements of control in major areas and restrictions on types of use which would be unacceptable. This may include the site coverage and design parameters that would be applicable, including height, mass and scale.
40. Once a brief and site particulars are prepared, it is proposed that marketing would be undertaken through appropriate media to seek interest from developers. This is likely to run for a minimum of two months to allow interested parties to acquaint themselves with the site, undertake appropriate investigations and research, and develop their ideas for submission to the council.
41. It is proposed that following the receipt of any interest and the production of a report from the Principal Estates Surveyor, this is initially considered by a working group made up of the chairman (or their nominee) from each of the programme committees, for the rationale as described:
- Tourism and Leisure (the main committee responsible for assets at The Island)
 - Operational Management (the committee responsible for car parking)
 - Development Management (the committee responsible for economic regeneration projects)
 - Finance and Democracy (the committee responsible for overall financial management)
42. At this stage it must be stressed that any invitation would be seeking proposals for the development of the site. The council would be under no obligation to accept any offers or

¹ 2016/17 budget estimate

dispose of any interest. This exercise would be a precursor to more detailed consideration before any disposal was agreed.

43. A further report would be presented to committee on the outcome of the process above, along with recommendations.
44. Any eventual disposal would be by way of 'sale by private treaty' as defined by the Land Transaction Procedure Rules. The Land Transaction Rules state that *'a sale by private treaty will not be concluded until the Decision-Maker has considered a report containing the provisional terms for the sale negotiated by the Principal Estates Surveyor or external agent, details of all other offers received, and an explanation of why they have been recommended to be rejected'*.

IMPLICATIONS			
Finance	This report seeks approval to the principle of marketing The Island site to seek proposals for redevelopment and regeneration and also details the proposed process by which this may be achieved. At this stage there are no financial implications arising from this report. The working group (which the report proposes to oversee this exercise) will report back to this committee at a later date. Any financial implications arising from the conclusions and recommendations of that working group will be contained within that later report.		
Legal	The council is obliged to obtain the best consideration reasonably obtainable for the disposal of any land asset and, as noted above, the Land Transaction Procedure Rules would also apply to any disposal.		
Community Safety	None		
Human Rights and Equalities	None		
Sustainability and Environmental Impact	None		
Health & Safety and Risk Management	None		
LEAD AUTHOR	TEL	DATE	DOC ID
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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
St Annes Seafront Masterplan	July 2008	http://www.fylde.gov.uk/council/planning-policy--local-plan-/local-development-framework/evidence-base/comprehensivelistofevidence/

Appendices

Appendix 1 – Site Plan