

WHITE OAK LEISURE CENTRE RESIDENTIAL QUARTER, SWANLEY - DEVELOPMENT PROPOSAL

Finance & Investment Advisory Committee - 11 January 2022

Report of: Strategic Head of Property and Commercial

Status: For Decision

Also considered by:

- HHAC - 17 January 2022
- Cabinet - 10 February 2022
- Council - 22 February 2022

Key Decision: No

Executive Summary:

SDC are redeveloping the White Oak Leisure Centre complex in Swanley.

Work on Phase 1, construction of the new leisure centre, has commenced and work is progressing well. Phase 2, demolition of the existing leisure centre, is on track to begin in February 2022.

This report seeks approval to proceed with Phase 3, the residential element of the scheme. A hybrid planning application was granted permission in October 2019 with full permission granted to redevelop the leisure centre and outline permission granted for this element. This was to provide a new residential quarter of up to 41 new dwellings on the northern part of the site where the old leisure centre and car park are currently sited.

The outline planning permission for 41 residential units is not considered viable and so SDC are increasing density on this site. A variety of options were considered and the provision of 81 new homes on the site is considered viable.

This report seeks approval to undertake further feasibility and design work to facilitate the submission of a planning application and to deliver the scheme subject to receiving all the necessary statutory consents.

The intention is to now progress the proposals to submit a full planning application in July 2022 and, subject to planning being obtained, will start on site in January 2023.

As this is a new capital project that is not yet accounted for in the Capital Programme, and given the estimated project budget, Council approval is required.

This report supports the Key Aim of: improvements to public realm and infrastructure and meeting housing targets. The provision of new housing is a key priority and pressure for the District.

Portfolio Holder: Cllrs. Peter Fleming, Matthew Dickins and Kevin Maskell

Contact Officers: Detlev Munster, Ext. 7099

Recommendation to Advisory Committees:

- (a) The Advisory Committees endorse the redevelopment of the site to deliver a new residential development;
- (b) The Advisory Committees endorse the proposed recommendations to Cabinet and Council.

Recommendation to Cabinet:

- (a) Cabinet notes the viability issues associated with this site and endorses the development of a new residential scheme on this site which will deliver 81 new homes;
- (b) Cabinet recommends to Council the provision of £20,189,137 in the Capital Programme to deliver the scheme;
- (c) subject to Council's approval of the capital provision of £20,189,137 in the Capital Programme, Cabinet delegates authority to the Strategic Head of Property and Commercial and the Chief Officer Finance and Trading, following consultation with the Cabinet Member for Finance & Investments to undertake further detailed design and feasibility work and to proceed with the scheme subject to final scheme viability; and
- (d) Cabinet delegates authority to the Strategic Head of Property and Commercial in consultation with the Chief Officer Finance and Trading and the Head of Legal Services to submit a planning application and to enter into any necessary contracts to facilitate the development and construction of the proposed scheme in accordance with the Council's Contracts Procedure Rules and for the disposal of the residential units to be developed.

Recommendation to Council:

That the provision of £20,189,137 in the Capital Programme to deliver the scheme which is to be funded as noted in the Financial Implications be approved.

Reason for recommendation: To provide much needed housing in the district particularly in Swanley.

Introduction and Background

- 1 Swanley is an urban settlement in the Northern part of the Sevenoaks District adjoining Dartford, Bexley and Bromley. Swanley is the most deprived area within the Sevenoaks District, with two of the wards (Swanley St Mary's and Swanley Christchurch) noted as having relative deprivation in the Local Plan. The town itself has excellent transport links with a motorway interchange providing junctions on the M25, M20, and A20 enabling travel both into Kent, Surrey and Central London. Swanley is within London Travel Zone 8 with Oyster travel into London in under 30 minutes. The area itself has however, had little public or private sector investment and development in the past, but is now on the cusp of a significant regeneration opportunity, which provides the potential to create a desired place for the future.
- 2 The site sits within a residential area on the northern side of Swanley Town Centre. The existing leisure centre is adjoined by White Oak Indoor Bowls Club which is to be retained and operated in its current form. The existing site had allocated Open Space in the south-west corner on which the new leisure centre is being constructed. This open space will be re-provisioned within this proposed new residential development where the existing leisure centre sits.
- 3 The proposed development aims to provide:
 - New homes including both flats and houses with private gardens
 - Communal green space at the centre of the site
 - Car parking
 - Trees
 - Enhancement of the urban fabric surrounding the new leisure centre
- 4 Profit from the construction of the residential phase is required to part contribute to the construction of the new leisure centre, already on site. As a result, all housing will be market sale with no affordable provision.

The Proposed Development Scheme

- Several design options were considered for the site and the preferred option (detailed in appendix A) proposes:
 - 11x 3b5p houses
 - 15x 1b2p flats
 - 32x 2b3p flats
 - 14x 3b4p flats
 - 9x 4b4p flats
 - Car parking spaces, private gardens, soft and hard landscaping and trees.

- 5 The proposed layout offers 81 residential units comprising two blocks of flats at two and five storeys in height, alongside 11 two storey houses with private gardens. This layout also provides 120 parking spaces with a green space and soakaway at the centre of the site. The remainder of the site is reserved for green space.
- 6 Initial planning feedback has been obtained and suggestions have been incorporated into the preferred option to be taken forward for further review in the next design stage.
- 7 The options appraisal suggests that the preferred option (Option B) is viable from a planning and financial perspective, but further detailed analysis is required to refine the preferred option.
- 8 Consequently, the next stage will involve the preparation of detailed designs for the site (to RIBA Stage 3) as this level of information is required to not only obtain a planning consent, but also to clarify viability and de-risk the project and to enhance confidence in deliverability.
- 9 The next stage will undergo a further detailed investment appraisal to determine viability, and will only proceed if it meets the scheme's aims and is within the financial parameters set (see Appendix B - confidential).

Public Consultation

- 10 Public consultation was undertaken during February and October in 2016 as part of the Swanley Visioning Study. 1,838 surveys were completed and over 1,000 people attended drop-in sessions. The key points noted from this exercise were:
 - Majority of residents (96%) wanted to keep a leisure centre in Swanley.
 - Housing was a key topic although opinions were divided on whether it was needed and where it should be located
 - More and better health and community facilities are required
 - A need for better quality and wider ranging retail uses
 - Residents were keen to retain leisure uses and open spaces
- 11 In addition, residents were consulted on the new leisure centre in March 2019, as well as the statutory consultation undertaken for the hybrid planning application in October 2019. A summary of the feedback provided, more specifically relevant to the residential phase includes:
 - The building of homes will put pressure on existing services such as doctors and schools
 - Concerns the existing infrastructure will not be able to cope
 - Concerns about overlooking from the existing houses onto the new houses
 - Loss of trees

- Lighting to be designed in such a way to improve security and feelings of safety

Some of these findings have already been addressed within the emerging design, including the planting of trees and designing of new public spaces that will be well lit and feel safe. Other findings will be considered as the design develops. Area-wide concerns such as pressure on existing services will be considered via SDC’s emerging Local Plan and Supplementary Planning Documents.

- 12 It is proposed that the local community and interested parties will be further consulted as part of the detailed design process. This will involve a consultation to outline the proposed detailed design during through the design stage to refine the scheme where appropriate prior to submitting a planning application.
- 13 Following the pre-planning consultation, further consultation will take place as part of the statutory planning process.

Procurement

- 14 Subject to scheme viability and obtaining the necessary statutory consents, it is envisaged that the scheme will need to be publically procured in accordance with the Public Contracts Regulations 2015.
- 15 The scheme will likely be procured using two or possibly a single stage Design & Build procurement route with a selection questionnaire and JCT Design and Build 2016 standard form of contract. A main contractor will be procured on a lump-sum fixed price basis.
- 16 The demolition and site clearance may be under a separate contract.

Delivery Programme

- 17 The project’s indicative delivery programme, assuming planning consent is granted, is outlined in the table below. Note this is subject to change:

Stage	Date	
Corporate Programme Board	October 2021	Completed.
Strategic Management Team	7 December 2021	
Finance and Investment Advisory Committee	11 January 2022	
Health & Housing Advisory Committee	17 January 2022	
Cabinet	10 th February 2022	
Full Council	22 nd February 2022	
Appoint Project Team	February 2022	

Planning Submission	September 2022	
Contractor Specification and ITT issued	December 2022	
Planning Determination	December 2022	
Contractor Appointment/award	March 2022	
Start on site	June 2023	
Practical completion	March 2025	

Project Costs

Supporting information at Appendix B (exempt from publication)

- 18 An external property consultant (Pathfinder Development Consultants) was commissioned to determine the scheme's viability and advise on residential sales. In addition, the team has also consulted with local estate agents to advise on potential market sales. Our property consultants suggest that the scheme is financially viable and their assessments have been closely scrutinised by the Council's Property and Finance teams.
- 19 Details of the development appraisal can be found in Appendix B, where it can be noted that the scheme generates a profit that will be used to part-finance the new White Oak Leisure Centre. The financial appraisal (seen in Appendix B) includes a robust contingency and risk and inflation allowance. The appraisal has also undergone stress testing to determine its sensitivities to cost pressures, interest rate rises, decline in sales values to mention a few, and these have set the financial parameters within which a viable scheme can be delivered. These financial parameters are outlined in Appendix B.

Project Governance

- 20 A Project Team has been set up within the Council and will be supported by external consultants. In particular, the Council will appoint a specialist cost consultancy firm to act as Employers Agent and QS.
- 21 The Project Team will be adapting PRINCE2 methodologies to manage the project.
- 22 The Project Team will be reporting to the Corporate Programme Board (CPB), which will have oversight of the project. Monitoring reports (including highlight reports/exception reports, budget monitors and the risk register) will be submitted monthly to the CPB. The CPB consists of senior officers within the Council and is chaired by the Chief Executive.

Other Options Considered

- 23 Do nothing. This option requires the Council to cover the full costs of the construction of the new leisure centre which is now on site. It is expected that the residential element will generate approximately £2.643m towards

the new leisure centre. The do nothing option also does not release land for much needed housing. Most notably, the District’s Strategic Housing Assessment (2017) suggests that this part of the District requires 98 homes a year. A better result will be achieved by contributing capital receipts to the cost of the leisure centre whilst also providing some modern housing and to improve the landscaping.

- 24 Four alternative design options were considered by our external consultant (LSI Architects) and the preferred option is considered the most financially viable and feasible from a planning perspective. The proposed design maximises the number of new homes whilst sitting sensitively with the existing site’s uses and the surrounding estates built context. Preliminary views of the Planning Authority have been obtained and this option supported. Additionally, cost plans and feasibility assessments were prepared for the respective options, and the preferred option is considered to optimise site benefits and financial returns for the Council.
- 25 An alternative option would be to dispose of the site with planning permission. This option has been ruled out as the site’s complexities with the existing and new leisure centre, surrounding uses and requirement to contribute capital receipts to the new leisure centre would not suit a private developer who would seek to maximise profits. SDC is able to assess/consider community value not just financial viability.

Risk Assessment

- 26 A table outlining the key risks relating to this project are outlined in Appendix C.

Key Implications

Financial Implications

The scheme is intended to be funded (ultimately) from capital receipts from the sale of the residential units (see Appendix B for more information).

The table below shows the expected expenditure over the duration of the project.

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£	£	£	£	£	£
Expenditure	250,000	2,050,000	9,500,000	7,450,000	939,137	20,189,137

81 residential units will be disposed of in the open market and according to the Council’s property consultant, they are expected to generate a sales receipt that will cover the scheme’s cost and return requirements (see Appendix B).

Until the receipts from the sales of the residential units are received, short-term external borrowing will be used to fund the scheme. The potential financing costs are outlined in Appendix B.

Consideration will need to be given to the VAT implications of the project. Dependant on the use of some of the elements of the project it may require specific VAT treatment. Further VAT advice will be sought.

Legal Implications

The Council has freehold title of the site.

The Council leased White Oak to Sencio on 22 April 2004 and granted a 25-year lease to them running from the 10 February 2004. This has now expired, allowing SDC to redevelop the site. There are no covenants that the council are aware of that are relevant to the development site. The property register states that the land is subject to easements arising from 1) sales of land to West Kent Housing and 2) sales to the public under right to buy. These are mostly unspecified. A full title report has been commissioned and further investigation will be undertaken.

The Council will need to apply for planning consent and obtain all other necessary statutory approvals (e.g. building control approval) and these are known to the Project Team.

Due diligence assessments have identified that it would be suitable to appropriate the site for Planning purposes including to ensure proper planning. The Council is authorised to appropriate land that it owns under Section 122 of the Local Government Act where no longer required for the purpose for which it was previously held. The Council may not appropriate any land which consists of open space land unless it has published its intention in a local newspaper for at least two consecutive weeks and given due consideration to any responses received. It is intended that, if the development is approved, an appropriation would take place at a later stage.

The procurement of a design and build contractor, will need to be procured in accordance with the Public Contract Regulations 2015 thresholds, and will need to comply with the Council's Contract Procedure Rules. Legal advice will need to be sought in ensuring the final form of contract is appropriate and provides the Council with the necessary contractual safeguards.

There are no State Aid implications associated with the proposed scheme.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. A positive impact on end users is, however, anticipated. In particular, it is worth noting that appropriate “equalities requirements” will be specified in the various contracts to be entered into for the demolition and construction of the scheme. In addition, the scheme is designed to promote an inclusive environment.

Sustainability

A sustainability checklist has been completed, provided at Appendix D. The scheme will aim to achieve BREEAM excellent to outstanding, and will be delivered in line with SDC’s Net Zero ambitions.

Conclusion

This dynamic scheme provides good quality new homes on the site of the old White Oak Leisure Centre and car park. In addition, it will provide car parking, new open space, trees and enhanced landscaping. Together with the new White Oak Leisure Centre it presents a unique regeneration opportunity for Swanley that will set a new design and sustainability benchmark for future growth.

Appendices

- Appendix A - High Level Design Options
- Appendix B - Cost plan and development appraisal (Gold Papers - exempt from publication)
- Appendix C - Outline Risk Assessment
- Appendix D - Sustainability Checklist

Background Papers

- Hybrid planning application ref: [19/02951/HYB](#)
- LSI Architects: White Oak Residential Feasibility Study
- Geotechnical Investigation report

The following background documents are exempt from publication. The applicable reason for this redaction is paragraph 3 of Schedule 12A of the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information). This is because it could prejudice the returns of a commercial tender that the Council will be undertaking and provides commercially sensitive information.

- Pathfinders Development Consultant (October 2021): White Oak Residential Viability Appraisal
- LSH's Residential Market Assessment - Bevan Place
- Playle and Partners (October 2021): White Oak Residential Order of Cost Estimate

Detlev Munster, Strategic Head of Property & Commercial