

# WIRRAL COUNCIL

## CABINET

22 SEPTEMBER 2011

<b>SUBJECT:</b>	<b>NEPTUNE DEVELOPMENT, NEW BRIGHTON, PHASE 2</b>
<b>WARD/S AFFECTED:</b>	<b>NEW BRIGHTON</b>
<b>REPORT OF:</b>	<b>THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>ADRIAN JONES CORPORATE RESOURCES</b>
<b>KEY DECISION?</b>	NO

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek Cabinet approval to grant Landlord's consent for part of the Phase 2 Development at New Brighton to be amended from the original Health and Fitness Suite and outdoor Lido to a facility that provides a play centre with outdoor wet play area/splash park.
- 1.2 The amendments are consistent with the Corporate goals to market Wirral as a world class location for business and visitors.
- 1.3 The decision will have no impact on revenue budgets.
- 1.4 This is not a Statutory duty.

### 2.0 RECOMMENDATIONS

- 2.1 That the Council agrees to amend the lease to Neptune Developments Ltd by granting Landlord's consent to the revised scheme for Phase 2 of the New Brighton Development, as described in the report.
- 2.2 That the Council approves the necessary amendments to the Development Agreement with Neptune Developments Ltd to reflect the revised scheme for Phase 2, as described in this report.
- 2.3 That the Director of Law, HR and Asset Management be authorised to complete the necessary legal documentation to give effect to the amendments.

### 3.0 REASON FOR RECOMMENDATION

- 3.1 To enable Neptune Developments Ltd to secure a letting and complete the lease of part of the New Brighton development.

## **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 The approved development scheme at New Brighton provided for the feature building in Phase 2 at the western end of the Marine Point development to be operated as a private health and fitness club with an associated open air lido. At the time the proposal was first conceived Neptune Developments Ltd (Neptune) identified an end user and the building was designed to their specification
- 4.2 Due the economic downturn, the operator pulled out of the deal. This coincided with a depression in the health and fitness sector making it difficult to find a replacement upmarket health club operator.
- 4.3 Neptune therefore focused on a 'low cost - high volume' operating model where facilities are less refined. The scale of the proposed building to be used for the health club and the operating model typically requires a city centre location with large numbers of office workers and students. Consequently none of these potential operators saw New Brighton as a viable location.
- 4.4 Neptune continued to market the building and also undertook a series of feasibility studies to look at operating the facility itself. These exercises indicated that in the current economic climate such an operation would be marginal at best. In addition it concluded that the lido would be a difficult facility to successfully manage because it would be under-utilised due to unpredictable and adverse weather conditions, and conversely demand would be difficult to manage during periods of good weather. Principally this is to do with the spa design of the pool. In traditional open air lidos, even in poor weather there will be those still want to lane swim for exercise. However the design of the lido is not suitable for this type of swimming activity, so a further potential market would be lost.
- 4.5 Neptune then marketed the scheme for an up-market leisure spa type operation coupling the spa with treatment rooms etc. Any end user would however require the developer to fit out the unit at a cost estimated at £1.3m (by Neptune) which was not commercially viable.
- 4.6 Complementary activity arising from the health and fitness club has been considered to have limited impact for the rest of the scheme as a whole. Research by Neptune showed that even if a membership of 3,000 – 3,500 were achieved, most would come from the immediate catchment area and would be unlikely to use any of the complementary restaurants.
- 4.7 As an alternative Neptune are proposing that the building currently earmarked for the health club and its external area be used to house a children's play area and splash park. Neptune has received a number of enquires from the new style 'soft play' operators, all of whom consider Marine Point to be an ideal location for a high quality children's play facility.
- 4.8 Neptune has explored this as a viable alternative and it is apparent that the building could provide additional capacity than that normally required for a simple play frame, meaning real value could be added. Clearly, the children's play centre would not work in conjunction with a deep lido pool and so

Neptune engaged specialist play consultants to develop alternative proposals for the lido involving a splash park.

- 4.9 Neptune have now identified an operator to take on the building and are working up proposals for a centre that will incorporate a 5 level play frame, toddlers play area, themed party rooms, a sensory area, a ceramic café and a general café. The external area will include a high quality splash park. This consists of a series of themed water features, fountains, interactive water jets and fixed interactive 'water-pistols', fixed on a soft flat, non slip, water proof surface. The area is designed to enable children to play safely in amongst various fountains and sprays and the water proof pad is designed to collect the water so it can be filtered and re-circulated. The equipment is demountable which will facilitate the provision of a synthetic ice rink over the winter months and potentially all year round.
- 4.10 Neptune estimates that this proposal will see a net additional investment of £1.2m and generate 30 new jobs, in line with what would have been anticipated from a health and fitness operation. More importantly the operator's business plan estimates annual visitors of 250,000 per annum, which along with the impact on visitor spend will be well in excess of the original health and fitness projections. As a result, the broader family appeal of the proposal is in turn proving of particular interest to restaurant end users.
- 4.11 The proposal to alter the use has been outlined to NWDA and confirmation received that it does not constitute a 'material change' and so has no implications for grant clawback.
- 4.12 Neptune Developments Ltd will be responsible for the Council's reasonable and proper costs if the Council agrees to vary the Phase 2 lease.

## **5.0 RELEVANT RISKS**

- 5.1 To grant Landlord's approval for part of Phase 2 to be amended as described will minimise the risk of the scheme failing.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 Not to recommend the grant of Landlord's Consent. However, as the proposed use is consistent with the existing planning permission, the company may conclude that refusing Landlord's Consent is unreasonable.
- 6.2 The market for Health and Fitness Studios and retention of the outdoor lido has been exhaustively researched and tested by Neptune and alternative options have been found not to be viable at this time.

## **7.0 CONSULTATION**

- 7.1 Public consultation has been addressed through the planning application process.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 There are no implications arising from this report in respect of such groups.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

### **FINANCIAL IMPLICATIONS**

- 9.1 Under the conditions of the original Development Agreement, the Council will receive 6% of the rental agreed between Neptune and the operator.

### **IT, STAFFING & ASSET IMPLICATIONS**

- 9.2 There are no IT, staffing or other Asset implications.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 The Director of Law, HR and Asset Management will be required to modify the Development agreement to account for the new arrangements.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 An equality impact assessment is not required in this case.

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 There are no direct implications for the Council's carbon footprint arising from this prospect.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 13.1 The proposed operational change falls within Use Class D2 of the The Town and Country Planning (Use Classes) Order 1987 and no additional Planning Approvals are required.

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## **APPENDICES**

None

## **REFERENCE MATERIAL**

None

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet</b>	<b>10 December 2008</b>
<b>Cabinet</b>	<b>16 April 2008</b>
<b>Cabinet</b>	<b>18 October 2007</b>