

This Report will be made public on 5 December 2023



Report Number **C/23/70**

**To:** Cabinet  
**Date:** 13 December 2023  
**Status:** Key Decision  
**Lead Officer:** Samuel Aligbe Chief Officer - Corporate Estate and Development.  
Andy Blaszkowicz - Director Housing and Operations  
**Cabinet Member:** Cllr Jeremy Speakman Cabinet Member for Assets and Operations

**SUBJECT: Romney Marsh Coastal Destination Centre including Beach Chalet Project**

#### **SUMMARY:**

In June 2021 Cabinet (Cabinet report C/21/13) approved a proposal to create a visitor destination centre on Coast Drive carpark in Greatstone that falls within the council's ownership. The project is an opportunity to create a coastal destination centre, facilitate inward investment, improve the local economy and to bring forward a sustainable place making intervention. The proposal offered 108 beach huts a visitor hub with café/education centre, enhanced car parking, toilet facilities including a Changing Places Toilet and public realm improvements. The project also delivers a revenue surplus to the council from year one and continuing throughout the 20-year lifetime of the scheme.

This report is to advise Cabinet of the work to date and the challenges that have been encountered leading to changes to the original proposed scheme because of site and planning constraints identified during the design development process. The report provides an update on the current design proposal and programme including the proposed procurement of contractors and seeks additional budget approval to enable the delivery of the scheme.

#### **REASONS FOR RECOMMENDATIONS:**

Investment into this project will create a coastal destination centre that will boost tourism and economic activity on the Marsh whilst providing an ongoing revenue stream for the council. The budget for the proposed scheme requires approval to deliver the project, enable the revenue stream to the council and to secure transformational change within the area, delivering the much needed social, economic, and regeneration benefit.

## **RECOMMENDATIONS:**

- 1. To receive and note report C/23/70.**
- 2. To approve the redesigned scheme to deliver the project on council land only, which meets ecological requirements and minimises the ecological impact on the internationally designated sites.**
- 3. To approve the required budget of £1,593,000 to deliver the scheme and note that this will be built into the Medium-Term Capital Plan for approval by Full Council in February 2024.**
- 4. To provide delegated authority to the Director of Housing & Operations to accept the NDA/Magnox grant of £300K.**
- 5. To note the wider funding package to deliver the scheme including CIL (£300K) and UKSPF funding (£100K).**
- 6. To note commencement of the tender process for a contractor to deliver the scheme.**
- 7. To provide delegated authority to the Director for Housing and Operations to carry out any tasks required to deliver the scheme within the agreed budget.**

## **1. BACKGROUND**

- 1.1 In June 2021 Cabinet approved a proposal to create a Coastal Destination Centre.
- 1.2 It was agreed that this would be at Coast Drive car park which is situated along the A259 and is currently used as unsurfaced 250 space car park. To the South is a Site of Special Scientific Interest (SSSI) beach, to the East is “The Green” - open space, play park and beach huts owned and operated by New Romney Town Council. To the East is the RNLI lifeboat station and the Varne boat club with boat launching ramp. To the North are a number of private residences and a restaurant.
- 1.3 The car park is significantly underutilised even during peak periods in the summer months with an approximate annual income of £10,000.
- 1.4 A previous planning application for the development of the site for housing was rejected by planning committee on 26<sup>th</sup> May 2020.
- 1.5 This project will contribute toward a thriving local economy by offering the visitor hub including kiosk/café /education space, beach huts, toilets including Changing Places Toilet facilities, showers, enhanced parking facilities, electric vehicle charging points and public realm improvements, whilst increasing access to the beach.
- 1.6 In June 2021 Cabinet approved a project budget of £893,000 (C/21/13) which was later approved by Full Council in July 2021.
- 1.7 The scheme was submitted for planning in December 2022 and has been undergoing design development and review working with FHDC planning officers.
- 1.8 As part of the design development and ongoing scheme due diligence officers identified a number of challenges with the original proposed scheme and have needed to redesign the scheme to ensure that a viable, deliverable project comes forward.

## **2. THE ORIGINAL SCHEME PROPOSAL AND KEY CHALLENGES**

- 2.1 Throughout the design phase of the project two key challenges significantly impacted the ability for the scheme to come forward. The beach huts were on land owned by the Crown Estate adjoining the car park and the location of the huts in relation to the international designated ecologically sensitive areas resulting in adverse impacts on the local ecology.
- 2.2 The original scheme had been designed to deliver 108 beach huts within a site redline that included land owned by the Crown Estate. (See site plan at Appendix 1).
- 2.3 The Council had initially progressed on this basis because the Crown Estate agent had originally stated that they did not own the site and that the Council did not need their consent to proceed with the scheme. The Council subsequently attempted to progress an adverse possession claim on the land after which the Crown Estate then advised that they had an interest in the land. The original

scheme had straddled Council and Crown Estate land. (See plan denoting land ownership at Appendix 2 – Crown Land edged in green).

- 2.4 FHDC appointed an agent to value the Crown land. The valuation is £86,425 with planning consent and £51,855 without planning. Whilst these figures are not prohibitive, they were not factored into the cost plan.
- 2.5 Progressing the original scheme of 108 huts therefore would involve either acquiring the freehold of the Crown land or extending the current lease FDHC has with the Crown land. The valuation for the acquisition or lease extension to a 125-year lease is the same.
- 2.6 The acquisition costs would have reduced the scheme's revenue surplus though it still showed a revenue surplus from Year 1 to Year 25. The year-to-year revenue surplus at year 25 was £193,215 and the cumulative surplus at year 25 was £1,906,205.
- 2.7 Additionally, the land acquisition process would have also had an adverse impact on the programme due to the requirement for valuations, internal approvals from both organisations, negotiations, due diligence, searches, and the legal process through to sales completion.
- 2.8 The other, perhaps more significant, challenge in relation to the original scheme is that through the extensive ecological surveys that have been undertaken it was established that there would be significant negative impacts on ecology which would likely result in an adverse planning decision based on the assessments and advice of our ecology consultants.
- 2.9 The ecological advice on the original scheme, which sits partially in the Crown Land, would result in negative ecological impacts, specifically on the conservation of wetland of international importance in that location, SSSI, SAC (Special Area of Conservation) and SPA (Special Protection Area) designated areas.
- 2.10 The ecological consultant's advice is that on this basis the LPA could not legally consent to such a scheme. This means therefore that a scheme of this size and on the Crown land would not have achieved planning consent and could therefore not have come forward.
- 2.11 Officers liaised and consulted with FHDC planning officers regarding the ecologist's advice and they have confirmed the advice was indeed correct.
- 2.12 As a result of these challenges officers have produced a redesigned scheme that addresses these issues and delivers all the original outputs for the project whilst delivering better ecological outcomes.

### **3. THE NEW REDESIGNED SCHEME**

- 3.1 Responding to the ecology consultants and planning officers' advice as well as the issues highlighted with the Crown Estate land officers have presented a new redesigned scheme which is on FHDC land only.
- 3.2 The scheme includes 93 beach huts, the visitor hub, kiosk/café, Changing Places toilet facilities, toilets (including accessible toilets), changing rooms with showers,

Electric Vehicle Charging points, improved parking, and public realm enhancements. See site plan Appendix 3.

- 3.3 The redesigned scheme is viable and provides the Council with a revenue surplus from day one through to the 20-year business plan period.
- 3.4 FHDC planning officers have seen these proposals and have indicated their support in principle for this approach.
- 3.5 Under the new proposals, the fact that the Crown Estate land is no longer being used has significant ecology benefits because it acts as a buffer zone between the development and the internationally designated sensitive sites.
- 3.6 As the Crown Estate land will no longer be used for car parking or the beach huts it can be rehabilitated by decompaction with the addition of shingle to promote the re-wilding and growth of the vegetative shingle which further supports the local ecology.
- 3.7 The revised scheme no longer provides the boardwalk and planners consider the landscaping works replacing this to be a better and more sustainable solution in terms of the ecology with less impact on the international designated sensitive sites. This approach also promotes re-wilding and growth of vegetative shingle which will strengthen the ecology offer and will be support the determination of the planning application in this international designated sensitive area.
- 3.8 Based on ecologist advice there will be a restriction of use of the destination facilities during November to February (winter period) due to winter nesting birds. This will allow the local ecology and biodiversity to flourish during a sensitive period. This is critical to the sensitive nature of the internationally sensitive designated site. Limiting the impact on the internationally designated site will be a requirement to achieve planning permission. This largely impacts the Water Sports and Visitor centre as the huts are generally not used during this period.
- 3.9 These requirements will be set out in the lease arrangements and have been reflected in the rent.
- 3.10 The detail around the actual restriction periods will be set out in the final ecologist Habitat Regulations Assessment report to be finalised in December.

#### **4. WORK TO DATE**

- 4.1 The team have now produced a redesigned scheme which is at RIBA Stage 3 ready to submit for planning consent.
- 4.2 The team have procured a number of professional consultants to advise on the scheme. These include cost consultants, MEP (Mechanical/Electrical/Plumbing) Structural and Civil Engineers.
- 4.3 To inform the technical design, the team have commissioned Ground Investigations, Ecological Surveys, Flood Risk Assessments, Unexploded Ordinance Assessments and Topographical Surveys.
- 4.4 Planning was submitted in July 2022 and there has been ongoing liaison and design reviews with planning officers to amend this application to reflect the new redesigned scheme in response to the land and ecological issues.

- 4.5 The project will be procured and delivered through a JCT D&B 2016 contract to save time and reduce design risk for the authority. This will allow the contractors to complete the design and therefore accept a portion of the design risk, allowing contractors specialist input and maximised value.
- 4.6 The procurement strategy is being discussed with the procurement team who will advise on the best procurement route and whether to use a framework or to go to the open market.

## 5. CONSULTATION

- 5.1 FHDC officers met the Chair of the Sea Cadet unit on 17th March 2023 to discuss their response to the planning application statutory consultation. Changes have been incorporated into the design to accommodate their needs.
- 5.2 New Romney Town Council are supportive of the scheme.
- 5.3 Dungeness power station site stakeholders' group was consulted and was supportive of the scheme, and this was reflected by the subsequent Magnox grant award.
- 5.4 A public consultation was carried out in November 2021 with a survey monkey questionnaire on the Folkestone Works website, social media campaign and hard copies of information leaflets and questionnaires distributed through local shops. The results of this consultation were largely positive and supported by the local community.

## 6. Budget and Funding Sources

- 6.1 The total scheme cost is £1.593m based on a cost plan prepared by consultants Modus. This includes a contingency sum of £90,000.
- 6.2 The budget includes spend to date and an allowance for unknowns in relation to enhanced ecology requirements and environmental works.
- 6.3 Current spend to date is £68,500 due to spend on consultants and surveys for technical due diligence and support the design development and planning application.
- 6.4 The proposed budget for Cabinet to approve is made up of the following components in Table 1 below.

Table 1

Funding Source	Amount
<b>MAGNOX</b>	<b>£300,000</b>
<b>CIL</b>	<b>£300,000</b>
<b>UKSPF</b>	<b>£100,000</b>
<b>FHDC Capital (approved)</b>	<b>£893,000</b>
<b>Total</b>	<b>£1,593,000</b>

- 6.5 The existing approved capital budget for this project is £893,000.

- 6.6 Magnox have been supportive of the project since its inception. A grant of £300,000 has been agreed. The report asks that Cabinet provide delegated authority to the Director of Housing and Operations to finalise the grant agreement and accept the grant.
- 6.7 UKSPF – Rural England Prosperity Fund. The Council was awarded £571,471 for the purposes of supporting new and existing rural businesses, to develop new products and facilities that will be of wider benefit to the local economy, and to support new and improved community infrastructure. This was reported to Cabinet in November 2022 (report no. C/22/57). A sum of £100,000 was earmarked for capital spend on the Coast Drive project. This money has to be spent by 31st March 2025.
- 6.8 CIL: It is proposed that CIL is used to contribute to the Coast Drive project. An amount of £300,000 has been allocated in the Infrastructure Delivery Plan.
- 6.9 The full budget for this project as outlined above will be reported to and approved by Full Council through the Medium-Term Capital Plan update in February 2024.

## 7. SCHEME FINANCIAL PARAMETERS AND ASSUMPTIONS

- 7.1 The financial parameters (key assumptions) summary is set out in the table below and comes from the scheme model put together by the finance team; the assumptions have been agreed between the Estates and Development Team and Finance - see Table 2 below:

**Table 2**

<b>Parameters</b>	
# of huts	93
Unit cost (replacement hut)	£3,000
Useful economic life per hut (years)	20
Rental income (per hut) p.a.	£1,333
Development cost (Capital)	£1,593,000
Grant funding (e.g. Magnox, S106/CIL, UKSPF)	£700,000
License fee income (Year 1)	£103
Insurance fee income (Year 1)	£20.60
Management costs (of rental income) p.a.	3.86%
Maintenance costs (of rental income) p.a.	12.50%
Kiosk income (Year 1) p.a.	£15,000
Watersports income (Year 1) p.a.	£5,000
Classroom income (Year 1) p.a.	£5,000
Additional Parking income (Year 1) p.a.	£10,000

Utilities cost (e.g. for toilets / kiosks etc) p.a.	£2,500
Toilet costs (Year 1) p.a.	£5,000
Shower costs (Years 1) p.a.	£2,500
Interest rates p.a.	5.00%
General cost inflation p.a.	3.00%
General income inflation p.a.	3.00%
Parking income inflation p.a.	3.00%
Rent Inflation p.a.	5.00%

## 8. SCHEME VIABILITY AND REVENUE IMPLICATIONS

- 8.1 Based on the current financial assumptions, the scheme is viable showing a year-on-year revenue surplus starting with £36,932 in year 1 to £222,757 in year 20. See Table 3 below.

**Table 3**

<b>Year</b>	<b>Income Less Expenses</b>
1	£36,932
2	£43,212
3	£49,783
4	£56,660
5	£63,858
6	£71,392
7	£79,278
8	£87,533
9	£96,174
10	£105,221
11	£114,692
12	£124,608
13	£134,991
14	£145,862
15	£157,246
16	£169,167
17	£181,651
18	£194,724
19	£208,417
20	£222,757
<b>Cumulative surplus</b>	<b>£2,344,161</b>

A summarised financial model for the scheme is attached at Appendix 4.

## 9. PROGRAMME

- 9.1 See below Table 4 setting out the indicative programme and key milestones for the project.

**Table 4**



<b>Milestone</b>	<b>Dates</b>
Magnox Grant Funding (money to be spent by)	31/03/2025
Licensing and Planning Committee Approval	20/02/2024
Building Contract Award	20/02/2024
Works Commencement	22/03/2024
Practical Completion	21/03/2025

## **10. RISK MANAGEMENT ISSUES**

10.1 A summary of the perceived risks follows:

<b>Perceived risk</b>	<b>Seriousness</b>	<b>Likelihood</b>	<b>Preventative action</b>
Lack of planning approval	High	Low	Considerable consultation and activities to minimise any risk of planning failure
Low uptake of beach huts	High	Low	Market research and a significant waiting list demonstrate high demand. Ensure extensive marketing and competitive pricing.
Construction market volatility	High	Medium	Care to design off site products with confirmed costs via the contractor tender process.
Ecology limitations on construction period	High	High	Seek offsite manufacture to reduce time on site, and programme works in accordance with the available ecological window.

## **11. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **11.1 Legal Officer's Comments (NM)**

There are no legal implications arising directly for this report.

### **11.2 Finance Officer's Comments (JS)**

Estates and Development engaged with Finance to work through the financial viability of the scheme. The financial model produced includes assumptions based on asset and development information provided to Finance, as well as

reasonable finance estimates on matters such as borrowing costs and inflation. The revenue generated from this investment asset would provide a receipt to the General Fund.

In addition to the substantive considerations within the main body of the report, it should be noted that the repairs and maintenance assumption is based on an even profile across the life of the scheme. In reality, there will likely be considerably lower costs associated with repairs and maintenance in the earlier years, with an increase towards the end of the useful life of the huts. It is therefore open to Members (and may be prudent) to create and hold a repairs reserve for this scheme in line with the model, or alternatively carry forward underspend on this budget line item from year to year to mitigate the risk of pressures in future budgets should the underspend be absorbed back into the General Fund. No specific recommendation has been put forward on this point, and it is for Members to consider whether one is required.

Assumptions have been made about parking income in the model. It may be prudent in future to reassess the parking charges due to demand and charge a higher hourly rate to reflect the facilities that are available.

### **11.3 Diversities and Equalities Implications (GE)**

There are no diversity or equalities implications arising directly from this report.

### **11.4 Climate Change Implications (OF)**

There are no Climate Change issues arising from this report.

## **12. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

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

**None.**

### **Appendices:**

Appendix 1: Original Scheme Site Plan

Appendix 2: Plan showing FHDC & Crown land ownership

Appendix 3: Revised Scheme Site Plan

Appendix 4: Summarised Financial model