

**Report To: Cabinet**

**Date of Meeting: 15<sup>th</sup> January 2013**

**Lead Member / Officer: Cllr Hugh Evans**

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**Title: Rhyl Coastal Facilities**

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### **1. What is the report about?**

This report presents an overall concept to address the options and way forward for Rhyl Coastal Facilities embracing the future Aquatic offer, the Sun Centre, the Sky Tower, Pavilion Theatre and Children's Village. In light of the options and way forward in Rhyl, the report also makes initial recommendations for the future of the Nova Centre, Prestatyn. Finally the report singles out the need to separately and immediately address capital works necessary to safeguard the safety of the Sky Tower.

### **2. What is the reason for making this report?**

The proposals in this report are a key element of the Rhyl Going Forward programme and if taken through to realisation will represent a significant upgrade of existing leisure/tourism facilities, create new jobs and stimulate further private sector investment in the town. The proposals will also address some long-standing concerns and aspirations including:

- The ongoing maintenance requirements for the Sun Centre building and its suitability as an attraction in the 21<sup>st</sup> Century;
- The desire to create a new aquatic offer to replace the Sun Centre;
- Securing a positive future for the Rhyl Pavilion Theatre;
- Securing a positive future for the Sky Tower.

### **3. What are the recommendations?**

**Recommendation 1: To approve the proposed projects in principle and the Stage 2 development of a business case/justification and Stage 2 fees of up to £30,000 to:**

- Progress the design development and feasibility study for the new aquatic centre in the proposed location adjacent to the existing paddling pool;
- Incorporate the sustainability of the Sky Tower structure into these plans and develop proposals for its future use/enhancement;
- Acknowledge the principle of the existing Sun Centre structure being demolished leading to the development of designs and feasibility for improvements to the Pavilion Theatre;
- Agree to develop the whole package (as one project) to a detailed business case;

- Appoint Alliance Leisure Ltd under the terms of the existing framework agreement to assist with the development of the project. (Costs of up to £40k have been saved to date by using the Alliance framework.);
- Ensure that the approach is progressed in conjunction with the wider RGF plans and to ensure the project's impact on those plans;
- Establish a Project Board to monitor and direct progress.

**Recommendation 2: To approve urgent works to the Sky Tower to reduce existing health and safety risks and make the structure safe – up to a budget ceiling of £35,000.** *(NB if Council does not progress to Stage 2 as recommended above, the Sky Tower safety works will still be required)*

## **4. Report details**

### **4.1 What has been done so far to inform this report - Initial feasibility work to develop design options?**

To establish the feasibility of different proposals and their locations, site visits and initial studies have been undertaken by the Council's Development Partner, Alliance Leisure, utilising consultants for structural reviews and design work.

### **4.2 Further background – the Hyder Review**

Members will be aware that over the last 2 years there have been a number of different reviews, the principal report being the 2010 Hyder Rhyl Attraction Study.

All of the reports have been consistent in recognising that The Sun Centre building has reached the end of its beneficial life and the creation of a new flagship aquatic leisure offer for both visitor and community could play a vital part in the overall regeneration of the coastal belt.

However, since the Hyder report there have been a number of changes:

- There has been a significant downturn in the availability of public funding and the original scheme envisaged in the Hyder report is no longer viable. (Sun Centre replacement capital cost - £17.4m and Pavilion redevelopment - £11.4m).
- The Council has appointed Alliance Leisure Ltd as a 'Development Partner' committed to help develop and fund the new scheme. However the focus of any investment will be firmly on what is considered appropriate and affordable.
- The Rhyl Going Forward Delivery Plan has been developed and this is now the 'driver' for the regeneration of the whole coastal front. The vision is to deliver complementary facilities that add value to, and enhance, the commercial appeal of the economic development plan – projects should not be developed in isolation. This is very much the ethos of the collaborative approach adopted between Leisure and Regeneration.

### **4.3 The future aquatic leisure offer - location**

A number of locational options have been considered and based on this analysis, the preferred site is adjacent to the existing paddling pool and Sky Tower. The location offers a number of advantages including:

- Lower costs (for technical reasons) than other locations;
- Minimal requirement for the relocation of tenants or existing uses;
- Fits with the RGF strategy for creating an ‘Entertainment Zone’ in that location;
- Creates a new destination and attracts footfalls close to the Town Centre;
- Creates the stimulus for further private sector investment in the Children’s Village (restaurants) and on the West Parade block opposite;
- Creates an opportunity to incorporate the operation of the children’s paddling pool and Sky Tower into the wider aquatic offer. This will embrace consideration of improved access arrangements and opening hours.

As a consequence of the development proposals in this report, the potential for further private sector investment will be fully explored in stage 2 of the action plan summarised in paragraph 4.12.

#### **4.4 The future aquatic leisure offer – design brief**

There is a need to determine the content of the new aquatic leisure offer to inform the design brief and business case feasibility. It needs to be a unique iconic facility, a statement significantly adding to Rhyl regeneration and attracting new business.

The general requirements for the new facility - a replacement Sun Centre, including both leisure and more formal waters together with health, fitness, catering and retail outlets are set out in **APPENDIX E**.

Alliance Leisure has commissioned the preparation of sketch plans and visual images for the design of the Aquatic centre along with indicative costs are set out in **APPENDIX C**.

#### **4.5 Future Options for the Sun Centre**

Two options have been considered as part of the initial feasibility, however the recommended option as a result of the appraisal is to demolish the structure and subsequently landscape the site with pathway links from the existing car park to the Theatre or seek to attract a hotel development or develop new car parking.

By removing the Aquatic Centre from the current location adjoining the Pavilion, there will be a number of benefits:

- Conflicts – noise, smell, image - will be removed;
- The Pavilion can be remodelled to stand-out as a unique landmark with a ‘sense of place’ and independent image leading to PR benefits;
- The Pavilion can be managed more efficiently – e.g. savings in heating and lighting services;
- The released land could make way for future developments more complementary to The Pavilion i.e. a hotel;
- Its retention would detract from the new town centre offer and would restrict scope for improvements to enhance the image of The Pavilion.

#### **4.6 The Pavilion Theatre**

The Pavilion Theatre demands a high level of annual public subsidy. Without The Sun Centre it is possible to create more of a unique statement and with improvements to the

management and ticketing and the development of new conference/business markets would undoubtedly lead to commercial improvements.

Attached is a summary feasibility report **APPENDIX B** as well as sketch plans and visual images for improvements to the Pavilion Theatre along with indicative costs – **APPENDIX C**.

The recommended remodelled Pavilion includes:

- A new entrance and façade;
- A better configuration of internal space to increase; commercial viability and conference options;
- Modernising the front of house customer service facilities.

#### **4.7 The future of Rhyl Leisure Centre**

The financial plans and business modelling for the proposed new Aquatic and Fitness Offer assumes the closure of the existing Leisure Centre Pool.

The Pool is 30 years old and will be nearing the end of its structural life and the future of the building should be determined by the development of the new aquatic and leisure offer. Any future works on the existing Leisure Centre should:

- Be considered in context with the new School – taking account of the current plans in respect of sport/PE/halls/drama/physical activity spaces on the new campus – to complement and secure the most cost effective whole site solution;
- Be designed to not compete with the commercial viability of the new Aquatic and Fitness Offer but to serve School/College and local sport's needs.

#### **4.8 The wider Rhyl Going Forward Plan and other considerations**

The Council will need to give further consideration to:

- Where/how to relocate the skate park to facilitate the new wet leisure offer;
- Options for the development of a new hotel either in place of The Sun Centre or the other side of the Theatre, which could potentially raise a capital receipt to help fund the programme;
- How to improve the underground car park, particularly the concept of creating a new vehicle access at the point where the facilities are to be developed rather than the other end of the park;
- Investment in Crescent Road as a car park rather than for redevelopment to compensate for loss of parking by the Sky Tower coupled with increased demand for parking in the area following the creation of new facilities.

To maximise the vision and potential for the Rhyl Coastal Front there is a case for a more fit for purpose, overarching operational management approach to the leisure offer supported by Rhyl Going Forward – a coordinated approach between Leisure and Regeneration has already proved a successful basis for this feasibility project.

#### **4.9. The Nova**

Further consideration needs to be given to the options for The Nova – a clear and distinctive/complementary purpose and rationale informing the design of the future offer. This should be subject of a specific review in Stage 2 of the Project Plan reporting in March 2013.

An initial review of the facility by Alliance Leisure led to the conclusion that the facility is generally 'tired' and dated but there is scope to convert some of the facilities to satisfy a local Prestatyn market.

However, The Nova should not be redeveloped in any way that undermines the commercial success of the new Rhyl Front and aquatic offer.

#### **4.10 The Sky Tower**

Currently the Sky Tower can no longer operate as a ride for health and safety reasons. Whilst its future is now a key consideration, some urgent works are required to make the structure safe. Undertaking this work would ensure the structure remains intact however means that the Tower would be extremely unlikely to revert to its former use as an observation tower, but would not preclude future alternative uses. It is estimated that the costs of these urgent works would not exceed £35,000 and consists of:

- Removal of Gondola and some loose associated fatigued metal. £10k.
- Stabilizing works with metal saddles over existing base stabilizing arms. £12k.
- Removal of lifting cables from within the sky tower £13K.

The tower is also used as a platform for mobile phone antennae. This space is rented out to a number of companies who have indicated they would be prepared to contribute towards these works which, if secured, will reduce the cost to the Council. There is also scope to increase the rental charges to these companies once the work is complete.

With regard to the future of The Sky Tower, a recent options paper **APPENDIX D** favours the retention of the Tower as a landmark facility. Consideration should to be given to its future uses so it can be developed as a visual attraction. **APPENDIX C**. This should also include how The Sky Tower with a new use can be incorporated into the thinking of the new aquatic building in terms of finance, management and operation.

#### **4.11 Future Operating Models**

Initial discussions have been taking place with regard to an exit strategy for the Trust in Rhyl allowing a greater focus on The Nova. This DCC/Trust partnership will evolve into a new 'shadow board' to oversee the necessary changes. During the Stage 3 development phase of the project, further consideration will be given to operating options i.e. in house; Trust; Private Partner.

#### 4.12 Delivery Programme

A more detailed programme for the delivery of the individual stages is attached **APPENDIX G**. However this has been summarised on the following page.

Stages	Actions	Timescales	Costs	Cost Exposure
<b>Stage 1 Completed</b>	<b><u>Initial Feasibility</u></b> Approval to proceed to Stage 2 sought from Cabinet	<b>October – December 2012</b>	JS £3500 AL £15,000  <b>Total Cost - £18,500</b>	<b>£3,500</b>
<b>Stage 2 For Approval by Cabinet January 2013</b>	<b><u>Business Case and Justification</u></b>  <b>Confirm Design Brief</b>  <b>Detailed review leading to a decision to proceed to planning application or abort.</b>  <ul style="list-style-type: none"> <li>• Assessment of business case</li> <li>• Evaluation of estimated building costs</li> <li>• Consideration of development risks</li> <li>• Assessment of funding potential: external, 'internal' and commercial</li> </ul> <b>Stage 2 Council Decisions to proceed to detailed design up to planning an delivery</b>	<b>January – March 2013</b>          <b>April 2013</b>	Car park and public realm design £25,000  Other costs business and development plans, design brief and all appraisals/evaluations - up to £20,000  Geotechnical report and flood risk assessment up to £10,000  <b>Total Cost - £30,000</b> <i>(£55,000 - less external grant £25,000)</i>	<b>£30,000</b>  <i>(N.B. £25K of additional funding is expected from Welsh Government towards feasibility and design for Crescent Road Car Park improvement and concept design to create quality public realm between the proposed Aquatic Centre and Children's Village and improvement/new entrance to underground car park)</i>
<b>Stage 3 N.B. Cabinet decision to proceed to this stage will only be sought on satisfactory conclusion of Stage 2</b>	<b><u>Detailed Design up to Delivery</u></b> <b>Subject to a positive review of the business case and risk assessment the developments will be prepared for consideration by Planning.</b>  <b>Stage 3 Key Decisions–</b>  <b>Funding Decisions</b> <b>Council Decisions to proceed to Planning and beyond</b> <b>Planning Decision</b>	<b>April – September 2013</b>          <b>September</b>  <b>December/ January 2013</b>	Development plans and design development £8,000 (Just Solutions)  Design costs up to £450,000 (Alliance) N.B. Under the terms of the Alliance Leisure framework agreement Alliance will be responsible for the up-front costs, recovering them by way of the financial agreement on completion of the building.  <b>Total Cost £458,000</b>	In the event that the project does not proceed then DCC will be liable for any costs incurred.

<b>Stage 4</b>	<b>Delivery</b> 1. Construction of new Aquatic Centre 2. Re-design and creation of re-formed Sky Tower 3. Demolition of Sun Centre 4. Improvements to The Pavilion 5. Improvements to Public Realm and car parks 6. Improvements to The Nova (to be determined following stage 2 review)	<b>2014/2015</b>	<b>£15,000,000 - £18,000,000</b> <b>Indicative estimates</b>	
<b>Stage 5</b>	<b>Opening and Operation</b>	<b>2015/2016</b>		

#### **4.13 Project management**

The next stage of the project will be jointly led by the Rhyl Going Forward Manager and the Head of Communication, Marketing and Leisure supported by Project Consultants and Alliance Leisure. Progress of the project will be monitored through the processes and documentation associated with Denbighshire's Project Management Methodology.

#### **4.14 Governance arrangements**

A Project Board will be established with appropriate membership from senior management, cabinet and local representation.

#### **4.15 Conclusion**

This is a key project to stimulate the regeneration of the coastal front and is expected to be the catalyst for the transformation of the seaside and town centre as well as regenerating the leisure offer for both Rhyl and Prestatyn. However, it is important for the success of the project that the complete suite of leisure projects is taken forward bringing a complex set of issues to manage which should be taken forward and brought forward for decisions in distinctive, manageable stages.

### **5. How does the decision contribute to the Corporate Priorities?**

#### **Priority – Developing the Local Economy**

The coastal facilities will be a location for existing and new jobs. The proposals will also create a much more positive image of Rhyl, boost private sector confidence and investment creating new job and business opportunities.

#### **Priority – Modernising the Council to deliver efficiencies and improve services for our customers**

This proposal will modernise key elements of the Council's leisure property portfolio and provide new or significantly refurbished buildings which will lower the current operational and management costs.

## **6. What will it cost and how will it affect other services?**

As outlined in section 4.10 the costs of urgent works associated with The Sky Tower are estimated not to exceed £35,000 and will need to be progressed regardless of whether Council decides to proceed to Stage 2.

With regard to the wider coastal facilities proposals, at this stage Cabinet is being asked for in principle approval and support to progress the development and analysis of the business case to the next stage at a cost of up to £30,000 (as summarised in the table in section 4.12)

Costs associated with future phases are also outlined in section 4.12 . Ultimately, if each stage is successfully progressed and approved by Council, the proposals around the Coastal facilities would see an investment estimated to be in the region of £15 to £18 million (see **APPENDIX H** for further details).

## **7. What consultations have been carried out?**

The proposals presented in this report have been the subject of a number of former reviews and consultations with members. More recently the concept has been discussed by CET, followed by Cabinet briefing and a presentation to the Rhyl Member Area Group. Future consultation will include - the RGF Programme Board and Asset Management Group.

## **8. Chief Finance Officer Statement**

This is clearly a significant capital project. The Council has already committed itself to significant capital investment in its assets as part of its capital plan. Any borrowing proposed would need to be seen in this context.

However, given the potential regeneration impact this project would have on Rhyl it would seem that investment in a more fully developed business case is a reasonable step to take. The Finance Department would need to be closely involved in its development.

The works to the Skytower could be funded from the capital plan contingency fund. The business case costs could be funded from the capacity for change fund.

## **9. What risks are there and is there anything we can do to reduce them?**

The financial exposure of the Council will be managed by the division of the project into the 5 key stages detailed in section 4.12 with Cabinet approval required to progress at the end of each stage.

**If Cabinet approves progression to stage 2, the financial exposure will be:**

- **Up to £35k on essential Health and Safety works to The Sky Tower which will not be recovered and need to be progressed regardless of any other developments;**



- **Up to £30k on developing the business case.**

Other risks include:

- The possibility of closure of The Sun Centre prior to the new Aquatic facility being operational – ideally Council would seek to provide continuity of service but a major maintenance requirement at The Sun centre may lead to an enforced closure decision;
- Raised and frustrated expectations – mitigation measures: clear communication and consultation and a staged approach;
- Lost opportunities to tap into regeneration funding and negative impact on image, commercial interest and visitor attendances.

In the event that it is not possible to proceed with the new aquatic offer the best fall-back option would be the use of the Nova as the adventure offer and leisure waters with further short term enhancements and the retention of Rhyl LC Pool as a 'learn to swim' and training facility – recognising its strength as a traditional swimming pool.

In such an event, dry-side redevelopment options could include the redevelopment of existing spaces for a new fitness offer at an estimated cost of £900k.

## **10. Power to make the Decision**

Section 2 Local Government Act 2000

Section 111 Local Government Act 1972

# **APPENDICES**

**APPENDIX A - KEY PRINCIPLES ESTABLISHED IN OCTOBER REPORT TO CET**

**APPENDIX B - RHYL PAVILION – EXECUTIVE SUMMARY OF A PROJECT  
FEASIBILITY ANALYSIS FOR ALLIANCE LEISURE (MARCH 2012)**

**APPENDIX C – ALLIANCE LEISURE DEVELOPMENT PROPOSALS FOR THE  
REGENERATION OF RHYL - DESIGN VISUALS, SKETCH PLANS AND INDICATIVE  
COSTS**

**APPENDIX D – SKY TOWER OPTIONS APPRAISAL**

**APPENDIX E – RECOMMENDED BRIEF FOR A NEW ‘COMMERCIAL’ AQUATIC,  
FITNESS AND LEISURE CENTRE FOR RHYL**

**APPENDIX F - RHYL COASTAL FACILITIES SUMMARY INITIAL FEASIBILITY  
APPRAISAL**

**APPENDIX G - RHYL COASTAL FRONT NEW AQUATIC CENTRE AND PAVILION  
PROJECT PLAN**

**APPENDIX H - RHYL COASTAL FACILITIES - SUMMARY PROJECT COSTS AND  
FUNDING MODELS**