

**Chief Officer Confirmation of Report Submission
Cabinet Member Confirmation of Briefing**

Report for: Mayor

Mayor and Cabinet

Mayor and Cabinet (Contracts)

Executive Director

Information

Part 1

Part 2

Key Decision

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Date of Meeting	25th February 2009	
Title of Report	REDEVELOPMENT OF FOREST HILL POOLS – IMPLICATIONS OF LOUISE HOUSE LISTING AND RESULTS OF FURTHER FEASIBILITY WORK	
Originator of Report	Director of Programme Management & Property	

At the time of submission for the Agenda, I confirm that the report has:

Category	Yes	No
Financial Comments from Exec Director for Resources	X	
Legal Comments from the Head of Law	X	
Crime & Disorder Implications	X	
Environmental Implications	X	
Equality Implications/Impact Assessment (as appropriate)	X	
Confirmed Adherence to Budget & Policy Framework	X	
Risk Assessment Comments (as appropriate)	X	
Reason for Urgency (as appropriate)	N/A	

Signed:



Executive Member

Date

16th February 2009

Signed:

Director

Date

16th February 2009

Control Record by Committee Support

Action	Date
Listed on Schedule of Business/Forward Plan (if appropriate)	
Draft Report Cleared at Agenda Planning Meeting (not delegated decisions)	
Submitted Report from CO Received by Committee Support	
Scheduled Date for Call-in (if appropriate)	

MAYOR AND CABINET		
Report Title	Redevelopment of Forest Hill Pools – Implications of Louise House Listing and Results of Further Feasibility Work	
Key Decision	Yes	Item No. 5
Ward	Forest Hill	
Contributors	Executive Director for Regeneration/ Executive Director for Resources/ Executive Director for Community Services/ Head of Law	
Class	Part 1	Date: 25 February 2009

1. Purpose of report

- 1.1 To inform the Mayor of the implications of the listing of Louise House detailed in part 5 of this report; to inform the Mayor of the results of further feasibility work and options appraisal undertaken with respect to the redevelopment of Forest Hill Pools detailed in parts 6 and 8 of this report; and to seek the Mayor's approval to proceed with the proposed approach set out in part 8, part 9, and the conclusion of this report.

2. Policy context

- 2.1 Lewisham's Physical Activity, Sport and Leisure Strategy 2006-2011 sets out the vision of "Creating life changes through an active and healthy Lewisham". Its three key aims are to increase participation in physical activity and sport, enable Lewisham's community to develop its potential in sport and leisure, and to develop an appropriate infrastructure of facilities. Swimming is a key part of this strategy. It is a form of physical activity that most people can undertake, and is one of the most popular sporting activities in the Borough.
- 2.2 Lewisham's Sustainable Community Strategy 2008 - 2020 sets out one of the borough's priorities as 'Healthy, active and enjoyable - where people can actively participate in maintaining and improving their health and well-being'. Contributing aims to this priority include 'Improve the well-being of our citizens by increasing participation in healthy and active lifestyles', and 'Improve health outcomes and tackle the specific conditions that affect our citizens'.
- 2.3 The Council's ten strategic priorities include 'clean, green and liveable - where people live in high quality housing and can care for and enjoy their environment'. A contributing aim to this priority is to 'increase the supply and quality of housing to accommodate the diverse needs of our population'.

- 2.4 "Game Plan" – the Government's strategy for delivering sport and physical activity objectives, and - "Choosing Health" – the Government's white paper, both highlight the role physical activity and sport play in developing a healthier lifestyle.
- 2.5 The Forest Hill Urban Design Framework and Development Strategy were adopted by the Council in 2003. The Framework sets out supplementary planning guidance on the treatment of the Library and Pools complex to give an enhanced community focus to the site and allows for a redevelopment option.
- 2.6 The adopted Unitary Development Plan identifies Willow Way as part of a Defined Employment Area. The site is not within a Conservation Area but is located between Sydenham Hill and Halifax Street Conservation Areas.
- 2.7 "London Plan 2008" - provides strategic regional planning guidance for greater London from the GLA and encourages the development of community and leisure facilities. The plan seeks to drive the provision of new housing to meet the needs of London and sets London and Borough wide targets for housing provision, including affordable housing.
- 2.8 "People, Prosperity, Place: Lewisham Regeneration Strategy 2008 2020" includes the commitment, under the People theme, to healthy communities : to reduce health inequalities and encourage healthy lifestyles.

3. Recommendations

The Mayor is recommended to:

- 3.1 note the implications of the listing of Louise House detailed in part 5 of this report;
- 3.2 note the further design & feasibility work and options analyses undertaken in parts 6 and 8 of this report;
- 3.3 instruct officers to conduct a public consultation on the options outlined in the conclusion of this report, and report the results back to Mayor and Cabinet for a final decision in summer 2009.

4. Background

- 4.1 In 2002 the Council's Sport and Leisure Service received a good two star inspection rating from the Audit Commission. A key recommendation from the inspection was that a comprehensive audit of facility provision be undertaken to address current and predicted future need.

- 4.2 Capita Consulting were appointed in 2004 to undertake the audit. In December 2004 the 'Leisure Investment Strategy Review' report was published which detailed the outcomes of the audit.
- 4.3 The 'Leisure Investment Strategy Review' report recommended a four pool pattern (Wavelengths, Lewisham Centre, The Bridge and Downham) as the required minimum to provide residents and schools with reasonable access to a local pool. Notwithstanding this report the Mayor recognised the support in the local community for the retention of wet leisure facilities in Forest Hill and in 2005 the Mayor requested officers undertake a facility options study to encompass refurbishment of the existing facility and new build alternatives, and canvass local opinion through a consultation process with respect to the same.
- 4.4 In February 2006 the Mayor concluded that the consultation process had not produced a clear preference for either a new facility or refurbishment of the existing facility. A high level cost analysis provided by Capita Symonds showed a potential refurbishment of the existing facility to be 30% cheaper than a new build facility. As a consequence on the 22nd February 2006 the Mayor made an in principle decision in favour of the refurbishment option conditional upon officers undertaking a detailed feasibility and risk assessment of the refurbishment option.
- 4.5 In February 2006 and March 2006 the Activity Pool and the Main Pool were respectively closed due to health and safety concerns in relation to the structure of the existing facility. In August 2006 English Heritage wrote to confirm that they would not be listing the existing facility in response to an application for listing received in early 2006. This was the second time that English Heritage had received an application to list the existing pools facility and the second refusal to list.
- 4.6 The detailed feasibility study and risk assessment of the refurbishment option commenced in late summer 2006 with an initial intrusive survey of the pool tanks, and a report was received in November 2006. The estimated costs of the refurbishment were increased by 20% as a consequence of this initial report. In July 2007 the Council's Programme Management team were able to fully engage with and undertake the detailed feasibility and risk assessment and the outcome of this work was reported to Mayor and Cabinet on the 13th February 2008.
- 4.7 The report detailed in 4.6 above recommended that the Mayor reconsider the refurbishment option because the proposed refurbishment carried an unacceptably high level of risk in relation to successful delivery, and the potential costs of the refurbishment carried too high a level of uncertainty. Of particular concern was the condition and structural integrity of the Pool Tank and Pool Walls which were subject to severe cracking and were not capable of being repaired with any certainty. Consequently, the Council's Director of Programme Management & Property undertook a high level options appraisal of new build options for Mayor and Cabinet to consider. Of these

alternatives option number 3 was considered the optimum, which involved the redevelopment of the whole site to include the demolition of the existing pools and Louise House buildings, and to include the adjoining pocket park as part of the redevelopment. This option also included the potential to include new housing to generate a land receipt that could provide subsidy and additional funding for the new leisure facility.

- 4.8 On February 13th 2008 Mayor and Cabinet reconsidered the option to refurbish the existing facility and abandoned the proposed refurbishment in favour of a new build solution. Officers were authorised to undertake initial design and feasibility work in relation to option 3 and to engage and consult the local community on the new proposals.
- 4.9 In April 2008 officers appointed HLM architects to work with them and undertake the initial design and feasibility work in relation to option number 3 (referred to in point 4.7). The initial commission involved the development of a mixed use, cross subsidy scheme with both public and private sector elements to RIBA stage C.
- 4.10 In addition to the architectural feasibility work detailed above, officers commissioned an historical survey of the old buildings on the site by Donald Insall Associates, and a feasibility study by PTE Architects (PTEa) to determine the commercial attractiveness of the residential conversion of Louise House and the Pools frontage building.
- 4.11 From the 18th July to the 8th August 2008 officers undertook an extensive public consultation exercise on the feasibility options, based on the results of the work detailed above. The main purpose of the consultation was to establish which development options were preferred by which groups of stakeholders and members of the local community, and to explore the preferred balance of housing and leisure provision. The consultation also captured ideas and preferences for the look and feel of the new building and suggestions for the content of the new leisure centre for the Council to consider.
- 4.12 The main findings of the consultation in relation to the redevelopment were:
- the majority of respondents supported a 2 pool configuration within the leisure facility;
 - the requirement for additional housing to fund additional leisure facilities was understood and accepted by the majority of respondents, as long as it is not excessive and is sympathetic to the local area;
 - the history of the site should be reflected in the new development by integrating historical features of the old building such as the foundation stone.
 - although some respondents expressed objections to the demolition of the old buildings, many more expressed a desire to see a new leisure facility built without further delay.

- 4.13 In April 2008 English Heritage wrote to the Council stating that they had received an application from a member of the local community to list Louise House and that they would be making a formal assessment.
- 4.14 On 20th August 2008 English Heritage wrote to the Council confirming the Grade 2 listing of Louise House. The listing set out that the building is of both historic and architectural interest and has group value with the library and Holy Trinity School.
- 4.15 The retention of Louise House required by the listing rendered the existing feasibility designs undeliverable as they assumed a fully cleared site for redevelopment. The original timetable for the project (planning permission Summer 2009 and completion of the building in early 2011) was therefore also rendered undeliverable.
- 4.16 On 17th September 2008 Mayor & Cabinet considered the feasibility work undertaken to date, the results of the public consultation on the feasibility options, and the recent listing of Louise House. Officers were instructed to carry out further feasibility work in light of the listing to explore options for the project, including the integration of Louise House and potentially the pool frontage into a new leisure centre, and to examine the associated costs and risks. It was made clear that the Council's Capital Programme is very heavily committed and, in the circumstances, schemes are required to stay within the budgets set.
- 4.17 In April 2008, English Heritage informed the Council that they had received an application to list the old Forest Hill Pools building. This application was in addition to similar applications in 1995 and May 2006 which were turned down. However, English Heritage subsequently informed the Council that this building would not be listed. Demolition and redevelopment of the old pool building would therefore be subject to local legal and planning policy, with no additional restrictions.

5. Louise House listing implications

- 5.1 On 20 August 2008 English Heritage wrote to the Council confirming the Grade 2 listing of Louise House. The listing designation set out that the building is of both historic and architectural interest and has group value with the library and Holy Trinity School, as follows:
- special historic interest as a rare survival of a purpose-built industrial school of the late C19;
 - special architectural interest in the way this historic function is reflected in its design, through the lettering on the façade and in the use of the Domestic Revival style, which connects the building to the development of cottage homes by Dr Barnardo and stands in contrast to industrial homes that used a more institutional style;
 - the Home was sponsored by a number of significant Victorian philanthropists and visited by the notable C20 Polish paediatrician Janusz Korczak;

- group value with the neighbouring Forest Hill Library and Holy Trinity Schools in this striking row of Victorian welfare buildings.

- 5.2 In addition to the above, Council officers have been informed by English Heritage that the list description describes the workshop building to the rear of the site as 'the former laundry block' and that this was where the female residents of the home were taught their laundering skills. Therefore, given the intrinsic nature of this training to the ethos by which these homes were run, the rear workshop building is considered to be an integral part of Louise House site and a key part of the site's historic interest.
- 5.3 Information was provided on the listing to the public meeting held on 21st August 2008 and was the subject of lengthy discussion, including questions raised regarding the status of the listing of Louise House and the Council's ability to either challenge the listing or to proceed with demolition.
- 5.4 A decision to list a building is taken solely on grounds of special architectural or historic interest. There is no statutory right of appeal against this decision at the moment of listing, but an owner may within 28 days of the decision put to the Secretary of State evidence that the building does not possess the architectural or historic interest identified, in order to demonstrate that the decision was wrongly made. If the Secretary of State accepts that the original assessment of a building's interest was wrong in this way, and that it does not possess special interest, he will then 'de-list' the building. In this case, no grounds for disagreement with the advice and research by English Heritage underpinning the listing were identified, therefore officers did not pursue this course of action.
- 5.5 In order to demolish a listed building, or to alter or extend one in any way that affects its special architectural or historic interest, 'listed building demolition consent' must be obtained from the local planning authority. Anyone wishing to redevelop a site on which a listed building stands requires both listed building consent for the demolition and planning permission for the new building. Planning permission alone is not sufficient to authorise the demolition. Similarly, anyone wishing to alter a listed building in a way that would affect its special interest, and whose proposed alteration amounts to development, for which specific planning permission is required, would also need to apply for planning permission and for listed building consent. In this case, as the Council is both landowner and Planning Authority, consent would be required from the Secretary of State.
- 5.6 Planning Policy Guidance 15 (PPG15) states that the Secretary of State would not expect consent to be given for the total or substantial demolition of any listed building without clear and convincing evidence that all reasonable efforts have been made to sustain existing uses or find viable new uses, and that these efforts had failed; or that

redevelopment would produce substantial benefits for the community which would decisively outweigh the loss resulting from the demolition.

- 5.7 Council officers have enquired about the possibility of obtaining this consent and have been informed that it would be very unlikely to be granted as any proposal to demolish all or part of Louise House or the associated rear workshop would need to be justified in line with the criteria identified by PPG15 and the Planning (Listed Buildings & Conservation Areas) Act 1990.
- 5.8 Louise House and the laundry block to the rear both retain their original internal partition and load bearing walls. The original internal arrangement of the buildings, save for the erection of some minor partitions walls, survives. Officers have met with the Council's conservation officer and representatives from English Heritage to determine what, in view of their listing, the scope for internal alterations might be. Officers were advised that any internal alteration should be minimal and that English Heritage should be fully consulted prior to the implementation of any such proposals.
- 5.9 As detailed in paragraph 4.17, three applications to list the old pool building have now been turned down by English Heritage. English Heritage have made it clear to officers that the building is not of sufficient special historical, architectural, or group value interest to justify a listing.
- 5.10 The original total site area for redevelopment was 32,562m². This included Louise House and laundry building, Forest Hill pools, and the neighbouring green space. Louise House, the laundry building and associated grounds (hereafter referred to as the 'Louise House footprint') occupies a gross site area of 7,417m².
- 5.11 A direct implication of the listing of the Louise House in terms of the original redevelopment proposals is therefore a reduction in the gross area available for redevelopment. Retention of the Louise House footprint limits the maximum area now available for redevelopment to 25,145m². This constitutes a reduction in site area of 23%.
- 5.12 The listing of Louise House also has significant time, cost, and risk implications for the project. These are detailed in section 8 and section 10 of this report.

6. Further feasibility work

- 6.1 In September 2008 officers commenced further feasibility work following the listing of Louise House. The objectives of this work were to establish options to progress the project within the Council's existing financial commitment. The brief for the further work included:
- to assess the impact of the Louise House listing on the feasibility of the redevelopment scheme;

- to examine alternative options for redevelopment in light of the listing, including:

- adaptation of the existing redevelopment scheme;
- a new scheme for the site incorporating Louise House and the old pool building frontage;
- relocation of the leisure centre to the old Willow Way depot site, cross-subsidised by a housing-led scheme on the Forest Hill Pools site;
- development of additional housing on the old Willow Way

depot site to increase the potential cross-subsidy for a leisure centre on the Forest Hill Pools site;

- to assess the potential for other community uses for Louise House;
- to re-examine the scope for housing cross-subsidy in light of the listing and the current economic climate;
- to re-examine the timetable, costs and risks associated with the project in light of the above.

6.2 The outline brief for the further feasibility work included baseline requirements derived from the results of the public consultation which remain relevant irrespective of the listing of Louise House, such as:

- the provision of a 2 pool configuration within the leisure facility;
- the provision of additional housing to fund additional leisure facilities was understood and accepted by the majority of respondents as long as it is not excessive and is sympathetic to the local area;
- the history of the site should be reflected in the new development by integrating historical features of the old building such as the foundation stone;
- although some respondents expressed objections to the demolition of the old buildings, many more expressed a desire to see a new leisure facility built without further delay.

6.3 The baseline spatial requirements for the leisure element of the scheme were maintained from Option 2 of the previous feasibility work conducted by HLM. This included a minimum level of dry leisure provision, required to generate sufficient revenue for the scheme, and a requirement that the second pool must be of a minimum size of 17x7 metres to enable school swimming lessons and other community uses.

6.4 In October 2008, officers commissioned 3 independent architects to explore the feasibility of the options detailed above, as follows:

- HLM architects – Option 1 - were commissioned to adapt the existing redevelopment scheme with the retention of Louise House;
- Allies & Morrison (A&M) – Option 2 - were commissioned to examine the feasibility of a new scheme for the site incorporating Louise House and the old pool building frontage, and to examine the feasibility of a housing development on Willow Way;
- Pollard Thomas Edwards architects (PTEa) – Option 3 - were commissioned to examine the feasibility of providing a leisure centre on Willow Way, and using the Forest Hill Pools site primarily for housing development, incorporating Louise House and the old pools frontage building.

6.5 In order to undertake the feasibility work in the required timescale the basis for selection of the architects was as follows:

- HLM for Option 1 as they undertook the initial feasibility work in the Summer of 2008;
- A&M for Option 2 due to their substantial conservation experience and successful work on the extension at the Horniman Museum in Forest Hill, giving them a good understanding of the local area;
- PTEa for Option 3 as they undertook the original work in the summer of 2008 on the feasibility of residential conversion of Louise House and the old pools frontage building.

6.6 The three architects had equal access to Council officers in Planning, Cultural Services, and Programme Management, and were briefed and cliented by the programme management team on a proactive basis.

6.7 In February 2009, written feasibility reports were provided by the architects to Council officers. The full reports can be viewed on the Council's web pages regarding the Forest Hill Pools redevelopment at: www.lewisham.gov.uk/foresthillpools .

6.8 A high level summary of the HLM report is as follows:

The HLM scheme adapts Option 2 from the scheme consulted on during the summer of 2008, taking into account the listing of Louise House and associated loss of a major portion of the developable site. Implications of this reduction in area include:

- the service access to the new pool via the back of the Library is lost and a service road is now required adjacent to Louise House;
- the separate housing block adjacent to Kingswear House is lost and the housing and leisure facility become one integrated scheme;
- the proposed new public open space on the site of the existing pocket park is lost;
- the proposed walkway link to the library cannot be delivered.

The HLM scheme requires the demolition of the Pools frontage building. Residential conversion of Louise House and the laundry block is proposed as a viable use for these listed buildings.

6.9 A high level summary of the A&M report is as follows:

The A&M scheme utilises the existing pools frontage building in a high quality design that delivers the baseline leisure requirements. In order to deliver the minimum requirements for the leisure centre, all of the developable site is taken up, leaving no space for new housing to subsidise the scheme. A residential conversion is proposed for Louise House and the laundry block, with an option for the latter building to revert to nursery use.

A&M have also explored the provision of housing on the Willow Way site, with an outline design that provides 57 units off four independent access cores.

6.10 A high level summary of the PTEa report is as follows:

The PTEa design delivers a high quality scheme on the Willow Way site that satisfies the baseline leisure requirements. The scheme is designed to be highly visible from Kirkdale road which is 37m away from the proposed new leisure centre entrance.

The PTEa housing scheme on the current Pools site delivers 64 units and includes the residential conversion of Louise House and the old pool building frontage as part of the overall development. The scheme recognises the gateway location of the site in its layout and the style of the proposed buildings.

6.11 A&M and PTEa were also asked to examine the options for integrating Louise House into the leisure scheme for the site. Both practices found that due to the topography of the Louise House site footprint, the incorporation of Louise House and the laundry block by means of a link to a leisure facility on the Forest Hill Pools site is not feasible. Furthermore, the internal spatial constraints detailed above prevent the conversion of the buildings to any meaningful form of active leisure use. The most appropriate use for the buildings is therefore considered to be residential conversion.

6.12 In addition to the work detailed above, officers have commissioned cost consultancy and Employers Agent advice from Press and Starkey, planning consultancy and valuation advice from Savills, and leisure consultancy advice from PMP. This advice underpins the conclusions made in this report and is referred to in this section, section 8, and section 10.

6.13 Officers have enquired as to the possibility of heritage lottery funding but have been informed that an application would be very unlikely to be successful in this case.

6.14 Officers will consider the submission of an application for pot 5 (2010/11) of Sport England's Free Swimming and Capital Modernisation funding. However, it has been indicated to officers that the amounts available for individual authorities would not be sufficient to have a material impact on the development appraisal for the project. Any funding received would therefore be used to add value to the new facilities.

7. Comments from the Head of Planning

7.1 Although Louise House and Forest Hill Library are both listed buildings, the site is not currently within a conservation area. However, the Forest Hill Conservation Area is due to be appraised in 2009, and may be

extended to include these buildings. The demolition of buildings within a conservation area would require conservation area consent.

- 7.2 The Willow Way site is currently vacant and was previously used as a Council depot and is identified as 'Defined Employment Land'. As such, there is a strong presumption to retain employment use on the site. A change of use to either residential or to swimming pool facilities would constitute a departure from the Unitary Development Plan. The London Borough of Lewisham's 'Employment Land Study' (November 2008), which will feed into the Local Development Framework, shows that Lewisham has one of the smallest economies in London. The report points out that under current plans more than half of the borough's industrial land will be lost over the next 20 years, and specifically highlights Willow Way as an area of employment land that should be retained.
- 7.3 Policy EMP3 deals with a change of use away from employment use, and states *inter alia* that the development would meet 'significant local and regional regeneration objectives, especially within Town Centres'. This argument could be made for a swimming pool on the site (subject to policy LCE1 - location of new leisure facilities), but redeveloping the site for residential purposes to cross-finance a new pool building on the Dartmouth Road site is not considered sufficient justification in this instance.
- 7.4 A change of use of the current pools building to a residential use could be justified if the swimming pool facilities would be reprovided on another location, subject to the criteria for change of use set out in policy LCE2 of the UDP (Existing Leisure and Community Facilities).
- 7.5 The conversion of Louise House and the workshop at the rear to residential use is acceptable in principle, provided that this is done in such a way as to protect the building's special architectural and historic interest.
- 7.6 Option 1 (HLM) demonstrates that if the old pool building is demolished, a well sized pool building could be provided on the site while providing some residential accommodation to cross subsidise the new pool building. It is acknowledged that a new building on the site should have some presence, but should also be sympathetic to the nearby listed buildings. The lowest scale version of this option with no residential accommodation is therefore considered to be an understated building in this location. Equally, the highest scale residential development is considered an overdevelopment of the site.
- 7.7 Option 2 (A&M) demonstrates that a new leisure centre can be provided whilst retaining the present pools frontage building without damage to the setting of Louise House. This option therefore effectively meets conservation objectives. Notwithstanding the employment land designation detailed in point 7.2, The proposals for residential development on Willow Way are reasonable in terms of scale and

density. However, the proposals illustrate the difficulty of creating a suitable residential environment in the middle of an industrial estate and raise doubts as to whether an appropriate residential environment could be created on the site.

- 7.8 Option 3 (PTEa) clearly demonstrates that a 2 pool leisure centre can be accommodated on the site. However, Willow Way is not an ideal location for a leisure centre in terms of visual prominence, and this would need to be addressed in the design of the building. Policy LCE 1 of the adopted UDP shows a strong presumption in favour of locating new leisure developments in or near town centres, and it is considered that a new pool building in Willow Way would not be in conformity with this policy. The proposals for the residential development of the Dartmouth Road site are generally well conceived in terms of urban design. Relocation of the leisure centre would entail the loss of the current civic hub on Dartmouth Road. Further consideration would need to be given to the viability of the proposed commercial use on the ground floor of one of the residential blocks, and the impact this would have on the local area.
- 7.9 One of the main aspirations of the London Plan is to drive the provision of new housing (50% of which should be affordable) to meet the needs of London. This is reflected in Lewisham's UDP which sets out a target of 35% affordable housing provision in schemes that provide 15 or more new homes. The Council requires developers to provide a minimum of 35% affordable housing, but this could be lower in exceptional circumstances if it would be considered that there would be more important issues at stake. The provision of a new community leisure facility could be such a factor, but this will require careful consideration as the scheme progresses.
- 7.10 Regardless of the option chosen, the impact on neighbouring amenity land such as the gardens of houses on Derby Hill Crescent will need to be considered further as the design develops to ensure that appropriate solutions are found in terms of ambient noise levels, rights of light, and privacy issues.

8. Options appraisal & proposed delivery approach

- 8.1 Option 1 delivers the baseline leisure requirement on the current Forest Hill pools site. The estimated construction cost and value of the housing receipt in today's market is detailed in section 10 of this report. This option requires the demolition of the Pools frontage building which may, subject to the Forest Hill conservation area review, require conservation area demolition consent from the local planning authority. The spatial implications of the listing of Louise House mean that this option would be an integrated housing and leisure scheme that would be led and built by a developer. As such the scheme is very unlikely to proceed in the current economic climate, as a recovery in the housing market would be required. This option is therefore highly uncertain in terms of successful delivery and the associated timeline.

- 8.2 Option 2 also delivers the baseline leisure requirement on the current Forest Hill pools site. The estimated construction cost and value of the housing receipt in today's market is detailed in section 10 of this report. The old pools frontage building is converted as part of the design and together with the residential conversion of Louise House the existing Victorian streetscape is retained. There is no space on the site for any housing and associated land receipt. The Willow Way site is Designated Employment Land under the UDP and comments from the Head of Planning outlined in section 7 indicate that residential use of this site would not be acceptable under planning policy. Disposal of the site for an employment use would not provide a material land receipt for cross-subsidy. This option is therefore not affordable within the specified financial envelope and is highly uncertain in terms of successful delivery and the associated timeline.
- 8.3 Option 3 Delivers the baseline leisure requirement on the Willow Way site and generates cross-subsidy from a housing development on the current Forest Hill pools site. The site is approximately 400m from the current pools site and is less prominent. However, the site is considered acceptable for a leisure centre both in terms of the planning requirements for employment use and the operational leisure requirements. This option maintains the Victorian streetscape on Dartmouth road as part of the residential development. The residential conversion of both Louise House and the old pool building frontage are more commercially attractive in this option, as they can be offered to the market as part of an overall scheme for the site. The estimated construction costs and value of the housing receipt in today's market is detailed in section 10 of this report. This option is considered affordable within the specified financial envelope, and can be delivered relatively quickly.
- 8.4 The table below illustrates a crude, high level summary of this options appraisal. Raw scores are given from 1 to 5, with 1 being poor and 5 being excellent. These are then weighted 50% financial and 50% non-financial, to take into account the importance of keeping within the specified budget. This is intended as a high-level guide only.

Criteria	Option 1 (HLM)	Option 2 (A&M)	Option 3 (PTEa)
Net cost	3	1	5
Planning risk	3	5	2
Delivery time & complexity	1	5	4
Retention of Victorian streetscape	1	5	4
Overall score (unweighted)	8	16	15
Overall score (weighted 50% financial, 50% non-financial)	47%	60%	85%

- 8.5 With all criteria weighted equally, option 2 achieves the highest score with option 3 a close second. However, once affordability is taken into

account, option 3 scores highest by a significant margin as the only financially viable option under current circumstances. The commitments in the Council's capital programme are detailed in section 10.

- 8.6 In summary, the only option that would enable the construction of a new leisure centre by 2012 is option 3. The earliest estimated date by which a leisure centre could be delivered for option 1 and option 2 would be 2015. This would rely on the allocation of additional resources from the Council's capital programme from 2012 and beyond. However, there would be no certainty that this funding would be available or that the 2015 completion date could be met for either scheme. Both option 1 and option 2 would therefore carry a high degree of risk and uncertainty.
- 8.7 The delivery approach to the next phase of this project will depend on the option chosen. As detailed in point 8.1, option 1 would be an integrated housing and leisure scheme that would be led and built by a developer. Project timescales would therefore be dependent on the identification of a suitable development partner. In the current economic climate, no clear timeline can therefore be provided for this option. Option 2 would be Council led. However, as this option cannot be delivered within the existing budget, pursuing this option would require a significant delay with no certainty of delivery (see section 10). No clear timeline can therefore be provided for this option. As detailed in point 8.3, option 3 is deliverable in the current climate. An estimated timeline is therefore provided below for this option.
- 8.8 Estimated delivery timescales vary according to the procurement approach taken. Indicative minimum timescales for option 3 are set out in the table below. Timescales are provided for two different approaches. The first assumes that the existing feasibility design is progressed, with selection of an architect-led design team through a standard single stage OJEU competition. This approach has an estimated total duration of 30 Months from the Mayor & Cabinet decision to completion of the new building. The second approach assumes that a public design competition is held to produce a design. This approach has an estimated total duration of 40 months.

	Progress existing feasibility design (OJEU single stage competition)	Public design competition with open trawl (Start design from scratch)
Estimated total time	30 Months	40 Months
Mayor & Cabinet decision	Feb 09	Feb 09
Public consultation	May 09	July 09
Award contract: design team	June 09	Jan 10
Planning permission	Nov 09	June 10
Appoint principal contractor	Jan 2010	Oct 10
Start work on site	April 2010	Jan 11
New pool opens	Nov 2011	Sep 2012

- 8.9 The timescales indicated above are estimations only and are the shortest possible timescales assuming a reasonable level of risk is taken in managing project phases in parallel. Timescales may vary as the project progresses.
- 8.10 Officers have explored the possibility of a design competition and have received a proposal from RIBA which the timescales above are based on. However, officers have been unable to find any examples of a successful design competition for a leisure centre with a swimming pool. It is likely that this is due to the complex nature of swimming pool construction, with a high level of services input required at an early stage in the design process. In addition to the lack of successful case studies available, a design competition would add further contractual and financial risk, as there is no guarantee that the winning design would be affordable or that the winning architect's contractual and fee requirements could be met by the Council. A design competition would attract additional project costs of at least £60k. This would include RIBA's fees for administration and management, and honoraria payments to shortlisted architects. On this basis officers regard a design competition as inappropriate in this case, and it is not recommended that this procurement route is pursued further.
- 8.11 The recommended delivery approach for option 3 is to select an architect-led design team to progress the existing feasibility design for the leisure centre to RIBA stage E. The design would then be novated to the Principal Contractor for the build phase. The same team would develop the design for the residential development of the Dartmouth Road site to planning permission, at which point a view would be taken as to how and when to dispose of the site in order to realise the optimum land receipt.
- 8.12 Officers will continue to work with the project Stakeholder Group to ensure that the Council's approach addresses the concerns of a wide range of stakeholders.
- 8.13 Sustainability will be a key component of any scheme, and the final scheme will be designed to comply with the Part L regulations and to target a very good BREEAM rating (Buildings Research Establishment Environmental Assessment Method).
- 8.14 A further report will be submitted to the Mayor detailing the appropriations required for the change of use of land involved in the redevelopment once a final design scheme has been established.

9 Consultation & Community Engagement

- 9.1 As detailed in section 4, some common themes emerged from the previous public consultation process which remain relevant despite the listing of Louise House. These include a preference for two pools, a wish to ensure any new housing is not excessive and a desire to see a

new facility built without further delay. These findings remain relevant irrespective of the listing of Louise House and the location of the proposed new leisure centre.

- 9.2 The listing of Louise House has had a significant impact on the baseline assumptions for the redevelopment of the Forest Hill pools site, and as a consequence options 2 and 3 presented in this report are significantly different in scope to the options consulted on previously. It is therefore proposed that a further public consultation exercise is carried out prior to a final decision by the Mayor in summer 2009.
- 9.3 The consultation methodology and format will be planned by officers from the Programme Management and Sport & Leisure teams in consultation with the Stakeholder Group. It will seek to use the good practice learnt from the previous consultations on Forest Hill Pools. The completed plan will be reviewed by the Mayor's communications and consultation board.
- 9.4 The further feasibility work detailed in this report was presented to the project Stakeholder Group on 5th February 2009. Initial written feedback from the stakeholder organisations represented on this group has been invited and any responses received will be circulated with this report.
- 9.5 Officers recommend that the membership and terms of reference of the Stakeholder Group are reviewed prior to commencement of the next phase of the project to ensure that the mix of views in the wider local community are appropriately represented. Following this review, officers will continue to work with the group to ensure that the redevelopment scheme addresses stakeholder requirements.

10. Financial Implications

- 10.1 In February 2008, the commitment to Forest Hill Pools in the 2008-11 Capital Programme was confirmed as gross provision of £9.5m for Forest Hill pool. This assumed capital receipts from housing disposal of £2m. This was based on a new build proposal at 2009 prices, and in September 2008 officers advised the Mayor of affordability concerns following the listing of Louise House. In quarter 2 of 2008-09, the Mayor noted that the land receipt associated with the Forest Hill pools site was no longer forecast to be received, and removed the receipt from the capital programme. The commitment to gross provision of £9.5m was maintained, to be met from Council resources with no assumed land receipt.
- 10.2 Projects within the Capital Programme are expected to be delivered within their affordability limits. The draft 2009-12 Capital Programme confirms continued provision of £150k (2008-09), £1m (2009-10), £4m (2010-11), and £4.35m (2011-12) for this scheme and notes that the programme is fully committed until 2012.

- 10.3 The estimated cost of decommissioning the current buildings, feasibility, consultation work and consultancy costs related to the new leisure centre total £290k. It is proposed to fund these costs from the Regeneration revenue budget, and this will be dealt with at revenue outturn.
- 10.4 The construction costs and site values for each of the options are estimated in the table below.

	Option 1 £m	Option 2 £m	Option 3 £m
Construction cost	12.9	12.2	12.1
Site valuation	2.7 - 4.8	0	3.4 - 6.4
Net cost of option	8.1 - 10.2	12.2	5.7 - 8.7

- 10.5 The estimated construction costs are based on work undertaken by Press & Starkey and are based on estimated costs of construction per m² at 4th Quarter 2010 prices. Construction tender prices are currently falling and early tendering may produce lower prices than indicated, but there remain considerable uncertainties and the costs shown above are considered to be prudent.
- 10.6 Savills plc were instructed to prepare site valuations based on the design schemes for each of the sites. The valuations detailed above take account of this advice. Given the uncertainties of the current housing market, the residential valuations are based on the market value of the site and are presented as a range based on the current market rate (Q1 2009), and valuations at the peak of the market (Q3 2007).
- 10.7 The valuations in the table above assume that residential development of the Willow Way site cannot take place in accordance with Planning Policy (see section 7). For the purposes of this report residual site value for alternative employment use is assumed to be zero.
- 10.8 The construction costs for the leisure element of all 3 options are similar. However, the site valuation value ranges differ for each option and are explained in further detail in this section. Taking the planning designation of Willow Way into account, no land receipt can be realised from the site and the difference in the net cost of the options becomes significant.
- 10.9 Option 1 delivers the baseline leisure requirement for a gross estimated cost of £12.9m. The estimated value of the housing receipt in today's market is £2.7m. At market peak it is estimated that the housing receipt would have been £4.8m. This value range is limited to housing on the Dartmouth Road site and it is assumed that no land receipt would be realised for Willow Way. This option may therefore be affordable within the specified budget, depending on the scale and timing of the housing market recovery. However, as detailed in section

8, a scheme of this type is considered to be unviable in the current economic climate and would pose significant risks.

- 10.10 Option 2 delivers the baseline leisure requirement for a gross estimated cost of £12.2m. No land receipt is assumed to be available from the Dartmouth Road site for this option due to the spatial restrictions imposed on the site as a result of the listing of Louise House. The value range for the housing receipt from Willow Way would have been £2.9m at the current market rate and £5.2m at the market peak. However, as outlined in section 7, residential development on the Willow Way site would be contrary to planning policy. The site valuation should therefore be disregarded in terms of the development appraisal. The estimated net cost of this option is therefore £12.2m which is not affordable within the specified financial envelope. The cross-subsidy that may be achieved from commercial development on Willow Way is considered to be zero for the purposes of this report. This option could be pursued further by postponing the project until 2012, at which point a decision could be made as to the allocation of additional resources from the Council's capital programme. However there is no guarantee that additional resources would be made available at this time.
- 10.11 Postponing the project would generate additional maintenance and security costs for the Forest Hill Pools and Louise House sites of well over £100k per annum to keep the sites secure and in reasonable condition. Postponement would also increase risks for the site such as vandalism, squatting, and degeneration of the fabric of the buildings on the site, including Louise House and the laundry block, which as listed buildings, the Council has an obligation to keep in good repair.
- 10.12 Option 3 delivers the baseline leisure requirement for a gross estimated cost of £12.1m. The estimated value of the housing receipt in today's market is £3.4m. At market peak it is estimated that the housing receipt would have been £6.4m. The net cost of this option is therefore estimated at £5.7 to £8.7m depending on the level and timing of recovery in the housing market. This option is therefore affordable within the financial limits set at the current market rate. The cost of this option may fall significantly under budget if there is a housing market recovery.
- 10.13 In summary, option 1 is considered undeliverable, option 2 is unaffordable as it provides no material housing cross-subsidy, and option 3 generates the lowest net cost, largely driven by the value of the land receipt for residential development of the current Forest Hill pools site.
- 10.14 The future trends in development land values are unknown, but it is accepted by many commentators that values are unlikely to return to 2007 levels in the short to medium term. Uncertainty therefore remains in the current conditions regarding the timing and realisable amount of land receipts detailed in this report.

- 10.15 Estimated land receipts are based on an assumption of 100% private tenure housing for feasibility purposes. The percentage of affordable housing provided as part of the final development scheme will be addressed as the design develops, and should take into account the provision of a community leisure facility.
- 10.16 The risks of each option have been examined. Option 2 has the lowest overall risk with low planning risk (a replacement leisure building on the existing site) and no housing, countered by higher construction risks associated with retention of the frontage buildings. Option 3 is medium risk, with higher planning risk (relocation of the leisure centre and housing on the existing pools site), and financial risks associated with the housing component. Option 1 carries the most risk, with high planning risk (high density residential development above the leisure centre), and high delivery risk (developer-led scheme with associated commercial risks).
- 10.17 The listing of Louise House limits the development potential for the existing pools site and the ability to generate a housing receipt. However, the project requires some level of cross-subsidy in order to fund the construction of the leisure facility. In the current economic circumstances, there are risks associated with reliable evaluation of housing-related development. Option 3 anticipates a significant receipt from a housing disposal once planning permission has been sought. Once planning permission is secured, a view would need to be taken of how and when to dispose of the site and any capital receipt, depending on the status of the housing market, may need to be deferred.
- 10.18 The evaluation in section 8 indicates that option 3 is the only currently viable and affordable option. It should be noted that the Council does not hypothecate capital receipts, however, should option 3 proceed, both costs and the related receipts would be taken into the capital programme. Should the Mayor decide to consult on option 2 and thereafter decide to defer commencement of work until 2012, there is no certainty that the Council's capital position will improve over this period of time.

11. Legal implications

- 11.1 Under various statutory provisions extending from the Public Health Act 1875 to Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 a local authority has power to provide recreational facilities.
- 11.2 The construction contract for the leisure centre must be tendered in Europe under the EU Procurement Regime and the Public Contracts Regulations 2006.
- 11.3 If the Mayor were to agree to a design contest for this facility, then a separate procurement exercise under the EU Regulations would be required. The design has to be judged by an independent jury set up

by the Authority. The selection criteria must be clear and non-discriminatory, ensuring genuine competition. The jury shall be composed exclusively of independent persons. Where a professional qualification is required of participants in a contest, as in this case, at least a third of the jury members shall have this qualification. The jury is autonomous in its decisions and examines the plans on the basis of the selection criteria. Anonymity must be observed until the jury has reached its final decision. A prize can be granted for the design. This process is likely to prolong the procurement timetable by several months.

11.4 This report has set out the options available for the Mayor to consider and to refer to public consultation. The costs and affordability, risks and viability of each option have been set out clearly. There is no statutory requirement for further consultation upon the options however the decision to do so represents good practice.

11.5 The legal planning implications are set out in the body of the Report.

12. Equality implications

12.1 A new swimming pool would be operated in order to meet the Council's "Active Healthy Citizen Agenda" and would be available to all regardless of gender, race, age, belief or disability. In particular a new facility would afford the opportunity to build a fully DDA compliant swimming Pool.

12.2 The previous consultation programme was designed to ensure that the widest possible group of stakeholders, including local residents and equalities groups, should have the opportunity to make their views known. Tailored focus groups were held with specific 'seldom heard' groups including young people, Asian elders and disabled people. Any future consultation proposals would need to be assessed in terms of equalities implications and approved by the Mayor's consultation and communications board.

12.3 An Equalities Impact Assessment of the provision which will be available at the new leisure centre will be undertaken at a later stage in the project, to ensure that both the design of the buildings and the leisure provision available meet the needs of all sections of the community.

13. Environmental implications

13.1 A new swimming pool would be designed to meet the latest environmental standards. This would include adherence to Part L regulations and the achievement of a 'very good' BREEAM rating.

14. Crime and disorder implications

- 14.1 Reducing crime and anti-social behaviour would be a key consideration for the design of a new swimming pool and housing development. Whichever option is chosen, the new development would be 'secure by design', and would improve the street environment of both Dartmouth Road and Willow Way.
- 14.2 The results of the previous public consultation indicated that many people felt the redevelopment proposals would have had a positive impact on Dartmouth Road in terms of crime prevention and reducing anti-social behaviour.

15 Conclusion

- 15.1 The listing of Louise House required the Council to reconsider the project approach agreed by Mayor & Cabinet in February 2008, and a rigorous further feasibility exercise has been undertaken.
- 15.2 This further feasibility exercise has confirmed that the retention of the Louise House footprint has had a direct material impact on the project in terms of space available for redevelopment, cost, risk, and timescale. Two possible options have emerged from the further feasibility work, as follows:
- to postpone the project until 2012, at which point a decision can be made as to the allocation of additional resources from the Council's capital programme. If sufficient additional resources are available at that time, and market conditions are appropriate, to proceed with feasibility option 2 (A&M) or feasibility option 3 (HLM), to be completed by 2015.
 - to proceed now with feasibility option 3 (PTEa), providing a new leisure centre on Willow Way, cross-subsidised by a housing development on the current pools site on Dartmouth Road. The leisure centre in this option could be completed by late 2011.
- 15.3 Some common themes emerged from the previous public consultation process which remain relevant despite the listing of Louise House. However, the above options are both significantly different to the options consulted on previously. It is therefore recommended that a further public consultation exercise be carried out on these options prior to a final decision by the Mayor in summer 2009.

BACKGROUND PAPERS

For further information on this report call Andy Kitching 0208 3148001

<u>Short title of document</u>	Date	File Location	Contact Officer
HLM further feasibility report	February 09	www.lewisham.gov.uk/ 2nd Floor, Laurence House, Programme Mgmt Unit	Ron Huntley
A&M feasibility reports - Forest Hill Leisure Centre & Housing on Willow Way	February 09	www.lewisham.gov.uk/ 2nd Floor, Laurence House, Programme Mgmt Unit	Ron Huntley
PTEa feasibility reports - Willow Way Leisure Centre & Housing on Forest Hill Pools site	February 09	www.lewisham.gov.uk/ 2nd Floor, Laurence House, Programme Mgmt Unit	Ron Huntley
Redevelopment of Forest Hill Pools - Initial Design and feasibility work and results of community engagement and consultation - Mayor & Cabinet report	September 08	www.lewisham.gov.uk	Ron Huntley
DCMS Louise House Listing Report	August 08	2nd Floor, Laurence House, Programme Mgmt Unit	Ron Huntley
Forest Hill Public Meeting 21st August 2008 - Minutes	August 08	5th Floor, Town Hall, Cultural Services	Hilary Renwick
HLM Development Options Study	June 08	www.lewisham.gov.uk/ 2nd Floor, Laurence House, Programme Mgmt Unit	Ron Huntley
PTEa old buildings conversion feasibility study	June 08	www.lewisham.gov.uk/ 2nd Floor, Laurence House, Programme Mgmt Unit	Ron Huntley
Donald Insall Assoc. Historic Buildings Report	June 08	www.lewisham.gov.uk/ 2nd Floor, Laurence House, Programme Mgmt Unit	Ron Huntley
Forest Hill Pools - Outcome of feasibility work and redevelopment options - Mayor & Cabinet report	February 08	www.lewisham.gov.uk	Ron Huntley