

<b>Subject:</b>	Haslingden Swimming Pool		<b>Status:</b>	For Publication	
<b>Report to:</b>	Council		<b>Date:</b>	16 <sup>th</sup> March 2016	
<b>Report of:</b>	Head of Finance		<b>Portfolio Holder:</b>	Leader of Council	
<b>Key Decision:</b>	<input checked="" type="checkbox"/>	Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>	
<b>Equality Impact Assessment:</b>	Required:		No	Attached:	No
<b>Biodiversity Impact Assessment</b>	Required:		No	Attached:	No
<b>Contact Officer:</b>	Head of Finance		<b>Telephone:</b>	<b>01706 252465</b>	
<b>Email:</b>	<a href="mailto:philseddon@rossendalebc.gov.uk">philseddon@rossendalebc.gov.uk</a>				

1.	<b>RECOMMENDATION(S)</b>
1.1	That Council continues to support the community by setting aside £100,000 to contribute to matched funding raised by Haslingden Baths Community Interest Company, also known as Haslingden All People's Pool Initiative (HAPPI).
1.2	That Council release immediately £33,500 (plus a 20% contingency allowance) of the funding noted in 1.1 to repair the roof of Haslingden Swimming Pool.
1.3	That Council support the release of further funding, beyond the initial investment, subject to HAPPI producing: <ol style="list-style-type: none"> <li>1. Evidence of the matched funding.</li> <li>2. A revised business case demonstrating the financial feasibility of operating of the pool over at least the next three years including any impact (financial or otherwise) on Rossendale Leisure Trust.</li> </ol>
1.4	A further licence for 12 months is granted to HAPPI to support their work and ambitions to renovate the pool

## 2. PURPOSE OF REPORT

2.1 The purpose of the report is to seek Member approval for the release of funding to support HAPPI in the re-opening of Haslingden Swimming Pool and to seek understand and develop further HAPPI's business case and plan for the operation of Haslingden Swimming Pool.

## 3. CORPORATE PRIORITIES

3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
- **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
- **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

#### **4. RISK ASSESSMENT IMPLICATIONS**

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Financial implications of supporting the pool at a time when the Council is facing reduced resources and a funding gap of c £600k pa and the potential capital receipt of any disposal.
- Priorities given to non-statutory services over statutory services.
- The ability for HAPPI to raise the additional resources is yet to be established.
- The latest building survey (January 2016) notes that the proposed works to re-commission the building and deal with the immediate pool operations do not address the major risk of the pool failing (see para 6.6).

#### **5. BACKGROUND AND OPTIONS**

5.1 Following report to Members in late 2012 a 12 week consultation exercise commenced in relation to the transfer of responsibility for the pool from Rossendale Leisure Trust to another organisation or closing the pool a considering a site disposal. In the summer of 2013 a report was brought to members following the receipt of three expressions of interest for the operation of Haslingden Swimming Pool. Full Council (17/09/13) recommended the following:

- That Members note the work done to date in order to identify a solution for Haslingden Pool and note the detailed consultation undertaken.
- That Members note the expressions of interest received and that there now remains one expression of interest developing a full business case for consideration. A further report will be presented confirming if the process has been successful.
- That Members recommend that should a preferred partner not be confirmed as noted in 1.2, that Haslingden pool will close at a date to be confirmed and agreed by Full Council.
- That members recommend the sum of £200k to support either of the chosen options.

5.2 In September 2013 a further report was brought to Members explaining that all three groups had withdrawn from the process. Members therefore recommended:

- That Members note the work done to date in order to identify a solution for Haslingden Pool and note the detailed consultation undertaken.
- Haslingden Pool to close within the next two months.
- The pool site to be disposed of and a capital receipt realised.
- That any capital receipt in its entirety which is realised be spent in Haslingden.

5.3 Haslingden Swimming Pool closed to the public in November 2013.

5.4 Following closure a notice was published in early 2014, in line with the Council's Core Strategy Statement (policy 7 infrastructure) on the Council's website seeking either community use or community use of the site. Closing date June 2014.

5.5 There then followed a marketing campaign and open tender for the sites disposal (pool and adjoining garage site) which closed 15<sup>th</sup> September 2014. A bid of £450k, subject to planning approval being received and any costs associated with such an approval.

5.6 In September 2014 the HAPPI group requested that the pool be identified as an Asset of

Community Value and in line with council policy were given 6 months to put together a business plan to support the transfer of the pool to the group. This therefore suspended the disposal process noted in para' 5.5.

5.7 Following a report to Full Council (15/07/15) Members recommended the following:

- That members support the proposal to grant the Haslingden All People's Pool Initiative (HAPPI) Group, an appropriate licence to manage and operate Haslingden Pool for a period of 12 months subject to review, extension and/or conversion to lease on terms to be agreed.
- That the Council makes available a grant of £25,000 to assist with the essential repair and redecoration of the premises and a further £25,000 temporary support for cash flow purposes in the early months of operation.
- All future minor amendments be delegated to the Chief Executive in consultation with the Portfolio Holder.

5.8 Following the completion of some works by HAPPI, up to a value of c £100k (including Council's £25k grant) the group despite their best efforts did not achieve their original ambition of an opening date of September 2015. The Group did, however, achieve the following renovations:

- Structural works to new reception and café area.
- Formation of new disabled w/c.
- Window replacement.
- Installation new gas meter.
- Installation telecommunications.
- Installation of new pool plant , replacement of M&E components and re-commission of boilers.
- Installation of DHW System
- Re-commission pool hall warm unit.
- Disposal of laundry equipment.
- Filled pool to test integrity and cleaned pool.
- Stripping of offices, shower /changing rooms and public areas.
- Preparation of pool hall for decoration.
- Design and preparation of mechanical and electrical services by consulting engineers.
- Construction Design and Management Regulations (CDM) compliance

In addition HAPPI has acquired Community Interest Company status and has recently secured further additions to its Board and volunteers.

HAPPI is currently seeking two additional funding opportunities:

1. Heritage Lottery Funding – currently in discussions with regard to renovations in relation to the stained glass window and the art deco tiling in the main corridor
2. Submitting a bid to the Sport England Inspired Facilities Fund – being a maximum bid of up to £150k, with 50% match funding from the Council, which could be provided in part through the £100k to be set aside.

5.9 To understand the full value of the outstanding work to complete the renovation work and in agreement with the HAPPI, in January 2016 a building survey was commissioned by the Council which concluded that (subject to the risks noted above) further capital cost of £299,400 were estimated, together with a set of assumptions including a 20% contingency estimate of £49,900.

Amongst other things the report made reference to the following matters for repair or replacement:

- Roof
- Internal structural repairs and decoration
- Replacement of: sauna, steam room, Jacuzzi
- Replacement of radiators and plant
- Electrical repairs

5.10 For completeness and to provide support to HAPPI in understanding the full cost implications and life cycle costs, the report included reference to surveys and reports undertaken in 2011, including a condition survey with budget and life cycle costs, a structural report with budget prices and also in 2011 a mechanical & electrical report with budget prices produced. These reports identified a number of significant risks to the structure and plant:

Condition of the pool:

- Remedial works to guarantee the pool's future integrity subnational remedial works require carrying out, estimated at c. £109k.

Subsidence issues at the rear to the building:

- The rear corner of the building has previously suffered from subsidence, though this now appears to have settled the estimated cost to underpinning is c £22k.

Condition of flat roof:

- The flat roof over the main pool area requires complete renewal priced cost £26k, plus other roof repairs of £7.5k.

Boilers:

- Though the three main boilers have now been re-commissioned however within the next five year replacements will be required estimated cost £25k.

Life Cycle Cost:

- To quantify the life cycle costs for the next five to ten years before the extent of these works mentioned are decided is not possible, however major items that should be noted are :
  - Pool hall roof.
  - Filtration system.
  - Boilers x 3– pool water, domestic water and heating.
  - Pool hall warm air unit.

5.11 To support the completion of the renovation work and the Council's continued commitment it is proposed that the Council provides a further £100k, from the original £200k allocation, with the following conditions:

- a) The repairs to the roof are completed as a matter of urgency and the first £40,200 of

the £100k sum is allocated to fund this work, the balance of £59,800 is to be matched funded by HAPPI before it can be released to the project.

- b) The full programme of renovation work and timescales for completion is to be agreed with officers.
- c) A detailed revised business plan is to be presented to the Council by the end of April to take account of the operational plan; Health and Safety arrangements; proposed programme for the pool and maintenance plans together with income and expenditure estimates for the first three years of operation.
- d) A revised license agreement for 12 months is entered into with the Council which takes account of the above conditions together with arrangements for insurance and liabilities and CDM Building regulations.
- e) A formal monthly progress meeting is established from 1st April 2016.
- f) The Council is providing no additional funding above the original £25k to support the operational revenue cash flow.
- g) Quarterly progress reports are presented by HAPPI to monitor progress, with a formal review and assessment of progress in six months' time and to report back to officers as necessary.

5.12 In terms of long term financial risk assessment for the Council:

- a) Subject to the renovation work being completed, any future agreed lease arrangements for the pool would need to confirm that HAPPI would be responsible for all future maintenance liabilities, operational and financial matters and that there would be no financial underwriting by the Council.
- b) Any consequential loss of income to Rossendale Leisure Trust as a result of Primary School moving to Haslingden Pool will have to be met by the Council.

**COMMENTS FROM STATUTORY OFFICERS:**

**SECTION 151 OFFICER**

6.1 The financial implications for Council are noted in the report and at 6.4.

6.2 The balance of funding to be matched by HAPPI can be done so either in cash or kind so long as it achieves the completion of works identified as being required in the January 2016 survey

6.3 The original 2015 business plan also targeted the transfer of local school swimming contracts from RLT to HAPPI. The cost impact to RLT is potentially c £40k per annum and ultimately a cost burden to Council, should RLT not be able to bridge this gap.

6.4 Following the closure of Haslingden Swimming Pool the Council has incurred the following expenditure:

- Redundancies – £32.5k
- Annual holding / moth balling costs, since closure - £25.5k
- Expenditure in partnership with HAPPI - £25.0k

This leaves a balance of £117k available from the original £200k commitment by Council.

- 6.5 In August 2014, following an open advertisement for sale, the Council received an offer of £450k for Haslingden Swimming Pool and the adjoining garage site as a housing site (subject to planning approval being received and any cost of such an approval). In addition to a direct capital receipt this eventually contributes to: Housing targets, New Homes Bonus and Council Tax.
- 6.6 The latest building survey (January 2016) notes the following: "*MAJOR RISKS - The works being undertaken deal with making the pool operational and re-commissioning, however the major risks identified in the aforesaid reports have not been addressed. Therefore if further investment is not made the major risk of the pool failing and the structural problem to the rear of the building still remain.....*"

The structural problems have previously been addressed; however, the remedial works to the pool estimated at £109k in 2011 still remain outstanding. HAPPI will therefore have a monitoring regime similar to that previously established by the Trust and Council.

## 7. MONITORING OFFICER

- 7.1 The Council will need to enter into new legal agreements with the Haslingden Baths Community Interest Company in order to protect its asset and financial contribution and to ensure compliance with all other legal requirements in supporting this proposal. All other legal implications are covered within the body of the report.

## 8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

- 8.1 No policy / HR implications.

## 9. CONCLUSION

- 9.1 HAPPI have achieved a significant amount of work over their short life and are now seeking time and resources to fulfil their ambitions in partnership with the Council, the community, together with external funding through Sport England and the Heritage Lottery Fund in order to secure the final funding need to reopen Haslingden Swimming Pool

Background Papers	
Document	Place of Inspection
Full Council report – Item E1 (17/07/13)	Website
Full Council report – item E1 (25/09/13)	Website
Cabinet – item D2 (23/10/13)	Website
Full Council report – item E1 (15/07/15)	Website
HAPPI 2015 Business plan	Council offices
January 2016 Building Survey	Council Offices