

<b>Subject:</b>	<b>Saltdean Lido</b>		
<b>Date of Meeting:</b>	<b>19 September 2013</b>		
<b>Report of:</b>	<b>Assistant Chief Executive</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Ian Shurrock</b>	<b>Tel: 29-2084</b>
	<b>Email:</b>	<b>ian.shurrock@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>Rottingdean Coastal</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The 125 year lease of the Saltdean Lido site was surrendered by Saltdean Lido Limited (head lessee) on 6<sup>th</sup> June 2012 following a period of negotiation with the council. As a consequence the maintenance responsibilities previously vested in Saltdean Lido Limited passed to the council.
- 1.2 On 24<sup>th</sup> January 2013, the Policy & Resources Committee approved the marketing of a 50 year full repairing lease for the Saltdean Lido Complex, including the operation of the Lido pools and the provision of additional community facilities. The aim being to achieve a long-term viable future for the facility, with the outcome of the marketing to be considered at a future Policy & Resources Committee meeting.
- 1.3 The Economic Development & Culture Committee requested at the meeting on 20<sup>th</sup> September 2012 that they should be notified of the outcome of the marketing exercise prior to further consideration by Policy & Resources. This report provides the Committee with the outcome of the marketing exercise. Further information is provided in part 2 due to the commercially sensitive nature of the results of the marketing exercise.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee notes that the council's provisional preferred bidder for a lease of the Saltdean Lido Complex is the Saltdean Lido Community Interest Company and that the reserve bidder is Freedom Leisure.
- 2.2 That the Committee notes that a further report recommending that Saltdean Lido Community Interest Company as the preferred bidder will be considered by Policy & Resources Committee, providing that remaining issues identified in the bid evaluation are satisfactorily resolved.
- 2.3 That the Committee notes that if the remaining issues cannot be satisfactorily resolved with the Saltdean Lido Community Interest Company, negotiations will take place with Freedom Leisure as reserve bidder with a view to recommending

to Policy & Resources Committee that they be substituted as the preferred bidder.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The background information in relation to Saltdean Lido has been covered in detail in previous reports and therefore this information is not repeated. The previous reports include those to the Culture, Recreation & Tourism Cabinet Member Meetings of 6<sup>th</sup> December 2011 and 6<sup>th</sup> March 2012, as well as the reports to the Special Policy & Resources Committee on 30<sup>th</sup> May 2012 which authorised the surrender transaction. Since then there have been reports to Economic Development & Culture Committee on 20<sup>th</sup> September 2012 and the most recent report to the Policy & Resources Committee on 24<sup>th</sup> January 2013.

#### **Marketing Process**

- 3.2 In August 2012 the council carried out soft market testing with potential operators before taking the decision to market the site. This process was designed to gauge potential interest from operators and to provide information on the most suitable type of management arrangements for the site. A long term lease was considered to be the most appropriate option given the expected reliance upon external funding.
- 3.3 The marketing process was treated as a bona fide land transaction and so was not subject to European Union procurement rules. Nevertheless, the council chose to apply many of the best practice principles used in EU tenders and the process was managed by the Acting Procurement Strategy Manager.
- 3.3 In March 2013 the council marketed the site by inviting expressions of interest from suitable organisations. Those interested parties were provided with further information and invited to submit an Initial Bid which was evaluated on their ability to meet the following list of key outcomes:
- A well-used, accessible, year-round community and leisure facility
  - A building and surrounding grounds that are renovated in a manner that would be likely to receive Listed Building Consent and, if required, planning permission
  - Improved swimming pool provision
  - Financially sustainable for the term of the lease including meeting all maintenance requirements and statutory obligations
  - Improved library facilities
  - No ongoing BHCC subsidy
  - An environmentally sustainable facility

- 3.4 Three Initial Bids were submitted and these were evaluated by a panel of officers from Procurement, Finance, Legal, Property & Design, Planning, Libraries and Sport and Leisure.
- 3.5 A shortlist of two organisations (Freedom Leisure a not for profit leisure trust and Saltdean Lido Community Interest Company) were invited to attend clarification meetings to discuss their Initial Bids further and receive feedback. They were then invited to work up and submit Final Bids, taking into account further consultation with key partners and the feedback received.
- 3.6 Both organisations submitted Final Bids and these were evaluated by the same panel using the same key outcomes listed above.
- 3.7 Details of the evaluation process are set out in the confidential Part 2 paper.

### **Preferred Bid**

- 3.8 The bid from Saltdean Lido Community Interest Company includes the following:
  - Fully restored building sensitive to the Grade 2\* listing
  - Heated pool water to extend season
  - Fitness Gym
  - Cafe
  - Extensive community areas and community engagement
  - Extended library
  - Heritage and education room
  - Improvements in environmental sustainability of the facility

### **Funding**

- 3.9 In order for the restoration of the Saltdean Lido Complex to be achieved, significant capital expenditure will be required due to the poor condition of the building. Each of the bidders have proposed an application for grant funding of several million pounds from the Heritage Lottery Fund. The ability to achieve the restoration is therefore dependent upon such funding being secured from the Heritage Lottery Fund. Therefore, the pools will remain closed for the foreseeable future.

## **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 Bidders consulted with ward councillors and local community groups including the Saltdean Community Association and the Saltdean Resident's Association. Consultation was also undertaken with local residents and with the White Rooms Beauty Therapists (existing tenants of the site along with the Saltdean Community Association). Further consultation was undertaken with council planning, libraries and sustainability departments.

- 4.2 Together with the council the preferred bidder will undertake additional consultation with English Heritage and the Heritage Lottery Fund as part of the funding application.

## **5. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 5.1 A detailed financial evaluation was carried out as part of the selection process. Costed financial implications will be reported through to Policy & Resources Committee at the next stage. As referred to in paragraph 3.9 a key risk to the project is the ability to secure grant funding.

*Finance Officer Consulted: Anne Silley*

*Date: 28/08/13*

### Legal Implications:

- 5.2.1 A robust evaluation process has taken place and both bids are acceptable, provided that certain issues are satisfactorily resolved. In the case of the Saltdean Lido Community Interest Company, as the provisional preferred bidder, the issues can be summarised as reaching agreement on (a) the length of the lease, (b) the appropriate restriction on alienation (timescales and conditions relating to underlettings and assignment of the lease) and (c) ensuring sufficient comfort about the role of Wave Leisure and any subsequent partner of the Saltdean Lido Community Interest Company used to deliver the leisure aspects of the proposals. Some of these issues will be of equal concern to the Heritage Lottery Fund.
- 5.2.2 The intention is to reach agreement with the Saltdean Lido Community Interest Company and Wave on these potential showstoppers, so that the Saltdean Lido Community Interest Company can then be recommended to Policy & Resources Committee as the preferred bidder. In the event of there being no satisfactory outcome to such negotiations, the intention is that there will be negotiations with Freedom Leisure as the reserved bidder, with a view to recommending to Policy & Resources Committee that Freedom be appointed as the preferred bidder.

*Lawyer Consulted:*

*Bob Bruce*

*Date: 28/08/13*

### Equalities Implications:

- 5.3 The council seeks to provide a range of opportunities for residents to participate in sport and community activities across the city and the Lido complex is recognised as an important part of community leisure provision.

### Sustainability Implications:

- 5.4 The focus of the report is to provide the result of the marketing exercise to achieve a long term sustainable future for the operation of the Lido and maintenance of a Grade 2\* Listed building. The evaluation process included a

detailed review of the business case to ensure it was robust enough to secure the long term future of the facility.

The preferred bid proposes a number of improvements to the environmental sustainability of the building including the use of renewable energy, improved insulation and more energy efficient plant.

Crime & Disorder Implications:

- 5.5 There are no direct crime and disorder implications arising from this report, but the future provision of sport and leisure opportunities can help to reduce anti-social behaviour.

Risk and Opportunity Management Implications:

- 5.6 The marketing exercise was intended to identify potential opportunities for the future operation of the Lido complex, with the management of future risk being incorporated within a lease if the proposed option is approved.

Public Health Implications:

- 5.7 Saltdean Lido is a community facility which offers a range of community activities which benefit the health and well-being of local residents.

Corporate / Citywide Implications:

- 5.8 Saltdean Lido is an important recreation and community resource for the city. The Lido building is also Grade 2\* Listed and is therefore of architectural importance.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 The evaluation of the options provided by the marketing exercise are set out in part 2 of the report.

**7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 To inform members of the current position in the marketing of a lease for the Saltdean Lido Complex.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Marketing of Lease Evaluation Confidential Report (part 2).

### **Documents in Members' Rooms**

1. None

### **Background Documents**

1. Reports to Culture, Recreation and Tourism Cabinet Member Meetings of 6<sup>th</sup> December 2011 and 6<sup>th</sup> March 2012.
2. Report to the Special Policy & Resources Committee on 30<sup>th</sup> May 2012.
3. Report to the Economic Development & Culture Committee on 20<sup>th</sup> September 2012.
4. Report to the Policy & Resources Committee on 24<sup>th</sup> January 2013.