

Agenda Annex

Extraordinary Council

Monday, 23 May 2022

Additional Information Pack

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ST GEORGES HYDROTHERAPY POOL – DIRECTOR BRIEFING NOTE

Rob Hill – Assistant Director: Community Services

1. REASON FOR BRIEFING

- 1.1 An extraordinary full council meeting has been requested to discuss the recommendation not to sell St Georges Hydrotherapy pool to a commercial operator.
- 1.2 This report is intended to provide Councillors with the background information and rationale that led to this recommendation, and to confirm the officer advice.

2. BACKGROUND AND KEY ISSUES

- 2.1 St Georges Hydrotherapy pool was built in 1976 and is approaching end of life unless significant investment is made. Surveys indicate that £140,000-£200,000 will be required to bring the centre back to sufficient condition to allow it to continue operating.

The facility has been closed since March 2020 and was open 48 hours a week prior to COVID-19 to provide support for children and adults with disabilities or long-term health conditions. Opening times were 0930-1730 weekdays and 0900-1300 weekends. Users were made up of physio referrals, open public sessions, swimming lessons, parents and baby, aqua fitness and private hire groups.

Prior to COVID, the facility was operated by Vivacity on behalf of the authority at a net revenue cost of £50,000 per year (includes operator and utilities costs).

- 2.2 In March 2022, Full council endorsed phase 2 of the Medium-Term Financial Strategy (MTFS), which included the decision to remove core revenue funding for St Georges Hydrotherapy pool. Councillors were made aware of a proposal to sell the facility to a commercial operator who would continue to operate the pool at no cost to the Council.
- 2.3 In April 2022, Councillors were notified of a proposal to withdraw the sale of the Pool following a review by Officers. The rationale for this is as follows:
- 2.4 A heavily discounted sale price had been agreed with the prospective purchaser, in recognition of the significant investment needed to bring the building up to standard. The discounted sale price of £105,000 had been based on a valuation that had been made prior to covid, and property valuations have since increased.
- 2.5 Notwithstanding the investment the potential buyer would need to make, estimates to make the pool sale-ready have risen owing to the complex nature of the site.

Pre-Sale works would cost the Council between 70K and 100K, and include:

- decommissioning the cold-water storage tank and replacing it with a new mains fed calorifier
- various installations and relocations of utility meters and sub meters
- replacing the air handling unit
- replacing the fire panel with a system that is separated from the school
- replacing a fire exit point and windows, and installing mechanical ventilation, because of the extension planned by the purchase

- 2.6 The headteacher of the adjoining Heltwate school has written to the Director of Education to ask that the use of the site is reconsidered. A recent government SEND review indicates demand in this area will rise and therefore we have been asked if the space may be granted to the school in order that they can meet this additional need.

2.7 A new Heltwate school facility is being built at an alternative location, due to complete in 2023. Final decisions are yet to be made on whether the school will require ongoing use of the current site, but there may be potential to redevelop this land as a whole for other purposes. Part selling some of the site now would hinder this opportunity.

2.8 As part of our financial sustainability work, all our asset-related plans and proposals are subject to intense scrutiny and therefore officers determined that investment of up to £100k to achieve a capital receipt of £105k does not represent best value for the council.

3. OTHER CONSIDERATIONS / INFORMATION OF NOTE

3.1 Peterborough City Council are unique in funding Hydrotherapy facilities, which are ordinarily commercially operated.

3.2 At present, there is only 1 health recognised Hydrotherapy facility for NHS referrals within the County. This is independently funded by Cambridge University and located at Addenbrookes Hospital.

3.3 The Clinical Commissioning Group (CCG) previously presented a report to the Health and Wellbeing Board on this subject setting out the CCG position. A link to that report can be found at appendix 8.2

3.4 Thistlemoor Practice (Peterborough) is exploring the possibility of building a Hydrotherapy Pool on land owned by the surgery as a privately funded venture. Timescales / outcome of this are yet to be defined but officers are working to explore this further. If successful, this will offer self-funding facilities to Peterborough residents at no cost to the Authority.

3.5 The complex condition of the St Georges Pool site has led to a wide variation in estimates on the cost to bring it back to serviceable use, currently between £140000 and £200000.

3.6 The advice to withdraw the sale offer of the Pool occurred during the Purdah period. Debate opportunities were restricted during this time and limited to briefing notes to advise councillors of the situation.

3.7 Councillors have since written to the Council Leader with 15 questions on this issue. A response has been provided, and can be found at appendix 8.1

3.8 It is the view of the S151 officer that the hydrotherapy pool forms an integral part of the overall asset - the school. A separate disposal of the pool only would compromise all current and future use of this asset.

3.9 It is further the view of the S151 officer that the provision of a hydrotherapy pool is not a core function of a local authority, and it would be inappropriate to allocate scarce resources to provide such a service while core services are reduced due to budget constraints.

4. CONCLUSION

4.1 In full consideration of the facts outlined above, we do not recommend the sale of the Pool to the commercial operator, and we do not recommend the temporary re-opening of the facility.

5. CONSULTATION

5.1 Consultation has been completed with interested parties throughout this work, including:

- Section 151 officer
- Consultation with individual councillors
- Group leaders briefing

- Full Council briefing (MTFS proposal)
- Letter to all councillors in April notifying them of the decision not to sell
- Regular contact with the 'Friends of St Georges User group
- Consultation with Prospective Buyer (Consort Physio)
- Publication of the MTFS

6. IMPLICATIONS

6.1 Financial Implications

NA – This is not a decision paper though financial implications of selling / not selling are set out in section 2.

6.2 Legal Implications

There is no statutory requirement on the Authority to provide this service.

6.3 Equalities Implications

N/A – This is not a decision paper with no change to current provision (pool remains closed)

6.4 Carbon Impact Assessment

N/A – This is not a decision paper. The site remains closed with no carbon impact.

7. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

7.1 MTFS Phase 2 publication (March 2022)

CCG Hydrotherapy Report to Health and Wellbeing Board 21 July 2016 –

<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=526&MID=3776>

8. APPENDICES

8.1 Appendix 1 - Letter response to Councillors Questions (Councillor Fitzgerald – 13 May 2022)

13th May 2022

To:
Cllr Imtiaz Ali
Cllr Ansar Ali
Cllr Simon Barkham
Cllr Andrew Bond
Cllr Sandra Bond
Cllr Nicola Day
Cllr Alan Dowson
Cllr Judy Fox
Cllr John Fox
Cllr Chris Harper
Cllr Mohammed Haseeb
Cllr Samantha Hemraj
Cllr Christian Hogg
Cllr Julie Howell
Cllr Mahboob Hussain
Cllr Amjad Iqbal
Cllr Mohammed Jamil
Cllr Dennis Jones
Cllr Aasiyah Joseph
Cllr Kirsty Knight
Cllr Ed Murphy
Cllr Shaz Nawaz
Cllr Shabina Qayyum
Cllr Lucinda Robinson
Cllr Nick Sandford
Cllr Asif Shaheed
Cllr Heather Skibstead
Cllr Chris Wiggin
Cllr Ikra Yasin
Cllr Katia Yurgutene

Re: St Georges Hydrotherapy pool

Dear Members

I write in response to your letter dated 25th April 2022, requesting information in relation to the decision not to sell St Georges Hydrotherapy Pool.

For clarity, I will respond to each of your points as requested in the letter:

1. At what point did we realise the sale wasn't viable?
The advice not to sell the facility was conveyed to me by officers in early April 2022, following a review of the financial benefits weighed against the investment needed to bring it up to the required standard.
2. Per point to - why was the viability not considered earlier?
The final costs were not fully realised until early April, when evaluations were received setting out the full details of the works required. These were far more extensive than expected (70 to 100K). This, considered with a heavily discounted sale price, made the decision to sell financially unviable. Additional to this, we received new information from Heltwate school that impacted on the decision (see point 4 below).
3. When did talks with Dr Modha for a new pool begin?
Contact was made on 6th April 2022, when I became aware by chance of Dr Modha's plans to build a new pool. I had no knowledge of this proposal prior to this date.
4. What new information came to light when the council withdrew from the sale which wasn't available six months prior?

The costs of preparing the site for sale escalated considerably from the original estimate. The site is far more complex than first thought and needed detailed surveys to confirm the final costs. Secondly, the School confirmed an interest in using the space for educational purposes. It also became known that the school may relocate in future years and therefore the entire site could be sold at a higher premium if we were to retain and value it as a whole.

5. Why has the decision to withdraw been so last minute, leaving Mr Mahamani in a very difficult position?

As above – new information came to light that it was in the public interest to fully consider.

6. Why did the council not liaise with Heltwate school earlier to establish their needs and requirements before entering into a negotiation with Mr Mahamani?

Heltwate school did not originally register interest. As plans became more defined the school became concerned that the proposed extension would impact upon them and this view changed.

Additionally, demand for SEND placements have increased and the school have requested that we consider providing this extra space to accommodate this need.

7. If as leader, you knew that "St George's is being held together with chewing gum and sticky tape and it has reached the end of its serviceable life", why then was this put on the market for sale as a Hydrotherapy Pool and why would anyone want to buy it as a commercial project if it was indeed in such a poor condition?

The proposed sale was originally based on a reduced valuation and an agreement that the buyer would invest to make it fit for purpose. However, once the condition became known this became a more challenging investment. Negotiations became less favourable to the authority resulting in us having to spend significant amounts to make this a viable prospect for the purchaser.

8. Why did the council not explore the costings (estimated at £100k/£140k) during the initial negotiation process with the proposed developer?

The council made assumptions based on the information known at that time. Surveys were delayed during covid – but led to further unknown issues being identified. Furthermore, inflation / shortage of materials etc has led to significant price increases over this period.

9. What are the actual costs to keep the pool open for the council? Mr Mahamani has said only £40k is required as opposed to the estimated figures above?

The annual operating costs were just below 50K prior to the COVID closure. With rising utilities this is now estimated to be between 60K – 70K per annum.

10. How much money do we need to spend on the property before we can sell it - please provide a detailed breakdown?

If we sell the site to be used as a Hydrotherapy pool 70 – 100K is estimated. This cost includes:

- decommissioning the cold-water storage tank and replacing it with a new mains fed calorifier
- various installations and relocations of utility meters and sub meters
- replacing the air handling unit
- replacing the fire panel with a system that is separated from the school
- replacing a fire exit point and windows, and installing mechanical ventilation, as a result of the extension planned by the purchaser

If we were to sell the site for development purposes only, the costs would be much reduced and the premium received likely higher.

11. Who owns the land earmarked for the proposed new hydrotherapy pool and if it is the council owned, what is the agreed sale value?

We understand the land is owned by the Thistlemoor medical centre – it is not council land.

12. How can we be certain this new pool will be provided?

We cannot guarantee as a council this will be the case. However, we believe Dr Modha is serious about building a new hydrotherapy pool and associated health facility, and that an application for planning is imminent.

13. Will the new pool take referrals from the NHS?

Dr Modha has indicated that this will be case, in addition to use by private patients and community groups.

14. What assurances will there be if a new pool if built that users will pay the same rates/ prices as they are currently paying?

This will be a fee-paying facility – the same as St Georges was. I am sure the operators (if successful) will confirm their prices in due course.

15. What will users of the pool do if it is to be 'mothballed' while there is no other pool available in the area or should the new pool not materialise?

The pool has been closed since March 2020 and is effectively already mothballed, and users have presumably sought alternative venues.

It should be noted by all that it is unusual for Hydrotherapy pools to be funded by Local Authorities. Elsewhere facilities are the responsibility of commercial providers.

We understand at present that patients are referred to the next nearest facility. This is located at Addenbrookes and funded by Cambridge University Hospitals.

I trust this answers your points sufficiently, however I am aware that this will be debated further at the full council meeting later this month and will hope to answer any further queries then.

Kind Regards

Councillor Fitzgerald.

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