

| | |
|-----------------------|--------------------------|
| CABINET REPORT | AGENDA ITEM No. 6 |
| 11 July 2022 | PUBLIC REPORT |

| | | |
|--------------------------------|---|-------------------|
| Report of: | Adrian Chapman, Executive Director: Place and Economy | |
| Cabinet Member(s) responsible: | Cllr Steve Allen, Deputy Leader and Cabinet Member for Communication, Culture and Communities | |
| Contact Officer(s): | Rob Hill, Assistant Director: Communities | Tel. 07815 558081 |

ST. GEORGE'S HYDROTHERAPY POOL

| RECOMMENDATIONS | |
|--|---------------------------|
| FROM: Executive Director: Place and Economy | Deadline date: N/A |
| <p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Agrees to the permanent closure of the St George's Hydrotherapy Pool based on the information set out in this report; and 2. Acknowledges and supports the work of officers to identify alternative hydrotherapy provision. | |

| | |
|-----------|--|
| 1. | ORIGIN OF REPORT |
| 1.1 | <p>This report is submitted to Cabinet in response to a motion passed at Full Council on 23 May, specifically that:</p> <p>“Council calls upon the Leader and the Cabinet to urgently examine all possible options for re-opening the St George's Hydrotherapy pool either permanently or temporarily pending alternatives becoming available and to report back on progress to the next available meeting of Full Council.”</p> <p>An update on progress was provided by the Cabinet Member at the Full Council meeting on 22 June 2022, in response to a question asked by Cllr Yasin.</p> |
| 2. | PURPOSE AND REASON FOR REPORT |
| 2.1 | The purpose of this report is to provide Cabinet with the outcome of work undertaken by officers in response to the motion described above, in order that Cabinet can make an informed decision about the future of the Hydrotherapy Pool. |
| 2.2 | This report is for Cabinet to consider under its Terms of Reference No. 3.2.1, 'To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.' |
| 3. | TIMESCALES |

| | | | | | |
|---|---|---|------------|----------------------------------|------------|
| | <table border="1"> <tr> <td>Is this a Major Policy Item/Statutory Plan?</td> <td>NO</td> <td>If yes, date for Cabinet meeting</td> <td>N/A</td> </tr> </table> | Is this a Major Policy Item/Statutory Plan? | NO | If yes, date for Cabinet meeting | N/A |
| Is this a Major Policy Item/Statutory Plan? | NO | If yes, date for Cabinet meeting | N/A | | |
| 4. | BACKGROUND AND KEY ISSUES | | | | |
| 4.1 | <p>St George's Hydrotherapy pool was built in 1976 and forms part of the same building occupied by the Heltwate Special School.</p> <p>Prior to the pandemic, the pool was open 48 hours per week 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 referrals from physiotherapists, open public sessions, swimming lessons, parents and baby sessions, aqua fitness, and private hire groups.</p> <p>Since March 2020 the pool has been closed.</p> <p>Prior to its closure, the facility was operated by Vivacity on behalf of the council at a net revenue cost of c.£50,000 per year (includes operator and utilities costs).</p> | | | | |
| 4.2 | In March 2022, Full Council set a budget which excluded core revenue funding for the pool. Councillors were made aware, prior to this, of a proposal to sell the facility to a third party who proposed to continue to operate the pool at no cost to the Council. | | | | |
| 4.3 | <p>In April 2022, Councillors were notified that officers had recommended that the sale did not proceed following a review of the circumstances surrounding this approach and the broader context within which the council is now operating. The rationale for this recommendation was as follows:</p> <p>(i) 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 are likely to have since increased.</p> <p>(ii) Notwithstanding the investment the potential buyer would need to make, estimates to make the pool sale-ready were estimated to cost the council between £30k and £100k, and included:</p> <ul style="list-style-type: none"> • 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 <p>(iii) Additionally, representations made by the Heltwate School confirmed their urgent need for additional capacity due to the increased demand for school places.</p> <p>(iv) It is likely that the site on which the pool sits will become available for disposal at a later date, subject to reprovision of the special school elsewhere in the city. Selling part of that site now is likely to significantly hinder the remaining site's future sale and will likely adversely impact its valuation.</p> <p>(v) 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 or the public.</p> <p>These points are discussed in further detail below.</p> | | | | |
| 4.4 | In addition, it is noted by officers that hydrotherapy is not a statutory council service. There is undoubtedly strong evidence that shows the benefits of hydrotherapy to pool users, but the recommendation not to proceed with the sale or to reopen the pool under our own management is made following a thorough evaluation of all impacts and implications. Further, alternatives to | | | | |

| | hydrotherapy provision at St George's are available, and these options are identified later in this report. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------------|--|---|---|----------|----------|--------|---|---------------------------------|---------|--|---------------------------------------|--------|--|---------------|--------|-------|------------------------|--------|------|----------------------------|----------------|--|------------------------------------|--------|-------|-------------------|----------------|--|
| 4.5 | Financial Information | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.1 | <p>As described above, a heavily discounted sale price of £105k was agreed with the prospective buyer. The discount was applied against the market value of the site of between £150k and £200k in recognition of the investment needed to bring the pool up to an acceptable standard given that the pool is approaching end-of-life unless significant investment is made. It was estimated that:</p> <ul style="list-style-type: none"> • between £140k and £200k would be required to bring the pool back to sufficient condition to allow it to continue operating – payable by the purchaser • between £30k and £100k would be required to facilitate the sale (the range dependent upon whether or not an extension was planned by the buyer) – payable by the council. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.2 | <p>In preparation for this Cabinet report, a full survey has been commissioned to ensure we have both accurate and current information about the likely investment needed to bring the pool up to an acceptable minimum standard based on today's rates as opposed to the previous estimate of between £140k and £200k.</p> <p>The estimate provided below identifies the costs necessary to bring the pool back into use:</p> <table border="1"> <thead> <tr> <th>ITEM</th> <th>£</th> <th>COMMENTS</th> </tr> </thead> <tbody> <tr> <td>Services</td> <td>36,900</td> <td>£20,300 if the pool lining isn't replaced</td> </tr> <tr> <td>Mechanical and Electrical Works</td> <td>144,000</td> <td></td> </tr> <tr> <td>Minor Demolition and Alteration Works</td> <td>29,050</td> <td></td> </tr> <tr> <td>Preliminaries</td> <td>31,493</td> <td>@ 15%</td> </tr> <tr> <td>Main Contractor's Fees</td> <td>12,072</td> <td>@ 5%</td> </tr> <tr> <td>Works Cost Estimate</td> <td>253,515</td> <td></td> </tr> <tr> <td>Design Development and Contingency</td> <td>25,351</td> <td>@ 10%</td> </tr> <tr> <td>Total Cost</td> <td>278,866</td> <td></td> </tr> </tbody> </table> | ITEM | £ | COMMENTS | Services | 36,900 | £20,300 if the pool lining isn't replaced | Mechanical and Electrical Works | 144,000 | | Minor Demolition and Alteration Works | 29,050 | | Preliminaries | 31,493 | @ 15% | Main Contractor's Fees | 12,072 | @ 5% | Works Cost Estimate | 253,515 | | Design Development and Contingency | 25,351 | @ 10% | Total Cost | 278,866 | |
| ITEM | £ | COMMENTS | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Services | 36,900 | £20,300 if the pool lining isn't replaced | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mechanical and Electrical Works | 144,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minor Demolition and Alteration Works | 29,050 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Preliminaries | 31,493 | @ 15% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Main Contractor's Fees | 12,072 | @ 5% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Works Cost Estimate | 253,515 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Design Development and Contingency | 25,351 | @ 10% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Cost | 278,866 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.3 | In summary, the Council's Section 151 Officer does not support disposal of this asset as it would compromise the site for all future potential uses. She further does not believe the disposal would provide value for money for council taxpayers in Peterborough. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5 | Heltwate School | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.1 | Heltwate School is physically attached to the St George's Hydrotherapy Pool, and currently shares most of its infrastructure, utility supply, metering etc. The school provides places for children with severe learning difficulties, autistic spectrum condition and many additional medical needs. The use of the site was originally a temporary arrangement whilst plans were considered over the expansion of the core school site. The demand for places at Heltwate has continued to grow and the St Georges site will now form part of the long-term provision for the school, along with the existing extension of the site in Bretton using the former Silver Jubilee public house. The number of new Education Health and Care Plans in Peterborough grew 44% since 2021, and we have a statutory duty to those children to meet that demand with appropriate education provision. | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|-------|---|
| 4.5.2 | Historically, the school has had sufficient teaching space in the existing accommodation, but, as part of our due diligence work to ensure we are proceeding appropriately with the sale, officers engaged once again with the school given their knowledge of the increasing demand for SEND school places described above. The site also had limited outdoor space and parking and the additional land will ensure the effective operation of the school with increased numbers of children. |
| 4.5.3 | The Headteacher of the school subsequently confirmed their need for additional school places and this has been further endorsed by our Service Director for Education. The formal letter received from the school is attached at appendix 1 . A feasibility study for use of the full site will commence if a decision on the site is reached. |
| 4.5.4 | The council has a statutory duty to ensure there are sufficient school places to meet demand, and this duty must take priority over any relating to non-statutory services such as hydrotherapy. |
| 4.6 | Alternative Ways Forward |
| 4.6.1 | <p>Members were invited by the Leader to suggest alternative ideas for exploration by officers as part of the process undertaken since the council motion was passed. The following were put forward for further investigation:</p> <ul style="list-style-type: none"> (i) Sale to the original buyer with a detailed breakdown of costs to the council for completing the sale (ii) Lease option to the original buyer - this enables the provider to take the premises so that delivery of service is not further disrupted, and a sale can take place subsequently (iii) Co-operative model involving the original buyer and the community (iv) Community Asset Transfer to the original buyer with an option to purchase (v) Renegotiate with the original buyer in terms of costs subject to agreement (vi) Explore the viability of a joint venture model with the original buyer <p>These suggestions are explored in more detail below.</p> |
| 4.6.2 | <p>Sale to the original buyer with a detailed breakdown of costs to the council for completing the sale</p> <p>For the reasons set out earlier in this report, sale of the pool does not represent best value for the council or the public. Up to date estimates have been included earlier in the report, and the costs which need to be met by the council alongside the reduced sale value to offset the investment the buyer would need to make results in a poor financial outcome for the council. Additionally, the sale of part of the whole site on which the pool and Heltwate School sit will adversely impact the need of the school to meet additional capacity, and seriously hinder any future sale of that site and reduce its value, especially given that potential alternative uses will be constrained.</p> |
| 4.6.3 | <p>Lease option to the original buyer – this enables the provider to take the premises so that delivery of service is not further disrupted, and a sale can take place subsequently</p> <p>The option for the original buyer to enter into a lease with the council to operate the pool has been previously discussed with him, and it is not an option that he was prepared to take forward. Officers have since been in discussions with the buyer to reconsider the lease option, but again he has confirmed this option does not present him with a viable way forward.</p> |
| 4.6.4 | <p>Co-operative model involving the original buyer and the community</p> <p>For the school capacity and financial reasons set out above, any alternative delivery vehicle or model will be presented with the same investment challenge to bring the pool back into use. The same issues of limiting future land use and value also apply in this scenario.</p> |
| 4.6.5 | Community Asset Transfer to the original buyer with an option to purchase |

| | |
|-------|--|
| | <p>A community asset transfer (CAT) of the pool is likely to take one of two forms: a long lease (our model CAT leases are typically for 25 years in order that the asset can be used to support fundraising activity); or a freehold transfer.</p> <p>Officers are already recommending that a freehold <u>sale</u> should not proceed because of our best value obligations, and a freehold <u>transfer</u> at anything below market value will only worsen that best value assessment even further.</p> <p>The option of a short lease has already been offered and rejected by the original buyer, and, whilst a long lease may be more attractive to them, it will constrain the future use of the site, the site's disposal value, and the need for additional school capacity.</p> |
| 4.6.6 | <p>Renegotiate with the original buyer in terms of costs subject to agreement</p> <p>Whilst it may be possible for the buyer to increase his offer and to cover the costs the council will need to incur to facilitate the sale, the revised price he will need to pay will increase to meet that total.</p> <p>Of greater significance however is the fact that sale will prevent the additional school capacity from being met, alongside the restrictions a sale will place on any disposal plans the council may introduce for this site in the future.</p> |
| 4.6.7 | <p>Explore the viability of a joint venture model with the original buyer</p> <p>A joint venture (JV) arrangement would be between the council as the owner of the pool and the original buyer as its operator. Assuming the council provides the facility in this JV, the buyer would likely need to increase their investment in the pool to bring it up to standard, similar to the increased costs described above.</p> <p>However, this arrangement still does not resolve the two fundamental issues of which officers are greatly concerned: the future potential for the site, and the immediate need for additional school capacity.</p> |
| 4.6.8 | <p>Separately and for completeness, officers have examined the viability of the council itself reopening the pool and operating it via Vivacity (Peterborough Ltd). To achieve this would require the council to invest the figures set out in 4.5.2 to bring the facility up to standard, as well as cover the revenue costs associated with managing the facility. The operating budget for the pool was removed from the council's budget, as described above, and any capital investment would need to be sourced by grant or asset disposal.</p> |
| 4.6.9 | <p>It has been suggested many times that hydrotherapy, where it is providing a medical treatment, should be commissioned by the NHS, and attempts have been made historically to secure funding via this route to operate the pool. This was explored in some detail in 2019, when, in response to representations made to them, the CCG's then Director of External Affairs and Policy wrote:</p> <p><i>“Cambridgeshire and Peterborough CCG have contributed to the funding of the Hydrotherapy pool at St George's in the past on the basis of referrals being made into the service by local GPs. Although the number of referrals made to the service by GPs is very small and ad hoc, there are a number of people utilising the pool without a GP referral and the majority of these people are self-funded.</i></p> <p><i>“While we recognise how valued these services are by those with disabilities, or who require rehabilitative treatment, the CCG does not have a clinical policy in place to support the referrals into the service.</i></p> <p><i>“Taking into account our current financial situation, the high volume of people self-funding without a GP referral, and that there is no clinical policy in place, the CCG has ultimately taken</i></p> |

| | |
|--------|---|
| | <i>the decision not to contribute to the funding of the hydrotherapy pool, and not to commission the service for GP referrals.”</i> |
| 4.6.10 | Officers are grateful for the suggestions put forward by Members, but regrettably have concluded that none present a viable alternative to the existing recommendation to close the facility in order to protect the council’s best value obligations and for additional classroom space to be created. |
| 4.7 | Alternative Provision |
| 4.7.1 | If Cabinet approve the recommendation set out in this report to close the Hydrotherapy Pool, there are a number of existing alternative hydrotherapy facilities that are available. It is acknowledged that the alternatives may not suit every user of the St George’s facility, but for many they will offer at least some options for further consideration. |
| 4.7.2 | In brief, the existing alternatives include: <ul style="list-style-type: none"> • Addenbrookes Hospital, where we understand those with a medical need can be referred by their GP or specialist • Potentially, facilities at a private care home in Peterborough. At time of writing, officers are awaiting further information from this provider • The Regional Pool training pool – however, following representation from the Friends of St George’s User Group, who visited the Regional Pool recently to assess the viability of the training pool, this suggestion is no longer recommended. |
| 4.7.3 | Officers have had very informal discussions with the original buyer, who has suggested that he may be willing to build a bespoke facility elsewhere in the city if the council were able to help him identify land. We will actively pursue this as a further option if Cabinet agree. |
| 4.7.4 | Finally, and as has been widely publicised, Thistlemoor GP Practice, under the leadership of Dr Neil Modha, is exploring the possibility of building a Hydrotherapy Pool on land owned by the surgery. We understand that the details of this are being worked on, and officers are proactively engaging with Dr Modha to support where appropriate. The model being developed will be based on users self-funding with no subsequent revenue pressure on the council. |
| 5. | CONSULTATION |
| 5.1 | There has been extensive engagement with various interested parties ahead of this report being published. Additionally, the Friends of St George’s User Group have provided a written representation for Cabinet to consider, and this is attached at appendix 2. |
| 6. | ANTICIPATED OUTCOMES OR IMPACT |
| 6.1 | It is anticipated that Cabinet will review the work undertaken by officers in response to the Council Motion and make an informed decision to permanently close the St George’s Hydrotherapy Pool to both protect the council’s best value obligations and to ensure additional capacity can be accommodated at the Heltwate Special School. |
| 7. | REASON FOR THE RECOMMENDATION |
| 7.1 | The rationale leading to the recommendation is set out in this report. It is absolutely recognised and acknowledged that this decision will adversely affect some of the former pool users, but the council needs to prioritise its statutory obligations and its obligation to achieve best value in all its decisions. |
| 8. | ALTERNATIVE OPTIONS CONSIDERED |

| | |
|------------|--|
| 8.1 | The alternative options considered are set out in section 4.7 of this report. |
| 9. | IMPLICATIONS |
| | Financial Implications |
| 9.1 | The financial implications associated with this decision are set out above. |
| | Legal Implications |
| 9.2 | There is no statutory requirement on the council to provide this service. |
| | Equalities Implications |
| 9.3 | It is clear that a number of former pool users will be adversely impacted by a decision to close this facility, and that some of those users will have additional needs or disabilities. The alternative forms of provision set out at 4.7 provide users with opportunities to access hydrotherapy in other locations, and officers are proactively working with both Vivacity and Dr Neil Modha to bring forward additional provision, if possible, where it has no adverse impact on our finances. |
| | Carbon Impact Assessment |
| 9.5 | Summary of assessment: The proposal to close the hydrotherapy pool is likely to result in less energy and water consumption, and slight reductions in travel for pool users and staff. Alternative use of the pool building is likely to follow, but this will be designed to be as energy efficient as possible, with consumption of energy and water being at standard classroom levels. |
| 10. | BACKGROUND DOCUMENTS Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985 |
| 10.1 | None |
| 11. | APPENDICES |
| 11.1 | Appendix 1 - Letter from Headteacher Heltwate School Appendix 2 - Representations from the Friends of St Georges User Group in relation to the St Georges Site (2 part) |

This page is intentionally left blank