
Decision maker:	Director for Economy, Communities and Corporate
Decision date:	10 June 2016
Title of report:	Allocation of Capital budget for Halo (Hereford Leisure Pool)
Report by:	Mick Ligema, Cultural Services Manager

Classification

Open

Key decision

This is not a key decision.

Wards affected

Countywide

Purpose

To approve the business case for the investment of £150k of capital budget funded by prudential borrowing for alterations to the diving pool at Hereford leisure pool.

Recommendation(s)

THAT: (all recommendations to be in bold)

- (a) That approval be given to the allocation of £150k of the £9m capital budget approved by Cabinet in January 2014 for alterations to the diving pool at Hereford leisure pool ;**
- (b) the business case for supporting the investment of £150k from the £9m capital allocation to convert the diving pool to a learning pool at Hereford Leisure Pool be approved and the agreed works be progressed.**

Alternative options

- 1 The only alternative is that the approval is not given and the project does not proceed.

Reasons for recommendations

- 2 To comply with the with the Non key Officer decision of 16th Feb 2015 to approve fully costed business cases within the capital programme for improvements to leisure facilities managed by Halo Leisure on behalf of Herefordshire council. See Appendix 1.

Key considerations

- 3 In January 2014 the cabinet member report approved the following recommendations.
 - (a) subject to Council approval of the capital programme in February, up to £9m of capital funding for investment in improvement programmes at the following leisure facilities across the county: Hereford leisure centre, Hereford Leisure Pool, Leominster Leisure Centre, Ledbury Swimming Pool and Ross-on-Wye Swimming Pool be approved;
 - (b) the investment to be funded via prudential borrowing and repaid by the leisure operator, currently Halo Leisure, via a rental charge over 25 years using increased income;
 - (c) authority be delegated to the director for economy, communities and corporate, in consultation with the chief finance officer and cabinet member contracts and assets to approve fully costed business cases and implementation arrangements for individual schemes within the programme prior to any draw down of capital;
 - (d) authority be delegated to the solicitor to the council, in consultation with the director for economy, communities and corporate to conclude and execute revised legal agreement between the council and Halo Leisure to reflect the complete package of revised arrangements between the parties;
 - (e) subject to the completion of a sports facilities strategy application is made to the Sport England facilities funding programme for up to £2m for larger schemes and £0.5m for smaller schemes; and
 - (f) that further investigation is continued regarding funding through a planning application for the redevelopment of Ledbury swimming pool to assist with mitigation of the total amount of borrowing.
- 4 Progress to date has been Leominster Leisure reopened on April 1 2015, Hereford leisure centre on July 22 and Ross on Wye Swimming Pool in September 2015. Work is being undertaken on the Ledbury swimming pool refurbishment scheme and work is due to start in June 2016.
- 5 The Project has successfully attracted £1m grant funding from Sport England to supplement the agreed prudential borrowing ; £500k for Hereford Leisure Centre and £500k for Ledbury swimming pool.
- 6 Individual scheme budgets have been revised based on current projections. See appendix 2 Halo budget summary updated April 2016.

- 7 Halo project that the increased income will significantly improve the financial performance of the site and make a contribution towards their business sustainability in relation to the withdrawal of the council subsidy at the end of 2015-16.
- 8 In December 2015 an independent inspection was carried out on the diving boards at hereford leisure pool and the report concluded a number of changes were required to ensure that the facility (diving boards) met the current guidelines. These remedial works were estimated to be in the region of £52k plus vat.
- 9 The diving boards have not been in use since that report was received.
- 10 Halo Leisure have undertaken an options appraisal to consider possible courses of action :
- 11 option 1 : continue with the current facility, leaving the boards closed and review annually to explore funding opportunities to reinstate the diving boards. The impact would be a loss of revenue of £28k pa to Halo.
- 12 option 2 : Instruct contractor to undertake necessary works to reinstate the boards. The impact would be a cost of £52 k with no additional income generated.
- 13 option 3 : To permanently decommission the diving boards and reduce the pool depth of the tank to 1 metre creating an additional learning pool. Construction works of £150k, creating additional income of £24k pa and cost savings of £10k on utilities pa yielding a £34k bottom line improvement for Halo pa.
- 14 option 4 : To consider to install a moveable tank floor. This option is not considered to be viable as conversion costs would be £300k plus increased utility costs.
- 15 The Halo board have chosen option 3 as their preferred course of action. See appendix 3 project income and costs.
- 16 The proposal will enable Halo to expand the learn to swim programme with potential to increase the current total on the scheme from 1818 by up to 200 as well as creating further capacity for other lesson groups, schools, swimming clubs and additional public swimming.
- 17 The current use of the diving boards is minimal and the ongoing utility costs plus the required capital expenditure do not make it a viable proposition for Halo leisure.
- 18 Halo note that diving has become a centralised regional sporting activity but that this will be a sensitive issue with some users and they recognise that communication will be a priority. They will hold an open customer forum to explain the preferred option.
- 19 The approval of the landlord (Herefordshire Council) will be required before the alterations can be made to the diving pool.
- 20 There would be no procurement considerations for Herefordshire council as the procurement for a contractor would be carried out by Halo Leisure who will be paying for the works.

Community impact

- 21 The investment will improve the availability of swimming lesson spaces for children but will have an adverse impact on those who have used the diving facilities.
- 22 The diving facility has not been available for use since December 2015 so this

impact has already been present.

- 23 The increased financial benefits to Halo will enable Halo to continue to be financially sustainable and thus contribute towards the ongoing provision of swimming facilities for the community.

Equality duty

- 23 Issues of disability access to the leisure facilities will be addressed through the investment by increasing the availability of the capacity for disabled swimming, additionally an improvement in the quality of the facilities will enhance the quality of life for Herefordshire residents and make a positive contribution towards the health and wellbeing of residents.
- 24 The recommendations and actions if implemented will :
- (a) advance equality of opportunity between persons who share a relevant
 - (b) protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Financial implications

- 25 The £150k of borrowing is within the overall £9m of borrowing approved for improving leisure facilities and moving to a nil subsidy agreed by Cabinet in January 2014.
- 26 The capital investment of £150k will be funded via prudential borrowing repaid over 20 years. The cost will be financed through the increased income through which Halo will pay the council via rental charges . See appendix 3 to assess the affordability of the borrowing.
- 27 See funding profile below

Funding	£000
Prudential borrowing approved by Cabinet 23 Jan 2014	9,000
Sport England Grants	1,000
Total	10,000
Project costs to date	
Hereford Leisure Centre	3,158
Leominster Leisure Centre	1,302
Ross Swimming Pool	2,390
Bromyard Centre	50

Additional grant compliance costs	150
Ledbury Swimming pool (forecast)	2733
Total	9783
Balance on total funding	217

Legal implications

28 The programme of investment and Prudential borrowing were approved pursuant to a 2014 cabinet report.

Risk management

33 There is some risk to the reputation of Halo and Herefordshire Council through the potential loss of the diving facilities. Halo are committed to a programme of discussion with users to manage this issue.

34 If the recommendation is not carried forward it places further financial risk on the financial sustainability of Halo and the future delivery of leisure services.

Consultees

Halo leisure

151 Officer

cabinet member assets and contracts

Appendices

Appendix 1 - non key officer decision 16.02.15

Appendix 2 - Halo budget summary

Appendix 3 - project income and costs

Background papers

Cabinet Decision for Investment in Herefordshire Council leisure facilities 23 January 2014