

Subject:	Saltdean Lido Restoration Project		
Date of Meeting:	9 February 2017		
Report of:	Executive Director for Economy, Environment & Culture		
Contact Officer:	Name:	Ian Shurrock	Tel: 29-2084
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Ward(s) affected:	Rottingdean Coastal		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Saltdean Lido Community Interest Company (SLCIC) were appointed the council's preferred bidder in the project to restore the Grade 2* Saltdean Lido and remove the building from the English Heritage "At Risk Register". This report provides an update on the significant progress made by SLCIC to meet the considerable challenge to restore the Lido.
- 1.2 The scale of the challenge is such that an estimated £12 million is required to achieve the full restoration of the Lido. Therefore, while the SLCIC have been very successful with a number of grant applications so far, it is necessary for a phased approach to be undertaken to achieve a full restoration of the Saltdean Lido complex (main facility building, external pools and external grounds).
- 1.3 Members are therefore being asked to note the considerable progress made so far by the SLCIC and to give approval to a range of requirements which will provide greater certainty to achieve the ultimate aim of the council, SLCIC and the local community, which is a sustainable fully restored Saltdean Lido. These include a request for the funding of a temporary library and a new library to ensure the continuity of library provision in Saltdean.

2. RECOMMENDATIONS:

- 2.1 That Members note the progress made by SLCIC including on Phase 1 of the restoration. The pool is scheduled to be open for public use this summer (as indicated in 3.4)
- 2.2 That Members note SLCIC has submitted a Stage 2 Heritage Lottery Fund application for £4.2 million towards the restoration of the main Lido building.
- 2.3 That Members note SLCIC has identified the estimated cost of the restoration of the main Lido building to be £9 million. The CIC have applied for Charitable Trust status to assist their funding strategy to meet the total cost.

- 2.4 That Members approve entry into the conditional Agreement for Lease with SLCIC. The conditions are listed in paragraph 3.12.
- 2.5 That Members approve entry into the 60 year lease for the Lido when the conditions are satisfied in accordance with the Agreement for Lease.
- 2.6 That Members note the restoration of Saltdean Lido will require the existing library building to be demolished. However, SLCIC have not been able to identify funding for the library section of the restored building to be built and fitted out, nor the provision of a temporary library during the works.
- 2.7 That Members approve funding of up to £0.7 million for temporary library provision and a new library in the restored Saltdean Lido and agree to include this commitment in the capital programme 2018/19.
- 2.8 That Members approve the investment in 2.7 will be funded through borrowing with the financing costs estimated to be £0.040 million per annum, and agree to this commitment being included in the Budget from 2018/19.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 A Special Policy & Resources Committee on 30th May 2012 authorised the surrender of the previous lease of Saltdean Lido following concerns about the standard of service that was being provided and the level of maintenance being undertaken on the main Lido building.
- 3.2 In March 2013 the council marketed the Saltdean Lido site by inviting expressions of interest. 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
- 3.3 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. A shortlist of two organisations including Saltdean Lido Community Interest Company (SLCIC) 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. Both organisations submitted Final Bids and these were evaluated by the panel using the same key outcomes listed above. The SLCIC were appointed provisional preferred bidder enabling them to enter into negotiations with the council on the terms of the lease.

Phase 1 Works

- 3.4 Since the appointment of the SLCIC they have undertaken a huge amount of work to progress the project to restore the Lido. This has included a successful bid to the Coastal Communities Fund for £2.29 million which has contributed towards the funding needed to restore the outdoor pool, reinstate the children's pool, provide a new plant room for the circulation and heating of the pool water, landscaping around the pool and changing rooms (phase 1). This work is currently being completed and is on schedule to enable a re-opening of the pool this summer. A significant proportion of the S106 funding from the Ocean Hotel development (£170k) has also been used in the funding of these improvements (with the remainder invested in Saltdean Oval Park).
- 3.5 In order to facilitate these works a 5 year lease was granted to SLCIC for the external area.

Phase 2 Works

- 3.6 SLCIC were also successful in being awarded a Stage 1 grant from the Heritage Lottery Fund (HLF) of £576k to fund the development of a detailed Stage 2 funding application which has recently been submitted for a grant of £4.2M. A decision is due to be made in March 2017. In the grant application SLCIC summarise their restoration project as follows:

“To restore Saltdean Lido, the only grade II* listed coastal lido in the country: The CIC will sympathetically restore the building whilst creating a commercially viable leisure destination. The Lido will become a community resource and tourist attraction with a heated pool and poolside café, children's pool and wet play area, multi-use function and event space, community space and a library, all incorporating features which interpret and celebrate the heritage of the building. The Lido will be managed by the CIC to ensure that the heritage remains protected and accessible to local people. Saltdean Lido will become a national tourist destination, its iconic design social history will be celebrated and visitors will have access to high quality facilities. New employment, volunteering opportunities, and apprenticeships will be created. Our robust business Plan will ensure a sustainable future for the site and will act as a catalyst for economic growth.”

- 3.7 If the SLCIC are successful in this application, the intention is to use the funding to make the original “1937” part of the building to be structurally sound (the harsh marine environment and use of sea dredged aggregate in the original construction, means the building is currently in very poor condition). This would include completion of remediation work to the wings and central rotunda (the

unique art deco façade that is visible when looking from the A259). While this work is being undertaken it would still be possible to operate the library.

- 3.8 While these Phase 2 works are being undertaken, the SLCIC will continue to implement their funding strategy to achieve the funding needed to complete the full restoration.

Phase 3 Works – including new library

- 3.9 These works would complete the restoration of the main building to provide a multi-use function and event space together with community space. In addition, the proposal includes providing an extension to the restored Lido building which would house a new library. The cost of providing such an extension as a fully equipped functional library and temporary library provision is estimated to be a maximum of £700k. Temporary library provision will ensure continuity of service.

Operational Partners and Business Case

- 3.10 Saltdean Lido CIC have developed a business case in partnership with their preferred operators for the on-going running of the whole Lido site. The overall operator of the main building and pool would be Fusion (one of the leading leisure management operators in the country). While Kudos (catering providers at the Brighton Centre) would manage the food, beverage and functions offer, which will be key to generating income to enable the overall facility to operate on a financially viable basis.

Conditional Agreement for Lease

- 3.11 It is important that the council approves the conditional Agreement for Lease. This is necessary in order that the potential grant funders (such as the Heritage Lottery Fund) have a clear indication that the council as landlord is fully supportive of the restoration project. Only when all the conditions are fulfilled would an actual lease be completed as follows.

Completion of Restoration – Award of Lease to the SLCIC

- 3.12 Detailed negotiations have taken place between the council and SLCIC on a conditional Agreement to Lease. Policy & Resources Committee in December 2013 agreed the Head of Terms relating to the Lido for the Agreement to Lease, the 60 year lease and Library Lease back to the council and authorised the Head of Legal Services to complete the Agreement to Lease substantially in accordance with the Head of Terms. A 60 year lease will only be entered into with SLCIC subject to the following conditions:
- Landowner Condition (approval of proposed scheme – including getting “approval” of the PR&G committee).
 - Planning Condition (acquiring planning permission).
 - Listed Building Condition.

- Leisure Services Condition (entering into a Leisure Services Agreement with an experienced operator with suitable experience, financial standing and reputation within the leisure industry”).
- Funding Condition (1) confirmation that funding for the works is secured, (2) presenting business case, (3) written approval of business case (n.b. business case can only be presented once funding is secured – so anything prior to this can only be advisory).
- Vacant Possession condition.
- Licence Condition.
- Building Contract Condition.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 A previous report to the Policy & Resources Committee on 24th January 2013 set out the options for marketing the site and achieving the restoration. A robust evaluation process was used to consider the bids to restore and operate the Lido, and select the preferred option.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 SLCIC have a significant membership base and engage regularly with the local community through events and other activities.

6. CONCLUSION

- 6.1 In order to meet the considerable challenge of the funding required to enable a fully restored Lido, it is necessary for SLCIC to undertake a phased approach to the restoration.
- 6.2 The recommendations in this report recognise the significant progress made by the SLCIC and identify a way forward to achieve the full restoration estimated to cost £12 million of a council building on the English Heritage “At Risk” register.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The agreement to enter into a conditional agreement to lease will support the SLCIC in securing funding. The award of lease includes a funding condition that requires the SLCIC to demonstrate all funding for works is in place and that there is a viable business case that demonstrates the sustainability of the facilities.
- 7.2 The proposal includes the re-provision of a Library at the Lido but funding for this facility, and a temporary Library whilst the development is progressed, cannot be accommodated within the funding plan. The cost of the temporary Library and replacement Library combined is estimated to cost a maximum of £0.7 million

and, if approved, this will be included in the Capital Investment Programme in 2018/19. This investment will be funded through borrowing with the financing costs estimated to be £0.040 million per annum. The financing costs will be included in the Budget from 2018/19 as a commitment.

Finance Officer Consulted: James Hengeveld

Date: 23/01/17

Legal Implications:

- 7.3 The terms outlined in 3.12 broadly reflect the Heads of Terms approved by Policy & Resources committee on 5 December 2013. However the Heads of Terms did not provide for a phased approach of the delivery of the restoration. The scheme detailed in the report to Policy & Resources in December 2013 differs from the outline scheme in the bid as the current scheme has various departures from the initial bid scheme e.g. it does not include a gym/ health centre incorporated into the restored Saltdean Lido building or a dedicated heritage area.

The funding for the library should have an appropriate draw-down mechanism at key stages during the development. The agreement for lease will contain provisions which allow the council to approve various elements of the development. The council will approve the design of the building, the choice of contractor and the leisure operator. The lessee is required to secure collateral warranties from the contractor in favour of the council.

In closing the current library and providing the temporary and then permanent replacements the council must bear in mind its statutory duty to provide a comprehensive and efficient library services (Public Libraries and Museums Act 1964).

Lawyer Consulted:

Oliver Asha

Date: 23/01/17

Equalities Implications:

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

Sustainability Implications:

- 7.5 A restored Lido would include a number of improvements to the environmental sustainability of the building including improved insulation and energy efficient plant.

Any Other Significant Implications:

The provision of improved sport and leisure opportunities will benefit the health and well-being of the local community and other visitors.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. Reports to the Culture, Recreation and Tourism Cabinet Member meeting on 6th December 2011 and 6th March 2012.
2. Reports to the Policy & Resources Committee on 30th May 2012, 24th January 2013 and 5th December 2013.
3. Reports to the Economic Development & Culture Committee on 20th September 2012 and 19th September 2013.

