

Subject:	Saltdean Lido Restoration Project		
Date of Meeting:	30th November 2017		
Report of:	Executive Director Economy, Environment & Culture		
Contact Officer:	Name:	Ian Shurrock	Tel: 01273 292084
	Email:	ian.shurrock@brighton-hove.gov.uk	
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 progress made by SLCIC to meet the considerable challenge to restore the Lido.
- 1.2 Members are also being asked to approve a loan of £0.22 million to SLCIC to enable the revision of the Stage 2 bid to the Heritage Lottery Fund (HLF) for £4.2 million which is required to achieve the ultimate aim of the council, SLCIC and the local community, which is a sustainable fully restored Saltdean Lido.
- 1.3 A revision of the Stage 2 HLF bid is considered necessary by SLCIC to give a greater chance of the bid being successful. Since submitting the Stage 2 bid to the HLF the SLCIC have identified improvements to the viability of the project. A revised restoration process to the concrete structure of the main building has identified the potential to reduce the estimated capital cost of the restoration from £9 million to £7.8 million (see 3.12 for further information). In addition, SLCIC have identified a new funding strategy principally through achieving Charitable Trust status which widens the potential avenues of funding.
- 1.4 Since Members considered a report in February 2017, SLCIC have reopened the swimming pools with 35,708 customers enjoying a shortened season. With a full season next year the number of attendances could exceed 50,000.
- 1.5 The HLF are supportive of the approach being taken by SLCIC and would welcome a revised Stage 2 application that has improved viability and therefore a greater likelihood of being successful. The HLF have not determined the existing Stage 2 bid, as a rejection would result in a totally new application being required, which would bring into serious question the feasibility of the SLCIC undertaking this project. Instead the HLF have been extremely supportive by keeping the Stage 2 bid process for the Lido open. However, the process cannot be left open indefinitely and SLCIC are required to revise their Stage 2 bid as soon as possible. The HLF would welcome the council providing financial support in the form of a loan to the CIC to help the project to restore one of the council's own facilities.

2. RECOMMENDATIONS:

- 2.1 That the Committee notes the progress made by SLCIC including the restoration of the pools which reopened for public use during the summer.
- 2.2 That the Committee approves the granting of a loan of £0.22 million to SLCIC to enable a revised Stage 2 lottery bid for £4.2 million to be considered by the Heritage Lottery Fund.
- 2.3 That the Committee delegates authority to the Executive Director Economy Environment & Culture to agree the terms of the loan with the CIC and take all necessary steps to progress these recommendations.

3. CONTEXT/ BACKGROUND INFORMATION

Appointment of SLCIC as preferred bidder for Saltdean Lido

- 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 The SLCIC were appointed preferred bidder which enabled negotiations to commence with the council on the terms of the lease.

Policy, Resources & Growth Committee February 2017

3.4 At the Policy, Resources & Growth Committee in February 2017 the following were approved:

- Entry into the Conditional Agreement for Lease with SLCIC.
- Entry into the 60 year lease for the Lido when the conditions are satisfied in accordance with the Conditional Agreement for Lease.
- Grant 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.
- The investment of up to £0.7 million would 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.

Project Summary

3.5 SLCIC have summarised their full restoration project as:

“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.”

The restoration is being undertaken in phases:

Phase 1 Works – which enabled pools to open this summer

3.6 SLCIC made 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). The re-opening of the pools this summer was well received. A significant proportion of the S106 funding from the Ocean Hotel development (£170k) was also used in the funding of these improvements. A 5 year lease has been granted to the SLCIC for the external area.

3.7 SLCIC requested a short term loan from the council of £30k towards the Phase 1 works. A repayment of £10k has already been made and the expectation is that the loan will be repaid by the end of November 2017.

Phase 2 Works

- 3.8 SLCIC were also successful in being awarded a Stage 1 grant from the HLF of £576k to fund the development of a detailed Stage 2 funding application for a grant of £4.2M. This application now requires revision as per 3.12 below.
- 3.9 If the SLCIC are successful in this application, the intention is to use the funding to make the original “1937” part of the building 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.
- 3.10 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. The HLF would not approve the Stage 2 funding application for a grant of £4.2M unless a credible funding strategy is in place for the restoration.

Phase 3 Works – Including new library

- 3.11 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.

Revision of Stage 2 Funding Application to the HLF

- 3.12 The loan of £0.22 million would fund the revision of a considerable number of individual documents including background information to enable a revised Stage 2 bid to the HLF within categories including:
- Development Appraisal and Conservation Deficit
 - Project and Construction Management Structure
 - Activity Statement
 - Project Expenditure Cash Flow
 - Cost Forecast Breakdown including Cost Plan and Risk Profile
 - Deeds, Leases and Mortgages
 - Design and Services
 - Management and Maintenance Plan
 - Conservation Plan
 - Business Plan
 - Letters of Support
 - Briefs for Delivery Works, Job Descriptions
 - Partnership Agreements
 - Delivery and Project Programmes
 - Interpretation Plan
 - Fundraising Strategy
- 3.13 A key element of the revision is a new method that has been developed in relation to concrete refurbishment. The use of sea dredged aggregate in the original construction and the harsh sea environment has led to a twofold attack

on the integrity of the concrete structure which is now in very poor condition. Consultants working on behalf of the CIC in conjunction with Heritage England have revised the method to restore the main building which meets Heritage and Listed Building regulations. The CIC indicate that this new method has greater certainty of cost with a saving of over £1 million of refurbishment costs from the original proposal.

- 3.14 The intention is for SLCIC to complete the revised bid so that hopefully the HLF will be in a position to determine the application in June 2018.

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.
- 4.2 SLCIC have not identified any other potential source of funding to enable to revise the Stage 2 HLF bid other than to request a loan from the council.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 SLCIC have a significant membership base and engage regularly with the local community through events and other activities. The Heritage Lottery Fund Case Officer for Saltdean Lido has been consulted on this report.

6. CONCLUSION

- 6.1 A successful bid to the HLF for £4.2 million is essential for the SLCIC to achieve the restoration of Saltdean Lido. Therefore, while a loan would not guarantee the success of the restoration, it is necessary to develop a bid with improved viability that has a greater chance of a success.
- 6.2 If SLCIC are unable to achieve the restoration of the main Lido building, in all likelihood the premises would revert back to the council as the freeholder.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The SLCIC have provided a revised cost and funding plan to complete phase 2 and 3 that relies substantially on the success of the HLF bid of £4.2m. The cost plan has been developed with expert support and reflects the cost reductions from the revised approach to concrete refurbishment. The funding plan identifies a range of funding avenues including, trusts, foundations, corporate sponsors and local fundraising. Whilst these avenues have the potential to provide the match funding required, and a number of them have already been contacted, at this stage of the project there will only be limited commitment. Therefore the SLCIC have undertaken a probability of success based review of these funding streams in arriving at the match funding which is a prudent approach.

- 7.2 The proposed loan of £0.220m will provide funding to enable the SLCIC to revise their submission to the HLF and their business plan but does not guarantee success.
- 7.3 If the HLF bid is successful, the SLCIC propose to repay the loan over a period of 5 years through its fundraising activities and planned repayments within their business plan.
- 7.4 However should the bid fail the loan is at risk as this would leave the SLCIC unable to repay from fundraising activities. In addition the Saltdean Lido building could revert to the council who would then be responsibility for maintaining the listed building.
- 7.5 The loan terms have yet to be agreed but will not have interest applied as the loan will facilitate the restoration of a heritage asset that would otherwise be a council responsibility and will support the ongoing sustainability of the Saltdean Lido's business plan. The loan will be funded from unallocated capital receipts. The Budget Update report to this committee in July 2017 highlighted there was £7.5m unallocated receipts; subsequently, this committee allocated £2.5m of this funding for the replacement of the current Care First system. This means there is £5.0m unallocated subject to recommendations elsewhere on this agenda. When the £0.220m loan is repaid, this will be available for reallocation within the capital programme.
- 7.6 To date the council has provided £20,000 grant to match funding provided by Lewes District Council in support of the developments by SLCIC, and a £30,000 loan which is due to be repaid by the 30th November 2017.
- 7.7 The council has committed to £700,000 funding in the capital programme to fund a temporary library during the refurbishment of the Lido building and the replacement library.
- 7.8 In Summary the council is proposing to provide a £220,000 loan to the SLCIC to support an HLF bid and deliver £7.8m investment into the restoration of a grade II listed building, Without the loan, the restoration responsibility would revert to the council although there is no alternative funding proposal to complete this work. If the loan is granted but the bid is unsuccessful the council is unlikely to be able to recover the loan.

Finance Officer Consulted: James Hengeveld

Date: 07/11/17

Legal Implications:

- 7.9 The council has carefully considered whether the proposal contained in this report raises state aid concerns. The legal advice is that there are strong arguments that the assistance does not amount to state aid as the council is facilitating the restoration of its own heritage building.

Lawyer Consulted: Alice Rowland

Date: 08/11/17

Equalities Implications:

- 7.10 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:

- 7.11 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:

- 7.12 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, 5th December 2013 and 9th February 2017
3. Reports to the Economic Development & Culture Committee on 20th September 2012 and 19th September 2013

