



LANCASTER COMMUNITY POOLS

Initial Report
January 2017

Remit and Activity

This work has been commissioned by Lancaster City Council through a grant from Sport England. It was initiated at a meeting on 29 November 2016 between the three schools involved, Lancaster City Council and Lancashire County Council. This initial work included:

- meetings with the three schools and community pools
- discussions with Lancaster City Council
- discussions with Amateur Swimming Association
- identification and gathering information on similar facilities.

The initial remit was to assess whether there was the potential viability of the community pools if they were transferred to and run by the schools. This included a desk-top review of finances. In practice the focus of the financial work has been around income projections.

Overview of the current situation

County Council

- The County Council has fulfilled the role of a landlord covering the costs of major repairs for all three pools. The County Council is not in the business of running swimming pools and now wishes to discharge itself of this responsibility through a transfer of these assets.
- The County Council is not looking to raise revenue from the transfer and sees these assets as fitting into the £1.00 transfer category.
- The County Council would probably agree to transfer the assets on the basis of a 125 year leases.
- The County Council does not see itself as having any post-transfer responsibility for costs.
- The County Council could probably continue to provide support during any agreed extension period of the pool being run by the City Council.

City Council

- The City Council has invested £5 million in bringing state of the art leisure facilities to its Salt Ayre complex in Lancaster. The complex includes indoor play area, climbing wall, refurbished café and reception, expanded gym, spa, outdoor flight tower and swimming pool.
- The City Council has served notice that it will cease to operate the facilities at the three Community Pools at Carnforth, Heysham and Hornby from 1 April 2017.
- The City Council has agreed to extend funding for a period of up to six months if there is a likelihood that this will facilitate a successful transfer of the assets.

Sport England

- Would like to see the community pools continue meeting the demand from the local community and would consider putting in capital investment to support this later in the process.

Amateur Swimming Association

The Amateur Swimming Association (ASA) has worked with all three community pools and has carried out assessments of the general conditions of the facilities. Their knowledge of the pools combined with their experience in supporting swimming pools through similar transfer processes makes them a strong potential partner. The ASA team includes an area Swim Manager and an area Learn to Swim Manager.

Potential areas of ASA support would include:

- Working with the new management team to assess the customer friendliness of the environment.
- Working with the new management to map the customer journey.
- Helping the pools develop strategies to achieve their goals.
- Working with the pools on usage and timetabling.
- Supporting outreach work from the pools.
- Supporting the business planning process.
- Provision of a learn-to-swim framework.

Overview of Individual Pools

Hornby Pool

City Council figures the year 2015/16

- Running costs: £147,814
- Income: £73,192
- Deficit: **£74.622**

These figures exclude any expenditure on major repairs carried out by the County Council as part of their responsibilities as the landlord.

Lancashire County Council conducted a condition survey in September 2014 and identified as a high priority work with a total cost of **£149,139**. It is unclear how much of this work has been carried out.

Critical factors

- A small stand-alone single use facility offers limited opportunities to make significant cost savings on staffing.
- The lack of dry-side facilities limits the opportunities to expand on the range of services.
- The maximum capacity of 30 swimmers limits the opportunities to grow the existing business activities.
- Hornby Focus School is not prepared to take responsibility for the pool. There is, therefore, no host organisation available to step in and provide the essential structures for governance and management.
- The school would support any community initiative to take on the pool but would not be in a position to support it financially.

School's Expectations

- If the pool were to be closed the school would expect action to be taken in terms of removing or repurposing the building and would be a key stakeholder around determining the future use of the building or land as it is surrounded by school land.

Carnforth Pool

City Council figures the year 2015/16

- Running costs: £175,899
- Income: £124,132
- Deficit: **£51,766**

These figures exclude any expenditure on major repairs carried out by the County Council as part of their responsibilities as the landlord.

Lancashire County Council conducted a condition survey in February 2015 and identified £90143.00 in outstanding works. It is unclear how much of this work has been carried out.

| Carnforth Income Projections | |
|------------------------------|-------|
| Swimming lessons | 41400 |
| Gym & Swim | 54000 |
| Casual swim | 2000 |
| Aquafit | 2000 |
| Private hire | 45000 |
| Educational hire | 27000 |
| Holiday activities | 5000 |
| Vending and sales | 2000 |

| | |
|-------|--------|
| Total | 178400 |
|-------|--------|

These income projections assume:

- Increasing the number of one to many swimming lessons and assuming an average of 12 per 10 week course.
- Gym n swim membership of 150 per month - this will probably entail increasing provision of gym equipment
- An increase in private hire based on increasing the number of pool parties and retaining current hires
- Maintaining the existing level of educational hire
- A modest increase in income from holiday activities.

Achieving these income levels would remove the deficit based on current spend levels. There is potential to reduce expenditure as discussed below.

Critical factors

- Carnforth High School is due to become an academy in April or September 2017 - pools are viewed as high risk assets so would need to demonstrate that pool would not be a drain on educational funding.
- Swimming is not a key element of the offer of the school to their students, but they are enthusiastic about adopting the pool as an integrated part of its leisure facilities.
- The school would provide a sound governance and management structure for the pool to operate within.
- The merging of the swimming pool into the school's existing leisure facilities opens the door to expanding the range of services on offer to the public, for example Gym & Swim.
- Integrating the pool into the school's leisure facilities opens up the opportunity for savings on staffing costs by replacing the two reception areas with a shared facility.

School's Expectations

- The pool must generate sufficient surplus to cover running and maintenance costs.
- That a way can be found to link the pool to the school leisure facilities including the development of a shared reception function.
- Confirmation that the access road would continue to be maintained by the City Council.
- A commitment from the County Council to bring the building up to standard before it is transferred. The school will need to be satisfied about the structural condition of the building before transfer - this may link to wider assessment of buildings on the site in relation to agreeing the lease as part of

the process of becoming an academy.

- Consideration of the impact of TUPE in relation to the school becoming an academy.
- If the pool were to be closed the school would expect action to be taken in terms of removing or repurposing the building.

Heysham Pool

City Council figures the year 2015/16

- Running costs: £235,606
- Income: £174,095
- Deficit: £61,511

These figures exclude any expenditure on major repairs carried out by the County Council as part of their responsibilities as the landlord.

Lancashire County Council conducted a condition survey in March 2013 and identified as a high priority work with a total cost of **£136,633**. It is unclear how much of this work has been carried out.

| Heysham Income Projections | |
|----------------------------|---------------|
| Swimming lessons | 41400 |
| Gym & Swim | 72000 |
| Casual swim | 2000 |
| Aquafit | 7000 |
| Private hire | 40000 |
| Educational hire | 48000 |
| Holiday activities | 5000 |
| Vending and sales | 5000 |
| Total | 220400 |

These income projections assume:

- Increasing the number of one to many swimming lessons achieving an average of 12 per 10 week course - this will entail losing some public swim sessions so income for casual swims has been reduced.
- Gym & Swim membership of 200 per month - this may entail increasing provision of gym equipment. This is similar to levels achieved by Bramley Baths which may be ambitious given the differences in catchment area but Heysham School is already achieving 90 monthly gym memberships per month.
- An increase in private hire based on increasing the number of pool parties and retaining current hires.
- Maintaining the existing level of educational hires.
- A modest increase in income from holiday activities.

These income projections substantially reduce the deficit though they do not eliminate it totally. There are potential savings in expenditure which are discussed below.

Critical factors

- Heysham School is due to become an academy within the next few months.
- Running a pool is not part of the school's offer to its pupils but it is enthusiastic about adopting the pool as an integrated part of its leisure facilities.
- The school would provide a sound governance and management structure for the pool to operate within.
- The merging of the swimming pool into the school's existing leisure facilities opens the door to expanding the range of services on offer to the public. For example Gym & Swim.
- Integrating the pool into the school's leisure facilities opens up the opportunity for savings on staffing costs. For example replacing the two reception areas with a shared facility.
- The school has a vacant post for a Leisure Centre Manager and is holding off on recruitment until the future of the pool is finalised.

School's Expectations

- The business must generate sufficient surplus to cover running and maintenance costs.
- That a way can be found to develop a shared reception function.
- A commitment from the County Council to bring the building up to standard before it is transferred. The school will need to be satisfied about the structural condition of the building before transfer - this may link to wider assessment of buildings on the site in relation to agreeing the lease as part of the process of becoming an academy.
- Consideration of the impact of TUPE in relation to the school becoming an academy.
- If the pool were to be closed the school would expect action to be taken in terms of removing or repurposing the building.
- That business from local schools would not be drawn to the centre by the Salt Ayre facility.

Carnforth and Heysham Pools

Governance and Management Issues

Integration with other sports facilities

An advantage for both schools is that they already run a range of sporting facilities and the pools could be integrated into this offer. This has a number of

implications around extended opening hours, staff cover on site and administration systems.

Taking on the pools will require the schools to develop their expertise in the management of swimming pools, particularly around risk assessment and setting staffing levels. Whilst there is extensive guidance on safe staffing levels for pools, each school would need to carry out a risk assessment and set staffing levels accordingly.

There may be training requirements for existing staff in relation to meeting health and safety requirements in relation to the pool.

TUPE

Expert advice will be needed on the implications of TUPE. In the case of both pools it is likely that acquisition by the schools will entail restructuring the staff team. A key element of viability is minimising costs around management, administration and reception. It is essential to ensure that the process meets legal requirements and protects the employment rights of City Council employees. TUPE transfers which require restructuring of staff teams are always complex and expert advice is essential.

Marketing issues

An essential element of making the pools viable will be effective marketing. This could be linked to the marketing of the sports offers at each of the schools. This will be a key element of preparation work for the schools.

Marketing to the general public is not a core element of current work so it would be necessary for schools to build expertise around marketing sports facilities - this would link to the wider sports offer at both of the school sites.

Revenue issues

We have analysed the income and expenditure budgets for the two pools and identified areas where income could be increased.

Gym & Swim

Both schools are interested in offering a Gym & Swim deal. Both already have gym facilities on the premises though these may need to be expanded.

Bramley Baths has a 22 station gym and offers gym and swim memberships. They also offer fitness classes and a steam room. For £28.50 per month, members can choose any two activities - so that could be gym and swim, gym and fitness classes etc. They have between 200 and 250 members each month - clearly not all of these will opt for swimming. The cost of £28.50 per month is not linked to any kind of contract.

The cost is less than Salt Ayre membership prices which are £45 for monthly membership and £34 per month based on an 8 month contract. This will be revised to a standard fee of £34 per month to take account of increased competition.

So gym and swim memberships could generate:

| Number of members | Price per month | Monthly total | Annual total |
|-------------------|-----------------|---------------|--------------|
| 50 members | £30 | £1500 | £18000 |
| 100 members | £30 | £3000 | £36000 |
| 150 members | £30 | £4500 | £54000 |
| 200 members | £30 | £6000 | £72000 |

Heysham gym already has 90 members paying £22 per month for gym only, so a target of 150 to 200 members does not seem unrealistic.

The charge per month is indicative. Further work would be needed to assess the market potential. The sum of £30 is based on the facilities in comparison to Salt Ayre and the fact that Heysham have 90 gym only members at £22 per month. Given the changes to pricing at Salt Ayre, a lower monthly charge may need to be considered.

There are some caveats related to this income:

- The impact on income for the school sports facilities would need to be taken into account (i.e. income already earned through use of gym facilities).
- The access to gym facilities may need to be considered - at Bramley and Salt Ayre these are available throughout the day though access to swimming is not.
- The number of gym stations is likely to be of more importance to members than the size of the pool. If the gym is crowded then people may not be willing to renew their membership.
- Income from public swim sessions will fall if a key part of the schedule is given over to gym and swim.

Pool parties

Pool parties can be booked at the pools but it is unclear what proportion of private hires relates to pool parties. Bramley Baths has 6-8 pool parties per month priced at £160 per party. Parties use inflatables and have access to the recreation room. The pools at Carnforth and Heysham have a real advantage in terms of pool parties in that customers would in effect take over the whole pool building for the party. If 4 parties per month could be achieved, the gross income would be £7680 per annum.

Swimming lessons

Swimming lessons at Salt Ayre are charged at £5, Bramley Baths charge £4.50. There may be some potential to increase income from swimming lessons and this has been included in the projections. In particular an increase in provision of swimming lessons at Heysham has been assumed. This will be dependent on demand.

Holiday Activities

It is likely that there will be an emphasis on term-time activity if the pools are run by the schools. Currently specific holiday activities earn relatively small amounts - though some of the income from casual swimming may relate to increased hours during school holidays.

Ceiling prices

A key issue in pricing is that the facility at Salt Ayre effectively sets a ceiling price. Salt Ayre is new and combines a range of sporting activities. The community pools have not been modernised and whilst the pools themselves are pleasant, the changing facilities and reception areas are dated. It is likely that customers will choose to use the community pools because they are local and possibly less busy. An important element of marketing will be to build up loyalty in customers, whether through promoting the social value of community pools linked to schools which are at the heart of their communities or through more commercial loyalty schemes.

Expenditure

Salary costs

Reducing staffing costs will be a key element of viability, however as stand-alone facilities these pools show limited options for reduction in staffing levels. However both schools are keen to integrate the pools with their wider sports offer, so management and staffing which should lead to savings. Community managed pools like Bramley Baths operate with one lifeguard when there are 30 or fewer swimmers. They would also have another person on site in case of emergency. Options like gym and swim sessions may offer the opportunity to work in this way.

Assessing the exact staffing requirements will only be possible once the schools have had the opportunity to consider the programme they wish to run and the staffing requirements of each element of this. We recommend that this is a key element of the next phase of work.

Analysis of the current staffing costs is difficult as staff perform different roles - for example pool management and swimming teacher. We would recommend that staffing and direct costs for specific activities - swimming lessons, aquafit, pool parties are separately identified so that they can be directly compared with the income achieved.

Potential expenditure savings

We have assumed that the basic running costs of the pools - gas, electricity, water services, etc. - cannot be changed in the short or medium term. We have therefore looked at areas of potential short-term savings:

- Whether inclusion as part of an academy will reduce the rate bill - academies can secure 80% mandatory rate relief.
- Removal of City Council recharges amounting to £8,000-£9,000 per year. However each school would need to consider whether they would require a recharge to cover their central management costs.
- Both pools have significant sums in their budgets for central transport. This is related to the schools use of the pools. Clarity is required around income from schools and the related costs around instructor and lifeguard provision, transport costs and other direct costs.

There are minimal amounts for day to day repair and maintenance within the budgets, so this would be a significantly larger sum in future budgets.

Capital

There is an essential element of capital works involved in any transfer of the swimming pools to the schools. Both schools would require access arrangements to the pool to be changed so that there is a shared reception area with the other sport and leisure facilities. The schools have clear ideas about how this could happen and discussions with the County Council on how this could be achieved are essential as a matter of urgency in order to progress the proposed transfers.

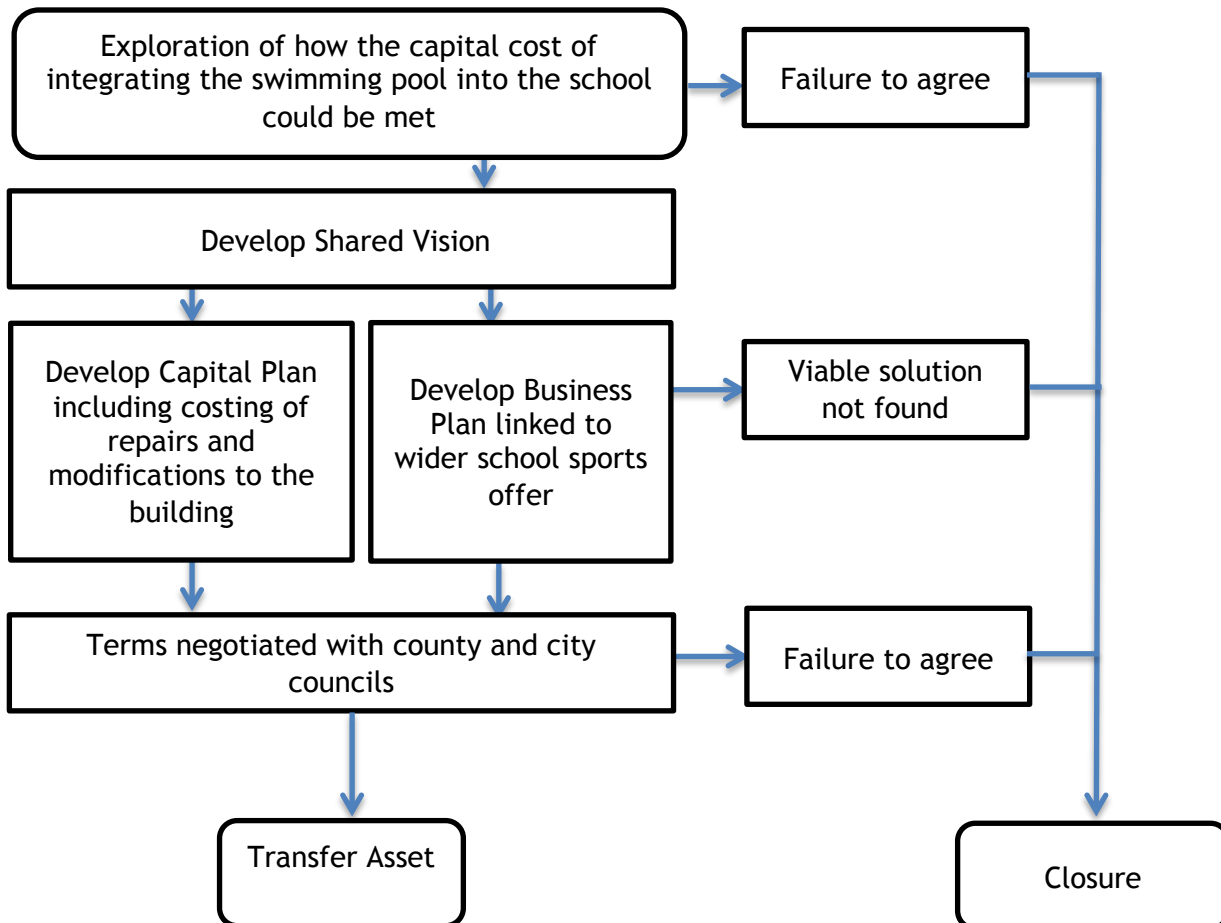
The future success of the Heysham and Carnforth Community Pools is dependent on some capital investment to cover the cost of integrating the pools into the facilities of the two schools. It is at this stage unclear how this need for capital investment can be met, however in exploring this, consideration should be given to the cost of closure. If the pools closed, there would be the cost of demolishing the buildings and making the sites safe.

Timescale issues

As noted previously, timescales are tight. The City Council has agreement to continue to manage the pools for a further six months if there is the potential for the schools to take over the management by September 2017. Both schools are in the process of becoming academies so decision-making on the pools will be complicated by this process. There are several partners in the process - schools, City and County Councils so a next stage of work will involve identifying the timeline for key decision-making processes.

Action Plan

For both the Carnforth and the Heysham pools key stages in the process would be:



Hornby Pool

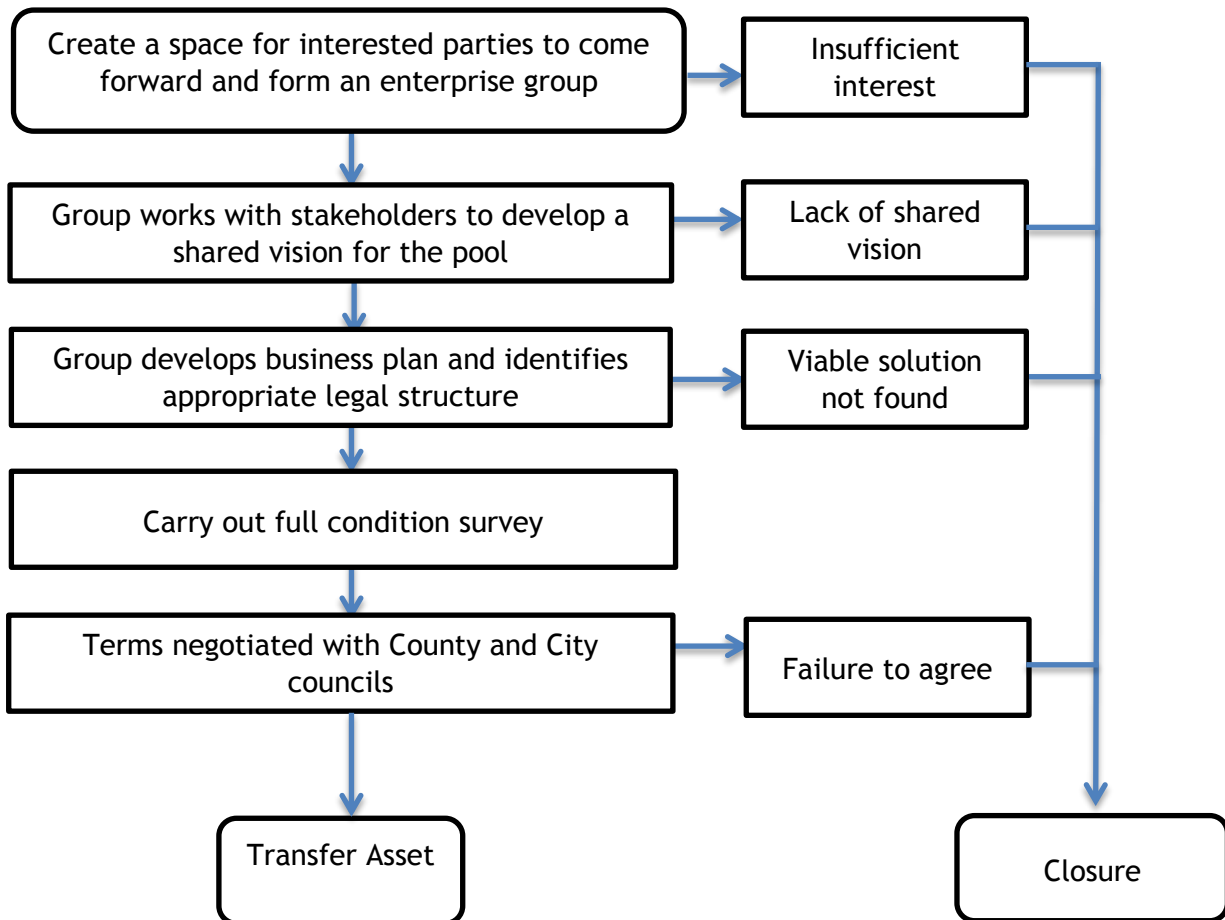
The transfer of Hornby Community Pool to Hornby Focus School is not an option. Unlike the pools at Heysham and Carnforth schools both of which have leisure facilities that could easily be integrated with the pool, Hornby Focus School is separated from the pool by its own playing fields and lacks the kind of leisure facilities that would make this a viable proposition. The school has supported the pool and used it on a regular basis to teach its own pupils to swim.

The pool has always had support from within the local community and in 2010 when the pool was under threat of closure actively lobbied the council to keep it open. There is a possibility that interested parties from within the local community could work together to establish a social enterprise capable of running

the pool, however it should be stressed that creating a viable enterprise from a stand-alone swimming facility with a maximum capacity of 30 swimmers would be a challenge.

Action Plan

For a Social Enterprise to emerge the key stages would be:



Conclusions and Priorities from meeting on 5 December

Hornby

An initial Expression of interest was received from Hornby Focus School, however they have recognised that they are not in a position to take on the running of the pool and will not be taking their Expression of Interest any further.

We understand that other interested parties in the local community were given the opportunity to express an interest in running Hornby Community Pool and that no expressions of interest were received.

It has not been possible to identify a viable way forward to the community pool at Hornby.

Heysham and Carnforth

Heysham and Carnforth schools confirmed an in-principle interest in taking an asset transfer of the pools subject to the following key issues being resolved:

- Further guidance on TUPE as the transfer of staff would entail a restructuring of the staff team, changes to job descriptions, etc. Simon Kirby to explore further with HR at City Council.
- County Council to complete priority 1 and 2 repairs and maintenance and bring buildings up to standard before transfer. Gary Watson to raise this with County Council.
- Assessment of the capital required at Carnforth and Heysham schools to create a physical link between the school and the other sports facilities so that all sports facilities can be operated through one reception. It is estimated that £250k-£500k will cover the total cost of the works needed at both of the schools. Gary Watson to request the County Council to arrange for a surveyor to visit each school as a matter of urgency to firm up the estimated cost for these works.
- Sources of funding for the capital works were identified as the County Council or Sport England. It was noted that the County Council will incur costs if the pools are not transferred in mothballing, security and demolition. Having a redundant and boarded up building on site is unlikely to be acceptable to the schools. Gary Watson to start discussions with the County Council. Debbie Lamb to discuss with John Berry from Sport England.
- The schools are happy to prepare business plans and would appreciate further support from Debbie Lamb and David Harries as part of the work funded by Sport England. It was not felt to be appropriate to begin the business planning process until there is clarity about capital works to link the pools to the schools.

There was considerable discussion about timescales. This is complicated by both schools being in the process of becoming academies. Making rapid progress on this issue is important as the City Council is unlikely to be able to continue to operate the pools beyond September 2017. Estimating the capital requirements associated with the asset transfer was felt to have the highest priority at this stage.