

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cllr Richard Samuel, Cabinet Member for Resources	
DECISION DATE:	On or after 12th October 2019 (for single Member decision)	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3169
TITLE:	Proposed Asset Transfer of the Cleveland Pools to the Cleveland Pools Trust at Less Than Best Consideration	
WARD:	Bathwick	
AN OPEN ITEM CONTAINING AN EXEMPT APPENDIX		
List of attachments to this report:		
Appendix A – Lease		
Appendix B – Business Plan and Supporting Narrative exempt pursuant to Paragraph 3 of Schedule 12A Local Government Act 1972 (as amended) - information relating to the financial or business affairs of any particular person.		

1 THE ISSUE

- 1.1 Bath & North East Somerset Council has agreed lease terms with the Cleveland Pools Trust to enter into a 150 year lease. It is proposed that this is a long lease at a peppercorn rent. This will therefore represent a disposal at less than best consideration. The report covers the background to the proposed transfer, identifies the benefits arising from this and addresses key financial, legal and other considerations.

2 RECOMMENDATION

The Cabinet Member is asked to;

- 2.1 Delegate to the Head of Estates, in consultation with the S.151 officer, authority to complete the transfer of the Cleveland Pools to the Cleveland Pools Trust at an undervalue pursuant to the General Disposal Consent (England) 2003.

3 THE REPORT

- 3.1 The Cleveland Pools were last open as a public swimming facility in the early 1980's. The property then became a commercial trout farm until the tenancy was ended in 2004.
- 3.2 In 2004 the property was offered for sale by the Council. As a result of the possible loss of the property into private ownership the Cleveland Pools Trust was formed as a registered charity with the aim of restoring the pools and reopening them for the benefit of the public.
- 3.3 The Cleveland Pools are Grade II* listed and are believed to be the only Georgian Lido in existence. The property lies within a Conservation Area which forms part of the City of Bath UNESCO World Heritage Site.
- 3.4 The property was independently valued at £45,000 in April 2018. The independent valuer has confirmed that as of July 2019, this value would remain at the same level.
- 3.5 The current maintenance costs are approximately £6,500 per annum. This is based on an average cost over a 5 year period. The site will be leased to the Cleveland Pools Trust for a period of 150 years on a full repairing lease. These costs will equate to direct savings to the Council.
- 3.6 The main benefits achieved from this proposal come from the Cleveland Pools Trusts leveraging in over £5 million of external funding to refurbish and bring the site back into public use, as well as providing local employment and volunteering opportunities. These equate to 2.3 full time equivalent posts at a cost of £231,340 (the contracts are for 2 – 4 years), a further 2.4 full time equivalent posts in year 3 at a cost of £60,809 and 113 volunteers whose hours donated over a year have been calculated at a value of £90,250pa.
- 3.7 Heritage benefits will include the restoration of the Cleveland Pools and its on-going maintenance, securing its future as an important historical leisure facility. The facility will be open to the public to learn about its history and enjoy the pools as originally intended.
- 3.8 Community benefits will include the ability to enjoy open air swimming once again at this site. The public can also visit the attraction without swimming, or enjoy the café. Further community benefits will be achieved through a number of activities including:
- Education programmes including schools and adult learning
 - Seasonal celebrations, Family Events, Annual Swimming Gala
 - Children's activities including weekly crafts days during school holiday and children's trails
 - Regular guided tours
 - Volunteers will gain new skills
- 3.9 The value of the Community Benefits plus the savings in maintenance costs of £6,500 pa exceeds the loss of capital of £45,000 (the value of the property).

3.10 The total value pa of the volunteer hours contribution is £90,250 (this is based on the National Lottery Heritage Fund's valuation of unskilled volunteers and £50 per day).

3.11 There are also on-going salaried roles once the Pools reopens (duty manager, life guards etc) at a cost of £60,809 to the Cleveland Pools Trust.

3.12 The assessment measured against the RICS Guidance criteria has identified the following:

The capital amount forgone is £45,000 based on the most recent professional valuation.

The current maintenance costs based on a 5 year average are £6,500 pa.

2.3 FTE posts at a cost of £231,340 (contract lengths between 2-4 years) and further salaried roles once the Pools are open at a cost of £60,809.

113 volunteer opportunities, hours calculated at £90,250.

3.13 Given that the capital value will be eroded in the next seven years if maintenance costs continue at this level, it is considered that the lease to the CPT, will enable the asset to be brought back into use, lever in external funding and deliver sufficient community benefits to meet the tests set out in paragraph 4.4 below.

4 STATUTORY CONSIDERATIONS

4.1 The proposal meets the Council's corporate objectives.

4.2 Public health and inequalities: the Council has a statutory duty to promote the health and wellbeing of the inhabitants of its area and reduce inequalities amongst its population

4.3 The Royal Institution of Chartered Surveyors (RICS) is the governing body for Chartered Surveyors and they have set out guidance specifically to deal with the disposal at less than market value which should be followed unless there are particular circumstances that mean that it is not appropriate. It puts in place an audit trail so that the decision is demonstrably robust. It is, therefore, considered that this is an appropriate model for sign off of the transaction to be undertaken in consultation with the Section 151 Officer. The assessment requires:

A full valuation exercise is undertaken which identifies the maximum theoretical Market Value for the asset to be transferred.

Calculation of the reduced values that apply because of any restrictions that the Council applies relating to things such as use, alienation, clawback, etc.

The value added to the Council through the outcomes of the transfer has been assessed and found to be not less than the difference between market value and the actual price to be paid.

4.4 Property considerations: under s123 of the Local Government Act 1972, any disposal by the Council of an asset in excess of 7 years (including leasehold

interests) must obtain “best consideration”, unless Circular 06/03 The Local Government: General Disposal Consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained apply or a specific consent is obtained. The general consent allows specified circumstances where the consent can be applied:

- a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
 - i) the promotion or improvement of economic well-being;
 - ii) the promotion or improvement of social well-being;
 - iii) the promotion or improvement of environmental well-being;
- 4.4 b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 A total of £350,000 of funding has been awarded or is due to be awarded by the Council to the Cleveland Pools Trust from the Capital Programme. A further £50,000 has been set aside to cover due diligence such as surveyor and legal fees. £200,000 was approved in January 2015 under decision reference E2727, £75,000 was approved February 2017 under decision reference E2892. A further £125,000 was approved via PID (Project Initiation Document) & Officer Delegated Decision in the 2019/20 financial year.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

7 CLIMATE CHANGE

- 7.1 There is no positive impact to improve the climate and help to achieve carbon neutrality by 2030 as part of this decision.

8 OTHER OPTIONS CONSIDERED

- 8.1 This option has been chosen as a long lease to the Cleveland Pools Trust secures the future of the property.
- 8.2 It provides the community with a valuable social facility which could lead to health benefits.
- 8.3 There are considerable heritage benefits as the property will re-open to the public both as a leisure facility and tourist attraction.
- 8.4 No other viable option provides these benefits.

9 CONSULTATION

9.1 Cabinet members; Section 151 Finance Officer; Chief Executive; Monitoring Officer

9.2 The Cleveland Pools Trust has undertaken extensive consultation with the local community including meetings with adjoining neighbours and open days.

Contact person	Richard Long: 01225 477241
Background papers	Decision papers: E2727, E2972, E2892
Please contact the report author if you need to access this report in an alternative format	