

TITLE OF REPORT: **Community Asset Transfers of Gateshead Leisure Centre and Birtley Swimming Centre**

REPORT OF: **Colin Huntington, Strategic Director of Housing, Environment and Healthy Communities**
Alice Wiseman, Director of Public Health

Purpose of the Report

1. To provide an update on the progress of the community asset transfers of both Gateshead Leisure Centre and Birtley Swimming Pool, declare the properties surplus to the Council's requirements and agree to the Community Asset Transfer of the properties, subject to conditions being satisfied.

Background

2. On 25 October 2022, Cabinet considered a report advising that the existing delivery model for Leisure Services was no longer affordable and agreed to explore the rationalisation of leisure centres. A comprehensive consultation process followed to understand the impact of any leisure centre closures on users and local communities to influence a final evaluation exercise on which leisure centres should remain open and be included within the procurement process, and which should be considered for closure.
3. The outcome was reported to Cabinet on 24 January 2023 together with a recommendation to close Gateshead Leisure Centre and Birtley Swimming Centre on 31st March 2023, whilst at the same time continuing discussions with organisations that had expressed an interest in exploring community asset transfers. However, as Birtley Swimming Centre had not previously been identified as a facility that was at risk of closure, Cabinet agreed to
 - a) reopen the public consultation informing the review for at least three months to invite new representation, particularly from the Birtley and Lamesley communities and users of Birtley Swimming Centre,
 - b) explore the viability of the potential to transfer the management of any of Dunston Leisure Centre, Gateshead Leisure Centre, Birtley Sports Hall and Birtley Swimming Centre on a Community Asset Transfer basis.
 - c) receive a further report at the end of this further period of consultation with the final outcome of the Review, including any proposals for Community Asset Transfer of one or more of the four facilities mentioned above.
4. At its meeting on 20 June Cabinet considered a further report on the outcome of the further period of public consultation which also set out progress that had been made with the community organisations which were interested in taking a Community Asset Transfer of Gateshead Leisure Centre and Birtley Swimming Centre. As a result, it was agreed to close these buildings on 21st July 2023 and continue to explore potential Community Asset Transfers with community organisations for a further 6-month period to 31 December 2023.

5. Gateshead Leisure Centre and Birtley Swimming Centre were closed on 21st July 2023 and arrangements were put in place to secure and maintain them. The pools at both sites are some of the oldest out of all the centres, and therefore to minimise the risk of problems and costly repairs, which could delay a transfer, the pools were not drained. This was to help with a quick reopening should the community organisations be in a position to take on the running of the facilities and, the pools have continued to be treated, but not heated and filtered. Suitable security arrangements have also been put in place to protect both assets and prevent damage that could delay a transfer and reduce opportunities for anti-social behaviour.

Community Asset Transfer

6. The community asset transfer of the buildings in question will be a huge undertaking by the community organisations, as the operation of these facilities is extremely complex. Not only will a number of staff need to be employed but the groups will also be dealing with substantial sums of money. In addition, the health and safety risks associated with the activities are far greater than with any building the Council has transferred so far, so the groups will be taking on a greater responsibility for the public using the buildings. It is therefore essential to ensure the organisations operating such complex buildings not only fully understand what is needed to get the facilities reopened but that they are also suitably set up and run in a way to help ensure they will be sustainable and be able to keep the buildings operating safely and provide appropriate services to the community once open.
7. With this in mind, a number of officers from a range of disciplines have been meeting fortnightly with each group since February 2023 and have also:
 - a) Facilitated meetings with Councillors, local community groups with experience of taking over local swimming pools and the Councils leisure consultants. Meetings have also been facilitated on specialist areas including finance, energy, pool and plant operations and governance arrangements.
 - b) Provided huge amounts of information, data and guidance including financial information, job profiles, plans, site information, council policy documentation, operational information, contract details etc.
 - c) A half day community asset transfer workshop, with a number of Service Directors presenting on expectations and requirements of any organisation operating a leisure centre, covering topics such as IT, Human Resources, Building Compliance, etc. Various other officers were also in attendance and available for one-to-one discussions with the groups.
 - d) Facilitated visits and meetings at the sites to discuss plans with the groups and their potential contractors.
 - e) Developed and shared a community asset transfer readiness evaluation matrix to enable both organisations and the key officers to track progress being made and to provide transparency to help everyone to understand what work is required prior to any transfer being undertaken.

Current Position

8. Huge progress has been made with both groups and they should both be commended on the work they have done so far toward the completion of a community asset transfer. However, it is clear that as the detailed implications arising from the complex nature of the buildings have unfolded, that neither group is yet in a position to take a transfer of their respective building and open them to the public. It is considered by the officer

working group that the possibility of transferring the buildings to the groups is achievable in the future. A summary of the current position with each organisation is set out in Appendix 2.

9. Both groups have been asked for a variety of documentation over the last few months to evidence the sustainability of their proposals and the readiness of their organisation to take on the management of these substantial buildings e.g., business plans, financial forecasts, prestart plans, operational plans, risk assessment registers etc. But neither have provided a complete suite of documentation that currently satisfies the officer working group. Detailed feedback is regularly being provided to the groups about how the documentation is lacking.
10. Given the risks involved, it is proposed that the Director of Public Health in consultation with the Strategic Director, Corporate Services and Governance, Strategic Director, Resources and Digital, the Leader, Deputy Leader along with Portfolio holders be requested to approve the business plans and other documentation provided by the groups before the transfers are allowed to proceed. A detailed list of evidence and documentation that is considered necessary before the community asset transfer takes place is set out in Appendix 3.
11. In terms of timescale, Birtley Aquatics, the organisation interested in taking Birtley Swimming Pool were originally working towards reopening the facility in March 2024, but are now looking to reopen in September 2024 due to a shortage in funding required to open the site. Gateshead Active, the organisation interested in taking Gateshead Leisure Centre were aiming to reopen the building by 31 December 2023, but this is considered not to be achievable, and an alternative date is currently being discussed.
12. Draft Heads of Terms have been sent to each of the organisations proposing that the area shown edged in black on the attached plans be included in the lease, although it is possible some minor boundary changes may occur before the leases are completed. A 50-year lease is being suggested with 5 yearly rent reviews (based on nett profit) subject to an initial 5 year rent free period. As a precautionary measure, the lease terms also include provision for the Council to recover the properties in the event of the ventures failing.

Proposal

13. It is proposed that subject to the Director of Public Health being satisfied that the documentation set out in Appendix 3 is suitably completed, that Birtley Swimming Pool and Gateshead Leisure Centre be declared surplus to the Council's requirement to facilitate the grant of a 50-year lease, subject to the provisos above, to Birtley Aquatics and Gateshead Active respectively, pursuant to the Community Asset Transfer policy.

Recommendations

14. It is recommended that Cabinet:
 - i. Declare the Birtley Swimming Pool and Gateshead Leisure Centre surplus to the Council's requirements,
 - ii. Approve in principle to the Community Asset Transfers progressing, subject to the Director of Public Health, in consultation with the Strategic Director Corporate Services and Governance, Strategic Director, Resources and

- Digital, the Leader, Deputy Leader along with Portfolio holders, being satisfied that the conditions set out in Appendix 3 of this report have been met; and
- iii. Authorise the Strategic Director, Housing, Environment and Healthy Communities to grant a 50-year lease of Birtley Swimming Pool to Birtley Aquatics and Gateshead Leisure Centre to Gateshead Active pursuant to the Council's Community Asset Transfer policy.

For the following reasons:

- i. To manage resources and rationalise the Council's assets in line with the Corporate Asset Strategy and Management Plan.
- ii. To enable the community asset transfers to progress at a future date.
- iii. To create and develop sustainable places and communities in line with Gateshead Health and Wellbeing strategy.

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Policy Context

1. The proposal supports Thrive and is in line with the Corporate Plan, Corporate Asset Strategy and Management Plan, Health and Wellbeing Strategy and Community Asset Transfer Policy.

Consultation

2. In preparing this report consultations have taken place with the Leader, Deputy Leader, Portfolio Holders and Ward Councillors for Saltwell, Birtley and Lamesley.

Alternative Options

3. The option of retaining the properties has been discounted as ongoing operation and maintenance of the facilities is unaffordable.

Implications of Recommended Option

4. Resources:

a) **Financial Implications** - The Strategic Director, Resources and Digital confirms there will be a reduction in the holding costs for both these facilities.

b) **Human Resources Implications** - There are no direct staffing implications arising from the recommendations in this report.

c) **Property Implications** - The grant of a lease of this property will result in a reduction in the Council's operational property portfolio and reduce operational costs.

5. **Risk Management Implication** – The risk management implications are being managed as part of the overall project, to reasonably mitigate risks to the Council arising from both the initial transfer of the buildings in question to the community organisations, and the longer-term operation by those organisations. These mitigations have been applied during the joint working between the Council officers and the community groups and are set out throughout the report.
6. **Equality and Diversity** - Integrated Impact Assessments were completed when the Council made the decision to close both facilities on 20 June 2023. The re-opening of both these sites has the potential to have a positive impact on equalities and diversity as evidenced through the community engagement and policies developed by the groups.
7. **Crime and Disorder Implications** - The grant of a lease of this property will reduce opportunities for crime and disorder, especially vandalism and theft.
8. **Health Implications** – There are positive health implications arising from this report, as the activities provided by the tenant will provide both physical and mental health benefits to people who participate in the activities delivered.

9. **Climate Emergency and Sustainability Implications** - The future grant of a lease will reduce the level of the Council's operational maintenance, which will subsequently result in a reduction in the Council's carbon footprint.
10. **Human Rights Implications** - There are no implications arising from this recommendation.
11. **Ward Implications** – Saltwell and Birtley.
12. **Background Information** – Cabinet reports 25 October 2022, 24 January 2023, and 23 June 2023.

Birtley Swimming Pool

The organisation

Two swimming clubs, Gateshead and Whickham Swimming Club and Birtley Swimming Club along with regular pool users have come together to form Birtley Community Aquatics Centre.

Proposal – a community swimming pool – providing swimming for clubs, lessons for schools, disabled users, and the public as well as leisure swimming, aquafit, soft play and a café.

Approach

- Governance - The group has worked closely with both Council officers and Connected Voice. The organisation is run by 7 trustees with a range of appropriate knowledge. They have divided the work into 6 project area, and subgroups with a mixture of representatives from the Trustees Board and specialist members from the community to move these areas forward. They are well organised meet regularly with individual trustees being responsible for reporting progress in their project area. They also recognise that as the work on the asset transfer progresses, new subgroups may form, and existing ones may complete their work so will cease. The Group has submitted an application to the Charity Commission to become a CIO.
- Community engagement – the group are actively engaged with the public through monthly meetings and regular blogs/ newsletters, local businesses, and local schools.
- Timetables have been developed for both term time and school holidays which has helped not only how they can make the best use of the pools at all times, and how to maximise income while minimising staffing costs but also to encourage more people to use the facilities.
- Thrive – It is clear from the group's current business plan that the proposals will help deliver the Councils Thrive agenda, but the group still has work to do on articulating this aspect within its business plan. They are currently creating a Friends of Group so that volunteers can be actively involved.

Financial

- The group has worked very closely with both the Councils leisure centre manager and also the manager from Elswick Pool, a similar sized facility in Newcastle that was transferred to a Trust to predict income and expenditure. They have identified ways to reduce the number of staff needed and how to make better use of them.
- They have identified that they need to have at least £100k to open and have methodically approached fund raising from a variety of sources – they have raised £29k so far but have identified other funding streams for at least another £50k but will need their CIO status before they can apply for this. They are also planning to offer membership packages to large employers in the area to generate income.

Risk

- Birtley Aquatics are working to minimise risk to both themselves as an organisation and to future users of the facility. Their CIO status has recently been confirmed, further reducing the risk, the group are hoping this status will help them obtain the

funding they need to open the facility. To give them more time to secure this funding they are now looking to a September opening.

- They have recently added a new member to their project team and have invited him to become a trustee, who has specialist knowledge and experience in relation to the operational maintenance and water treatment activities associated with the pools. This will add valuable experience but also help to mitigate risks around pool and plant operations.

Gateshead Leisure Centre

The Organisation

Gateshead Active Ltd was formed by local Councillors alongside local residents as soon as they became aware of the potential closure of Gateshead Leisure Centre.

Proposal

To improve the health and well-being of people living in Gateshead through the provision of opportunities for physical activity, recreation and social interaction.

Approach

Governance - The group engaged consultants, Social Enterprise Acumen who set them up as a company limited by guarantee, which is run by 3 directors and a supporting committee of 9 members. The committee has a wide range of experience, including management of leisure services, events, working with the local community, high level and financial management, knowledge of the local community, links with various sports clubs etc. The group has submitted an application to the Charity Commission to become a CIC, but their application is still outstanding. The group meets regularly with its board and appointed trustees.

Community Engagement – the group held an open evening on 24 February 2023, which was attended by 107 people plus children and have since set up a website/ Facebook page which they use to provide the public with regular updates. They have met with the NHS to confirm that the leisure Centre could be used for social prescribing work and have consulted with both the Jewish community and Gateshead Older People’s Assembly about the needs of these groups.

Timetables – the group have worked closely with Councils leisure centre manager and have more recently engaged leisure consultants Right Directions to develop a range of procedures and other documentation.

Thrive – It is clear from discussions with the group, that their intention is that their proposals will help deliver the Councils Thrive agenda, and their business plan is currently being updated to better reflect this.

Financial

- The group has identified that it needs some funding to open the facility, its funding relies on two main sources – a Community Loan of £200k to support running costs for the first 3 years and an investment from the Corporation Club who have recently sold their premises and will be running a sports bar from the Leisure Centre.
- The financial forecasts provided need additional explanation to understand how the Income and Expenditure relate to their business model and the assumptions they have made.

Risk

Gateshead Leisure Centre is a very large and complex building made up of extensions to the original swimming pool that was opened in the 1930's. The range of activities that can be delivered from the centre add to the level of complexity if not operated by an experienced organisation.

- Gateshead Active are keen to proceed prior to obtaining their charitable status as the funding they are due to receive from the Corporation Club is time limited and it's possible that the income they have forecast to receive from events to be held next years may be lost. This means they run the risk of not obtaining their charitable status and therefore not being eligible to apply for various funding pots or obtain rate relief which will add further financial pressure in the longer term.
- The group have decided to employ a small number of staff with specialist knowledge at risk in order to complete their business plan and operational plan.
- The group currently do not plan to fund the longer-term strategic maintenance and will consider this further when they are up and running.
- The group wish to make changes to the building by creating new entrances within the Gym and also the existing Creche (which will become the ultimate home of the Corporation Club and these changes will require appropriate licensing and building regulation approval. The group have decided to delay these changes until after they have opened the building.
- Gateshead Active do not currently have registration with the Charities Commission and this could impact on their ability to secure future funding. Failure to achieve this registration could also lead to the Council revoking the lease.

Documentation and Evidence Required, Along with Criteria to be Met.

Business Plan

Should clearly set out the following:

- the organisations aims and objectives,
- governance arrangements – including who trustees are and what experience they bring, what each are responsible for now and moving forward, decision making processes.
- What services are to be provided from the building?
- Staffing structure, with job profiles
- Market analysis
- Partnerships and key relationships for example with any sub-contractors
- The approach being taken to all aspects of running the building/ operation - HR, compliance, community engagement etc (these can be provided in a suite of associated documents with a brief summary if preferred).
- Funding – capital and revenue – what's needed, why and where is coming from.
- Detail on approach to how the long-term strategic maintenance issues will be addressed and detail on the capital investment that will be required.
- Community engagement plan

Financial Forecast

Detailed income and expenditure with explanatory notes to show how each item has been calculated. Detail on all sources of income including grants, start-up capital etc.

Pre-Launch plan – comprehensive timetabled list of what been done so far and what is still left to do – showing which trustee/ director is responsible for delivering which area. A Gant chart would be useful to see interconnections/ inter dependencies – should include community engagement, marketing, recommissioning, fitting out for IT, training etc.

Policies & Procedures

Identification of all the policies and procedures required for the operation of the facility, with all completed prior to any opening of a facility.

Risk register – detailed risk register to clearly show groups understanding of what the risks are, what action is needed to reduce the risk and the implications of not doing this etc.

Council Strategies

How services support/ help deliver Council Thrive Agenda/ Health and Wellbeing Strategy / Physical activity Strategy. Specifically what activities are planned to do this and how will they help achieve these strategies / how will you measure the outcomes.

Opportunities for volunteers, training, apprentices etc. community inclusion, different ages, physical abilities, etc.

Reviews

Groups management meetings to be attended by two officers from the working group to review and assess their approach, decision making process, knowledge and understanding, of the process and responsibilities when the transfer is complete.

Regulatory Arrangements

Details of all premises and entertainment licences required for the planned operation of the building, along with relevant building control requirements and any pre-planning applications.

Sub-Letting Arrangements

Details of any sub-letting arrangements in accordance with the lease.

Charitable Status

Evidence of registration with the Charities Commission or plan to achieve this within six months.