

**KEY DECISION? YES**

**ALDERSHOT LIDO – PROPOSAL FOR OPENING 2021 SEASON**

**SUMMARY AND RECOMMENDATIONS:**

The Council recently awarded a contract to Places for People Leisure to operate the Aldershot Pools Complex for up to a 4 year period starting on 1 April 2021. The contract did not include the operation of the Lido, which was to be considered separately. Having just been presented with the roadmap to end coronavirus restrictions from Government, at their meeting on 23<sup>rd</sup> February 2021, Cabinet committed to investigating the opening of the Lido for the 2021 season. As a result, PFPL produced a schedule of works and some forecast operating costs and income projections.

Historically, the Lido has typically operated at a cost to the Council of between £150-180k per season. The projections made by PFPL are broadly in-line with this, but the nature of the open book arrangement and the cost + model of the contract with PFPL places the financial risk with the Council. Therefore, a good season with minimal restrictions and good weather could see a significantly better financial outcome for the Council and a poor season could be significantly worse

**RECOMMENDATIONS**

Cabinet is recommended to:

Confirm whether the Council should open the Lido to the public for the 2021 season, taking account of the implications as laid out in this report. If Cabinet decide to open the Lido for the season, then Cabinet are further recommended to:

- a. Approve spend of £110k from existing budget to allow for essential pre-season works and maintenance to the facility and for an additional £100k to cover the operation of the facility, based on forecasts.
- b. Enter into an agreement with Places for People Leisure for the operation of the Lido, working with the Council on an open-book basis to optimise the performance of the facility.

## **1. INTRODUCTION**

- 1.1 This report outlines details of a proposed programme to open the Aldershot Lido for the 2021 season following the facility being closed due to Coronavirus restrictions in 2020.
- 1.2 The Council's leisure operator, Places for People Leisure has developed an outline programme for the opening of the facility and after pre-season testing of plant, has recommended that the Council replace certain items of plant that are essential for the operation of the pool having come to the end of their life and as a result of the facility not opening in 2020.

## **2. BACKGROUND**

- 2.1 The Council's Leisure facilities have been run by Places for People Leisure since 2002. These facilities include the Farnborough Leisure Centre and Aldershot Indoor Pools and Lido.
- 2.2 The Aldershot Indoor Pools and Lido (AIP) includes but is not limited to a 25m main pool, 12.5m indoor teaching pool, 50+ station fitness gym, large outdoor unheated lido with 3 water flumes, diving area, paddling pool, 9 acres of parkland, 2 x 3G floodlit football pitches.
- 2.3 In December 2019 the Cabinet agreed to procure a new leisure operating service contract covering the Farnborough Leisure Centre and Aldershot Indoor Pools and Lido complex (Cabinet report OS1915). Procurement began with good engagement from the market and a bidder's day was held shortly before lockdown was announced and the leisure industry closed.
- 2.4 As a result of the extended lockdown, market engagement made it clear that to continue the re-procurement at that time would not provide a good outcome for the Council or the boroughs residents. The decision was therefore taken to cancel the re-procurement programme.
- 2.5 The Council's leisure facilities remained closed for most of the past year due to coronavirus restrictions, requiring an additional £0.5m subsidy and through this time, the Council negotiated a contract with PFPL for the operation of the Aldershot facility only, without the Lido and decided not to reopen the Farnborough Leisure Centre when allowable by Government on 12 April. Instead, Cabinet decided to press ahead with the redevelopment proposals for the Farnborough facility and bring forward that element of the Civic Quarter regeneration.
- 2.6 This decision was taken at Cabinet on 23<sup>rd</sup> February 2021 and at the same meeting, Cabinet committed to investigating the opening of the Lido for the 2021 season

### **3. PROPOSED SCHEDULE OF WORK AND OPERATING COSTS**

- 3.1 PFPL has developed a schedule of pre-season works that are required to adequately prepare the Lido for the season ahead, should the Council choose to open. The schedule is comprehensive and is based on PFPL having managed the facility for a number of years and the company having a good understanding of the technical working of the plant and infrastructure. Some of the more significant activities are listed below:
- 3.1.1 Replacement water circulation pump
  - 3.1.2 Replacement AstroTurf around poolside
  - 3.1.3 Pool tank emptying and refilling
  - 3.1.4 Pool tank repairs
- 3.2 The total cost of the works that are proposed (start-up costs) is estimated at circa £109k, through the open book arrangement with PFPL, the Council will ultimately pay the actual costs associated with the programme, which may vary from this figure. PFPL have a comprehensive supplier selection process, with quality being paramount and prices being competitive. Additional quotes are also sought for the larger items of spend. This process has been shared with the Portfolio Holder, who is comfortable with the processes that are in place.
- 3.3 The running costs for the Lido are well known and predictable (circa £58k per month), which mainly comprises staffing costs (circa £40k per month) with fairly significant energy costs (circa £10k per month) and other costs around maintenance and cleaning.
- 3.4 Income is significantly more difficult to predict as it is dictated to a significant degree by the weather and currently by the level of restriction and public confidence surrounding the coronavirus pandemic. PFPL has forecast for two scenarios (assuming an average season for weather), one is based on no operating restrictions relating to coronavirus and the other is assuming a maximum capacity of 1000. Over the course of a three month season, the expected difference in income is around £50k but could vary more considerably.
- 3.5 The net operating costs for the season are therefore forecast between £162k and £199k depending on the level of income. This figure includes a payment to PFPL for the management of the facility, but all costs will be apportioned to the Council based on actuals, rather than forecasts using a fully open-book approach.
- 3.6 The forecasts from PFPL demonstrate the potential income and costs to operate the facility on a month by month basis from July-September. Given the income potential for September being much lower with schools back, weather less predictable and costs still high, a season starting in July and ending on 5<sup>th</sup> September would reduce the financial risk of running the facility. The detail of the forecasts are included at confidential Annex A.

#### **4. IMPLICATIONS (of proposed course of action)**

##### **FINANCIAL IMPLICATIONS**

- 4.1 The Council has already made sufficient provision within the budget for 2021/22 for maintenance of leisure facilities to cover the start-up costs for the Lido facility.
- 4.2 Should Cabinet decide to open the Lido this year, additional revenue provision will be required of £100k based on forecasts provided by PFPL. Regular meetings will be held with PFPL to ensure that costs are managed effectively and that the financial risk to the Council is minimised. Members will be kept informed of the financial performance of the Lido and any mitigations that have been taken to mitigate additional cost pressures.

##### **LEGAL IMPLICATIONS**

- 4.3 If Cabinet choose to enter into a contract with PFPL for the operation of the Aldershot Lido for the 2021 season, then the basis of the agreement would be on a cost + basis with a fully open book. In this regard, PFPL would be undertaking the service on a risk-free basis and will be paid a management fee for doing so. This places financial risk with the Council and variations in demand will directly impact the level of subsidy required.
- 4.4 The agreement would have to be taken in the light of the contract that is in place between the Council and PFPL for the operation of the Aldershot Indoor Pools facility.

#### **5 RISKS**

- 5.1 If Cabinet choose to open the Lido, the operating risk lies entirely with the Council, but steps will be taken, in partnership with PFPL, to effectively manage these and minimise them throughout the term of the agreement.

#### **6. CONCLUSIONS**

- 6.1 The Aldershot Lido is a much-loved local facility and following the Coronavirus pandemic, has now been closed to the public for almost two years. The roadmap laid out by Government, leading to a restriction-free operation during the summer of 2021 created the opportunity to explore the opening the Lido for the forthcoming season. Based on many years of operating experience, forecasts have been developed for the mobilisation and running costs of the facility along with projections of possible income.
- 6.2 Any agreement with PFPL to operate the facility would be for one year only and should Cabinet decide to proceed with opening for 2021, a full review of the performance of the facility would be undertaken in the autumn to inform any future decisions and budget setting. Additionally, a

survey will be required to ascertain the medium term investment needed to keep the facility running given it's age.

**BACKGROUND DOCUMENTS:**

1. Leisure contract – arrangements from April 2021 – Cabinet 23<sup>rd</sup> February 2021

**CONTACT DETAILS:**

**Report Author** – James Duggin

**Head of Service** – James Duggin, Head of Operational Services,  
[james.duggin@rushmoor.gov.uk](mailto:james.duggin@rushmoor.gov.uk)