

REPORT TO: THE MORAY COUNCIL ON 26 MARCH 2008

SUBJECT: PROPOSED MORAY HYDROTHERAPY POOL AT FORRES

BY: DIRECTOR OF EDUCATIONAL SERVICES

1. REASON FOR REPORT

- 1.1 Following the submission of a Business Plan from the Moray Hydrotherapy Pool Management Committee, this reports asks members to consider the generation of a long-term lease for the siting of a hydrotherapy pool joining on to Forres Swimming Pool and Fitness Centre at Burdsyard Road, Forres.
- 1.2 This report is submitted to Committee in terms of Section E (13) of the Council's Administrative Scheme relating to dealing with the management of indoor and outdoor facilities operated by the Council for recreational, sporting, cultural and social activities.

2. RECOMMENDATION

2.1 It is recommended that Members:-

- (i) **consider the request to enter into a long-term lease with the Hydrotherapy Pool Management Committee for the portion of land adjacent to Forres Swimming Pool and Fitness Centre as the site for the Moray Hydrotherapy Pool.**

2.2 Subject to that consideration, it is recommended that Members: -

- (ii) **agree to the Principal Solicitor (Commercial and Conveyancing) generating draft terms of lease for consideration by members at a future meeting of the Council.**
- (iii) **agree to a draft management agreement being generated for consideration by members at a future meeting of the Council.**
- (iv) **note that Legal Services will continue to explore the viability of submitting a petition to the Court of Session to allow a proportion of the interest from the William Cameron Bequest Fund to be used to underwrite the running costs of the Moray Hydrotherapy Pool.**
- (v) **Notes that if a long-term lease for this facility is approved, the decision is without prejudice to any outstanding planning and building consents required to be submitted by the Moray Hydrotherapy Pool Management Committee or their agents.**

3. BACKGROUND

- 3.1 At the Educational Services Committee meeting on 5 April 2006 (*para 8 of the minute refers*), Committee agreed “in principle, to the siting of a hydrotherapy pool, which will be developed and managed by Moray Hydrotherapy Trust, adjacent to the existing Forres Swimming Pool and Fitness Centre.”
- 3.2 At this meeting, Committee also agreed (*para 8 of the minute refers*), “that the Hydrotherapy Trust be informed that the Council will be unable to make any further commitment to the project until the Business Plan is fully developed, that there is evidence of secure and adequate revenue funding and that any support is without prejudice to thorough investigation of all planning and other issues associated with the proposal.”
- 3.3 With the intention of securing further commitment from the Council, specifically in relation to securing a long-term lease for the site of the proposed hydrotherapy pool and a management agreement, the Hydrotherapy Pool Management Committee submitted a Business Plan and Appendices to Officers at the end of April 2007.
- 3.4 The Business Plan outlines a proposal for a blockwork and steel constructed facility with an overall footprint of 180 square metres joining on to the north east wall of the Forres Swimming Pool and Fitness Centre. The construction costs of the project have been outlined in the Business Plan as £412,500 (including plant and equipment). Springfield Properties Ltd have committed £204,800 towards this project as a charitable donation and have also undertaken to meet any increase in costs due to inflation resulting in a delay to this project.
- 3.5 The Moray Hydrotherapy Management Committee has also committed £207,700 towards the construction costs of the project. To date, the Management Committee has confirmed that £225,000 has been raised through public donations and through fund raising activities.
- 3.6 No request has been made in the Business Plan for any financial contribution from the Council in relation to the capital and revenue costs.
- 3.7 Since receiving the Business Plan, Council Officers met to discuss the proposal and requested additional information from the Hydrotherapy Pool Management Committee to assist in clarifying a range of outstanding issues (Copies of the Business Plan are available from the Members’ Library).
- 3.8 With the co-operation of representatives from the Hydrotherapy Pool Management Committee, many of these issues have now been addressed. However, Officers remain concerned that the Business Plan does not provide sufficient reassurance that secure funding for this facility is in place to ensure its sustainability over the medium to long term. As a consequence, the Council could be placed under pressure to meet any running deficit.

3.9 Details of these concerns together with the potential options proposed by the Management Committee to minimise this risk are outlined below.

3.10 Running Deficit

3.10.1 After year 3, the Business Plan has identified an annual running cost of £66,100 and a running deficit of £2,900. Officers consider that the projected income and expenditure costs cannot be accurately verified and therefore the relatively small deficit could, in reality, be substantially higher. In particular, some of the principle areas of concern are income, energy, servicing & repairs and insurance. These are outlined below.

- **Income**

Until the facility is operating, the income can only be estimated based on experience of similar facilities. Whether these estimates will be reflected in the actual operation will become clear once the facility is operational.

- **Energy**

Members should be aware that the cost of heat, light and power cannot be accurately projected in the current global market where costs are predicted to increase dramatically in the next 5 years. The management committee's cost estimate of £9,000 towards the energy costs of this facility could therefore be inadequate.

- **Servicing & Repairs**

Property Services have advised that further information is required in relation to the budget allocation for legionellosis risk management and other legislative servicing work requirements. The management committee's allocation of £1,500 towards these costs as well as a further £1,500 for repairs and maintenance are considered insufficient to meet this cost.

- **Insurance**

An allocation of £2,000 to cover the insurance costs has been identified in the Business Plan. The insurance costs are not however known and could vary depending on any future accident occurring at the hydrotherapy pool or other operational incidents.

3.10.2 The cumulative effect of these additional costs, and uncertainty regarding income, could mean that the actual expenditure for this facility would be significantly higher than identified in the Business Plan. This would result in the Hydrotherapy Pool Management Committee being faced with the prospect of meeting a significant year-on-year funding shortfall.

3.10.3 As a means of addressing this possible running deficit, the following options were explored.

- **Funding Contribution from NHS Grampian**

In light of the health benefits to be derived from this facility, the Hydrotherapy Pool Management Committee formally contacted NHS Grampian with the view of securing an annual funding contribution. Officers have been advised that an annual contribution of £3,000 (cash) has been secured from NHS

Grampian. Officers are, nevertheless, of the opinion that this level of commitment will be insufficient to meet an ongoing revenue deficit.

- **William Cameron Bequest Fund**

The William Cameron Bequest Fund is a trust fund established to support residents of Auchernach Home in Forres. The care home has subsequently closed and there is currently no legal authority for the payment of any funding from this trust. Although the disposable income generated from this Fund has been estimated in the region of £11,000 a year, the Council's Senior Solicitor (letter available from the Members' Library) has advised that using the Fund to support the hydrotherapy pool will be complex and would require a petition to be submitted to the Court of Session in Edinburgh. The successful outcome of the petition cannot be guaranteed and would depend on the Court being satisfied that adequate consideration has been given to alternative uses, closer in character to the original bequest, have been undertaken.

- **Additional Income Stream**

The Hydrotherapy Pool Management Committee has indicated that maximising the use of the hydrotherapy pool for other activities when not required for therapy sessions could provide an additional funding stream. Representatives from the Management Committee have noted that Lochaber Hydrotherapy Pool estimate that they can generate over £20,000 from running mothers and toddlers sessions. Any additional activities promoted within the hydrotherapy pool would need to be complementary to and not compete with the existing Forres Swimming Pool.

3.10.4 Whilst there are financial risks associated with this proposal, the provision of a hydrotherapy pool will bring a number of health benefits to Moray.

3.10.5 In considering the above options, members should also consider the significant health benefits that this facility will bring to Moray.

3.10.6 The Business Plan states that "statistical evidence obtained from GP practices in Moray reveals that over 10% of patients suffer from conditions that could benefit from hydrotherapy, the largest proportion being those with osteoarthritis and backache. 10% across Moray would mean 8,675 people".

3.10.7 Although it is expected that the Pool would be largely used by the over 60's age group, the facility will benefit people all ages who suffer from arthritis, rheumatoid arthritis, osteoarthritis, rheumatism, stroke, Parkinson's disease, poor blood circulation, multiple sclerosis, motor neurone disease, cerebral palsy, sports and work related injuries.

3.10.8 Furthermore, members will be aware of the substantial community support for this project and the significant amount of fund raising undertaken by supporters of the Moray Hydrotherapy Pool.

3.10.9 Taking all of these facts into account, whilst acknowledging the potential financial risk to the Council, members are asked to consider entering into a long term lease with the Hydrotherapy Pool Management Committee for the

portion of land adjacent to Forres Swimming Pool and Fitness Centre as the site for the Moray Hydrotherapy Pool.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

This report is consistent with the objectives and aspirations of the Moray Community Plan (2006-2010), Joint Health Improvement Plan (2008-2012), Living an Active Life-Physical Activity, Sport and Health Strategy for Moray (2007-2012).

(b) Policy and Legal

There are no policy or legal implications directly arising from this report.

(c) Resources (Financial, Risks, Staffing and Property)

Financial

- 4.1 It is proposed that the lease of land will be provided at a peppercorn rent. The value of the lease is still to be determined and will be identified in a future report to Council if approval to proceed is given.

Risk

- 4.2 There is a risk to the Council in deficit funding the operation at some point in the future. The risks associated with the income and running costs are described in section 3.10 of this report. The facility will be adjacent to the Council Swimming Pool (including shared plant and changing facilities) and, as such, the Council will be under significant pressure to meet any future shortfall in operating costs.

Staffing

There are no staffing implications directly arising from this report. However, the future management agreement will need to address Council staffing issues and access rights to the swimming pool changing facilities by users of the hydrotherapy pool.

Property

On 20 February 2008, the Environmental Services Committee agreed to approve the planning application for the hydrotherapy pool subject to the submission of a satisfactory Noise Impact Assessment, the successful outcome of on-going discussions between the applicant and the Council's Transportation Section with regard to car parking provision. These matters will require to be resolved prior to the issue of any formal decision notice.

Hydrotherapy Pool representatives have informed Officers that they are aware that the outcome of the planning application will not prejudice any future decision made by this Committee in relation to the Business Plan.

(d) Consultations

In preparing this report, consultations have been undertaken with the Chief Financial Officer, Senior Solicitor, Sports Facilities Manager, Head of Estates Services, Property Manager, Principal Planning Officer, Educational Resources Manager, Educational Services Senior Management Team and the Chief Executive.

5. CONCLUSION

The development of the Moray Hydrotherapy Pool, joining on to Forres Swimming Pool and Fitness Centre will represent a risk to the Council. The new facility will, nevertheless, provide benefits to the local community and Members will need to balance the benefits and potential risks in deciding whether or not to approve the lease of land for this facility.

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Background Papers: Contained within the Educational Services File
Ref: DMD/JR/Reports/Ed Soc/9 April 2008/ Proposed Moray
Hydrotherapy Pool at Forres.