



Energising Cowley with the Temple Cowley Pools Community Development

Clarifications to our Proposal
from
SaveTCP community interest company
October 2014



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Introduction

Oxford City Council has asked for a number of clarifications regarding the community bid to take over operation of the site in Temple Road, Cowley, known as Temple Cowley Pools. This document is the community's response to these requests for clarifications, a response to the emails from D Ashworth to N Gibson (15th and 16th October 2014) and the meeting on 20th October 2014 between J Winfield and D Ashworth representing Oxford City Council and members of the SaveTCP community interest company.

The document layout comprises this introduction, an overview section describing a revision to the general narrative and then the clarifications themselves along with additional relevant information.

SaveTCPcic and the community we represent would welcome any further discussion about these clarifications or any other aspect of our proposal to retain and operate Temple Cowley Pools.

For all correspondence in relation to this clarification document, please contact:

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Overview

Oxford City Council has required that we present a single preferred option. In order to do this we have made a number of assumptions which we would seek to clarify and validate at the earliest opportunity.

Key Revisions

- Temple Cowley Pools will operate continuously as a health and fitness facility from Day 1 – TUPE provisions are likely to apply
- Temple Cowley Pools will continue to operate in a way to be agreed with Fusion and Oxford City Council while due diligence, TUPE consultation and a pre-contract take-on activities are complete; we are assuming this period will be from when Temple Cowley Pools is scheduled to close (current public information early 2015) to end of March 2015
- Transfer of operation to SaveTCPcic from the start of April 2015
- Temple Cowley Pools will remain open to the public during any rebuilding works
- Oxford City Council will retain the freehold of the site, while the centre is operated on a 125 year lease at a peppercorn rent
- Continuous improvement programme that minimises impact on operation of the health and fitness facility and supports increase in footfall
- Viable operation of health and fitness centre not dependent on residential housing construction
- Residential housing construction enables development of new dryside facilities. Timetable for this decoupled from health & fitness centre operation.

Timeline

Nov/Dec: City Executive Board approves proposal

Dec 2014/Mar 2015: Due diligence, TUPE consultation, pre-contract take-on activities

- Agreement with Council – partners, operating models, funding, acceptance criteria, commercials
- Due diligence – building physical condition, feasibility checks
- TUPE consultation
- Development – partner confirmation, design refinement

Apr 2015: Transfer – from Fusion operation to SaveTCPcic

Initial operation

- immediate cost savings – air conditioning, pool covers, power matching
- immediate improvement – diving pool back in use
- marketing to drive uptake – events, offers

2015/2016:

- plant renewal – rolling refurbishment/replacement filters, pumps, air handling unit

2016/2017: Site development

- Centre business as usual
- Market housing for off-plan sales
- Redevelop site

What we will do

- Run health/fitness centre with leisure operator partner
- Redevelop dryside facilities
- Construct approx. 17 flats (1,2,3 bedroom) with housing association

Funding

- Initial Feasibility grants (for example, SIB)
- Startup funding – private donations/investment
- Refurbishment funding - grants
- Rebuild funding – housing association/off-plan sales
- Profitable revenue generation for sustainability

Facilities we will deliver

25m competition swimming pool	Diving pool with springboard, 1m & 3m boards
Learner pool	Jacuzzi
Flumes	Café
Community room/catering/creche	2 x Therapy rooms
Exercise studio	Gymnasium
Sauna/steam room suite	Community garden

Complementary Services

- Community Health Hub – social prescribing
- Drop-off delivery point
- Community internet provision – wifi, computer access

Major Clarifications

Funding Sources and Grants

Can you please explain all funding sources and grants set out on pages 8 and 19. Can you provide evidence of the availability of this funding in the form of a letter or accounts from the funding sources.

Page 8 of our proposal references the following:

- Initial Feasibility grants
- Startup funding – private donations/investment
- Rebuild funding – housing association/off-plan sales
- Profitable revenue generation for sustainability

Each of these are considered in turn as follows

Initial Feasibility grants

The Social Investment Business Group (SIB) offers both pre-feasibility (up to £10,000) and feasibility (up to £100,000) grants. These were previously unavailable to the community project as housing construction was a key initial element, and thus did not qualify for this type of grant. However, while still a key element to the community's development strategy, the initial phase focuses solely on taking over the operation of Temple Cowley Pools, and we would therefore be eligible. Written confirmation is not available at this time.

Startup funding – private donations/investment

The financial model supporting our current proposal requires startup funding to cover the costs of transfer operation and initial works. The maximum we anticipate needing is:

- TUPE transfer costs - £100,000
- Interim centre operation (covering Fusion losses Jan-Mar 2015) - £53,000
- Miscellaneous services (legal, financial, surveys, certification, insurances, IT prep) - £80,000
- Maintenance/refurbishment works:
 - Power matching/rigid pool covers - £20,000
 - Air conditioning – £20,000
 - Diving pool - £40,000
 - Gym equipment - £70,000
- Contingency (for example to cover any loss during first months of operation) - £117,000

Total : £500,000

As stated previously, we have a private donor who can cover these costs but who at present wishes to remain anonymous. This presents a difficulty in responding to your clarification request.

However, other sources of funding are available, confirmed for this type of community proposal:

Sport England Inspired Facilities Fund

- for a lease of over ten years, up to £75,000

- the Council could assist the community by working with us to apply for matched funding – up to £150,000 available

Community First Fund

£30m is available nationally through the Neighbourhood Matched Fund. Every council ward in the UK is entitled to matched funding, the value based on a deprivation index. Blackbird Leys and Rose Hill have received just under £34,000 each, and there is no reason to think that Cowley Marsh (the ward in which Temple Cowley Pools is situated) could not achieve a similar award. The community match funding can be a combination of donations of cash, services, free products or volunteer time.

National Lottery

There are several grant schemes that apply to SaveTCPic for up to £500,000, specifically targeted at health, well-being, fitness, children/young people, older people, disabled people, play, recreation and sports – precisely the areas being targeted by through this community proposal. The various grant schemes are:

- Reaching Communities (building and community-driven projects)
- The People’s Millions
- Awards for All

Rebuild funding – housing association/off-plan sales

Further to the information you provided at our meeting on 20th October, concerning the notification of a preferred developer, we have re-engaged discussions with a Housing Association to revalidate the principles of our original proposal.

The timing of this phase has moved to development of plans/planning approval during 2016, with building work taking place in 2017; and while development of new facilities is vital for re-energising the community and providing much-needed housing, it is independent of a financially viable operation of the health and fitness centre.

Established principles are:

- Housing Association will provide all funding for building work, and will then operate their proportion of the housing units for social housing.
- Housing Association will operate all housing as a single block
- Sale of private housing will provide:
 - Margin payback to Housing Association (for upfront building costs) – this will be minimised by asap off-plan sale and cash payments
 - Additional revenue to fit out community/dryside areas
 - Pay back any loans from private individuals (or other sources, assuming a worst case that we require additional funding up to this point this provides an additional contingency)

Profitable revenue generation for sustainability

Based on the direction provided by the Council at our meeting on 20th October, and the assumptions we have used in developing a financial plan (see elsewhere in this document), the operation of the health and fitness centre will generate a surplus.

We can find no reference to funding or grants on page 19 of our proposal.

Additional Funding Sources

In preparing the proposal and supporting financials we examined a variety of commercial funding mechanisms, from 'traditional' bank/finance institution loans (too expensive for a community organisation) to more recent sources such as crowdfunding (mostly small values with expected returns).

The following remain possible sources of funding should the need arise:

- Specialist lenders to community enterprises; examples include the Charity Bank, the Co-operative Bank, Unity Trust Bank, Co-operative and Community Finance.
- Joint social enterprise with community builder (for example, Coin Street Community Builders in London)
- The Bernard Sunley Charitable Foundation
- Renewable Heat Incentive 0845 2002122 or rhi.enquiry@ofgem.gov.uk
- Selling shares (the SaveTCPic would need to be replaced by an appropriate commercial vehicle)
- Public sector body grants, for example Regional Development Agencies, sports foundations or charitable trusts.
- Community Development Finance Institutions

Any or all of these potential funding sources may be explored as suitable mitigation to financial risk if and when they become necessary.

Site Ownership

Can you please explain how the option to buy the freehold of the site on page 19 will operate. Please set out how the site will be valued and the payment profile.

Having discussed this area further, we are proposing the following approach:

- Long lease of 125 years at a peppercorn rent of £100 pa – this is essentially a Community Asset Transfer
- No option to buy the freehold – as a community asset, the land will remain in public ownership
- Surplus return to the community – once in full operation, our forecast shows that a minimum of £50k pa will be available for this purpose
- The overwhelming value of the site is what it represents to the community

The advice we have received is that the site sold as seen (with the health and fitness centre in situ) and for the same continued purpose of health and fitness facility operation has zero commercial value.

We remain completely open to discussion on leasing arrangements, particularly if this can assist Oxford City Council in managing risk. For example, we could consider an initial 5 year lease during which time we demonstrate successful operation of the centre, deferring the rebuild operation.

An example of how successful such as approach has been elsewhere in the UK is at JesmondSwimming Pool, described in the following case study:

CASE STUDY: JESMOND SWIMMING POOL

WAS ORIGINALLY BUILT IN 1938 AT A COST OF £20,391 AND WAS CLOSED IN 1991. THE CLOSURE WAS FOLLOWED BY SIT-INS AT THE POOL BY LOCAL RESIDENTS. PRIOR TO THIS THE **CITY OF NEWCASTLE COUNCIL HAD CARRIED OUT A STRATEGIC REVIEW OF ITS FACILITIES AND, AIDED BY SPORT ENGLAND'S FACILITY MODELLING HAD ARRIVED AT THE CONCLUSION THAT THERE WAS OVER PROVISION OF WATER SPACE.** AT THE TIME, JESMOND WAS THE THIRD BEST FINANCIALLY PERFORMING POOL BUT IT WAS FELT THAT JESMOND USERS COULD READILY TRANSFER TO OTHER POOLS. THE JESMOND SWIMMING PROJECT, FORMED 23 DAYS BEFORE THE CLOSURE OF THE POOL LED THE RESPONSE FROM THE COMMUNITY.

INTENSE PLANNING AND PREPARATION TOOK PLACE AND IN DECEMBER 1991, THE FOUNDATION FOR SPORTS AND THE ARTS AWARDED A GRANT OF £50,000. THIS LED TO THE POOL RE-OPENING IN 1992 UNDER COMMUNITY MANAGEMENT. IN 2002 JESMOND SWIMMING POOL WAS AWARDED THE RUNNER'S UP PRIZE IN THE NATIONAL SOCIAL ENTERPRISE AWARDS AND WAS QUOTED AS AN EXEMPLAR AT THE LAUNCH OF THE NORTH EAST SOCIAL ENTERPRISE ACTION PLAN. INITIALLY THE TRUST WAS GRANTED A 5 YEAR LEASE ON THE BUILDING. THE SECOND LEASE WAS FOR 25 YEARS, THE CURRENT LEASE IS FOR 99 YEARS. THE COUNCIL OWNS THE SITE AND THE TRUST OWN AND OPERATE ALL FIXTURES AND FITTINGS IN THE BUILDING

ONE OF THE BIG BARRIERS HAD BEEN IN CONVINCING THE COUNCIL THAT THE NEW ENTERPRISE HAD A FUTURE BUT, ALMOST IMMEDIATELY, INCOME STARTED TO OUTSTRIP EXPENDITURE.

Revenue & Costs

On page 19 you refer to a surplus to be shared with OCC can you please show the assumptions you have made in the calculation of this surplus. Please clearly set out all expenditure against income and provide a cash flow that demonstrates how the pool will remain viable over the next 5 years and during construction, having taken into account servicing the debt, utilising the contingency (page 30) and competition from other leisure facilities.

As described in more detail elsewhere, we are assuming that our proposal includes a Community Asset Transfer with continuous operation. As such we believe that TUPE will apply to all existing employees at Temple Cowley Pools. The consequences are that because of the requirements of the TUPE process, it will not be legally possible to simply transfer operation on the planned closure date as published of early 2015 (we are assuming January). See Additional Information section for more details of the proposed timetable and likely activities.

Interim Operation

So in compiling an income/expenditure forecast we have assumed that the centre will continue operation between the planned closure date of 31st December 2014 and 31st March 2015.

We are assuming that the centre will be operating on substantially the same income/expenditure as reported by Fusion in previous communications, the following being for the full financial year of 2013/14:

Income	
Memberships	415,200
Classes & Courses	17,600
Swimming - Swim	140,200
Swimming - School	91,900
Activities - Junior	600
Activities - Outdoor	5,000
Misc/Other Income	24,800
Total Income	695,300

Expenditure	
Staff Related	544,200
Stock etc.	4,200
Consumables	17,400
Promotions	9,700
Cleaning	37,200
Equipment	40,000
Repair & Renewal	300

PPM Premises	61,300
Administration	41,900
Overheads	10,100
Finance Costs	76,500
Finance Costs?	7,200
Irrecoverable VAT	55,000
Total Expenditure	905,000

Surplus/(Deficit)	-209,700
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We would wish to make some immediate changes during this period that would both reduce costs and increase income; income is also likely to increase disproportionately because of the seasonal fluctuations in leisure centre use (the start of year being a period of higher expected income), but nevertheless we assume a worst case pro rata loss over the three months of £53,000. This loss, along with related mobilisation costs, is covered by the startup funding explained elsewhere in this document.

Having taken over operation of the centre in April 2015 we make the following projection:

Income	2015/16	2016/17	2017/18	2018/19	2019/20
Fitness	360,000	432,000	540,000	648,000	666,000
Swim Lessons	107,712	146,880	195,840	293,760	306,000
Swimming	145,000	150,000	150,000	150,000	150,000
Café	5,000	30,000	30,000	30,000	40,000
Vending	18,000	20,000	20,000	20,000	20,000
Retail	20,000	20,000	30,000	30,000	40,000
Other	25,000	30,000	30,000	40,000	50,000
*Total Income	680,712	828,880	995,840	1,211,760	1,272,000

Expenditure	2015/16	2016/17	2017/18	2018/19	2019/20
Staff Costs	382,642	455,884	547,712	666,468	699,600
Utilities	69,571	82,888	99,584	121,176	127,200
Maintenance	90,443	107,754	129,459	157,529	165,360
Marketing	10,436	12,433	14,938	18,176	19,080
Partial Exemption	20,871	24,866	29,875	36,353	38,160
Other Costs	69,571	82,888	99,584	121,176	127,200
*Total Expenditure	643,534	766,714	921,152	1,120,878	1,176,600

*Surplus/(Deficit)	37,178	62,166	74,688	90,882	95,400
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Assumptions

In the absence of information concerning the existing usage at the centre (footfall analysed by subscription/walk-up/concessions/activity), the five year projection has been based on the figures which are available from Fusion combined with experience of operating other similar centres.

Income Assumptions

- Do not factor in the timing of the gym investment project delivery and/or any associated business interruption/impact on other activities
- Fitness
 - £30/month membership
 - Grow from 800 members (Year 1) to 1,850 (Year 5)
- Swimming Lessons
 - £20.40/month (£5.10/lesson)
 - Grow from 440 pupils (Year 1) to 1,250 (Year 5)

Expenditure Assumptions

- Excluded from this projection
 - Contract Support Costs
 - Depreciation & other financial charges
 - Legals
 - NNDR Rates
 - One-off contract start-up costs of mobilisation:
 - Pre-launch campaigning to ensure continuity & maximise awareness
 - Demographics
 - Data cut and/or membership migration from Fusion
 - Benefits potentially deriving from delivery of invest-to-save environmental projects
 - Dilapidation Surveys
 - Backlog maintenance and repairs/reinstatements e.g. gym air conditioning, ozone generator, corrosion issues, etc.

for consultation in transfer of staff from one organisation to another

Competition from Other Leisure Facilities

We do not believe, based on our consultation with the public over the last five years that successful continued operation of the Temple Cowley site there will be adversely affected by the current and envisaged competition. 25,000 signatures on 8 petitions over this time bear testament to the support for keeping the centre open, along with the consistent positive feedback to our plans over the last six months. In addition, as the Council is aware, nearly 300 letters and emails of support have been received specifically supporting this community proposal to take over operating the centre.

Independent research as described in our proposal indicates clearly that there is a huge untapped market of people who will address their issues of health and fitness by taking more exercise given the right conditions. Two key conditions are availability of exercise opportunity and location (distance and time taken to travel). If the Council closes Temple Cowley Pools then the research indicates that we can expect an increase in obesity and related health issues such as Type II diabetes, increased costs to both City and County Councils and an increase in crime.

The research work included in our proposal demonstrates the areas that are accessible to both Temple Cowley Pools and the new Blackbird Leys swimming pool. There is no overlap between the two catchment areas with regard to the Council enacted policy that the preferred mode of transport to a leisure centre is through walking. If Temple Cowley Pools closes the population in the area will either not go as frequently to another location or not go at all, because of additional time and expense.

Accommodation

Can you please provide a schedule of accommodation including gross floor areas and net saleable areas. Your assumption of the values for each unit would be very helpful. If this is not possible the sales values £per sqft/£persqm would be acceptable. Additionally if you could allow us to have a copy of your valuation model and cash flow, this would help our understanding of your bid.

The layout of accommodation was developed as a way of demonstrating the potential building massing and street scene; this provided for a minimum of 17 flats, along with construction of the community area, exercise studio, treatment rooms, gym, café and changing areas. There is scope for additional housing of a format to be agreed. Assuming that only the current format is achieved, then approximate areas are as follows:

3 x 3 bedroom flat average area is = 104msq, Total: 312msq

5 x 2 bedroom flat average area is = 75msq, Total: 375msq

9 x 1 bedroom flat average area is = 66msq, Total: 594msq

Total estimated net saleable area = 1281msq

Estimated gross areas are:

3rd floor: 568msq

2nd floor: 790msq

1st floor 1044msq

Ground floor (without existing swimming pool area): 1053msq

Basement (estimate): 320msq

TOTAL: 3,775msq

Grd floor with existing swimming pool area: 2557msq

TOTAL: 5,279msq

All these areas are provisional and can only be confirmed when further site investigations have been taken.

Additional Information

This section contains supplementary information to assist in understanding our proposal revisions, in particular what needs to happen during the Interim Period (Jan/Mar 2015).

Interim Period Operation

The following is an indicative mobilisation plan of activities necessary in the run-up to taking over the operation of Temple Cowley Pools in April 2015, developed with input from Active Nation as leisure operator partner, and subject to change as more information becomes available or particular proposals agreed. Given the time available to respond to these clarifications it is necessarily high level. More detail can be provided on each point.

Week #	Dates	Initial Engagement	Mobilisation Task Milestone(s)	
1	December 2014	<ul style="list-style-type: none"> Mobilisation Project Communications Structure(s) and Protocols Agreed Staff Consultations & Presentations 	<ul style="list-style-type: none"> Active Nation Mobilisation Team 'Ready to Go' Start Contract Manager Recruitment Agree Communications Plan Conclude ICT and Technical Surveys Commence Stakeholder Consultation Staff Introductions and Start Engagement 	
2				
3				
4				
5				
6	January 2015	At Contract Handover:	Contract Manager Appointed and Inducted as an integral member of Mobilisation Team for Contract Handover	
7		<ul style="list-style-type: none"> 10.5 Week Period Protocols for Stock Check, Advanced Income and Site Security in place 	<ul style="list-style-type: none"> Councils Web page(s) connected and routing online enquiries to Active Nation Insurance liabilities identified and cover in place Health and Safety System Start-up and Migration Action Plan agreed (with training needs analysis complete) 	
8				
9				
11		February 2015	<ul style="list-style-type: none"> Hazard and H&S Reporting Protocols in place 	<ul style="list-style-type: none"> Payroll and Pension migration Action Plan agreed 'Go-Live' Launch Plan defined & ready for delivery
12				
13				
14				
15		March 2015	<ul style="list-style-type: none"> Financial and BACS database complete 	
16				
17				
18		Contract Commencement:	Service Priorities and Financial Objectives Clearly Known and Understood >	
19	April 2015	<ul style="list-style-type: none"> High (visibility) level of ICT Support Campaigning and Supporter Teams Re-Trained and 'Tooled' for Success 	<ul style="list-style-type: none"> Discovery Weekends and Supporter Interaction/Referral Targets Launched & Monitored Local Leadership Team(s) supported and briefed on weekly basis Operational Service Systems have agreed Action Plans for integration and audit 	
20				
21				
22				
23				
24				
25	May 2015			
26				
13	June-August	Full operation	<ul style="list-style-type: none"> Mobilisation Audit and Review 	

Weeks	2015	Exercise Experience Optimisation – Gym Investment & Group Exercise Launch	<ul style="list-style-type: none"> ▪ Supporter and Staff Survey ▪ New Financial Year Business Planning Completed
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The mobilisation plan includes specific tasks for each of the following areas:

- Health & Safety
- ICT
- Finance
- Service Quality
- Campaigns & Communications
- Technical

There are also priority ‘pinchpoints’ that provide a focus during mobilisation:

Health & Safety

Testing, Compliance & Certification Records for Temple Cowley Pools as a property. We would request receipt of the following documents, as a minimum, as part of the due diligence and service transfer process:

- Valid IEE Periodic Test/Inspection Certificate
- Valid IEE Emergency Lighting Test Certificate
- Fire Prevention Officer Certificate (if applicable)
- Water Risk Assessment Documentation
- Asbestos Register
- Portable Appliance log book and/or schedule of the last cycle of testing
- Gas Safe soundness certificates
- Lift Installations Insurance Inspection Reports (LOLER compliance)
- Assistance Alarm certificates
- Fire Extinguisher Service records
- Insurance Inspection Reports
- TM44 Inspections & F-Gas Regulations (air conditioning)

Employee Qualifications & Training

- RLSS UK National Pool Lifeguard Qualifications & Training Records
- First Aid at Work Qualifications
- AED (Automated External Defibrillator) Qualifications & Training Records (if AED is already provided)
- Disclosure & Barring Service (DBS) checks (previously CRB checks)

Inventory

You have supplied a current inventory – we would need to validate that list, and the condition of each item to assess the potential for reuse as part of the due diligence activity.

ICT

Early access would be needed to identify site needs, both for staff/centre use but also for the provision of public internet access.

Membership Management

As a community operation complementing the Council Leisure Services, we would expect and anticipate full co-operation to ensure an optimised end-user experience. As far as possible we would wish to continue to operate on the same admission fee scheme as currently in operation. We would expect a membership data cut to be made – enabling the transfer of memberships (BACS) – any prepaid amounts, monthly subscriptions, Slice Card credits. Also usage by members registered at other centres.

Backlog Maintenance

A full survey will be necessary and we would wish to discuss any aspects where we feel the Council should provide remedial work prior to takeover.

Business Continuity

We will work with existing service contracts already in place locally e.g. refuse removal, mechanical & electrical plant maintenance. As part of due diligence process we will review for value for money, appropriate ethical/standards compliance, and novate as/where appropriate. We view Management of Utilities, Alarm Systems (Fire Protection, Intruder & Other Security) and Swimming Pool Water Conditions as service critical transfer issues.

TUPE

The following areas are of particular importance

Active Nation has experience of transferring services from other contractors and has incorporate lessons learned, especially around the critical importance of:

- Employee qualifications and training at the point of transfer (and associated records)
- Employee work patterns e.g. Lifeguard resources
- Employee pay, terms & conditions details
 - Original Council Contracts
 - Fusion Contracts
 - Sessional & Self Employed arrangements

Our understanding is that TUPE will apply to Temple Cowley Pool's service transfer i.e. employees of Fusion would automatically become employees of SaveTCPcic or their subcontractor. Their terms and conditions of employment would be protected. We would wish to have more information relating to the Cleaning Service Contractor referenced by Fusion.

TUPE regulations require appropriate disclosure of information, in particular:

- **Disclosure of Employee Liability Information** – there is a need for accurate, up to date and secure data (including payroll details). This information must be provided not less than 28 days before the transfer.
- **Information and Consultation** - the need for outgoing and incoming employers to inform/consult with employees. This includes the need to provide written information about

the fact the transfer is going to take place, when and why; together with any 'social, legal or economic' implications for the affected employees, including risk of redundancies.

SaveTCPcic would welcome further discussion relating to this area, or any other aspect of our response.

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