

Subject: Strategic Review of Leisure

Status: For Publication

Report to: Cabinet

Date: 18th October 2006

Report of:

Head of Community and Partnerships

Portfolio

Holder: Community and Partnerships

Key Decision: YES

Forward Plan
Relevant Box

General Exception

Special Urgency

"X" In

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to inform members of the findings of the strategic review of leisure which has been ongoing since March this year.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *Embedding our Customer Promise (Customers)- through delivering improvement in facilities and a better user experience.*
- *Delivering the District Vision (Partnerships) – through contributing to improving the general health and well being of the Borough's population.*
- *Improving Leisure Facilities in the Borough (Culture)- through potentially leveraging in investment into facilities.*

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 There is a risk that by failing to act the Council may face issues around the stability of the leisure economy in the Borough.

4. BACKGROUND AND OPTIONS

- 4.1 The review was commissioned to look at the provision of leisure in Rossendale in light of the actual facilities being provided, and the two separate trusts which are currently receiving funding for managing facilities within the Borough.

- 4.2 Rossendale has relatively high levels of ill health deprivation and ensuring that we are providing the appropriate leisure facilities can contribute significantly to the health and well being of the communities of the Borough.
- 4.3 In 2006/7 Rossendale Borough Council has budgeted to spend £876k on leisure including indirect costs, property costs and capital charges retained by the Council, which account for just less than half the total..
- 4.4 The Cabinet at its meeting on 26th January this year resolved as follows in relation to proposals by Rossendale Leisure Trust to improve facilities at Haslingden Sports Centre supported by prudential borrowing.
1. That the Cabinet support proposals to develop facilities at Haslingden Sports Centre as set out within the Trust transfer documentation and Partnership Delivery Plan agreed in May 2004. and through the adoption of the Trust's three year business plan, as agreed by the Council in November 2004.
 2. That the Cabinet recommends to the Full Council in principle agreement to borrow under the Prudential Code, or by way of guarantee, to a maximum of £1.2 million, in support of the redevelopment scheme, subject to a full review of leisure provision in the Borough. The detailed contractual issues around this being delegated to the Heads of Finance and Legal and Democratic Services in consultation with the Leader of the Council and Portfolio Holder for Finance and Risk Management.
 3. That the cost of servicing of the Prudential Code borrowing be met through a corresponding reduction in the Trust's support grant over the full term of the loan period.
 4. That the Council secure technical advisers to oversee any building project in order to protect the Council's interests in terms of the cost and quality of the final building.
 5. That the project be categorised as a B2 risk within the Council's strategic risk register.
- 4.5 Following this PMP were appointed through competitive tendering to undertake the review referred to in point 2 of the above resolution, looking at three aspects of the provision of leisure in the Borough:
- The context of current supply and demand
 - An assessment of Rossendale Leisure Trust
 - Options for future delivery
- 4.6 Key findings of the first two stages of the work are:
- i) There are low levels of participation in sport and physical activity across the Borough coupled with relatively high levels of ill health

- ii) Rossendale is towards the bottom quartile across England for access to quality facilities and satisfaction with provision
- iii) there is need to:
- build on strengths such as the network of open space and green space to deliver informal leisure opportunities
 - address poor facility provision
 - focus and building on popular activities with regular participation profiles (swimming, fitness etc)
 - consider the re-allocation of resources to provide a better balance between facilities, activities and open space.
- iv) There is a general recognition that the facilities are in a poor condition and consequently a significant risk of deterioration in financial performance
- v) Despite the age and overall condition of the leisure facilities, RLT are managing to maintain relatively good standards of cleanliness and repair
- vi) The relationship between the Council and the trustees and senior management of RLT is relatively strong and has improved significantly in the last twelve months, particularly under the direction of the new Council Chief Executive
- vii) The senior management of RLT are clearly ambitious and enthusiastic in respect of the future of leisure provision in Rossendale. There are numerous examples of RLT striving to improve and expand this provision to the benefit of the local community
- viii) The Board of trustees of RLT comprises a broad range of expertise, including significant experience in commercial and technical sectors
- ix) The senior management of RLT have proactively addressed the issue of sickness absence amongst the leisure staff.
- x) From a staff perspective, “life is much better” under RLT management. Staff have gained benefit from a sense of empowerment, additional focus and greater opportunity for innovation
- xi) Generally, the performance of the facilities falls in the top two quartiles for most of the relevant performance indicators
- xii) Whilst the revenue performance of the RLT-managed facilities is in line with the relevant benchmarks the ageing condition of the facilities and the current lack of investment into the facilities represent a significant risk to future income and expenditure performance
- xiii) RLT has undertaken a satisfactory job in its first two years of operation and it appears to be an organisation driven by energetic

and experienced senior management with significant support from relevant stakeholders. Clear progress has been made in regard to a number of the Council's stated objectives (e.g. governance and relations with the Council, management and staffing, performance management, financial management), but other priority areas have not yet been successfully addressed (e.g. capital investment, marketing and communications, external funding, facility action plans)

- xiv) RLT is under significant financial pressure and, whilst efforts have been made to maximise income and minimise costs, the longer-term sustainability of RLT is still under threat and depends significantly on ongoing financial commitment from the Council and investment into the facilities.
- 4.7 All the above conclusions would support investment into leisure facilities both to support the delivery of policy objectives around health and well being but also to allow the generation of reduced running costs and additional income which would allow resources to be redirected into the outreach activities which will result in increased participation allowing the Council to support one of the major targets in the Community Strategy delivery plan. However, there are a very wide range of possible permutations as to the type of investment which could deliver these results and/or be affordable. Any options would need to be supported by very robust revenue and capital financial modelling so that members and the Leisure Trust can be reassured as to the potential risk exposure.
- 4.8 Given this it is recommended that officers consult with the Trust to prepare financial models around the wide range of potential options and report back to a future meeting. Clearly the relevant portfolio holders would oversee this process through their regular oversight of the work of the services within their portfolios.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 5.1 At this stage there are no financial implications arising from this report. However, there may be significant implications identified in the next stage of the work and these will be analysed and reported on through the process outlined above. At this stage all work has been based on any proposals being revenue cost neutral for the Council as leisure is one of the priorities to be delivered through leverage of external resources. It will be open to members to change these assumptions as part of the forthcoming budget process.

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

- 6.1 There are no direct legal implications.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

- 7.1 There are no human resources implications.

8. CONCLUSION

- 8.1 Rossendale Leisure Trust is performing adequately under the circumstances of the facilities within which they are operating.
- 8.2 Substantial resources will be required in the very near future to ensure improvement at the facilities and in order to increase physical activity and participation within the Borough.

9. RECOMMENDATION(S)

- 9.1 That the conclusions of the analysis phase of PMP's work are noted.
- 9.2 That officers in consultation with the Leisure Trust work up fully costed options and financial models for consideration at a future meeting of the Cabinet.

10. CONSULTATION CARRIED OUT

- 10.1 PMP undertook a wide range of consultation activity including through street interviews, the Council's area fora, and reference to market research conducted both nationally and locally in relation to leisure provision.

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