

Subject: Strategic Review of Leisure

Status: For Publication

Report to: The Cabinet
Policy Scrutiny Committee

Date: 21st February 2007
22nd February 2007

Report of: Head of Community and Partnerships

Portfolio

Holder: Community and Partnerships

Key Decision:

NO – Approval of consultation process and
Recommendation to Council.

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

- 1.1 To seek approval for the publication of a White Paper on the future of leisure facility provision in the Borough and to recommend to the Council the confirmation of the previous decision to support the development of a Health and Fitness Suite at Haslingden Sports Centre.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report are linked to and support the following corporate priorities:
- Improving Leisure Facilities in the Borough (Culture) – *This is one of the current third level priorities to be delivered through external resources and the specific proposal recommended for confirmation meets this requirement. The options outlined in the White Paper seek to deliver a sustainable future for a wide ranging leisure offer across the Borough.*
- 2.2 In addition the proposals outlined in the White Paper are designed to have a significant impact on participation in leisure activities which will impact positively upon the emerging priority of “Improving Health and Well Being across the Borough”.

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendations in this report involve risk considerations as set out below:

- *Financial risks in terms of the ability of the Council to finance the investment required in its facilities to deliver this strategy. The staging of the implementation of the proposals, the sourcing of external grant aid and the involvement of other external partners are all intended to mitigate this risk.*
- *Operational risks in terms of the business case for the development at Haslingden being dependent upon the achievement of specific levels of activity and income generation. External scrutiny indicates that the assumptions made are prudent and the staging of the development combined with this again mitigates the risk.*
- *Risks in terms of the competitive position of Ski Rossendale exist as a result of new entrants in the market place. While these risks are in part mitigated through focusing marketing effort on particular market segments such as provision of lessons they still exist. It is therefore important to develop a strategy which over time reduces the exposure of the Council's leisure offer to the financial risks surrounding Ski Rossendale.*

4. BACKGROUND AND OPTIONS

4.1 During last year PMP conducted a strategic review of the Council's leisure facility offer. This review and the brief for the work carried out by PMP have now been published on the Council's website.

4.2 PMP identified a range of options for development, which required further appraisal. This work has been carried out in consultation between Council Officers and the Portfolio Holder for Community and Partnerships with input from key partners such as Rossendale Leisure Trust. Attached to this report is a White Paper which sets out the preferred options arising from this further work. This will, with one exception, be subject to a 12 week consultation period ending in Mid May 2007.

4.3 The area where it is felt important to proceed now is in relation to the development of the Health and Fitness Suite at Haslingden Sports Centre. The Council, while supporting this in principle has delayed a final decision in order to carry out the PMP review and this further detailed analysis. PMP have carried out due diligence work for the Council on the Health and Fitness Suite and on the option of a combined single stage development, including a new pool. The conclusions of this work have also been published and indicate that while the Health and Fitness suite on its own represents an acceptable degree of financial risk the combined development exposes the Council and the Leisure Trust to an unacceptable degree of risk. For this reason it is proposed to recommend to the Council that the previous decision in relation to support for

the mini PFI financed development of the Health and Fitness Suite be confirmed and the Leisure Trust instructed to commence work to deliver the scheme.

- 4.4 This decision allows the Council to proceed with a less financially risky course to support the development of a replacement pool in Haslingden on the Sports Centre site as outlined in the White Paper.
- 4.5 The White Paper sets out specific options for each of the facilities provided by the Council giving each a role within the leisure offer aimed at delivering the overall aim of increasing participation in leisure activities in order to improve health outcomes in the Valley. It is suggested that Overview and Scrutiny may wish to comment on the specific questions being asked in the White Paper and officers be authorized to make changes to them in the light of such comments.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 5.1 The White Paper concludes that current spending is below external benchmarking, though there is a danger that the performance, which compares well, may not be sustainable and maybe vulnerable to competition in the medium to longer term.
- 5.2 £524k of capital investment has been identified and has been factored into the Council capital programme over the medium term, however other pressures identified such as ski matting and track surfacing are not in the programme. Other capital pressure may also emerge. Funding for these costs either in part or full may be sought from the Council at which time Members will have to consider, in light of available resources and other competing Council priorities.
- 5.3 The proposal to proceed with a mini PFI financed development rather than using Council prudential borrowing powers is justified on the basis of the PFI incorporating a fixed price design and build scheme together with a proven track record of project delivery and management. The Council will still be required to act as a guarantor over the life of the PFI.

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

- 6.1 It will be important to maximise the transfer of risk in terms of the guarantee.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

- 7.1 There are no human resources implications for the Council arising from the proposals set out in the White Paper, although some skills development activity around contract management may be required.
- 7.2 There are potentially significant equality issues arising from the proposals and they will be tested with the Equality Reference Group as part of the consultation process, in order to ensure their acceptability.

8. CONCLUSION

- 8.1 The review conducted by PMP affords the Council an opportunity to develop the Borough's leisure offer in a way which addresses the wider policy objectives which need to be delivered in order to generate sustained improvement in health and well being across the Borough.

9. RECOMMENDATIONS

- 9.1 The Cabinet are recommended to:

- a) Approve the attached White Paper for the purposes of consultation, subject to officers incorporating any changes to the consultation questions recommended by Overview and Scrutiny.
- b) Recommend to the Council that the previous decision to support the development of a Health and Fitness Suite at Haslingden Sports Centre through the provision of a guarantee to Rossendale Leisure Trust be confirmed. The agreement of the Terms of such guarantee to be delegated to the Heads of Community and Partnerships, Finance and Legal and Democratic Services in consultation with the Portfolio Holders for Community and Partnerships, and Finance and Risk Management.

- 9.2 The Overview and Scrutiny Policy Task Group are invited to:

- a) Comment upon the questions set out in the attached White Paper and suggest any changes.
- b) Provide comments to the Cabinet on the strategy set out in the White Paper.

10. CONSULTATION CARRIED OUT

- 10.1 This report represents the beginning of a wide ranging consultation process. Initial consultation has taken place as part of PMP's work and some consultation has taken place with the Leisure Trust as the key delivery agent for elements of the White Paper.

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Background Papers

Document	Place of Inspection
<p data-bbox="284 185 876 255">Brief for Consultants for Strategic Review of Leisure</p> <p data-bbox="344 293 815 329">PMP Strategic Review of Leisure</p> <p data-bbox="379 367 780 403">PMP Due Diligence Reports</p> <p data-bbox="312 441 847 510">Haslingden Lifestyle Centre Business Cases.</p>	<p data-bbox="908 277 1458 347">All available at www.rossendale.gov.uk/leisureoptions</p>