

Subject: 2009 Leisure Review

Status: For Publication

Report to: Cabinet

Date: 17th June 2009

Report of: Chief Executive

Portfolio

Holder: Leisure

Key Decision: No

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

- 1.1 To update members on the 2009 Leisure Review which will address the immediate action required to deliver Option H and recommend further action required to deliver the 2009 Leisure Review.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objectives:-
- Delivering quality Services to our customers
 - Delivering regeneration across the Borough
 - Encouraging healthy and respectful communities
 - Keeping our Borough clean, green and safe
 - Promoting the Borough
 - Providing value for money services

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Failing to take a proactive approach regarding the cash flow risks identified for Rossendale Leisure Trust could result in a significant financial impact for the Council
 - Failing to deliver the actions within the review may result in an impact on the budget setting process and possible financial impact for 2010/11

- The delivery of both Bacup Leisure Hall and a swimming pool are dependent on securing adequate financial resources and permissions.
- Full and robust community engagement and communication is required in order to mitigate the risk of non-engagement and to ensure full access to the decision making process.

4. BACKGROUND AND OPTIONS

4.1 Background

Following a request in October 2008 by Rossendale Leisure Trust to increase their grant funding by 40% a number of financial options were identified for the future provision of leisure in the Borough.

4.2 In February 2009 the Cabinet approved the delivery of 'Option H':

- Agree £513k funding for Rossendale Leisure Trust conditional upon:
- Review of leisure and recreation comprising consultation on what people feel is a priority, what the council can afford and most appropriate mechanism for delivering leisure in the Borough
- Establish a transition fund to maintain in particular Haslingden and Marl Pitts Swimming pools above and beyond grant funding, pending the outcome of a review. This will ensure that both pools remain open for a minimum period of 12 months
- New funding agreement in relation to grant funding and transition fund to be developed and agreed by the Council and the Trust by 1st April 2009
- Take opportunity of vacancy freeze and continue to identify savings
- Rossendale Leisure Trust to agree to the early surrender of the lease for Bacup Leisure Hall which will close by 31 March 2010 unless a successful lottery grant award is achieved or take-over by community
- Establish regular Overview and Scrutiny process on leisure to oversee transition and amend the constitution to accommodate this
- Establish steering group for the development of a new pool
- Establish steering group to develop community approach to Bacup Leisure Hall

4.3 2009 Leisure Review will address the immediate action required to deliver Option H and identify a sustainable option for the future delivery of leisure and cultural delivery in the Borough.

4.4 Since 26th February the structure for the delivery of the 2009 Leisure review has been put in place and a high level actions and communications plan been agreed.

4.5 The extent of the review is currently defined by four key tasks:

- The use of the PMP report and additional mapping and consultation to establish Rossendale's priorities for leisure and cultural provision,

including an assessment of our current cultural offer to inform our Cultural Strategy

- Completion of an Options Appraisal for the management of our leisure facilities, including market testing for private sector investment in certain facilities; to establish an affordable management option for the delivery of leisure and cultural services
- Establish and implement a project plan for the delivery of a new Swimming Pool including the development of a business case and planning/need justification
- Establish and implement a project plan for the community takeover or closure of Bacup Leisure Hall

4.6 The next priority for the project delivery will be:

- developing the brief and commissioning work regarding the options appraisal for the management of leisure and cultural services by June 2009
- detailed communications and community engagement plan by May 2009
- progressing with soft market testing of specific facilities, ie Ski Rossendale in order to inform the final review.

4.7 In addition, a separate piece of work may be commissioned by Sports England reviewing Leisure Trusts in East Lancashire. Depending on timescales, it may be useful to contribute to the review and we are waiting confirmation as to whether the project will go forward in order we can assess the relevance to Rossendale.

5. Update on the Pool Review Panel

5.1 The Pool Review Panel has met and agreed membership, terms of reference, and the process the group needs to work through. The Review Panel is adding detail to a preferred option for a pool. They will visit other Swimming Pool sites in order to be able to learn from their experiences.

5.2 The needs assessment which was undertaken as part of the PMP report will be refreshed. This will support the business case for the development of a new pool.

5.3 In accordance with the 2007 Leisure White Paper officers are sourcing the draft plans for a pool adjoined to the Haslingden Lifestyle Centre in addition to standard design plans which may support the submission of a planning application for the site.

6. Update on Leisure Hall Review Panel

6.1 The Bacup Leisure Hall Review Panel has met and agreed membership, terms of reference and the initial process the group needs to work through. This will include looking at a number of options for the future of Bacup Leisure Hall.

- 6.2 The group is currently looking at a survey of the building to identify any structural issues or defects that could cause problems. A survey would also establish a land and community asset valuation, which could be used to supplement and support potential funding applications.
- 6.3 In addition the group will look at mapping of the current community provision in Bacup, using previous sources of information from the community impact report, PMP report and current information provided by the Community Engagement Officer.

7. Ski Rossendale

- 7.1 At the Performance Overview and Scrutiny – Leisure meeting on the 21st April Rossendale Leisure Trust assessed Ski Rossendale as Red Risk.
- 7.2 Ski Rossendale is a unique facility in the Borough and should provide significant opportunities to attract visitors to the area and thus increase the visitor economy contribution. However, to achieve its full potential, the facility is in need of refurbishment and improvement in order to generate the level of use required to maintain its economic viability.
- 7.3 In order to ensure all potential private sector investment opportunities are explored, it is proposed that an exercise is undertaken to establish the level of interest that might exist within the wider private sector to invest in the facility and maintain its use and that a further report be brought back to cabinet.
- 7.4 It is intended that this process will include the establishment of a user group panel to provide feedback on the proposal and ensure that existing users are kept fully informed.

8. Funding and Legal Agreement

- 8.1 Officers of the Council have agreed a letter with the Trust relating to the funding for 2009-2010; it being agreed by both parties that a new funding agreement was not required. The financial report made by the Trust at Performance Overview and Scrutiny demonstrates that Revenue for the 2 months to February 09 is down against budget by £49k. Cost savings have reduced the net additional loss in excess of budget expectations to £4k. Further comments on the financial monitoring are included at section 9.

COMMENTS FROM STATUTORY OFFICERS:

9. SECTION 151 OFFICER

Financial Comments:

- 9.1 Financial matters and forecast by the Trust for 2009/10 have previously been reported to Members in detail as part of the Full Council meeting on 26th February 2009.
- 9.2 Financial resources, assuming Rossendale Leisure Trust achieves its own targets, have therefore been identified for 2009/10 within Council resources.

- 9.3 Future recommendations and their financial implications for beyond March 2010 need to ensure they are both affordable and sustainable.
- 9.4 Grant funding to the Trust has therefore been agreed by Members at £513k for core funding together with transitional funding resources to a maximum of £222k for 2009/10 (of which £40k will be retained by the Council towards the cost of the Leisure review). In addition the Council has also commenced the creation of an earmarked leisure reserve. It is the ambition of the council to eventually create an earmarked reserve equal to the Trust's balance sheet deficit. As at 31st December 2008 the Trust had a deficit of c £400k (this is subject to final audit).
- 9.5 As part of the trusts December 2008 annual audit the Trust's auditors will require a letter from Council regarding the Council's ongoing support of the Leisure Trust. Such a letter of support is required to avoid the Trust receiving a qualified audit opinion. As a consequence of the 2009/10 budget, Council has agreed to support the Trust by way of grant until 31st March 2010. A letter of support has therefore been drafted based on previous Council resolutions. Officers await a response from the Trust's auditor as to whether the support letter supports an unqualified audit opinion.
- 9.6 Due to the Trust's current balance sheet deficit of £400k it will experience, as last year, cash flow problems in the summer of 2009. This is a similar situation to the circumstances faced by the Trust in the summer of 2008; which resulted in the Council making an advance of £300k on the 2009/10 core grant. Therefore, the Trust is likely to turn to the Council for a further advance on its 2010/11 grant funding allocation sometime during the 2009 summer months. Council has, however, not as yet confirmed a 2010/11 grant allocation. Cabinet is asked to consider this specific requirement.
- 9.7 The Trust's financial year runs from January to December. Appendix 1 details the Trusts trading position for the 2 month to February 2009. This current trading position is compared to the Trust's original budget and the same period for 2008.
- 9.8 The key points of note from trading to the end of February 2009 are:
- Total revenue is down on budget by £49k. This is due to:
 - A fall in Marl Pits general swimming admissions
 - Fall in Ski lessons
 - Haslingden Sports Centre is achieving its revenues as required in the business plan. Membership is on target at 1, 250 (31st March). Profit is £19k ahead of the 2 first months of 2008.
 - Arts and Healthy Lifestyles is exceeding budget due to cost savings and additional income
 - Overall at the end of February, though revenue was down against budget, as a result of cost savings, the net additional loss in excess of budget expectations was only £4k.

- The challenge for the Trust going forward must be to at least retain and where possible exceed its revenue budget expectations. It may not be always be in a position to balance revenue losses with cost savings.

9.9 The Trust have also produced a full year forecast for 2009. Despite a forecast reduction in revenue of £213k, the Trust has forecast that due to a series of cost saving measures totalling £234k it's loss for the year (before Council grant) will be £700k, which compares to an original budget loss of £722k.

10. MONITORING OFFICER

10.1 Officers of the Council have met with the Chief Executive of the Trust and have agreed a letter with the Trust relating to the funding for 2009-2010; It being agreed by both parties that a new funding agreement was not required.

10.2 Council have agreed the Constitutional changes related to the Performance, Overview and Scrutiny – Leisure process.

11. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

11.1 No issues identified.

12. CONCLUSION

12.1 The structure and governance arrangements for the 2009 Leisure Review are in place and the two review panels are meeting and working towards project plans for the swimming pool and Bacup Leisure Hall.

13. RECOMMENDATION(S)

13.1 To note the contents of the report and support the work undertaken to date in delivering Option H.

13.2 That Cabinet either approves or declines to support the Trust's cash flow position by way of a temporary loan during 2009/10.

13.3 That options are explored within the private sector to provide investment opportunities for Ski Rossendale.

13.4 That a Ski Rossendale user group be established to provide input and feedback into the process.

14. CONSULTATION CARRIED OUT

- 14.1 Swimming Groups are represented on the Pool Review Panel and are directly involved in the development of the option for a new pool. There will be wider consultation on the Option at Key points in the process. Bacup Leisure Hall Review Panel has hosted a consultation event to draw together local groups, organisations and residents' to form a reference group who will be consulted on the options before a final recommendation to Full Council in December. Further consultation will be planned as part of the ongoing process, and form part of the 2009 Leisure Reviews communication plan.

15. COMMUNITY IMPACT ASSESSMENT

Is a Community Impact Assessment required yes

- 15.1 Equality implications of any decision will be considered as part of the ongoing review and the Community Impact Assessment updated according

Is a Community Impact Assessment attached No

16. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

Contact Officer	
Name	Gina Fletcher
Position	Service Development Officer – Culture
Service / Team	Communities
Telephone	01706 252458
Email address	ginafletcher@rossendalebc.gov.uk

Background Papers	
Document	Place of Inspection
Cabinet report of 26 th February 2009	Website
Performance Overview and Scrutiny Committee – Leisure report and papers – 21 st June 2009	Website
Finance report	Appendix 1

Bacup Leisure Hall	Year to date					Prev' YTD		F'cast £000	Full Year Budget £000	Variance £000
	Actual £000	Forecast (1) £000	Variance £000	Budget (2) £000	Variance £000	Actual £000	Variance £000			
Revenue	24.1	24.4	(0.3)	26.3	(2.2)	21.1	3.1	61.1	76.3	(15.2)
Gross profit	(3.9)	(3.1)	(0.8)	(3.3)	(0.6)	(3.5)	(0.4)	(23.3)	(11.1)	(12.2)
Gross profit %	-16%	-13%	237%	-13%	28%	-17%	-12%	-38%	-15%	80%
Overheads	19.9	20.6	(0.7)	22.5	(2.6)	15.2	4.7	52.5	53.4	(0.9)
Net Profit / (Loss)	(23.8)	(23.7)	(0.1)	(25.7)	2.0	(18.7)	(5.0)	(75.8)	(64.5)	(11.3)

Haslingden Sports Centre	Year to date					Prev' YTD		F'cast £000	Full Year Budget £000	Variance £000
	Actual £000	Forecast £000	Variance £000	Budget £000	Variance £000	Actual £000	Variance £000			
Revenue	214.5	217.2	(2.6)	222.8	(8.3)	139.6	75.0	664.0	702.2	(38.2)
Gross profit	93.0	96.9	(3.9)	99.3	(6.3)	43.1	50.0	309.9	333.5	(23.7)
Gross profit %	43%	45%	147%	45%	76%	31%	67%	47%	47%	62%
Overheads	80.0	80.6	(0.6)	95.8	(15.8)	40.0	40.0	294.4	327.7	(33.3)
Net Profit / (Loss)	13.1	16.3	(3.2)	3.6	9.5	3.1	10.0	15.5	5.9	9.6

Haslingden Pool	Year to date					Prev' YTD		F'cast £000	Full Year Budget £000	Variance £000
	Actual £000	Forecast £000	Variance £000	Budget £000	Variance £000	Actual £000	Variance £000			
Revenue	68.0	68.4	(0.4)	67.6	0.5	65.8	2.3	202.1	196.8	5.3
Gross profit	(5.7)	(5.6)	(0.2)	(5.5)	(0.3)	(3.6)	(2.2)	(20.3)	(25.4)	5.1
Gross profit %	-8%	-8%	45%	-8%	-58%	-5%	-94%	-10%	-13%	96%
Overheads	34.2	34.9	(0.7)	36.3	(2.0)	25.6	8.6	100.0	100.8	(0.8)
Net Profit / (Loss)	(40.0)	(40.5)	0.5	(41.7)	1.8	(29.2)	(10.8)	(120.3)	(126.2)	5.9

Marl Pits	Year to date					Prev' YTD		F'cast £000	Full Year Budget £000	Variance £000
	Actual £000	Forecast £000	Variance £000	Budget £000	Variance £000	Actual £000	Variance £000			
Revenue	82.5	85.6	(3.1)	104.2	(21.7)	100.2	(17.7)	276.1	313.2	(37.1)
Gross profit	(8.3)	(5.4)	(2.9)	5.5	(13.8)	6.3	(14.6)	5.3	9.9	(4.6)
Gross profit %	-10%	-6%	96%	5%	64%	6%	83%	2%	3%	12%
Overheads	45.5	46.6	(1.1)	47.9	(2.4)	37.5	8.0	124.0	127.6	(3.6)
Net Profit / (Loss)	(53.8)	(52.0)	(1.8)	(42.4)	(11.4)	(31.3)	(22.6)	(118.6)	(117.6)	(1.0)

Ski Rossendale	Year to date					Prev' YTD		F'cast £000	Full Year Budget £000	Variance £000
	Actual £000	Forecast £000	Variance £000	Budget £000	Variance £000	Actual £000	Variance £000			
Revenue	211.6	213.2	(1.6)	278.1	(66.6)	278.1	(66.6)	502.9	633.5	(130.6)
Gross profit	59.2	60.1	(0.9)	108.8	(49.5)	89.9	(30.7)	105.8	157.2	(51.3)
Gross profit %	28%	28%	57%	39%	74%	32%	46%	21%	25%	39%
Overheads	44.6	47.4	(2.8)	48.8	(4.1)	45.4	(0.8)	123.1	121.6	1.5
Net Profit / (Loss)	14.6	12.7	1.9	60.0	(45.4)	44.5	(29.9)	(17.3)	35.6	(52.9)

Arts & Healthy Lifestyles	Year to date					Prev' YTD		F'cast £000	Full Year	
	Actual £000	Forecast £000	Variance £000	Budget £000	Variance £000	Actual £000	Variance £000		Budget £000	Variance £000
Revenue	78.7	79.5	(0.8)	67.2	11.4	58.1	20.6	221.3	217.1	4.2
Gross profit	8.1	7.5	0.5	(10.4)	18.5	(12.2)	20.3	1.4	(39.0)	40.4
Gross profit %	10%	9%	-69%	-16%	162%	-21%	99%	1%	-18%	961%
Overheads	5.3	6.0	(0.7)	9.1	(3.8)	6.3	(1.0)	22.5	23.7	(1.2)
Net Profit / (Loss)	2.8	1.6	1.2	(19.5)	22.3	(18.5)	21.2	(21.0)	(62.7)	41.6

External Activities	Year to date					Prev' YTD		F'cast £000	Full Year	
	Actual £000	Forecast £000	Variance £000	Budget £000	Variance £000	Actual £000	Variance £000		Budget £000	Variance £000
Revenue	33.4	35.0	(1.5)	36.6	(3.2)	189.4	(156.0)	96.6	97.8	(1.3)
Gross profit	10.3	11.2	(0.9)	11.2	(0.9)	10.1	0.2	22.9	20.4	2.5
Gross profit %	31%	32%	59%	31%	27%	5%	0%	24%	21%	-192%
Overheads	3.8	4.4	(0.6)	5.4	(1.6)	4.7	(0.8)	4.2	2.5	1.7
Net Profit / (Loss)	6.5	6.8	(0.3)	5.8	0.7	5.5	1.1	18.7	17.9	0.7

Head Office	Year to date					Prev' YTD		F'cast £000	Full Year	
	Actual £000	Forecast £000	Variance £000	Budget £000	Variance £000	Actual £000	Variance £000		Budget £000	Variance £000
Revenue	0.0	0.0	0.0	0.0	0.0	21.0	(21.0)	0.0	0.0	0.0
Gross profit	0.0	0.0	0.0	0.0	0.0	21.0	(21.0)	0.0	0.0	0.0
Gross profit %										
Overheads	138.9	140.1	(1.2)	132.4	6.5	126.4	12.5	377.9	410.1	(32.2)
Net Profit / (Loss)	(138.9)	(140.1)	1.2	(132.4)	(6.5)	(105.5)	(33.5)	(377.9)	(410.1)	32.2

Total	Year to date					Prev' YTD		F'cast £000	Full Year	
	Actual £000	Forecast £000	Variance £000	Budget £000	Variance £000	Actual £000	Variance £000		Budget £000	Variance £000
Revenue	712.8	723.1	(10.3)	802.8	(90.0)	873.1	(160.3)	2,024.1	2,236.9	(212.8)
Gross profit	152.7	161.7	(9.0)	205.6	(52.9)	151.0	1.7	401.7	445.6	(43.8)
Gross profit %	21%	22%	87%	26%	59%	17%	-1%	20%	20%	21%
Overheads	372.3	380.7	8.4	398.0	25.7	301.1	(71.1)	1,098.5	1,167.3	68.8
Net Profit / (Loss)	(219.5)	(218.9)	(0.6)	(192.4)	(27.2)	(150.1)	(69.5)	(696.8)	(721.7)	25.0
RBC Grant	142.0	142.0	0.0	144.2	(2.2)	102.1	39.9	696.8	696.8	0.0
RLT surplus / (deficit)	(77.5)	(76.9)	(0.6)	(48.2)	(29.4)	(48.0)	(29.6)	0.0	(24.9)	25.0

NB

1 - Forecast relates to the revised full year forecast made in March 2009

2 - Budget is the original budget proposed in November 2008