

**REPORT OF: CHIEF EXECUTIVE**

**TO: POLICY AND RESOURCES COMMITTEE**

**DATES: 28<sup>th</sup> AUGUST 2018**

**Contact Details:** Dean Langton  
**Tel. No:** 01282 661602  
**E-mail:** dean.langton@pendle.gov.uk

## **REVIEW OF THE PENDLE LEISURE TRUST**

### **PURPOSE OF REPORT**

1. The purpose of this report is to inform Councillors of the planning assumption for grant funding to the Pendle Leisure Trust in 2019/20 and to seek agreement to undertake a fundamental review of sports/leisure service provision to inform the delivery of sports/leisure provision post 2019/20.

### **RECOMMENDATIONS**

2. It is recommended that the Policy and Resources Committee:-
  - a) note the provisional Management Fee of £1.1m for the Pendle Leisure Trust in 2019/20 (a reduction of £200k when compared to 2018/19);
  - b) request the Pendle Leisure Trust submit proposals to the Council as to how it could save £200k in 2019/20 in support of the Council's overall savings requirement for next year;
  - c) agree that a strategic review of delivery of sports/leisure provision is undertaken as set out in the report.

### **REASONS FOR RECOMMENDATIONS**

3. To continue with the work required to identify savings to help balance the Council's budget for 2019/20 and over the medium-term financial plan period to 2021/22.

## ISSUE

### Background

4. The Policy and Resources Committee received a report on the Council's Medium Term Financial Plan at its meeting in May 2018. This outlined a projected savings requirement of c£4.0m over the three year period to 2021/22.
5. The Committee was advised that the scale of savings required was such that strategic reviews on the delivery of a range of services would be required. Amongst those reviews, it was suggested that these review would include a consideration of the delivery and scope of leisure and cultural services to ensure they continue to offer value for money.

### Pendle Leisure Trust

6. As Councillors are aware, the Pendle Leisure Trust operates a range of sporting and leisure facilities comprising:-
  - Pendle Leisure Centre, Colne
  - Wavelengths (and Inside Spa), Nelson
  - West Craven Sports Centre, Barnoldswick
  - The ACE Centre, Nelson
  - The Municipal Theatre, Colne
  - Seedhill Running Track, Nelson
7. Over recent years, the Council has worked with the Trust to reduce the amount of management fee required to underpin the delivery of services from these facilities. Since 2009/10, the management fee has reduced by £1.2m (or c52%) so that for the current financial year 2018/19, the Leisure Trust will receive a management fee from the Council of £1.3m.
8. The reduction in the management fee has been achieved in a variety of different ways, examples of which include:-
  - reduction in Management and Administration within the Trust;
  - targeted price increases for services provided by the Trust;
  - improving the financial return on catering activities, Wavelengths Spa, Pinpoint Training, Events etc;
  - reducing the opening hours of some of the Trust's facilities, for example, not opening on Bank Holidays;
  - transfer of some services, for example the Colne Rhythm and Blues Festival and Marsden Golf Course, to other organisations;
9. As Councillors are aware, the former Executive resolved to have discussions with Colne Town Council about the transfer of the Colne Muni to the Town Council. Whilst some initial discussion did take place, given other matters such as the transfer of Colne Town Hall, Alkincoats Park and Primet Community Centre, the transfer of the Muni has not progressed.

10. Underlying the approach to reducing the funding provided to the Pendle Leisure Trust has been a wish to maintain services from as many of its facilities as possible, and in particular the three main Leisure Centres at Nelson (Wavelengths), Colne (Pendle Leisure Centre) and Barnoldswick (West Craven Sports Centre). At this stage, this remains the case although the sustainability of this provision will depend on the Council's funding position going forward and the extent of other savings the Council is able to achieve.

### **Budget Planning for 2019/20**

11. In June 2018, the Pendle Leisure Trust wrote to the Council seeking advance notice of the likely level of funding for 2019/20. For planning purposes, the Trust have been informed that a grant of £1.1m will be made available in 2019/20 albeit with the caveat that the level of funding would be a matter, ultimately, for consideration by Councillors as part of the annual budget process.
12. The Trust is in the process of preparing options for consideration by the Council. In terms of the development of options, the following guidance has been provided to the Trust:-
  - the Council remains committed to retaining the three main leisure facilities (West Craven Sports Centre, Pendle Leisure Centre and Wavelengths) albeit with consideration given to options around how the facilities are operated;
  - alternative options should be considered for non-core facilities such as the ACE Centre, Municipal Theatre and the Seedhill Athletics site;
  - opportunities to reduce back office operating costs, particularly around Finance, HR and Payroll should be explored.
13. It is envisaged that the options developed by the Pendle Leisure Trust will be presented to Councillors later in year as part of the development of the budget for 2019/20.

### **Funding post 2019/20**

14. In the light of the funding outlook for the Council, it is inevitable that the funding available for the Pendle Leisure Trust will need to reduce further. Indeed, the aspiration of the current Administration is that Leisure Services in Pendle should ultimately be provided without any subsidy from the Council. In view of the current level of subsidy, the range of leisure services provided and the savings/efficiencies already achieved by the Trust, this presents a significant challenge. In view of this, it is proposed that a strategic review of the delivery of sports/leisure services by the Pendle Leisure Trust is undertaken.
15. Acknowledging the importance of sport and leisure services as a contribution to the health and well-being of the Pendle population, the purpose of the review is to consider options for the delivery of sports/leisure services in Pendle that would be sustainable over the longer term. In this context, the focus of the review will be the delivery of the sports and leisure services from the three main leisure facilities in Pendle (as set out above). The scope of the review will include, for example:-
  - consideration of the in-house management of sports and leisure functions;
  - determining what appetite, if any, there is for asset transfer to local community organisations;

- exploring the scope to merge the Leisure Trust with other Trust operations in East Lancashire;
  - establishing through an early market engagement exercise, what interest there is from other established providers to provide sports/leisure services in Pendle (including, for example, what scope as part of this there is for the current Trust to be merged with another provider).
16. It is also expected that the review will consider the mix of sports/leisure provision currently provided by the Trust in each of the facilities. The review will also include work to update existing property condition surveys to ensure the facilities remain fit for purpose.
  17. In view of the capacity constraints within the Council, it is proposed to engage Advisors to undertake the strategic review. For this purpose, a budget of up to £20,000 is to be allocated to be funded from the Council's Change Management Reserve.
  18. It is also considered that the strategic review will be informed by the outcome of the recent consultation on sports/leisure activities and facilities in Pendle. That consultation ended in early August 2018 and the consultation responses are currently being collated with a view to a report on this matter being considered at a future Policy and Resources Committee. It is also envisaged that these results will inform the development of a Sports and Leisure Strategy of the Borough that will provide a framework for the future delivery of sports/leisure provision.

## **IMPLICATIONS**

### **Policy**

19. No policy implications arise at this time pending further consideration and evaluation of the potential options for changing the Council's arrangements for the delivery of sports and leisure services.

### **Financial**

20. As indicated in the report, the Council has a forecast funding deficit of c£4m over the next three years. In 2019/20, the funding gap is £1m of which the Pendle Leisure Trust has been requested to bring forward options that would save £200k.
21. Beyond 2019/20, it is expected that the funding from the delivery of sports and leisure services in Pendle will come under further pressure. There is, therefore, a need to consider how these services can be sustained thereafter.
22. As indicated in the report, it is proposed to engage Advisors to undertake a strategic review of the delivery of sports and leisure services. A budget of up to £20,000 is to be allocated from the Council's Change Management Reserve for this purpose.

### **Legal**

23. No direct legal implications arise as a result of this report.

## **Risk Management**

24. The financial sustainability of the Leisure Trust is already recognised as a potential strategic risk for the Council and is included on the Strategic Risk Register. The Council has to identify savings of £4m over the next three years and the current arrangements with the Trust represent a significant cost to the Council.

## **Health and Safety**

25. There are no Health and Safety implications arising directly from this report.

## **Sustainability**

26. There are no sustainability implications arising directly from this report.

## **Community Safety**

27. There are no community safety issues arising directly from the contents of this report.

## **Equality and Diversity**

28. There are no equality and diversity issues arising directly from the contents of this report.