



**REPORT OF: CHIEF EXECUTIVE**

**TO: POLICY AND RESOURCES COMMITTEE**

**DATES: 28th MAY 2019**

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## **STRATEGIC REVIEW OF THE DELIVERY OF LEISURE SERVICES**

### **PURPOSE OF REPORT**

1. The purpose of this report is to provide an update to Councillors on the work undertaken to date on the strategic review of the delivery of leisure services and to seek agreement from the Committee to establish a Leisure Services (Task and Finish) Working Group to progress the review.

### **RECOMMENDATIONS**

2. It is recommended that the Policy and Resources Committee:-
  - a) Note the work on the strategic review of the delivery of leisure services to date, as set out in the report;
  - b) agree to establish a Leisure Services Working Group (politically-balanced membership of 5 Councillors – 2 Conservative, 2 Labour, 1 Liberal Democrat) to identify and evaluate options for the future delivery of leisure services in Pendle;
  - c) agree the Terms of Reference for the Leisure Services Working Group as shown at Appendix A to this report;
  - d) that the findings and recommendations of the Leisure Services Working Group are the subject of a report to a future meeting of the Policy and Resources Committee.

### **REASONS FOR RECOMMENDATIONS**

3. To develop and evaluate options for the future delivery of leisure services by Pendle Borough Council.
4. 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 2022/23.

## ISSUE

### **Background**

5. As Councillors are aware, the Council has a range of leisure and cultural facilities which are currently operated by the Pendle Leisure Trust. These facilities comprise:-
  - 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
  
6. 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 £1.3m (or c52%) so that for the current financial year 2019/20, the Leisure Trust will receive a management fee from the Council of £1.2m. 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;
  
7. Underlying the approach to reducing the funding provided to the Pendle Leisure Trust has been a wish to maintain services from as many of the existing 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.

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

8. A report elsewhere on the Agenda for this meeting provides details of the Council's Medium Term Financial Plan 2020/23. This shows a funding shortfall of c£4m for the period, with the most immediate issue being a forecast funding gap in 2020/21 of c£1.5m.
  
9. 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. 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, at the meeting of the Policy and Resources Committee on 28<sup>th</sup> August 2018, the Committee resolved amongst other matters

*'that a strategic review of delivery of leisure provision is undertaken as set out in the report'.*

10. Acknowledging the importance of leisure services as a contribution to the health and well-being of the Pendle population, the proposed purpose of the review as set out in the report to the Policy and Resources Committee was to consider options for the delivery of leisure services in Pendle that would be sustainable over the longer term. In this context, the focus of the review was identified as the delivery of the leisure services from the three main leisure facilities in Pendle (as set out above). The scope of the review included, 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).
11. In view of the capacity constraints within the Council, it was agreed to engage Advisors to undertake the strategic review. For this purpose, a budget of up to £20,000 was allocated and is to be funded from the Council's Change Management Reserve.

### ***Strategic Review of the Delivery of Leisure Services***

12. During January 2019, the Council undertook a procurement exercise to appoint Advisors to undertake the strategic review. Max Associates were appointed following completion of the exercise and commenced working on the review in February 2019. The Review Methodology comprises various phases but, in essence, is in two parts:-
  - **Part 1** – Fact-finding to understand the current position of the delivery of leisure services in Pendle (including an analysis of the current service performance, cost of operation, service levels, standards).

*This work has largely been concluded. Subject to the Committee's consideration of this report, the findings will be presented to the Leisure Services Working Group referred to below.*
  - **Part 2** – Identification and evaluation of Management Options against agreed criteria.
13. The Review Methodology and Timetable are provided at **Appendix A** to this report.
14. Accepting that Councillors will wish to be actively involved in the identification and evaluation of the management options for the delivery of leisure services, it is recommended that a Leisure Services (Task and Finish) Working Group is established to undertake this work. The draft Terms of Reference for the Working Group are provided at **Appendix B** to this report.
15. It is proposed that the findings and recommendations of the Leisure Services Working Group form the basis of a report to a future meeting of the Policy and Resources Committee which in turn will inform the development of the Council's budget for 2020/21.

## **IMPLICATIONS**

### **Policy**

16. 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 leisure services.

### **Financial**

17. As indicated in the report, the Council has a forecast funding deficit of c£4m over the next three years. In 2020/21, the funding gap is forecast to be c£1.5m.
18. Following on from the last report on this matter to the Policy and Resources Committee, Max Associates have been appointed as Advisors to undertake a strategic review of the delivery of leisure services. A budget of up to £20,000 has been allocated from the Council's Change Management Reserve for this purpose and Max Associates have quoted a fee of £18,350 to undertake the work.

### **Legal**

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

### **Risk Management**

20. 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 c£4m over the next three years and the current arrangements with the Trust represent a significant cost to the Council.

### **Health and Safety**

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

### **Sustainability**

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

### **Community Safety**

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

### **Equality and Diversity**

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

### **Appendices**

Appendix A: Review Methodology and Timetable

Appendix B: Draft Terms of Reference for the Leisure Services Working Group



## **Leisure Services (Task and Finish) Working Group**

### **Draft Terms of Reference**

#### Purpose of the Working Group

The purpose of the Leisure Services (Task and Finish) Working Group is to develop and evaluate management options for the future delivery leisure services by Pendle Borough Council.

#### Term

The Leisure Services (Task and Finish) Working Group will be effective from the date the Policy and Resources Committee agrees that it should be established. It will continue to meet until it has issued its final report providing findings and recommendations on the management options for the delivery of sports and leisure by Pendle Borough Council to the Policy and Resources Committee or February 2020, whichever is the earliest.

#### Membership

The Leisure Services (Task and Finish) Working Group will be a politically-balanced Group of [5] Councillors drawn from the Policy and Resources Committee.

#### Accountability

The Leisure Services (Task and Finish) Working Group will have no decision taking powers but will report its finding and recommendations to the Policy and Resources Committee.

#### Role/Responsibility

The Leisure Services (Task and Finish) Working Group will have the following role/responsibilities:-

- Identifying and agreeing for evaluation, management options for the delivery of leisure services;
- Determining and agreeing the criteria against which each option will be evaluated;
- Undertaking the assessment of each option against the agreed criteria;
- Undertaking a financial evaluation of each option
- Reporting findings and recommendations to the Policy and Resources Committee.

#### Meetings

Meetings will be held as frequently as the Leisure Services (Task and Finish) Working Group determine.

## Officer Support

The Leisure Services (Task and Finish) Working Group will be supported by Officers as required.

The Council has also engaged Max Associates to support the strategic review of the delivery of sports and leisure services. Max Associates will also support the work of the Leisure Services (Task and Finish) Working Group.