

### Strategic Review of Leisure/Sports Provision in Pendle

#### 6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Max Associates has:

- completed a full operational review of the scope of services;
- considered the potential management options open to the Council;
- developed, with the Council, a suitable evaluation model to evaluate the options given the Council's strategic and financial objectives; and
- evaluated each of the options, including continuation with the existing trust.

6.2. The current cost of the service is in the region of £1m per annum and at face value this appears high in today's market for the management of the three leisure centres. However, notwithstanding the governance structure, the review has highlighted that:

- the population of Pendle is unlikely to be able to support three separate swimming pool buildings in the borough; so that usage and thus income is able to cover expenditure; including building and premises costs and staffing and
- the buildings are aging so that R&M costs are high for West Craven and Wavelengths and utility costs are high for all centres.

6.3. Whilst there may be opportunities to increase fitness income at the centres, swimming income at West Craven and Pendle Leisure Centre is below benchmarks. West Craven is in a more rural area and access to other pools may be limited, however the catchments of Pendle Leisure Centre and Wavelengths cross. It is likely that the operation of these two older buildings is impacting the overall high management fee.

6.4. Sports hall income at Pendle Leisure Centre is also lower than expected benchmarks, (however the hall has just been refurbished). In other circumstances where this has occurred and where there are educational sports halls in the catchment, some halls have been re-developed to offer new innovative activities and facilities (soft play / clip and climb / tag active / trampolining etc), however with the Leisure Box having been recently opened in Brierfield there is not the option to consider this for PLC. Therefore, the trust has to maximise the recent investment into the hall, with the objective of increasing occupancy to 80% or with the council consider alternative uses.

6.5. The scores of the overall evaluation of management options are the same between the existing trust and external contractor. Consequently, Max Associates would recommend that the leisure centres remain with the existing trust for the following reasons:

- Under normal circumstances it would be expected for an external contractor to operate with a deficit in the region of £400k per annum, however an external contractor is unable to offer significant savings for two key reasons:
  - 1) Age of the buildings; and
  - 2) PLC and PW are in close proximity and therefore usage is diluted across both sites, however each site retains its own expenditure.
- In addition, whilst the soft market test demonstrated interest from three of the larger leisure providers, 12 organisations were approached in total, therefore there is a risk of limited submissions if a procurement route is followed, this will be dependent on market conditions at the time.
- Removing the leisure centres from the Pendle Leisure Trust portfolio could have an impact on the grant funded projects such as sports and health development. An external contractor is unlikely to be as successful in delivering these local initiatives and may not be able to attract the same level of funding as a local charity. If these projects remained with the Trust, there would be complexities regarding use of the buildings and services which are inextricably linked.
- Whilst an external contractor could offer savings on central costs across the three leisure centres, Pendle Leisure Trust may need to retain some of the central costs to deliver the remaining services, therefore this may result in an increased cost to the Council in a different budget.
- The Trust has demonstrated their ability to be innovative and have researched and implemented opportunities to make the service more sustainable. It is unlikely that an external contractor could offer alternative or additional innovative solutions, (particularly given the competition in the area including the Leisure Box.) What appears less obvious is that where investment has been made into the centres (recently at PLC), the trust and the Council haven't agreed a direct impact to savings in the management fee.

6.6. We have highlighted in the service review section, areas where we believe improvements to the financial performance could be made and these are summarised below:

- Increase yield – focus on those that can afford to pay and being more targeted on concessions; an increase of £2 in yield could generate additional annual income of £87k.
- Undertake a latent demand for fitness at each centre to understand the maximum potential fitness members for each centre and set sales targets accordingly to target this number of members.
- Focus to increase number of swimming lesson pupils to 2,000 across the portfolio, which could generate up to an additional £125k income;
- Negotiate an improvement to the management fee as a result of the investment at PLC sports hall and projected occupancy increase to 80%;
- If the investment into WCSC gym take place, negotiate an improved management fee. For example, an additional 200 members at the centre would generate annual income in the region of £44k;
- Opportunities are reviewed to share support services with the Council to reduce costs; and
- Assess the option of purchasing utilities through the Council, which could achieve savings of up to £80k per annum.

- 6.7. If all of these recommendations are able to be implemented, then we expect the financial improvement to be in the region of £180k-300k.
- 6.8. If the Council does consider undertaking a procurement process, it will need to fully consider its procurement strategy including the following issues:
- Further market analysis and local supply chain considerations
  - Social value
  - Leases and contracts, in particular any compensation payments to the Trust for early termination
  - TUPE and pensions issues
  - Procurement regulations
  - Building repairs and maintenance responsibilities
  - Timescales and costs of delivering a procurement process
- 6.9. However, for the Council to make a significant impact on the revenue cost of the service, we would recommend a strategic review of provision in Nelson and Colne is undertaken to review options to replace / significantly refurbish Wavelengths and Pendle Leisure Centre into a single facility that meets the needs of the community, but results in a compact and more efficient building that reduces premises costs. It is likely that this solution whilst requiring capital investment, would result in a significantly reduced revenue cost and would be more attractive for both PLT or an external operator to manage.