

REPORT FROM: DIRECTOR OF PLACE

TO: OVERVIEW AND SCRUTINY COMMITTEE

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STRATEGIC LEISURE REVIEW – UPDATE

PURPOSE OF REPORT

The purpose of this report is to provide members with an update regarding the work undertaken to review the management of the Council's leisure facilities, following the committee's consideration of this issue in late 2023.

RECOMMENDATION

That the information within this report is noted.

REASONS FOR RECOMMENDATIONS

To ensure that members of the committee are fully updated on the current situation regarding the management of Council's leisure facilities.

BACKGROUND

1. In line with a request from Executive, in late 2023 Overview and Scrutiny Committee undertook a review of the management of the Council's three leisure facilities.
2. The committee concluded its work at a meeting held on 12th December 2023. At this meeting the committee received presentations from consultants, KKP and Strategic Leisure, on a Facility Options Appraisal which had been commissioned to look at future management opportunities for the centres.
3. Following these presentations, and subsequent debate, the committee resolved that the Executive be recommended:
 - To note that the findings of the review indicate that the retrofitting and renewal of the three leisure facilities in Colne, Nelson and West Craven would not be financially viable
 - Not to pursue the three-centre option and to instead consider other options that are affordable and sustainable

- To defer consideration of future operating models until a decision has been reached on the long-term future of the three facilities
4. A report was subsequently presented to Executive on 19th December 2023, with Executive resolving:
 - That the Pendle Leisure Trust Facility Options Appraisal report be noted.
 - That the recommendations from the Overview and Scrutiny Committee be noted.
 - That investigations be carried out to identify external funding sources which might be available to address some of the improvements referenced in the Options Appraisal report.
 - That a comprehensive consultation exercise be undertaken with representatives from the Town and Parish Councils, users of the three facilities in West Craven, Colne and Nelson, and local residents.
 - That this issue be considered further at a future meeting of the Executive.
 5. The purpose of this report is to update Overview and Scrutiny Committee members on progress made since the committee concluded its work on this issue in December 2023.

OVERVIEW

6. As committee members are aware, the Council operates three wet and dry leisure centres, located in Nelson, Colne and Barnoldswick.
7. Leisure and leisure facilities are a key issue for the Council, but leisure spend is a high proportion of the Council's stretched revenue position, and so, in the period since 2021, the Council and Pendle Leisure Trust (PLT) have commissioned a number of reviews seeking to find a sustainable way forward for the service.
8. In July 2023, following consideration of the latest of these reviews, Executive committed to retaining leisure facilities in Colne, Nelson, and West Craven, but asked Overview and Scrutiny Committee to examine how the facilities could: 'be made to be financially viable through retrofitting and renewal; to consider the mix of features taking affordability into account; and, to consider operating models for the future taking account of what is needed to ensure delivery of requirements for each leisure facility.'
9. A consultancy team led by Alliance Leisure and Strategic Leisure was appointed to assist with this review work, reporting its findings to Overview and Scrutiny Committee in December 2023, the headline findings being:
 - The three facilities operate at a financial deficit year-on-year. In the financial year 2022/23 this deficit was £385,138. This is expected to further worsen with increases in energy, staffing, and supplies and services costs.
 - Significant investment is required over the next ten years to keep the facilities operational in the medium-term. This figure was estimated to be in the region of £7.1m.
 - The consultants estimated that refurbishing/extending the three facilities was likely to cost a total of c.£30.3m (inclusive of the £7.1m in the bullet point above).
10. With the exception of £1.7m of Nelson Town Deal funding for Wavelengths' Leisure Centre, no other funding was available and so to finance any works would require prudential borrowing. This was deemed to be unaffordable, with the committee making its recommendations to Executive as set out in s.3, above.

2024 ACTIONS

11. As requested by Executive (see s.4, above), a comprehensive exercise was undertaken in early 2024 to investigate possible funding sources. Unfortunately, with the exception of the Town Deal funding referenced above, Swimming Pool Support Funding, and the Public Sector Decarbonisation Fund (a bid to this fund was submitted in late 2024), there were no other readily apparent sources of finance identified.
12. Over the period February - March 2024, an engagement exercise was undertaken with facility users and residents to gather views on their use of the centres, and their views on future options. More than 2,300 responses were received to this exercise, the majority setting out strong support for retaining the facilities.
13. In order to fully investigate possible future options, Strategic Leisure were further appointed to advise on the implications of a range of future management approaches, including: in- house management; establishing a new organisation, e.g. a Local Authority Trading Company (LATCo); and, outsourced management.
14. The consultant's report was considered by Executive in September 2024, with Executive resolving:
 - If Pendle Borough Council's priority is to save money, then moving to an in-house operational management model should not be considered.
 - If PBC's priority is to save money and maintain reduced operational risk, then moving to a LATCo operational management model should not be considered.
 - If PBC's priority is to save money, then procuring an outsourced operational management model should be considered.
 - PBC should carefully consider the non-financial benefits of the PLT model in making any decision about change.
 - Timescales for achieving any savings are recognised and taken into account in decision-making.
 - Further legal investigation should be undertaken in respect of the existing leases, to determine whether they can be changed/rescinded.
 - If PBC decides not to change its current operational delivery model, it is recommended that negotiation takes place with PLT over the increasing subsidy to determine the extent of service PBC wishes to deliver, and that this is then reflected in costs.
 - If PBC decides not to change its current operational delivery model, it is recommended that a suite of KPIs is developed against which performance can be measured and evaluated.
15. In line with the final two bullet points, above, following the Executive a meeting was held between Executive Members and the PLT Board on 3rd December 2024 to consider the way forward.
16. A number of issues were discussed during this meeting, the key being a mechanism to reduce the management fee paid by the Council to the trust, with PLT agreeing to a £200,000/per annum reduction for each of the next two financial years, 2025/26 and 2026/27. (It should be noted that, in addition to this reduction, PLT will also have to absorb other increased operating expenditure, most notably increases in staffing costs.)
17. A range of mechanisms to strengthen and align the working relationship between the Council and the trust were also agreed, including around closer strategic liaison, and increased information sharing. Work to identify a sustainable way forward for specific facilities, such as the golf course, will be actively progressed over the next few months, while there is also a shared commitment to keep the management fee under review on an ongoing basis.

NEXT STEPS

18. A further meeting between the Executive and Board has been scheduled for June 2025 at which progress will be reviewed.

IMPLICATIONS

Policy - as highlighted above, leisure and leisure facilities are a key corporate priority for the Council.

Financial – Pendle Leisure Trust has agreed a significant reduction in the management fee to be paid by the Council over the next two financial years, as set out in s.16, above.

Legal - none arising directly from the report.

Risk Management - none arising directly from the report.

Health and Safety - none arising directly from the report.

Sustainability - the financial sustainability of the Council's leisure service is at the heart of all aspects of this report.

Community Safety - none arising directly from the report.

Equality and Diversity - none arising directly from the report.