

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET
13th September 2016

PORTFOLIO HOLDER: County Councillor Graham Brown
Portfolio Holder for Commissioning & Procurement

SUBJECT: Leisure – Options Review to achieve additional
Savings in the MTFs 2017-18

REPORT FOR: Decision

1.0 Summary

- 1.1 In July 2015, the County Council formally transferred the management and operations of its sports and leisure centres to a new commercial operating partner Freedom Leisure. This concluded a detailed and complex tender process leading to an award of contract, with Freedom Leisure now acting as the commercial provider of all leisure-based activities within 15 sports and leisure facilities (including one outdoor centre) across Powys. At the point of contract completion, the Council's leisure staffing were also TUPE transferred over to Freedom Leisure.
- 1.2 As part of the new Leisure contract, the Council retain the 'landlord responsibility' of the leisure and sports facilities. This means that the buildings remain in the ownership of the Council. The contract sets out responsibilities for the buildings between the Council and Freedom Leisure, with the Council retaining the more substantial role in maintaining the building infrastructure.
- 1.3 The commissioning of leisure and sports centres in this way will deliver savings of £18m over the life of the contract. The change to this format for service delivery has meant that the Council has been able to set-out a timetable for cost reduction, which has been committed to under the MTFP for Leisure, in addition it has allowed money to be released for ongoing repairs and maintenance of the facilities. This latter issue was one that the Council was unable to commit to when the service was provided in-house.
- 1.4 As part of the contract, the Council is liable to pay a reducing year-on-year management fee to Freedom Leisure, in their role as leisure operator and delivery partner for the Council. There are also further payments to Freedom for the schools' service level agreement, free swimming, health interventions, financing and bond costs. The total contract payment will be £2.42m in 2017/18.

- 1.5 In developing the MTFs for 2016 onward, further savings have been set against leisure and sports centres of £200k, being in addition to the savings being realised as part of the contract. This £200k target has been set for 2017-18.
- 1.6 In developing rationale as to how these additional savings might be achieved, consideration has been given to the contribution from 'soft' options such as energy, investment in infrastructure and equipment through to the 'hard' options of a reduced portfolio of buildings.
- 1.7 These issues have been considered in the recent past, in working up solutions to the savings targets already set against leisure and sports centres, ultimately leading to the conclusion of outsourcing the provision to a commercial operator.
- 1.8 With the additional financial target of £200k in 2017-18, both soft and hard options have been revisited, in confidential consultation with Freedom Leisure and with additional support sought from an external consultant V4 Services. This company specialises in a multitude of expertise and industry knowledge, providing advice and support (such as leisure services, social care, housing) to numerous Local Authorities who are implementing change plans, budget reductions and efficiency savings. V4 Services fully supported the Council throughout the preparation and tender process to implement the current leisure contract.
- 1.9 The reviews have shown that the means to deliver the savings through soft options (e.g. investment, energy projects) is neither realistic nor deliverable within the timescales needed, and that these have already been largely exhausted as part of the original savings plan agreed with Freedom Leisure. Through prudential borrowing, the Council has already supported investment in a number of centres as part of this arrangement.
- 1.10 The conclusions have therefore now centred on the hard options of facility closure / portfolio reduction, and the rationale of how to conclude which facilities to select, taking into account the very recent investment (capital & energy works) programme at some centres.
- 1.11 This has led to the identification of Knighton Sports Centre, Llanfair Caereinion Sports Centre and Staylitttle Outdoor Centre as the facilities for closure / transfer, with a recommendation that the outdoor centre be subject to direct market testing in seeking a new commercial operator to take this on without further Council subsidy as a separate business interest.
- 1.12 As part of the review and assessment exercise, other options were considered, such as; Builth Wells and / or Llandrindod Wells leisure facilities. Consultation is ongoing with regards to the reconfiguration of secondary schools and is yet to be determined. Until this is concluded

Llandrindod and Builth Wells leisure facilities will continue with their current arrangements.

- 1.13 Also, as part of a previous 'rationalisation' exercise, Rhayader Leisure Centre was identified as a potential option for rationalisation due to the fact that it is not situated adjacent to a High School and is geographically close to Builth Wells and Llandrindod Wells respectively.
- 1.14 Freedom Leisure, as part of their tender bid (as did all of the bidders) have introduced capital development into Rhayader Leisure Centre which has significantly enhanced the fitness suite and fitness studio offer which will increase income and participation throughout mid Powys.
- 1.15 In addition to the capital investment at Rhayader Leisure Centre, significant capital investment of fitness suites, studios and catering is taking place at The Flash Leisure Centre Welshpool and Brecon Leisure Centre. Energy Saving projects have also been undertaken at five of the sports and leisure centres; Ystradgynlais, Brecon, Rhayader, Newtown and Machynlleth. These investments strengthen the sustainability and viability of the centres listed above, which takes them out of contention for centres considered most at risk.
- 1.16 In setting out options to deliver the £200k target, it is important to note that Freedom Leisure cannot be required to make further savings by accepting a reduced portfolio of facilities. The contract sets out conditions and pre-conditions to both parties. In this particular case, the Operator has not signalled a view to challenge the Council at this stage in seeking further budget savings, or in doing so as outlined in this report.
- 1.17 The proposal to achieve the budget saving, would directly impact upon the level of management fees paid to Freedom Leisure (as the Council's commercial partner), which they currently receive to deliver leisure, sports and outdoor facilities on behalf of the Council. These fees are set to reduce year-on-year, and will therefore reduce further and earlier than the existing contract requires. Whilst savings will be accrued from a reduction of buildings maintenance, this is not straight forward, and the level of savings to be accrued over time will not be fully known immediately.
- 1.18 The withdrawal of facilities will also incur additional costs to the Council from Freedom Leisure for 'loss of income', redundancy, depreciation and 'one off costs' as part of the leisure contract and decisions taken
- 1.19 In those cases where a building is temporarily without alternative use, costs will continue to be incurred in monitoring and maintenance in keeping it safe and in reasonable repair. This is described in paragraph 4.11 of this report.

- 1.20 The Council is also liable for costs of staff redundancy, in those cases where staff are not either redeployed or transferred to another party. In this case, this is a significant 'one off' cost.
- 1.21 Together with the report from V4, this paper outlines the measures and associated rationale that could be pursued with Freedom Leisure to meet the additional targets now set in the MTFS.

2.0 Proposal

- 2.1 In setting out proposals, it is noted that the Council's reducing financial commitment to the delivery of leisure services formed a key part of the legal agreement, with figures agreed at the conclusion of the commissioning process. Any move to alter this will require agreement being reached with Freedom Leisure, and to date, the company have not raised any specific objections to the proposals that follow.
- 2.2 The proposals discount the opportunity to secure a reduced financial commitment to Leisure services of £200k by 'soft' options alone, for the reasons set out below.
- 2.3 In considering these, V4 have reviewed the means to achieve the target through measures to reduce energy costs, further infrastructure investments, seeking further reductions in contributions to Non-Domestic Rates (NNDR), income growth and changes to arrangements for utilities. These matters are set out in further detail in Appendix 1.
- 2.4 In discussions between PCC service officers, V4 Services and Freedom Leisure concluded that whilst savings might be found through these means, they would be very modest and only pay back over the long-term, and well-outside of the time frame to deliver against the MTFS.
- 2.5 Investment in infrastructure, requires raising capital, repayment and long-term payback, which are too modest in benefit. Change in energy supplier would alter the current quantum of energy bought by the Council as a whole, and reduce the Council's own competitive advantage in the market. If the Council chose to permit a further reduction in NNDR contributions, this would also directly impact upon Council income and negate any benefits to the Authority, even though it might improve the financial position of Freedom Leisure. This notion has been rejected by the Strategic Director for Resources in the wider interest of the Authority.
- 2.6 The Council is therefore left with the task of considering choices and subsequent implications under the so called 'hard' options, notably in the reduction of facilities which would mean a reduction in the Council's management fee to Freedom Leisure. This is shown in Appendix 1 – V4 Services Report (table) page 5.
- 2.7 As part of this exercise and the V4 Services report, a review of previous rationalisation assessments have been undertaken. This information is

referenced in the V4 Services report and also in Appendix 2 (Access Model).

2.8 Staylitt Outdoor Centre

Staylitt Outdoor Centre is notably different from the other sports and leisure centres offering outdoor, rather than a predominantly indoor sports and recreation experience. It also caters for a broad and geographically widely spread clientele. The Centre has played a significant role in the lives of many young people for many years, giving them access to life experiences they may not otherwise have had.

2.9 Because of Staylitt Outdoor Centre being a markedly different operation to more locally based leisure and sports and leisure centres, the Outdoor Centre offers perhaps a unique opportunity as a stand-alone and self-financing business. As such, the proposal also recommends that this facility is subject to full market testing at the earliest opportunity. In addition, the facility does not serve one particular community and if it did close the impact would be mitigated by alternative provision.

2.10 Knighton Sports Centre

Knighton Sports Centre has been identified for closure, by being scored as number 2 in the Access Model (Appendix 2), which illustrates the impact (shown by a sliding scale) on Powys residents should a swimming pool no longer be in a particular location.

2.11 The principle reasons for such scoring is that Knighton Sports Centre serves a small population, it is not attached to a High School and it has one of the lowest income and participation figures of all of the centres. Given its location, it is less than 7 miles from Presteigne, and does not serve a high school, though sits within the Knighton Primary School campus. The Sports Centre has not received any significant new investment since the Freedom contract was established which would otherwise incur financial penalties.

2.12 This facility would incur costs in terms of staff redundancy, 'one off costs', loss of profit to Freedom Leisure, depreciation, and would also incur some costs in on-going maintenance and inspection once closed, to keep it in a safe condition. (Appendix 1 table page 5).

2.13 Llanfair Caereinion Sports Centre

2.14 Given its location, Llanfair Caereinion Sports Centre is less than 14 miles from Llanfyllin, 12 miles from Newtown and 8 miles from Welshpool. In all cases, these other sites offer a greater range of provision including a pool.

2.15 The Llanfair Sports Centre is situated within the school campus, with the school making direct use of the space for their own needs, as well as for community sports and recreation purposes. In considering this site, in consultation with the school, this facility could be subject to one of the following scenarios–

- (a) Transferred to the school, and retain its local community status, as a similar model to that developed by Crickhowell and Gwernyfed High Schools when facilities there were considered for commissioning in 2014 / 2015. The school would need to ensure that community use was supported through additional income and not through the school budget.

If the school did not wish to promote community use, the facility would be absorbed within the school campus.

- (b) In the unlikely event that the school did not want access or use of the space occupied by the leisure service, some ongoing maintenance costs / decommissioning would need to be incurred.

2.16 In all cases, the Council would work with Freedom Leisure to identify redeployment opportunities, or if unsuccessful, the payment of redundancy costs. There is the possibility that TUPE transfer of staff back to the Council should Llanfair High School decide to take on the existing leisure staff.. Further, reasonable operating costs associated with utilities and rates would need to be transferred to the school.

2.17 The V4 Services report concludes, in considering further options for rationalisation, and as outlined in Appendix 1& 2, a ranking approach identifies Knighton and Llanfair Caereinion as those centres that would least impact on access and attendance across the County.

3.0 Powys Change Plan

3.1 In order to achieve the objectives set out in the One Powys Plan, the transformation of Leisure Services supports the following programmes and priorities –

i. **Integrated health and adult social care**

Older people: Older people will be supported to lead fulfilled lives within their communities.

Carers: Carers have a good sense of wellbeing and are able to fulfil the caring responsibilities they choose to do

Mental health and wellbeing: Powys citizens will lead fuller and longer lives, be resilient, have good health and be more able to participate and contribute to their communities.

Learning Disabilities: People with Learning Disabilities lead meaningful and valued lives within their own communities.

ii. **Children and young people**

Vulnerable families: The needs of vulnerable children, babies and their families are identified as early as possible so that they can enjoy safe and fulfilled lives.

Healthy lifestyles: Powys citizens will be supported and empowered to lead active and healthier lives.

- iii. **Transforming learning and skills**
Education: All children and young people are supported to achieve their full potential.
Training and jobs for young people: More young people in Powys will be in full-time education, gainful employment or employment related training within the county.
- iv. **Stronger, safer and economically viable communities**
Stronger communities: Bring people together in Powys so they feel that they matter, belong and can contribute to their community.
- v. **Financially balanced and fit for purpose public services**
Organisation and partnership development: Enable 'joined up' services for Powys citizens through public and third sector partnerships.

Additionally, the transformation of Leisure Services harmonises with the Councils overall strategic direction and helps to achieve the four key priorities detailed in the Corporate Improvement Plan 2016 – 2019

- i. **Services Delivered for less – remodelling Council services to respond to reduced funding** – the proposals contained in this report will continue to evolve the transformation process to meet continued need for responding proactively and effectively to reduced funding.
- ii. **Supporting people in the community to live fulfilled lives** – the proposals will maintain reasonable and sufficient access to a range of services facilitated through Leisure and Sports Centres, for example, access to fitness classes, sporting facilities, social & community events, group and society meetings and a range of community delivered & volunteer led services – all of which enable people to be active, engaged and live fulfilling lives.
- iii. **Developing the economy** – the move to commission the delivery and operation of Leisure and Sports services has supported investment in facilities, the retention of local jobs, provided income generation opportunities and allowed the contribution such facilities offer to the wider community and region, including facilities for visitors, to be conserved.
- iv. **Learning – improving learner outcomes for all, minimising disadvantage** – the leisure and sports facilities and service provide a wide range of activities, programmes and opportunities to an extremely varied spectrum of residents and visitors with diverse needs and expectations. Participation is generally universal, however specialised schemes are available depending on demand. Many of the activities and programmes are outcome focused.

4.0 Options Considered/Available

4.1 Option 1A: Transfer of Llanfair Caereinion Leisure Centre to Llanfair Caereinion High School (to include public / community use)

The Council would open discussions with the school with a view to the school taking over the management and operation of the sports facilities

from April 2017 onwards, with no ongoing financial support from the Council for community access.

4.2 This option seeks to retain some level of community access without any financial support from the Council. A proportion of the sports centre budget would be transferred to cover basic operational costs, such as utilities and rates but without a contribution toward staffing, management or maintenance. This mirrors the approach taken in transferring the former Leisure Services facilities in Gwernyfed and Crickhowell, now operated by the High Schools, incorporated within their premises.

4.3 Option 1B: Transfer of Llanfair Caereinion Leisure Centre to Llanfair Caereinion High School (for the exclusive use of the school)

This should be considered the default option, should Option 1A prove unsuccessful. The Council could open discussions with the school with a view to the school taking over all of the space currently occupied by the sports facilities from April 2017 onwards, should the school choose not to use the space as a public sports facility. A proportion of the budget would be transferred to cover basic operational costs only, such as utilities and rates but without contribution toward staffing, management or maintenance.

4.4 Option 1C: Closure of Llanfair Caereinion Leisure Centre

This should be considered the default option, should Options 1A and 1B prove unsuccessful. Should the School no longer wish to use or occupy the space formally managed by the sports centre, in principle the space could be closed to access, with only limited expenditure being incurred to keep it safe. However, the school already use the space for their curriculum needs, in addition to its use as public facility, so this option is not seen as likely or practical. The future of this space would be placed before the Council's Strategic Asset Management Board for consideration, but alternative use would be constrained by its location.

4.5 Option 2A: Transfer of Staylitttle Outdoor Centre to a commercial full cost recovery model

The Council could undertake soft market testing at the earliest opportunity to identify the level of market interest in taking on Staylitttle on a commercial basis and the likelihood of achieving a transfer at minimal cost to the Council. However, given the need to secure savings and the future of this facility, it is recommended that the Council move immediately to the market and seek to transfer the site to a new commercial partner, based on this facility operating a no cost to the Council. It is also recommended that the option to sell the site to an appropriate operator, should this be required in preventing option 2B becoming the default position.

4.6 Freedom Leisure have indicated that they would not wish to take Staylitttle Outdoor Centre on as a contract variation, as this is not their 'normal business' of sports and leisure centres.

4.7 Option 2B: Closure of Staylitttle Outdoor Centre

This should be considered the default option, should Option 2A prove unsuccessful. This option sees the site closed, with basic monitoring and maintenance to keep the site safe. The future of this site would be placed before the Council's Strategic Asset Management Board to determine.

4.8 Option 3A: Closure of Knighton Leisure Centre

In accepting the implementation of this option, Service officers would explore the possibility of provision of community sports facilities within the proposed transformation project of Knighton & District Community Centre, in consultation with the Centre's Management Committee. As outlined in 2.12, the East Radnor Leisure Centre in Presteigne is less than 7 miles away.

4.9 Option 3B: Transfer of Knighton Leisure Centre to a third party operator at no cost to the Council (CAT transfer)

No proposals are known or have been developed in respect to this potential option. Whilst transfer of facilities have taken place with the High Schools in Gwernyfed and Crickhowell, the situation was significantly different with those sites being dry-side only. The high costs of pool management and operation, are considered to make transfer of this site without subsidy, by a third party, as being unrealistic. However, as part of a consultation process, this may be considered should a sufficiently robust business case come forward.

4.10 Option 3C: Transfer of the Knighton Sports Centre building to the Schools Service on the closure of the Sports Centre.

This option has been suggested by the schools service for consideration as part of the asset disposal process. The school has a number of mobile classrooms which could be replaced as permanent classrooms if part or all of the sports centre buildings were remodelled as classroom and education facilities. This would need further consideration and calculation. The cost implications of this options have not been included at this stage.

4.11 Financial information relating to these options are shown in Appendix 1 – Leisure Cost Savings Report and on the following page of this report.

Option	Impact	Net Revenue Savings to Council		Estimated One Off Costs to Council			
		Net Savings on Management Fee	Council share of estimated income displaced to other centres	Redundancy	Depreciation	Loss of profit (not including breakage costs)	Total One Off Costs
Transfer of Staylitttle to a commercial full cost recovery model	No impact on facility provision but prices likely to rise for schools and groups	£130,110	n/a	n/a	£33,632	£7,349	£40,980
Transfer of the funding and operation of Llanfair Caereinion Leisure Centre to the high school	Least impact based on the dry side and access model although likely to be an impact on community access with a reduction in bookings available for casual users locally.	£50,378 less £36,335 (transferred to school budget) = net saving to leisure services of £14,043 ¹	n/a	£50,990	£2,378	£4,466	£57,834
Closure of Knighton Leisure Centre	Loss of leisure facility provision in Knighton but overall least-worst impact according to the dry side and access model. Scope for significant transfer of usage to nearby Presteigne	£ 122,927	£24,590	£49,734	£3,376	£6,308	£59,418
	Total	£267,080	£24,590	£100,724	£39,386	£18,163	£158,273
Closure of Staylitttle	Loss of direct provision but alternative centres available in and around Powys	£130,110	n/a	£60,297	£33,632	£7,349	£101,277
	Revised Total	£267,080	£24,590	£161,061	£39,386	£18,163	£218,590

¹ Net of additional costs to the Council of the school taking over responsibility for the sports facilities

- 4.12 It has been estimated that mothballing and necessary ongoing maintenance costs would amount to approximately £2,000 each for Staylitttle Outdoor Centre and Knighton Sports Centre should they be closed. These costs would relate to the need to retain electricity at the sites for insurance purposes, boarding-up of windows and making safe, removal of sewage, drainage of a swimming pool and ongoing inspections. The facility would remain the responsibility of corporate property services until the building is disposed of.
- 4.13 Both finance and commercial services make reference to these one off costs.

5.0 Discussions with the Council's Leisure Operator

The Freedom Leisure management team are aware of the proposals and have been providing the necessary financial information in order to complete the report. Freedom Leisure will work with Powys to inform their staff once Cabinet have decided the options going forward.

- 5.1 There is confidence that the options recommended would limit the impact on existing users and the wider communities within Powys by minimising the reduction in facilities, and in noting the mitigation measures and proximity to other local facilities (see Appendix 1 page 10).
- 5.2 The withdrawal of facilities will also incur additional costs to the Council from Freedom Leisure for 'loss of income', redundancy, depreciation and 'one off costs' as part of the leisure contract and decisions taken. All associated costs of these options are shown in Appendix 1 V4 Report.
- 5.3 The external review undertaken by V4 in consultation with Freedom Leisure, has considered a wide range of options including income growth, operating cost savings, rationalisation and invest to save. As a principle, the approach taken in developing viable options has been sought to limit the likely impact on and access to current users of the centres and the wider local Powys communities by seeking to minimise the loss of facilities through rationalisation and closure. In addition, careful consideration has been given as to the impact of increasing pricing, which may end up reducing footfall and ultimately net income.

6.0 Co-location

The Council will undoubtedly continue to explore the potential for co-locating services (e.g. Social Care Services, Libraries) so as to rationalise its buildings and make savings. This needs to include consideration of the future role of leisure centres in order to achieve wider service improvements and deliver further efficiency savings.

- 6.1 This will also include discussions between the Leisure and Adult Social Care service with regard to delivery of a range of day services to older residents through the leisure centres, in order to improve the utilisation of and income generated by centres and to improve the use of social care expenditure through more targeted early intervention.

7.0 Preferred Choice and Reasons

7.1 Options 1A: Transfer of Llanfair Caereinion Leisure Centre to Llanfair Caereinion High School (to include public / community use)

The pursuance of options 1A is preferred, in developing an approach which meets the needs of Llanfair Caereinion High School, whilst also minimising all related costs to the Council, as part of the cost reduction plan outlined in this report. The facility also stands out as a dry side only facility, which allows change of focus without undue additional costs. Alternative sports and leisure provision is noted as being available in Llanfyllin (14 miles), Newtown (12 miles) and Welshpool (8 miles).

7.2 Option 2A: Transfer of Staylitttle Outdoor Centre to a commercial full cost recovery model

Pursuance of Option 2A, the transfer of Staylitttle Outdoor Centre to a full cost recovery model. This approach also includes the acceptance of Option 2B Closure, only if the transfer approach is unsuccessful. Option 2A, as outlined above in the report, offers an opportunity to seek an ongoing commercial approach for this facility, but without ongoing cost to the Authority.

7.3 Option 3A: Closure of Knighton Leisure Centre

In accepting a rationale for facility closure, Knighton is identified as highest candidate alongside Llanfair Caereinion. Closure of the facility would need to consider the Knighton Community and District Community Centre committee, who are currently pursuing a redevelopment of the centre as community hub. It is noted that other comparable facilities are found in Presteigne less than 7 miles away.

7.4 The closure of Staylitttle Outdoor Centre (should transfer to the commercial sector prove unsuccessful) and Knighton Sports Centre would incur the most redundancy and 'one off costs'.

7.5 The preferred options above have been confirmed following a review of the previous transfer of two dry side sports centre facilities, review of the 'Access Model' (Appendix 2) for swimming pools, and in discussions with Freedom Leisure to determine their thoughts around potential options.

7.6 Many of the sports and leisure centres have either already received or are in the process of receiving significant capital and energy investment which will make the buildings more efficient and attractive to customers. These developments are projected to increase income and participation throughout the life of the contract. Therefore, sports and leisure centres that receive investment would not be considered within the options above as they would incur significant financial penalties as part of the contract arrangements.

7.7 There will also need to be further discussion and negotiation with Freedom Leisure with regards the decisions taken by Cabinet in terms of the existing contract and arrangements.

8.0 Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

8.1 A reduction in provision or the number of facilities will have a negative impact on some residents, users and visitors of the leisure service as they will not be able to access them as easily; some people will have further to travel to access an indoor sports or leisure facility, which will in turn may have a negative impact on the environment.

8.2 A wide range of participants from across Powys and the borders make use of the leisure service for a variety of reasons which can be personal, social, medical and health related.

9.0 Children and Young People's Impact Statement - Safeguarding and Wellbeing

9.1 As above, a reduction in leisure provision will have an impact on the health & wellbeing of Children & Young People of Powys and border counties. This is not related to a safeguarding issue but will increase the distance travelled by some local residents and visitors to utilise an alternative leisure facility.

10.0 Local Member(s)

10.1 Local members will be briefed on the report content and proposals, in advance of Cabinet.

11.0 Other Front Line Services

11.1 **The Senior Manager – Central Schools Services** comments that the Schools Service has been fully involved in discussions around the proposals that impact directly on the management of facilities. The service fully supports the review and will continue to work with leisure services and the affected schools to ensure a smooth transfer of responsibilities if proposed.

12.0 Support Services (Legal, Finance, Corporate Property, HR, ICT, BPU)

13.0 Legal

13.1 **The Professional Lead – Legal** has no comment on what is proposed but believes that some form of consultation should take place as a matter of good practice even if there is not a statutory requirement; needless to say that the legal services will support the Authority on what is decided as the best way forward”

14.0 Finance

- 14.1 **The Finance Business Partner** confirms that they have worked together with V4 Services and Freedom Leisure in providing the calculations provided within the report and confirms that the proposals meet the savings requirement included in the Council's budget.
- 14.2 The costings include the additional funding that would be provided to the school within their delegated budget to cover the running costs and maintenance of the buildings and these have been netted off within the figures provided.
- 14.3 The transfer of community use of sports facilities to a school will require the school to provide a robust business case to ensure that the running of the community use of the facility is not subsidised from the schools delegated budget.
- 14.4 The contract with Freedom Leisure included conditions in the event of terminating or changing provision. These requirements as outlined by commercial services in section 19 of this report are included as 'one off costs' in the calculations shown in section 4.1.
- 14.5 In order to fund these one off costs Cabinet can consider the use of reserves or management of change funding.

15.0 Pensions / Employment Services

- 15.1 **Pensions** comments that the 'fully cost recovery to a third party' Staylittle transfer option would result in additional (limited) costs associated with the admission of a further third party into the Powys Pension Fund.
- 15.2 **Employment Services** states that the redundancy estimates appear accurate based on the compulsory scheme ready reckoner and the average weekly earnings provided. The only other costs are for any Pay in Lieu of Holidays due, which would also attract employers NI, but again is Non Pensionable.

16.0 Property

- 16.1 **The Property Service** provides agreement in principle in given to the preferred options presented within the report. It is however noted that co-location opportunities should be considered fully with all appropriate services prior to changes in delivery to ensure decisions are not made in isolation.
- 16.2 The proposed reduction in the number of buildings in the Leisure portfolio will reduce the overall Council retained 'landlord responsibility' for the leisure facilities and therefore the landlord maintenance expenditure.

17.0 HR

- 17.1 **The Account Manager (People)** has advised that the option to transfer the sports centre to the school in Llanfair Caereinion would require the TUPE transfer of all existing employees at Llanfair Caereinion Leisure Centre from Freedom Leisure back to the Council. This option would be dependent on the agreement of the School Governing Body who would become responsible for all decisions relating to these employees should this option be agreed. However any subsequent redundancy costs would have to be borne by the Council.
- 17.2 There are no implications for the Council's HR Service arising from the options for Staylitttle and Knighton, as Freedom Leisure as the employer would retain responsibility for managing any implications arising from the implementation of any of these options.
- 17.3 If the provision/service is transferring then Freedom Leisure and indeed the staff working at the Leisure Centre would be entitled to claim that TUPE applies and therefore they would have to transfer unless they are offered and accept suitable alternative roles. Unfortunately this would only mitigate the risk as TUPE affords statutory protection and therefore any agreement between Freedom Leisure and ourselves or Freedom Leisure and the employees employed at the centre is highly unlikely to prevent a successful claim being made for unfair dismissal under TUPE if a disgruntled employee made a claim.
- 17.4 Were staff to transfer then the school would have to demonstrate that an economic, technical or organisational reason exists to make changes to roles and T&Cs (to make efficiencies) which always proves more difficult than straightforward changes to an area of service unaffected by TUPE.

18.0 Adult Social Care

- 18.1 **Adult Social Care agree** that it is important for leisure centres be inclusive and to target activities at all age groups, including older people.
- 18.2 Older people have the greatest disposable income in Powys and careful marketing and targeting of services to that group will be essential to generate further income for the Leisure Service. ASC could help promote these services via Powys People Direct, if provided with the information on what was available, so they could refer people on.
- 18.3 In terms of co-location – ASC envisage that there will be a virtual co-ordinating hub to ensure access to wellbeing and support services for older people in each community (to be defined). However ASC do not have money to provide the actual services beyond that which it currently commissions. So although we would be happy to co-locate (as does Rhayader Home Support at Rhayader LC) at this point ASC's plans are in development and no firm commitment can be provided. However if the

Council defines which facilities are going to become their focus as Community Hubs, then ASC would be happy to align to them.

18.4 ASC are currently out for Public Consultation on the Review of Day Time Activities for Older People (including Day Centres), and following completion of the consultation, Cabinet are due to make a decision on three options, these are:-

- *Option 1. Not close any of the existing services and to continue 'as is'*
- *Option 2 - Close all day centres including non-council run day centres*
- *Option 3 - Take a phased approach to ceasing all existing provision (excluding Westwood in Welshpool)(except for Westwood in Welshpool) whilst developing an improved future service model to address early intervention and prevention.*

18.5 If Options 2 or 3 are chosen the Council would not be replacing or transferring these services 'as is' to any other facility, although the buildings may be available for other uses.

18.6 ASC will continue to work with the Place Directorate to develop the synergy between the Community Delivery project to ensure the building and releasing of community capacity and resilience.

19.0 Commercial Services

19.1 **Commercial Services advise**, as part of the decision making process, consideration will need to be given to Part 5 of the contract which covers 'No Fault Termination and Additional Consequences of No Fault Termination' which sets out conditions such as:

- the minimum notice period of three months (5.1.1);
- the sums paid by the Council for written-down costs of fixed and portable equipment (5.4);
- compensation that can be claimed by Freedom for loss of profit and breakage (5.6), and;
- any redundancy costs payable to Freedom by the Council (5.7.1).

19.2 Consideration should be given of how this will affect the overall business model for the contract and whether making substantial changes and reductions will affect Freedom Leisure's plan and expectation for growth in those properties.

20.0 Local Service Board/Partnerships/Stakeholders etc

20.1 The Leisure services provided by Powys County Council in partnership with Freedom Leisure plays an important strategic role in delivering the One Powys Plan and Corporate Health and Wellbeing objectives, and in particular the participation in sport and physical activity in Powys. This is well referenced in Healthy Lifestyles chapter of the Powys One Plan.

21.0 Corporate Communications

21.1 Communication comment: The report is of public and stakeholder interest and requires a dedicated communications and staff engagement plan.

21.2 It will be necessary to inform and / or consult with stakeholders and leisure staff about the decisions made with regards to the options presented.

22.0 Statutory Officers

(The views of both the Strategic Director Resources (Section 151 Officer) and the Monitoring Officer **must** be set out below)

22.1 **The Strategic Director Resources** notes that the Finance Business Partner has worked with V4 Services and Freedom Leisure to provide the calculations provided in the report. It is also confirmed that the proposals meet the savings requirement in the budget.

It is important that the transfer of community use of sports facilities to a school is supported by a robust business case to ensure that the running of the community use of the facility is not subsidised from the schools delegated budget.

22.2 The Solicitor to the Council (Monitoring Officer) has commented as follows: “ I note the legal comment and have nothing to add to the report

23.0 Members’ Interests

(To be completed by the Monitoring Officer)

23.

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

24.0 Future Status of the Report

(This section must be completed if the report is a confidential/exempt report)

24.1 Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

24.2 The view of the Monitoring Officer is that:

Recommendation:	Reason for Recommendation:
<ol style="list-style-type: none"> 1. To undertake consultation with stakeholders on the preferred options described, during the Autumn, with a view to concluding decisions by the end of the calendar year 2. Upon conclusion of the consultation exercise to delegate to the final decision making to the Portfolio Holders for Commissioning & Procurement, Property and Finance, in consultation with the Strategic Director – Place. 3. That the ‘one off costs’ to deliver these options is funded from reserves or management of change funding. To be determined by the Section 151 Officer. 	To achieve £200k additional savings as required in the MTFS in 2017/18

Relevant Policy (ies):	
Within Policy:	Y
Within Budget:	Y

Relevant Local Member(s):	Cllr Viola Evans, Cllr Graham Jones, Cllr Peter Medicote
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Person(s) To Implement Decision:	Stuart Mackintosh
Date By When Decision To Be Implemented:	1st April 2017

Contact Officer Name:	Tel:	Fax:	Email:
Stuart Mackintosh	01597 827583		stuart.mackintosh@powys.gov.uk

Background Papers used to prepare Report:

- Appendix 1 - V4 Services – Additional Savings Report
- Appendix 2 – Access Model – Swimming Pools