

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET

20th December 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 This report is supplementary to the Leisure Options Review brought before Cabinet on the 13th September 2016 (Appendix A).
- 1.2 Since that date, progress has been ongoing with regards to proposals for Knighton Sports Centre, Caereinion Leisure Centre and the Staylitttle Outdoor Pursuits Centre.
- 1.3 As requested by Cabinet, public consultation has been undertaken with regards to the proposal to close Knighton Sports Centre. An afternoon's drop-in session was held on 20th October followed by an evening public meeting on 1st November 2016, at which a combined total of more than 625 people attended. A summary of the consultation is included within Appendix B. A transcript of the comments received (with names and contact details removed) can be found in Appendix C.
- 1.4 The savings set against leisure and sports centres of £200k for 2017-18 remain.

2.0 Developments

2.1 Staylitttle Outdoor Centre

On 13th September 2016 the Cabinet concluded that this facility be subjected to full market testing at the earliest opportunity. Meetings have taken place with Commercial Services and Property Services, and it has become clear that market testing would not be possible in the time available, with a deadline of April 2017 to have a new delivery model in place. Advice from Commercial Services has been to undertake adequate research as to the offer made at Staylitttle. This would include gathering data on current and potential users; opportunities for growth; as well as the development of an adequate and robust outcome based specification in order to make evidence-based decisions that are then not open to challenge.

2.2 The Property Service have compared this proposal in scale to work undertaken to externalise the *Wyeside Caravan Park*. The Property Service considered that the original timescale set was too short, and have since found that the process took 18 months to complete from decision to transfer. There is a risk to the existing business during any period of uncertainty. The timescales for a management change at Staylitttle will need to include for the prescribed time for staff consultation under the TUPE legislation. This is further complicated by the fact that the council is not the employer. This could incur additional costs/delays.

2.3 Informal inquiries expressing a potential business interest regarding the future of Staylitttle Outdoor Centre have been received, along with correspondence outlining its importance and value as a facility.

2.4 Knighton Sports Centre

Knighton Sports Centre was identified for potential closure in the Cabinet report. Detailed consultation took place, which included a half-day public drop-in session and evening public meeting. A very considerable volume of correspondence, FOIs, and petitions have been received by the Service, details of which are included in Appendices B and C.

2.5 The local media have captured the strength of feeling in the local community about this proposal. Cabinet will need to consider this proposal in the light of the public comments received.

2.6 Since the Cabinet considered the initial report in September 2016, it is noted that for the most recent six month period, usage figures for Knighton have slightly exceeded those of Presteigne, to which comparisons had previously been drawn.

2.7 Caereinion Leisure Centre

2.8 As members are aware, the Caereinion Leisure Centre is situated within the Ysgol Uwchradd Caereinion High School campus, with the school making direct use of the space for their own needs, as well as being available for community sports and recreation purposes.

2.9 The School Service have supported the L&R Service in reviewing the options and budgets with the school. However, to date the school governors have been resistant to considering any option.

2.10 Whilst the options presented to Cabinet included a final option of closing the hall and associated dry-side facilities, the Schools Service have confirmed that this is not an option as was recorded in the Cabinet Report, since the school would need to continue to use the main hall for its own use and would undoubtedly make use of other facilities.

3.0 Powys Change Plan

3.1 It is accepted that the provision of Leisure Services impacts upon a number of the objectives set out in the One Powys Plan, namely–

- 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.

The proposals set out in the Cabinet Report of September 2016 were also relevant to key themes detailed in the Corporate Improvement Plan 2016 – 2019, namely -

- i. **Services Delivered for less – remodelling Council services to respond to reduced funding.**
- ii. **Supporting people in the community to live fulfilled lives.**
- iii. **Developing the economy.**
- iv. **Learning – improving learner outcomes for all, minimising disadvantage.**

The relative impact upon these themes will clearly be dependent on the decisions taken by Cabinet.

4.0 Options Considered/Available

4.1 Option 1A: Transfer of Staylitttle Outdoor Centre to a commercial full cost recovery model by April 2018

As noted previously, it is not a realistic proposal to develop the business case and conclude a marketing appraisal within the time available to meet the April 1st 2017 deadline. If the Cabinet were so minded to pursue this approach, advice from the Property and Commercial Services' is that this could take at least 12 months to conclude, notwithstanding the additional complexity of TUPE transfer.

4.2 Advice from the services has also confirmed that in order to secure a viable business, based upon the current model, the facility should not be closed. To do so would lose existing customer base and could deter any future business, potentially also compromising the means to restart a business in its current format. Therefore, the Cabinet need to consider either a delay in seeking savings against this facility for up to 12 months if the funds could be found, or conclude a closure with the risk that the potential for future alternative operations will be weakened. The sooner that this decision is taken the better, so that current customers and future bookings can be advised at the earliest possible time. In any event, the council will need to give Freedom Leisure at least 3 months' notice of their intention to vary the contract i.e. to close the facility.

4.3 Option 1B: Closure of Staylitttle Outdoor Centre

If the Cabinet wish to secure the £130,000 identified savings as set against this facility for April 2017, the only remaining and realistic option is to move immediately to closure, with a redundancy cost of £60,297. This option sees the site closed, with basic monitoring and maintenance to keep the site safe at an annual cost of £2,000. The future of this site would be placed before the Council's Strategic Asset Management Board to determine. As previously requested by Cabinet, should this option be concluded, Powys primary schools and other existing customers would be advised with early effect. The adoption of this option might have an effect on the Council's ability to sell the facility as a going concern. In addition, it is possible Freedom Leisure will not wish to cooperate with such an approach and they may withdraw from discussion about the closure of this facility and require the Council to honour the original terms of the contract.

4.4 Option 1C: To retain the facility without change

This proposal does mean that the Cabinet would need to identify other means to achieve the savings contribution that transfer or closure would have achieved.

4.5 Option 2A: Closure of Knighton Sports Centre

This remains an option, Cabinet would need to take into account the representations made at the public consultations and correspondence opposing this as a proposal. (Appendices B and C). This option would result in an annual saving of £120,927, which includes a small element for basic monitoring and maintenance to keep the site safe. There would be redundancy costs of £49,734.

4.6 Option 2B: Transfer of Knighton Sports Centre to a third party operator at no cost to the Council (CAT transfer)

No proposals are known or have been developed in respect of 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, to a third party, as being problematic. To date the Town Council have not communicated whether they (or others known to them), might wish to pursue this option. However, given that at the public meeting it was confirmed that the Cabinet intended to consider the matter again, it is not surprising that no further action has been taken by the Town Council or others.

4.7 Option 2C: To retain the facility without change

As outlined above, the strength of view of residents of Knighton and surrounding area has been demonstrated in correspondence and at public meetings. The Cabinet may wish to review the previous proposal and to not seek savings against this facility. In accepting this as a preferred option, this does mean that Cabinet will also need to accept that the savings target identified would not be achieved.

4.8 Option 2D: To retain the facility without change for an additional 12 months

Cabinet to make every effort to continue funding for an additional 12 months until April 2018, allowing time for further negotiations and work with regards to the future of Knighton Sports Centre. The decision to be revisited in 12 months' time. This option would have implications for many groups and individuals; including Freedom Leisure and their staff, the pupils and staff of Knighton Primary School, residents of Knighton and the surrounding area, and Leisure Service staff. Delaying a decision for 12 months would mean a continued period of uncertainty for all involved. The strength of feeling about the proposed closure has been made very clear during the consultation process. If this option were to be taken, there would be further strain placed on the Leisure Service in dealing with the correspondence, necessary meetings and additional workload for an extended period of time. In addition, it is possible Freedom Leisure will not wish to cooperate with such an approach and they may withdraw from discussions about the closure of this facility and require the Council to honour the original terms of the contract.

4.9 Option 3A: Transfer of Caereinion Leisure Centre to Ysgol Uwchradd Caereinion High School (to include public / community use)

The Council have held 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. The school have been encouraged to consider the current operations in Gwernyfed and Crickhowell, and the

Schools Service have provided financial information in relation to both sites. To date option 3A has not been accepted, nor any of the options. These discussions are ongoing but it is not possible to conclude at this stage if the school are prepared to take on this responsibility.

4.10 Option 3B: Transfer of Caereinion Leisure Centre to Ysgol Uwchradd Caereinion High School (for the exclusive use of the school)

This is now considered as the only certain option to make the savings target by April 2017, with attempts to promote Option 3A not having been concluded. 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. To date no public consultation has been undertaken, which would be advised if this option were to be concluded.

4.11 It is worth noting that both options 3A and 3B only yield £14,000 in savings.

4.12 Option 3C: Closure of Caereinion Leisure Centre

This theoretical option is not a viable proposal and the Schools Service have confirmed that it would not be acceptable to fully close the facility since it is used for daytime school activity and therefore would need to be retained as part of any future school facility indefinitely. This proposal would mean a transfer of finances to support the costs NNDR and toward utility costs, as is the case for options above. To date no public consultation has been undertaken, which would be advised if this option were to be concluded.

4.13 Option 3D: To retain the facility without change.

In considering the implications for likely closure of this facility as a public venue, the Cabinet are asked to consider whether to do so against a background of achieving a £14,000 saving would be prudent. A decision to close the facility as a public sports venue would result in transfer of funds to the school (£36,335 pa) to include the costs of NNDR and contribution to utilities, and redundancy costs of £50,990. This option also avoids the need to undertake a public consultation exercise based upon a closure plan. This proposal does mean that the Cabinet would need to identify other means to achieve the savings contribution.

4.14 Option 3E: To retain the facility without change for an additional 12 months

Cabinet to make every effort to continue funding for an additional 12 months until April 2018, allowing time for further negotiations with the school and community regarding the future of the centre. This option would have implications for many groups and individuals; including Freedom Leisure and their staff, the pupils and staff of Ysgol Uwchradd Caereinion High School, residents of Llanfair Caereinion and the

surrounding area, and Leisure Service staff. Delaying a decision for 12 months would mean a continued period of uncertainty for all involved. If this option were to be taken, there would be prolonged additional strain on the Leisure Service in dealing with the correspondence, necessary meetings and additional workload involved. In addition, it is possible Freedom Leisure will not wish to cooperate with such an approach and they may withdraw from discussions about the closure of this facility and require the Council to honour the original terms of the contract.

4.15 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 buildings are disposed of.

4.16 Both finance and commercial services make reference to these one off costs.

5.0 Financial Implications

Table 5.1 highlights the potential financial implications for the options identified and the timescales involved with realising them.

Options	Additional Savings that could be achieved for April 2017	Additional Savings that could be achieved for April 2018
1A – Transfer of Staylitttle Outdoor Centre to a commercial full cost recovery model by April 2018	£0	£130,110
1B - Closure of Staylitttle Outdoor Centre	£128,110	-
1C – To retain Staylitttle Outdoor Centre without change	£0	£0
2A - Closure of Knighton Sports Centre	£120,927	-
2B – Transfer of Knighton Sports Centre to third party operator	£0	£unknown
2C - To retain Knighton Sports Centre without change	£0	£0
2 D – To retain Knighton Sports Centre for an additional 12 months	£0	£unknown

3A – Transfer of Caereinion Leisure Centre to Ysgol Uwchradd Caereinion High School (to include public/community use)	£14,043	£0
3B – Transfer of Caereinion Leisure Centre to Ysgol Uwchradd Caereinion High School (exclusive use)	£14,043	
3C – Closure of Caereinion Leisure Centre	-	-
3D – To retain Caereinion Leisure Centre without change	£0	£0
3E – To retain Caereinion Leisure Centre for an additional 12 months	£0	£unknown

6.0 Discussions with the Council’s Leisure Operator

6.1 Freedom Leisure have raised concerns surrounding the continued and extended uncertainty over the future of the facilities, which will undoubtedly impact on customer and staff confidence. This in turn could potentially impact Freedom Leisure’s ability to deliver on its obligations under the contract and indeed affect their financial position.

6.2 Whilst Freedom Leisure welcome the facilities staying open, they are very keen to have a definitive timetable for a decision and not necessarily another review.

6.3 It should be noted they are working with PCC to unlock other potential savings via co-location of the Library service e.g. in Rhayader and Bro Ddyfi.

6.4 Representatives from Freedom Leisure attended the public meeting regarding Knighton Sports Centre on the 1st November 2016.

6.5 From a contractual, staff and customer point of view, Freedom Leisure feel it is imperative that a decision is taken on the future of the facilities at the earliest opportunity and that all parties work together to achieve shared outcomes and objectives.

7.0 Co-location

7.1 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.

7.2 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.

8.0 Preferred Choice and Reasons

8.1 Staylitttle Outdoor Centre Option Option 1A: Transfer of Staylitttle Outdoor Centre to a commercial full cost recovery model by April 2018

Cabinet to make every effort to continue funding for an additional 12 months, allowing time for market testing and a robust commissioning process to be completed. Closing the centre would lose the existing customer base and could deter any future business, potentially also compromising the means to restart a business in its current format.

8.2 Knighton Sports Centre Option 2C: To retain the facility without change

Cabinet to seek to reinstate this budget to allow the facility to remain open, with existing management arrangements to continue unchanged.

8.3 Caereinion Leisure Centre Option 3E: To retain the facility without change for an additional 12 months

Cabinet to make every effort to continue funding for an additional 12 months until April 2018, allowing time for further negotiations with the school and community regarding the future of the centre.

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

9.1 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.

9.2 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.

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

10.1 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.

11.0 Local Member(s)

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

12.0 Other Front Line Services

12.1 The Senior Manager – Central Schools Services commented, the service notes the comments made in respect of the consultation undertaken with the governing body of Llanfair Caereinion High School in respect of the options proposed in the September report. The service reaffirms its requirements for the leisure facilities at the school to meet its service curriculum requirements. The service notes the proposed recommendation.

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

14.0 Legal

14.1 **The Professional Lead - Legal** notes the recommendations set out in this report is contrary to the initial aims of saving money, however to pursue any other recommendation will require both additional time and consultation in order to implement.

15.0 Finance

15.1 **The Finance Business Partner** - If the above option is agreed too, then Cabinet will be required to find an additional £200k of savings from other areas within the FRM, in order to contribute to balancing the overall budget.

16.0 Pensions / Employment Services

16.1 Pensions Fund Manager – at this stage there are no specific pension issues.

17.0 Property

17.1 The Professional Lead for Strategic Property confirms that her team have inputted into this process and will support whatever decision Cabinet reaches. She agrees that it would be extremely difficult to achieve a transfer of a going concern of the Staylitttle facility this financial year (having recently experienced a similar process with the Wyeside caravan park). If Cabinet could delay the savings target then there would be a much better prospect of a successful transfer and Option 1A would become a viable option.

18.0 HR

18.1 **Human Resources Business Partner-** It is advised that, as the staff affected are now employed by Freedom Leisure following a TUPE transfer, Freedom Leisure will lead on staff consultation, following the Powys County Council Management of Change policy which was a contractual policy that transferred.

19.0 Commercial Services

19.1 Commercial Services note the recommendations of the report and will work alongside Leisure Services to deliver the options, as appropriate.

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 the Healthy Lifestyles chapter of the Powys One Plan.

21.0 Corporate Communications

21.1 Communication comment: The report is of considerable public interest and requires use of news release and use of appropriate social media to publicise the recommendation/decision.

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** (S151 Officer) notes the contents of the report and comments made by finance. This decision will create a £200k pressure in the budget that will need to be identified in the budget process.

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)

23.1

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:
<p>To retain facilities at Staylitttle Outdoor Centre, and Caereinion Leisure Centre for an additional 12 months, to allow further work on alternative delivery models.</p> <p>To retain Knighton Sports Centre as part of the contract with Freedom Leisure with no change to current arrangements.</p>	<p>This recommendation is subject to alternative means being found to secure the £200k saving to be identified against these facilities in transfer or closure.</p>

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

Relevant Local Member(s):	Cllr Viola Evans, Cllr Graham Jones, Cllr Peter Medicott
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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 A Cabinet Report Sept 13th 2016
- Appendix B Knighton Feedback Report
- Appendix C Knighton Consultation Spreadsheet CONFIDENTIAL