



South Holland District Council

Review of

Leisure provision within the District regarding present and future provision

An Overview and Scrutiny Review undertaken by the Leisure Task Group on behalf of The Performance Monitoring Panel and Policy Development Panel

September 2014

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## **1. Introduction**

The Council at its meeting on 11 April 2012 received a presentation from the Assistant Director for Finance regarding the future options for the Castle Sports Complex. Members discussed the possibilities and agreed that no further work should be undertaken on the project at present and that the financial position should be reviewed in 2 years time. The Performance Monitoring Panel and Policy Development Panel recently agreed to set up a Task Group to look at this issue.

This will allow the task group to provide positive recommendations for both the short and long term strategy and provision of leisure services within the District and work toward the future provision following the end of the current contract that expires in June 2018.

## **2. Scope of the Review**

To make recommendations, regarding the present and future leisure provision in South Holland.

1. By establishing what leisure provision the District Council presently provides, examining costs, resident satisfaction and competitiveness in order to identify ways of increasing income or reducing expenditure;
2. To understand what the District Council wishes to provide and what the public and major employers need;
3. To examine the options for future provision either to be supplied by the Council, the private sector or shared management.

## **3. Membership of Task Group**

Councillor Aley. (Chairman)  
Councillor Dark.  
Councillor Perkins (Vice Chairman)  
Councillor Slade.  
Councillor Sneath  
Councillor S Wilkinson  
Councillor Casson

## **4. Background to Review**

- 4.1 On 11 April 2012 Council received a presentation regarding future options relating to Castle Sports Complex. Members agreed that no further work should be undertaken on the project at that point in time and that the position should be reviewed in two years time. Members of the Performance Monitoring Panel and Policy Development Panel have been set up as a task group to look at this issue.

- 4.2 The task group was formed on 21 January 2014 with the purpose of making recommendations regarding the present and future leisure provision in South Holland.
- 4.3 The terms of reference for the group are:
- 1) Establish what leisure provision the district council currently provides, examine costs, resident satisfaction and competitiveness in order to identify ways of increasing income or reducing expenditure both in the short term and longer term;
  - 2) To understand what the district councils wishes to provide and what the public and major stakeholders need;
  - 3) To examine options for future leisure provision either to be supplied and managed by the Council, or operated by the private sector.
- 4.4 The task group is made up of 8 Councillors from Performance Monitoring Panel and Policy Development Panel and they have been examining financial information on all leisure facilities, existing contractual details, customer satisfaction data as well as investigating current barriers to accessing the sites as well as investigating what the public, employees and stakeholders may require from South Holland District Council leisure provision in the short and long term.
- 4.5 To date members have reduced the initial scope of the project from all leisure and recreation facilities down to Castle sports complex, essentially omitting Ayscoughfee Hall Museum, South Holland Centre, and Halley Stewart playing field, as these were being looked at by other project groups.
- 4.6 The task group have examined the various elements of the Castle Sports Complex budgets to establish true cost of leisure provision including i.e. grounds maintenance, building maintenance and management costs. In addition members have analysed participation and income figures provided by the centre to establish a better understanding of current provision and take up. The task group identified that some of the budgeted costs associated with the Castle Sports Complex are not true costs for example; grounds maintenance figures may include elements of maintenance of other sites in the district which do not have an identifiable budget code. In Appendix D, shows a summary of the 2013-14 figures for the Castle income and expenditure
- 4.7 Members have reviewed the current contractual arrangements as well as sought advice on other potential contractual agreements that exist in the market place. This original contract was established in January 1998 and has since been extended. In 2013 under the current contract an amendment was made to allow the operator to operate as a Not for Profit Distributing Organisation (NPDO) which resulted in a saving to the council of £40,000 per year. Members found that the three buildings under this

contract are managed by Leisure in the Community (formerly Leisure Connections) for less than £150,000 per annum. The contract was considered to offer good value and is in place until 2018, a copy of the Audit commission report, showing that the contract is a good deal, is shown in Appendix E. This is a comparison on cost alone and doesn't take account level of service. From 2018 the contract will need to be retendered or brought in house. Members have hard copies of the current contract to be reviewed.

- 4.8 The current condition of the assets has also been established by working with officers in the Asset Management Team. It is clear that while the buildings are structurally sound they are not fit for purpose. It should be noted that these buildings are of the 1970's and are therefore not reliably as energy efficient compared to building of today's standards. As with any building, major components such as roofs and boilers have a limited. In additions to this, the layout of the building does lead to inflexibility to change with the current requirement for users of the premises, i.e. street fit classes etc.
- 4.9 From costings established in 2011 refurbishment to Castle Sports Complex and swimming pool were estimated at £3.78m, a new pool, gym facilities and a refurbishment to the sports hall was estimated at £8.7m while a complete replacement of all facilities was circa £11.3m
- 4.10 It should be noted that the pool was opened in 1974, is costly to run and major works to the building would be required to make it efficient and compliant in the future. In addition Castle Sports Complex while structurally sound is extremely inefficient and costly to run (particularly in light of increasing energy costs) this is only exacerbated by the fact that the site is split in two making overheads and staffing costly. The building itself is inflexible in terms of changes to current leisure trends and sports provision.
- 4.11 The task group also consulted with the Planning Manager who has determined that S106 (Section 106) and CIL (Community Infrastructure Levy) could be explored. However in the case of S106, should the Castle field be sold for housing for example, a stipulation could be enforced where by the monies collected could be used for new leisure provision. In the case of CIL, this is a charge that districts are able to place on developments in their area, therefore a tool to help deliver infrastructure to support development in the area. This could therefore be used to contribute towards a future leisure facility, however it is a rigorous process and none are in place in the district at this time.
- 4.12 As part of the task group's assessment, a number of visits were carried out to different leisure centres. The first visits were to South Holland District Council's existing facilities to gain a greater understanding of current provision and operating standards.

- 4.13 Members concluded that the facilities were well utilised despite their age and appearance. Members concluded that the facilities were well utilised and showed value for money, despite their age and appearance. “In terms of participation, of the sites that were visited which have similar facilities to Castle the participation figures per year ranged from 196,88 (site without a sports hall) - 353,037. Total participation at Castle leisure centre and swimming pool for the year ending 1st April 2014 was 306,390. Given the age and condition of Castle facilities the participation figures compare well with usage at the other sites visited which had all had elements of refurbishment or were new builds within the last 10 years. Further more the sites with the higher participation figures within the range had dedicated purpose built exercise studios for large group classes which Castle in its current format does not have. In addition, for those sites visited, all reported large increases in participation following improvements which shows the potential for Castle to increase usage following investment, In addition, figures shown in Appendix D indicate how we compare with other authorities, within our same bench marking cluster.
- 4.14 Members of the Task Group also visited 5 other facilities, within Lincolnshire and Norfolk. Two of these were refurbished (private sector operator), two were new build (private sector operator) and the last was an existing in house council facility. The task group issued a standard set of questions for both management and end users to each of the operators which can be found in Appendix B.
- 4.15 It was evident from these visits and discussion at sites that any facilities (new build or refurbished) need to be based on evidence of need and demand foremost and that we should not be driven to provide quantity of facilities over quality, flexibility and income potential. Future proofing the facilities will be key in ensuring that maximum income can be achieved and so that the centre can adapt and change to leisure trends throughout the life of the building.
- 4.16 As part of the initial remit of the task group was to consult and understand the needs of the public and major stakeholders including businesses and Clinical Commissioning Group’s (CCG’s), the group has commissioned research into current and non users to establish what the current barriers are to the usage of the centres. This assessment will then allow the task group to draw conclusions on what would need to be provided in the future to attract these people to utilise the facility. This approach was heavily endorsed by all the other providers surveyed during the recent visits. This work was not to establish a wish list of facilities but more to determine current barriers to participation and leisure trends. The company selected has been recommended and endorsed by Sport England and is called Leisure-net.org. The format for this will include online surveys of existing users as well as face to face surveys of non users, focus groups and stakeholder interviews. It is the intention that surveys will not only provide valuable insight in to what is required longer term, but will also provide short term improvements; which could be made providing that benefit and payback is favourable. This may include changes to the programming of

the centre where the contract allows or changes where the control and liability lies with the council where some small scale proportionate investment may be required. This consultation process is due to commence during September, following an initiation meeting with members from the task group which is planned during August.

4.17 South Holland health profile Appendix C. This will be used by the task group when making short term recommendations around the target audience and programming activity at the centres.

4.18 It is clear to the task group that there are a number of scenarios and considerations which will help determine potential future provision these include:

- 1) ability to achieve external funding,
- 2) ability to borrow or use reserves,
- 3) ability to attract suitable private sector investment
- 4) appetite of the council for risk transfer,
- 5) contractual control requirements,
- 6) level of investment
- 7) future flexibility
- 8) evidence of need and demand
- 9) affordability and pricing structure

Answering some or all of the above would help determine what type of management arrangement would be put in place i.e. in house, fully outsourced, Design Build Operate Maintain (DBOM) etc. and determine future revenue costs or potential income opportunities. This could include profit share as well as performance driven targets.

4.19 In terms of next steps it is the intention of the task group to analyse the research which is being undertaken at the end of the summer and prepare a recommendations and a business case outlining all options available for future provision of leisure with full financial appraisal and funding options provided.

## **5. Method of Review**

5.1 The review will be undertaken by a Task Group of 8 Councillors made up from the Performance Monitoring Panel and Policy Development Panel.

Task Group meetings to be arranged to take place during the day, for a maximum of 90 minutes.

### **5.2 What information is required?**

- Budget information on all leisure facilities to excluding the South Holland Centre and Ayscoughfee Hall;
- Existing contract details including how they were awarded;

- Information on customer satisfaction;
- What do the public / employees want?
- What do Breckland, other Local Authorities, local schools and private facilities do locally?

### 5.3 **Who holds this information/ who do we need to speak to?**

- Transformation team;
- CPBS;
- Leisure Officers;
- Other Local Authorities;
- Portfolio Holders;
- Legal Officer;
- Communications Team;
- Chamber of Commerce;
- Community Development Officer.

### 5.4 **How will the information be gathered?**

- Requests;
- Online;
- Questionnaires;
- Interviews in person or Skype/Video Conference

### 5.5 **Who will gather the information?**

- Members;
- Lead Officer.

## 6. **Summary of Findings**

- 6.1 The task group have examined the various elements of the Castle budgets to establish true cost of leisure provision including i.e. grounds maintenance, building maintenance and management costs.
- 6.2 Members have analysed participation and income figures provided by the centre to establish a better understanding of current provision and take up.
- 6.3 The task group identified that some of the budgeted costs associated with Castle are not true costs for example; grounds maintenance figures may include elements of maintenance of other sites in the district which do not have an identifiable budget code.
- 6.4 Members have reviewed the current contractual arrangements as well as sought advice on other potential contractual agreements that exist in the market place

- 6.5 This original contract was established in January 1998 and has since been extended. In 2013 under the current contract an amendment was made to allow the operator to operate as a Not for Profit Distributing Organisation
- 6.6 The current condition of the assets has also been established. It is clear that while the buildings are structurally sound they are not fit for purpose. They are not energy efficient and the life of the major components such as roofs and boilers are limited. It should be noted that the pool was opened in 1974, is costly to run and major works to the building would be required to make it efficient and compliant in the future. ) this is only exacerbated by the fact that the site is split in two making overheads and staffing costly. The building itself is inflexible in terms of changes to current leisure trends and sports provision.
- 6.7 The task group also consulted with the Planning Manager who has determined that S106 and CIL could be explored as assisting with future funding. Details of what a section106 & CIL means and examples are given in Appendix F.
- 6.8 Members concluded that South Holland District Council's facilities were well utilised despite their age and appearance and where given clear value for money considering their age and design.
- 6.9 It was evident from the visits and discussion at the various sites that any facilities (new build or refurbished) need to be based on evidence of need and demand.
- 6.10 It was evident during the visits to other facilities where improved leisure facilities had been provided, that there was enthusiasm by the Executive Members and senior managers at those authorities to make those improvements.
- 6.11 It has been recognised that the District Council has a significant role to play in the health and wellbeing of its residents. While South Holland District Council is the provider of the key strategic leisure sites in the district, it is not the only provider and therefore in order to create the most opportunities for our residents to take part in sport and physical activity as preventative measure to combat ill health it is noted that the district needs to establish its position in the market place so as not to compete with potential high end leisure providers or local community clubs with existing facilities.
- Long term benefits;
  - Improved leisure provision;
  - Reduced cost of leisure provision;
  - Provision of more opportunities for residents to undertake physical activity;
  - Increased user numbers and participating groups at the centre
  - Increased customer satisfaction;
  - Improved health and wellbeing our residents of SHDC;

- Complimentary facilities to those provided by others in the district;
- A robust operating model / contract management arrangements in place
- Energy efficient facilities;
- Reduced utility costs and improved carbon footprint;
- Flexible facilities which can adapt to trends in leisure and therefore be future proof;
- To make it an attraction to both people and businesses considering moving and investing in the area.

6.12 It was noted during the visits to the current SHDC facilities, how well they were used, even though it was recognised they were showing signs of aging, and any improvements would only improve usage and bring benefit to the community

## **7. Conclusions and Recommendations**

- 1) That Members note the contents of the report;
- 2) That the task group is supported by members to enable them to continue to make recommendations regarding current short term leisure provision improvements, an example of this is looking at the current parking facilities at the Castle Sports Complex, to enable greater access and potential increase in customers;
- 3) To make recommendations regarding the future leisure provision in South Holland District Council following the contract end in 2018 taking on board the needs of key stakeholders, the Council, its residents and current health profile of the district;
- 4) To ensure that plans and facilities are in place, ready for when the current contract provider ends in 2018;
- 5) That inclusion of a new leisure facility in South Holland becoming a priority within the Corporate Plan;
- 6) That a provisional sum is provided to the Task Group, in the sum of £20,500 to allow a full consultation exercise to be carried out.

## **8. Financial Implications of Recommendations**

8.1 There will be some associated cost for carrying out the Stakeholder and Resident consultation exercise, which is due to commence in September. There are no further financial implications identified at this time, Actual funding for any future provision, will arise from and be identified through the undertaking of a full business case.

## 9. **Main Sources of Information and individuals contacted during the Review to date**

- Other Local Authorities - Visit to other centres, notably-
  1. Castle Sports (Spalding)
  2. Peel Leisure (Long Sutton)
  3. Monks house.(Spalding)
  4. Sleaford Leisure centre(Sleaford)
  5. Louth Leisure centre (Louth)
  6. Breckland Leisure Centre (Dereham)
  7. Thetford Leisure centre (Thetford)
  8. Wymondham Leisure Centre ( South Norfolk)
- Portfolio Holders- Nick Worth-Localism & Big Society;
- Communities Development manager- Contract issues and leisure provision;
- Asset and Estate management surveyors- on Procurement and asset control;
- Compass Point Business Services (East Coast) Ltd - Finance information and budget control measure;
- Leisure Officers - To assist with visits and also data on number of attendees to centres etc, plus budget control;
- Leisure-net for public consultation exercise

## 10. **Abbreviations**

NPDO	Not for Profit Distributing Organisation
DBOM	Design Build Operate Maintain
VC	Video Conferencing
DBOM	Design Build Operate Maintain
CCG's	Clinical Commissioning Group
CIL	Community infrastructure Levy
NPDO	Not for Profit Distributing Organisation

## 11. **Appendices**

Appendix A	Leisure facilities visit questionnaire.
Appendix B	SHDC Health Profile 2013
Appendix C	Summary of income & expenditure for 2013-14
Appendix D	Audit Commission bench marking report
Appendix E	Section106 and CIL definition