

Bolton Council

Report to: Cabinet

Date 14th January 2013

Report of: Director of Development and Regeneration

Report No:

Contact Officer: Elined Heath

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Report Title: **Savings and Efficiencies – Leisure Provision**

**Confidential /
Non Confidential:**

Non-Confidential) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose:

To advise Members of the proposals being developed to achieve the savings target for 2013-15 financial years in relation to the Leisure Budgets.

Recommendations:

The Cabinet is requested to:

1. Note progress made by Bolton Community Leisure Trust and Bolton Middlebrook Trust in identifying budget savings;
2. Approve the proposals detailed in this report in principle to achieve those savings;
3. Delegate authority to the Director of Development and Regeneration to:
 - (i) finalise the budget options in Section 4 of this report, leading to the reduction in grant;
 - (ii) in consultation with the Borough Solicitor, amend the grant agreement between the Council and Bolton Community Leisure Trust, as appropriate; and
4. Authorise the Borough Solicitor to carry out all necessary legal formalities.

1.0 Executive Summary

On 3rd September 2012 the Cabinet approved proposals for consultation that identified £35.6m to be saved from the Council's 2013-15 budget as a result of the reduction in public spending which forms part of the government's deficit reduction strategy. As part of these proposals, the Development and Regeneration Department are charged with the progression of the corporate target of £400k in 2013-15 from the Council's budget to support leisure provision. This report sets out the proposals for development, consideration and approval in principle, these being:

- Bolton Community Leisure Trust (BCLT) - £300k
- Bolton Middlebrook Leisure Trust - £80k
- Bolton Council's Leisure Budget - £20k

The detailed implementation of these proposals is BCLT and Serco's responsibility. As the most significant amount of savings are to be delivered by BCLT this report's main focus is the options BCLT and Serco have been examining but it does also refer to the subsidy reduction to Bolton Middlebrook Leisure Trust.

1.1 Bolton Community Leisure Trust – Grant reduction of £300k

A range of proposals have been developed and agreed by BCLT to meet the £300k reduction in grant commencing 1st April 2014. These proposals focus on investing in facilities in order to continue with the rationalisation of the leisure portfolio and to generate and sustain income levels over the remaining period of the contract:

- Proposal A: Revised Management Arrangement at Ladybridge Dual Use Centre -£130k
- Proposal B: Revised Management Arrangement at Little Lever Dual Use Centre -£40k
- Proposal C: Expansion of Fitness Facilities at Leverhulme Park Community Club -£75k
- Proposal D: Expansion of Fitness Facilities at Farnworth Leisure Centre -£55k

Details of these options are contained within Section 4 of this report. The investment in facilities will be spread over three financial years, 2011-12 to 2013-14.

BCLT has agreed in principle to funding £300k of the proposed £890k investment. Should additional BCLT surpluses be available, a further £95k could be made available and therefore increase the investment programme to £985k. The proposed investment programme will therefore be funded as follows:

Table A: Investment Programme

Investment	£'000
BCLT	300
Bolton Council Capital Contribution	510
Bolton Council Additional Revenue Contribution to BCLT	80
	890
Potential Additional BCLT Surpluses	95
Total Investment Programme	985

Serco employ and are responsible for all staff which may be affected by any of these proposals and any changes will be dealt with by Serco in line with their HR policies and procedures.

This report also contains details of other investment opportunities within the Borough's leisure portfolio which will complete BCLT's rationalisation programme to provide appropriate borough wide access to sport and leisure facilities of a consistent standard. The investment programme will be dependent on funding becoming available.

1.2 Bolton Middlebrook Leisure Trust – Proposed £80k Reduction in Subsidy

This refers to the Managing Agency Agreement the Council has with Bolton Middlebrook Leisure Trust. The Trust and the Council has agreed to reduce the subsidy payable by £40k in 2013-14 and a further £40k in 2014-15.

1.3 Bolton Council's Leisure Budget – Proposed Reduction of £20k

A fund to provide one off activities is included within the Council's Leisure budget. It is proposed that this be reduced by £20k from 2014-15.

2.0 Introduction and Context

On 3rd September 2012 the Cabinet approved proposals for consultation that identified £35.6m to be saved from the Council's 2013-15 budgets as a result of the reduction in public spending which forms part of the government's deficit reduction strategy. As part of these proposals, the Development and Regeneration Department is charged with the progression of the corporate target of £400k in 2014-15 from the Council's budget to support leisure provision. This report sets out the developing proposals for consideration and approval in principle to meet the £400k target.

The proposals relate to a reduction in three areas, a reduction in the grant agreement with BCLT (£300k), a reduction in subsidy to Bolton Middlebrook Leisure Trust (£80k) and a reduction in Bolton Council's leisure budget (£20k).

2.1 Bolton Community Leisure Trust (BCLT)

BCLT has agreed to the Council's request to deliver £300k of the £400k target notwithstanding the contractual commitment that exists and this is a reflection of the way the partnership between the Council, BCLT and Serco works. In this respect Council Officers have been working alongside BCLT and Serco in order to work up a range of potential options suitable to all partners and the community the Council serves. The detailed implementation of these proposals is BCLT and Serco's responsibility.

In addition to managing its contractual obligations, the Council is committed to ensuring value for money for users and maintaining inclusivity for the Bolton Family. This is also in line with BCLT's long term goal: 'Bolton Community Leisure Trust will help to achieve increased participation in sport and active recreation amongst all parts of the Bolton community'. With this in mind the proximity of leisure facilities and community coverage of leisure activities has been a priority when considering these options. These proposals and the 2011 leisure review have been informed by the findings of a 2009 audit of facilities which provided a clear picture of accessibility, market forces and identified any deficiencies or

surpluses in facilities. These options have also been significantly influenced by the opening of Bolton One in February 2012 which has borough-wide catchment in its town centre location.

BCLT aims to provide fit for purpose leisure facilities across Bolton. Part of this strategy is to ensure that all areas of Bolton have access to facilities. In order to do this, BCLT has a medium term goal to 'rationalise the facility stock ensuring that what remains is appropriate and fit for purpose and at the same time investigate additional opportunities for existing sites'. The potential options contained in this report have been developed with this goal in mind.

This further rationalisation of facilities will mean that BCLT has orchestrated the best fit of appropriate borough-wide sport and leisure facilities. This report focuses not only on the possible way to achieve the £300k savings target but also on investment in the portfolio so all facilities meet appropriate standards.

2.2 Bolton Middlebrook Leisure Trust

This refers to the Managing Agency Agreement the Council has with Bolton Middlebrook Leisure Trust (BMLT). BMLT have agreed to implement operational efficiencies which will reduce the subsidy payable by £40k in 2013-14 and a further £40k in 2014-15. Ultimately how the £80k reduction in subsidy is implemented is the responsibility of BMLT.

2.3 Bolton Council's Leisure Budget

A fund to provide one off activities is included within the Council's Leisure budget. It is proposed that this be reduced by £20k from 2014-15.

As the most significant amount of savings is to be delivered by BCLT, this report's main focus is the options BCLT and Serco have been examining. However, it does also include the subsidy reduction to Bolton Middlebrook Leisure Trust and the reduction in Bolton Council's Leisure Budget.

3.0 BCLT Financial and Legal Background

BCLT is a registered charitable body with charitable purposes (company limited by guarantee) and was established in 2003 in order to provide strategic borough wide management of the Council's leisure facilities. Earlier that year, in June, Serco was approved as the Council's preferred Leisure Centre Partner. The formal 15 year Managing Agency Agreement between BCLT and Serco commenced on 1st January 2004.

BCLT's obligations to the Council were set out in a formal Grant Agreement requiring BCLT to monitor the Managing Agency Agreement between BCLT and Serco whilst maintaining service performance and ensuring compliance in respect of capital investment in the facilities. In addition to these legal obligations BCLT has a wider role in creating a strategy for sport and leisure in the Borough, improving the usage of facilities, promoting inclusion and developing links with other bodies, for example health providers. The Managing Agency Agreement between BCLT and Serco mirrors these obligations with a further requirement that BCLT pays the sums that become due under the contract and improves service standards.

Under the terms of the Grant Agreement the Council pays BCLT an annual sum in equal monthly instalments which covers Serco's management fee and the capital costs of facility improvement. In 2012/13 this management fee will total £1,771,814

In addition, BCLT has service level agreements with the Council for the provision of legal, financial and performance management support services, the budget for which for the 2012 calendar year is £54,504 + VAT.

The contract covers nine centres, five of which are dual use facilities:

Table B: Leisure Facilities

• Bolton One*	• Horwich Leisure Centre
• Westhoughton Dual Use Centre	• Famworth Leisure Centre
• Little Lever Dual Use Centre	• Leverhulme Park Community Club*
• Sharples Dual Use Centre	• Harper Green Dual Use Centre
• Ladybridge Dual Use Centre*	

*Bolton One was added into the contractual arrangements in 2012

*Leverhulme Park Community Club was added into the contractual arrangements in 2005

*Ladybridge School and Rumworth School commenced independently managing Ladybridge Dual Use Centre from July 2012

4.0 BCLT's Budget Proposals

The following three tables summarise BCLT's options, the level of investment required to generate the reduction in grant payable and the proposed investment programme:

Table C: Summary of BCLT's proposals:

Centre	£'000
Ladybridge Dual Use Centre	130
Little Lever Dual Use Centre	40
Leverhulme Park Community Club	75
Famworth Leisure Centre	55
Total	300

Table D: Level of Investment required to generate the savings

Investment	£'000
BCLT	300
Bolton Council Capital Contribution	510
Bolton Council Additional Revenue Contribution to BCLT	80
Sub Total	890
Potential Additional BCLT Surplus'	95
Total Investment Programme	985

Table E: Proposed Investment Programme

Centre	£'000
Leverhulme Park Community Club	150
Farnworth Leisure Centre	370
Sharples Dual Use Centre	465
Westhoughton Dual Use Centre	
Harper Green Dual Use Centre	
Horwich Leisure Centre	
Total	985

4.1 Proposal One: Revised Management Arrangement at Ladybridge Dual Use Centre

It was always evident that the opening of Bolton One would have a significant effect on Ladybridge, a traditional Dual Use Centre. Significant work with Ladybridge and Rumworth Schools has taken place over the past year to develop and implement an alternative management model for the centre to provide long term sustainability for curriculum use but also to maintain access to the facilities for some users whose bookings could not be accommodated elsewhere. To this end, this budget option has already been delivered in that the responsibility for the operation of Ladybridge Dual Use Centre was passed back to the schools with effect from 31st July 2012. This has resulted in the contractual agreement between the Council, BCLT and Serco ceasing in respect of this centre. The subsequent reduction of the grant payable from the Council to BCLT from 1st April 2014 will be £130k.

4.2 Proposal Two: Revised Management Arrangement at Little Lever Dual Use Centre

BCLT received an approach from Little Lever School to investigate options to independently manage the Dual Use Centre on their site. Since that time the Council, BCLT and Serco and the school have been working to progress the proposal into a workable management arrangement for the facility. Management information has been shared between all parties and a condition survey has been carried out. The Governing Body has approved the transfer in principle.

Further work is to be undertaken over the coming months with an anticipated transfer date of 1st April 2013 during which BCLT and Serco will plan how current customer needs can be met within the leisure portfolio and discuss community access to the facility in the future.

This will result in the contractual agreement between the Council, BCLT and Serco ceasing in respect of this centre. The subsequent reduction of the grant payable from the Council to BCLT from 1st April 2014 will be £40k.

4.3 Proposal Three: Expansion of Fitness Facilities at Leverhulme Park Community Club

This investment option involves increasing the amount of fitness facilities on site. BCLT has agreed to remodel a suite of meeting rooms on the first floor of the centre to provide fifty additional fitness stations. This has required an initial investment of £150k in 2012-13 which has been funded by the Council's capital contribution.

The building was originally designed with a range of facilities appropriate at that time. Two meeting rooms were used by organisations who have recently decided to make alternative arrangements. At the same time, there was a rise in the demand for health and fitness facilities with the current fitness suite at maximum capacity. BCLT have therefore used this opportunity to remodel the meeting room areas as any remaining bookings can be accommodated elsewhere in the centre.

The centre has remained open during the conversion works which has meant no loss of income to BCLT and no inconvenience to customers. The new offer was ready for a New Year 2013 launch to coincide with the seasonal boom in health and fitness.

Any income and potential reduction in the grant payable from 1st January 2013 – 31st March 2014 will be used for re-investment for improvements across BCLT portfolio. Using Serco's model this increase in income will result in a reduction in the grant payable from the Council to BCLT by £75k from 1st April 2014.

4.4 Proposal Four: Expansion of Fitness Facilities at Farnworth Leisure Centre

The second investment option will provide an increased amount of health and fitness memberships by creating a mezzanine floor space above the existing gym. This conversion will require an initial investment of £270k in 2013-14. It is also proposed to complete the refurbishment at the centre by upgrading the wet changing area. The depth and scale of this refurbishment is dependent on a bid submitted to Sport England, however £100k has been allocated from the £985k investment monies.

In order to carry out the work it is anticipated that the centre will close in Summer 2013 for approximately eight weeks – this will provide economies of scale in the tendering process and minimise disruption to customers. BCLT are considering the possibility of providing temporary changing facilities to keep the pool open. Customers will be offered access to other BCLT facilities – the nearest of which would be Leverhulme Park Community Club (which will have increased its fitness capacity), Bolton One and Harper Green. If approved, a detailed communication plan will be put into place.

Any income and potential reduction in the grant payable from 1st September 2013 – 31st March 2014 will be used for re-investment for improvements across BCLT portfolio. However as the expansion will require an approximate eight week closure, any loss of income during closure will be factored in before re-investment.

Using Serco's model this increase in income will result in a reduction in the grant payable from the Council to BCLT by £55k from 1st April 2014.

5.0 Other Budget Options

5.1 Bolton Middlebrook Leisure Trust

This refers to the Managing Agency Agreement the Council has with Bolton Middlebrook Leisure Trust (BMLT). BMLT and the Council have agreed to reduce the subsidy payable by £40k in 2013-14 and a further £40k in 2014-15. Ultimately how the £80k reduction in subsidy is implemented is a matter for BMLT.

5.2 Bolton Council's Leisure Budget

A fund to provide one off activities is included within the Council's Leisure budget. It is proposed that this be reduced by £20k from 2014-15.

6.0 BCLT's Other Future Investment Plans

The previous review into leisure provision and the opening of Bolton One has resulted in a near 200% increase in health and fitness memberships and so this indicates that the vision and aspiration of BCLT's facilities rationalisation and improvement are on the right track. BCLT intends as part of this review to put plans into place to bring all centres to the same high standard. To this end four schemes have been prioritised and they are detailed below in priority order:

6.1 Sharples Dual Use Centre

BCLT has recently invested £120k refurbishing the wet changing area at the centre and a further £10k has been spent on improving the entrance and the internal decoration in order to enhance the customer experience. The remaining areas of the centre require refurbishment in order to bring the whole centre to a consistent high standard.

The internal decoration of some of the centre was undertaken in October 2012. The other investment entails a refurbishment of the current fitness facility which is housed in two squash courts. BCLT is proposing to fully convert the squash courts into one room, at the same time possibly adding a mezzanine floor so BCLT has the facility to expand the fitness offer as and when that becomes necessary. The fitness conversion has been programmed for Easter 2013.

6.2 Westhoughton Dual Use Centre

A recent £650k investment in the fitness suite and dry changing areas at Westhoughton has resulted in a significant rise in memberships. The next stage of the refurbishment is to bring the rest of the centre up to the same high standard. The redecorations to the corridor leading to the wet changing area were completed in October 2012 and the refurbishment of the wet changing area is programmed for Summer 2013.

The centre will not need to close to complete the refurbishment and the continuous improvement in the facility should help toward maintaining and further increasing customer satisfaction.

6.3 Harper Green Dual Use Centre

The facilities provided at Harper Green complement the offer at nearby Farnworth Leisure Centre. Following on from the recent upgrading of two under-used indoor tennis courts at Harper Green Dual Use Centre to two indoor five a side pitches BCLT are planning to upgrade the rest of the centre by replacing old flooring and undertaking some internal redecoration. Works have not yet been programmed but will be planned to minimise disruption to customers.

6.4 Horwich Leisure Centre

If monies allow, then the final programme of work would be investment at Horwich Leisure Centre to refurbish the wet changing facilities. However this centre is already at the relevant standard and therefore this would ensure maintenance at that standard over time.

7.0 Consultation and Implementation

The proposals contained within this report have been developed in partnership between BCLT, Serco and Council Officers based upon the evidence from the 2009 Leisure Review, the opening of Bolton One and evidence from the 2011 review. Consultation has and will continue to take place at an early stage with schools and Children's Services when a budget option affects a Dual Use Centre.

Following the necessary approvals from the Council and BCLT further communication will take place with staff, schools, governing bodies and customers to ensure, where applicable, continuity of access and clear communication of alternative offers where appropriate.

Serco employ and are responsible for all staff that may be affected by any of these proposals. Any changes will be dealt with by Serco in line with their HR policies and procedures.

An Equality Impact Assessment has been prepared alongside these proposals and is attached (Appendix 1).

8.0 Timeline

Table F: Timeline

Activity	Time line
Revised Management Arrangement at Ladybridge Dual Use Centre	Completed July 2012
Internal redecoration at Sharples Dual Use Centre	Completed October 2012
Internal redecoration at Westhoughton Dual Use Centre	Completed October 2012
Expansion of Fitness Facilities at Leverhulme Park Community Club	Completed January 2013
Fitness conversion at Sharples Dual Use Centre	Easter 2013

First phase reduction of subsidy to Bolton Middlebrook Trust	April 2013
Revised Management Arrangement at Little Lever Dual Use Centre	April 2013
Expansion of Fitness Facilities at Farnworth Leisure Centre	Summer 2013
Refurbish Wet Changing Area at Westhoughton Dual Use Centre	Summer 2013
Reduction in Council's Leisure Budget	April 2014
Second phase reduction of subsidy to Bolton Middlebrook Trust	April 2014
Reduction of the grant payable from Bolton Council to BCLT	April 2014
Refurbish Harper Green Dual Use Centre	To be agreed
Refurbish Wet Changing Area at Horwich Leisure Centre	To be agreed

9.0 Equality Impact Assessment

Under the Equality Act 2010, the council must have due regard to:

- Eliminating unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act;
- Advancing equality of opportunity between people who share a protected characteristic and people who do not share it; and
- Fostering good relations between people who share a protected characteristic and people who do not share it.

It is therefore important to consider how the proposals contained within this report may positively or negatively affect this work. To support this analysis, an Equality Impact Assessment ("EIA") screening form has been completed for the proposals outlined in this report, and is attached at Appendix 1.

The EIA looks at the anticipated (positive and/or negative) impacts of the proposal on people from Bolton's diverse communities, and whether any group (or groups) is likely to be directly or indirectly differentially affected.

The proposals, if approved and implemented mean that BCLT will orchestrate the best fit of facilities at this time. This second stage of investment aims to create a common identity across all BCLT facilities and to bring all facilities to a standard which customers expect. In summary, the changes are generally viewed to be positive in equality terms. This is because as leisure facilities – buildings, equipment and changing rooms are upgraded then the level of access tends to increase or become of a better quality for everyone. The first stage of this rationalisation exercise led to a 200% increase in health and fitness memberships which has its own knock-on effect in tackling health inequalities. It is envisaged that this second stage will capitalise on these increased participation levels.

10.0 Recommendations

The Cabinet is requested to:

1. Note progress made by Bolton Community Leisure Trust and Bolton Middlebrook Trust in identifying budget savings;
2. Approve the proposals detailed in this report in principle to achieve those savings;

3. Delegate authority to the Director of Development and Regeneration to:
 - (i) finalise the budget options in Section 4, leading to the reduction in grant;
 - (ii) in consultation with the Borough Solicitor, amend the grant agreement between the Council and Bolton Community Leisure Trust, as appropriate; and
4. Authorise the Borough Solicitor to carry out all necessary legal formalities.