

# **Leisure Facilities Cabinet Sub-Committee**

## **Agenda**

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<b>Date:</b>	<b>Wednesday, 12th August, 2009</b>
<b>Time:</b>	<b>2.00 pm</b>
<b>Venue:</b>	<b>West Committee Room - Municipal Buildings, Earle Street, Crewe</b>

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The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

### **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

1. **Apologies for Absence**

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests in any item on the agenda

3. **Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35, a total period of 10 minutes is allocated for members of the public to address the Sub-Committee on any matter relevant to its work. Individual members of the public may speak for up to 5 minutes but the Chairman will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers.

During public speaking time, members of the public may ask questions of the Chairman on any matter relevant to the work of the Sub-Committee.

Note: in order for the Officers to undertake any background research, it would be helpful if questions were submitted at least one working day before the meeting.

4. **Minutes of Previous meeting** (Pages 1 - 6)

To approve the minutes of the meeting held on 17 June 2009.

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5. **Leisure Management Options Appraisal** (Pages 7 - 44)

To consider the progress of the Leisure Management Options Appraisal being conducted by PMP Consultants.

6. **Free Swimming – Update for Information** (Pages 45 - 50)

To consider a report on progress with the free swimming initiative for people 16 years and under and people 60 years and over introduced on the 1 April 2009.

**There are no Part 2 items.**

**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Leisure Facilities Cabinet Sub-Committee**  
held on Wednesday, 17th June, 2009 in Committee Suite 2, Westfields,  
Middlewich Road, Sandbach. CW11 1HZ

**Present**

Councillor A Knowles (Chairman)  
Councillors D Brown, R Domleo and F Keegan

**In attendance**

Advisory Members:

Councillors D Flude, J Hammond and R Westwood

Officers:

Guy Kilminster, Head of Health and Wellbeing  
Rob Hyde, Service Development Manager  
Mark Wheelton, Leisure and Green Spaces Manager  
Keith Pickton, Interim Leisure Services Manager  
Carol Jones, Legal and Democratic Services

**Apologies**

Councillor A Arnold (Advisory Member)

**8 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**9 PUBLIC SPEAKING TIME/OPEN SESSION**

There were no members of the public present.

**10 MINUTES OF PREVIOUS MEETING****RESOLVED**

That the minutes of the meeting held on 20 April 2009 be approved as a correct record.

**11 STRATEGIC COMMISSIONING EVENTS FEEDBACK**

At its meeting held on 20 April 2009, the Sub-Committee had agreed that consultants be commissioned to provide an options appraisal for the future delivery of leisure facilities in Cheshire East.

The Sub-Committee considered the report of the Head of Health and Well-Being which outlined current independent “thinking” and conclusions in respect of strategic commissioning within Leisure and Culture.

It was noted that the contract for an Options Appraisal was to be awarded shortly and the conclusions outlined in the report would be used to inform the consultant’s evaluation as the Authority moved towards a strategic commissioning model of procurement.

The report included a summary of four national events organised by IDeA with the intention of increasing understanding of the re-orientation of public services around the “commissioning model”. The events had been held in Birmingham, Ipswich, Rochdale and London respectively. The Service Development Manager spoke to the report and highlighted the key strategic issues which had emerged. Members made comments, as appropriate.

- Working effectively within LSPs to define need, and influence decision-making on priority outcomes and commissioning was important in raising the profile of culture and sport. It was important, therefore, that the current practice of using different data sets be replaced with a pooling of information using common data sets. Combining information and expertise at the planning stage was critical in the strategic commissioning processes. Councils had shown that by investing in shared need assessments at the outset, the contribution of culture and sport was better recognised.
- It would be important to consider how culture and leisure contributions could feed into the Comprehensive Area Assessment (CAA) framework as a tool to support ambitions for the area.
- There were tensions between a “needs-led” approach to service planning and delivery which was perceived by some as rationing services to particular client groups. The way in which public services was perceived was changing and services should be aimed at meeting needs of local people rather than being defined around services currently offered by providers.
- Although Trusts had formerly been considered a reasonable option for the delivery of culture and leisure services on behalf of local authorities, this was no longer appropriate. There was a tendency for them to feel disempowered and isolated from the new commissioning framework agenda. This was particularly true in small districts with small trusts or small contracts where “client” capacity no longer existed in the Council. Many providers were too small and were only able to operate facilities rather than commission voluntary and community organisations to assist in their delivery.

During discussion, a Member referred to a community group with which he was associated. The Group had little difficulty raising funds for sporting and other physical activities, but was unable to attract volunteers. As a consequence, it had now sponsored a Street Sports scheme operated by the Borough Council for young people up to 19 years of age.

- Investing in third sector capability would be advantageous in the longer term, but there were capacity issues within both the third sector and local authorities. Voluntary organisations associated with sport and culture did not perceive themselves as part of the third sector, a consequence of which was that they excluded themselves from capacity-building support which was more generally available in the health and community care sectors, with many of them seeing themselves as being “entitled to” or “in need” of grant aid rather than perceiving themselves as providers of public services.

It was important for the local authority, Primary Care Trust (PCT) and other key agencies to help improve their capacity to enable them to become commissioning bodies, but this would be a longer-term aim.

A Member commented that for some local branches of the larger, national voluntary organisations, their principal focus was on fund-raising to ensure their continued existence at local level. The high-level strategic “thinking” did not feature in their day-to-day business operation. Moreover, funding which was allocated to central offices of national charities was often not diverted to local level. A paradigm shift was required if local organisations were to perceive themselves as being providers of public services and therefore, become more autonomous.

- In response to a Member’s question about progress on the needs assessment, the Sub-Committee was informed that there was no budget to fund this survey; however, the consultant was examining delivery options, using inherited data.
- A Member expressed disappointment that the principal purpose of embarking on the review across Cheshire East had been with the aim of adopting alternative strategies in respect of its leisure facilities and making a recommendation to Cabinet on how these should impact on the Authority’s priorities, rather than improving the efficiency of the facilities already provided.
- Members discussed access to facilities, particularly access by older people who were not traditional users of sports facilities. Reference was made to the “Active People” database from the Sport England survey which provided statistical information about

the levels of participation in sport and provided a “picture” of participation by local authority area.

- Whilst the database was of value, it did not identify people who were *not* participating in sport. It was noted that a number of private leisure facilities had declined to take part in the survey.
- The projected increase in people’s life expectancy in the UK presented challenges. Exercise offered the single most important way to keep healthy and there was a need to identify imaginative ways of keeping older people fit and healthy, and to understand the obstacles which prevented them taking part in sport and other physical activity. The Sub-Committee was informed that there was other research information available which could be used to inform the work on identifying barriers to participation.
- Brief reference was made to the need to provide diversionary activities for “NEETS” (ie young people “not in employment, education or training”). Members were referred to Appendix A of the report which identified a number of third sector activities appropriate for younger people.
- The issue of commissioning would need to be considered at LAP level (Local Area Partnerships). In view of the disparate nature of each of the LAPS it may be necessary for it to be dealt with at a much lower level; possibly neighbourhoods.
- A general comment was made that where facilities already existed in a community, the Council’s role should be to act as a facilitator, rather than set up in competition to provide the same facilities.

**RESOLVED:** That the report be noted.

## 12 LEISURE MANAGEMENT OPTIONS APPRAISAL CONTRACT

At its meeting held on 20<sup>th</sup> April 2009, the Sub-Committee had agreed that consultants be commissioned to provide an options appraisal for the future delivery of leisure facilities in Cheshire East.

The Sub-Committee received the report of the Head of Health and Well-Being which set out the Options Appraisal Contract terms and conditions and the timetable. A copy of the proposed contract was also included within the report.

It was noted that of those invited to tender, seven had been provided with the draft contract and quotations were expected from the companies identified in the report.

**RESOLVED:** That

- (1) the timetable and information be noted; and
- (2) arrangements be made for the Sub-Committee to meet in late July/early August and again in week commencing 5 October 2009.

The meeting commenced at 10.00 am and concluded at 11.00 am

Councillor A Knowles (Chairman)

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## CHESHIRE EAST COUNCIL

### Leisure Facilities Cabinet Sub-Committee

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<b>Date of Meeting:</b>	12 August 2009
<b>Report of:</b>	Head of Health and Wellbeing
<b>Subject/Title:</b>	Leisure Management Options Appraisal
<b>Portfolio Holder</b>	Councillor Andrew Knowles (Health and Wellbeing)

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#### **1.0 Report Summary**

- 1.1 The report provides information to members on the progress of the Leisure Management Options Appraisal being conducted by PMP Consultants. The meeting will be attended by the consultants who along with officers will update on progress and provide a description of the various options they will be evaluating as part of the Appraisal.

#### **2.0 Recommendations**

- 2.1 That the information contained within the report, any further information provided at the meeting and the presentation be noted.

#### **3.0 Reasons for Recommendations**

- 3.1 Members requested an interim progress report and presentation before the work came to any conclusions. Key members including the Leader, Portfolio holder for Health and Wellbeing and Portfolio holder for Resources have been consulted and this meeting is a further opportunity for members of the Cabinet Sub Committee to input into the work.

#### **4.0 Wards Affected**

- 4.1 All Wards

#### **5.0 Local Ward Members**

- 5.1 N/A

#### **6.0 Policy Implications including - Climate change - Health**

- 6.1 The Leisure Management Options Appraisal is part of the Transformation Agenda of Cheshire East.

**7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)**

7.1 None

**8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)**

8.1 None

**9.0 Legal Implications (Authorised by the Borough Solicitor)**

9.1 Compliance conditions apply.

**10.0 Risk Management**

10.1 There are no significant risks.

**11.0 Background and Options**

11.1 The contract to PMP was awarded in May and the presentation to members will take place at the beginning of October (date to be arranged)

11.2 Various leisure management delivery models have been used by local authorities over the last 20 years. PMP were commissioned by Sport England and Sporta (Trust Association) to produce an evaluation of the experience of Trusts and Local Authorities in the North West in the last decade. This informative report is attached as Appendix 1.

11.3 The consultants presentation is Appendix 2.

**12.0 Overview of Year One and Term One Issues**

12.1 N/A

**13.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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## NORTH WEST TRUST RESEARCH STUDY



**A**  
**REPORT**  
**BY**  
**PMP**

**JUNE 2007**

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## **Introduction**

### **Background**

- 1.1 PMP were commissioned by Sport England North West and SPORTA in November 2006 to conduct a review of the overall effectiveness and potential of the trust sector in the North West.
- 1.2 The review is intended to provide both Sport England and SPORTA with a greater understanding within the North West of the following key areas:
  - scale and scope of the trust sector
  - effective governance of trusts
  - relationship between trusts and the local authority
  - current performance and prospects
  - capability and capacity of both trust leadership and the workforce
  - current strengths and weaknesses
  - future opportunities and challenges.
- 1.3 Since undertaking the original research, the findings and conclusions have been presented to a number of different stakeholder groups for comment and validation of the conclusions.

### **Methodology**

- 1.4 The following methodology has been used for this study:
  - meetings with Sport England and SPORTA representatives to discuss key issues and to help shape the questionnaire to be produced
  - letter and survey to all Chief Executives of Leisure Trusts in the North West region (and a number of SPORTA members based in Yorkshire)
  - letter and survey to all Chief Executives of Local Authorities in the North West region
  - analysis of results
  - follow up presentations to Sport England and SPORTA representatives to elicit comment and inform the final report
  - presentations to wider stakeholder groups to disseminate the findings and validate the conclusions.

### **Trust Survey**

- 1.5 The Trust survey consisted of 54 questions with a mixture of open and closed questions. The main themes are highlighted overleaf:

**SECTION 1 – INTRODUCTION**

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- About the trust
- Rationale for transfer and trust objectives
- Relationship with local authority
- Investment in facilities
- Future challenges and opportunities.

1.6 14 of the 15 North West trusts responded:

Bolton Middlebrook	Cadsart	Oldham
Hyndburn	Lakes Leisure	Rossendale
Pendle	Rochdale*	Tameside
Salford	Stockport	Carlisle
Trafford	Wigan	

\*Completed from local authority perspective due to current transfer process at the time of the survey.

**Council survey**

- 1.7 A slightly amended survey was forwarded to Chief Executives of the corresponding local authorities. The themes remained the same, however the emphasis was from the local authority perspective.
- 1.8 Eleven responses were received from Local Authorities:

Bolton	Carlisle	Ellesmere Port and Neston
Rochdale	Trafford	Salford
South Lakeland	Chester	Rossendale
Pendle	Tameside	

**Report structure**

- 1.9 The report layout broadly follows the general themes discussed in paragraph 1.5:
- Section 2 – An Introduction to the trust sector
  - Section 3 – Rationale for trust transfers
  - Section 4 – Trust and local authority relationships
  - Section 5 – Trust Performance
  - Section 6 – Future Challenges and Opportunities
  - Section 7 – Policy Recommendations and way forward.

**Basis of information**

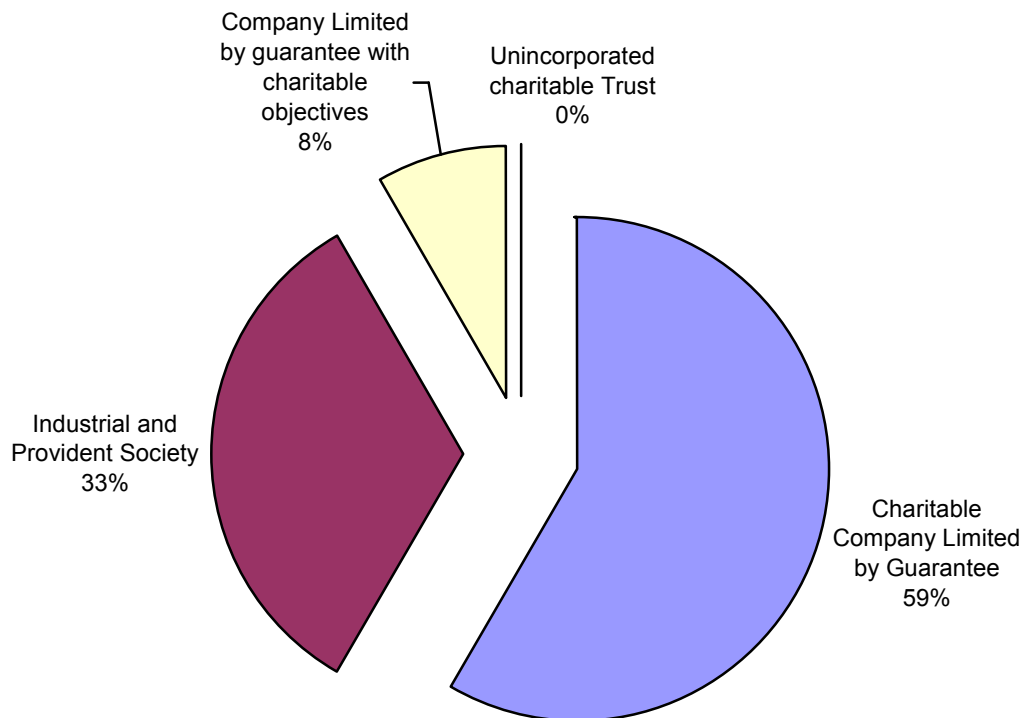
- 1.10 This report has been conscientiously prepared on the basis of our research and information made available to us at the time of the study. Neither PMP as a company nor Sport England or SPORTA as commissioners of the work will be held liable to any party for any direct or indirect losses, financial or otherwise, associated with any contents of this report. We have relied in a number of areas on information provided by third parties, and have not undertaken additional independent verification of this data.

## An Introduction to the Trust Sector

### Types of Trust

- 2.1 There are 4 main types of trust, and the North West is primarily made up of Charitable Company's Limited by Guarantee and Industrial and Provident Societies as illustrated below:

**Figure 2.1 Types of Trust**



- 2.2 Trusts were asked when and how they came into being and the results are summarised below:
- the first trust to be established in the North West was in April 1996 and the most recent transferred in April 2007
  - the majority of trusts have a lease of between 20-25 years on the Council's facilities and a number have contracts and service level agreements which correspond with the lease or are on shorter terms
  - over 80% of trusts were started as a result of Options Appraisals or Best Value Reviews. Only 2 trusts within the region were initiated without any prior options appraisal.
- 2.3 Over two thirds of North West trusts were established between April 2002 and June 2004, illustrating that the sector is still very much in its infancy.

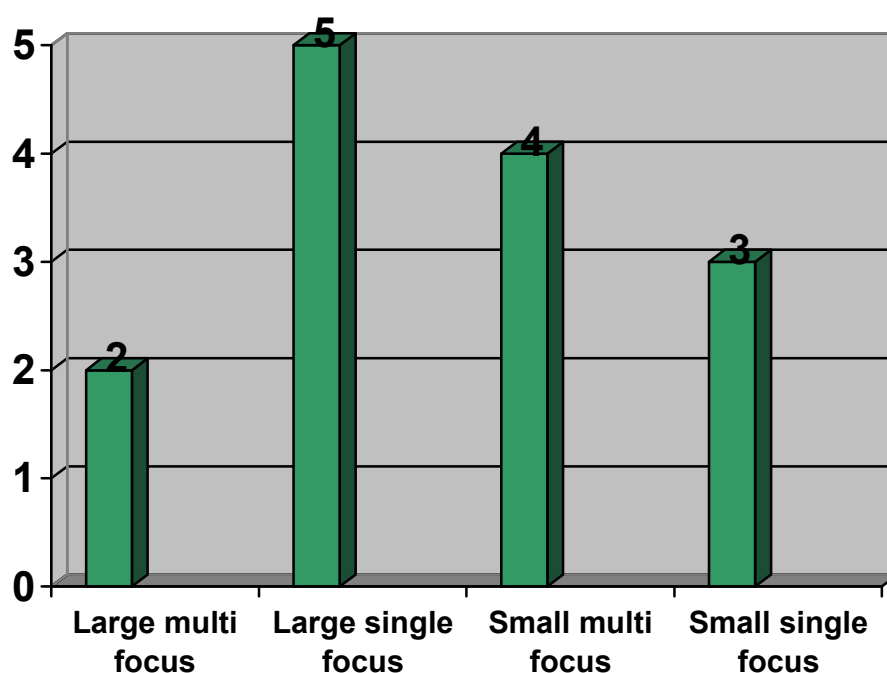


### Scale and scope of Trust

2.4 An initial hypothesis of the study was that the smaller single focus trusts are more vulnerable to market fluctuation and local government change than larger multi focus trusts and more reliant on their local authority. As a result the study attempted to break down trusts into 4 groups to see if this was in fact the case. These groupings were based on a combination of:

- Number and type of facilities and services
- Turnover
- Number of employees

**Figure 2.1 Scale and scope of trust**



### Trust Governance & workforce

2.5 Trusts were asked to comment on satisfaction levels with board make up and workforce skill levels:

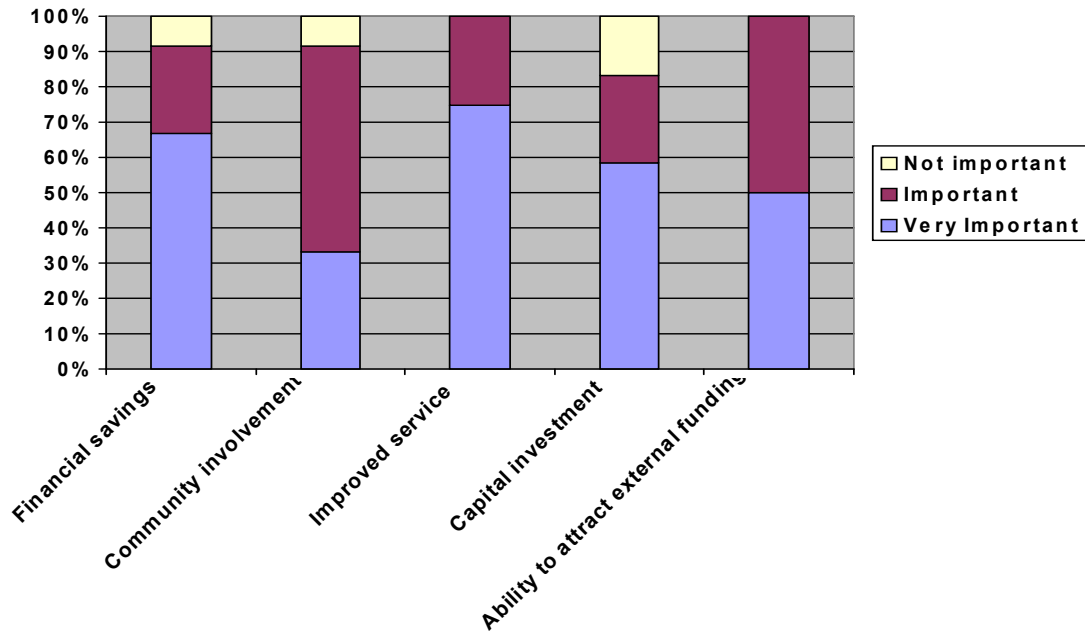
- only one of the trusts is fully satisfied with current workforce skill levels, the majority were fairly satisfied but a number of issues were raised around reliability of training provision and succession planning
- two of the trusts are very satisfied with the board make up and the remaining trusts are either satisfied or fairly satisfied. Those trusts who are very satisfied cite the makeup, experience, skills and knowledge of the Trustees as a key success factor
- a number of the smaller trusts find it difficult to recruit trustees and trusts of varying scales find it difficult to achieve a balance between industry skills and broader business skills.

## Rationale for transfer and trust objectives

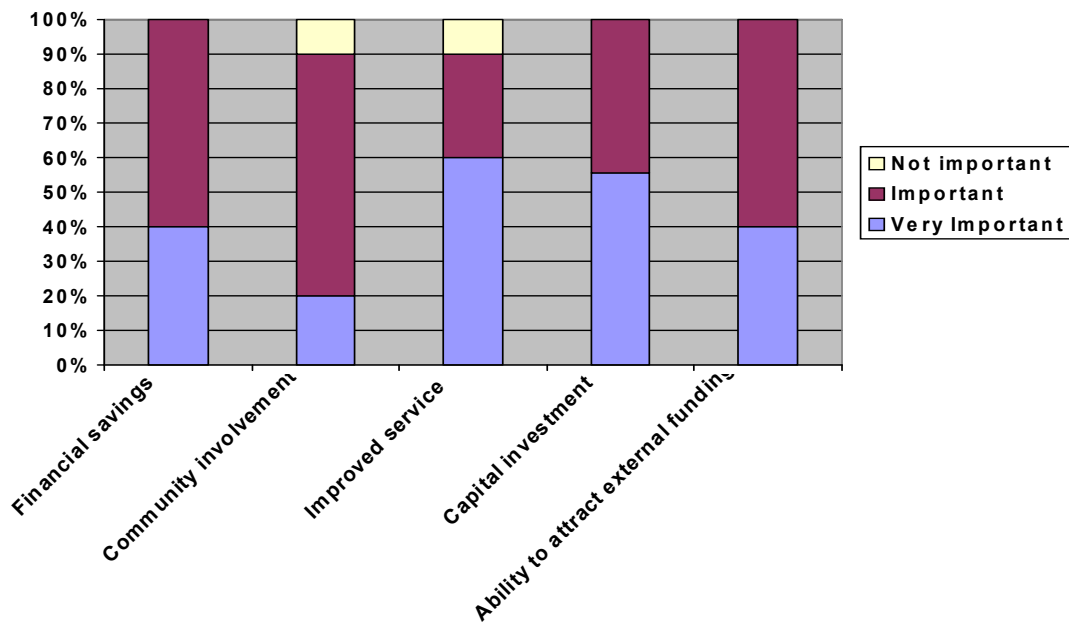
### Rationale for transfer

- 3.1 Both trusts and local authorities were asked to state their primary reasons for transfer:

**Figure 3.1 Trust rating of factors influencing transfer**



**Figure 3.2 Council rating of factors influencing transfer**



**SECTION 3 – RATIONALE FOR TRANSFER & TRUST OBJECTIVES**

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3.2 70% of trusts suggested financial savings were very important compared to just 40% of councils. Improved service was the highest ranked overall for both councils and Trusts.

3.3 80% of trusts and 70% of councils believe they have achieved what they set out to in relation to the transfer rationale. The remaining 20% and 30% respectively believe they have achieved this in part. Key successes include:

- achieved NNDR savings, improved service and have greater community involvement
- step change improvements to participation, community engagement and financial delivery
- better trained and more professional workforce and a new structure in which all employees can see clearly how they can make career progress
- capital funding into facilities has increased significantly and funding, grants and donations have been obtained from a number of external organisations
- introduced sports development, arts development, strengthened healthy communities.

**Trust objectives**

3.4 All but one of the trusts has aims and objectives clearly set out and just under half of the trusts' objectives have remained the same as at transfer. The remainder have either evolved over time or are currently under review.

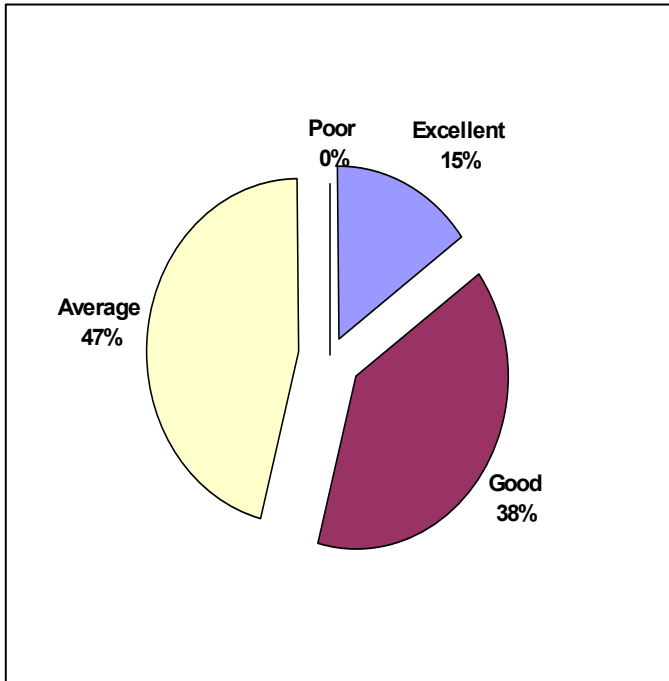
3.5 The majority of trusts have the same core principles as when they were established, with some evolution, e.g.:

- the Trusts objectives have changed to reflect outside influences, an improving relationship with the Council and partnerships with other key agencies
- the framework for achieving them alters with opportunity as it evolves over time but the objectives are rooted in National Strategy.

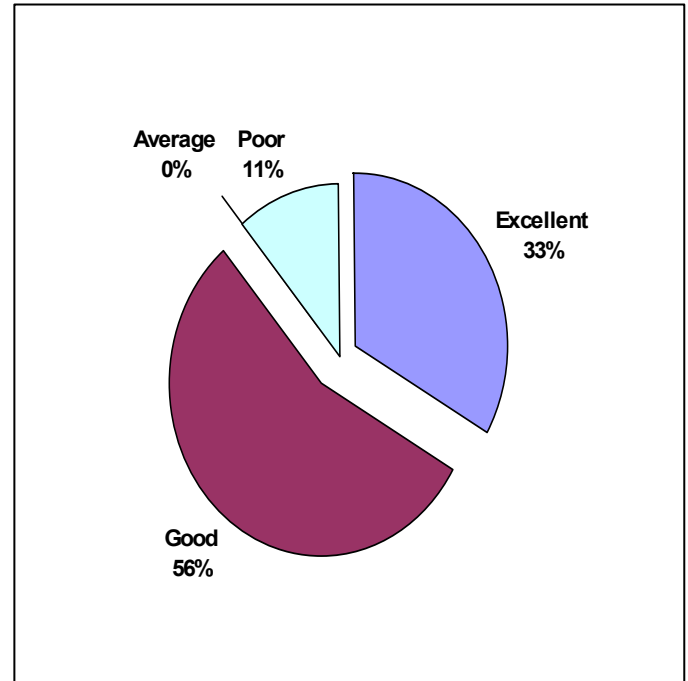
## Relationship between Trust and Authority

4.1 Trusts and councils were asked to rate their relationship with each other:

**Chart 4.1 Trust rating of relationship**



**Chart 4.2 Council rating of relationship**



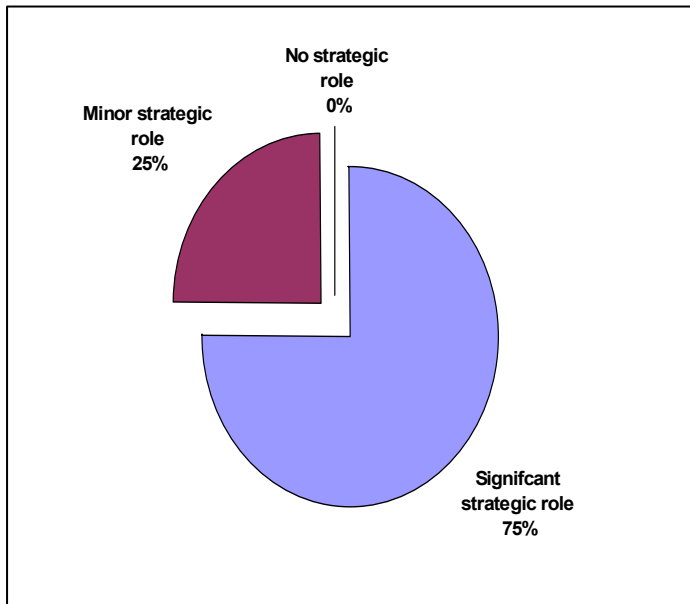
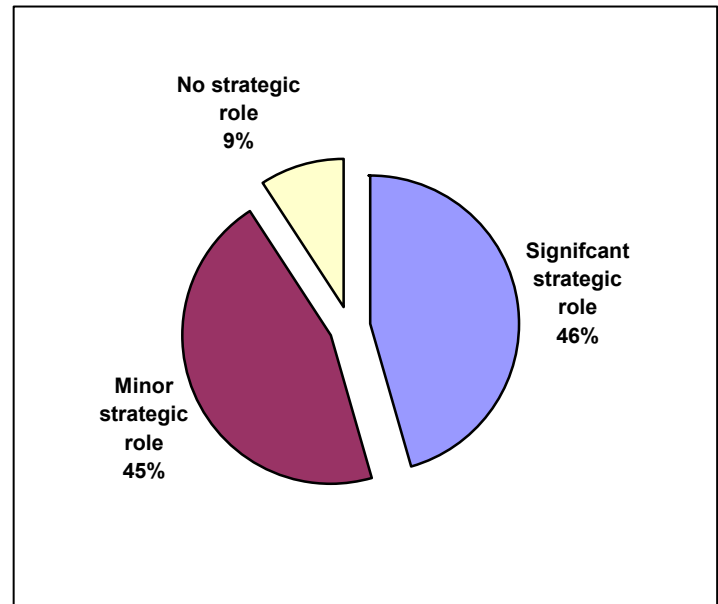
- 4.2 Generally the councils' perception is more positive than the trusts with 89% rating the relationship as good or excellent compared with only 53% of trusts. Only 1 of the councils rates the relationship as poor compared with none of the responding trusts.
- 4.3 Six of the trusts suggested that the relationship had improved over time, compared with four Councils. Reasons for improvement included improved partnership working, greater Council interest and formalisation of the relationship.
- 4.4 Four councils and four trusts suggested there had been a deterioration or fluctuation in the relationship due to a number of factors including negotiation over the annual grant, changes in key personnel within the Council and limited communication with the Council.

### Communication

- 4.5 70% of trusts said that the roles and responsibilities of both the Council and the Trust are clear, however the remainder suggested that although clear in documentation, agreements have not necessarily been shared with all of the key and appropriate staff within the Council. On occasions this has led to unnecessary conflict.
- 4.6 The majority of trusts have reported they have regular contact with assistant director level, which they feel is appropriate. A couple of trusts have suggested a lack of formal communication channels which leads to confusion and one trust suggested it has been difficult getting access to senior Council officers at times.

**Strategic role of trusts**

- 4.7 On asked whether they thought the Trust had a strategic role to play the council and trust responses were of significant contrast:

**Chart 4.3 Trust perception of its role****Chart 4.4 Council perception of trust role**

- 4.8 75% of trusts feel they have a significant strategic role to play compared to only 46% of councils, however all Councils did state they believed trusts had a strategic role to play in the future:

- as the main provider of leisure activities and facilities it must play a role in the development of provision in the area
- sport, recreation and physical activity has an increasingly important role to play in helping to address various cross cutting issues, therefore the Trust's role is key.

- 4.9 All trusts expressed a desire to be involved in a strategic role in the future and to many it is a fundamental objective, as highlighted in the following comments:

- the Trust must be involved at the higher level as it is the vehicle which can achieve many of the authority's stated outcomes
- the Trust is working with the Council and other partners on a number of initiatives including: Community Safety, Health and Social Inclusion, as well as working with the Council for the CPA and other Government targets
- we facilitate the culture block of the LSP and lead the LSP's priority project relating to economic regeneration.

## Trust Performance

- 5.1 The Table below illustrates what councils and trusts believe to be the main strengths and weaknesses of the trust operation.

**Table 5.1 Trust rating of strengths and weaknesses**

	Trust responses	Council responses
<b>Strengths</b>	1. Quality of service 2. Sound, practical and effective management, inc. financial 3. Vision of board and senior management team 4. Ability to balance commercial and inclusive objectives 5. Speed of decision making	1. Quality of service 2. High quality, professional management 3. Leadership and innovation 4. Not seen as part of Council 5. Flexibility of response
<b>Weaknesses</b>	1. Condition and age of facilities 2. Lack of financial resources 3. Increasing utility costs 4. Attracting external funding 5. Political constraints	1. Condition and age of facilities 2. Lack of financial resources 3. Reliance on the Council 4. Attracting external funding 5. Reliance on key personnel

- 5.2 The strengths and weaknesses of trusts are generally perceived to be the same by both councils and trusts. Strengths on the whole focus on services, whereas weaknesses are aimed at facility elements, some of which are out of the trusts control.

### Trust income

- 5.3 The percentage of a trust's total income provided by the local authority ranges from as low as 5% to as high as 50%, with a mean of 27%. Initial impressions were that the smaller single focus trusts are more reliant on the Council's grant, however this was not borne out in the results analysis, with some single site trusts less reliant on Council grants than their larger counterparts.
- 5.4 The vast remainder of trust income comes from fees and charges, with grants and donations making up a small proportion of some trusts income. The majority of trusts are heavily reliant on health and fitness and swimming income.
- 5.5 In terms of grant negotiation, two thirds of trusts say they negotiate the grant openly and proactively with the Council, whilst the Council makes an independent decision with the remaining third. 50% of trusts have the grant reviewed annually, the remainder between 3-10 years.

**SECTION 5 – TRUST PERFORMANCE****Commercial focus**

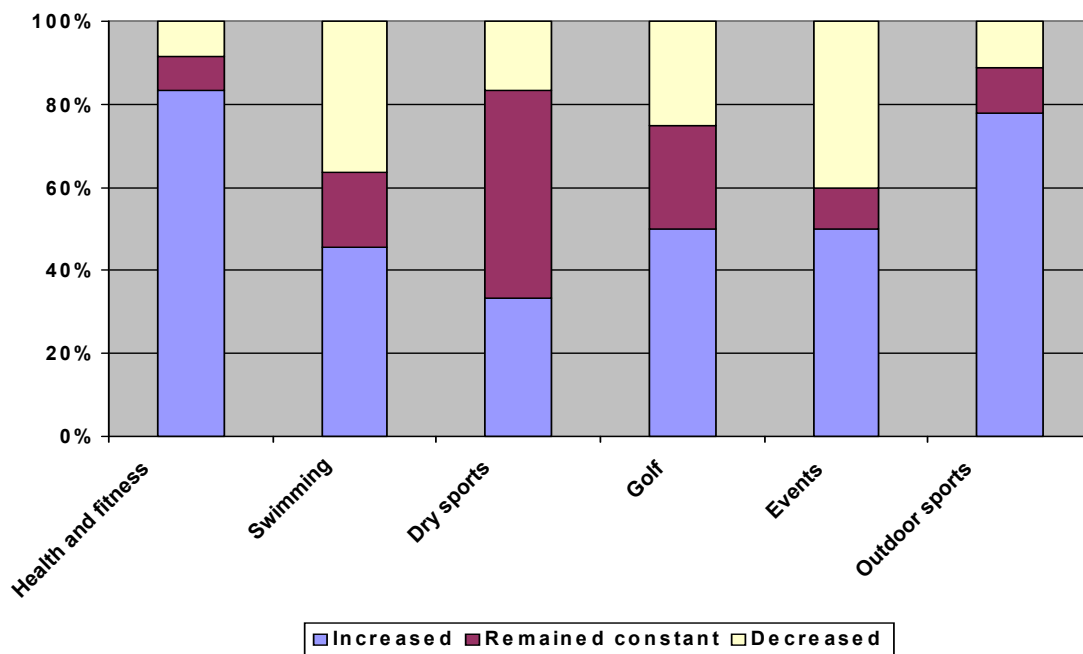
5.6 All trusts say they have become more business focused since the transfer and each trust has been able to increase income and reduce expenditure through a range of methods:

- facility development has assisted income generation via improved services and facilities
- identifying the key products and marketing them to specific target groups
- proactive purchasing of goods and services
- ability to concentrate on business and avoid politics
- IT systems and financial management has significantly improved
- staff training and improved communication with employees
- more sophisticated performance management.

**Participation**

5.7 The graph below demonstrates the impact on participation since trusts began to operate council facilities:

**Figure 5.1 Impact on participation of trust operations**



5.8 Although no actual figures were collected as part of this process it appears that on the whole participation has increased in more areas than it has decreased. The decrease in swimming can partially be attributed to temporary closures of swimming pools in some of the authority areas. (It is recommended that attendance figures are collected to demonstrate the quantum of participation increases since trusts became operational).

## Future Challenges and Opportunities

### Future challenges

6.1 The biggest challenges facing trusts in the future were stated as:

- **Ageing facilities** – 60% of trusts saw this as a great concern, and all trusts rated it as at least a potential problem
- **Reducing grant** – 50% of trusts saw this as a great concern and all trusts saw this as at least a slight concern or worse
- **Short termism due to length of grant** – 40% of trusts saw this as a great concern
- **Raising capital** – only 1 trust does not consider this a problem, 45% see it as either a concern or great concern.

6.2 A number of other challenges were raised:

- *'ever increasing demands on time to carry out exercises to satisfy control culture, private sector has no such distractions'*
- *'general apathy to sport and physical activity and the increased competition from the computer market'.*

### Future opportunities

6.3 The following future opportunities were identified by trusts:

- **Partnership working** - BSF is a big opportunity to improve the stock of community leisure facilities and is the most logical cost effective vehicle to replace and operate some of the ageing facilities – over 60% of trusts stated that partnership working with the likes of education was a great opportunity
- **Strategic role** - keen to develop social and health inclusion with the utilisation of the trust's facilities – 65% of trusts claimed that this was a great opportunity
- **Service expansion** – the trust could operate in other areas such as Youth Services/Activities, Education, Park Management and Facility Management
- **Trust expansion** - trust mergers offer clear cost benefits especially at corporate level, but many Councils afraid of losing control.

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## Policy Recommendations and the way forward

### Policy Recommendations

7.1 A number of policy recommendations have been developed in response to the study:

#### 1. Trust involvement in the local planning process

- a need for trusts to be fully engaged in the local planning process through the Local Strategic Partnership
- Trusts must become a key part of the new delivery system: County Sports Partnerships and Community Sports Networks / Sport and Physical Activity Alliances e.g. Workforce Development funding
- trusts to work in partnership with local authority to deliver CPA targets
  - *'The Trust must be involved at a strategic level as it is the vehicle which can achieve many of the outcomes. If the deliverers of the strategies were involved at the beginning they would be far easier to achieve and would avoid unnecessary duplication.'*

#### 2. Facility Planning and investment

- trust and authorities working in partnership
- exploring opportunities such as BSF and LIFT to deliver sustainable sports facility infrastructure
- Sport England can facilitate through strategic planning support work
  - *'BSF is a big opportunity to improve the stock of Community Leisure facilities and is the most logical cost effective vehicle to operate the facilities and replace some of the ageing stock'*

#### 3. Guidance on investment

- a need for guidance on investment – BSF, LIFT, s106, external funding bodies
- Getting connected will help
  - *'A major problem of most funding schemes is that the Trust does not often know about them or does not have the resources to complete all of the administration to get to the various stages'*
  - *'It is an extremely difficult process and requires specialist operators with dedicated time to concentrate on the acquisition of external funding'*

#### 4. Recognition of trust role in driving participation

- trusts need to be part of Council 1% strategy and including sports development within the trust could be a positive driver to achieving such targets

- in some areas a key part of the delivery system
- acknowledgement that ageing facilities can hinder participation:
  - *‘Ageing facilities are affecting attendances in swimming.’*
  - *‘Participation has increased in areas of investment.’*

### **5. Trust sustainability**

- no evidence to suggest smaller trusts are less sustainable and some are less reliant on local authority grants than larger trusts
- however, smaller trusts potentially more susceptible to any facility closure as a greater proportion of income from smaller number of facilities and value for money of ‘head office’ costs will become questionable
- no conclusive evidence from this study for joining up of trusts, however potential opportunity for joint procurement, for example trusts with successful training schemes to offer services to other trusts in such areas.

### **6. Setting up a trust – lessons to be learned**

- establish clear aims and objectives for the trust – tax savings should not be the fundamental rationale
- ensure the trust is part of the strategic planning process and involved in the local delivery systems and networks
- integration of facilities and sports development to allow joined up approach
- establish roles and responsibilities of trust and local authority early in process
- ensure clarity in communication channel with the Council
- balanced trust board – business/leisure skills.

### **The Way Forward**

- 7.2 Having undertaken the survey and elicited a good level of response and input, it is now important to consider the practical implementation of the findings.
- 7.3 In the first instance, it is recommended that the survey findings should be shared with local authority representatives and SPORTA members to allow both parties to view the key issues and to take ownership of developing an action plan to address such issues.
- 7.4 Consideration should then be given to the future monitoring of an agreed action plan, whether this is in the form of a biannual survey to check on the progress of the industry or through an alternative monitoring method, is something for both parties to decide.
- 7.5 If the questionnaire is repeated it would be recommended that a number of minor amendments are made to allow more detailed information on participation and throughput to be collected. This would then allow a number of baseline Key Performance Indicators to be developed and monitored.

***SECTION 7 – POLICY RECOMMENDATIONS***

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- 7.6 The survey highlighted some good examples of trust initiatives to increase participation and performance. It would therefore be beneficial to develop a number of best practice case studies to allow good work conducted by trusts to be recognised and potentially implemented in other areas.

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# Cheshire East Management Options Appraisal

# What we are going to cover...

- key features of each management option
- Council financial overview
- summary of work being undertaken
- next steps & timescales.



# Management options

- in-house management
- private leisure contractor
  - hybrid trust
- non profit distributing organisation (NPDO)
  - new Trust
  - existing Trust
- management buy-out
- trade sale.



# Key Features



## Continued in-house – key features

- Council have direct control of the facilities and services
- staff are employed by the Council
- Council retains all income and expenditure
- uses the central support services of the Council
- no fiscal savings (NNDR/VAT)
- operating risks (third party income) remain with the Council
- maintenance risks remain with the Council
- assets remain with the Council.

# Private management contractor - key features

- Council has a client role – managing the contract
- fixed contract term (5 – 15+ years)
- Contractor charges an agreed management fee
- contract terms include a specification and payment mechanism
- contractor retains income and expenditure and associated risks
- contractor maintains facilities, although the Council retains structural and plant responsibilities
- Hybrid version generates NNDR savings (75%)
- TUPE applies to staff transfers
- contractor uses own central support services
- assets are leased to the Contractor linked to contract term.

## Trust – key features

- Council has a client role – managing the contract
- fixed contract term (5 – 15 years)
- existing trust manages the facilities – contract and specification
- Council could establish a new Trust – annual grant agreement
- TUPE applies to staff transfers
- Trust maintains facilities, although the Council retains structural responsibilities
- operating risk transfers to the Trust – to an extent!
- assets retained by the Council
- Potential savings in Central Support Costs
- NNDR and VAT savings can be made

# Management buy-out – key features

- different things to different people...
- we have defined this to be:

***“Leisure Management sets up a Trust Company to manage the facilities”***



## Management buy-out – key features (cont.)

- open ended contract linked to an annual grant agreement
- TUPE applies to staff transfers
- assets leased to management team
- possible savings in central support costs
- asset risk likely to remain with the Council
- NNDR and VAT savings
- operational risk transferred to the MBO – to an extent!

## Trade sale – key features

- sale of the assets (e.g. golf course) to a new or existing leisure provider
- sale generates a capital receipt
- central support cost savings
- all operational and asset risks transferred to the third party
- TUPE applies to staff transfers
- Council loses all control over programming and pricing
- commercially focussed approach and facility mix likely

# Headline Options Appraisal

## Council financial context

- efficiency savings £500k pa required for medium term financial strategy
- costs are rising faster than income can keep up
- medium term financial plan needs to plan for how 'equilibrium' can be achieved – and maintained
- No significant capital investment earmarked outside of existing repairs & maintenance
- large property portfolio requires significant annual investment to maintain
- borrowing is possible but repayment adds pressure to the revenue position – and council tax.



## Service review

- increasing annual cost of leisure
- Variable service levels and differing approaches by old constituent authorities
- Opportunities for greater development working and coordination across Cheshire East
- Need to consider links with key agendas, such as health and education
- Ongoing FIS work needs to be factored in.



# Summary of options – financial evaluation

	In-house	Private	Hybrid	New Trust	Existing Trust	MBO	Trade Sale
<b>NNDR Savings</b>	x	x	✓	✓✓	✓✓	✓✓	x
<b>VAT Savings</b>	x	x	x	✓✓	✓✓	✓✓	x
<b>Capital Receipt</b>	x	x	x	x	x	x	✓✓
<b>Central Support Savings</b>	x	✓✓	✓✓	✓	✓✓	✓	x
<b>Buildings/Equipment Risk Transfer</b>	x	✓	✓	✓	✓	✓	✓✓
<b>Operating Risk Transfer</b>	x	✓✓	✓✓	✓	✓✓	✓	✓✓
<b>Income Generation</b>	x	✓✓	✓✓	✓	✓✓	✓	x
<b>Capital Finance</b>	x	✓✓	✓✓	✓	✓	✓	x
<b>Set-up Process Costs</b>	✓✓	✓	✓	x	✓	x	x
<b>Subsidy Level</b>	x	✓✓	✓✓	✓	✓	✓	✓✓

# Summary of options – non-financial evaluation

	In-house	Private	Hybrid	New Trust	Existing Trust	MBO	Trade Sale
Council influence level	✓✓	✓	✓	✓✓	✓	✓	×
Impact on Staffing	✓✓	✓	✓	✓	✓	✓	×
Community Involvement	✓✓	✓	✓	✓✓	✓✓	✓	×
Procurement Timescale	✓✓	✓	✓	✓	✓	✓	✓
Increased Management Capacity	×	✓✓	✓✓	×	✓✓	×	×
Commerciality	×	✓✓	✓✓	✓	✓✓	✓	✓✓

## Next steps & Timescales

- Process model – Stage 1 – Market & Service Review
- Due to be completed in early August
- Process model – Stage 2 – detailed options appraisal
- Due to be completed in late September / October
- Presentation of detailed findings in late September.

# Any questions?

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## **CHESHIRE EAST COUNCIL**

### **Leisure Facilities Cabinet Sub-Committee**

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<b>Date of Meeting:</b>	12 August 2009
<b>Report of:</b>	Head of Health and Wellbeing
<b>Subject/Title:</b>	Free Swimming – Update for information
<b>Portfolio Holder</b>	Councillor Andrew Knowles (Health and Wellbeing)

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#### **1.0 Report Summary**

- 1.1 The report provides information to members on progress with the free swimming initiative for people 16 years and under and people 60 years and over introduced on the 1<sup>st</sup> April 2009.

#### **2.0 Recommendations**

- 2.1 That the report and Appendix be noted.

#### **3.0 Reasons for Recommendations**

- 3.1 Members requested a regular update on this performance.

#### **4.0 Wards Affected**

- 4.1 All Wards

#### **5.0 Local Ward Members**

- 5.1 All Members

#### **6.0 Policy Implications including - Climate change - Health**

- 6.1 The free swimming initiative has increased participation and physical activity. This is a time limited initiative and partially funded by central government.

#### **7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)**

- 7.1 None

**8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)**

- 8.1 Cheshire East has received grant aid from the Government to help offset some of the lost revenue from offering free swimming. The grant however did not cover all of the income anticipated to be lost from existing swimming fees paid by the affected categories and therefore additional revenue funding was approved by the Cheshire East Cabinet to meet the anticipated shortfall in 2009-10 and 2010-11.
- 8.2 Other incidental costs such as additional lifeguarding, cleaning or pool water treatment involved in accommodating the increased numbers of swimmers anticipated as a result of the free swimming initiative are difficult to quantify but relevant facility managers have been asked to monitor any such expenses for reporting back to members periodically as appropriate in due course.
- 8.3 Government funding for the free swimming initiative is confirmed only for two years and will be then subject to review.
- 8.4 Projects under development using the initial free swimming capital allocation (Total £108,000) are;

**Wilmslow Leisure Centre**

Limited refurbishment and redecoration of the male and female wet changing and shower areas.  
(Estimated free swimming capital allocation - £35,000)

**Sandbach Leisure Centre**

Upgrade of the male and female wet changing area to include the replacement of the existing staffed cloakroom system with self service lockers.  
(Estimated free swimming capital allocation - £35,000)

**Nantwich Swimming Pool**

Provision of a new DDA compliant pool entrance and reception (topping up funding earmarked within property services for DDA compliance work)  
(Estimated free swimming capital allocation - £38,000)

- 8.5 Quotations for each of the items identified in 8.4 are to be sought. Final recommendations will be presented to the Health and Wellbeing in the early autumn.

**9.0 Legal Implications (Authorised by the Borough Solicitor)**

- 9.1 Compliance conditions apply.



## **10.0 Risk Management**

- 10.1 Pool risk assessments have been reviewed and adapted as required to take into implications on operational procedures resulting from the free swimming scheme. The main areas adjusted or reviewed have been in respect of lifeguarding, procedures to be followed in the event of a pool reaching maximum bather capacity and small adjustments to pool timetables to ensure programme compatibility.

## **11.0 Background and Options**

- 11.1 Details of free swimming registrations completed for the swimming pools in the Cheshire East area prior to the 1<sup>st</sup> April and including those completed in the first quarter of operation are attached as Appendix A.

## **12.0 Overview of Year One and Term One Issues**

- 12.1 N/A

## **13.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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Designation: Service Development Manager, Health and Wellbeing

Tel No: 01244 972621

Email: Rob.Hyde@cheshireeast.gov.uk

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**Cheshire East Council**  
**Leisure Facilities**  
**Swim Free Scheme**



## APPENDIX

## Registrations as at 30th June 2009

## Swim Free Senior

	Total	Male	Female
Alsager	235	108	127
Congleton	527	226	301
Sandbach	233	93	140
Crewe	586	292	294
Nantwich	837	386	451
Others	85	32	53
Knutsford	122	62	60
Macclesfield	736	315	421
Poynton	162	73	89
Wilmslow	392	181	211
Others	44	18	26
<b>Total</b>	<b>3959</b>	<b>1786</b>	<b>2173</b>

## Swim Free Junior

	Total	Male	Female
Alsager	1014	495	519
Congleton	2054	993	1061
Sandbach	1885	886	999
Crewe	2318	1106	1212
Nantwich	3035	1433	1602
Others	38	22	16
Knutsford	905	463	442
Macclesfield	4454	2197	2257
Poynton	868	425	443
Wilmslow	2354	1144	1210
Others	500	248	252
<b>Total</b>	<b>19425</b>	<b>9412</b>	<b>10013</b>

## Usage 1st to 30th April 2009

## Swim Free Senior

	Total	Male	Female	Unknown
Alsager	329	173	156	
Congleton	654	299	355	
Sandbach	321	111	197	13
Crewe	497	300	197	
Nantwich	910	433	477	
Knutsford	143	99	36	8
Macclesfield	790	338	381	71
Poynton	409	203	186	20
Wilmslow	431	216	182	33
<b>Total</b>	<b>4484</b>	<b>2172</b>	<b>2167</b>	<b>145</b>

## Swim Free Junior

	Total	Male	Female	Unknown
Alsager	383	180	203	
Congleton	778	356	406	16
Sandbach	1375	490	572	313
Crewe	1656	712	944	
Nantwich	1171	523	648	
Knutsford	457	194	224	39
Macclesfield	5180	1541	1485	2154
Poynton	520	193	213	114
Wilmslow	1358	337	388	633
<b>Total</b>	<b>12878</b>	<b>4526</b>	<b>5083</b>	<b>3269</b>

## Usage 1st to 31st May 2009

## Swim Free Senior

	Total	Male	Female	Unknown
Alsager	342	182	158	2
Congleton	661	359	299	3
Sandbach	265	97	166	2
Crewe	620	397	223	0
Nantwich	1044	536	508	0
Knutsford	129	88	31	10
Macclesfield	782	329	397	56
Poynton	368	189	171	8
Wilmslow	458	249	176	33
<b>Total</b>	<b>4669</b>	<b>2426</b>	<b>2129</b>	<b>114</b>

## Swim Free Junior

	Total	Male	Female	Unknown
Alsager	487	241	232	14
Congleton	1518	752	720	46
Sandbach	1406	586	615	205
Crewe	1574	722	852	0
Nantwich	1768	785	983	0
Knutsford	441	192	204	45
Macclesfield	4006	1174	1306	1526
Poynton	534	188	241	105
Wilmslow	1194	293	428	473
<b>Total</b>	<b>12928</b>	<b>4933</b>	<b>5581</b>	<b>2414</b>

## Usage 1st to 30th June 2009

## Swim Free Senior

	Total	Male	Female	Unknown
Alsager	409	202	201	6
Congleton	823	405	416	2
Sandbach	373	138	230	5
Crewe	708	421	287	0
Nantwich	1360	656	704	0
Knutsford	132	91	34	7
Macclesfield	837	356	439	42
Poynton	353	177	166	10
Wilmslow	476	247	206	23
<b>Total</b>	<b>5471</b>	<b>2693</b>	<b>2683</b>	<b>95</b>

## Swim Free Junior

	Total	Male	Female	Unknown
Alsager	529	208	290	31
Congleton	1183	552	607	24
Sandbach	1393	602	614	177
Crewe	1373	721	652	0
Nantwich	2306	1045	1261	0
Knutsford	299	116	137	46
Macclesfield	4195	1441	1582	1172
Poynton	425	142	169	114
Wilmslow	1078	247	370	461
<b>Total</b>	<b>12781</b>	<b>5074</b>	<b>5682</b>	<b>2025</b>

## **April 2009**

*Bank Holiday: Good Friday - 10th April*

*Bank Holiday Easter Monday - 13th April*

## **May 2009**

*Bank Holiday: Early May Holiday - 4th May*

*Bank Holiday: Spring Bank Holiday - 25th May*

*Nantwich Outdoor Pool opened: Saturday 23rd May*

## **June 2009**

*Nantwich Pool closure: 29th June to 12th July for major electrical works*