

Cabinet

Date of Meeting: 08 October 2019

Report Title: Everybody Sport & Recreation Annual Performance Report 2018/19 and future investment programme.

Portfolio Holder: Cllr Mick Warren – Portfolio Holder for Communities.

Senior Officer: Frank Jordan – Executive Director Place

1. Report Summary

- 1.1. This report provides Cabinet with the fifth Annual Performance Report from Everybody Sport & Recreation (ES&R) for the financial year 2018-19.
- 1.2. The report also provides an update on proposed improvements to a number of leisure centres, to maximise their use and provide modern facilities to improve the health and wellbeing of local residents. Whilst the budget required to deliver these improvements over the next three years is identified in the Council's approved capital programme for 2019/20, approval is being sought for the Council to enter into a range of contracts for these works as they become due.

2. Recommendations

That Cabinet:

- 2.1. Note the progress made by ES&R in its fifth year of trading as an independent charitable trust.
- 2.2. Delegate authority to the Executive Director - Place, in consultation with the Portfolio Holder for Communities, to enter into all necessary contracts to deliver the improvement programme as set out in the report subject to approval by the Finance Portfolio Holder to transfer the capital budget for each scheme from the addendum into the main capital programme.

3. Reasons for Recommendations

- 3.1 ES&R is key to the delivery of a range of services and "outcomes" for local residents, in particular Outcome Five "People Live Well & For Longer". It is

important to ensure that these are achieved through the ongoing monitoring of the Leisure Services Operating Agreement.

- 3.2** The High level Business Case for the redevelopment and improvement of leisure facilities in Poynton, Nantwich, Knutsford, Middlewich and Wilmslow was approved as part of the 2019/20 budget setting process and £12.7m is included within the approved budget addendum for 2019/20. Approvals to transfer this funding from the Addendum to the main capital programme will be requested from the Portfolio Holder Finance when business cases for these schemes are finalised.
- 3.3** This report outlines a proposed investment programme in leisure centres which will require formally entering into a contract with the successful contractor to undertake these works. As the contracts will have a value greater than £1m, this is a Key Decision and requires Cabinet approval.

4. Other Options Considered

- 4.1.** Under the Performance Reporting Framework of the Leisure Operating Agreement, there is a requirement for ES&R to report back to the Cabinet with its Performance Report on an annual basis.
- 4.2.** The Council could decide not to provide support to ES&R investment programme at a time when significant investment is required to upgrade and replace aged building infrastructure. It would significantly reduce the attractiveness of the leisure offer and not encourage growth in participation and the income generation required to fund the required investment.

5. Background

- 5.1** Following a full options appraisal of the best way to deliver leisure services in February 2014, Cabinet approved the transfer of the management of a range of leisure services to ES&R, a new Charitable Trust set up for that purpose. The Trust was formally established in March 2014 with a Board of eleven members including two Cheshire East Council Elected Member representatives. The decision to create the Trust was based on the aim of giving it the freedoms and flexibility to develop and expand the service and its quality whilst adopting a more commercial approach with the aim of improving value for money and reducing the overall costs to the council. The contract to manage the leisure facilities and leisure development services commenced on the 1 May 2014 and included the transfer of over 750 staff.
- 5.2** During its first five years of operation, ES&R have successfully made savings through efficiencies and delivered the outcomes required by the Council. During this time ES&R has developed commercially including

winning further delivery and catering contracts with other public authorities and private organisations.

5.3 The Leisure Operating Agreement contains a variety of elements to ensure that ES&R provides a range of services to the residents of Cheshire East. These are set out in Service Specification which helps form the basis by which the Council monitors how ES&R is performing, against the expected outcomes, through a series of performance indicators. The commissioning and monitoring of this service is undertaken by the Corporate Commissioning Manager via quarterly reports of ES&R's performance against a range of contractual performance indicators, reported back through the Council's performance management framework.

5.4 The Performance Report outlines a number of achievements from ES&R's fifth year of trading. Some headline successes, based on the key performance indicators, include:

5.4.1 An annual attendance at Council owned leisure centres of 3,607,231 against the target of 3,509,006, an increase of 3%. This increases further to 3,732,541 and 6% when attendances at Holmes Chapel Community Centre, owned by Holmes Chapel Parish Council and operated by ES&R, are also taken into account.

5.4.2 Once again there has also been an increase in the time dedicated to the support local residents to be more active, facilitate events and provide crucial support to local sports clubs with over 8,000 volunteer hours being given against the target of 7,065 hours.

5.4.3 Funded by the Department for Transport through to 2020 the "Bikeability" scheme saw 6,497 young people trained in cycling skills, via school visits throughout the year, against a target of 6,080 - an increase of 6.8%.

5.5 Other areas reflected in the Performance Report include:

5.5.1 E&SR's "Learn to Swim Scheme" has over 7,700 learners attending each week. All enjoy free swimming at other times to encourage participation and progress. There is a growth in swimming participation which is contrary to the national trend.

5.5.2 Targeted memberships, supported by the Council's investment in leisure, have increased by:

- Talented Athletes by 10.6%; and,
- Cared for Children by 7.9%.

- 5.5.3 Being awarded the ESCAPE-Pain contract by Health Innovation Network – ES&R's first NHS contract. ESCAPE-Pain is an evidenced based rehabilitation programme designed to reduce pain and disability for people with chronic joint pain or Osteoarthritis. Everybody have been labelled as a model of best practice nationally for their work on the programme.
- 5.6 The original Agreement with ES&R was a contract of ten years with the option to extend for a further five years subject to successful performance and by agreement of both parties.
- 5.7 Cabinet agreed in November 2018 to extend the Leisure Operating Agreement with Everybody Sport and Recreation for a further five years subject to the terms being agreed with the Executive Director, Place in consultation with the Portfolio Holder, Health. The agreement will now operate to 30th April 2029 and continue to be subject to regular performance review by the Council.
- 5.8 Whilst the Council has transferred the majority of the leisure centre sites to ES&R by way of a lease, the responsibility for the buildings remains with the Council. This includes the provision of repairs and maintenance, energy and capital improvements. Many of these improvements are aimed at improving the efficiency of the buildings and reducing their cost in both financial and environmental terms.
- 5.9 During the last financial year a range of planned maintenance works have been delivered by the Council's Facility Management Service through its Planned Maintenance Budget including:
- 5.9.1 Macclesfield Leisure Centre – completion of pool skimmer project, swimming hall and gym air handling replacement, boiler replacement and installation of combined heat and power unit. Items funded by ES&R, as part of the current £4m redevelopment programme, include the refurbishment and enlargement of the gym, new poolside changing village, new group cycling studio and refurbished squash courts.
- 5.9.2 Sandbach Leisure Centre – Stairwell lighting upgrade.
- 5.9.3 Nantwich Pool – replacement pool hall ventilation, main pool hall roof replacement, recoating of outdoor pool tank and internal decorations.
- 5.9.4 Wilmslow Leisure Centre – replacement swimming pool hall air handling and lighting, squash court refurbishment, reception ceiling and lighting upgrade, pool and dry side boiler replacement, activity room lighting

replacement, new energy monitoring controls for swimming pool and dry side areas.

- 5.9.5 Knutsford Leisure Centre – swimming pool refurbishment and replacement sports hall floor.
- 5.9.6 Poynton Leisure Centre – reception and first floor corridor refurbishment including new flooring, swimming pool hall lighting upgrade.
- 5.9.7 Alsager Leisure Centre – replacement lift, reception refurbishment, replacement sports hall lighting and new heat metering installation to facilitate accurate energy management and recharging by the adjoining school.
- 5.9.8 The Barony Sports Complex, Nantwich – replacement flooring in various areas.
- 5.9.9 Shavington Leisure Centre – refurbishment of the outdoor astro turf pitch and floodlighting, plus refurbishment of the changing rooms, toilets and showers.
- 5.10 The Council along with ES&R has commenced on a programme of major improvements to its leisure centre facilities within the Borough. This commenced with Crewe Lifestyle Centre in 2016 and has followed on with a new gym at Sandbach Leisure Centre in 2018, plus wide ranging improvements at Macclesfield Leisure Centre due for completion in November. The new sports hub in Alsager will also open in 2019 and the project to develop Congleton Leisure Centre will continue.
- 5.11 The investments for which delegated authority to enter into contracts above £1m is being sought are for the following locations:

Poynton

- Extended gym (80 stations)
- New reception, café and soft play
- Multiple flexible studio spaces – used for group exercise & health programmes
- Group cycling studio
- Refurbished wet side changing rooms
- Refurbished dry side changing rooms – compliant to Football Foundation standards
- Extended car park
- Lift to access first floor

Also includes – as part of the overall scheme in partnership with CEC Education Team, Poynton High School, Cheshire FA & Football

Foundation – provision for an AstroTurf pitch and grass pitch improvements.

Nantwich

Nantwich Pool

- Extended gym (60 stations)
- Extended reception with café
- Group cycling studio
- Lift to access first floor
- Extended outdoor changing provision

Barony Sports Complex

- Group exercise studio
- Consultation rooms
- Lift to access first floor
- Fencing around perimeter of the site to further develop the potential for leisure activities

Knutsford

- Extended gym (60-80 stations)
- Extended reception
- Café
- Consultation rooms
- Car park & access improvements
- Learner pool

Middlewich – potentially at an alternative Council facility

- Gym (50-60 stations)
- Multiple flexible studio spaces – used for group exercise & health programmes
- Changing rooms
- Consultation room
- Reception

Wilmslow

- Car parking improvements
- Reconfigured studio spaces – used for group exercise & health programmes
- Increased gym capacity
- Re-configuration of MUGA space for alternative use – TBC

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The presentation of an Annual Report to the Council is in line with the requirements of the Leisure Operating Agreement and allows the Council to be updated on ES&R performance for 2018/19.
- 6.1.2. The original Agreement with ES&R was a contract of ten years with the option to extend for a further five years subject to successful performance and by agreement of both parties. The extension was agreed by Cabinet on 6th November 2018 and will now operate to 30th April 2029.
- 6.1.3. As part of the planned improvement and redevelopment programme for leisure in Poynton, Nantwich, Knutsford, Middlewich and Wilmslow, the Council will utilise existing regional frameworks to procure and award the required construction contracts. The Council currently has access to the North West Construction Hub. This is a regional Framework Agreement administered by Manchester City Council. It can be used by local authorities and other public bodies in the North West of England, is in line with government and construction best practice, and offers a range of value bands over £1m, which can be used to offer the flexibility required for phasing and programme options. A Framework enables the Council to meet its needs for a service, supply of goods or works for a set period in order to obviate the need to undertake a wide competitive procurement process for each individual scheme. It complies with the Public Contract Regulations 2015 ("the Regulations") and the Council's Contract Procurement Rules.

6.2. Finance Implications

- 6.2.1 ES&R receive an Operational Management Fee, currently £1.667m, for the delivery of service that is renegotiated annually with the Council. The fee funds a series of commissioned elements required by the Council as set out in 6.2.2 below. The Council also covers all the leisure centre corporate landlord revenue costs such as energy, water, statutory compliance and repairs and maintenance. Whilst the works to be undertaken as part of the improvement programme will lead to buildings that are more efficient, it needs to be noted that an increase in footfall may also have an impact on Council budgets including energy.
- 6.2.2 Regular monitoring of ES&R has identified its services as representing good value for money. They are improving the overall quality of service whilst reducing the cost of that provision in terms of the management

fee. Analysis of the current management fee by the Trust has identified that the element of subsidy to facilitate direct “operational management”, which has been steadily reducing since transfer has now been removed altogether. This leaves the remaining elements of the management fee consisting of commissioning service provision based on decisions made directly by the Council. These include free use by the Council’s currently “looked after” young people as part of the Council’s corporate parenting role, free use by disability swimming clubs, support to joint use education sites, and reduced charges for senior citizens, young people and those with a disability.

- 6.2.3 There is a 3% default reduction clause in the agreement should the Council and ES&R not agree on the Operational Management Fee for the following financial year, and appropriate due diligence continues to be carried out by the Council’s Finance service as part of the annual fee negotiations. There has been a reduction in the base operational management fee budget since transfer in May 2014 of 26.6%. The trust is also required to absorb its standard year on year cost pressures and inflationary increases such as pay awards.
- 6.2.4 It is important to understand that ES&R, as a fully independent organisation, is required by the Charities Commission to submit a full set of accounts. In addition, they are a company limited by guarantee, and under this status is additionally a “not for profit” organisation which means it has to reinvest any surpluses into services and facilities. ES&R’s financial position is reported to the Council as part of the company’s Annual Performance Report
- 6.2.5 The Council continues to work with ES&R on the potential for further reduction in the Operational Management Fee in a variety of ways, including capital investment in facilities leading to improved usage and income levels that in the last twelve months has included the commencement of £4m of improvement works at Macclesfield Leisure Centre. The five year extension to the current Leisure Operating Agreement which was approved at Cabinet in November 2018 has created this greater certainty and stability to allow ES&R to maximise the commercial opportunities of longer term investment in the Council’s facilities and services whilst at the same time continuing to reduce the management fee.
- 6.2.6 A budget of £12.7m is included within the approved budget addendum for 2019/20 in support of the improvements set out in 5.11 of this report. The additional approval to transfer the budget from the addendum for each project needs to be obtained from the Portfolio Holder for Finance

and S151 Officer, with approval being based on the presentation of a detailed business case. This has now been completed for both Nantwich and Poynton, with the required approval of the Portfolio Holder Finance being given on 30th July 2019.

- 6.2.7 Each redevelopment project will be funded from prudential borrowing and the debt repayments are to be financed from an equivalent reduction of the management fee paid to ES&R.

6.3. Policy Implications

- 6.3.1. The establishment of the Trust was in line with the Council's "best fit" approach to service delivery. ES&R is a significant contributor to the Council's Outcome Five, "People Live Well & For Longer" in support of improving the health of local residents as set out in the Council's Corporate Plan. ES&R's Performance Report, presented today, evidences this in more detail.

6.4. Equality Implications

- 6.4.1. ES&R remains committed to ensuring that services are delivered and available to all residents in Cheshire East, including provision to those of all ages and those with disabilities.
- 6.4.2. The proposed improvements at the various leisure centres will further address the need for accessibility to all residents along with a range of programmes being developed to attract a wide range of user groups.

6.5. Human Resources Implications

- 6.5.1. There are no implications in respect of the recommendations in the report.

6.6. Risk Management Implications

- 6.6.1. In addition to the requirement to deliver its Annual Performance Report to the Council, to ensure that ES&R is delivering the requirements of the Leisure Operating Contract, the Council regularly monitors ES&R's performance including, quarterly performance meetings and reports, the submission of performance indicators as part of the Council's Corporate Performance Management Framework and regular site visits.
- 6.6.2. In respect of the proposed leisure redevelopment and improvement programme there are inherent risks found with any capital build project. Each scheme will be project managed to include identification and review of risks and creation of a risk register which will be regularly

reviewed by the project team.. All risks will have assigned owners who are responsible for mitigating and managing them.

6.7. Rural Communities Implications

- 6.7.1. ES&R remains committed to delivery across Cheshire East including within rural communities and this is demonstrated in the Annual Report.
- 6.7.2. The proposed improvements to leisure provision will serve as an enhanced destination offering a diverse range of accessible facilities not only for nearby residents but also the wider rural communities in and around the locality

6.8. Implications for Children & Young People/Cared for Children

- 6.8.1. ES&R is required through the Leisure Operating Agreement to make a significant contribution to supporting the involvement of children and young people participating in sport and active recreation. This is again demonstrated throughout the Performance Report with highlights including:
- 6.8.2. Under 16's form over half of active attendances supported by targeted programmes including "teen gym", learn to swim scheme and holiday activities.
- 6.8.3. Almost 8,000 young people on the Learn to Swim Scheme.
- 6.8.4. Availability of apprenticeships through the Everybody Academy, with the offer of a permanent position at the end of the scheme. It currently has eleven young people being trained. Ten graduates of the scheme have secured a permanent job with ES&R.
- 6.8.5. 6,497 young people trained in Bikeability during the year.
- 6.8.6. 422 registered Cared for Children members attending 3,862 gym, swim and class sessions, up from 2094 the previous year. The provision has a positive impact on these users and is also well reflected when the service is externally reviewed
- 6.8.7. The proposals for the leisure centres, once redeveloped, will provide a range of new and refurbished facilities that will be fully accessible for young people. Safeguarding arrangements will be improved in Poynton, Knutsford and Middlewich through the proposed developments.

6.9. Public Health Implications

- 6.9.1. ES&R is expected to be a significant contributor to the Council's "Outcome Five – People Live Well & For Longer" in support of active

participation and improving the health of local residents as set out in the Council's Corporate Plan. The Performance Report addresses ES&R's progress on this area of work.

6.10. Climate Change Implications

6.10.1. Given that the majority of these activities are undertaken within the Council's leisure centres, ES&R continues to work on improving the efficiency of buildings through joint investment with the Council on a range of projects to reduce energy consumption. To focus on this, the Council and ES&R have agreed a new annual performance indicator that will identify the costs to allow analysis of energy use by kWh per visit.

7. Ward Members Affected

7.1. ES&R provides a service across the whole of the Borough of Cheshire East reflected in the Annual performance report

7.2. In respect of the proposed leisure investments, the representative local ward members are:

- Poynton – Cllr Jos Saunders, Cllr Nicky Wylie, Cllr Michael Beanland, Cllr Mike Sewart.
- Nantwich – Cllr Penny Butterill, Cllr Arthur Moran, Cllr Peter Groves, Cllr Andrew Martin.
- Knutsford - Cllr Quentin Abel, Cllr Tony Dean, Cllr Stewart Gardiner.
- Middlewich – Cllr Carol Bulman, Cllr Mike Hunter, Cllr Jonathan Parry.
- Wilmslow – Cllr Toni Fox, Cllr David Jefferay, Cllr Don Stockton, Cllr Mark Goldsmith, Cllr Iain MacFarlane.

8. Consultation & Engagement

8.1. There are no implications as a result of the Annual Report.

8.2. In development of each leisure proposal, initial consultation was undertaken as part of the business case preparation. Further consultation at a local level will follow as appropriate, through where required the planning approval process and also with regular meetings with site user groups.

9. Access to Information

9.1. Appendix 1 – Everybody Sport & Recreation – Annual Performance Report 2018/19.

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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