

**WYRE FOREST DISTRICT COUNCIL****CABINET**  
**25<sup>TH</sup> JANUARY 2011****Future Arrangements for Management of Sports and Leisure Centres**

<b>Open</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	A Better Quality of Life
<b>CORPORATE PLAN AIM:</b>	A Well Run and Responsive Council
<b>CABINET MEMBER:</b>	Councillor T L Onslow
<b>DIRECTOR:</b>	Director of Community & Partnership Services
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<b>APPENDICES:</b>	None

**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to set out the issues to be considered as part of an options appraisal for the future management of the sports and leisure centre provision in the District.

**2. RECOMMENDATION**

The Cabinet is asked to **DECIDE** that:

- 2.1 **A full strategic options appraisal for the future management of sports and leisure centres be prepared by the Director of Community and Partnership Services in consultation with the Cabinet Member for Community & Partnership Services, Director of Resources, Director of Legal and Corporate Services and Director of Planning & Regulatory Services and a report be presented to Community and Regeneration Scrutiny Committee prior to consideration by Cabinet in early summer 2011.**
- 2.2 **A sum of up to £35,000 be allocated from General Reserves to carry out site appraisals in order for option 3 (in 4.2.1 below) to be fully costed as part of the full strategic review.**

**3. BACKGROUND**

- 3.1 Wyre Forest District Council owns three Leisure Centres, situated in Bewdley, Kidderminster and Stourport managed by DC Leisure on behalf of the Council. They have provided high quality leisure centres to the community over many years and have been developed during that time to keep pace with changing sport and leisure requirements.
- 3.2 The Cabinet received a report on 26<sup>th</sup> March 2009 which detailed the partnership arrangements with DC Leisure and asked for permission to enter into negotiations

regarding a possible extension to the current contract which expires in March 2013. Following Cabinet's approval of this approach, negotiations with DC Leisure have progressed.

- 3.3 Following the Comprehensive Spending Review 2010 and the Provisional Local Government Financial Settlement, the Council is facing extremely challenging times and all services provided by the Council including sports and leisure centres are undergoing review to ensure they are operated to maximum efficiency.
- 3.4 As part of the Wyre Forest Forward programme the sport and leisure centre provision will be reviewed to address a range of issues including:-
- The Leisure Centre buildings and the facilities within them are potentially coming towards the end of their useful life.
  - The current leisure management contract ends in March 2013; options are being considered now, as a matter of urgency, to allow sufficient transition time to any new arrangement.
  - An extension of the existing contract will increase costs both through the management fee (one factor has been the increase in fuel prices) and also with increased maintenance costs.
  - The unprecedented pressure on current budgets makes such ongoing increases unaffordable to the Council. The aim of the Council would be to operate the centres at a reduced or zero subsidy payable to any third party provider.
  - Maximising income from the sports and leisure centres.
- 3.5 This report examines the current situation, and outlines a range of possible options.

#### **4. KEY ISSUES**

##### **4.1 Key Issues and Options**

4.1.1 **Current situation and costs:** based on 2010/11 revised budget. The total cost of the service is £891,460 (excluding depreciation) including the subsidy payable to DC Leisure of £663,820.

##### **4.1.2 Bewdley Leisure Centre (BLC):**

- Dual use site, school priority in day time Monday to Friday, community use evenings, weekends and school holidays
- Sports hall and sports pitches available
- Partnership with DC Leisure to manage until March 2013
- 2010/11 cost: **£45,390 (excluding depreciation)**

##### **4.1.3 Wyre Forest Glades Leisure Centre (WFGLC):**

- Sports hall (8 badminton courts) (built in 1992)
- Leisure pool (1986)
- Indoor play zone
- Bar, catering
- Health and fitness facilities
- Squash courts
- Studio
- Partnership with DC Leisure to manage until March 2013
- 2010/11 cost: **£577,210 (excluding depreciation)**

**4.1.4 Stourport Sports Centre (SSC):**

- Traditional indoor swimming pool (1974) and balcony
- Sports hall (6 badminton courts) (1987)
- Fitness facilities
- Sun bed room
- Small studio
- Partnership with DC Leisure to manage until March 2013
- 2010/11 cost: **£268,860 (excluding depreciation)**

**4.1.5 Future management fee costs**

The current contract for the operation of the Leisure Centres comes to an end in March 2013. DC Leisure, who manages the Sports and Leisure Centres through a partnership agreement on behalf of the Council, has provided outline costs for any possible extension to the current contract.

4.1.6 There would be additional costs per year for the management fee to DC Leisure for any extension and these figures will form part of the options appraisal. Beyond March 2013 there will also be additional maintenance costs which are not currently budgeted for due to the ageing nature of the facilities and these costs will be further identified as part of the options appraisal process.

**4.2 Broad range of options:**

4.2.1 The options available to the Council are broadly as follows, all options, will have due regard to relevant EU Procurement Regulations:

1. Status Quo, maintain the current three leisure centres, there would be increased management contract costs and necessary refurbishment costs to improve usage and would require an additional budget to be identified.
2. Transfer some or all of the leisure centres to community groups or similar organisations. If appropriate organisations could not be identified, potentially close any of the centres and source private provision to provide the service (should the latter be considered it should be noted that private provision does not cater for children and young people or ensure access for deprived communities or provide health and well being programmes and sports development).  
If unable to transfer 1 or more of the leisure centres, consider closure on an individual basis.
3. Invest in a new leisure centre utilising the proceeds of sale of assets and prudential borrowing (minimum time scale from identification of site to opening of centre is 3 years).

4.2.2 These options will be investigated by the Director of Community and Partnership Services and will be reported back through the Community and Regeneration Scrutiny Committee and Cabinet.

**4.3 Choice of site for new build option:**

4.3.1 DC Leisure has conducted an initial assessment of some possible sites. Some detailed work now needs to be undertaken in order to provide costings and practicalities regarding option 3. The expertise for carrying out this work cannot be provided in house and therefore a sum of £35,000 would need to be allocated to the

Community and Partnerships budget for this purpose. DC Leisure has advised that, in order to work towards a nil subsidy, the inclusion of small sided football is essential.

- 4.3.2 From the wider planning and regeneration point of view, a number of other possibilities may become apparent e.g. Green Street and KTC 3, and would need to be explored further if the footprint of the site permitted the new facility to be accommodated.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The full options appraisal will involve detailed financial analysis of the options available to the Council. The aim will be to reduce the overall cost to the Council and to achieve a reduced or zero revenue subsidy payable to any third party provider as possible whilst protecting and sustaining future provision.
- 5.2 The costs of prudential borrowing under option 3 (or potentially under the other options for refurbishment) are a key factor in the options appraisal. However, Option 3 is predicated on the assumption that the total cost of any new provision would be significantly less than the current service.
- 5.3 A sum of up to £35,000 for site appraisal work can be funded from General Reserves.

## **6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 There is an existing shared use agreement between the District Council and County Council regarding the dual use site at Bewdley that needs to be considered as part of the options appraisal.
- 6.2 Whilst it is not mandatory to provide leisure centres, these facilities provide a valued community asset which improves quality of life, health and well being and makes a major contribution to meeting the needs of the District's more deprived communities.
- 6.3 EU Procurement legislation will be considered for all options.

## **7. EQUALITY IMPACT NEEDS ASSESSMENT**

- 7.1 An Equality Impact Needs Assessment will be undertaken as part of the options appraisal to ensure that factors such as economic and social factors do not become barriers to those residents wishing to access sport and leisure provision in the District.

## **8. RISK MANAGEMENT**

- 8.1 There is currently no funding allocated to take account of the interim payments to DC Leisure for contract extensions.
- 8.2 If the 2 centres at Stourport and the Glades were not operational at their current locations, this would have potentially a financial impact on car parking at these 2 sites. This could be minimised in Stourport if the one hour free parking is adopted in out of town car parks.

**9. CONCLUSION**

- 9.1 The options need to be carefully considered and further developed, including site investigations and full financial options appraisal, which will be completed by June 2011.

**10. CONSULTEES**

- 10.1 Corporate Management Team.  
10.2 Councillor T L Onslow, Cabinet Member for Community & Partnership Services.  
10.3 Councillor J Campion, Leader of the Council.

**11. BACKGROUND PAPERS**

- 11.1 Report to Cabinet 26<sup>th</sup> March 2009.