

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 17 SEPTEMBER 2013**

REPORT BY: **DIRECTOR OF LIFELONG LEARNING**

SUBJECT: **LEISURE STRATEGY - PROGRESS UPDATE**

1.00 PURPOSE OF REPORT

- 1.01 To update Members on progress with the current Leisure Strategy and Management Actions.
- 1.02 To provide Members with the most up to date revenue budget monitoring information (Month 3) for Culture and Leisure Services in 2013/14 and to proposed budget re-alignment in relation to the facilities at Deeside Leisure Centre and the Jade Jones pavilion, Flint.

2.00 BACKGROUND

- 2.01 Flintshire benefits from an extensive range of provision including leisure facilities at Deeside Leisure Centre, Jade Jones Pavilion Flint, Holywell Leisure Centre, Mold Leisure Centre, Buckley Leisure Centre, Connah's Quay Swimming Pool, Connah's Quay Sports Centre, Flint High School, Hope Sports Centre, Saltney Sports Centre. Additionally, the service provides 160 children's play areas, 12 outdoor MUGAs (multi-use games areas), 7 wheeled play areas, 10 artificial turf sports pitches and approximately 100 grass sports pitches/community recreation grounds.
- 2.02 The performance of Leisure Services and its impact on community life is overwhelmingly positive and improving. During the four years since the publication of the current Leisure Strategy, the number of visits to our leisure centres, where the visitor has participated in physical activity, has increased from 1,239,666 in 2009/10 with annual growth to 1,548,138 in 2012/13. Progress has been made in delivering the vision of increasing participation and progression, whilst improving customer service.
- 2.03 One-off provision was made during financial year 2012/13 in recognition of the anticipated shortfall in income during the first year of the leisure developments at Deeside Leisure Centre and the Jade Jones Pavilion Flint. The new developments came on stream during the course of the year and trading income took time to develop. This was acknowledged with the provision of £0.361m as a one-off

allocation.

- 2.04 A number of financial pressures affecting the leisure budget were addressed in the 2013/14 budget round with the inclusion of £0.406m for reduced income, staffing budget shortfall, health and safety, music licensing, summer play schemes and play equipment.
- 2.05 However, challenges remain with regard to the financial sustainability of the service caused by:
- longstanding underinvestment in maintenance and renewal across the extensive range of leisure provision in Flintshire;
 - creation of competing new facilities within the traditional catchment area for Flintshire's specialist facilities, for example the new ice rink at Widnes;
 - challenging trading during the economic downturn;
 - meeting the capital cost of the refurbished facilities at Flint and Deeside directly from the leisure budget; and
 - underachieving projections in the independent business plan for Deeside Leisure Centre and the Jade Jones Pavilion Flint.
- 2.06 The total culture and leisure budget is £6.876m of which £2.320m relates to Leisure Centres. The Welsh Government report, "Local Authority Services Performance 2011-12" indicated that Flintshire had the lowest expenditure per head of population on libraries, culture, heritage, sport and recreation of the 22 local authorities. The month 3 budget monitoring report which is also on this agenda, shows a projected in year overspend for culture and leisure of £0.827m. This is made up of a £0.960m overspend on leisure centres, offset by savings and efficiencies of £0.133m on other services.

3.00 CONSIDERATIONS

LEISURE ACTION PLAN

- 3.01 An Action Plan has been developed which is overseen by a multidisciplinary internal Leisure Action Plan Project Board of senior officers. Through the Action Plan a number of measures have been taken to review service delivery and strengthen financial control, budget management and reporting through which has instituted the following:
- 3.02 **Swim Flintshire** – this service has ceased, having been succeeded by the new Nofio Clwyd programme. Cost avoidance in-year is £22k and is calculated to be £47k in a full-year.
- 3.03 **Leisure Services Restructure**
Following Cabinet approval of the new structure on 16th July 2013, formal consultation with staff began week commencing 2nd September 2013. Implementation is planned to coincide with the implementation of the Single Status agreement. The new structure is anticipated to

achieve an annual staffing efficiency of £120k. The new structure delivers flexibility within staffing arrangements to manage any future network changes.

3.04 Review of security expenditure at Deeside Leisure Centre

This has resulted in a permanent reduction of 14 hours a week from 1st September 2013 which will avoid costs of £0.010m in a full year.

3.05 Monitoring of discretionary expenditure

Spend on supplies and repairs and maintenance is being closely monitored. The Council's Procure to Pay (P2P) procurement system has been fully implemented and improved commitment accounting is in place.

3.06 Developments at Deeside and Flint

The financial performance of Deeside Leisure Centre and the Jade Jones pavilion, Flint has been the subject of detailed consideration. The business plans for the two developments have been revised to reflect trading conditions and marketing has been reviewed with the Council's business partner, Alliance Leisure Services. This has included the introduction of a dedicated website for the Afon Spa facility at Deeside Leisure Centre and a range of modern promotional initiatives using new media. The Lifelong Learning Overview and Scrutiny Committee had a presentation from Alliance Leisure Services in July 2013 which was an opportunity for the committee to learn about the company's partnership work with Leisure Services and to challenge aspects of performance where it felt improvements were needed.

3.07 Asset Review

An asset review is being undertaken of Leisure Centres, Libraries, Youth Centres and Community Centres as part of a programme to review Assets and Capital Programme Management.

In the current and predicted future economic climate the current level of assets cannot be sustained. There is a clear necessity to review the current portfolio ensuring value for money and sustainable provision. Options being considered with support and advice from asset management colleagues include:

- co-location of library, youth and other community facilities with leisure centres;
- Community Asset Transfer, with standard model terms of transfer of pavilions and changing rooms to community ownership and control; and
- alternative models for operation of community facilities;

These will require careful planning with community and sporting interests to develop a bespoke approach for each locality. The outcome of the Asset Review will be the subject of a separate report for consideration by Members.

In order to further take forward and widen the work being undertaken through the Leisure Action Plan, a scrutiny task and finish group overseen by the Lifelong Learning Overview and Scrutiny Committee, but with involvement (and progress reporting to) the Corporate Resources Overview and Scrutiny Committee is being commissioned to consider options in relation to leisure delivery. The terms of reference and composition of the Task and Finish Group will be considered by the Lifelong Learning Overview and Scrutiny Committee at its meeting on 10 October 2013.

3.08 BUDGET RE-ALIGNMENT AND IMPACTS FOR THE MEDIUM TERM FINANCIAL PLAN

The current significant projected overspend of £0.960m on Leisure Centres within the Culture & Leisure budget is being heavily influenced by the original business plans for the new facilities at the Deeside Leisure Centre and the Jade Jones Pavilion Flint not being achieved. The business plans were independently verified and subjected to officer and member scrutiny and adoption by Executive. However the plans have not been achieved due to a combination of additional costs and the anticipated growth in income being lower than expectations.

3.09 Leisure Services are unique in that the requirement to fund the capital developments at Deeside Leisure Centre and the Jade Jones Pavilion Flint from revenue budget is distorting the service's true trading position. An alternative approach would be to treat the funding of the developments in the same way that other capital financing repayments have been dealt with.

3.10 As set out in 3.06, the original business plan has been revised to reflect current costs of operations and a reduced expectation of income growth. The budgetary impact of this has been established as £0.505m, and it is recommended that this sum is allocated from the contingency reserve to alleviate the pressure in the leisure budget in 2013/14. This will have the impact of reducing the in year overspend (as projected at M3) to £0.455m

3.11 It is also recognised that there is a need to establish the budget for Leisure Centres on a sound footing going forward. This will enable the service to have a more realistic budget against which to manage service provision pending a review of leisure service delivery as part of the Council's programme of organisational change. It will also provide a clearer focus for the work of the Scrutiny Task and Finish Group to review service delivery in the light of a revised business plan. In order to achieve this it is recommended that provision is made in the Council's MTFP for a base budget adjustment of £0.505m from 2014/15.

3.12 The ongoing revenue financing costs of the capital expenditure

incurred on the improvements amount to an annual cost of £1.052m. It is recommended that the budget and expenditure for such costs should be moved to the Central & Corporate Finance budget where it will be included with all other capital financing repayments. There will be no net impact on variances resulting from this proposed change.

4.00 RECOMMENDATIONS

Members are recommended to:

- 4.01 Note the report and the update on the leisure action plan
- 4.02 Approve the transfer of the budget and expenditure for the costs incurred by the development the new facilities at the Deeside Leisure Centre and the Jade Jones Pavilion Flint to the Central & Corporate Finance budget where it will be included with all other capital financing repayments.
- 4.03 Approve the allocation of £0.505m from the contingency reserve to address the budget implications of the revised Leisure Centres business plan, and also the inclusion of this base budget sum within the Council's MTFP from 2014/15.
- 4.04 Welcome the forthcoming Scrutiny Task and Finish Group work on planning for sustainability and request progress reporting to Cabinet in addition to Scrutiny.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The financial implications are as set out in Sections 3.09, 3.10, 3.11 and 3.12 of the report.
- 5.02 There is no overall net impact on the Council's overall reported budgetary position but there will be movement between the leisure budget and central and corporate financing.

6.00 ANTI POVERTY IMPACT

- 6.01 None.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None.

8.00 EQUALITIES IMPACT

- 8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 None.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

FCC Executive, 1 June 2010, agenda item 15, Deeside Leisure Centre: redevelopment proposals

FCC Executive, 14 December 2010, agenda item 7, Deeside Leisure Centre: phase 2

FCC Executive, 15 February 2011, agenda item 18, Deeside Leisure Centre: phase 3

FCC Executive, 19 July 2011, agenda item 26, Redevelopment of the Pavilion Leisure Centre, Flint

FCC Cabinet, 16 July 2013, agenda item 21, Leisure Services re-structure

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