

# Wiltshire Council

## Cabinet

12 December 2017

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**Subject:** Leisure provision

**Cabinet member:** Cllr John Thomson  
Cabinet Member for Communities, Communication,  
Leisure and Libraries

**Key Decision:** Yes

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### 1. Purpose of Report

- 1.1 This report sets out consideration to the interim management arrangements for the eleven council leisure centres currently managed by Places for People Leisure Ltd.
- 1.2 A cabinet decision on 10 November 2015 determined that the management of the eleven contracted centres be in-sourced to commence from 1 April 2018. Cabinet is requested to consider pausing this decision for a period of 2-3 years whilst further work is undertaken to review the most appropriate model of delivery in the community campuses and leisure centres across the county. This review will also consider the future provision and sustainability of community facilities and proposals to reduce the need for any council subsidy.

### 2. Relevance to the Council's Business Plan

- 2.1 The purpose and recommendations noted in the report reflect the following areas of the Business Plan 2017 - 2027:
  - 2.2.1 Strong Communities: 'We want people in Wiltshire to be encouraged to take responsibility for their well-being, build positive relationships and to get involved, influence and take action on what's best for their own communities – we want residents to succeed to the best of their abilities and feel safe where they live and work'.
  - 2.2.2 The third goal for Personal Wellbeing (Prevention) references 'improved leisure provision through new campuses, sports and leisure centres and community hubs (including libraries and community engagement)' and a 'healthier population'.

### **3. Background**

- 3.1 Wiltshire Council currently operates a mixed management model for its stock of 22 leisure centres. Ten are managed in house; eleven are outsourced to Places for People Leisure Ltd. (PfP - formerly DC Leisure) and one is currently managed by a community trust (Cricklade Leisure Centre) but subject to an asset transfer to Cricklade Town Council.
- 3.2 On 10th November 2015, Wiltshire Council's cabinet considered three options for the future management operation of the council's leisure centres:
- a) Option 1 – all facilities managed in house, resulting in the eleven leisure centres managed and operated by PfP to be in-sourced.
  - b) Option 2 – all facilities outsourced, resulting in a procurement exercise to contract out all 21 leisure centres (excludes the community trust managed facility).
  - c) Option 3 – a mixed model based on the current outsourced facilities, resulting in a procurement exercise to re-procure the contract for the eleven contracted facilities and retaining in-house management for the other ten facilities (excludes the community managed facility).
- 3.3 Cabinet approved option 1, which would result in in-sourcing the eleven sites managed and operated by PfP - effective 1 April 2018.

### **4. Current Position**

- 4.1 The implementation of the council's Business Plan 2017- 2027, combined with the provision of community campuses and the challenge to find savings of £45 million over the next three years, which will require a more robust, commercial and business-like approach in the delivery of services; requires a review of the future provision and operational management of the leisure centres, campuses and community hub facilities. An overall appraisal of community facilities across the county will enable determination of what facilities are required in the future and where those facilities should be located. A review will consider the maximum benefit to the community and the services provided. All options will be based on a robust business case that predicates future sustainability and no requirement for subsidy of grant funding. This is an opportunity to deliver strategic hubs in the areas that do not have a community campus or hub.
- 4.2 This review will also consider the options available for the most appropriate delivery/operational model for these facilities in the future, based on the outcomes as set out previously. It is important that this decision is taken in the context of all the available facts and information in order to provide the maximum benefit to local communities and the council as a whole.
- 4.3 It is envisaged that a review of the current stock of community facilities (mainly leisure and libraries) will take around six months. This will enable cabinet to approve the future facilities that are required, and where they are

best located, as well as the provision of services. Researching and evaluating the options and most appropriate management delivery model is estimated to take a further six months. A minimum of 12 months will be required to scope and deliver any potential tender and manage a period of transition to the most appropriate and approved management delivery model. It is likely to take a further 6 months to implement a new model and address matters such as TUPE arrangements, if appropriate.

## **5. Main considerations for the council**

- 5.1 The contractual arrangements for the eleven leisure centres managed by Places for People Leisure Ltd are scheduled to expire on 31<sup>st</sup> March 2018. At this point the centres would automatically revert back into the council's direct management if no action is taken to pause to allow the time required to review future provision and management arrangements.
- 5.2 A cabinet decision on 10 November 2015 determined that the management of the eleven contracted centres be in-sourced to commence from 1 April 2018.
- 5.3 The changing financial environment presents the need for the council to consider the delivery and operation of its services in a way that is both commercially and socially driven in order to ensure the long term sustainability of the facilities.
- 5.4 A review of the stock of facilities enables the council to adjust to changing circumstances and ensure that the most appropriate and viable delivery model is developed for the future.

## **6. Overview and Scrutiny Engagement**

- 6.1 This is not a new proposal. It is a proposal to extend a contract whilst a further review of the management arrangements of eleven of the council's leisure centres is carried out. This review is based on the previous cabinet decision to in source the eleven centres. The next stage will include engagement with Overview and Scrutiny.

## **7. Safeguarding Implications**

- 7.1 Under any management, or contractual arrangement, adherence to safeguarding policies, procedures, training and safer recruitment will be expected. Safeguarding clauses are built into the current contract, which will be updated as required pending a contract extension.

## **8. Public Health Implications**

- 8.1 Leisure facilities provide the opportunities for people to lead healthy and active lifestyles. Increasing physical activity can help to improve the physical and mental health and wellbeing of the population, improve healthy life

expectancy and reduce inequalities. As a result, this can alleviate the reliance on health and social care, reduce sickness absence and therefore significantly reduce the cost associated with providing these services.

- 8.2 Access to leisure facilities supports the aim of increasing the number of people meeting physical activity guidelines and reducing the proportion of 'inactive' adults and children and young people.
- 8.3 Public health aims to increase participation by those people living in quintile 1, the most deprived areas of the county. These residents are also most likely to be the most economically disadvantaged in our community. Targeted work with priority groups who meet health inequality criteria as defined in the Joint Strategic Assessment will also increase the focus on the use of leisure services to mitigate ill health and its long term results in the population.
- 8.4 Any extension to the contract must include the delivery of key health improvement programmes with reduced grant funding, previously approved by the council (currently £81,000 pa).

## **9. Procurement Implications**

- 9.1 The proposal is to extend the current contract with PfP for a short term interim period whilst the long term model and provision is determined.
- 9.2 To authorise the Director of Communities and Communications, after consultation with the Cabinet Member for Communities, Communication Leisure and Libraries, the Director of Finance and Procurement and the Director Legal and Democratic Services, to enter into an extension of the contract on the basis outlined in paragraph 15.3 above.

## **10. Equalities Impact of the Proposal**

- 10.1 Under any management, or contractual arrangement similar levels of adherence to Equality Duty would be expected:
  - 10.1.1 Due regard to the need to eliminate unlawful discrimination
  - 10.1.2 Due regard to the need to advance equality of opportunity between those who share a protected characteristic and those who do not
  - 10.1.3 Due regard to the need to foster good relations between those who share a protected characteristic and those who do not

## **11. Environmental and Climate Change Considerations**

- 11.1 Wiltshire Council pays utilities bills for all leisure centres, including those outsourced to Places for People. Leisure centres are some of the highest energy users in the building estate due to long opening hours, high footfall, need for air conditioning, lighting and heating.
- 11.2 Despite the council's ambitions to reduce its carbon footprint and the importance of leisure centres in achieving this, currently PfP has no financial

incentive to reduce energy usage/emissions in centres under their operation. PfP is signed up to ISO14001, however environmental performance is not a KPI written into current contractual arrangements. If the outsourced route is chosen carbon saving targets will need to be written into the contract.

- 11.3 The council bears the cost corporately for carbon emissions from leisure centres. In 2014/15 the Carbon Reduction Commitment (CRC) cost attributable to all 22 of the council's leisure centres was £225k, or half the council's total CRC bill. The council will continue to be liable for these costs as long as it retains responsibility for utilities, but would no longer be liable for CRC if leisure centres were handed over entirely to a third party. Costs are directly related to energy consumption and the price per tonne of CO<sub>2</sub> emitted rises annually in line with RPI.

## **12. Risk Assessment**

This report highlights the need for a comprehensive review of all community facilities to be carried out. The most appropriate management operating model for the future can then be considered in this context.

### **12.1 Risks that may arise if the proposed decision and related work is not taken**

12.1.1 If the proposed decision is not taken, the insourcing of the eleven centres would need to continue as planned, however it is unlikely that this can be achieved on 01 April 2018 due to TUPE arrangements and ICT networking and systems. Therefore, an extension of the current contract will be required.

12.1.2 Time and resources will be unnecessarily spent on insourcing now should an alternative model be approved for the future.

### **12.2 Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

12.2.1 This is the model familiar to the council, is a known quantity and has provided stability and continuity of services locally. This will continue.

12.2.2 The current PfP contract is oriented towards leisure centre operations and not the wider community and health improvement provision. The terms of the extension will be subject to negotiation.

## **13. Financial Implications**

- 13.1 The current negotiations with PfP over the proposed extension suggest that revised terms can be agreed which at worst would deliver a cost and income neutral position to the council. However, it is expected that a more advantageous position can be agreed that is likely to include PfP covering the reduction in grant to maintain free swimming for under 16s. If this

position cannot be achieved the decision would need to be revised. As such the proposal is supported based on the current position, the proposal thus needs to ensure that the decision is subject to both parties reaching an agreement on the contract payments within the current financial plan.

#### **14. Legal Implications**

- 14.1 The legal issues and risks associated with the proposed extension of the contract are set out in a separate Part 2 report.
- 14.2 The proposed course of action is consistent with the council's duty to secure 'best value' under the Local Government Act 1999.

#### **15. Recommendation**

- 15.1 For the reasons noted in section 4 above, cabinet is requested to:
- 15.2 Agree to pause the insourcing of the eleven leisure centres managed by Places for People Leisure Ltd for a period of two years with one year notice period (three years maximum in total), commencing 1 April 2018.
- 15.3 Agree to extend the Places for People Leisure Ltd contract by a period of two - three years (commencing 1 April 2018) subject to negotiation of revised terms taking into account the council's financial position for this period;
- 15.4 To authorise the Director of Communities and Communications, after consultation with the Cabinet Member for Communities, Communication Leisure and Libraries, the Director of Finance and Procurement and the Director Legal and Democratic Services, to enter into an extension of the contract on the basis outlined in paragraph 15.3 above.
- 15.5 In making this decision cabinet is requested to consider the corporate procurement, legal and financial implications of this decision covered in this report. It is also important to note that by agreeing to pause the previous cabinet decision is not considered to be a reversal of that decision.

#### **16. Reason for Proposal**

- 16.1 A cabinet decision on 10 November 2015, determined that the management of the eleven contracted centres be in-sourced to commence from 1 April 2018. Cabinet is requested to consider pausing this decision for a period of 2-3 years whilst an overall appraisal of community facilities across the county is undertaken to determine what facilities are required in the future and where these facilities should be located. This review will consider the maximum benefit to the community and the services that will be provided. All options will be based on a robust business case that predicates future sustainability and no requirement for subsidy or grant funding. This is an

opportunity to deliver strategic hubs in the areas that do not have a community campus or hub.

16.2 This review will be carried out in the context of all the available facts and information in order to provide the maximum benefit to local communities and the council as a whole.

### **Carlton Brand, Corporate Director**

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### **Appendices**

Appendix One- Part ii – Exempt from publication

### **Background Papers**

None