

Options Appraisal – Leisure and Culture Commissioning

Cabinet

Date: 20th March 2013

Author: Cabinet Members for Leisure and Strategic Transport and
Regeneration and Culture
Board Director, Service Delivery

Wards: All

Locality Affected: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To seek authority to develop and implement a Leisure and Culture Commissioning change programme that ensures the most viable option for continued provision of a sustainable leisure and culture offer within the Borough and helps enable the Council to meet the One Swindon outcomes and its strategic objectives.

2. Recommendations

Cabinet is recommended to:

- 2.1 Authorise the Board Director Service Delivery, in consultation with the Cabinet Members for Regeneration & Culture and Leisure and Strategic Transport to develop a Leisure and Culture Commissioning change programme to seek alternative ways to ensure the continued delivery of sustainable Leisure and Culture provision in the Borough.
- 2.2 Authorise the Board Director Service Delivery to invite expressions of interest from the market for proposals to enable provision at a significantly reduced cost for the Council's Leisure Centres and Golf Courses including exploring alternative uses.
- 2.3 Authorise the Board Director Service Delivery, in consultation with the Cabinet Members for Leisure and Strategic Transport and Regeneration and Culture to undertake feasibility studies and investigations into the relocation or re-provision of cultural services and/or facilities as set out in paragraphs 3.22 to 3.30.
- 2.4 Approve the use of up to £75k 'one off' resources to cover the costs of any necessary financial, legal or technical advice relating to developing the proposals.
- 2.5 Request that the Board Director Service Delivery report back to Cabinet with detailed findings and recommendations as set out in the Programme Plan at Appendix 1.
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3. Detail

Financial context

- 3.1 The Council is currently subject to intense financial pressures and all Cabinet portfolio holders and officers have been reviewing Council services over recent months, to ascertain how services can be best positioned to contribute to One Swindon and the Strategic Objectives in the coming months and years.
- 3.2 The Council currently operates an extensive range of leisure and culture facilities which both contribute to a wide range of social and economic outcomes, including keeping residents fit and healthy and developing the local economy. However, this is achieved, in common with most other local authorities, with a net cost, which in the 2012/13 financial year is £3.6m. This figure increases if Council wide back office support costs are included, such as HR and Payroll, invoice processing, financial, procurement and legal support, insurance etc.
- 3.3 Significant effort has been made in recent years to reduce the cost of services - it is now £1m less than it was 5 years ago - and budget plans for 2013/14 aim to reduce this net cost of service to £3.1m.
- 3.4 It is unlikely that the Council will be able to reduce this figure significantly if it continues to operate the facilities as it has done. In addition, whilst the facilities are well operated, several do not cover their operating costs and a necessary overhead cost is required such as for maintenance, marketing and IT to support the operations at each site.
- 3.5 Many of the facilities are in need of major capital investment to keep them operational and attractive to users, currently the estimated level of investment required is circa £11.6m and this value is expected to grow as facilities become older and customer expectation increases.
- 3.6 The Council's transfer of the Oasis Leisure Centre to a private company in June 2012 provided an opportunity to not only protect and remove a significant financial liability from the Council Taxpayer, but also to enhance Leisure provision in the Borough.

Options appraisal

- 3.7 The Stronger Together re-structure implemented in April 2012, provided the catalyst to instigate a review of the services from a new perspective of Commissioning for Swindon 'the place' rather than a more traditional focus on operational delivery. This enabled the review to consider what Swindon as a whole needs to meet the One Swindon Outcomes and the Council's Strategic Objectives and how this might be best delivered e.g. by the private sector, public sector, a trust or a hybrid model of differing options.

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- 3.8 The Council had previously commissioned a report by Max Associates in 2011, to consider how it might best develop its leisure and culture offer. Whilst this report provided some tactical opportunities, the strategic findings pointed either to the Council seeking a partnership(s) with the private sector, or to consider setting up a stand-alone Trust(s) to run some or all of the services.
- 3.9 At the time of the report, the Trust option provided some financial incentive for the Council as the Trust status could be configured to exempt it from the payment of Business Rates. However, with the pending changes to the way the Council will be funded going forward, with Business Rates directly contributing to its funding, this opportunity has now been eroded as although the Trust would benefit, the Council would lose the funding that the Business Rates would provide.
- 3.10 Over recent months, officers have met with representatives from a range of organisations operating both leisure and culture facilities on behalf of, or instead of a local authority. These have included Trusts established by a local authority that only operate in the locality, Trusts which have expanded their operations across several local authorities with over 100 sites under their operational control and private sector companies operating local authority facilities under contract to the local Council for a fixed contract period and price.
- 3.11 In addition, as the Council achieved with the Oasis transfer, there are some companies willing to permanently take over facilities from a local authority and continue to provide a similar or enhanced offer. However, research also suggests that a facility in its own right may not be sufficient to interest a private company.
- 3.12 The conclusions from these meetings are that there are options that the Council might explore to enable a sustainable leisure and culture offer in the Borough, which are affordable to the Council in the medium and longer term.

Research and insight

- 3.13 A key consideration in developing an outline Leisure and Culture Commissioning change programme was how any proposed changes to the way the Council's facilities are currently run, may impact more widely than just from a financial perspective.

Leisure

- 3.14 In autumn 2012, a piece of insight and research was commissioned (with a proportion of the work funded by Sport England) to understand how the Swindon leisure offer should be best shaped to enable residents to remain fit and healthy. The key focus for the research included:
- 3.14.1 An improved understanding of current participation levels in active leisure in Swindon.

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- 3.14.2 An assessment of the impact of different types of activity in terms of both health and social benefits.
- 3.14.3 An appraisal of sports and active leisure initiatives likely to increase participation.
- 3.15 A copy of the Executive Summary of the research is available in the Members Room and on the Council's website. The overarching finding is that whilst the Council's current leisure facilities are driving an increasing level of participation at good value, the provision of specialist facilities will not solve the health inequality in the Borough.
- 3.16 The research further highlights that currently just under 24% of the Swindon population is described as 'active', and the growth rate to achieve this figure since 2005 is one of the highest compared with many other local unitary authorities.
- 3.17 Swindon has achieved a significant increase in participation without the levels of spending of many other authorities achieving similar or greater change. Swindon's net cost of service is lower than any other authority achieving a similar or greater shift in participation. The report concluded that Swindon leisure services are becoming more cost-effective and generating higher levels of income. Swindon's Leisure facilities are markedly less costly to local taxpayers than those of other authorities achieving increased participation, and are well below national average costs. This emphasises that there is very little scope for the Council to reduce the net cost of service further.
- 3.18 The research also suggests that continued investment by the Council in the current range of facilities is unlikely to result in a significant reduction in the number of 'inactive' residents. Other ways need to be found to stimulate a wider number of residents to become active. Geographically, most of the borough is well served by existing facilities. However, the areas that are least well served are those where inactivity and deprivation is highest.

Culture

- 3.19 Research to the same depth as that undertaken for leisure is less easy to obtain, as nationally the information is not available. However, all the intelligence gathered and the consultation exercise undertaken to underpin the Economic Strategy, points to a strong culture offer being one of the significant factors in driving up the local economy. The feedback from local businesses and wider community suggests that we have an under-provision of culture in Swindon.

Review of existing facilities

- 3.20 In autumn 2012, the Council commissioned external property experts Colliers to undertake a 'desk top' review of the Council's facilities (listed in Appendix 2).

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The aim was to build on the Leisure Options work of 2011, and provide a report that set out recommendations in terms of the Council's opportunity to transfer facilities and/or services to alternative operators.

- 3.21 Colliers reviewed a range of data including expenditure and income for each site; backlog maintenance segregated into urgent, long term, essential and desirable needs; visitor numbers; staffing levels and activities and programmes offered. In response, having reviewed the data and visited many of the sites, Colliers provided an assessment of the opportunity for each site.

Short-term actions

- 3.22 The Council has both a number of tactical and strategic options it can explore, to develop and implement changes, to reduce its net costs whilst seeking to maintain effective and sustainable leisure and culture provision within the Borough.
- 3.23 In order to meet the 2014/15 budget challenges the following immediate actions are proposed. These do not cover all of the facilities reviewed by Colliers, but these actions will result in the areas of significant cost to the Council being prioritised now.

Culture

- 3.24 Investigate the relocation of the Swindon museum collections to either STEAM or Lydiard and the art collections to the second floor of the Central Library, the former Reference Library, which is currently vacant or other suitable location. The Council can then determine the best option for the vacated premises at Apsley House.
- 3.25 Undertake a feasibility study to consolidate and re-provide suitable art and museum storage facilities. The Council can then determine the best option for any vacated premises.
- 3.26 Review and identify options to eliminate or reduce the current substantial net cost of service at the Arts Centre and The Wyvern Theatre (approaching £0.5m pa across the two sites).
- 3.27 Explore and identify further commercial and/or charitable opportunities at the Platform, Lydiard House and Park, Coate Water Country Park, Stanton Park and STEAM.
- 3.28 Invite expressions of interest from the voluntary and community sector to take over the day to day management of the Railway Museum Cottage in the Railway Village.
- 3.29 Create Studios, a state of the art digital media centre, was not included in the Colliers Report, as it is a service, and not a venue in its own right. Although a

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directly managed and funded Council service, Create Studios is viewed more like an externally funded arts organisation, and was included in the 2011/12 Arts Organisation Review and 3-year funding plan, due to its ability to seek and achieve funding from external partners such as Arts Council England.

- 3.30 It is the Council's intention in 2013/14 to review all arts organisations' funding, including Create Studios. Following a meeting on 17 January 2013, involving Create Studios and the Cabinet Member for Regeneration and Culture, work has commenced to investigate the feasibility and practicality of externalising Create Studios, possibly through the establishment of an independent charitable organisation.

Leisure

- 3.31 Invite expressions of interest from the market to set out how the Council's facilities might be best configured and managed to enable provision at a significantly reduced cost. This may result in proposals being submitted for any, or a combination of the following:
- 3.31.1 Outright disposal of a facility(ies) – reshaping and/or enhancing the existing leisure offer e.g. an 'Oasis type' deal;
 - 3.31.2 Outright disposal of a facility(ies) for an alternate use which is still aligned to the Council's Strategic Objectives; and
 - 3.31.3 Transfer of operations to a third party on a fixed term contractual basis.

Longer term

- 3.32 In line with the Council's Economic Strategy and the draft Town Centre Master Plan a longer-term aim could be to secure a replacement theatre for the Borough. Given that the Council's 20th century art collection is acknowledged as being one of the most important in the country, it would seem sensible and more cost effective for the Council to investigate how it might secure a joint facility. This will undoubtedly require significant investment and ways to secure private and lottery funding will be sought.
- 3.33 The leisure research and insight, and discussions with Public Health partners confirm that health inequality in the Borough is going to place an increasingly challenging financial burden on public services. It is already estimated that this cost is in the region of £2.6m pa. It is therefore crucial that the Council now places significant focus on finding innovative ways to encourage the 75% 'inactive' residents in the Borough to become more active.
- 3.34 It is proposed that the current approach towards increasing participation by the Council's Sports and Health Improvement team be reviewed and widened considerably. The new scope will include a focus on developing both cultural and leisure initiatives, in partnership with Public Health and Locality focussed
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colleagues, to target driving participation in those sectors of the community, currently identified as not active, in line with the Health and Wellbeing Strategy.

4. Alternative Options

- 4.1 The Council could decide to continue with the current operational arrangements for these services, in which case the financial consequences would be as set out in section 5 below.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The forecast financial annual revenue gap between the Council's expenditure and income for these services is likely to remain close to £3.1m. Backlog maintenance at £11.6m is only expected to rise and for each £1m borrowed to fund any capital investment this will add a £85k pa pressure to the revenue budget. If savings are not made in this area then future facilities remain at risk of depreciation and a loss of revenue and savings will have to be found from other areas of the Council's budget.
- 5.2 Carbon reduction opportunity - The Carbon Reduction Commitment (CRC) is a tax for certain organisations based on how much electricity is consumed through half hourly meters. Within Council operations, these are located at sites such as the Civic Campus, Link Centre, STEAM, car parks and various schools. If an organisation consumes more than 6 million kWh it must participate in the scheme.
- 5.3 Therefore, under the current rules if some of these big consumption sites were no longer part of the Council's portfolio for CRC purposes (which would require the building to not be the Council's responsibility and for the Council not to buy the electricity), it is likely that the Council would no longer qualify for the CRC resulting in cost avoidance of approximately £400k per year from 2019-20. In order for the Council to fall outside of the scheme energy consumption must be below 6 million kWh during the next qualifying year which is 2017-18.

Impact on central support costs

- 5.4 Over and above the costs directly attributable to Leisure and Culture, the Council's back-office infrastructure costs will also be affected by any major changes to the direct operational management of services. Most of the central support functions employ staff working across the Council's full range of services and therefore it is unlikely that many staff would transfer with the facilities. A significant proportion of the costs are held within the Capita contract where the annual service charge is linked to volumes of work. Therefore, with a noticeable reduction in the number of financial, ICT, payroll and HR transactions there would be an expectation for marginal cost savings to be achieved in these areas.

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In addition, a significant amount of the property-related work undertaken within the Borough is on Leisure and Culture facilities, which are managed by an integrated Council-run team. Work has not been undertaken to identify the scale of marginal cost reductions that could be achieved by the Council not directly managing its current full range of facilities as this would depend on the type of service-delivery model adopted. However, there would be an expectation that short-term savings in excess of £0.25m could be realised with significant service transfers away from the Council's core infrastructure.

- 5.5 In addition, the Council keeps under continual review its major infrastructure assets in the light the changing focus of Local Government and the resulting mix of services it manages. Through the Capita Partnership, the Council has significant costs tied up in its Oracle Financial system and Trent HR & Payroll system. These were put in place some years ago when the volume of transactions being handled were much greater and more diverse than they are today. (For example in 2007, more than double the numbers of payroll transactions were paid than are processed now). We are now at the tipping point whereby a further downward shift in the number of services managed through these systems would enable us to seriously consider moving to smaller cheaper systems or buying these services as part of an overall managed service piggy-backing on the infrastructure of another organisation. This could enable more significant savings in the more medium-term.
- 5.6 Revenue funding of £75,000 from one-off resources will be required to cover the costs of any necessary financial, legal or technical advice relating to developing these proposals. Future reports to Cabinet will identify any further one-off revenue or capital requirements.

Legal and Human Rights Implication

- 5.7 In inviting expressions of interest for the Council's services and/or facilities relevant procurement procedures will be followed in accordance with the Council's Standing Orders. No Human Rights implications have been identified at this time and the report's recommendations are considered to be compatible with Convention Rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.8 The development and implementation of a Leisure and Culture Commissioning change programme and the implementation of immediate actions outlined above, may result in an impact to staff, some sectors of the community and external bodies. As soon as any impacts are known and understood, appropriate consultation and engagement will be undertaken with the relevant parties to ensure that all implications are considered in any decision making. A wide range of stakeholders have been briefed about the contents of this report.

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- 5.9 The creation of a stand-alone Trust to operate some or all of these facilities is unlikely to be self-financing in the medium term and the backlog maintenance risk is unlikely to be transferred to a newly established trust.

Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.10 The proposals contained within this report will ensure that they continue to link with and remain relevant to the One Swindon delivery plan priorities “We can all benefit from a growing economy”, “I like where I live” and “Everyone is enjoying sports, leisure and cultural opportunities” and the Councils Strategic Objectives.

Diversity Impact Assessment

- 5.11 A Diversity Impact Assessment (DIA) has been carried out for this report. No immediate issues have been identified at this stage. Specific DIA’s will be undertaken in respect of any recommendations arising as a result of the work undertaken within the recommendations of this report. A copy of the DIA is available from the author of this report.

Risk Management

- 5.12 A detailed assessment of the risks associated with this programme will be developed for discussion and agreement at the Programme Board.

6. Consultees

- 6.1 The Board Director Finance, Revenues, Benefits and Property (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 Active Recreation in Swindon – A synthesis of data sources and analysis

8. Appendices

- 8.1 Appendix 1 – Programme Plan
8.2 Appendix 2 – Leisure and Culture assets covered by the Colliers Review

9. Key Decision/Decision in Forward Plan

- 9.1 This is a Key Decision and is included in the Cabinet Forward Plan for March 2013.

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Appendix 1

Programme Plan

Overall Aim: Reduce net cost of service

Workstream	Outcome	Delivered by
Theatre provision	<ul style="list-style-type: none"> New contract for Wyvern Theatre Agreed future arrangements for the Arts Centre in place 	<p>Report to Cabinet June 2013</p> <p>March 2014</p>
Swindon Museum and Art Gallery & museum storage	<ul style="list-style-type: none"> Relocate Art Collection Relocate Museum collections Provide fit for purpose museum storage & rationalise assets Agree use of existing Museum buildings 	<p>Feasibility March – May 2013</p> <p><i>Report to Cabinet July 2013</i></p>
<p>Leisure Centres</p> <ul style="list-style-type: none"> Link Croft Dorcan Highworth Delta Haydon Centre Health Hydro <p>Golf</p> <p>(Broome Manor, Highworth, Moredon)</p>	<p>Invite Expressions of Interest on the following:</p> <ul style="list-style-type: none"> Outright disposal of a facility(ies) – reshaping and/or enhancing the existing leisure offer e.g. an ‘Oasis type’ deal; Outright disposal of a facility(ies) for an alternate use which is still aligned to the Council’s Strategic Objectives; and Transfer of operations to a third party on a fixed term contractual basis. 	<p>Issue May 2013</p> <p><i>The timescale for a subsequent report to Cabinet is dependent on response to Expressions of Interest – but planned to be asap</i></p> <p><i>In the interim regular progress reports to be provided to Members</i></p>
Create Studios	<ul style="list-style-type: none"> Business case for the possible establishment 	<p><i>Report to Cabinet June 2013</i></p>

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	of Create Studios as an independent charitable organisation	
Railway Cottage Museum	<ul style="list-style-type: none"> Invite Expressions of Interest from the voluntary and community sector to take over the day to day management 	<i>Report to Cabinet Jan 2014</i>
The Platform Lydiard House and Park Coate Water Country Park Stanton Park STEAM	<ul style="list-style-type: none"> Report on commercial and/or charitable opportunities 	<i>Report to Cabinet September 2013</i>

Appendix 2

Leisure and Culture assets covered by the Colliers Review

Culture	Leisure
Arts Centre	Broome Manor Golf
Coate Water Country Park	Croft Sports Centre
Lydiard House and Park	Delta Tennis Centre
Platform	Dorcan Recreation Complex
Railway Museum Cottage	Haydon Centre
Stanton park	Health Hydro
STEAM	Highworth Golf
Swindon Museum and Art Gallery	Highworth Recreation
West Swindon museum store	Link Centre
Wyvern	Moredon Golf

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