

STRATEGIC OVERVIEW AND SCRUTINY PANEL

14 FEBRUARY 2012

Present :- Councillor Andrew Ellis (Chairman)
Councillors Nigel Chapman, Nick Cope,
Theresa Higgins, Kim Naish, Will Quince, Colin Sykes
and Dennis Willetts

Substitute Member :- Councillor Jon Manning for Councillor Bill Frame

Also in Attendance :- Councillor Tina Dopson
Councillor Paul Smith
Councillor Mike Hardy
Councillor Pauline Hazell

31. Minutes

The minutes of the meeting held on 10 January 2012 was confirmed as a correct record, subject to the following three amendments.

Councillor Laura Sykes was added to the list of those Councillors in attendance.

Under minute 29, on the item 'The review of Public Transport provision in the Borough', the final sentence from Councillor Laura Sykes under Have Your Say should read "Councillor Sykes felt that enabling the '65' buses to stop at Lakelands, and enter and exit the J Sainsbury car park to bring shoppers to the store would help users, relieve congestion and reduce litter and abandoned trolleys".

The first sentence on discussions under the heading Temporary Bus Station in Queen Street, to read "Mr. Vipond responded to Councillor Willetts who asked that Cabinet reconsider the decision to relocate the bus station away from Queen Street to Osborne Street.

With regards to the minutes from 10 January 2012, Councillor Willetts spoke about the discussions on the Temporary Bus Station in Queen Street, in the context of a recent press article that suggested the school close to the temporary bus station site would not be against the bus station staying permanently on the site, and that their pupils could play elsewhere. Councillor Willetts said the advice officers gave the panel on these discussions, and as minuted, was that as part of the land transfer agreement, the land would be given back to the school for educational purposes. Councillor Willetts asked that if the minutes are correct had the Panel been misinformed. The Chairman said this would be discussed later, as part of discussions on the Work Programme.

Councillor Jon Manning (in respect of being a member of Colchester Rugby Club) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

Councillor Theresa Higgins (in respect of her membership of Essex County Council and her spouse being an employee of the University of Essex) declared a personal

interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

32. Fundamental Service Review of the Sport and Leisure Service

Presentation(s)

Councillor Tina Dopson, Portfolio Holder for Communities and Diversity, Mr. Gareth Mitchell, Head of Life Opportunities and Mr. Simon Grady, Sport and Leisure Manager, attended the meeting.

Councillor Dopson introduced the Fundamental Service Review (FSR) for Sport and Leisure Services, and Mr. Mitchell and Mr. Grady gave a presentation detailing the work of the FSR.

Councillor Dopson said this was an overarching review that had started in March 2011. The review was undertaken in line with the Council's vision "for every borough resident to participate in an active lifestyle that will lead to them living a longer, healthier and happier life, and for the service supporting this vision to be delivered at no recurring revenue cost to Colchester Borough Council".

Councillor Dopson said the business case set out proposals to take a more commercial approach to delivering the service whilst seeking to increase local people's participation in sport. She also made it clear that the administration had given officers a strong political steer that it would welcome opportunities for certain individual parts of the service to be delivered by other organisations, but that the core of the service should remain part of the Council. The proposals would require capital investment of £1.621m, but would enable the Sport and Leisure Service to thrive and maximise sports participation across the borough.

Mr. Grady spoke about the size and scope of the Sport and Leisure Service, a large operation with a wide range of activities, sports and services provided at various locations including Leisure World Colchester, Leisure World Highwoods, Leisure World Tiptree and Leisure World Tennis Centre, the latter comprising 22 tennis courts, including 6 with floodlighting, all helping to provide an opportunity for customers to live a healthy active lifestyle.

Mr. Mitchell provided some context to the review, saying it was broken down into many parts, but overall the service is as close as the Council gets to delivering a demand-led retail service. The implementation of the Business Plan would enable a service of enormous potential, enabling contribution to the wider vision of improved health and wellbeing, at a time of population growth, and in the year of the London Olympic and Paralympic Games, that would see increased enthusiasm for all things sport-related.

The Business Case, like all previous FSRs, focused on Customer Excellence, Efficiencies and Effectiveness, and provided the three opportunities of an improved customer experience, a community network and commercial hub, and a business development capability. The customer experience would be the best in the sector, delivered by staff who have excellent customer skills, and enabled by technology that

delivers unrivalled access to activities in the borough, including the “my leisure world” website, personal leisure card and account and a range of self-service opportunities.

Mr. Grady spoke about the community network of facilities and partnerships providing many local opportunities to participate for the broadest range of customer groups. A commercial hub at the Leisure World Colchester site would deliver a high commercial return, high volume participation, will be family orientated and provide a range of leisure opportunities of wide appeal.

The Community Network would provide a bookings brokerage service, unlock underused community facilities through new partnerships, give a cross-borough view of service provision, maintain participation and reduce costs at joint-use centres and would seek an external operator for the tennis centre as well as considering the potential for part of the tennis centre to be used for residential development to be explored.

The Commercial Hub would provide an extension of the Activa fitness centre. There would be a relocation of the catering provision to the front-of-house, a market testing of the catering service and the Classic Bar will be replaced with a multi-purpose activity room. There will be a reconfiguration of the reception area with the renting and leasing of space to external providers for guaranteed retail income, a refocusing of the events programme, staffing and management, and the implementation of repairs and maintenance efficiencies.

Mr. Mitchell said the business development capability will place the current sports development function at the heart of the service and focus on increasing participation and generating additional revenue through improved customer and business insight, a revised service pricing and programming strategy, the promotion of targeted services and activities, the development and promotion of new products and services and bidding for external grant funding and commissioned services

Built into the overall business case was a significant increase in income. An example of this increase is the financial projections for the extension of the Activa fitness centre that had a projected increase in income of £567k per annum over a three year period.

The business case would achieve revenue savings of £839k by the end of year three, made up by £387k efficiency savings, £676k income growth and £224k revenue re-investment in the service. The recurring net revenue budget is £804k cost in 2011/12 and would move, based on these projections, to a £35k surplus in 2014/15. The total business case was reliant on a capital investment of £1.621m and the total potential revenue savings over 8 years could be in the region of £5.879m.

Councillor Ellis thanked Councillor Dopson and officers for presenting the report.

Have Your Say

Councillor Pauline Hazell said her comments would focus on the possible sale of land for housing development at the Shrub End Tennis Centre. Given that the FSR business case seeks to play its part in securing a legacy for Colchester from the

Olympic and Paralympic Games by capitalising on the increased enthusiasm for all things sport-related following the Games, it appeared to her to be illogical at this time to sell off tennis courts with little financial gain.

Councillor Hazell said any land sale would restrict any future development of the Tennis Centre and hinder the possibility of future indoor courts and all year round coaching, something that had been considered previously but not carried through. If the land was sold it would leave a less attractive commercial enterprise and it was counter-productive to reduce facilities in a borough with an ever increasing population.

In conclusion, Councillor Hazell said some residents are against the development, saying this will increase traffic congestion in an area of high volume traffic. Councillor Hazell was unsure about the ownership of the site and sought clarification on this point, and whilst she had no objection to placing the tennis centre outside of Council control, she believed that if the tennis centre was outsourced it would be better to do so in its entirety.

Open discussion

Councillor Dopson said this was a large complex FSR with services provided through many combinations and permutations. Years ago this review would have been completed in a less transparent environment, without sharing the possible changes as outlined in the business case.

In regards to the Shrub End Tennis centre site, it was not an absolute that part of this site would be sold for development, but the report did say there was potential to do this and the idea would be explored further. The business case was an honest reflection of what will be considered and had not left out any of the ideas or potential changes that had been discussed as part of the process. Councillor Dopson said it would be good if the local press could prompt all groups that would like to show an interest in the initiatives being considered to get in touch with Council officers within the Life Opportunities service group.

Councillor Cope thanked Councillor Hazell for raising the issue of the Shrub End Tennis Courts, asking that if some of the courts are sold for development where did that sit with the Council's health agenda. Councillor Cope also believed that if the development did go ahead, finding the right solution in terms of development size and impact would be very important.

Mr. Mitchell said the Council still retains a desire to maximise participation in tennis. The courts that would be considered for development are in a poor state of repair, and when modelling this alternative use of part of the site, it did not show that revenue would reduce as a result of losing these courts. Mr. Grady said officers have in recent times seen an increase in take-up of the tennis courts at the Leisure World Tennis Centre, but this is anecdotal, and with no comparative data from five years ago it is not possible to make a direct comparison. Officers believe there is more participation, but there still remain peaks (the "Wimbledon factor") and troughs in take-up. With an improvement in standards and facilities it is felt that the provision of tennis will not be hindered by the loss of the courts.

In response to Councillor Sykes, Mr. Mitchell confirmed that the decision to downsize the Shrub End tennis facility would not be taken without prior dialogue with potential external contractors. Officers will invite expressions of interest, and an exploratory look at the development opportunities will be undertaken in parallel. With the poor state of repair of the tennis courts in question, recent discussions clearly indicate the retention of the courts would mean additional investment to ensure their viability.

In respect of the effects of the review on staffing levels, Mr. Mitchell said the first step of the process was to seek cabinet approval for the business case, followed by a specific plan around the jobs process. Should the catering service be outsourced the staff affected by this change would most likely transfer to the external contractor through the TUPE arrangements. It was anticipated that the implementation of suggested core changes would require a smaller management structure and also provide an opportunity to reduce staffing levels at the Tiptree and Highwoods joint-use sports centres. Mr. Mitchell said there are currently more than 400 staff employed by the Sport and Leisure Service including over 200 casual staff. Although the human resources plan is not complete at this point in time, he anticipated that of the 170 permanent full and part-time staff in the service, approximately 12 posts will be removed from the overall staffing establishment, nearly half of which are currently vacant through natural wastage.

Mr. Mitchell said the review, undertaken in difficult times, naturally brought a feeling of uncertainty, but given the size of the service the anticipated scale of job losses is very small. The terms and conditions of staff will need to change, allowing for greater staff flexibility and new ways of working. Councillor Sykes said the number of staff losses being reported in the local press was nothing short of scandalous, when the true figures could be far less. Mr. Mitchell said there was a great deal of work still to be done in terms of establishing the new terms and conditions and new job roles, and it would be misleading to give incorrect information before the detail is finally completed.

Councillor Quince said he was pleased the Administration was tackling this service and welcomed the presentation of the Sports and Leisure business case. That said he believed the scrutiny process was a farce, not a proper FSR, where two options, that of a Trust or Private Operator had not been considered, and asked why these options had not been considered.

Councillor Dopson said as mentioned in appendix 1 of the report, plans to transfer the whole of sport and leisure services to a non-profit organisation were developed in 2005-06, but the transfer did not happen. This option has been revisited and a benchmarking exercise both nationally and locally was considered (as detailed in appendix 1 of the report), but the decision taken by the Cabinet was based on organisational needs rather than for financial reasons. The Cabinet took the view that the potential savings as illustrated in the report are not enough to take the 'trust' option. It was felt important that to ensure continuity in some of the diverse services the Council currently provide the overall service should stay in the Council's control, though it was also accepted that some parts of the overall service will be better done by external companies. Responding to Councillors Quince and Ellis, Councillor Dopson said ultimately, and all options considered, it was a political decision to retain this

service in-house.

Responding to Councillor Willetts later in the discussions, Councillor Dopson said where it is considered appropriate, internal services are outsourced to private companies and there are a number of examples within Colchester e.g. grass cutting, IT support. But having examined the possibility for the Sport and Leisure Service, it was decided due to the mixed economy, combined with the services the Administration wanted to retain in-house, that the overall service should stay in the Council's control. Councillor Dopson confirmed that no more testing on alternative delivery options was undertaken other than that described in appendix 1 of the report. The political decision was to keep the service in-house, that it was valued and there was a desire to see it improve and develop. Councillor Dopson said other Councillors are perfectly entitled to disagree. Councillors Quince and Ellis believed this was a lost opportunity, a flawed process that did not give consideration to other options. It was felt it would have been beneficial to examine in detail the 'trust' model at other local authorities.

Councillor Sykes said the 'trust' model had been examined and considered by the Administration on two previous occasions, in 2003/04 and 2005/06. On both occasions the model was rejected. Councillor Sykes said we are now being asked to consider if the proposals are reasonable, and there was not a necessity to consider the 'trust' model in any further review.

Responding to Councillor Manning, Mr. Mitchell said the Council's partnership with Essex County Council (ECC) was primarily around the Olympic and Paralympic Games with a whole programme of activities that will have a positive impact on local schools. Colchester also added greater value, at a strategic level, to the Active Essex Partnership, managed by ECC. Mr. Grady said Colchester remained a valued partner to local schools, with Colchester, through a joint-use partnership, being able to provide sport and leisure services at Leisure World Tiptree and Leisure World Highwoods outside of school time. These joint agreements are expected to continue with ongoing discussions around 'academy' considerations.

Mr. Grady said the University of Essex could be seen as a competitor as well as a partner. There needed to be a balance, recognising that the Council could not provide all sport and leisure for all the local population. Councillor Dopson said the new swimming pool at the University would compliment the Leisure World pools, providing a different but complimentary level of expertise.

In response to Councillors T. Higgins, Manning and Naish, Mr. Grady said the Council provides a wide range of sports at all the sports centres / halls, providing facilities in various geographic locations to attract residents within each catchment area. The Active Colchester website provides a Community Sports Network, a locally co-ordinated partnership for increasing participation in sport and physical activity. Mr. Mitchell said for any new residents to the area this provided a network of contacts and information to encourage their participation. Mr. Grady confirmed that there was full disabled access to the six floodlit courts at the Leisure World Tennis Centre, and there was one disabled parking bay adjacent to the courts. If this space is taken disabled visitors can park in the other vacant spaces.

Mr. Mitchell confirmed that the outsourcing of catering would be undertaken through the Council's procurement process. The Council will be very specific about the type of food and drink outlets and will look at all kinds of catering organisations to ensure the most appropriate form of catering provision is procured that fits with a healthy lifestyle.

Mr. Mitchell said that given the current economic climate there was a risk to the business case and this is noted in the review Risk Register. The service was currently exceeding its budget, and whilst some elements of the service are performing well, some are not, and we are seeking to improve poor performance and reduce costs in those areas as part of this review. The Sport and Leisure Service has so far proven to be quite resilient against the economic downturn and it was believed there was an opportunity to increase future income through improved customer service and a growing population. Mr. Mitchell said these are good reasons to be confident about the future of the service. In regards to on-line facilities, improved customer service skills and improved technology would enable front-line staff to give more time to help vulnerable customers who may need support accessing the service on-line. An ever increasing proportion of enquiries are made electronically, and this will be an enormous opportunity for people to communicate via on-line and smartphones. Mr. Mitchell later confirmed that the Communications and Marketing Manager is currently looking at the potential of Smartphone Applications and how to take forward the wider digital strategy for Colchester.

Responding to whether it was felt the business case was trying to provide all things to all people, and whether the Council had got the balance right, Mr. Mitchell said what the service does well is to provide and manage multi-sport leisure facilities. Sports such as rugby, cricket and tennis are better provided by established external organisations and clubs. That said even within the service there will always be less profitable areas, but the business case provides an opportunity to deliver a range of activities for all members of society that would not be considered by other private profit-making organisations.

Mr. Mitchell said the national figure of £22.5bn savings in health costs from one million or more people across the country participating in sport was quoted from the Department of Health, a published piece of research, and included the saving in acute hospital costs and primary care interventions. A localised breakdown of the overall figure is not available.

In response to Councillor Willetts, Mr. Mitchell said the implementation plan will govern the way forward. It is felt that the investment in improved software technology will enable a reduction in the running costs of joint-use sports centres. Mr. Grady said the amount being saved by reviewing the planned preventative maintenance regime and adopting a more reactive and less proactive approach to maintenance of building and plant is £55,000. Officers had looked at the way plant maintenance was carried out and a more effective use of resources had enabled this reduction. Mr. Mitchell said the current service pricing has developed over a period of many years. The review will look at pricing in its entirety, including subsidies and off-peak incentives. It is anticipated that there will be income growth opportunities and pricing levels may need to be adjusted. The net effect will be better for the overall service. Mr. Mitchell confirmed that the take-up of memberships in the service by members of Council staff

was low. Council staff are already entitled to a discounted membership package, but the proposals in the business case are to offer a more attractive offer to Council staff which would enable those staff members to be ambassadors for the service. The business case assumes 100 Council staff out of the 800-900 staff within the organisation take up this attractive offer, providing an additional £15k income for the service. This proposal would also help the Council to better fulfil its wellbeing responsibilities to staff.

Mr. Mitchell responded to Councillor Willetts by explaining that in the past satellite centres had been managed in a different way. Under the new approach, all centres would be brought together and managed in a single, unified structure. It was apparent prior to the FSR that there were opportunities to implement efficiencies, but that he had decided, rather than do a number of smaller reviews, to incorporate these opportunities into the overall FSR process. There was never any thought that “nobody was doing anything about inefficiencies”, it was purely a question of timing.

In response to Councillor Ellis (on behalf of Councillor Elliott), it was confirmed that the efficiency savings at Leisure World Tiptree will be through anticipated improvements in software technology, coupled with the opportunity to change shift patterns and improve changeovers. The savings would therefore predominantly, but not in total, come from a reduction in staffing levels.

Mr. Mitchell confirmed to Councillor Ellis that the capital provision of £1.621m would be “paid back” through recurring year on year increased income growth and reduced costs through the revenue budget, with no further capital investment needed for 5 years beyond the implementation of the business plan. Mr. Mitchell said he would speak to the Head of Resource Management with regards to any potential NNDR relief.

Councillor Ellis concluded the discussions by thanking the Panel for undertaking a good examination of the proposals. Councillor Ellis trusted that the quoted figures are correct and hoped it would be the revenue generator being reported.

Councillor Ellis thanked Councillor Dopson and officers for attending the meeting, presenting the review and responding to questions from the Panel.

RESOLVED that the Panel;

- i) Noted the Cabinet report “Fundamental Service Review of Sport and Leisure Services”, and asked the Cabinet to note and consider the comments from Members of the Panel.
- ii) Thanked the Portfolio Holder for Communities and Diversity and officers for attending the meeting, presenting the review and responding to questions from the Panel.

33. Work Programme

Councillor Ellis asked the Panel to agree to a review in 2012/13 of the processes that

led to the decisions taken on the Activity Centre in the Abbots building and Joyce Brooks House. Councillor Ellis said what he was requesting was specifically about the process, not about the decision taken. Councillor Sykes said he had no problem with scrutinising the process and took the view that the opposition group should chair scrutiny panels and it was in all the Panel Member's gift to put forward suggestions for review.

Mrs. Ann Hedges, Executive Director said a judicial review had been lodged in regards to the decision concerning Joyce Brooks House, which was staid at the moment while discussions continued, so any Council review would need to be scheduled following the conclusion of any legal process.

Councillor Willetts had previously spoken about the 10 January discussions on the Temporary Bus Station in Queen Street, in the context of a recent press article that suggested the school close to the temporary bus station site would not be against the bus station staying permanently on the site, and that their pupils could play elsewhere. Councillor Willetts said it would be helpful if clarification could be given concerning what appeared to be a contradictory statement to that given by officers.

RESOLVED that the Panel;

- i) Noted the current Work Programme.
- ii) Agreed to a review in 2012/13 (date to be confirmed) of the processes that led to the decisions taken on the Activity Centre in the Abbots building and Joyce Brooks House.
- iii) Agreed to Mrs. Hedges seeking clarification on the status of the legal agreement around the bus station given the comments by the school in the media.