



Report of the Director of City Development

Executive Board

Date: 2 September 2008

Subject: A Draft Vision for Investment in Sport Centres in Leeds and Proposals for Future Provision for Public Consultation

Electoral Wards Affected:

All Wards

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

The success of Team GB at the Beijing Olympics has enthused people across the country and, hopefully, will encourage people of all generations to want to participate in sport. Beijing has also created the highest quality sporting venues which have impressed the world. Here in Leeds we want to make sure even more people, and particularly our young people, participate in sport, but to do that we need to make sure our leisure centres are places people want to regularly visit and enjoy sport and active recreation. We want to set high standards for our facilities which will inspire our young people to be the next generation of Olympians and continue to develop Leeds' reputation for producing world class sportsmen and women who will represent Team GB at London 2012 Olympics.

This report therefore proposes a draft vision for the future provision of Council Leisure Centres to help achieve the Council's improvement priority to enable more people to become involved in sport and culture by providing better quality and wider ranging facilities and activities. The report also provides an overview of the financial and operational pressures facing the Council's Sport and Active Recreation Service. To deliver the proposed vision, a series of draft proposals for investment and reprovision are put forward which aim to facilitate the delivery of a sustainable service that meets the future needs of the people of Leeds.

It is proposed that a public consultation exercise is progressed prior to any final recommendations being made.

1.0 PURPOSE OF THE REPORT

- 1.1 This report considers the current financial position of the Council's Sport and Active Recreation Service and proposes a draft vision for Leisure Centre provision for Member consideration. The report seeks Executive Board's approval to a series of draft proposals designed to inform future investment in the Council's Leisure Centres. The draft proposals outlined will be subject to public consultation.

2.0 BACKGROUND

- 2.1 Members of Executive Board will recall that at the last Executive Board meeting held on the 16 July 2008 it was agreed that:

- the Council will not proceed with the development of a Trust to manage the Council's Sports and Active Recreation Service.
- further work be undertaken and reports brought forward for consideration by the Board as to short and medium term options to address the challenges faced by the service as presented in this report.

- 2.2 The Sport and Active Recreation Service has a gross expenditure of some £29.1m and in total an income target for 2008/9 of £13.3m. In addition, there are more than 600 FTEs involved in the delivery of the Service. The resolutions above were made in the context of a £1.4m budget deficit for the Service in 2007/08. Whilst noting this financial pressure, it is also recognised that the Council has a strong health and wellbeing agenda, with a Strategic Outcome to reduce health inequalities through the promotion of healthy life choices and improved access to services.

Further to July's Executive Board, officers have given consideration to a series of measures which are designed to mitigate the long-term impact of the current financial situation faced by the service and to also secure the provision of good quality leisure facilities across the City in a way that is both stable and sustainable over the longer term, that supports the Council's Strategic Plan objectives.

Accordingly, this report:

- Reviews the challenges faced by the Sport and Active Recreation Service.
- Considers the nature and scale of the financial pressures faced.
- Outlines the current condition and investment needs of the sports centres.
- Makes draft outline proposals for investment into the leisure centre portfolio and the re-modelling of the service in specific parts of the City.

- 2.3 **Challenges faced by the Sport and Active Recreation Service** - The challenges faced by the Council's Sports Service have been evident for some time. In 1999, Leeds City Council commissioned KPMG to review the financial impact of different delivery vehicles on the provision of its Sports Strategy. As part of this study KPMG highlighted a number of points which included:

- The facilities were in need of significant capital investment
- The facilities received a low level of subsidy in comparison with other local authorities

- Pricing was relatively high in comparison to the quality of the facilities being offered and
- In part, as a consequence of the above, the gap between income and expenditure had risen and was likely to continue to do so unless a solution to the problem, which gave long-term sustainability was found

2.3.1 Subsequent to the completion of the KPMG report, it is apparent that the Council has made progress in a number of areas. John Smeaton Sports Centre has been significantly remodelled with the help of New Opportunities Funding at a cost of £3m, a new Aquatics Centre has been built to replace the former Leeds International Pool, which attracted £5m of Sports Lottery funding, Yeadon Tarn Sailing Centre has undergone significant refurbishment and work has started on two new leisure centres at Armley and Morley. In addition, the Council has submitted an Expression of Interest for £30m of PFI credits for a new Holt Park Well Being facility and has also made financial provision to support the provision of public access to the new city-centre pool proposed by Leeds University.

2.3.2 Notwithstanding the progress that has been made, a Strategic Leisure report, commissioned by the Council in 2006, considered the investment challenges that remained and also assessed the supply of swimming pools across the City.

2.3.3 Using Sport England's Facilities Planning Model, Strategic Leisure identified the demand for swimming facilities in Leeds. The outcome of this work indicated that the benchmark demand for Leeds is some 5,097m² of swimming pool water as outlined in Table 1 below. In contrast to this, as detailed in Appendix 1, the actual level of supply of pool facilities is currently 11,251m². This equates to an over supply of some 120%. A further analysis undertaken to take account of limited access to some facilities reduced the level of supply to 7,999m², which still equates to an over supply of 57%. In order to verify that the level of supply in 2008 remains as stated, officers have requested that this analysis be updated and projected forward to 2012. The outcome of this work will be reported to Executive Board in December 2008.

Table 1: Analysis of Swimming Pool Provision in Leeds

Facilities Planning Model Demand Analysis	Total Supply of Water Space	Access Moderation
5,097	11,251	7,999

2.3.4 In considering Appendix 1, it is evident that the City Council currently provides 7,001m² of swimming pool water. Whilst this in itself represents an oversupply, it is also apparent that, prior to the opening of the new Aquatics Centre in 2007, the last swimming facility opened by the Council was Middleton Leisure Centre in 1986.

2.3.5 During this 21 year period, some 19 new swimming pools were opened in the City, nearly all of which were provided by the private sector. It is important to note that many of these new facilities will target those individuals who can afford to pay the fees and membership rates charged. However, it remains the case that:

- There appears to be a significant over supply of water space in Leeds and
- The recent growth in swimming facilities has largely been made by the private sector.

2.3.6 Consequently, the Council is faced with a position where a significant proportion of the public have a wide choice of facilities to choose from, with many of the local authority's facilities being some of the oldest and in need of investment. In turn, this position has contributed to the financial pressures faced by the service.

2.4 Nature and Scale of the Financial Pressures Faced – As outlined in the report to Executive Board in July 2008, the Sport and Active Recreation Service is facing a number of significant financial pressures both in terms of increased costs coupled with an under achievement of income targets.

2.4.1 To ensure that Executive Board Members are fully aware of the issues impacting on the service, officers have reviewed the financial performance of the service over recent years and normalised the income and costs to take account of facility openings and closures in any particular year to enable a like-for-like comparison.

2.4.2 With respect to costs, there are a number of pressures including rising energy prices and increased building maintenance. Table 2 below indicates that running costs (excluding staffing) rose from £4.75m in 2004/05 to £6.72m in 2007/08, an increase of 41%. Included in this figure is a £0.65m increase in energy costs, a £0.34m increase in business rates and £0.46m increase in building maintenance.

Table 2: Leisure Centres running costs excluding staffing

Year	2004/05	2005/06	2006/07	2007/08
Total running costs £m	4.75	5.05	5.99	6.72

2.4.3 Added to the increase in general running costs, there has also been a significant increase in staffing costs as outlined in Table 3 below. In particular, staffing costs have increased by 12.5% in 2007/08, with the impact of job evaluation being a significant factor.

Table 3: Leisure Centre staffing costs

Year	2004/05	2005/06	2006/07	2007/08
Total staffing costs £m	9.30	9.73	10.16	11.43

2.4.4 Coupled with the increased costs, the income generated by the Leisure Centres has not kept pace. As Table 4 outlines, for 2004/05, the total income for the service was £9.7m and has increased to £10.91m in 2007/08, which equates to an increase of 12.5% over the period

Table 4: Leisure Centre income

Year	2004/05	2005/06	2006/07	2007/08
Income £m	9.70	10.14	10.55	10.91

2.4.5 By adding staffing costs to the figures presented above, the total deficit for the service has increased from £4.36m in 2004/5 to £7.23m in 2007/08 as outlined in Table 5 below.

Table 5: Leisure Centre operational deficit

Year	2004/05	2005/06	2006/07	2007/08
Operational deficit £m	4.36	4.65	5.60	7.23

2.4.6 Based on the information presented above, it is clear that the operational deficit for the service has grown by some 66% over the period. Furthermore, it is also evident that operational costs are likely to increase further in the short-term. The Council is likely to face further significant increases in energy costs during 2008/09, which could create a further financial pressure of up to £1m. In addition, the introduction of equal pay will also increase staffing costs, particularly during evenings and weekends, which are often busy periods for leisure facilities.

2.5 Current condition and investment needs of the sports centres – Key parts of the sports centre portfolio have received significant investment in recent years which has resulted in the remodelling or re-provision of some centres. However, notwithstanding the investment that has been made, there remains a sizeable backlog maintenance issue to address. Excluding the sites that are about to be rebuilt (Armley and Morley Leisure Centres) and the recently re-opened John Smeaton Leisure Centre, the total backlog maintenance identified in the sports centre portfolio is £7.78m. Furthermore, this figure only covers items of condition and those of a wind and weather tight nature, it does not take account of the need to remodel and modernise a number of facilities.

2.5.1 The scale of remodelling/modernisation required is difficult to quantify as it is largely subject to the extent of the Council's ambition. However, work commissioned by the Council in 2004 looked at the need to remodel a number of the facilities that still required significant refurbishment. The level of investment reported by these concept studies, excluding any new builds, is outlined below.

Table 6: Investment needs of specific Leisure Centre sites 2004

Facility	Investment cost £m 2004
Aireborough	2.02
Fearnville	3.24
Kirkstall	2.47
Pudsey	1.30
Rothwell	4.55 ¹
Scott Hall	2.85
South Leeds	2.76
Total	19.19

2.5.2 The level of investment outlined in the concept studies can only be seen as indicative at this stage and should the Council choose to progress with significant remodelling of centres then more detailed work will be required. However, even though the precise level of investment will be the subject of

¹ Includes works to wet changing rooms completed in 2007 at a cost of £596k

further work, it remains the case that there is a significant cost attached to modernising the Leisure Centre portfolio.

2.6 Summary assessment

2.6.1 Based on the position outlined above it is apparent that there has been a significant growth in the supply of private leisure facilities in recent years. At the same time, the Council's provision has remained largely unchanged, with many of the facilities now requiring a substantial degree of refurbishment and modernisation.

2.6.2 In addition to the above, the operational costs of running the facilities have increased significantly in recent years and outpaced the growth in income. Accordingly, the Council needs to bring forward proposals to address the issues that are faced to facilitate the provision of a sustainable service that is best placed to achieve the Council's Strategic Plan objectives to improve healthy life choices and increased participation in sport.

3.0 MAIN POINTS

3.1 How the Council chooses to address the issues identified in the first part of this paper is largely dependent on its vision for future Leisure Centre provision. The Sport Leeds Strategy, 'Taking the Lead' acts as the City's strategy for sport and active recreation in Leeds from 2006 to 2012, of which the City Council was a key contributor.

3.2 The Vision expressed in this strategy is that:

'By 2012 Leeds will be a leading city of sport and active recreation, recognised for the opportunities it provides from participation to excellence

Leeds will be a city where more people want to play sport, more people can play sport and more people do play sport'

3.3 It is also acknowledged that the Council's Strategic Plan sets a series of targets to improve health and increase participation in Sport and Active Recreation.

3.4 In considering the above it is proposed that the Council's vision for future leisure centre provision should be:

'To secure a city-wide network of quality, affordable, accessible and sustainable leisure centres for the benefit of all the people of Leeds.'

3.5 In considering this vision, it is necessary to consider the extent to which the City Council's facilities meet this aspiration and also the areas in need of future improvement. Appendix 2 outlines the current cost and subsidy per visitor of operating each facility.

3.6 From this information it can be seen that there are wide variations in the cost of operating each facility and the subsidy per visitor. By way of example, Rothwell Leisure Centre had a net cost per visit of £0.11 in 2007/08. The same figure for Aireborough and Pudsey Leisure Centres was £0.57 and £0.67 respectively. Conversely, East Leeds Leisure Centre reported a net cost per visitor of £3.98, South Leeds Sports Centre, £3.50 and Middleton Leisure Centre £2.85.

- 3.7 In considering the variations in net costs identified in Appendix 2, it is evident that there are related factors that tend to support the successful operation of Leisure Centres. Specifically, Leisure Centres that attract greater custom and, as a consequence, have a low operational deficit tend to fall into one or more of the following categories:
- 3.8 **Town and District Centres** – a number of Council Leisure Centres are located within, or adjacent to, established District Centres. Town and District Centres are often the hub of services for their local area, with the provision of a leisure centre adding critical mass and being complementary to their status. Existing Council facilities within or adjacent to Town and District Centres are Aireborough, Morley, Armley, Pudsey, Kirkstall, Wetherby and Holt Park.
- 3.9 **On an arterial route** – Some Council facilities are located on arterial routes. As a result, these Leisure Centres are often in a prominent location and best placed to benefit from the significant passing traffic and/or bus routes that result. Council Leisure Centres that fall into this category are Scott Hall, Kirkstall and Rothwell.
- 3.10 **Dual use facilities**– In addition to the factors identified above, some leisure centres benefit from being located next to High Schools, which in turn have the potential to provide off-peak use to support the overall operation of the facility. John Smeaton Leisure Centre, Chippendale Pool and John Charles Centre for Sport all fall into this category.

In considering the factors above, there are a number of facilities that fall outside of these categories. The facilities that do not fall into any of these categories and their net cost per visitor are:

Table 7: Net cost per visit for specific Leisure Centres

Facility	Net cost per visitor 2007/08 - £
East Leeds Leisure Centre	3.98
South Leeds Sports Centre	3.50
Middleton Leisure Centre	2.85
Kippax Leisure Centre	2.32
Bramley Baths	2.00
Fearnville	1.91
Richmond Hill Sports Hall	2.58
Garforth Leisure Centre (Dry Only)	0.76

- 3.11 Of the facilities identified above, Bramley Baths is the only facility which has listed building status and there is a considerable degree of heritage value attached to the facility. In addition, Garforth Leisure Centre is a 'dry' facility with no swimming pool, hence the lower net cost per visitor.
- 3.12 It is also apparent that a number of the facilities identified above are located in areas with higher levels of social deprivation particularly, East Leeds, Fearnville, Richmond Hill, South Leeds and Middleton, where provision has traditionally been centred within local housing areas rather than in Town and District Centres or on arterial routes. Notwithstanding this position, a number of these facilities operate at a high net cost per visitor. Accordingly, the challenge for the Council is to consider how it can improve on the current position and provide quality and affordable leisure centres for these communities in a way that is sustainable over the long-term, that supports the achievement of the Council's Strategic Plan. With respect to Fearnville Leisure Centre, from the information contained in Appendix 2, it is apparent that the

net deficit of operating this facility has increased markedly over the past 3 financial years. In part, this position is due to the re-opening of John Smeaton Leisure Centre following its refurbishment.

4.0 PROPOSALS

4.1 In moving forward with proposals to secure a city-wide network of quality, affordable, accessible and sustainable leisure centres, it is clear that the Council needs to put in place plans to make changes to the existing portfolio. Furthermore, proposals need to identify those facilities which are well located and need continued investment and remodelling and those facilities where some form of re-provision/rationalisation is considered more appropriate. In addition, proposals need to take account of the existing over supply of facilities and the increasing net cost of the service. Accordingly, the following draft proposals are made for Members of Executive Board to consider.

Facility	Draft Proposal 1
Aireborough Leisure Centre	To bring forward detailed plans for capital investment and remodelling to modernise and improve the quality of the facilities provided.
Pudsey Leisure Centre	
Bramley Baths	
Scott Hall Leisure Centre	
Kirkstall Leisure Centre	
Otley Chippendale	
Rothwell Leisure Centre	
Wetherby Leisure Centre	

4.2 With respect to the proposal detailed above, consideration will need to be given to the ability of the current Capital Programme to finance any works and in this regard it is proposed that any larger scale capital investment is programmed into the medium and longer-term planning of the Council's Capital Programme.

Facilities	Draft Proposal 2
East Leeds Leisure Centre	i) To re-provide Fearnville and East Leeds Leisure Centres in the form of a new, purpose built, well-being centre, located close to the A64 corridor.
Fearnville Leisure Centre	
Richmond Hill Sports Hall	ii) to consider the transfer of the management of Richmond Hill Sports Hall to the voluntary sector as part of a community asset transfer.

4.3 To finance the provision of a modern, new facility for East Leeds, it is proposed that the Council seeks funding from the Department of Health on a similar basis to the expression of interest submitted for a new facility at Holt Park. The location of the new facility will be subject to public consultation and a site search.

Facilities	Draft Proposal 3
Kippax Leisure Centre	To re-provide Kippax and Garforth Leisure Centres in the form of a new, purpose built, well-being centre to serve the communities of Garforth and Kippax.
Garforth Leisure Centre	

4.4 As the first option, it is proposed that a new, purpose built facility, forms part of an expression of interest for funding for new Well-being Centres combined with the

proposals for East Leeds. The location of a new facility will be subject to public consultation and a site search.

Facilities	Draft Proposal 4
South Leeds Sports Centre	i) To close South Leeds Sports Centre once the new Morley Leisure Centre has opened and to concentrate provision at the John Charles Centre for Sport and Morley.
Middleton Leisure Centre	ii) to close the pool at Middleton Leisure Centre and to consider the transfer of the dry-side facilities to the voluntary sector as part of a community asset transfer.

4.5 The proposals identified above will result in:

- continued investment in the Council's leisure centres that are considered to be well-located and viable over the longer-term.
- the provision of two, new Well Being Centres, for communities in inner and outer East Leeds.
- consolidation of Council provision in South Leeds at the John Charles Centre for Sport and the new Morley Leisure Centre.
- the continued provision of dry-side facilities at Richmond Hill Sports Hall and Middleton Leisure Centre in partnership with the voluntary sector.

In addition, the proposals will also help to mitigate the over supply of swimming pools in the city and reduce the net operational cost of the service.

5.0 PUBLIC CONSULTATION

5.1 Should Members of Executive Board agree to the draft proposals outlined, it will be important to engage in a public consultation exercise to gain the views of a wide range of stakeholders and help to shape the form of any proposals made. Accordingly, subject to the approval of Executive Board, it is proposed that public consultation is undertaken during September and October 2008. Consultation will include:

- Attendance at Area Committees for Inner and Outer East Leeds and Inner South Leeds
- Public surveys
- Public displays
- Trade Unions
- Drop in sessions at public libraries.
- The outcome of the PPG17 Needs Assessment
- Feedback from stakeholder groups in the Leeds sporting community

5.2 Further to the completion of a public consultation exercise, it is proposed that officers report back to December's Executive Board with final proposals for consideration.

6.0 LEGAL AND RESOURCE IMPLICATIONS

6.1 This report sets out a draft vision for the future provision of the Council's Leisure Centres and highlights the need to make a step change in the quality of provision and to address increased operational costs associated with the running of the

facilities. The service was £1.4m over budget for 2007/08 with the potential for this position to worsen unless long-term actions are put in place.

- 6.2 In developing these measures, officers have given consideration to the revenue support that the Government has announced to fund free swimming for the over 60's. The £80m of revenue funding available nationally during 2009/10 and 2010/11, will help the Council to consider providing free swimming to the over 60's and Under 16's during the period that the funding is available. However, with respect to the overarching financial pressures faced by the service, the initiative is likely to have a neutral impact.
- 6.3 In terms of the medium term development of the service, subject to the outcome of the public consultation exercise, officers will seek to bring forward funding proposals which will be based on a mix of:
- PFI credits
 - The sale of surplus sites
 - Council capital resources
 - Unsupported borrowing based on the reinvestment of revenue savings realised.
 - Capital from the Government's '£60m Play to Win' initiative fund.
- 6.4 More detailed proposal outlining how the funding mix identified above will be applied to the leisure centre portfolio will be outlined in the report to Executive Board in December 2008

7.0 RECOMMENDATIONS

- 7.1 Members of Executive Board are asked to note the pressures currently facing the Sport and Active Recreation Service and to approve the proposals set out in this report for public consultation with a view to officers reporting back on the outcome of the consultation exercise in December 2008.

Background Papers Referred to:

Future Options for the Council's Sports Centres - KPMG Report 2000
Sports Capital Investment Strategy – Options Appraisal -Strategic Leisure Report 2006
Taking the Lead – A Strategy for Sport and Active Recreation in Leeds 2006 to 2012 – SportLeeds Strategy