



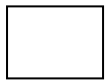
Report of the Acting Director of City Development

Executive Board

Date: 22 June 2011

Subject: RESPONSE TO DEPUTATION TO COUNCIL ON BRAMLEY BATHS

Electoral Wards Affected:
Bramley & Stanningley



Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity N

Community Cohesion N

Narrowing the Gap N

Eligible for Call In

 Yes

EXECUTIVE SUMMARY

1. The report comments on a deputation to Council on 6 April 2011, which argued that better marketing and programming of Bramley Baths could improve the centre's financial performance, making it sustainable to continue the operation and restore longer opening hours than the core hours funded in the 2011/12 Council budget.
2. The distinctive features of this site mean that there is a reasonable chance of a viable community management arrangement being developed, which may be more sustainable and offer a better service than the council may be able to offer in the long term.
3. It is proposed to advertise for expressions of interest in Community Asset Transfer of this site, with the express intent of working with respondents to assess if their business case can be refined by offering relevant council expertise, and/or made more attractive under a partnership approach with other respondents.

1.0 Purpose Of This Report

- 1.1 To comment on a deputation from the Friends of Bramley Baths to Council on 6th April 2011.
- 1.2 To respond to the deputation by reviewing how best to manage the site in future, in particular assessing the case for seeking Community Asset Transfer for this site, and to recommend advertising for expressions of interest.

2.0 Background Information

- 2.1 The background context to the deputation received on Bramley Baths was the setting of the Council's budget for 2011/12 and the need for the Council to reduce its budget by some £90m. The acute financial pressures that the Council has faced has required budget savings to be delivered across all service areas of the Council. With respect to City Development, the Directorate has reduced its net revenue spend from £77m in 2010/11 to just over £63m in 2011/12. The aim of the Council has been to limit reductions in front line services wherever possible by bringing forward efficiency savings, reducing its workforce and back office cost. However, given the scale of the budget savings needed it has led to some difficult decisions to be made, which has included a reduction in the operational hours of Bramley Baths.
- 2.2 The deputation outlines the historic importance of Bramley Baths, how it is valued locally as a community resource and a symbol of local civic pride. In response to the deputation, the Directorate fully acknowledges the historic value of Bramley Baths and readily understands why there is a lot of local pride in the facility. Bramley Baths opened in 1904 and is Grade II listed in recognition of its architectural merit. It was refurbished in 2002 and is in fair condition.
- 2.3 However its usage has declined in recent years, particularly in 2010 after the new pool opened at Armley, lead to a 30% fall in use. This increased the already high subsidy per user required to keep the Baths open. Faced with the challenge of budget targets for 2011/12, as part of a frank assessment of all budget options, officers at one stage considered recommending closure. However the exceptional features of the site, its strong local support, and the concern that if closed there would be a likelihood of deterioration making it impracticable ever to re-open, led to a modified proposal for reduced hours. This option was selected in recognition of all of the points identified in paragraph 2.2 in that a reduction in hours would keep open the prospect of Bramley Baths securing a long-term and viable future, something that the Council is keen to achieve. On this basis the City Development section of the 2011/12 budget, approved by Council on 23rd February 2011, included the reduction in opening hours at Bramley Baths to 29 hours a week from September 2011.
- 2.4 The Council meeting of 6 April 2011 received a deputation from the Friends of Bramley Baths, which set out the historical and architectural merits of the site, the needs of the local community and argued that improved marketing and programming would improve the financial performance of the site. This would secure its long term viability and fund improved opening hours. The deputation is attached at Appendix 1.
- 2.5 The City Development Scrutiny Board reviewed the Council budget decisions on sports and leisure facility reductions at its meeting on 20th April and resolved (on the casting vote of the Chair) to urge Executive Board to reverse these. However

the Scrutiny Board did not identify a balancing budgetary saving to mitigate the impact of their proposal.

- 2.6 On 17 May the Inner West Area Committee agreed to top up the Baths' budget by £37,800 in 2011/12 from their Wellbeing Fund. This is calculated to fund 20 additional hours per week from September for the rest of the financial year, taking opening to 49 hours per week.

3.0 Main Issues

3.1 This report addresses:

- The scope to improve the marketing and programming of Bramley Baths
- The role of the Baths in Leeds' strategic provision of leisure facilities
- The potential of community led management to improve financial performance and to secure the continuing operation of the site.
- How best to conduct a process to achieve successful asset transfer.

Marketing and programming

3.2 The deputation eloquently describes the exceptional architectural and historical interest of the site, and argues that better marketing and programming could transform its financial performance.

3.3 The Council does undertake a regular programme of marketing for its leisure centres and swimming pools, however, It is the case that this doesn't extend to specific promotion of the heritage ambience of the site. For some years the service has followed a product-led rather than site-led marketing approach. Marketing resource has been centralised into a sport marketing budget and focused on key product areas. This approach is the most efficient use of a limited marketing resource in terms of both staffing and budget. There is a vigorous citywide marketing campaign, particularly for Bodyline membership. This has been through poster sites, newspaper advertisements, direct mail and the council's website.

3.4 There is no direct evidence on which to evaluate whether the marginal benefit of enhancing the city wide generic campaign with locally focussed campaigns would be cost effective. Marketing officers believe that the overall budget for leisure marketing is below optimum and that any increase in capacity (funding) for leisure marketing would give better returns if directed initially at an enhanced generic campaign.

3.5 This is not to say that no local marketing can be contemplated under Council management. Bramley has probably received more individual marketing support over the last ten years than any other site in the city, largely due to the initiative of the centre manager but also having been a focus at key points, including the re-opening of the Baths in 1992 and again when the site re-opened after further refurbishment in 2002 (including the new Bodyline Gym) and the Baths' centenary in 2004. Marketing support has also been provided to support exhibitions in the local shopping centre, adverts in the local free press, leaflet distribution to schools and community groups and support to promote the Baths at Breeze on Tour (held in Armley Park).

3.6 When reviewing the case for site-focussed marketing as part of the Council's programme, there are two significant questions to answer: how great is the potential market for this ambience, and how well would the suggested site specific marketing,

promotions and programming fit in the Council's leisure marketing and management?

- 3.7 Bodyline membership associated with the site peaked in March 2007 at 580, but has dropped since then to the current 270, a drop of over 50% in four years. This is thought to be a response to competition from an increasing number of alternative facilities in the area. The biggest single impact has been the Council's new Armley leisure centre which opened in 2010, since when overall attendance has dropped by approximately 30% compared to attendances prior to the old Armley centre closing. These reductions are people who were well aware of the unique charms of Bramley, having been users, but who nevertheless preferred the new centre. This reflects an experience common across the country, that the particular attraction of old pools is a niche interest; indeed, it is a niche that spreads beyond users, so that campaigns to save these sites involve many people who are not themselves regular users. The deputation implicitly recognises this by advocating a "use it or lose it" approach among local people.
- 3.8 This is not to say that users are exclusively a niche group. Most users probably choose it because of geographical convenience. But for users who are not particularly attracted by its special features, the facilities have limitations. It is a very constrained site, lacking a sports hall, with very small car park. The current expectation is that the site should provide generic features at standard charge rates, rather than develop a unique identity to maximise its appeal for a particular niche market sector at the expense of wider interest.
- 3.9 The deputation argues that instead of reducing opening hours, extending them in early mornings, evenings and Bank Holidays would have enabled new markets to be tapped. Officers are convinced that the marginal costs of this would far outweigh the marginal income that would be achieved under current operating arrangements.
- 3.10 The deputation emphasises that Bramley Baths are not just a sports facility: it is a community hub and symbol of civic pride. This is a potential strength in local marketing. Once again it is questionable whether a corporate marketing approach is well placed to capitalise on it.

Strategic role

- 3.11 The 2011/12 sport budget proposals contributed to £1m annual savings from facilities reductions in sport, part of an overall net saving requirement from Recreation of £2.5m, itself part of the overall Council saving requirement of some £90m. There has been no indication as yet of how individual services will be expected to contribute to future years required savings, but it is extremely unlikely that Sport will be exempted.
- 3.12 Although the annual scale of cuts may be rather less than in 2011/12, they will still be significant by historic standards, and are likely to become progressively more difficult because lower priority parts of services will already have been cut.
- 3.13 The decision to reduce opening hours at Bramley Baths in 2011 was taken following a strategic review of city wide provision of leisure and swimming facilities, updating the Vision for Council Leisure Centres (approved in 2009) under current revenue and capital funding conditions. Reports to the City Development Scrutiny Boards on 5th and 20th April set out the analysis in some detail (and are listed as background papers for this report). In summary, these reports demonstrated the strategic rationale for the choice of reductions. This combined financial and service

assessments, comparing how much saving would accrue with the impact on the service. Having taken the most financially advantageous, lowest service impact savings in 2011/12, it will be much more difficult to find acceptable savings in future. Indeed the service is close to some limiting factors, which could preclude further closures or reduced hours:

- They could result in insufficient capacity in the remaining facilities to absorb displaced demand
- They could result in significant geographical gaps in provision meaning that current assumptions about “reasonable” journey times cannot hold
- If individual sites are operating close to break-even, there is no saving to be made from further closures
- The scope to reduce off-peak opening hours has reduced as demand (e.g. for school swimming lessons) is concentrated into fewer sites – reducing the period which can be called “off peak” and therefore the scope for savings in this approach
- The financial benefit of reducing off-peak opening hours and of closures is increasingly constrained by the risk that Bodyline members will perceive that the value of the offer is reduced, and move to other providers.

- 3.14 At an early stage of the 2011/12 budget round, officers considered closing Bramley altogether. The decision to move to reduced hours in preference to full closure meant that the estimated saving was reduced (from £362k to £262k) but it was noted that once closed, the chance of re-establishing the service is jeopardised. If closed, the established clientele of leisure facilities is lost (either to other sites, or altogether) and the buildings frequently deteriorate. This is commonly through vandalism and withdrawal of maintenance, but a particular problem for swimming pools is that for safety reasons it is sensible to drain the pool, but this commonly results in tiles becoming detached due to the loss of water pressure.
- 3.15 In view of the desire within the Council to secure a viable long-term future for the facility and in consideration of the factors highlighted above, a reduction in hours was selected over closure.
- 3.16 The west and north west of Leeds, where Bramley is located, has retained a higher density of leisure centres than other areas of Leeds. It was particularly difficult to formulate rationalisation plans for this geographic area in the course of 2011/12 budget preparation, partly because of uncertainty over the future of Holt Park, where a decision was awaited from the government over the funding under PFI of a new wellbeing centre. This has subsequently been confirmed, and (subject to successful completion of the contract and final decision by Executive Board) the existing site will close in late summer 2012 to be replaced by a new facility opening in spring 2013.
- 3.17 Future review of leisure provision in this district will therefore be constrained by 25 year PFI contracts for Armley and Holt Park.
- 3.18 The deputation to Council says that “The Baths are situated in the city’s poorest authority ward, West Leeds”. It is accepted that there is serious poverty and deprivation in Bramley, but this statement is at variance with the widely used Index of Deprivation, which highlights higher levels of ward deprivation in the East and South of the city; the implication that West Leeds should have a higher density of provision due to greater deprivation is not sustained. Within the area, Kirkstall attracts nearly twice as many users as Bramley, including over 50% more disadvantaged users, as measured by Leeds Card Extra use.

The potential of community led management

- 3.19 The analysis above suggests that other operators with a more local focus might be better placed to promote and sustain the Baths and merits further consideration. The potential of other management regimes has therefore been considered.
- 3.20 The main challenge for a conventional commercial leisure operation at this location would be to support the overhead costs needed to manage and promote this niche product. While the building itself would be well suited to an exclusive, high price membership operation, the location and lack of car parking are wrong for this. If it were successful, it would at least protect the building for another generation, but in the meantime there would be little local benefit and an exclusive ambience might be unpopular locally.
- 3.21 There is a well developed, mature market for third party operators – both commercial operators and leisure trusts – to run council leisure facilities under contract. However, there is no current analysis to suggest that they are more effective than the current management, while the lack of operating scale makes it very unlikely that contracting out the management of the site would achieve savings or increased viability.
- 3.22 In contrast, there is a much stronger case for exploring Community Asset Transfer. There are factors both for and against this approach. On the positive side, a community led organisation:-
- is better placed and motivated to undertake local promotions
 - does not have to prioritise between local promotion of this site and other marketing opportunities
 - is better placed to generate community (non-sport) activity and bookings which support income and utilise spare capacity, particularly in off peak periods
 - is well placed to focus on its niche markets and clientele, whereas under council management there will (probably) be a continuing requirement to offer a broadly focussed attraction which prevents the full development of the niche opportunities
 - if suitably structured, can benefit from NNDR relief worth £14,232 per annum if at 100%.
 - could make other significant cost savings, for example
 - by programming a mixture of “open” access sessions at peak times, when lifeguarding would still be required, and “membership only” sessions at other times, when lifeguarding would not be required.
 - By using volunteers for parts of the work, for example during “membership only” periods the entire staffing of the centre could be under a rota of volunteers.
- 3.23 On the negative side,
- The development of an attractive new pool and sports complex at Holt Park may erode the market for Bramley, just as Armley did; placing further reliance on a niche market, likely to be largely older people.
 - It is notoriously difficult to develop a break-even business plan for swimming pools. This is partly due to high utility, plant and buildings maintenance costs, all of which the new enterprise would incur; and partly due to high staffing costs, which the new enterprise might be able to reduce significantly, as noted above.
 - Developing a niche role means the site would cease to operate as a full part of a citywide universal sports offer (though as argued in section 3.3 above, the site is arguably surplus to the core provision, a sustainable niche role is preferable to an

unsustainable universal role, and the needs of the niche audience could be better met than currently)

- There would be little or no financial capacity to employ skilled specialists; managing and marketing the site would make heavy demands of individuals in a largely voluntary organisation (depending on the organisation which would take on the site).

3.24 On balance, officers believe a sustainable business plan could be developed and that the crucial issue is whether a robust and well supported organisation would emerge to take on the site. Given the importance of Bramley Baths in the local area, officers are of the view that the Council should progress this option further, and proactively assist interested groups, as a means of potentially securing the long-term future of the Baths desired in the deputation.

How best to conduct a process to achieve successful asset transfer

3.25 The Council has wide discretion on how to progress community asset transfers. In recent examples of leisure opportunities, advertisements for expressions of interest were posted for both East Leeds and South Leeds Leisure Centres, whereas a sole discussion was held with the Schools Partnership Trust over Garforth Squash and Leisure Centre. The latter was justified by the good fit between the aims of the Council and the SPT, the robust management backup that the SPT could provide and the urgency in dealing with a site where opening hours were about to be reduced.

3.26 This situation is not fully replicated in Bramley's case, and the proposal is to advertise for expressions of interest. An initial four week period is proposed for this, noting that there has already been widespread publicity of the intention to seek Executive Board approval for this, and that initial applications will not need to provide developed proposals.

3.27 Rather than deal with expressions of interest at arm's length, the advertisement would include the offer that the Council could broker introductions and partnership working between individuals and organisations who come forward, and to make available the experience and expertise of the leisure service in helping to develop a business plan. This recognises that community benefit may be maximised by pooling capacity and that it is in the long term interest of all parties to ensure that a robust business plan is developed reflecting professional expertise in the sector.

3.28 By implication, there could be an extended period after initial expressions of interest have been received during which organisational capacity and business plan might be developed before a viable proposal is ready. If still under Council management, from September until March 2011 opening hours will drop to 49 hours per week, and subsequently drop to 29 hours per week. However it is probably not helpful to set a firm time limit to the process, though the aim would be to avoid drift, in the event that no credible arrangement is developing.

3.29 Given the extended lead-in that is envisaged, it should be possible to identify when the plans are maturing and to programme final consideration and approval at Executive Board without entailing material delay.

4.0 Implications For Council Policy And Governance

4.1 The recommendations are consistent with the budget and policy framework agreed by the Council on 23rd February 2011. If CAT improves local engagement, and

secures and improves beneficial use of the Baths, it will support various Council policies and City priorities, notably on health and well being. CAT was not envisaged for this site in the 2009 Vision for Council Leisure Centres, but this document focussed on the network of public access facilities rather than their management, and if CAT enabled a positive future for the Baths it would help achieve the aims of the Vision. A final judgment on the accordance with Council policies and City priorities would need to be made on specific CAT proposals at a future date. The main risks identified are as follows.

- 4.2 There is a risk that the Council will not have the financial capacity to ensure good continuing in-house management of the site. This is the main justification for the proposal to seek Community Asset Transfer, along with the belief that longer opening hours (possibly a mixture of fully open sessions and membership only sessions) might be achieved than will be funded after September under Council management. Financially, CAT would achieve modest savings compared to continuing Council management, though less than full closure would deliver.
- 4.3 There is a risk that no viable transferring organisation and business plan will emerge. Officers believe a viable transfer can be achieved, but this is neither certain or easy. The proposal to engage actively with applicants to help develop the best and most robust organisation and plan, is the principal mitigation for this. It is not in the long term interest of the locality, the services offered or the Council to effect a transfer in the absence of a viable scheme, so the final decision may involve a balance of these risks.
- 4.4 There is a risk that active engagement in developing the organisation and the business plan exposes the Council to challenge over bias or favouritism. The mitigations for this are to exclude profit distributing arrangements from the invitation of expressions of interest (so that no loss of profit potential can be adduced by an aggrieved party), to be clear from the advertising stage onwards that this engagement and support are on offer, and to document that all parties are dealt with even handedly.
- 4.5 There is a risk that active engagement in developing the organisation and the business plan exposes the Council to future challenge in the event that either insufficient or wrong advice is given. The mitigation for this is to offer such support on a 'without prejudice' basis of good faith but without liability and subject to capacity. It may be necessary to obtain confirmation of acceptance of this.
- 4.6 An outline Equality, Diversity, Cohesion and Integration Impact Assessment has been conducted and has been published on the Council's web site. At this stage, before detailed proposals for future management after a transfer are known, this can only be at outline level. The conclusion is that there is good potential for the initiative to promote community cohesion and integration. While a niche market approach might favour one group (perhaps older people) this is justified in the context of the retention of a wider service network of sites offering a universally targeted service. Moreover the alternative might in the medium term result in deterioration of the use and condition of the Baths.
- 4.7 If CAT improves local engagement, and secures and improves beneficial use of the Baths, it will support various Council policies and City priorities, notably on health and well being. CAT was not envisaged for this site in the 2009 Vision for Council Leisure Centres, but this document focussed on the network of public access facilities rather than their management, and if CAT enabled a positive future for the Baths it would help achieve the aims of the Vision. A final judgement on the

accordance with Council policies and City priorities would need to be made on specific CAT proposals at a future date.

- 4.8 The Ward Members have been consulted and are fully supportive. There has been local consultation, started on the 24th May 2011, to consider how best to manage Bramley Baths for the long term benefit of the site and the community. Consultees were asked to respond by the 20th June to enable their views to be considered within this reporting cycle.

5.0 Legal And Resource Implications

- 5.1 The recommendations of this report do not meet the criteria for a key decision and are not subject to call-in.
- 5.2 It is likely that a transfer would be for less than best consideration, but it is expected that the public interest justification for this will be demonstrable (subject to the detail of the eventual proposal) as it is expected to increase availability of the site and increase community involvement and empowerment locally.
- 5.3 The projected financial position under Council management under the reduced 29 hour operation from September is:

	£'000	Notes
Payroll	101	Reduced hours allow reduction in management overhead
Running costs	60	
Maintenance	30	Estimated annual average – not held in service budget
Income	(140)	
NET COST	51	

- 5.4 Funding for maintenance is not held as a discrete budget for Bramley; indeed, as noted, the maintenance budget is held corporately. There is currently severe pressure on the corporate maintenance and it is likely that only essential health and safety and plant operating maintenance would be performed; in which case, maintenance spend may be even less than the historic £30k average. However, in this case, the centre will become less attractive as time passes, and income will also fall. Indeed this dismal scenario is one of the reasons to consider CAT as an alternative to Council management.
- 5.5 CAT would save the Council the net cost of £51k, subject to any transfer of custom between Bramley and other Council sites. Any support provided to help develop proposals will require one-off resourcing and this will also put pressure on the service in the short term.
- 5.6 Full closure, without CAT, would 'save' the council more than this figure, as these costs would be eliminated while a proportion of usage and income (estimated at 60%) would transfer to other council sites; if so, full closure would 'save' £135k. This is an updated estimate compared to the figure of £100k prepared during the 2011/12 budget setting process.
- 5.7 There is no likelihood that current opening hours (91.5 hours a week) could be restored after September in the foreseeable future, given that the subsidy would rise disproportionately to open during off-peak hours.

5.8 These figures are informed projections and have a margin of uncertainty.

6.0 Conclusions

6.1 The strategic role of Bramley Baths in Leeds' leisure provision has reduced with the opening of the new Armley leisure centre and the forthcoming replacement of Holt Park. However, importantly, the council wishes to see the pool survive and prosper, but it is very unlikely that opening hours can be restored under its management (except to a limited and temporary extent with Area Committee support). There is a risk that, in the context of the Council's acute financial pressures, the Council's management of the site may no longer be the best route to secure the long-term future of the facility.

6.2 The analysis above (supported by the Equality, Diversity, Cohesion and Integration assessment) suggests that there is a worthwhile local role for the Baths going beyond their leisure function, and a niche leisure market place as well, but that the Council is not well placed to optimise either of these. A viable CAT management arrangement and business plan would not be easy to achieve, but there is clear potential for cost savings and improved promotion and therefore there is a fair prospect of success.

6.3 Therefore there is a clear (local) public interest case for attempting CAT. This needs to be balanced with the financial position set out in paragraph 4.6 below. In summary this points out that while closure would save the Council approximately £135k per annum, CAT would reduce the saving to approximately £51k as the Baths would absorb customers who would otherwise transfer to other Council sites. Nevertheless, the public benefit – and the clear desire to avoid closure, justifies the recommendations of this report.

7.0 Recommendations

Executive Board is recommended:

7.1 to note the response to the deputation from the Friends of Bramley Baths

7.2 to approve advertising for expressions of interest in Community Asset Transfer of this site, on terms described in the report.

8.0 Background Papers

8.1 Deputation to Council of 6 April 2011

8.2 Report to City Development Scrutiny Board 5 April 2011 "Scrutiny of Council Budget Decisions on Leisure Centres"

8.3 Supplementary report to City Development Scrutiny Board 20 April 2011 "Background information for agenda item 7: Closure of East Leeds Leisure Centre and Middleton Pool and Reduced Opening Hours of Garforth Squash and Leisure Centre".