



Name of meeting: Cabinet

Date: 26 September 2023

Title of report: Kirklees Active Leisure Centre Offer 2024/25 - Consultation

Purpose of report: To agree the approach to consultation in relation to the future leisure centre offer provided by Kirklees Active Leisure and approve the acceptance of grant aid from Sport England if applications are successful.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards? Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.	Yes
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Key Decision – Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Richard Parry Strategic Director for Adults and Health 13.9.23 Isabel Brittain 13.9.23 Julie Muscroft 13.9.23
Cabinet member	Cllr Graham Turner Portfolio Holder Finance & Regeneration

Electoral wards affected: All
Ward councillors consulted: None
Public or private: Public

Has GDPR been considered – Yes

1. Summary

- 1.1 This report will highlight the financial challenges facing leisure services in Kirklees and propose an approach to consultation on the potential sites and offer from KAL in 2024/25.
- 1.2 Due to a combination of salary cost pressures that have built up over time as NLW has increased and more recent inflationary energy and other operational costs, the challenge for Kirklees Active Leisure (KAL) to operate in a financially sustainable way has increased and even with the recovery of income and membership numbers to above pre-Covid levels, there continues to be a financial challenge. From FY 21/22 to FY 23/24, the council has provided additional financial support of £9.96m to support KAL through these difficult periods. This is in addition to the council's core funding of £6.08m and a Sport England Grant of £1.175m across the same periods.
- 1.3 As part of the council's need to balance its budgets during the current financial situation and the removal of the additional Covid support funding, the council has indicated that it will make available a maximum grant/subsidy of £2.55m in 24/25 as stated in the Budget Book and that it is unable to provide additional financial support.
- 1.4 Cabinet is requested to approve a six-week public consultation programme to commence on 27 September to ask residents for their views about the future leisure centre offer in Kirklees.
- 1.5 Consultation responses will then be considered alongside Integrated Impact Assessments and economic, environmental, social and legal data to inform the decision about the future of our leisure centre offer.
- 1.6 A funding application has also been submitted to Sport England for revenue funding from the Swimming Pool Support Fund (SPSF) for Scissett Baths and Fitness Centre and Huddersfield Leisure Centre and it is intended that an application will also be made to the SPSF capital fund in October 2023 for Scissett Baths. Cabinet is requested to delegate authority to the Strategic Director for Adults and Health, after consultation with relevant Cabinet members and the Section 151 Officer, to approve the acceptance of both revenue and capital funding if the bids are successful and the conditions of grant aid are deemed acceptable.

2. Information required to take a decision.

- 2.1 The council does not have a statutory duty to provide leisure services, only discretionary powers.
- 2.2 In 2002, the council chose to transfer the management and delivery of its leisure centres through the creation of a charitable, non-profit distributing trust that is independent from the council called Kirklees Active Leisure (KAL). This legal structure, based on grant funding and long leases, benefits from business rates and VAT savings that can be re-invested into the improvement of assets and the service offering thus improving the offer available to residents. All physical assets have continued to reside on the council's balance sheet and the council retains most of the

responsibilities for major repairs and maintenance although KAL has also significantly invested in the local leisure stock.

- 2.3 KAL delivers leisure services across 11 sites to over 65k registered customers. It received 2.5m customer visits during 2022/23. It also provided swimming lessons for over 136 schools in its 8 pools, as well as 2 pools located at Huddersfield school sites.
- 2.4 Leisure services throughout the UK are facing unprecedented financial challenges. Last year, UKActive stated that 40% of council areas were at risk of reducing their leisure centres and swimming pools and 65 pools had closed in the three years to March 2022.
- 2.5 Mirroring the picture nationally, the key challenges facing the leisure centre offer in Kirklees are increased staffing costs due to increases in the National Living Wage, increased energy costs and the impact of continuing high inflation. In particular, the operating costs of public swimming pools have increased significantly over the past few years.
- 2.6 Since 2021/22, to support KAL to recover from the impact of Covid and rising energy costs, the council has provided additional financial support as shown below:

Financial Year	Core Grant Funding	Covid/ Recovery Support	Cost of Living Pressures	Total Kirklees Council Funding	Additional Funding
2021 / 22	£1.570m	£3.5m		£5.070m	£823k Sport England Grant
2022/23	£2.155m	£2m	£712k	£4.867m	£352k Sport England Grant
2023 / 24	£2.355m	£1.5m	£2.245m	£6.1m	
2024/25	£2.555m				
2025/26	£2.755m				

- 2.7 As part of the council's need to balance its budgets during the current financial situation, the council can only make available a maximum financial contribution of £2.555m in the financial year 24/25 and is unable to provide additional financial support.

2.8 The Leisure Centre Review Programme

In June 2023, a 'Leisure Centre Review' programme was set up and phase one of the review began. The phase one Discovery stage included:

- Gathering financial and performance data on each KAL leisure centre
- Researching other councils and operating models for leisure centres
- Analysis of the leisure centre sites to understand their condition, recent renovations and future spending needed on the buildings.
- Closure costs.
- Alternative leisure centre offers in Kirklees.

Benchmarking has been carried out with other similar council areas, many of which have already been through an asset rationalisation programme some time ago. The leisure offer within Kirklees is much larger than other areas. For example, in 2022, the average offer in other areas was 1 pool per 80,000 people whereas in Kirklees it is 1 pool per 55,000 people.

All of this information will be considered when decisions are taken about the future leisure centre offer.

2.9 Other sources of funding

KAL and the council are actively seeking other sources of funding to reduce the pressure on KAL's budget. An application has been submitted to a Sport England funding stream for swimming pools at risk of closure. The criteria was very restrictive and therefore not all assets within the Kirklees estate qualified. Due to this, two swimming pool sites, Huddersfield Leisure Centre and Scissett Baths and Fitness Centre, were included in the bid for one-off revenue funding support (up to £500k). The outcome of the application is expected at the end of September 2023.

In addition to this, it is intended that an application will be submitted for Scissett Baths and Fitness Centre in October 2023 to the capital strand of the Swimming Pool Support Fund. This funding is to assist with energy reduction measures. The reason Scissett Baths has been selected is that it meets the criteria of the funding stream, there is already a significant capital scheme in development which can be delivered within the timescale required for the fund and there is the opportunity to seek partnership funding from the endowment fund linked to the facility. The capital funding could help Scissett Baths and Fitness Centre to significantly reduce its future operating costs.

If an award is offered for the revenue element, the council will be expected to give a commitment to keep Huddersfield Leisure Centre and Scissett Baths open for at least three years. Should the capital element be successful, the council will be required to keep Scissett Baths open for a timescale subject to the level of funding provided by Sport England.

3. Consultation

- 3.1 Along with the data collated through the Discovery phase of the Leisure Centre Review Programme, it is important that the views of Kirklees residents, both those who use KAL services and those who don't use the services but effectively contribute to the cost of the services, are taken into consideration. It is therefore proposed that a comprehensive consultation is undertaken over a 6 week period. The final decision about the leisure centre offer will be made at the 12th December 2023 Cabinet meeting.

- 3.2 Approval is sought from the Cabinet to commence this consultation immediately following Cabinet.
- 3.3 It is intended that information about each of the centres will be shared with residents so that they are aware of the reasons for the potential changes to the leisure offer, financial challenges, capital investment requirements and usage data and therefore can submit well informed comments.
- 3.4 For the consultation, it is proposed that the estate is split into three categories:
- The core offer - the sites that it is proposed will stay open given that they are modern buildings with a comprehensive offer and limited capital investment is required compared to other sites.
 - Marginal sites – the sites which it is currently considered are most likely to remain open in 2024 whilst other funding and management options are explored because they require a low financial contribution from the council and/or have fewer capital requirements and/or there are other factors that influence decision making in the short term. If they begin to require more financial investment from the council or factors influencing their long term future change, these sites could close at a later stage.
 - Potential closures – sites it is currently considered are least likely to remain open in 2024 because they require significant financial investment from the council to operate and/or require significant capital investment and/or there are other factors that influence decision making.

Residents will be asked for their views about the proposed offer outlined below and which sites should be included in each category.

- 3.5 The proposed offer is:

Core Offer

Centre	Reason
Huddersfield Leisure Centre	Modern facility, offering full provision
Spenn Valley Leisure Centre	Modern facility, offering full provision and is the newest leisure centre in the estate

Marginal Sites

Centre	Reason
Bradley Park Golf Course	This site generates a surplus.
Deighton Sports Arena	Options are being explored for an alternative operating model which could enable the site to remain open.
Holmfirth Pool and Fitness Centre	This site requires a relatively low level of financial contribution from the council.
Leeds Road Sports Complex	A site requiring a low level of financial contribution from the council with potential for future investment and partnership opportunities
Scissett Baths and Fitness Centre	The council has submitted a funding bid to Sport England, which if granted, should reduce the site's operating costs although this will still be subject to inflation and rising National Living Wage and energy costs

Stadium Health and Fitness Club	There are complex lease issues associated with this asset. The implications of withdrawal are being investigated and discussions are underway with partners regarding the future operating model and offer. The site requires significant capital investment over the next three years.
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Potential Closures

Centre	Reason
Batley Sports & Tennis Centre	This site requires very significant council contribution to operate and the building needs capital investment over the next 3 years.
Colne Valley Leisure Centre	This site requires significant council contribution to operate and capital investment is required over the next three years.
Dewsbury Sports Centre	This site requires very significant council contribution to operate and the building needs significant investment over the next 3 years particularly on the wet side and complete replacement of the pool in the medium term. In addition, RACC has been discovered in the building and further investigation is required to understand the implications of this and the safety of the building.

4. Implications for the Council

4.1. General

The reduced level of financial support available to KAL will impact significantly on KAL staff, with the charity having to reduce significantly in size to remain viable. In order to achieve this reduction prior to the 2024/25 financial year and due to the associated cash risk attributed to uncontrollable costs and potential drop in income, KAL will need to begin to undertake the legally required statutory redundancy process whilst the consultation exercise is being undertaken.

To ensure that due process is followed and financial milestones are met, Cabinet must take a decision about the leisure centre offer on 12th December 2023.

4.2. Working with People

The recommended consultation approach is to be comprehensive and open to all - stakeholders, residents and KAL customers. There will be an online survey for all and focus group sessions with those with protected characteristics. An Integrated Impact Assessment on the proposed leisure offer will run alongside this process and be informed by the results of the consultation. A process will be highlighted to welcome interest around Community Asset Transfer. The findings will support effective decision making.

It is recognised that changes to the estate may well have an adverse impact on some current KAL customers. This will be most significant for swimming pool users as KAL provides the majority of swimming pools in Kirklees whereas there are a wide range of other providers of gyms and other non-wet side activities. Phase 2 of the Leisure Centre Review Programme will focus on the future vision of leisure in Kirklees and which organisations are best placed to deliver this.

The reduction in the number of sites and activities will also impact on KAL staff.

4.3. **Working with Partners**

KAL is one of the ways in which people can access physical activity. There are a wide range of other internal and external partners that the Council works with to support physical activity from its library service, parks and open spaces and many third sector organisations as well as private providers.

Place Based Working

Other potential operating models could be Community Asset Transfers where there is interest. This could provide opportunities for the centres to be run by the community. Communities can use their local intelligence and information to allocate resources in the best possible way to achieve the best outcomes for local people. We will work with communities and councillors to respond and support this interest if it happens at an appropriate pace.

Any asset transfer would have to be without financial support from the Council. Given the timescales for a transfer to take place, it could require an interim closure of a centre which would result in additional costs for the council. As such, transfers may only be only achievable if the council has the resources to manage the process.

4.4. **Climate Change and Air Quality**

An Integrated Impact Assessment (IIA) is being progressed around the future changes to the estate. This will include an assessment of the impact on climate change. If Sport England award capital funding to Scissett Baths and Fitness Centre, measures will be introduced to reduce energy usage and therefore reduce impact on the environment.

4.5. **Improving outcomes for children**

Any reduction in swimming pools will have an impact on school swimming provision. KAL and the council will work with schools to mitigate the impact of the closure of pools and together develop a new model for school swimming.

4.6. **Other (e.g. Financial, Legal or Human Resources)**

Due to the ongoing economic pressures, sustaining the leisure offer in its current form is not financially viable for KAL or the Council. The consultation will be delivered by council staff and therefore the financial cost of the consultation reduced.

Although there is no statutory obligation to undertake consultation, it will improve the quality of the decision making. A fair consultation is one undertaken when proposals are at a formative stage; sufficient reasons are given for proposals to allow intelligent consideration together with criteria that will be applied when considering proposals and which factors will be considered decisive or of substantial importance; adequate time is given for consideration and response; and the product of consultation must be conscientiously taken into account before any final decision is taken. The Council has a duty of Best Value under section 3 of the Local Government Act 1999. The Council has a fiduciary duty to taxpayers to ensure, before committing to any discretionary grant funding, that it is prudent, affordable and sustainable in the context of the council's unprecedented budget challenges. The council's discretionary grant funding to KAL is provided under section 19 of the Local Government (Miscellaneous Provisions) Act 1976 and all other enabling powers. This is a power and not a statutory duty .

Integrated Impact Assessment (IIA)

Integrated Impact Assessments (IIA) are being progressed for each of the options to help us fully understand the impact on our residents and climate.

5. Consultation and Engagement

It is requested that Cabinet approve the consultation process as set out in sections 3 and 4.2. A wide range of residents will be engaged through the consultation process including KAL customers, non-users and people with protected characteristics. Alongside an on-line consultation, paper copies will also be available at KAL managed centres. There will also be some opportunities to discuss the proposals face-to-face. This will make sure that those with protected characteristics or who do not want to engage online or are unable to, still have an opportunity to be heard.

6. Next steps and timelines

If agreed, the consultation process will commence immediately following Cabinet for six weeks until 12th November 2023 with a view to a decision being made by Cabinet around the new offer on 12th December 2023.

7. Officer recommendations and reasons

- 7.1 That Cabinet agrees that a consultation starts immediately following the Cabinet meeting with a view to this informing the subsequent decision making.
- 7.2 Cabinet delegates to the Strategic Director for Adults & Health, in consultation with the S151 Officer and relevant Cabinet members, detailed decision making on accepting and using funding from Sport England, if awarded.

8. Cabinet Portfolio Holder's recommendations

Whilst we don't have a statutory duty to provide leisure services we recognise the value they bring to our residents in terms of health and wellbeing, and such things as school swimming lessons.

We will continue to support KAL to help them deliver leisure services across Kirklees, however given the pressures on the council's budget we are limited in what support we can offer. A consequence of this is that, given the cost pressures on KAL caused by the current cost of living crisis and the failure of central government to support the leisure sector, they will have to reduce the level of service they offer.

It's important that we consult with the public to allow them to be involved in the new look KAL.

The Cabinet portfolio holder for Finance and Regeneration, Cllr Graham Turner, recommends that Cabinet approves the consultation programme and delegated authority to progress the consultation process to the Strategic Director for Adults and Health.

Cllr Turner also recommends that Cabinet approves delegating authority to the Strategic Director for Adults and Health to accept the offer of funding from Sport England if the bids are successful.

9. Contact officer

Rebecca Strutt, Project Manager, Transformation Team – 01484 221000

10. Background Papers and History of Decisions

N/a

11. Service Director responsible

Adele Poppleton, Service Director for Culture and Visitor Economy.