

Inquiry into Leisure Centres

Scrutiny Inquiry Report

Introduction and Scope



Introduction

Scrutiny Board (Leisure) agreed to undertake an inquiry into the provision of leisure centres across the city. During the discussions we have found that the authority is entering an interesting and crucial phase in its provision of this service. We have followed the progress of the PFI bid, discussed the issues around sports trusts and looked at the current position of local sports and leisure centres.

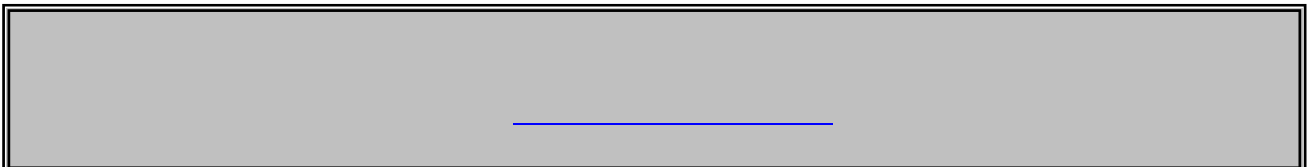
Our main interest, because of its potential impact on the quality of the service, has been the PFI bid. We debated the benefits and the disadvantages of new build projects as opposed to heavy investment in refurbishment. We explored the potential benefits of being able to spend PFI credits on purely refurbishing the existing leisure centres, though we learnt that this was not an option for the outline business plan submitted to the Government. We are grateful for the feedback received from the Department of Culture, Media and Sport on this issue.

This inquiry was not without controversy in parts, which stimulated the discussion. We did not shy away from difficult debate and began the inquiry by holding the first session at one of the leisure centres that was likely to be impacted by the significant changes promised by a successful PFI bid. We were grateful for the members of the public who attended to add a local perspective to the discussion and to the staff at the centre who made us feel very welcome.

A working group studied the initial thoughts around the PFI bid submission, which gave us an insight into the competing priorities presented by different stakeholders coupled with the expectations of the Department of Culture Media and Sport. We were pleased to see the ambition which lay at the heart of the bid, though we noted the need for meticulous planning once final decisions had been made. This inquiry is too brief to be able to capture the future progress of the PFI project, though it is likely to be of great interest to future Boards.

We also included discussions with the Executive Board Member for Leisure within the inquiry. This helped the Scrutiny Board clarify some of the difficulties presented by the PFI bidding process and the complex choices that were required.

We are grateful for the time officers and the Executive Board Member have given to this inquiry. Our aim is to make comments and recommendations that will both support the ambitions set out by the authority and provide a lead for some of the outstanding issues.



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PFI

1. During the inquiry we noted the original bid for PFI credits of £62.1 m to replace 6 leisure centres was not successful and DCMS allocated £30m PFI Credits, to fund up to three new leisure centres across Leeds.
2. We have acknowledged that the Department of Culture, Media and Sport (DCMS) have stipulated the need to submit an outline business case which involves a new build project(s). During the discussions the opinion was expressed within the Board that a full refurbishment programme should remain a priority. However, the Board as a whole was supportive of the PFI bid process and excited about the possibilities such a project had for the future of the service.
3. We understand that on a local level there will inevitably be controversy about changes to leisure provision. This was particularly evident in East Leeds where local concerns over the local leisure centre became a focus of attention. The Executive Board Member helpfully discussed the process involved in assessing the weight of public opinion alongside the objectives of, principally, the PFI proposals. This instance has allowed us to see how on occasions public consultation produces a result which influences decisions. In this case it was to

leave the East Leeds leisure centre open. We have been clear throughout the inquiry that public support is crucial for the PFI project, particularly at a local level where the biggest impact will be felt. The issue of where a new leisure centre might be placed has been of high public interest and we feel that a careful process of communication and consultation will be extremely important to the future success of the project. In addition to this, we are in accordance with the Executive Board Member's comments regarding achieving a political consensus on the major issues and that an all party group might be an appropriate vehicle to discuss the difficult issues. We would like to suggest that the relevant Scrutiny Board be used to establish a dialogue regarding major decisions needing to be taken. We feel that this type of discussion will help establish a consensus, will provide vehicle for communicating important developments to both Members and the public and will provide a sounding board for complex decisions.

4. On 9th February Executive Board approved the submission of an Outline Business Case for the development of new leisure centres at Morley and Armley utilising the £30 million PFI Credits and that the Council investigate with DCMS the possibility of developing a new leisure centre at Holt Park with

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additional PFI Credits prior to the next PFI Credit bidding round.

Recommendation 1

That during the next municipal year, the department and the Executive Board Member use the relevant Scrutiny Board to discuss where possible issues and major decisions regarding any future bidding rounds for PFI Credits for Leisure projects to establish a process of consultation with the Scrutiny Board Members.

Recommendation 2

That the department continues to implement the consultation and communication strategy which commenced in November 2006 and is proving successful with Stakeholder Boards established in Morley and Armley. It is recommended that this approach is adopted for any future leisure PFI projects under subsequent bidding rounds.

5. We acknowledge that there were changes in requirements from DCMS, namely, the introduction of the requirement of outline planning permission along with the outline business case, with no additional time built in to the process. We understand that the department therefore had to consult publicly before adequate appraisal of options had taken place and before the ultimate affordability gap was known. This inevitably created issues in terms of handling the public's concerns, though we recognise that DCMS reconsidered the deadlines for submissions.
6. The length of time taken by DCMS to come back to the authority with specific guidance on the PFI bid and the outline business plan undoubtedly created a hiatus that was unhelpful to the department in their dealings with stakeholders. For some time officers were unable to give definite information or make some initial choices amongst the options that had been muted. Now that there has been some solid feedback from the Government, we hope that progress will now be made.
7. Whilst we are delighted that the authority has access to £30m PFI credits, there remains for us the issue of refurbishing centres that will not benefit from this project. We have heard in some detail from the department the level of financial input that is required to bring existing centres up to a good standard and we will discuss this in more detail.
8. We would like to stress that in siting new leisure centres, studies of transport links and effects on traffic flows are carefully considered. We consider it vital that any newly constructed centre should be as accessible as

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possible to potential users, by car and by public transport.

9. The sites for this bidding round have been identified and approved by Executive Board as Morley and Arnley with a potential third leisure centre at Holt Park all to be replaced on the existing leisure centre sites.

Recommendation 3

That as any new PFI leisure project develops, the department brings to the appropriate Scrutiny Board details of potential sites and the associated studies.

10. We have learned through this inquiry that the procurement stage of the PFI project will be linked to the Building Schools for the Future. We are pleased with this forethought and it seems a sensible option to make the procurement process as efficient as possible. We also have in our minds a number of inquiries around major projects which have resulted in similar recommendations around project management and procurement. Our statement on the Carriageworks emphasises the recently agreed project management mechanism under the Delivery Successful Change framework. Rather than making individual recommendations on this, it is sufficient to highlight the principles within the Delivering Successful Change, including the

inbuilt challenges, robust decision making and ensuring the correct skills and competencies are assembled on to project management boards. We understand that a robust governance structure exists for PFI projects managed by the Council and commend that this structure continues to be followed.

11. Further to this, we would like to reiterate something which has been raised a number of times within Scrutiny Board Inquiries. We have come across a number of examples where decisions are properly made under delegated powers by officers, but where the Executive Board Member remains aloof from this. We believe that with such high profile and major projects as this PFI scheme, the Executive Board Member should be fully briefed and aware of major decisions and more importantly, issues that threaten the success of the project. We believe this is where accountability is at its most important and we do not believe delegated decision making should change this principle. We are particularly aware that major projects sometimes go over budget and over run. In these circumstances, it is important that the Executive Board Member is fully aware of issues and in a position to brief other Members.
12. The Project is challenged throughout its life both internally

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through the Project Board and externally at key stage gates by the 4ps who undertake gateway reviews for PFI projects. The New Leaf Project has undergone its first gateway review and implemented the recommendations made last June. The second gateway review will be undertaken by the 4ps next Spring.

Recommendation 4

Executive Board in 2005 approved a robust governance structure for PFI projects which is adhered to. Each project team reports to a Project Board. In the case of the New Leaf Leisure Centres Project the relevant Project Board is the Education / BSF PFI Project Board chaired by the Deputy Chief Executive. It is recommended that this approach continues to be followed.

Recommendation 5

That the relevant Executive Board Member be briefed regularly throughout the project and be made aware of any circumstances that may lead to budget and timing issues.

Sports Trust

13. We debated some issues around the proposed Sports Trust. We understand this will release some money to be re-invested in existing centres. We discussed the make-

up of any future board of trustees and we understand that the Executive Board has made a decision regarding the number of Councillors to sit as trustees (no more than 19.9%). We have been assured that a tightly worded agreement between the Council and the Trust will preserve the social function of the range of leisure centres within the Sports Trust and certainly the involvement of Councillors will maintain the sense of accountability to the public.

14. We have discussed the successes of some of the leisure centres and how that can be replicated across all the centres the Council currently provides. We acknowledge the need to retain enthusiastic and well trained staff (and we recognise the commitment of staff working for the good of the customer and the leisure centre, regardless of the current condition of the facilities).

15. It was noted that for a leisure centre to be successful, a critical mass of customer use needs to be achieved, which involves offering a range of activities and fulfilling a range of needs. A stand alone swimming pool, for instance, would not be sustainable. However, we recognise that each leisure centre is different, serving differing customer bases and providing varying facilities. We suggest that the Sports Trust bases its approach on this understanding and that the

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individuality of each leisure centre is maintained.

16. The Board has discussed the governance arrangements of the Sports Trust as these have been developed and agreed by the Executive Board. We recognise that currently interim arrangements are being developed in order to establish the Trust and that the Board of Trustees will be able to finalise its own arrangements once established (such as the appointment of Chair). We also note that meetings with the unions are taking place to progress the setting up of the Trust and the TUPE arrangements. We support this continued close liaison and recommend that staff are kept fully informed and involved.

17. We recognise that the current Chair has now been appointed and that Trustees are being sought through a quasi recruitment process. We endorse the decision not to make these positions salaried. We have a number of recommendations to make regarding the governance arrangements of the Trust.

18. Firstly, we have discussed the number of elected Members to be appointed. We understand that the Executive Board has agreed to 19.9% of the Board of Trustees being Councillors. Whilst we acknowledge that this arrangement is 'risk free' (in terms of the Trust's charitable status) and that above 20% certain accounting

requirements come into play, we also wish to underline the fact that a higher proportion of Councillors is possible and it is our belief that this would not necessarily be ruled out by the Charities Commission.

19. The Executive Board has appointed a Chair and the process for appointing Trustees has begun. During our discussions we commented on the fact that the Chair is not an Elected Member. Whilst this will become a decision for the Trust itself, we wish to suggest that an Elected Member is considered for Chair in the future.

20. We also wish to recommend that the Trust, as part of its governance arrangements, be required to consult locally where a change to the service is being proposed. We believe that recent consultation exercises regarding the PFI proposals has shown that the public feel attached to their local facilities and will expect a level of consultation before major alterations to the service are made.

21. Further to this, we would like to see an arrangement whereby the Trust cannot dispose of assets without reference to the Council. We feel strongly that the Council should maintain final control over the disposal of any assets.

22. We do acknowledge that there will still be a responsibility for monitoring of the overall progress

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and outcomes of the Trust's work and this will rest within the Council (specifically with the Chief Recreation Officer). We anticipate that this liaison arrangement will also be the point of contact for further scrutiny discussions.

Recommendation 6

That the Sports Trust has within its governance arrangements the obligation to consult with local communities when a change to the service is proposed.

Recommendation 7

That irrespective of any other consideration the Trust shall have no power to dispose of assets, to close Centres or significantly reduce services without the approval of the authority.

Recommendation 8

That Scrutiny Board sees and discusses the powers contained in the lease agreement establishing the Trust before the lease agreement is signed

Refurbishment

23. The need to consider each leisure centre individually was highlighted

in our discussions over refurbishment of existing facilities.

24. We fully understand the need to refurbish existing leisure centres, though resources are scarce – a position that many other local authorities find themselves in. We have noted that in today's culture, a leisure centre needs to be of the highest specification possible in order to attract customers. There is significant private competition where facilities are modern and attractive. Having recognised this, we also wish to highlight the fact that council-owned leisure centres are providing a public service and therefore have a very different approach to the private sector. This also means that the authority has a responsibility to provide leisure facilities in areas that may not be commercially attractive, but rather provide a social function. We recognise that we are catering for all residents of Leeds. We particularly wish to emphasise the links with health and wellbeing agendas and our responsibility to provide opportunities to access sport and leisure for all.

25. The inquiry has presented us with the difficulties of fulfilling the public service, making leisure facilities accessible, local and modern with limited capital input. In looking at the extent of the refurbishment requirements, our main question was, 'where will the money come from?'. We have accepted that PFI

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credits are not permitted for this purpose, however, we understand there are other avenues to explore, such as prudential borrowing. The establishment of the Sports Trust will enable savings which can be reinvested into existing centres. We are concerned however, that some acknowledgement should be made within the Council's budget setting process of the desperate need to invest in leisure centres. We recognise that this is only likely to be a modest investment, given the competing demands of the range of council services.

26. However, if the authority is to take full advantage of impact of the PFI credits being offered, it seems timely and appropriate that the Council shows financial commitment to the existing facilities. We wish to recommend that the budget setting for 2008/9 takes into account the need for some additional investment for existing leisure centres. We note that the Capital Programme 2006/7 to 2010/11 does not mention leisure centres.

27. We accept that the Sports Trust arrangements may be a partial answer to investment, but we are not aware of how much the authority is able to rely on this for the full refurbishment programme. We also suggest that a future appropriate Scrutiny Board receives details of the resources to be released by the establishment of

a Sports Trust and how this might be allocated for refurbishment projects.

Recommendation 9

That the Executive Board recommends to Council the inclusion of some resources for refurbishment of leisure centres in the budget for 2008/09.

Recommendation 10

That the department report back to the appropriate Scrutiny Board the resources to be released by the establishment of a Sports Trust and how this is to be allocated.



Evidence



Monitoring arrangements

Reports and Publications Submitted

Consultation Timeline and Stakeholders

Report on New Leaf PFI bid

Leeds Sports Trust Update

Leeds Sports Trust Governance Arrangements Update

Presentation on current maintenance issues

Sports Trust Update

Evidence



Reports and Publications Submitted (continued)

Evidence



Witnesses Heard

Denise Preston – Chief Recreation Officer
Mark Allman – Head of Sport and Active Recreation
Angela Lawson – Executive Project Manager
Doug Meeson – Chief Officer (Financial Management)
Mark Turnbull – Head of Property, Finance and Technology

Dates of Scrutiny

17th July 2006
11th September 2006
13th November 2006
11th December 2006