

A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

Cabinet

3 January 2012

Name of Cabinet Member:

Cabinet Member (Community Safety and Equalities) – Councillor Townshend

Director Approving Submission of the report:

Director of City Services and Development

Ward(s) affected:

Foleshill and Upper Stoke

Title:

Public Leisure Services and Facility Re-Provisioning

Is this a key decision?

Yes. The potential financial implications for the City Council of the recommendations may exceed £500,000 in order to facilitate preparatory work on the development of proposal for public facility re-provisioning in the North East of the City.

Executive Summary:

Approval is sought for the detailed development of a proposal for aquatic (swimming pools) and community facilities at Centre AT7 as a re-provisioning of facilities at Foleshill Sports and Leisure Centre, Livingstone Road subject to a further report to Members on matters referred to in the private report. The aim of the above scheme would be to improve the quality of sports facilities in the North East of the City, with the proposed inclusion of a new 25 metre swimming pool, a leisure/learner pool, a health suite, community facilities and improved parking at the site. It is anticipated that the provision of new, high quality sports facilities will further contribute to increasing local participation in sport and active recreation, thereby contributing to health and wellbeing outcomes for local people, particularly in the North East of the City.

The above proposals would be supported through a public leisure facility investment model drawn from collaborative scoping between the Coventry Sports Foundation (CSF) and Coventry Sports Trust (CST). The aims of the model are to deliver a more coherent and consistent leisure offer for the people of Coventry and to propose service and organisational structures to drive greater efficiency, cost savings and opportunities for reinvestment in high-quality, public leisure facilities in the North East of the City.

Recommendations:

Cabinet are requested to:

1. approve the development of a proposal for aquatic and community facility development at Centre AT7 as a re-provisioning of the dated facilities at Foleshill Sports and Leisure Centre, Livingstone Road
2. approve grant funding, not exceeding £650,000 in total, to Coventry & Warwickshire Award Trust, for the design outputs in relation to the provision of aquatic, service and community facilities at Centre AT7
3. delegate authority to the Director of City Services and Development and the Director of Financial and Legal Services in consultation with the Cabinet Member (Community Safety and Equalities) and the Leader of the Council to approve terms and outputs for the grant to Coventry & Warwickshire Award Trust in relation to Recommendation 2 and the user rights agreement for the free use by Coventry City Council or its delivery partner, for the period of 25 years, of the completed aquatic and community facilities development.
4. agree the draft 'Further Letter of Comfort in relation to Financial Support from Coventry City Council for Coventry Sports Trust' along with delegation of authority to the Director of Financial and Legal Services to work with the Coventry Sports Trust to finalise any amendments to the draft letter
5. note the requirement of a further report back to Members for the capital cost of the aquatic and community facilities development
6. authorise officers to investigate the potential future usage of the Foleshill Sports and Leisure Centre/Livingstone Road site

List of Appendices included:

Appendix 1 – Draft Further Letter of Comfort in relation to Financial Support from Coventry City Council for Coventry Sports Trust

Other useful background papers:

Public Sports and Leisure Provision, Cabinet, 19 July 2011
<http://cmis/CMISWebPublic/Meeting.aspx?meetingID=2192>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report Title: Public Leisure Services and Facility Re-Provisioning

1. Context (or background)

- 1.1 Several of the Council owned sports and leisure facilities managed by Coventry Sports Trust (CST) are old and expensive facilities to operate. Since 2008, £2.6 million has been spent by the City Council (in addition to the annual revenue grant provided to CST) on capital renewals across CST-managed facilities in order to keep the facilities open and operational.
- 1.2 Despite investment of £1.1 million in at the site in 2007, participation at Foleshill Sports and Leisure Centre has declined 60% from 1995 to 2011.
- 1.3 Centre AT7 is 0.8 miles from the Foleshill Sports and Leisure Centre site and is operated by Coventry Sports Foundation (CSF). As a dry-side only site (with no aquatic provision), the Centre has seen a 246% increase in participation in the corresponding period since 1995/6.
- 1.4 CST has experienced financial difficulties since the finalisation of a seven-year grant agreement with Coventry City Council (CCC) on the 13th July 2009 up to 31 October 2016 for the management of public sports and leisure facilities.
- 1.5 CCC currently provides £1.4 million per year of grant aid support towards CST.
- 1.6 In July 2011, Cabinet approved the provision of cash flow support to Coventry Sports Trust until a new level of provision could be agreed and implemented, to be funded from existing grant "claw-back". This provided assurance of cash-flow support for a period of 12 months from the completion of the Trust's financial statements.
- 1.7 In July 2011, Cabinet approved collaborative work with CST and CSF to identify a new vision for public sports and leisure provision in the City. This work has resulted in the proposal of a new management and investment model for public leisure services and facilities within the City.
- 1.8 In July 2011, Cabinet also approved a delegation of authority to the Director of City Services and Development and the Assistant Director of Financial Management to permit CST to close the Arena Health and Fitness Club (AHFC). The AHFC was closed in September 2011.

2. Options considered and recommended proposal

Option A: no facility re-provisioning; provide no further additional financial support to CST

- 2.1 This option maintains the current position with the two separate Trusts (CST and CSF) operating public sports and leisure facilities independently. CCC's provision of cash-flow support to CST would cease 12 months after sign-off of the Year End 2011 Accounts (November 2012).
- 2.2 Without any additional cash flow support to CST, CST has indicated that it will struggle to continue to operate as a going concern.
- 2.3 Given this financial uncertainty, this option provides significant risk of disruption to sports services, with the potential for site closures prior to any engagement of a new operator. If

- 2.4 Critically, the financial modelling of this option also prevents the recycling of any potential savings from operational rationalisation and efficiencies into sports facility investment and re-provisioning.

Option B: no facility re-provisioning; extended cash flow support from CCC to CST

- 2.5 This option maintains the current position with the two separate Trusts (CST and CSF) operating public sports and leisure facilities independently. CCC would be required to extend its provision of cash flow support to CST to provide assurance that CST would remain a going-concern.
- 2.6 This option presents additional costs to CCC, with no operational rationalisation and efficiencies from which to draw savings to provide such additional revenue support or for sports facility investment and re-provisioning.

Option C (Recommended): Investment in public leisure services and facility re-provisioning through a new model for public leisure management

- 2.7 This option proposes an extension to the recent collaborative scoping exercise undertaken between CCC, CST and CSF through the formalisation of an interim, joint working arrangement between the three parties, as enabled through delegated authorities approved by Cabinet on 19 July 2011.
- 2.8 It is further proposed that this interim arrangement should initiate a transition towards a more joined-up and coherent city-wide operation of public leisure facilities in the City and investment into public leisure facility re-provisioning in the North East.
- 2.9 The purpose of this interim phase would be to undertake an initial streamlining of public leisure service management in order to secure greater efficiency and cost savings, to improve the coherence and consistency of the city wide public leisure offer and to detail the operational and investment structures required for future development phases.
- 2.10 This investment option proposes that such savings should be recycled into a more sustainable, high-quality facility model for the future, specifically through investment in aquatic and community facilities at Centre AT7 in the North East, as a re-provisioning of the dated facilities at Foleshill Sports and Leisure Centre.
- 2.11 These proposals for the development of aquatic facilities at Centre AT7 involve the provision of two pools (one 25m x six lane pool and one learner/leisure pool) along with health suite, community and service facilities. The final design specification and finance model would be subject to a further report to Members for decision.
- 2.12 Participation at Foleshill Sports and Leisure Centre has declined 60% since 1995 (from 223,000 in 1995 to 90,500 in 2010/11). The ageing plant and stock limits bather loads within both of the Centre's pools; currently just one of the three boilers at the centre is operational. This further places risk to service continuity, with previous capital investment of £1.1m (in 2007) resulting in a 13 month closure of the main pool, and 21 month closure of the learner pool.

- 2.13 Centre AT7 is 0.8 miles from the Livingstone Road site. As a dry-side only site (with no aquatic provision), the Centre has seen a 246% increase in participation in the same period from 1995 to 2011 (rising from 130,000 to 320,000 visits per annum).
- 2.14 Initial modelling work suggests that the provision of new aquatic facilities at AT7 would result in an increase of 250,000 visits per annum. This view is supported by the Pools for Schools pilot in 2010 (which saw 31 primary schools and five secondary schools participate, with 1,960 visits to a temporary pool in the rear car park at Centre AT7 over an 11 week period). This is further supported through previous experiences of facility re-provision in the South West of the City, with the change from the Midlands Sports Centre to the Xcel Centre seeing participation increase by 323% (from 194,075 visits in the last year of operation of the Midlands Sports Centre to 626,944 visits in the first year of operation at Xcel).

3. Results of consultation undertaken

- 3.1 Internal consultation to date has taken the form of briefings to the Chief Executive, the Directorate Senior Management Team and the Director of Finance and Legal Services, and through Members' briefings to the Leader, Deputy Leader and Cabinet Member (Community Safety and Equalities).
- 3.2 CCC officers across the Sports and Arts Service, Special Projects Finance, Property Asset Management and Finance and Legal Services have all been consulted throughout the process of collaborative scoping and development of subsequent proposals with the Chief Executives and Boards of CSF and CST.
- 3.3 The outcomes of the collaborative scoping exercise are consistent with Sport England's efficiency process of benchmarking, modelling, facility rationalisation and operational review (Strategic Solutions for Leisure Facility Provision).
- 3.4 There is a duty under Section 149 of the Equality Act 2010 and as part of the above proposals, public consultation and a detailed equalities impact assessment will be undertaken concerning the provision of aquatic facilities at Centre AT7 and the consequential proposed closure of Foleshill Sports and Leisure Centre. A further report will be made to Members to consider the discharge of the duty.

4. Timetable for implementing this decision

- 4.1 It is proposed that project management and professional design teams, if procured through the recommended frameworks (see 5.1.4 below), would be secured within ten weeks of receiving approval.
- 4.2 The anticipated timeline from the point of engaging project management and professional design teams to presentation of the report seeking approval for the scheme is 35 weeks. This report would then be presented to Cabinet/Council as appropriate for decision including the capital cost of the aquatic development and potential future role of the Foleshill Sports and Leisure Centre/Livingstone Road site.

5. Comments from Director of Finance and Legal Services

5.1 Financial Implications

5.1.1 The forecast capital cost of the proposed scheme is £8.1m. The Centre AT7 site is owned by the Coventry & Warwickshire Award Trust (CAWAT), and is managed by CSF. The proposed developments will therefore be a CAWAT project, although CCC would be the sole funder through the provision of a grant to CAWAT.

5.1.2 CCC is investigating ways of securing this level of potential investment alongside key grant conditions and the possibility of obtaining a legal charge. Key grant conditions placed on CAWAT would include specified outputs for the development of the aquatic facility within an agreed timeframe. In addition, CAWAT would be required to enter into a user rights agreement with CCC or its delivery partner for free continued use of the site as an aquatic facility for a period of 25 years and the consent of CCC to any change of managing operator which might impact on the user rights.

5.1.3 Design stage fees not exceeding £650,000 (see 5.1.5 below) may be secured through Grant conditions with CAWAT to ensure the delivery of required outcomes. However, it should be noted that these costs may be considered at risk of being abortive should development of the site not be approved at the further report to Cabinet in Autumn 2012.

5.1.4 It would be a grant requirement that CAWAT will procure the scheme through national frameworks available to CCC. This would help ensure that the scheme is progressed in a timely manner, ensuring a seamless transition to the new facility provision. The frameworks currently being considered are:-

- Government Procurement Service (GPS) for the procurement of project management services. There are currently 12 organisations on the GPS and the intention would be for CAWAT to undertake a "mini competition" through the framework, which could be extended to include the City Council Major Projects Team.
- Local Authority Scape Framework (Scape) for the procurement of a design and build contractor. Scape System Build Ltd is a local authority company wholly owned by Derby City, Derbyshire County, Gateshead, Nottingham City, Nottinghamshire County and Warwickshire County Councils in equal shares, and has been used by public service organisations to deliver capital projects, including those in the leisure and education sectors. Under a 4 yearly tendering cycle (last tender April 2010), Willmott Dixon is currently the appointed sole contractor for their second term. In addition, the periodic tender framework costs are "open book" and subject to market testing through the use of Key Performance Indicators. The Scape framework is OJEU compliant, provides greater "buildability" through the early involvement of the contractor and can save up to 200 days of programme time.
- Warranties are to be provided by CAWAT's professional/project management and contractor services to CCC as grant funder

5.1.5 In order to progress the scheme to the completion of the design stage, fees of up to £650,000 would be incurred on project design, including architect, surveyor, engineer and project management works, including, potentially, a Scape fee.

- 5.1.6 Subject to detailed project design, the capital cost of the scheme is currently estimated to be £8.1m (including the project design and related costs of up to £650,000 referred to above). It is proposed that any capital receipt from the disposal of the Livingstone Road site if closure is authorised by Members would be earmarked to part-fund the capital cost, with the net capital cost being funded through Prudential Borrowing. As the proposed scheme is driven by a principle of reinvesting resources into new facilities, the savings that would be realised through the closure of existing facilities would part-fund the capital financing costs. In the first full year after the opening of the new facilities, the net revenue impact of the estimated cost of £8.1m (prior to any addition of a potential capital receipt) would therefore be £270,000.
- 5.1.7 Provision for the above Net Cost is included within CCC's Medium Term Financial Strategy. However, any capital receipts generated through the future disposal of the Livingstone Road site, if closure is authorised by Members, would reduce the level of Prudential Borrowing and therefore the capital financing costs. In addition, other savings achieved through efficiencies and rationalisation brought about by the emerging joint working of CST and CSF, would also reduce the Net Cost. Any such savings would be further detailed within the post-design scheme report, which would be presented to Members for consideration in Autumn 2012.
- 5.1.8 The Primary Care Trust (PCT) – now Arden Cluster (NHS Coventry and NHS Warwickshire) - has long identified Foleshill as a priority location for developing health facilities and has approval to work up a business case for a new health centre there from its Board. The PCT has identified Livingstone Road as a preferred option potential site for a new health centre, and in parallel with the timetable for working up proposals for the AT7 aquatic facility, will work up proposals that could be considered by CCC at the same time as Cabinet/Council decide whether to commit to the tender for the aquatic facility at AT7 in Autumn 2012.

5.2 Legal implications

- 5.2.1 CCC as grant funder to CST can provide a letter of support to CST that, so long as the services continue, the grant remains in position for its term up to 31st October 2016
- 5.2.2 Grant funding can be provided by CCC under section 19 of the Local Government (Miscellaneous Provisions) Act 1976

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

- 6.1.1 The spending cuts facing the Council mean that investment proposals will often need to be funded through the recycling of savings generated through service rationalisation and efficiencies.
- 6.1.2 Public leisure provision contributes to the health and wellbeing of the residents of Coventry, as well as the cultural offer and vibrancy of the City. Sport and leisure further provides opportunities to celebrate the achievement of young people.

6.1.3 It anticipated that the proposed interim management arrangements would secure greater efficiency and cost savings and, through recycling savings into investment, would improve the coherence, quality and consistency of the city wide public leisure offer.

6.2 How is risk being managed?

6.2.1 A project risk log has been developed and will be maintained on the corporate system. It will be managed by the Service Manager Sports and Arts and reviewed at regular intervals by the Director of City Services and Development and the Assistant Director of Finance and Legal Services.

6.3 What is the impact on the organisation?

6.3.1 It is anticipated that the report recommendations will deliver improved efficiencies and cost savings in public sports and leisure provision. The proposals would lead to an interim management arrangement, to which CCC would be one of three parties (the others being CSF and CST). Under these proposals, public leisure provision in the City would continue through both organisations, with CST and CSF continuing to explore ways of delivering a more coherent and consistent leisure offer for the people of Coventry and to propose service and organisational structures to drive greater efficiency, cost savings and opportunities for reinvestment in high-quality, public leisure facilities in the North East of the City.

6.3.2 CCC would be providing assurances to CST of their continued solvency throughout the duration of the interim management arrangements.

6.4 Equalities / EIA

6.4.1 Initial analysis of participation data from Foleshill Sports and Leisure Centre indicates a significant decline in use of the facility (with a 60% decline in annual usage since 1995, despite capital investment of £1.1 million in 2007).

6.4.2 There is a duty under Section 149 of the Equality Act 2010 and as part of the above proposals, public consultation and a detailed equalities impact assessment will be undertaken concerning the provision of aquatic facilities at Centre AT7 and the consequential proposed closure of Foleshill Sports and Leisure Centre. A further report will be made to Members to consider the discharge of the duty.

6.5 Implications for (or impact on) the environment

6.5.1 Modern construction materials should present a significantly lesser impact on the environment than materials that were historically used in the construction of older facilities.

6.5.2 It is anticipated that the design, construction and operation of modern leisure facilities should deliver significant efficiencies in water and energy consumption, and an overall reduction in the carbon footprint.

6.5.3 The proposal further consolidates indoor wet and dry provision onto one site, rather than two separate sites less than one mile apart.

6.5.4 If approved, the demolition and disposal of building materials from the existing Foleshill Sports and Leisure Centre would require an approved risk management and methodology strategy.

6.6 Implications for partner organisations?

6.6.1 Both CST and CSF are Grant funded partners of the CCC.

6.6.2 Under the above proposals, public leisure provision in the City would continue through both organisations through the interim management phase, with CST and CSF continuing to explore ways of delivering a more coherent and consistent leisure offer for the people of Coventry and to propose service and organisational structures to drive greater efficiency, cost savings and opportunities for reinvestment in high-quality, public leisure facilities in the North East of the City.

6.6.3 It will be required that the existing Grant Agreement between CCC and CST will be adjusted to redress the balance of the efficiency savings being realised.

6.6.4 CSF would charge CST a management fee in respect of its professional services, with the expectation that such fees would be made affordable through savings in management costs and associated overheads.

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