

TRAFFORD COUNCIL

Report to: Executive
Date: 15 November 2016
Report for: Decision
Report of: Executive Member for Communities and Partnerships

Report Title:

Increasing Physical Activity across the Borough

Summary:

Following on from an extensive review of leisure provision, current and anticipated areas of demand and commercial opportunity within the leisure market this report sets out the case for investing capital to improve and modernise the Council's leisure centres. Investment is predicated on increasing usage of leisure centres with some consolidation of facilities in order to generate income sufficient to meet the capital costs over a reasonable period of time.

It is set within the context of ever increasing cost pressures on the health and social care system and the absolute imperative to secure improved health and wellbeing outcomes through a strategy of increasing everyone's level of physical activity.

Recommendation(s):

That the Executive;

- 1) Adopt the Physical Activity Vision;
- 2) Note and approve, in principle and subject to further consultation where required, the recommendations of the Commercial Prospectus.
- 3) Approve the principle of the Council making a capital investment of £24.39m identified as necessary in the Commercial Prospectus for all three phases/lots of works and subject to the need for further Executive approval, of any investment, once detailed business cases are produced demonstrating sufficient income growth to fund the capital costs;
- 4) Delegate authority to the Deputy Chief Executive and the Corporate Director, Resources to procure project management support and develop detailed schemes for the first two phases and release £250,000 to fund this development work;
- 5) Approve consultation on proposals for the closure of George H Carnall Leisure Centre and the consolidation of leisure services in that area at an improved Urmston Leisure Centre;
- 6) Note the proposals for the consolidation of golf facilities in the Flixton area and delegate authority to the Corporate Director, Resources to enter into negotiations with existing providers to bring forward a detailed proposal in this regard;
- 7) Approve the appointment of Trafford Leisure Community Interest Company Limited as the operator of leisure services at the Council's leisure facilities and delegate authority to the Corporate Director, Resources in consultation with the Director of Legal and Democratic Services to negotiate the terms of and enter into a new operating agreement to support the delivery the Physical Activity Vision;

Contact person for access to background papers and further information:

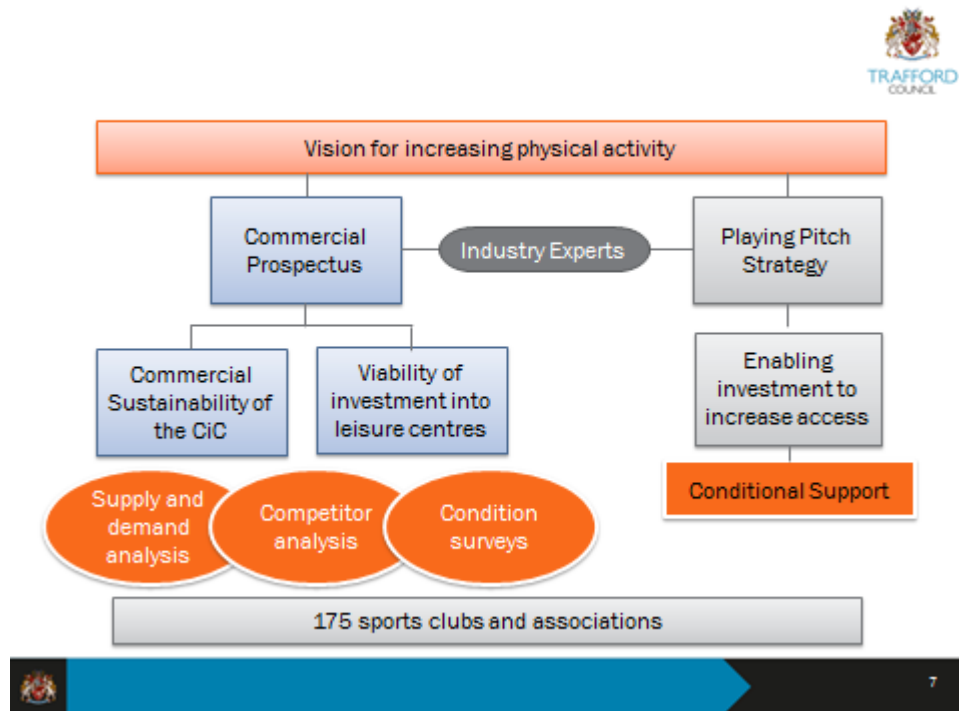
Name: Paul Helsby
Extension: 07739 856664

Background Papers: 2016 Mapping Summary;

1 Background

- 1.1 In October 2015 Trafford Leisure Trust ceased its operation of Council owned leisure facilities having served notice of its intentions in that regard earlier in that year.
- 1.2 In order to ensure the continued operation of sports and leisure services from Council owned centres the Council established a company and appointed a board of directors to oversee the company and maintain services.
- 1.3 The company, Trafford Leisure Community Interest Company Limited (“Trafford Leisure”), commenced trading on 1st October 2015 and has been operating now for over a year. It has been established as a Teckal company which, because of its special relationship with the Council confers certain advantages, particularly in relation to exemptions from the need to follow EU Procurement Regulations.
- 1.4 The company has now been trading for over a year and is financially independent.
- 1.5 In order to plan effectively for a sustainable leisure strategy for the Borough the Council appointed consultants with leisure sector expertise to undertake a thorough review of all indoor and outdoor leisure provision across the Borough, following demand mapping criteria set nationally by Sport England. This enabled them to assess the effectiveness of current provision against the level of demand. It was recognised that considerable investment would be required to modernise and improve the existing facilities and they have therefore carried out a detailed assessment of the commercial viability of investing in a programme of rationalisation and modernisation of Council owned leisure centres.
- 1.6 In parallel to this the Council has, together with local partners, developed a Physical Activity Vision (“Vision”) aimed at providing a basis for improving health and wellbeing outcomes for Trafford residents through a strategy of increasing levels of physical activity.
- 1.7 There are three key outputs resulting from these activities;
 - A Physical Activity Vision (the Vision)
 - A Commercial Prospectus
 - A Playing Pitch Strategy
- 1.8 These proposals have three key aims;
 - Reducing ill health;
 - Increased take up of leisure facilities in all localities reflecting that these facilities are clearly adding to the ‘sense of place’ in Trafford’s localities;
 - The provision of leisure facilities that are economically sustainable;

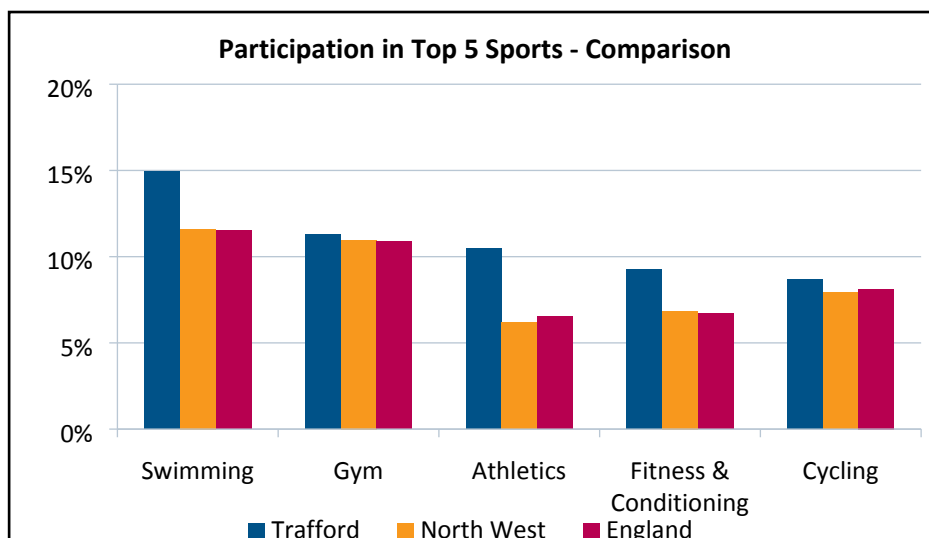
The following diagram depicts the structure of the outputs and the interdependencies on the key aims;



2 Physical Activity Vision (See appendix A)

- 2.1 The health and wellbeing of the nation is a critical social and financial issue. Reducing physical inactivity to bring about better individual and community wellbeing, and reducing pressure on the Health and Social Care system is a priority.
- 2.2 Central government published “Sporting Future: A new strategy for an active nation” in December 2015 and Sport England published “Towards an Active Nation” in May 2016.” These documents emphasize the need to reduce inactivity which is now Sport England’s main objective. This replaces the previous emphasis on sporting excellence. This is indicative of the shift in thinking. Every individual’s enjoyment of leisure activities is now the focus.
- 2.3 This change in emphasis is highlighted by some key statistics quoted by Sport England. “1 in 6 deaths are caused by inactivity” and “48% of inactive adults want to do more exercise.”

It is acknowledged that Trafford residents, partly because of the demographic profile, are more ‘active’ when compared to the North West of England or England as a whole. This is demonstrated by the following table, which shows that more people are taking part in sporting activity in Trafford.



2.4 However the fact that a substantial proportion of people still may not take part in a healthy lifestyle means that work to reduce ‘inactivity’ is as valid in Trafford as it is anywhere else – not least to reduce pressure on health and social care costs.

2.5 Trafford’s Joint Strategic Needs Assessment (JSNA), produced in 2016, identified increasing physical activity levels in Trafford as its top priority, with the health cost of inactivity estimated at £4.8m in Trafford. The JSNA suggested that:

- 46% of adults in Trafford who are inactive want to take part in sport, which demonstrates the future opportunity;
- 34% of year 6 children and 61% of adults are overweight or obese;
- 21% of adults have a high anxiety score;
- 114 deaths could be prevented per year if 75% of the population aged between 40-79 years were engaged in the recommended levels of physical activity.

2.6 The JSNA recommends clearly that leisure activities are vital to encourage everyone to be active.

2.7 The Vision for Trafford has been developed in conjunction with a number of partners, specifically the partners associated with the Health and Wellbeing Board and the Sport and Physical Activity Partnership. The partnership work has focused on the biggest issue and the biggest opportunity; reducing physical inactivity.

2.8 The Public Health team within the Council has also worked with the partnership groups to highlight and discuss solutions regarding the health issues facing Trafford and neighboring localities.

2.9 The Vision has also been informed through information collected from market leaders in the leisure and health sectors as well as local groups and the board of Trafford Leisure.

- 2.10 There are evidenced reductions in ill health following an individual's participation in physical activities (particularly concerning heart disease, obesity, mental health and other related conditions). A wide body of research from within the UK and internationally, unequivocally identifies that investment in encouraging and enabling participation in physical activity whilst reducing inactivity is a cost effective method of increasing population health and reducing avoidable demand and expenditure.
- 2.11 Increasing the take-up of leisure opportunities in all localities is critical as are improved leisure facilities, which will also add to the sense of place in Trafford's localities, improving the public realm and the satisfaction people feel in their neighbourhoods.
- 2.12 The Council's focus on 'place-shaping' sets strategic context and the requirements that flow from the unique nature of the key towns that makes up Trafford and the specific needs of each place.
- 2.13 The Vision will underpin and bring clarity to the role of all relevant partners enabling them to sign up to a series of pledges in order to combine resources and thinking in order to improve physical activity levels at scale and pace with specific focus on groups who have higher levels of inactivity or sedentary behaviour.
- 2.14 This does not mean that those people that have the potential to become elite performers will be forgotten. Trafford's rich heritage of sporting achievement must still be nurtured and valued and opportunities created wherever they exist.

3 Investment Strategy

- 3.1 In February 2016, the Council commissioned a partnership of leisure industry experts (Max Associates, Alliance Leisure and Pozzoni Architects) to evaluate the potential for investment in Council owned leisure centres and to produce an independent, expert analysis of commercial viability. The requirement was to consider the following across the facility portfolio:
- Assessment of traditional sports facilities, but also review options for new, more commercial, leisure and retail activities that can enhance income and enable increased visits in order to identify a preferred facility portfolio;
 - Design concepts for the preferred facility portfolio;
 - Indicative but robust costs for the development of the facilities in the preferred portfolio, together with assumptions used in costing;
 - Five-year revenue business plans for the preferred facility portfolio, identifying assumptions underlying the revenue projections and the anticipated level of financial return;
 - The financial modelling to include the net impact of the income and expenditure for all development areas in the facilities;

- 3.1.1 The output of this work was a Commercial Prospectus (attached as an Appendix to **Part B** of this report), which identifies a level of investment which would be required to modernise the leisure centres in the preferred facilities portfolio and to build a new facility in Altrincham and, establishes that this could be repaid through income growth over a reasonable period of time. The preferred facilities portfolio would be achieved through the rationalisation of the facilities required in Urmston. These proposals would be subject to consultation and if approved, would involve the closure of George H Carnall Leisure Centre, following investment in Urmston Leisure Centre. Consultation, including consultation with ward members on future plans for the site would enable the council to shape and bring forward plans for the site in the event that the leisure activities are relocated and consolidated as proposed
- 3.2 It has also been identified that there is an over-supply of golf facilities in the Flixton area with an independently run nine-hole golf course adjacent to the Council owned golf course at William Wroe. It is therefore recommended that these need to be consolidated.
- 3.3 The overall investment cost totals £24.39m (of which the new centre at Altrincham accounts for £10m).
- 3.4 A technical appraisal, undertaken by the Council in 2014 (detailed in the following table) emphasised the need to address a programme of prioritised maintenance works to leisure centres costing £10.36m over an eight-year period. If the Council adopts the proposals contained in the Commercial Prospectus and approves in principle the investment of £24.39m this will avoid the need to undertake the £10.36m of capital maintenance works previously identified.

PREVENTATIVE MAINTENANCE SCHEDULE

| Centre | P1 - 1 year | P2 - 2 years | P3 - 4 years | P4 - 8 years | Total |
|------------------|-------------|--------------|--------------|--------------|-------------|
| Stretford | £8,274 | £614,063 | £977,067 | £1,318,163 | £2,917,567 |
| Sale | £12,031 | £111,789 | £234,327 | £647,142 | £1,005,289 |
| Urmston | £22,880 | £40,029 | £26,840 | £748,272 | £838,021 |
| George H Carnall | £23,432 | £263,406 | £1,082,907 | £468,265 | £1,838,010 |
| Partington | £1,568 | £61,835 | £381,955 | £404,986 | £850,344 |
| Altrincham | £133,172 | £556,940 | £1,410,641 | £813,458 | £2,914,211 |
| Total | £201,357 | £1,648,062 | £4,113,737 | £4,400,286 | £10,363,442 |

3.5

The Commercial Prospectus establishes that, on the basis of this proposed investment and some rationalisation of facilities, additional profits will be realised when full maturity is achieved after five years and makes it clear that, with investment, the Council's leisure portfolio provides a viable long-term commercial proposition.

3.6 However it will also be necessary to consider any potential tax implications and these could either shape proposals differently or impact on commerciality. These issues will be covered fully in any later detailed proposals.

3.7 There are potentially a range of sources of funding available;

- The provision of capital through prudential borrowing;
- The provision of capital through the sale of existing assets;
- There is indication that a grant of up to £2million could be available from Sport England through their Strategic Facilities Funding;

Subject to agreement to these proposals, opportunities to seek grant funding support will be vigorously pursued.

3.8 The overall financing requirement of £24.39m would have associated annual prudential borrowing costs of approximately £1.1m over a 30 year period. The primary argument for proposing such an option is predicated on there being significant commercial return to the Council through increased usage of the centres. We also know that by increasing physical activity rates there will be corresponding improvement to health and wellbeing, which is of course a real benefit and one of our biggest challenges.

3.9 It is proposed that the capital investment has three distinct phases/lots;

Phase 1 – progress schemes at Urmston and Sale Leisure Centres as a matter of urgency. These have the potential to offer excellent commercial returns and should be progressed through procurement to commence works in spring 2017.

Phase 2 – Whilst the building of a new leisure centre in Altrincham is a key priority for the locality, further work is required to agree an appropriate scheme with the developers.

Phase 3 – Stretford Leisure Centre should be progressed once the master planning for Stretford is complete. Development of Partington Leisure Centre will only be fully viable with the significant housing developments in place within that locality. This will provide the increased uptake and income growth needed to repay the investment.

The following table depicts the phased costs of capital investment and repayment costs if prudential borrowing is required;

| Centre | Total Capital Cost £000 | Borrowing Repayment Cost * £000 |
|--------------------|------------------------------------|--|
| Phase 1 | | |
| Urmston | 2,113 | 95 |
| Sale | 4,431 | 199 |
| Sub Total | 6,544 | 294 |
| Phase 2 | | |
| Altrincham | 10,000 | 450 |
| Sub Total | 10,000 | 450 |
| Phase 3 | | |
| Stretford | 6,479 | 291 |
| Partington | 1,365 | 61 |
| Sub Total | 7,844 | 352 |
| Grand Total | 24,388 | 1,096 |

** If fully funded through prudential borrowing – maximum borrowing cost*

- 3.10 Approval is requested in relation to the principle of the Council making a capital investment of £24,39m for all three phases. In order to develop phases 1 and 2, the immediate release of £250,000, to be met from within the capital programme, is requested to procure project management support and prepare detailed schemes and progress through planning stages. Further Executive approval will be sought for any investment once detailed business cases are produced demonstrating sufficient income growth to fund the capital costs.

4 The Playing Pitch Strategy

- 4.1 The Vision sets out a clear mission to reduce inactivity across the borough by improving access to a broad range of sport and leisure facilities. Reducing physical inactivity and improving health outcomes is dependent on maximising the use of all Trafford's assets. The Strategy is being developed by independent industry specialists Knight, Kavanagh and Page (KKP).
- 4.2 Parks and open spaces contribute greatly, as do the 175 clubs and associations that operate in Trafford and provide a rich infrastructure of sport and leisure opportunities for Trafford residents. The Strategy will ensure that the space available is used in the most effective way to maximise uptake and accessibility. The Strategy will identify priorities for outdoor facilities in each locality. It involves consultation with all the major sports' governing bodies and technical assessments of the quality and suitability of each facility. The approach being taken strictly adheres to the methodology set out by Sport England.

- 5.2 With this Strategy in place the Council will be able to consider requests for increased security of tenure for these clubs and associations according to their strategic importance.
- 5.3 With increased tenure, typically 25 years, clubs and associations will be better able to secure grant funding to invest in facilities in order to further broaden access and increase usage. This will have a greater impact on reducing inactivity and social isolation, which should be a requirement of the Council in agreeing to an extended security of tenure.
- 5.4 This Strategy is expected to be completed early in 2017 and will be the subject of a further report to Executive.

6 Recommendations

That the Executive;

- 1) Adopt the Physical Activity Vision;
- 2) Note and approve, in principle and subject to further consultation where required, the recommendations of the Commercial Prospectus.
- 3) Approve the principle of the Council making a capital investment of £24.39m identified as necessary in the Commercial Prospectus for all three phases of works and subject to the need for further Executive approval, of any investment, once detailed business cases are produced demonstrating sufficient income growth to fund the capital costs;
- 4) Delegate authority to the Deputy Chief Executive and the Corporate Director, Resources to procure project management support and develop detailed schemes for the first two phases and release £250,000 to fund this development work;
- 5) Approve consultation on proposals for the closure of George H Carnall Leisure Centre and the consolidation of leisure services in that area at an improved Urmston Leisure Centre;
- 6) Note the proposals for the consolidation of golf facilities in the Flixton area and delegate authority to the Corporate Director, Resources to enter into negotiations with existing providers to bring forward a detailed proposal in this regard;
- 7) Approve the appointment of Trafford Leisure Community Interest Company Limited as the operator of leisure services at the Council's leisure facilities and delegate authority to the Corporate Director, Resources in consultation with the Director of Legal and Democratic Services to negotiate the terms of and enter into a new operating agreement to support the delivery the Physical Activity Vision;

| | |
|---------------------------|--|
| Financial Impact: | <p>Estimated capital investment in the Council's leisure centres of £24.4m to be financed from a combination of capital receipts, external grants and borrowing. It is intended that any associated borrowing costs will be recovered from Trafford Leisure CIC Ltd and where appropriate also provide an additional income stream to support the future revenue budget.</p> <p>More specific proposal for new borrowing will require approval by Council and details will be reported in February 2017 as part of the Capital Investment Proposals 2017/20.</p> <p>Initial development costs of £250k to be financed from savings in the current capital programme.</p> |
| Legal Impact: | The immediate steps which will be required to be taken as a consequence of the approval of these recommendations are those related to the negotiation and finalisation of a new operating agreement to be entered into between the Council and Trafford Leisure. Further approval will be required before any other actions, which are approved in principle consequent upon the Commercial Prospectus, are taken. |
| Human Resources Impact: | With investment and growth in leisure centre usage, there is potential to create a greater number of local jobs and apprenticeships. |
| Asset Management Impact: | See report |
| E-Government Impact: | None |
| Risk Management Impact: | See report |
| Health and Safety Impact: | See report |

Consultation

Detailed consultation with Sport England is underway as is a formal process for consulting with the main sporting bodies through the development of the Playing Pitch Strategy. Consultation will take place with the relevant user groups for those facilities that are part of the proposals for consolidation.

Other Options

Invest £10,363m over eight years to rectify an urgent backlog of maintenance.

Reasons for Recommendation(s)

By investing £24.39m in the modernisation and new build of leisure centres, it will increase the usage and generate significant additional income to meet the investment requirements. It will also offset the need to spend £10.363m on the backlog of routine maintenance, which would have no perceivable impact on

improving the customer facing aspects of each centre and would therefore not generate additional revenue. There is also a risk of falling customer numbers without visible improvements, which would severely jeopardise the Council's ability to sustain a leisure centre offer in each of its key localities.

Also, of prime importance, this proposal aims to secure a significant improvement in health and wellbeing outcomes by improving the opportunities for residents to improve their physical activity levels with a resultant financial benefit in reducing pressure on health and social care services.

Key Decision: yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance: GB

Legal Officer Clearance: JLF

CORPORATE DIRECTOR'S SIGNATURE:

A handwritten signature in blue ink, appearing to read 'Joanne Hyde', is written over a light blue horizontal line.

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.