

TRAFFORD COUNCIL

Report to: Executive
Date: 16 March 2020
Report for: Decision
Report of: Executive Member for Culture and Leisure

Report Title:

Approval to progress with the process of a proposed Community Asset Transfer for George H Carnall Leisure Centre (GHC) including a six month transition period from 1st April to 30th September.

Summary:

This report sets out the background to the situation relating to the George H Carnall Leisure Centre following a previous report to the Executive noting the decision of Trafford Leisure to close the facility once the redevelopment of the Urmston Leisure Centre is complete and the response from the local community.

The report sets out the current position, the interest from a local community group to manage the centre in the long term, the support that Trafford Leisure can offer at this stage and options for consideration.

Two different examples of community groups having the management of leisure facilities transferred to themselves are also summarised in the report.

Recommendation(s):

That the Executive;

- 1) Approve in principle the proposed transfer of the George H Carnall Leisure Centre ("GHC") to the George Carnall Community Group ("GCCG") as a Community Asset Transfer subject to:
 - I. Approval of full business case for the future operation of GHC by GCCG;
 - II. Completion of an agreement between the Council, Trafford Leisure Community Interest Company Limited ("Trafford Leisure") and GCCG of the transition arrangements detailed in this report ("the Transition Agreement");
 - III. Approval of the Secretary of State (if required) to the proposed disposal;
 - IV. A further report back to the Executive for final approval of the proposed transfer.
- 2) Agree to fund the costs of keeping GHC open as detailed in the report during a transition period from the 1st April to the 30th September 2020 ("the Transition Period") to allow for the further development of and finalisation of the proposals for the proposed Community Asset Transfer.

- 3) Formally request that Trafford Leisure provide support to the Council and GCCG through the Transition Period, to be agreed as set out above.
- 4) Delegate authority to the Corporate Director of Place, in consultation with the Corporate Director of Finance and Systems and the Corporate Director for Governance and Community Strategy to agree the terms of the proposed Transition Agreement.
- 5) Delegate authority to the Corporate Director for Governance and Community Strategy to enter into the Transition Agreement and any other documents required to progress the proposed transfer to the point where further approval of the Executive is required in accordance with 1.IV above.

Contact person for access to background papers and further information:

Name: Chris Jennings, Senior Business Change Manager

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Background Papers: None

Implications

Relationship to Policy Framework/Corporate Priorities	Corporate Plan – Priority 2 Health and Wellbeing. This project is using the policy agreed by the Trafford Council Executive in June 2013 relating to Community Asset Transfer.
Relationship to GM Policy or Strategy Framework	None
Financial	The cost of keeping the Centre open during the transition period is estimated to cost Trafford Leisure £95,000 based on keeping the Centre open 45 hours per week, which is the maximum period they could support. There is potential this could increase if agreement on these restricted opening hours are not agreed. The additional revenue costs to the Council as a result of underwriting these costs in 2020/21 will need to be found from within directorate budgets. If following a review of these budget insufficient resources can be identified then any shortfall will have to be met from the general contingency budget.

	<p>During this period further reviews of the business plan of GCCG will be undertaken.</p> <p>Other requests have been made by GCCG:-</p> <p>To meet short term condition works and improvements to seating £28,500 – this would need to be met from the leisure centre major maintenance budget in the capital programme.</p> <p>To cover condition works over the next five years estimated to cost £1.4m. This would need to be financed from prudential borrowing with annual debt costs of £98,000, over a 25 year period.</p> <p>In addition keeping GHC open will have two further impacts. Firstly it will impact on the business plan of Trafford Leisure which is currently being assessed. This could mean there is insufficient income generated at the refurbished Urmston LC to repay the Council's borrowing costs. This is compounded by the potential shortfall in capital receipts as £1.5m was assumed from GHC in the financing of Urmston. This has potential to impact on the delivery and affordability of future phases of the leisure strategy and will be the subject to a further report.</p>
<p>Legal Implications:</p>	<p>The terms of the proposed Transition Agreement need to be agreed to ensure that liabilities during that period are clearly defined and understood.</p> <p>Consideration will need to be given to the interest which will ultimately be transferred to GCCG; whether the whole of the site will be the subject of the proposed transfer and the nature and extent of the rights, liabilities and obligations being passed on to GCCG and those which will be retained by the Council.</p> <p>Further consideration will be required as to safeguarding the council's position in the event that GCCG is unable or unwilling to continue to manage GHC as a community facility.</p> <p>The Council must obtain the consent of the Secretary of State for Communities and Local Government before disposing (including granting a lease) of land for a purpose which facilitates the promotion or improvement of the economic,</p>

	environmental or social well-being of its area if the difference between the open market value of the interest being disposed of and the rent being received is greater than £2 Million.
Equality/Diversity Implications	GHC is located in the Davyhulme East ward. When compared to the rest of Trafford it has a lower percentage of the age group 0 – 44 and 6.1% are of a non-white ethnic background.
Sustainability Implications	The sustainability implications in terms of the environment are not known at this time.
Resource Implications e.g. Staffing / ICT / Assets	<p>The GCCG will need to provide staffing, ICT and infrastructure for GHC if they complete a CAT of the site.</p> <p>The GCCG will also have to provide ICT and potentially assets for the facility if they complete a CAT of the site.</p> <p>For the transition period, Trafford Leisure will supply a resource for staffing the building and the ICT and Assets will remain in situ during the transition period.</p> <p>Trafford Council would need to dedicate some resource to the proposed CAT in terms of project management; however the formal process of CAT is managed by the One Trafford Partnership's Estates Team.</p> <p>There could also be resource required from the One Trafford Partnership in terms of facilities management, building maintenance.</p> <p>Legal Services resource would be required in order to complete the CAT.</p>
Risk Management Implications	Effective management of risks is an essential part of good governance and as such Trafford Council have a Risk Management Strategy. The principle of proactively managing risk will be part of this proposed CAT and risks will be reviewed as part of the Leisure Project Board as part of the governance of this proposal.
Health & Wellbeing Implications	<p>GHC is located in the Davyhulme East ward.</p> <p>When compared to the rest of Trafford it has a relatively low percentage of obese reception age children (7.2%) and a relatively high percentage of obese year six children (17.9%) and adults</p>

	<p>(24.3%). Therefore if the proposed CAT is completed, this will be a key area for the GCCG to tackle.</p> <p>The healthy life expectancy (HLE) and life expectancy (LE) of people in the Davyhulme East ward is: Female: HLE = 66.1 Vs LE = 83.9. Therefore the gap is 17.8 years Male: HLE 64 Vs LE = 81. Therefore the gap is 17 years. The gap in Bowdon ward as a ward that has a smaller gap and a high life expectancy is: Female = 13.7 years Male = 13.4 years. Therefore if the proposed CAT is completed this health inequality would be a key area for the GCCG to tackle.</p>
Health and Safety Implications	<p>GHC would remain in the ownership of Trafford Council and as such Trafford Council would be responsible for the building and the health and safety responsibilities relating to the building. It is envisioned that the GCCG would be responsible for the health and safety aspects relating to the use of the inside of the building.</p> <p>Detail of the responsibilities would be documented in the agreement if the proposed CAT is completed.</p>

1 Background

- 1.1 November 2016 – The Council Executive agreed to a consultation on the proposed closure of GHC as part of the wider proposed leisure investment.
- 1.2 September 2017 – The Council Executive approved the investment in Urmston Leisure Centre and advised that a separate report would be presented on the future of GHC.
- 1.3 October 2018 – The Council Executive noted that Trafford Leisure would close GHC on the completion of the redevelopment of Urmston Leisure Centre and that the Urmston Leisure Centre business plan would be impacted if GHC remained an operational leisure centre.
- 1.4 The October 2018 Council Executive also noted a proposed time table for the redevelopment of Urmston Leisure Centre and the consequent closure of GHC which started with going to market to get expressions of interest on the site by November 2018, included a public consultation in January 2019 and ended with awarding an agreement in July 2019.
- 1.5 A consultation was undertaken by Trafford Council in May 2019. The public consultation results which can be seen in appendix A demonstrated that the interested community wanted to keep GHC open as an operational leisure centre as well as continuing with the health services currently provided from GHC.
- 1.6 An ongoing conversation commenced with a community group, GCCG, who expressed a desire to keep GHC open as an operational leisure centre and who were subsequently invited to explore the potential for taking a Community Asset Transfer (CAT) of GHC.
- 1.7 The Council believe that the proposal has the potential to enable a community run facility to be established which would complement the current leisure strategy.

2 Current Position

- 2.1 GCCG has developed a business plan highlighting their plans for GHC and how they would deliver a sustainable business. GCCG has been established as a Community Interest Company which is registered with Companies House under the name George Carnall Community Group.
- 2.2.1 GCCG's aims are to deliver a sustainable social enterprise, providing sports and leisure facilities for the local community of Davyhulme and the wider borough of Trafford via a number of objectives including;-
 - 2.2.2 Delivering a programme of health and wellbeing activities.
 - 2.2.3 Creating social cohesion and resilient communities that support people to improve their own lives.

- 2.2.4 Reducing the reliance on public services, for example addressing health and wellbeing through community activity.
 - 2.2.5 Offering services which support people of all ages to engage in physical activities.
 - 2.2.6 Ensuring the sustainability of the community building.
 - 2.2.7 Collaboration with key partners to deliver services and facilities without duplicating existing provision where possible.
- 2.3 Current proposals would see GHC close on 30 March 2020, when the redeveloped facilities at Urmston Leisure Centre are opened. Fundamental to the proposals put forward by GCCG is the premise that GHC is kept open as an operational leisure centre up until the date on which the proposed transfer is completed (likely to be October 2020) in order to ensure that there is goodwill which will be able to transfer to GCCG at that date. During that period, (the Transition Period), their business plans will be finalised and approved and all other formal steps which would be required to enable the transfer to proceed will be carried out. GCCG believe that during the Transition Period the opening hours should remain as they currently are.
- 2.4 There are a number of Manchester Foundation Trust teams that work from GHC including an Outpatients, Pulmonary, Specialist Weight Management and Neurological Rehabilitation teams. These teams have existing and ongoing bookings during office hours Monday to Friday and at weekends.
- 2.5 The work that these teams undertake has a very close link to the work undertaken by Trafford Leisure who has staff specifically trained in aspects of supporting ongoing rehabilitation. Also the Pennine Care Foundation Trust delivers training from a specific IT style training room within GHC.
- 2.6 These teams have visited Stretford Leisure Centre and Sale Leisure Centre to see if the space currently available in these leisure centres is suitable for them to transfer their operations to. Currently the space is not suitable and would need some capital investment to complete the work required.
- 2.7 Trafford Leisure also uses GHC for some of their training requirements. Trafford Leisure has however found alternative provision for their training requirements.
- 2.8 Trafford Council commissioned a condition survey on the GHC building which highlighted circa £23.5k worth of immediate work to ensure that the building can remain operational over the next few months and circa £1.4m worth of work over the next 5 years that will be required to keep the building operational. The condition survey can be found in appendix A and B. There will be an ongoing maintenance requirement in relation to GHC.

3 Support Available From Trafford Leisure

- 3.2 Trafford Leisure Community Interest Company (Trafford Leisure) has worked towards fulfilling their decision, supported by their business plan for the redevelopment of Urmston Leisure Centre, whereby they would close GHC at

the end of March 2020. Consequently, over the last few years Trafford Leisure has been managing their staffing levels and bookings in line with this decision.

- 3.3 Trafford Leisure are therefore not in a position to provide the level of support to Trafford Council and the GCCG in terms of the GCCG request to keep GHC open as usual as stated in paragraph 2.3 of this report.
- 3.4 Trafford Leisure indicates that subject to approval from the Trafford Leisure Board at an Extraordinary General Meeting on Tuesday 3rd March 2020 that they would be able to ensure that GHC can be kept open Monday to Friday 17:00 - 21:00 and Saturday and Sunday 09:00 - 16:00.
- 3.5 Trafford Leisure have provided estimates in terms of cost to keep GHC open as per their offer highlighted in paragraph 3.4 above. The cost for this is circa £95k for a six month period between the 1st April 2020 and 30th September 2020.
- 3.6 It remains an aspiration of Trafford Council and the GCCG to be able to provide more opening times beyond these evening and weekend times currently on offer with support from Trafford Leisure. However, more time is required to work out a solution and no guarantee can be given at this stage.
- 3.7 Arrangements for the operation of GHC during the Transition Period are subject to ongoing discussion between the parties and will be formalised in the proposed Transition Agreement, once agreed.

4 Other Examples Of Community Asset Transfer

- 4.2 There are a number of examples of CAT and initial desktop research has been undertaken with the below giving examples of CAT in two different locations.
- 4.3 The CAT of Withington Baths to the group "Love Withington Baths" is currently financially viable with the group reporting that they have run the facility without financial support from Manchester City Council.
- 4.4 The proposal from Manchester City Council included the closure of Withington Baths and the building of a new leisure centre around a mile away at Hough End Fields.
- 4.5 Withington Baths is an Edwardian building based in Withington which now has two studios, a fitness suite, a treatment room and pool as well as a co-working space. The Love Withington Baths group state that the centre has over 1200 members, many of whom walk to the centre.
- 4.6 Harlech Leisure Centre in North Wales is run by the social enterprise Harlech and Arduwy Leisure, has ensured that a leisure centre is available to the local community and has also been successful in adding an additional climbing wall facility through external funding to the swimming pool and community café.
- 4.7 The leisure centre has however been financially supported by local councils since the social enterprise started to run the facility.

5 Financial and Legal Considerations

- 5.2.1 As indicated above, the condition survey of the buildings has indicated that immediate works and medium term works are required at a cost of £23.5K and £1.4M respectively. It is possible to meet the cost of the immediate works from within the capital programme but it would be necessary to use prudential borrowing to finance the medium term works. This would give rise to an additional revenue cost associated with debt charges of £98,000 p.a.
- 5.3 The business plan for the redevelopment of Urmston Leisure Centre included a capital receipt from the sale of GHC of £1.5m. To make good this shortfall in capital resources, in the event of a CAT, it would be necessary to borrow funds which would have a revenue cost of £105,000 p.a., or alternatively review the level of future capital programmes.
- 5.4 There will be an impact on the business plan from Trafford Leisure relating to the redeveloped of Urmston Leisure Centre. This is likely to have an adverse impact on their ability to generate sufficient additional income from the refurbished centre to support the Council's borrowing costs.
- 5.5 In terms of the legal aspect of the proposed CAT, there is a requirement that a CAT that exceeds £2m as a total package would need to go to the Secretary of State for agreement to proceed. The package of the CAT could include the valuation of the asset and the contribution lost capital receipt at £1.5m, the maintenance costs to keep the building open of £1.4m over a 5 year period, the costs associated to Trafford Leisure to keep the centre open during the Transition Period of £95k as well as any extra cost to achieve the ambition of GHC being open during the day Monday to Friday as well which is unknown and not guaranteed at this stage.

Competition Vs Compliment

- 5.6 As part of a Community Asset Transfer process there are set criteria in the Community Asset Transfer Position Statement document which was part of the suite of documents agreed by the Trafford Council Executive in 2013.
- 5.7 Section Four of the Community Asset Transfer Position Statement document sets out the criteria and includes the statement of whether continuation conflicts with other service provision.
- 5.8 In this situation, there is a possibility of conflict with the redeveloped Urmston Leisure Centre. However, the George Carnall Community Group reference differentiation in their business plan.

6.0 Options

- 6.1 It is considered that there is merit in the GCCG proposals for a community asset transfer of GHC. It would align with the wishes of the community as

expressed through the recent consultation; it would enable a community asset to be maintained; it would enable the continued provision of community health services at this location; and it would ultimately reduce the Council's ongoing potential liabilities for maintenance of the centre.

- 6.2 However, at present there is much that still remains to be agreed in order to enable the Executive to make an informed decision in relation to the GCCG proposals for a Community Asset Transfer. It will take time for these issues to be resolved and there is a need to put some interim arrangements in place in order to enable GHC to remain open during the Transition Period, so as to give the GCCG proposals a better chance of succeeding, should the proposed community asset transfer ultimately proceed later this year.
- 6.3 The alternative option at this stage is effectively to do nothing. This would mean that we would continue with the original Executive decision to accept the keys back from Trafford Leisure on 30th March 2020 with the following advantages and disadvantages.
- 6.4 GCCG would still have the option to make an Expression of Interest in the asset along with other interested parties as the asset would go on to the disposal list. However, as indicated above, the continued operation of the centre during the Transition Period is an important element of its business plan.
- 6.5 A solution would still need to be found for the health services working from the facility. They would initially need support in terms of opening and closing the building as well as ensuring that the building is secure and safe for themselves and their customers. There could also be a negative impact on their service delivery if they did not have access to the fitness suite which they currently use. Over the longer term, these services would need to be relocated, ideally to another leisure centre. The issues around this have been highlighted earlier in this report.
- 6.6 In addition, whilst the long term maintenance costs would not be required to be covered, the short term costs of circa £23.5k may need to be covered.
- 6.7 In the longer term and on the assumption that the Executive give in principle approval for the proposed community asset transfer in accordance with the recommendations set out in this report, it will be necessary to explore the options for the site more fully in order to inform the ultimate decision on the matter. Those options would include the possibility of continuing with a community asset transfer in relation to the buildings at GHC but investigating whether there is potential for the Council to retain some of the ancillary land for disposal; and an option for the Council to explore opportunities with external third parties to deliver alternative leisure/cultural provision across the site.

Consultation

A public consultation has been conducted and the results can be seen in appendix A. This didn't include the option of having a community group running the centre.

Reasons for Recommendation(s)

To provide a window of opportunity during which the Council, Trafford Leisure and GCCG can continue to explore the possibility of completing a community asset transfer in October of this year.


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:



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

Appendix A – George H Carnall Leisure Centre Public Consultation Results – See separate document.

Appendix B - George H Carnall Leisure Centre Survey 16.11.19 - Exec Summary

Appendix C - George Carnall LC AMP Dec 2019 - High Level Costs