



COUNCIL: 16 October 2024

Report of: Deputy Chief Executive

Relevant Lead Member: Councillor Lead Member for Leisure, Leader of the Council and Lead Member for Legal & Democratic

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SUBJECT: LEISURE UPDATE

Wards affected: (All Wards);

1.0 PURPOSE OF THE REPORT

1.1 To provide an update on a range of leisure matters.

2.0 RECOMMENDATIONS

2.1 That the Deputy Chief Executive be given delegated authority to explore the potential for delivering two new wellbeing and leisure facilities using new and innovative building approaches and to bring a report back to Council on the findings.

2.2 That the Deputy Chief Executive be given delegated authority to take all necessary steps to consult on the future of the Nye Bevan and Park Pool leisure centres, the findings of which will be reported back to Council.

3.0 BACKGROUND

3.1 Members have been kept informed of Leisure Service issues through a series of reports to Council in recent years. This has included the approval of a scheme to refurbish facilities at Burscough Sports (which will be called the Burscough Wellbeing and Leisure hub upon completion) and considering potential options for replacing the Nye Bevan and Park Pool centres with new Wellbeing and Leisure Hubs.

4.0 BURSCOUGH SPORTS REFURBISHMENT

4.1 Council approved a £3.188m scheme for the refurbishment of Burscough Sports at its meeting in April 2024. Construction work began in June and the scheme is on course to complete in December 2024, for opening to the public in early January 2025.

4.2 The objective of this scheme is to undertake a partial upgrade and refurbishment of key areas of the building, creating facilities that appeal to a wider audience, generating additional usage, participation, and sustainable revenue. The schedule of works and specifications have been drawn up to ensure that essential works are completed, and that investment is focused in areas that will provide the greatest return. Similarly, investment in decorative features has been limited to where it will have the most visual impact. This approach has been used to ensure that the works will meet policy requirements, offer good value for money and are affordable. The works include:

- Remodelled and extended gym
- New cycling studio
- New wellbeing suite for power assisted exercise equipment supporting active and healthy ageing, rehabilitation, therapy and those with long term health conditions
- Refurbished Squash Courts
- New roof
- Refurbished entrance, lobby and reception
- Refurbished changing rooms and toilets
- Refurbished circulation areas and storage
- Refurbished external façade on public facing elevations
- Improvements to car park including pothole repairs, vegetation and access
- Improvements to infrastructure including plant, mechanical and electrical

4.3 The purpose of this investment is to secure the long-term future of leisure facilities. Leisure consultants, FMG Consulting, have projected the revenue position of the Centre following the renovation taking into account all expenditure and income, including borrowing costs. These projections forecast an overall average surplus. This provides a positive assessment and confirms the project affordability and viability.

5.0 NEW WELLBEING AND LEISURE HUBS

5.1 Council has approved a series of reports to support the development of new Wellbeing and Leisure Hubs to replace the existing Nye Bevan and Park Pool centres, which are around 50 years old and at the end of their useful lives. Subsequently designs for these new hubs have been drawn up to Royal Institute of British Architects (RIBA) Technical Design Stage 4 and planning approval has been sought and obtained.

5.2 There have been concerns over the potential financial viability of the new hubs for some time. These financial challenges have included significant increases in construction costs and the latest projected cost of the new hubs has increased from £36.6m in 2021, when the project was considered viable, to an estimated £49.1m at the current time. There have also been significant increases in interest

rates in recent years, rising from 0.1% in December 2021 to 5.25% in July 2024, and though there has been a small drop since then it is not expected that they will reduce to their previous levels. Since Covid 19 economic volatility has also presented a number of challenges to this project which has impacted on the financial viability.

- 5.3 A range of measures have been explored to address this situation including exploring partnership working with the then West Lancashire CCG, exploring different procurement options and value re-engineering, and seeking external funding including submitting bids for Levelling Up funding that unfortunately were not successful.
- 5.4 The proposals for the new hubs have recently been reviewed to assess their financial viability based on current information and recent developments. FMG Consulting have carried out a detailed affordability review on this position considering capital costs and funding including borrowing and future operational revenue expenditure and income. This review has concluded that there is a significant capital funding shortfall, which is estimated at £13.3m. This means that the Council would need to identify and allocate an additional £13.3m of funding towards the new hubs to make them viable. Given the current financial climate the existing plans for new hubs are not affordable, although this position can be kept under review particularly if significant external funding opportunities become available.
- 5.5 The Council remains committed to investment in its leisure facilities and this can be demonstrated by the Burscough Sports refurbishment that is currently underway. However, to be able to afford replacement centres for Nye Bevan and Park Pool it now seems an appropriate time to consider a change in direction away from traditional leisure facilities and to consider alternative new and innovate build methodologies, particularly in relation to swimming pools which are the most expensive part of the construction and which can be costly to run.
- 5.6 For example, recent developments mean it is now possible to build permanent swimming pools above the ground as part of commercial / wider leisure operations. This reduces the costs and lengthy build time of a traditional swimming pool. These above-ground swimming pool designs can be an effective solution to providing good quality swimming facilities at a much lower cost than traditional construction.
- 5.7 Traditionally, swimming pools have been built in-ground. This is done by excavating the site and filling the hole with reinforced concrete, which is later waterproofed (usually with a resin-based render) and then tiled. In recent years, however, above-ground pools have become more common. This is due to the significant savings that can be made on time, cost and environmental impact compared to traditional in-ground, concrete pools. A small number of local authorities have delivered new facilities on this basis.
- 5.8 Building an above-ground swimming pool can lead to a significantly lower carbon footprint and can save hundreds of tons of materials compared to an in-ground pool. Since less materials are being used and limited groundwork is required, construction of a permanent, above-ground pool can also be completed quicker

than a traditional, concrete pool. Delivering a lower carbon footprint build would help to meet the Council's corporate priorities.

- 5.9 Above-ground swimming pools are designed to last the life of a building. Ease of maintenance means repairs can be made without large-scale, structural changes. That means an above-ground pool would have a long useful life as long as the building itself is kept running and is well managed.
- 5.10 Due to the stainless steel structure of an above-ground pool, maintenance is predictable and costs are likely to be lower than what it would take to repair an in-ground pool. Unexpected leaks in an above-ground pool can easily be found and repaired quickly without draining the pool.
- 5.11 It is proposed that delegated authority is given to the Deputy Chief Executive to explore the potential for delivering two new wellbeing and leisure facilities using these new build approaches and that a report is brought back to Council on the findings. This could potentially provide an affordable solution that offer a similar range of wet and dry facilities to the existing plans but with the additional benefit of a lower carbon footprint build, in line with our plans to deliver a carbon neutral Council.

6.0 NYE BEVAN AND PARK POOL CENTRE ISSUES

- 6.1 The need to replace the Nye Bevan and Park Pool centres has been recognised for some time as the buildings are around 50 years old and at the end of their useful lives. Due to their age the centres offer poor quality services and consequently their usage has reduced and is relatively low compared to modern facilities resulting in a high subsidy requirement. The centres are not cost effective to operate and have a comparatively low demand from the public as they are dated centres in need of repair. Previous consultation on the proposed new Wellbeing and Leisure hubs has shown support for these centres to be closed and replaced with more modern facilities. This picture is repeated across the country where many swimming pools are being closed due to financial restrictions and old age.
- 6.2 There is a budgeted subsidy requirement of £0.7m for the 3 leisure centres in 2024-25 but the latest projection for the year is a cost of nearly £1.2m, which is an adverse variance of around £0.5m. Consequently, the closure of Nye Bevan and Park Pool would alleviate this financial pressure as well as offering the potential to achieve a significant saving against budget, which would be re-invested in delivering new facilities.
- 6.3 As with many leisure providers the Council has been hit by big increases in energy bills and other pressures including employee costs due to inflation. This means that urgent action is needed to ensure the financial viability of the Leisure service and the Council. Action has already been taken to address this position, and so for example the operation of the Leisure centres has been brought back in house to reduce risk exposure and the cost of running the service. However significant financial pressures remain and doing nothing is not an option. Other options such as partial closure could not generate the level of savings required to address the financial challenge.

- 6.4 The issue of repairing the buildings to bring them up to the required standard for operation also impacts on considering their future. The buildings are in a poor condition and will need a large investment to keep them in use over the medium term. Due to the poor state of some of the infrastructure and equipment there is a significant risk of critical plant failure in the near future should this investment not take place. Given the conditions of the buildings and the scale of investment required it would not be financially prudent to refurbish the buildings.
- 6.5 The longer-term vision is to continue to explore options for new facilities to replace Nye Bevan and Park Pool, and this would be a priority as soon as an affordable solution can be identified. The earlier closure of existing facilities would help to fund the new hubs. At present there are no plans to make any other reductions in Wellbeing and Leisure services.
- 6.6 It would not be possible to save money elsewhere in the Council's budgets to continue to fund Nye Bevan and Park Pool. The Council has had to deliver significant efficiencies, savings and additional income every year since 2010 as a result of large scale reductions in government funding. Analysis shows that the Revenue Support Grant from Government 2006-2010 was £10.463m while the same RSG 2019-2024 was £850,000. This year the Council will be making further changes to cut costs to tackle inflation and funding reductions.
- 6.7 With a growing population, aging facilities and a squeeze on public funds, the need for cost-effective leisure solutions has become ever more apparent over recent years. For more than a decade, these trends have created a national problem that is becoming increasingly difficult to solve, which has resulted in large numbers of swimming pools and leisure centres being closed. The option to close the centres would allow the Council to afford to provide a quality wellbeing and leisure service in the future.

7.0 CONSULTATION

- 7.1 It is proposed that a consultation is undertaken on the potential permanent closure of Nye Bevan and Park Pool. There are other potential options available such as partial closure, outsourcing or community transfer but these would not generate the level of savings required to be financially viable. Thorough consideration will be given to all the issues during the consultation period before a report comes back to Council to make a decision.
- 7.2 Any closure of the Nye Bevan and / or Park Pool centres would have an impact on their customers, stakeholders and staff. The Council has a duty to consult and involve representatives of local persons and others, where appropriate, in the exercise of its functions. In summary, this covers:
- The common law requirement for fair consultation, e.g. consultation needs to be undertaken when matters are at a formative stage and must be consistent with existing policies on consultation in particular functions;

- Responsibilities in relation to the Equality Act, which requires the Council to demonstrate that it has paid due regard to equality issues across its services and functions;
- The general "Duty to Consult" (Section 3A of the Local Government Act 1999) which requires that in relation to its duty to secure best value an authority shall consult representatives of people who pay council tax and business rates, service users and others with an interest in the area;
- The Best Value Statutory Guidance (March 2015) sets out expectations for councils in relation to the duty to consult, including where they are considering difficult financial decisions. The guidance, which Councils must have regard to, requires Councils to engage organisations and service users as early as possible before making a decision on the future of a service; and make provision for organisations, service users and the wider community to put forward options on how to reshape the service or project;

7.3 In the light of this, it would be advisable given the scope of the proposal to ascertain the views of key stakeholders including:

- Individuals / groups / bodies directly affected by the proposals
- Groups representing those with protected characteristics under equalities legislation
- Other residents and tenants groups
- Residents and businesses generally

7.4 The proposed consultation documentation is set out in Appendix A and the consultation would be undertaken by:

- Making available on the website a questionnaire for completion and e-mailing a link to this webpage to all known service users
- Providing paper versions of the questionnaire at Derby Street and all leisure centres
- Writing / e-mailing directly to key stakeholders and known contacts of wellbeing and leisure services
- Drop in sessions at each centre and focus groups with those directly affected
- Social media promotion and press releases on consultation

7.5 The staff at the Leisure Centres and the Trades Unions have been briefed prior to publication of this report. The Chief Executive has delegated authority to consult regarding employment related issues and a full staff consultation will be undertaken in line with statutory requirements. Currently there are 63 permanent staff and 31 casuals based at these centres which may be affected by these proposals.

7.6 One of the consequences of the proposal is that redundancies may need to be made. Under the Statutory Redundancy and Notification Provision (TULRCA 1992) if there is a possibility of more than 20 redundancies, formal consultation of 30 days must be completed before any redundancy notices are issued. A full support package would be put in place to support employees through this process.

- 7.7 Following the consultation, should the decision to close Nye Bevan and Park Pool be made, the Council would seek to minimise the number of redundancies by redeploying employees into alternative roles within the refurbished Burscough Wellbeing and Leisure Hub and across the wider Council. We would also try and mitigate compulsory redundancies by asking for expressions of interest in voluntary redundancy, reduced hours and other mechanisms as set out in the Council's HR policies.
- 7.8 Our External Auditors, Grant Thornton, have been provided with a copy of this report prior to the Council meeting.

8.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 8.1 The Medium Term Financial Forecast is showing that the Council is facing a challenging financial position. Consequently, the long term investment decisions that are made on Wellbeing and Leisure Facilities will need to take into account this difficult financial context.
- 8.2 Members approved a balanced budget for 2024/25 in February 2024. To ensure that the budget did balance, £1.1m of reserves were anticipated. The use of reserves to balance the budget has been a theme in past years but it is not sustainable. The Council's reserves are now at a critical level and the MTFs for the period 2024/25 to 2026/27 assumes a nil use of reserves from 2025/26 onwards. The February 2024 Council report also provided a MTFs update that showed a budget gap for 2025/26 of £1.766m with a further shortfall of £1.495m in 2026/27. In addition to this, the early monitoring of the position in 2024/25 has shown significant additional in year pressures with the Q1 GRA forecast outturn showing a shortfall of £1.72m. This, in addition to the £1.1m planned use of reserves, means a total of £2.82m reserves is required. Substantial ongoing savings are therefore required to close this gap in order to enable the Council to set a balanced budget for the next few years. The closure of the two Leisure centres substantially reduces this risk.
- 8.3 The latest financial review of the existing plans for new Wellbeing and Leisure hubs has shown that they are not affordable and that there is a significant capital funding gap of £13.3m. Consequently, given the Council's difficult financial position resulting from significant government funding reductions, it is proposed that alternative building approaches are considered, which could enable new centres to be built that would offer a similar range of wet and dry facilities but at a lower cost and with a lower carbon footprint.
- 8.4 The latest financial projections are forecasting an adverse variance of round £0.5m for the leisure centres over and above the existing subsidy of £0.7m which is required to operate them. Further detailed financial analysis is being undertaken on this position and will be reported back to Members when a final decision is taken on the future of the centres.
- 8.5 The Council would take steps to minimise any job losses that arise if the decision is taken to close the Nye Bevan and Park Pool centres. The Council is committed

to supporting the staff affected and will act as quickly as possible to minimise the uncertainty the staff are currently facing.

- 8.6 There are 63 permanent staff and 31 casual staff based at the three leisure centres that would be affected if a decision was taken to close Nye Bevan and Park Pool. All of these staff would be declared at risk and then a process undertaken to appoint to posts at Burscough Wellbeing and Leisure Hub and to redeploy staff to vacant posts elsewhere in the Council. Every effort would then be made to try and mitigate compulsory redundancies (for example by asking for expressions of interest in voluntary redundancy, reduced hours and other mechanisms as set out in the Council's HR policies). The maximum potential redundancy cost would be £0.585m and the maximum possible notice cost would be £0.205m should the closure decision require payment in lieu of notice. In practice these costs would be significantly less as not all of the staff would be made redundant. There are 13 staff who are over 55 who would also be subject to pension strain costs if they were made redundant, but it has not been possible to quantify these costs at this time.

9.0 SUSTAINABILITY IMPLICATIONS

- 9.1 The Council's Leisure Strategy aims to procure new modern wellbeing and leisure facilities to replace the existing old and dated centres, subject to affordability constraints and the need to put in place a financially sustainable model of service provision.

10.0 RISK ASSESSMENT

- 10.1 Capital investment in new wellbeing and leisure provision is a key risk for the Council. The current facilities at Nye Bevan Pool and Park Pool are around 50 years old, and there is a significant risk of critical plant failure. The high level of subsidy required to operate these centres is also a significant concern given the challenging financial position facing the Council as set out in the Medium Term Financial Strategy report elsewhere on this agenda. Consequently, there is a need to consider urgent action.
- 10.2 The objective of identifying and securing funding for the development of two new wellbeing and leisure facilities is complex and involves significant risk. Raising aspirations and being unable to deliver is a reputational risk for the Council. Being unable to financially sustain the investment and ongoing revenue required for wellbeing and leisure services is also a significant financial risk for the Council.
- 10.3 An appropriate and effective consultation process needs to be followed to ensure that Members can make an informed decision on the future of the Nye Bevan and Park Pool centres and to minimise the risk of legal challenge to any decisions that are taken.

11.0 HEALTH AND WELLBEING IMPLICATIONS

11.1 The continued development of the Council's Wellbeing and Leisure services will:

- Reduce health and wellbeing inequalities
- Design services around residents and communities
- Promote good health and wellbeing and enable people to flourish
- Prevent and tackle the causes of ill health
- Empower people in vulnerable, deprived and disadvantaged communities to realise their full health potential
- Develop and support effective and high quality health and wellbeing services
- Encourage and enable all people to take a role in identifying and addressing barriers to improve health and wellbeing
- Increase people's independence throughout their life and their ability to lead full active lives.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore, no Equality Impact Assessment is required.

Appendices

Appendix A – Proposed Consultation