

TITLE OF REPORT: **Review of Leisure Services**

REPORT OF: **Alice Wiseman, Director of Public Health**

SUMMARY

This report will set out the evidence gathering arrangements in order to present a clear picture to OSC of the reason why Cabinet took a decision to close two leisure facilities in July 2023. It will seek views from OSC on the evidence presented.

Background

1. For many years the Council has tried to reduce its funding of leisure services by implementing a range of initiatives to either increase income or reduce expenditure, however a significant amount of council funding has continued to be required as set out in various reports considered by Cabinet including as set out in the table at appendix 2.
2. On [25 October 2022](#) Cabinet considered a report advising that the existing delivery model for Leisure Services was no longer affordable and that the service was continuing to significantly overspend its allocated budget provision. Cabinet agreed to procure an external delivery partner to manage the service in the future, and to explore the rationalisation of leisure centres.
3. Further work was undertaken to identify which centres should remain open and which should be considered for closure. As part of this work a public consultation process took place which was extended and on 20 June 2023, Cabinet agreed to close Gateshead Leisure Centre and Birtley Swimming Centre on 31st March 2023, and continue discussions with organisations that had expressed an interest in exploring community asset transfers.
4. The decision to close the 2 facilities was driven by the ongoing subsidy that was required to fund Leisure Services at a time when the Council's funding gap was increasing due to ongoing reduction of funding from Central Government, increased demand of statutory services, and rising service delivery costs. The relatively consistent subsidy of between £3m and £4m was no longer available.
5. The Council are not alone in facing significant budgetary challenges, particularly in the delivery of non-statutory services such as sports and leisure services. The pandemic has accelerated the requirement for local authorities to look at leisure services and re-examine the purpose of their

provision; assess whether they are delivering local community benefit and in particular those who need them; and consider their alignment with broader strategic outcomes, particularly health. This must all be examined within the financial context of growing demand for statutory services and reduced funding from Government.

6. A Sports England publication released in December 2022, “future of public sector leisure” reported that pre Covid there were 2727 public sector leisure centres in the UK, which includes 33% of all swimming pools, 20% of all health and fitness facilities and 13% of all sports halls. 17% of these were owned and operated by 61 local authorities with the remaining 83% run by 84 different external operator with different contracts in place with their respective 267 local authorities. 10 of the largest providers deliver services to 188 local authorities which make up 55% of all local authorities with leisure responsibilities.
7. Many Local Authorities up and down the country are in a similar position to Gateshead. A recent Swim England paper “Value of Swimming” reports the following:

Challenges posed by the pandemic, followed by soaring costs (most notably energy), have exacerbated the already systemic problems in financial public swimming pools as councils battle budget deficits and increased demand on statutory services such as social care and homelessness.

These financial pressures have understandably forced pools to prioritise income generation, which risk excluding the people who need it the most - widening existing inequalities. Since 2010, areas of greatest deprivation have lost three times as many publicly accessible pools compared with the wealthiest areas....

The report goes on to quantify that since 2010, more than 1000 publicly accessible pools, including around 450 local authority pools have closed either permanently or temporarily.

8. On 3 July 2023, BBC News reported that Tameside Council were closing three Leisure Centres over energy bills hike, Lincolnshire County Council put Deepings Leisure Centre up for sale with an estate agent following its closure in 2021, and a conversation with an officer from Woking District Council highlighted that their 4 Leisure Centres generated a £600k income pre COVID, however are now costing them a significant amount of money and this is resulting in them exploring the process of closing one of their largest centres.

Purpose of session

9. The Evidence Gathering Session is structured below:
 - a. Introduction by Alice Wiseman.
 - b. Discussion about how other local authorities are tackling similar issues
 - i. The Committee will hear from David Evans from Mansfield District Council via Teams Link
 - c. Powerpoint presentation by Lindsay Murray, Michael Lamb, John Shiel and Andrea Tickner explaining:
 - i. The Strategy for the provision of Leisure Services it's implementation and outcomes.
 - ii. The financial information since 2015, highlighting what impact the Strategy had in terms of financial performance
 - iii. How COVID impacted the service, and how it responded
 - iv. Other issues taken into account to determine the recommendation to Cabinet
 - v. Initial thoughts from officers on lessons learned
 - d. Darren Lamb, Director from FMG to present a summary of the work they undertook in Gateshead, benchmarking outcomes and their findings.
 - e. Matthew Grant from Birtley Aquatics will talk about working towards the Community Asset Transfer of Birtley Swimming Centre.
 - f. Robert Waugh from Gateshead Active will talk about working towards the Community Asset Transfer of Gateshead Leisure Centre.

Recommendations

10. The Overview and Scrutiny Committee is asked to
 - note the arrangements for gathering evidence for the review of the Review of Leisure Services
 - provide their views on the evidence presented.
 - To agree to receive an interim report on the review of Leisure Services at the next meeting of the Committee to enable the procurement process to progress.

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Appendix 2

The following table lists the reports to Cabinet since 2015 that refer to Leisure Services to provide the Committee with additional information:

Date of Cabinet meeting	Title of report	Strategic Director/Author	Comment
4 February 2015	Transformational Challenge Review of Leisure Services	Paul Dowling/Tony Alder	report available here
2 June 2015	Challenge Review of Leisure Services	Paul Dowling/Tony Alder	report available here
15 September 2015	Update on the Transformational Challenge Review of Leisure Services and the Surplus Declaration and proposed Community Asset Transfer of Gateshead Indoor Bowling Centre and Dunston Activity Centre	Paul Dowling and Mike Barker /Lindsay Murray and Lesley Pringle	report available here
15 December 2015	A vision for leisure services and implementation of changes in the service resulting from the Marketing and Pricing Strategy	Paul Dowling /Lindsay Murray	report available here
19 April 2016	Leisure Services review and management options appraisal – Implementation of Changes to the service	Paul Dowling /Lindsay Murray	report available upon request as on the exempt part of the agenda
14 June 2016	Revenue Outturn 2015/16	Darren Collins /Deborah Clark	Paragraph 16 reports “ <i>The overspend of £1.7m on Culture, Communities, Leisure and Volunteering mainly relates to a shortfall in income for Leisure Services</i> ”. Report available here
11 October 2016	Leisure Services Review and Implementation of changes in the service – Go Gateshead Sport and Leisure	Paul Dowling /Lindsay Murray	report available upon request as on the exempt part of the agenda

13 December 2016	Gateshead Council Sports Strategy Documents	Paul Dowling /Neil Wilkinson /Chris Strong	report available here
21 February 2017	Community Asset Transfer – Dunston Activity Centre	Mike Barker /Bev Horton	report available here
21 February 2017	Leisure Services Review and Implementation of changes in the service – Go Gateshead Sport and Leisure	Paul Dowling/Lindsay Murray	report available upon request as on the exempt part of the agenda
20 June 2017	Revenue Budget - Outturn Position 2016/17	Darren Collins /Deborah Clark	Paragraph 19 reported <i>“The over spend of £0.469m on Culture, Communities, Leisure and Volunteering relates mainly to an Underachievement of income across all leisure facilities which is offset by under spends within other service areas.”</i> Report available here
19 December 2017	Go Gateshead Sport and Leisure Review	Darren Collins /Lindsay Murray	report available upon request as on the exempt part of the agenda
19 June 2018	Revenue Outturn 2017/18	Darren Collins /Deborah Clark	Paragraph 24 reported <i>“The over spend of £0.302m on Trading and Commercialisation relates mainly to an under achievement of income in relation to Leisure, which is partly offset by an over achievement of income for School Catering and Building Cleaning.”</i> Report available here
16 October 2018	Go Gateshead Sport and Leisure – Capital Programme Developments	Darren Collins /Lindsay Murray	report available here
25 June 2019	Revenue Outturn 2018/19	Darren Collins /Suzanne Coulthard	Paragraph 30 reports <i>“The over spend of £0.138m on Trading</i>

			<i>and Commercialisation relates mainly to an under achievement of income in relation to Leisure, which is partly offset by an over achievement of income for School Catering and Building Cleaning.”</i> Report available here
15 October 2019	Senior Management Structure	Sheena Ramsey/Janice Barclay	report changed the reporting structure for Leisure Services to Alice Wiseman available here
19 November 2019	Gateshead International Stadium	Darren Collins /Lindsay Murray	report available here
21 January 2020	Revenue Budget – Third Quarter Review 2019/20	Darren Collins /Suzanne Coulthard	Paragraph 13 reports “ <i>The projected over spend (PHWB) of £0.290m relates to unachieved income and increased premises costs in relation to Leisure Services.</i> ” Report available here
23 March 2020	COVID Lockdown began and all Leisure Facilities were closed		
19 January 2021	Budget 2021/22 – Revenue Savings Proposal	Sheena Ramsey/Darren Collins	Identified £1.2m saving across the Public Health and Wellbeing Budget including 20% reduction Leisure, Libraries and Culture Report available here
20 July 2021	Provisional Revenue Outturn 2020/21	Darren Collins	Paragraph 16 reported “ <i>Public Health & Wellbeing - £0.486m overspend. Unachieved income, mainly relating to the closure of leisure facilities, room hire and the reduction in events due to the pandemic and the restrictions in</i>

			<i>place, which was partly offset by the fees and charges claim process". Report available here</i>
19 October 2021	Health and Wellbeing Group Review Update	Alice Wiseman /Andy Graham	Report available here
25 January 2022	Health and Wellbeing Group Review – Leisure Services Proposed Timeline	Alice Wiseman /Andy Graham	Report available here
21 June 2022	Provisional Revenue Outturn 2021/22	Darren Collins	<i>Paragraph 14 reported "Public Health & Wellbeing - £1.3m overspend. Significant impacts relating to unachieved income in relation to closure of leisure facilities and loss of room hire. Leisure is currently estimating £4.1m lost income due to Covid which is partially offset by an underspend on salaries and reduced premises costs due to facilities being closed for part of the year and £0.8m Government COVID Grants to manage impacts. Savings of £1.2m were achieved in 2021/22 with £0.900m budget mitigation, £0.300m savings have been identified for 2022/23 leaving a £0.600m saving pressure in Leisure going into 2022/23 when budget mitigation ends." Report available here</i>
25 October 2022	Leisure Review: Future Delivery Options	Alice Wiseman /Andrea Tickner	Report available here
24 January 2023	Leisure Review: Future Service Delivery Options	Alice Wiseman /Andrea Tickner /Michael Lamb	Report available here
20 June	Leisure Review:	Alice Wiseman	Report available here

2023	Rationalisation of sites	/Andrea Tickner	
20 June 2023	Provisional Revenue Outturn 2022/23	Darren Collins	Paragraph 11 reports <i>“Leisure Services £1.4m over budget. £1.2m unachieved income, utilities overspend £0.4m alongside £0.6m undelivered savings which is partially offset by underspend on salaries (£0.6m).”</i> Report available here