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GATESHEAD METROPOLITAN BOROUGH COUNCIL

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE MEETING

Monday, 16 October 2023

PRESENT: Councillor J Eagle (Chair)
Councillor(s): C Buckley, R Beadle, B Clelland, T Graham, S Green, M Hall, J Turner and J Wallace

IN ATTENDANCE: Councillor(s): L Green

APOLOGIES: Councillor(s): D Bradford, D Burnett, D Duggan, J Green, I Patterson and K Wood

CR12 MINUTES

RESOLVED – That the minutes of the meeting held on the 4th September 2023 be approved as a correct record.

CR13 LEISURE EVIDENCE GATHERING

a. Introduction by Alice Wiseman

The Committee received a report setting out the evidence gathering arrangements to present a clear picture why Cabinet took the decision to close two leisure facilities in July 2023.

The Committee were walked through the actions taken and processes implemented by the council over the last eight years to increase income or reduce expenditure. Despite the efforts the council was still significantly subsidising the leisure services and overspending their allocated budget.

b. How other Local Authorities are tackling similar issues by David Evans, Mansfield District Council

David Evans from Mansfield District Council presented information to the Committee on how Mansfield Council went through a similar process with their Leisure Services. David explained the actions they took, the outcome and how the Council are performing in current time.

In 2011 Mansfield Council Leisure services were operating in house but at a cost and underperforming, therefore a review was conducted to see how the Council could save money and add value to the service. A range of options were explored along with consultations with leisure experts, in 2012 the decision was made to outsource the leisure services, and the procurement process began using the Local Trust Module.

Mansfield Council entered a 10-year contract with savings of approx. £1m a year. In 2022 the contract ended, and a review was completed to see if it would be best to renew the contract, reinstate the services in house or complete a new procurement process. Mansfield Council decided to go through a new procurement process and in May 2022 a new contract was found with the same supplier using the National Trust Module.

In the new contract Mansfield Council will continue to save approx. £1m in the first three years but will start to receive a payment in Year 4 and no longer pay the annual fee. Negotiations were made in the new contract and instead of not paying the annual fee in Year 3 a new Leisure complex is to be built. David explained they noticed there were a lot of non-financial benefits;

- Improved service delivery and Customer Services.
- A larger range of social needs were able to be met.
- More flexibility in classes.
- Able to respond to current economy.
- Improved retention of employees.
- Health and Wellbeing of residents of Mansfield improved.

The Committee were concerned that the cost for customers would be unaffordable. David explained membership prices are in line with other competition and they only increase their prices by inflation costs to stay competitive in market.

Further questions were raised in how the health and wellbeing of residents have been monitored and how the staff retention has been over the last 10 years. David explained to the Committee the staff have been able to monitor members journeys from the start and have seen vast physical and mental improvement. In terms of staff retention, it has been steady over the last 10 years.

c. Presentation on strategies and financial impacts on Leisure services

Lindsay Murray took the Committee through Appendix 2 and the decisions that have been made since 2015 to help save the leisure centres;

- Savings of £950k in community asset transfers.
- Operational hour changes.
- Increased membership options.
- Rebranding, increase off digital marketing.
- Restructured to create more efficient staffing structure.
- Invested into the buildings.

Despite the actions taken the leisure centres continued to significantly overspend each month.

Michael Lamb started in Public Health in November 2019 with an action plan to improve Leisure Services. In March 2020 a Lockdown was issued by Central Government to tackle the Covid-19 pandemic. This resulted in further impact on finances. Gateshead had the highest rate in covid cases which delayed the opening of leisure facilities and further resulted in reduce opening hours. Leisure Services

were also experiencing staff shortages due to, isolation periods and vacant posts.

Covid-19 was not the sole reason for the closures or financial issues, but it amplified the issues and the savings agreed by Cabinet were seen to then be unachievable. Service asked for advice from FMG on how the best recovery plan.

John Shiel spoke to the Committee about the financial challenges Gateshead Council are currently facing;

Gateshead council have the challenge of trying to save £191.6 million from 2010, and as of 2023 the Council have a further £50m to save. Several Councils have been issued with a S117 notice or are close to being issued a S117 notice, Gateshead are in a fortunate position not to be close but there are further significant savings to be made in the future.

In 21/22 it was estimated an expected saving of £1.1m in Leisure services. However, the Council are subsidising leisure services by £3/4m per year.

Current challenges that have further impacted savings; yearly pay awards, Social Care demands, reduced central funding, the opening of 33 gyms in a small radius which can offer newer equipment, longer opening hours and cheaper memberships. The increase in energy costs and utility bills.

The report explained to the Committee there are high levels of capital needed to upgrade the facilities and IT infrastructure in all the buildings, and development of new packages and memberships needed. Those being:

Birtley:

- Opened in 1972.
- Requires £862 approx. in electrical maintenance.
- Slide is out of order and costs £400/500 a year to run.

Blaydon:

- Opened in 2010 share the building with NHS.
- Requires £1.4m investment and £113k in plant maintenance.

Dunston:

- Opened in 1963, extended 1975 and refurbished 2010.
- Requires excess of £1m in refurbishment.
- New roof and Swimming Pool needed.
- Electrical and mechanical worked required.
- £300k/400k to maintain a year.

Gateshead:

- Built in 1935 and refurbished in 1975 and 2009.

- Largely uneconomical to run.
- £2m required to fix the roof.
- £7m required to upgrade the pool.
- £0000's required to upgrade electrical and mechanical work.
- £600k/£700k a year to maintain.

Heworth:

- Built in 2010.
- £0000's required for electrical and mechanical upgrades.
- Floor-rider out of action, too expensive to maintain and run.
- £400k/500k to maintain a year.

d. FMG Sport and Leisure Consultancy

Darren Lamb the director of FMG has visited each of Gateshead Council's Leisure facilities to complete an audit and analyse their covid recovery, the findings were;

- Covid recovery was slow resulting in loss of income and memberships.
- Facilities were not opened quick enough or with full hours.
- High percentage of staff are working overtime i.e., double time etc. whereas the industry has moved to 7-day week salary.
- No flexibility, creativity, or innovation in sites.
- ICT system out of date, no data to help drive promotions.
- Pricing structure is out of date, low income is £25 but corporate is £19. Memberships are based on a price for life concept.
- The age of the building, lots of wasted space, not energy efficient.
- Marketing is underdeveloped.
- Lots of competition in local area.
- There are no catering facilities available for the public.
- Class programme not fit for purpose.
- Sports Hall is mainly used for Football, industry is changing and having dedicated outdoor space for Football.

Councillors were concerned if they acted on the information earlier and followed in the footsteps of Mansfield to outsource the leisure centre would they be in the same position as they are in now 2023.

Darren from FMG explained to the Committee he could not comment specifically if any leisure centres would have closed but thinks they would be in a better position.

e. Matthew Grant from Birtley Aquatics

Matthew Grant from Birtley Aquatics came to the Committee to talk about the Community Asset Transfer of Birtley Swimming Centre.

After Birtley leisure centre closed, the swimming clubs of Birtley, Gateshead and Whickham joined together to apply for a community transfer with an expectation date

to reopen in April 2024. Currently in phase 2, Matthew explained they have recruited a further 16 volunteers with lots of variance experience to help the development. They have also started crowdfunding and procured swim suppliers. The team have worked alongside Elswick Community Group as they have a similar size business and have been very successful, they have helped advise with timetables, opportunities, staffing and any queries we have had. They have also come along to inspect the building, check the boiler and advise if there is any immediate cost to take into consideration.

Business Plan;

- Recruiting employees to multi-skilled roles to save money on salaries, also looking to recruit volunteers.
- More flexibility and range in classes and times, with longer opening times for the public. Ambitious program but has been developed with Elswick Community Pool as they are similar size and are a successful community group.
- Will be a registered charity to achieve 100% discount on business rates.
- Large interest in local schools wanting to use the pool for their swimming pools.
- Trustee roles and governance have been agreed.

Finances:

- Raising £100k for capital investment for;
 - IT System, Furniture, Legal, Staffing, Signage, Removal of slide, Swimming aid, Pool defibrillator, new inflatable obstacle course.
- Applying for funding from; Lottery and Community ownership.
- Safer Streets have donated £1000 and Lamesley have donated £500.
- Reached out to local businesses for donations.
- Sports England will donate £8k if they reach £12k, current total is £8,864.

Current position:

- Prices and timetables have been agreed.
- Pre-opening expenses identified.
- New IT infrastructure identified.
- HR policies and procedures being developed.
- Roles and Jobs are being developed.
- All documentation to be reviewed by legal.

The business plan is to be finalised for November's meeting with Andrea, if the business plan is approved the process will move into the implementation phase those being contracts, recruitment, funding applications and renovations.

An asset survey has been completed by Gateshead Council, which has identified £900k in investment over the next 10 year. Birtley Aquatics have scheduled their own asset survey to be completed in due course.

If all goes to plan, expected opening date is April 2024.

f. Robert Vaughn from Gateshead Active

Robert Vaughn from Gateshead Active came to the Committee to talk about working towards the Community Asset Transfer of Gateshead Leisure Centre. Working as non-for-profit scheme which was set up in November 2022 by a set of directors with a wide skill set.

Business Plan:

- Increase the of activities on offer by 7 which require minimal staffing, the aim to start with 4 and increase over time.
- Increase the Gym access to 24/7 with staff available at all times.
- Looking to create a community hub environment.
- Introduce catering facilities for public use.
- Offer a competitive membership offers.
- Large focus on marketing and social media.
- Create a community hub rather than a Leisure Centre.

Finances:

- Main source of income will be a loan of £200k over an 8-year period.
- Crowd funding raised a value of £8700.
- Gateshead Karate donated £2500.
- Expect to make a loss in year 1 and 2 due to the initial upfront cost.

Current Position:

- Working on the grant applications.
- To work with officers to finalise business plan and asset transfer.
- Once transfer complete, the immediate infrastructure will be installed.

If all goes to plan, expected opening date is December 2023.

- RESOLVED: -
- i) The Committee noted the evidence gathered for a full leisure review.
 - ii) The committee noted their views and opinions on the evidence provided.
 - ii) The committee agreed to an interim report for the next committee meeting.

CR14 WORK PROGRAMME

The committee reviewed the work programme and noted the following changes;

Budget annual report including saving delivery will now be reported in November 2023.

Review of Community Wealth Building – Six monthly monitoring report and Digital and Online Services will be reported in January 2024.

RESOLVED: -

- i) The committee noted the proposed amended programme.
- ii) The committee noted the work will be brought to the Committee to identify any additional policy issues, which the Committee may be asked to consider.

Chair.....

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