



COMMITTEE: TOURISM COMMUNITIES CULTURE AND LEISURE

23rd January 2025

REPORT TITLE:	LEISURE SERVICES UPDATE PAPER: DIRECTION OF TRAVEL FOR TRANSFORMATIONAL CHANGE
REPORT OF:	DIRECTOR OF NEIGHBOURHOOD SERVICES

REPORT SUMMARY

This report sets out and seeks support for the general direction of travel of for leisure services including strategic objectives in terms of funding, facility priorities, timelines and projected outcomes to guide decision-making over the next 10 years. The aim of the proposed direction of travel is to:

- Focus on *short term* facility regulatory/compliance requirements.
- Achieve *medium term* enhancement of existing infrastructure and equipment and to undertake larger scale and necessary repair and maintenance works
- Secure *long term* refurbishment funding and to create brand new, state-of-the-art public sector health and wellbeing hub facilities
- Create wraparound sustainable operating model/s, across the short / medium / long term investment timeline, thereby meeting the community's evolving needs and the Council's requirement to act in accordance with its financial position
- Continue with in year transformational work that tackles the agreed cost saving targets placed upon the service by the Medium Term Financial Plan (saving £1m in financial year 25/26 and £2m in financial year 26/27)

The report directly or indirectly supports all themes and priorities within the Council Plan: Wirral Working Together 2023-27.

This is a key decision as it affects more than one Ward.

EXEMPT INFORMATION

Appendix 1 to this report contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information).

RECOMMENDATION/S

The Tourism Communities Culture and Tourism Committee is recommended to:

- (i) Approve the proposed Direction of Travel for Leisure Service Sites as set out in Appendix 2 to this report.

- (ii) Authorise the Director of Neighbourhood Services and Interim Director of Regeneration and Place to commission design and development works as necessary, and which result from initial investigative / feasibility work associated with proposed Public Sector Health & Wellbeing Hub in Birkenhead, thereby supporting the principles of the Birkenhead Town Centre Masterplan.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Strategic alignment: there is a need to ensure that facility investments are aligned with the organisation's overall strategic goals and objectives, helping to deliver long-term viability.
- 1.2 It is suggested that the principles that should drive future provision include:
 - Facilities that create better outcomes for residents;
 - Better facilities acting as a single point of contact for all Council customers;
 - Facilities that create high visibility for the Council within communities;
 - Hubs that drive rationalisation in other parts of the Council estate;
 - Solutions that create financial sustainability; and
 - Investment which contributes to the Council's net-zero targets.
- 1.3 The purpose of the Council investing in its leisure facilities is to promote health, well-being, and active lifestyles for its residents. Wirral has a population of approximately 321,000 people, of which approximately 260,000 are aged 16+. Sport England Data measures activity levels of adults (16+). There remains a slow, post Covid recovery taking place, with levels of active adults starting to increase and levels of inactive adults starting to decrease. Despite this, there is still a large swathe of the population, who do not take part in physical activity, which is hugely detrimental to both mental and physical wellbeing. This is especially the case as the 16+ population ages, and those issues manifest financially within the Council's community support and public health services and also the National Health Service, at great cost to both organisations.
- 1.4 Sports England estimates that nationally, 63% of sports halls and swimming pools are more than 10 years old and nearly a quarter of all sports halls and swimming pools have not been refurbished in more than 20 years. Many Councils are in the process of transforming their leisure assets to move towards longer term sustainability and to support their commitment towards carbon neutral.
- 1.5 The challenges being faced nationally are reflective of those in Wirral in terms of availability and the need to prioritise capital and revenue funding. The pandemic also exposed the challenges of ageing leisure stock where poor maintenance and design hindered usage alongside a lack of ventilation and the ability to socially distance. Higher operational and running costs of older less efficient facilities have further increased the subsidy levels of operations.

1.6 Regeneration masterplans currently in development for Birkenhead, Seacombe, Liscard and West Kirby create opportunities to think differently about how leisure and other Council services can be more 'joined-up' spatially and physically.

1.7 There are several universal reasons that the Tourism, Communities, Culture and Leisure Committee are asked to consider when discussing the reasons for the recommendation in this paper:

- Performance improvement: the direction of travel aims to improve operational efficiency and productivity by addressing current facility limitations and optimising space, equipment, and processes.
- Market responsiveness: planned change will help the Council respond to changing market conditions and trends, ensuring that facilities remain competitive and relevant.
- Enhancing operational efficiency: streamlining processes and improving workflows to maximise productivity and reduce waste.
- Improving safety and compliance: ensuring that facilities meet health, safety, and regulatory standards to protect employees and customers and avoid legal issues.
- Upgrading technology: incorporating modern technology to enhance capabilities, such as automation, data analytics, or energy management systems.
- Reducing operational costs: identifying opportunities for cost savings through energy efficiency, maintenance improvements, or optimised resource usage.
- Enhancing customer experience: creating a better environment for clients or customers, which can lead to improved satisfaction and loyalty.
- Supporting strategic initiatives: aligning facility investments with broader organisational goals, such as expansion into new markets or innovation initiatives.
- Maximising asset value: increasing the value of the facility through strategic upgrades and maintenance, ensuring a good return on investment.
- Future proofing: anticipating and preparing for future operational requirements, market changes, and technological advancements.

2.0 OTHER OPTIONS CONSIDERED

2.1 One option would be retaining the current operating model. This is not recommended as it would not secure

- Building condition surveys recommended by the Corporate Landlord Programme.
- Proposed directorate and partnership co-location proposals; and
- The longer-term impacts of a lack of investment in existing facility infrastructure.

- 2.2 Another option would be to invest in only short-term, low-cost interventions. This would only tackle short-term operational and building condition compliance issues raised by the Corporate Landlord Programme visits. It would not look to tackle the required transformational change to re-position the Council's Sport and Physical Activity offer or deliver the strategy in the medium to long term.
- 2.3 Another option would be to only invest in short and medium-term, medium-cost interventions. This option would tackle the short-term regulatory and compliance issues raised through the Corporate Landlord Programme asset condition visits. It would also deliver the required medium-term capital investment needed to take care of outstanding repairs and maintenance issues and investment in new equipment and fit out cost requirements of co-locating services. It would not, however, tackle the inherent longer-term issues associated with securing an appropriate target operating model or the need for new state of the art Sport and Physical Activity health and wellbeing facilities, which offer multiple public facing services. Neither would it tackle the borough's need for new health and wellbeing facilities as part of various town centre masterplans, new housing developments and the obvious increase in demand from an increased town centre and borough wide population. This is not a recommended option.

3.0 BACKGROUND INFORMATION

- 3.1 At its meeting of 16th June 2022, this Committee was presented with a report that provided members with (amongst other matters) a proposed Leisure Facilities Infrastructure Strategy ("LFIS") for Leisure Services. This work reflected the importance placed on the provision of quality, community-based facilities, offering sport and physical activities that contribute towards positive health and social outcomes for Wirral residents. This Committee resolved that:
- (i) the LFIS be deferred to a future meeting of the Committee and that a workshop be arranged by the Director of Neighbourhood Services to enable Members of the Committee to consider the proposals further and;
 - (ii) the Director of Neighbourhood Services and Director of Regeneration and Place be authorised to develop proposals within the context of the LFIS and regeneration masterplans currently under preparation/finalisation. Business cases are to be presented at a future meeting of this Committee.
- 3.2 Fathom Consultancy Services (FCS) were subsequently commissioned to review the transformation opportunities available for the delivery of Leisure Services in Wirral, as listed in the Knight Kavanagh and Page report. The focus of the brief was to develop options that can be implemented immediately to provide short-term benefits alongside a medium to long-term strategy around redevelopment and refurbishment. The short-term options were to identify the potential efficiencies, income growth

opportunities, and savings/cost avoidance measures that can be achieved to support the Councils Medium Term Financial Plan. The medium to long-term options were required to take account of regeneration activities and identified future priorities. The activities undertaken as part of the review included:

- Consideration of relevant service information, plans and strategies.
- Establishing an agreed “baseline” for the existing service costs and income.
- Benchmarking of financial performance against a basket of industry KPIs.
- Site visits.
- Stakeholder engagement within the Leisure Service, Neighbourhoods Directorate and other Council services with which there may be potential for co-location, programme co-design and/or integration.
- Self-Assessment Questionnaire undertaken with officers from Leisure Management Service.
- Operating model review – options appraisal with weighted criteria; and
- Informal soft market engagement with all of the major UK public sector operators.

3.3 The FCS report conclusions can be summarised as follows:

- In the medium term, the Leisure Service will face significant financial and service challenges, with a requirement to both justify its cost base whilst transforming its operations.
- The current In-house operational model is not providing residents with an effective or attractive service. The facility stock is dated, dynamic programming is lacking, and performance management is limited.
- The ability for the In-house management option to deliver the transformational change of service required is questionable.
- The creation of a Local Authority Trading Company and/or outsourcing of the service would provide the Council with a significantly more efficient and effective means of delivering the service.
- The concurrent development of an asset transformation programme aligned to the wider Council regeneration programmes would further accelerate the improved outcomes and financial performance required.
- Three sequential programmes should be initiated:
 - implement short term in-year measures;
 - develop detailed business planning on a transformational capital / regeneration programme of the estate; and
 - investigate and report on the benefits of pursuing a new operating model (following appropriate due diligence, design of service specification, business planning and contracting processes).

3.4 The FCS report does find that the service has done an excellent job with the available resources, however due to financial pressures there has been a general erosion of the

original facilities/assets, and that they all need significant financial investment in infrastructure, mechanical and electrical and plumbing.

- 3.5 The recommendations within the FCS report have been taken into account in setting out a recommended direction of travel for the Council's Leisure Centres (including the currently decommissioned Woodchurch Leisure Centre) as set out in Appendix 2 to this report.
- 3.6 Authority to progress specific undertakings of significant medium to long term transformational change would be based on a case-by-case basis and would have full business case support and would be brought back to this Committee for approval.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Full financial implications have not yet been evaluated and subject to approval of this report, would be presented on a case-by-case basis at the appropriate time.
- 4.2 Work within the service is currently being undertaken to tackle the agreed Medium Term Financial Plan savings targets of £1m during financial year 25/26 and £2m during financial year 26/27.
- 4.2 There are short / medium and long-term financial implications:
 - Short term financial implications are those determined through the Corporate Landlord Programme Building Condition surveys.
 - Medium term financial implications are those determined through a more in-depth repair and maintenance surveys and are specific to the existing fit out of each Leisure Centre.
 - Longer term financial implications are based on transformational change including and could include the building of new 3G pitches and the construction of new Health and Wellbeing Hub facilities.
- 4.3 The funding responsibilities for the short-term capital requirements would likely remain the responsibility of Wirral Council, however opportunities for grants or external capital funding would be actively pursued.
- 4.4 The funding responsibilities for the medium and long-term capital requirements would be a combination of Wirral Council, Government Department funding and other sources of funding, to be established relative to an individual facility.
- 4.5 Financial forecasting is anticipating that there will be a significant overspend across the Council in the 2024/5 financial year. This is a severe financial challenge, and all Council departments are challenged to reduce levels of spending to seek to deliver a balanced budget at year end.

- 4.6 A spending freeze was announced on 9th September 2024 and is just one of the measures in place to keep costs to a minimum. It is crucial that all staff adhere to the spending freeze protocols and take all possible measures to limit spending accordingly.
- 4.7 An assessment of how to implement the funding requirements associated with the short, medium and long-term investment required to deliver the LFIS will need to be undertaken. Exceptions to the spend freeze include:
- Commitments and contracts in place before the spending freeze will continue to be honoured, although there needs to be evidence that such properly approved commitments are in place.
 - Existing staff payroll and pension costs.
 - Expenditure on goods and services which have already been received, following standard approval routes.
 - Expenditure needed to deliver the Council's provision of statutory duties at the minimum possible level.
 - Urgent expenditure required to safeguard vulnerable citizens.
 - Expenditure required through pre-existing legal agreements and contracts.
 - Expenditure funded through ring-fenced grants; and
 - Expenditure necessary to achieve value for money and / or mitigate additional in-year net costs.
- 4.8 There may be a range of grant funding initiatives available to reduce the financial burden placed upon the Council. It is important to keep abreast of these and understand timescales and build applications and awards into the delivery programme.
- 4.9 Return on investment (ROI) plans will establish criteria for evaluating the ROI of proposed projects, allowing stakeholders to understand the financial benefits of investments, and agree any tolerances.

5.0 LEGAL IMPLICATIONS

- 5.1 Pursuant to Section 19 of the Local Government (Miscellaneous Provisions) Act 1976, the Council has the discretion to provide recreational facilities within its area as it thinks fit.
- 5.2 It is good practice have a Leisure Facilities Infrastructure Strategy and the proposals within this report if approved will inform any such strategy for approval by a future meeting of this Committee.
- 5.3 Appropriate attention will need to be given to the requirements for a consultation with the public and/or representatives of the user groups in relation to the development of specific proposals that arise from the proposed direction of travel.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 Implementing the proposed leisure investment projects will require careful allocation of resources, including both capital and staff/consultancy expertise. Significant financial investment will be needed for infrastructure development, such as facility construction, equipment procurement, and technology integration. Additionally, specialised personnel will be required for project management, operations, and customer facing roles. Training staff to meet the demands of the new leisure offerings will also be a key consideration. Operational costs, including maintenance, utilities, and staffing, must be accounted for in long-term financial planning. It will be essential to assess the availability of resources and ensure that existing operations are not disrupted, while also optimising the potential for revenue generation and community engagement, within both the new and existing leisure facilities.
- 6.2 The Corporate Landlord Programme Leisure Centre condition and compliance visits have identified several areas which require small scale investment as a priority, for the facilities to remain compliant. These improvements will be undertaken in partnership with the Council's Asset Management Team.
- 6.3 As part of the business planning process, we will identify the necessary resources (financial, human, and technological) required for investments, thereby facilitating effective budget management.

7.0 RELEVANT RISKS

- 7.1 Reputational – Without delivering the required transformational change to the Leisure Service and the continuous deterioration of the assets from which it operates, the Council risks attracting an increasing adverse perception from its service users and other stakeholders. The likelihood of the Council achieving the health outcomes of the Sports & Physical Activity will diminish without appropriate investment and forward planning for future generations.
- 7.2 Economic – The subsidy provided by the Council to its Leisure Service will continue to increase without transformational change. Most of the subsidy is attracted by utility costs, repairs and maintenance and uneconomic working practices that could all be addressed via investment and change in the estate and workforce.
- 7.3 Health & Safety – The Corporate Landlord Health and Safety visits have raised some issues that will need to be addressed immediately for the Council is to remain compliant. The costs of repeated compliance remediations on an existing and aged stock will increase considerably compared to those of new, refurbished or redeveloped facilities.

- 7.4 Environmental – In their current format the Leisure Centres are not environmentally friendly. They need retrofit works, modernisation and decarbonisation technology, to help the Council on its journey toward NetZero.
- 7.5 Risk Planning – will assess potential risks associated with investments and outlines strategies to mitigate those risks, ensuring informed decision-making. The above risks are part of the corporate and service-based risk registers, and they are monitored on an ongoing basis

8.0 ENGAGEMENT/CONSULTATION

- 8.1 When progressing material and transformational change with regards to the Leisure Service, its operating model and also the assets from which services are delivered, there will be a full stakeholder and communications management plan built into the programme delivery timeline, to allow for effective and appropriate public consultation.
- 8.2 Engagement with affected Ward Councillors is underway. A workshop has been scheduled with members of the Tourism, Communities, Culture and Leisure Committee for January 2025.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment (EIA) is a tool to help Council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 At this precise moment in time there is no requirement for specific Equality Impact Assessments, however, individual EIAs will be undertaken as specific projects move into approval for delivery, subject to business case approval.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 Setting sustainability goals will incorporate mitigation initiatives, aiming to reduce environmental impact and comply with regulations. Any new buildings progressed to replace the aging stock, and changes to fit out of remaining stock (taking account of new co-located operating models) will be designed and built in accordance with Building Research Establishment Environmental Assessment Method (BREEAM) 'excellent' standard. Building Research Establishment (BRE) sets standards for the environmental performance of buildings through the design, specification, construction, and operation phases and can be applied to new developments or refurbishment schemes. It will remain within the Council's gift to decide the level of

BREEAM standard it wishes to achieve within Projects...the higher the ambition the greater the initial cost.

10.2 Utilise the newly designed climate impact tool, developed by the Climate Emergency Team. There is a need to understand, for each short/medium/longer term project, the environmental and climate implications in terms of:

- Energy saving from upgrading equipment
- Building retrofit
- Maintenance
- Ensuring new facilities are net zero by design (against cost benefit)
- Integrating sustainable urban drainage systems and increasing biodiversity within the local area (all development must now have 10% BNG)
- Positioning in terms of accessibility to integrated transport systems

10.3 The Council has faced two serious issues. In the short term, macroeconomic conditions have led to a profound increase in energy costs, with a 45% rise in electricity and 112% increase in gas between 2022/23 and 2023/24. Such extraordinary rises in energy costs threatened to increase the Council's budget deficit, impeding its ability to deliver value for its residents.

10.4 The Council takes its environmental and climate responsibilities seriously and was recently awarded for its decarbonisation efforts at the Association for Public Sector Excellence awards.

10.5 The Council is in the process of submitting Public Sector Decarbonisation funding applications to retrofit hardware to decarbonise the Oval, West Kirby and Leasowe Leisure Centres.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 Community wealth building is a new people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.

11.2 A greater move towards increased models of co-location and integration, will release opportunities for community development, creating more resilient and connected service offerings for those in need, help to tackle the physical and mental health and wellbeing of residents, under one roof. This could significantly improve accessibility to services and reduce travel costs for service users, which has a positive impact on both people's budgets and the environment/carbon emissions.

11.3 Based on value capital works will be tendered for appropriately, giving local firms the opportunity to win work and employ local people, as part of the Council's drive toward social value within its procurement processes.

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APPENDICES

Appendix 1: EXEMPT Fathom Consultancy Services Leisure Facility Investment Strategy Review

Appendix 2: Recommended Transformation of Leisure Centre Sites

BACKGROUND PAPERS

Knight Kavanagh and Page – Leisure Investment Strategy
Fathom Consultancy Solutions – Leisure Services Review
Birkenhead Town Centre Masterplan
Wallasey Town Hall Quarter Masterplan
Liscard Town Centre Masterplan
West Kirby Town Centre Masterplan
2016 Leisure Centre Building Condition Surveys

TERMS OF REFERENCE

This report is being considered by the Tourism Communities Culture and Tourism Committee in accordance with Section (d), “for the provision and management of leisure, sports and recreation facilities” of its Terms of Reference.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
TCCL Committee Meeting	16th June 2022