
Report to Clackmannanshire Council

Date of Meeting: 11 February 2021

Subject: Leisure Provision in Clackmannanshire

Report by: Strategic Director, Partnership & Performance

1.0 Purpose

- 1.1. The purpose of this report to update Council on the current position with the Alloa Leisure Bowl, including negotiations on the Management Agreement with Wasp Leisure Limited, and developments since the ongoing COVID pandemic outbreak.
- 1.2. The report seeks agreement to cease leisure provision at Alloa Leisure Bowl and terminate the current Management Agreement and Lease Agreement pending an options paper to be brought to Council.

2.0 Recommendations

- 2.1. It is recommended that Council:
- 2.2. Notes the progress of negotiations with Wasp Leisure Limited on a short term solution prior to the Covid pandemic, and support provided since March 2020;
- 2.3. Notes that there are a number of significant Covid-19 and other property issues associated with the Alloa Leisure Bowl facility that need to be addressed in the context of a wider review of leisure provision in Clackmannanshire;
- 2.4. Notes that the impact of the pandemic on the current operating environment, combined with escalating property costs means that the current leisure operating model and service provision are no longer considered financially sustainable;
- 2.5. Agrees that current leisure provision from Alloa Leisure Bowl should cease;
- 2.6. Agrees that officers enter into negotiations with Wasp Leisure Limited to effect termination of the current Management Agreement and Lease Agreement for the Alloa Leisure Bowl;

- 2.7. Agrees that officers continue to further develop a leisure provisions option appraisal as a matter of priority, with recommendations for sustainable future provision, including access to swimming pool provision for Clackmannanshire in the short and long term;
- 2.8. Agree that officers bring an update report and options paper (referred to at 2.7) back to Council for consideration by 31 March 2021;
- 2.9. Should Council agree to the recommendation at paragraph 2.8, note the intended options outlined Table 1;
- 2.10. Should Council agree recommendations at paragraph's 2.5 to 2.9, note the indicative timetable outlined at Table 2.

3.0 Considerations

- 3.1. Wasp Leisure Limited (WLL) successfully tendered to operate the Alloa Leisure Bowl in 2009. This was on the basis of an initial 5 year contract with an option to extend to 10 years. The extension option was taken up in September 2014 following a number of amendments to the Management Agreement. The current contract was due to expire in October 2019, however, in March 2019 Council agreed; that a short term solution be developed beyond that date, and noted that the Sport and Active Living Framework included a commitment to undertake a strategic review of leisure facilities in Clackmannanshire.
- 3.2. Protracted negotiations continued with WLL on a solution throughout 2019, and whilst provision continued, there had been no agreement by the time the Prime Minister announced a national lockdown in late March 2020. Since that time, the Alloa Leisure Bowl has remained closed. The Council has continued to support WLL to operate the Alloa Leisure Bowl on a mothballed basis, through continuing to make full monthly management payments throughout the period of lockdown to the current date. In addition, payments in advance were provided for a period to assist with reported cash flow issues resulting from a lack of income combined with ongoing fixed costs.
- 3.3. With WLL indicating that it expected the Council to bear future cost of repairs to the building's plant and infrastructure, the Council commenced recommissioning works in September 2020 with the view to enabling some form of limited reopening at part of the restrictions in place at that time.
- 3.4. These works are currently suspended as a result of Tier 4 restrictions and pending a further specialist survey due on the heating and ventilation systems. What is clear at this stage is that, particularly in the context of a COVID operating environment, the scale of recommissioning works will be significantly more extensive and costly than initially envisaged.

- 3.5. Known recommissioning and ongoing building compliance and essential maintenance works to date are estimated at approximately £650,000 over the next 5 years, with a significant proportion required in Year 1. The building has no windows for natural ventilation; therefore, creating a Covid-19 safe building will require ventilation assessment and additional measures. Furthermore, survey work already undertaken by Property Service highlights potential risks associated with a failure of the aging plant, heating and ventilation systems, with the possibility of worst case replacement/repair costs estimates in the region of £1.1M.
- 3.6. Given that no satisfactory agreement was reached on continuance of the Management Agreement, an increasingly prolonged Covid-19 service interruption, and that there are now substantial additional associated costs falling to the Council, looking to the future, it is increasingly challenging to justify that current arrangements are sustainable, or indeed represent Best Value.
- 3.7. As such, and given the prospect of ongoing restrictions on leisure operations for the foreseeable future, it is proposed that the Council agrees to terminate the current management agreement and lease on Alloa Leisure Bowl with WLL and cease leisure operations from the facility.
- 3.8. There is no specific notice provision in the Management Agreement; however, a maximum 3 month period would seem a reasonable timeframe in which to conclude an orderly handback, which would include a 42 day notice period requirement on the lease.
- 3.9. Should Council agree to the proposal at paragraph 3.7, options on future leisure provisions will need to be fully considered, and this work is already under development. The basis of options at this stage will need to consider long term and any transitional arrangements, on an assumed Council aspiration to sustainably modernise and continue integration of its learning and leisure estate. It would also assume a desire to retain access to swimming provision for Clackmannanshire's residents in some form. A separate, Leisure options paper, with indicative cost benefit analysis, will be developed for long term options as part of the *Be the Future Programme*. Table 1 outlines a proposed long list of options for consideration.

No	Option	Outline
1	Do Nothing	Status quo as a baseline position for comparative purposes.
2	Consolidate provision around the remaining Leisure estate.	Investigate the risks, costs and benefits of consolidation around the Council's remaining Leisure estate. This option would include swimming provision options.
3/4	Develop a hub and spoke community campus model: in-house, and or community trust partnership options	Investigate the risks, costs and benefits of developing a community campus model around the current Leisure estate. This option would include exploration of: <ul style="list-style-type: none"> Incorporating a leisure hub model as part of a wider Alloa South community campus development;

No	Option	Outline
		<ul style="list-style-type: none"> Place-based, community leisure and health models –with the potential for integration/concentration of sports, active living, wellbeing and associated health professions; swimming provision options; partnering with community trusts/voluntary sector as spokes and hubs to promote and deliver integrated sport, active and healthy living in the community.

Table 1 – Potential Transitional Options

- 3.10. Council officers have commenced working on an options paper, which will be brought to Council for further consideration as soon as possible, with an update on the handback and options progress paper provided no later than 31 March 2021. Given the prevailing budget position and the short, medium and long term impacts and costs of COVID, there will be a need to ensure that any options are realistic in terms of affordability and sustainability, whilst having due regard for statutory requirements, including Equalities and Fairer Scotland duties.
- 3.11. At the time of writing, enhanced Tier 4 Covid regulations are in place until at least the end of February 2021, which means that indoor leisure in any form is not permissible. Whilst there is much uncertainty at this stage, given that indoor leisure has been substantially restricted since March 2020, it is reasonable to assume that restrictions/limitations on indoor leisure in some form will continue for a considerable period and at least until such times as the vaccine deployment is substantially more advanced across the wider population.

Activity	Indicative Completion
Leisure operations formally cease at ALB	February 2021
Commence lease/contract termination	February 2021
Transitional negotiations with current provider on handback	February/March 2021
Council update on handback progress and appraisal development	March 2021
Maximum duration of notice period and handback to Council concluded	May 2021
Leisure model options appraisal prepared and Council decision	May 2021
Commencement of detailed feasibility study on preferred long term option	May 2021
Commencement of Council's preferred interim option operational in some form (Covid restrictions dependant)	Between May and Sept 2021

Detailed designs, costings and governance approval on preferred long term option	Feb/March 2022
Preferred long term option operational	TBC

Table 2 – Indicative Timetable

- 3.12. Irrespective of the option Council ultimately agrees, should it agree to terminate the current Management and Lease Agreement with WLL, on cessation, the Council will reduce management payments by circa £45,000 per month on conclusion of the notice period. However, there will also be ongoing costs on handback until such times as the facility is fully decommissioned. For example, rates, utilities, chemical/water management, security and maintenance cost, albeit substantially reduced on that to be expected in an operational context.
- 3.13. Non operational costs prior to full decommissioning are estimated at approximately £20,000 per month.
- 3.14. It should be noted that termination of the management agreement, with cessation of operations at ALB, may necessitate WLL to initiate redundancy notices for a number of staff, some of whom may have been on furlough since March 2020. WLL confirmed a number of redundancies were previously initiated in autumn 2020. Given the closed book nature of the current management agreement, a wider WLL portfolio of provision, possible staff turnover since March 2020, and a use of flexible employment arrangements, the impact of termination of the management agreement on its permanent staffing are not definitively known. It is estimated that this could be circa 30-50 posts.
- 3.15. It will take a period of time to undertake feasibility studies, and to design, cost and implement a preferred long term option, requiring substantial capital investment. In addition, there will be costs associated with any interim provision options as well as decommissioning of the ALB. The risks, benefits and indicative costs of each option will be set out in more detail within the forthcoming Leisure provisions options paper to Council. At this point, an indicative timetable of key milestones is set out above within Table 2.

4.0 Sustainability Implications

- 4.1. The size, age and nature of Alloa Leisure Bowl mean that it is a facility with a relatively large carbon footprint. Any future options on leisure provision in Clackmannanshire will need to have due regard as to environmental sustainability.
- 4.2. The current leisure operating environment has become increasingly uncertain. This risk factor, combined with escalating Covid and non Covid property costs and risks associated with the Alloa Leisure Bowl given the age and design of the facility, poses questions about the fundamental sustainability of the current model leisure provision going forward.

5.0 Resource Implications

5.1. Financial Details

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. Staffing

6.0 Exempt Reports

Is this report exempt? Yes (please detail the reasons for exemption below) No

Paragraph 6 states:

Information relating to the financial or business affairs of any particular person (other than the authority). At the Council Meeting of 11 February 2021, the Council resolved to take this item of business in public.

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No This will form part of the full Leisure options paper.

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Stuart Crickmar	Strategic Director	2127

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director	

