



FYLDE BOROUGH COUNCIL



Meeting Agenda

**Special Policy & Service Review
Scrutiny Committee
Town Hall, Lytham St. Annes
30 August 2006, 7:00pm**

POLICY & SERVICE REVIEW SCRUTINY COMMITTEE MEMBERSHIP

CHAIRMAN

Raymond Norsworthy

VICE-CHAIRMAN

Martin Taylor

Councillors

Stephen Carpenter

Elizabeth Oades

Maxine Chew

Dawn Prestwich

Elizabeth Clarkson

Fabian Wilson

John Longstaff

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CORPORATE OBJECTIVES

The Council's investment and activities are focused on achieving our five key objectives which aim to :

- Conserve, protect and enhance the quality of the Fylde natural and built environment
- Work with partners to help maintain safe communities in which individuals and businesses can thrive
- Stimulate strong economic prosperity and regeneration within a diverse and vibrant economic environment
- Improve access to good quality local housing and promote the health and wellbeing and equality of opportunity of all people in the Borough
- Ensure we are an efficient and effective council.

CORE VALUES

In striving to achieve these objectives we have adopted a number of key values which underpin everything we do :

- Provide equal access to services whether you live in town, village or countryside,
- Provide effective leadership for the community,
- Value our staff and create a 'can do' culture,
- Work effectively through partnerships,
- Strive to achieve 'more with less'.



A G E N D A

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REPORT



REPORT OF	MEETING	DATE	ITEM NO
COMMUNITY AND CULTURAL SERVICES	POLICY AND SERVICE REVIEW SCRUTINY COMMITTEE	30 TH AUGUST 2006	4

FUTURE MANAGEMENT OF INDOOR SPORTS/SWIMMING SERVICE AT FYLDE

Public/Exempt item

This item is for consideration in the public part of the meeting.

Summary

To report the findings of the officers responsible for delivering the Leisure Services Project including soft market testing of leisure providers and the consultation undertaken with the general public, pool users, staff and other stakeholders. The Scrutiny Committee is asked to make their recommendations to the next meeting of the Cabinet on September 13th 2006

Recommendation/s

1. The Scrutiny Committee to consider the findings of the Leisure Services project and make their recommendations to Cabinet in order to determine their preferred option for future management of council operated swimming pools.

Executive Portfolio

The item falls within the following executive portfolio[s]:

Tourism and Culture

(Councillor Simon Renwick)

Report

Background

1. At their meeting held on 10th May 2006 the Cabinet were presented with a draft project plan with the aim of reducing the subsidy per user and increase swimming participation in Fylde by reviewing the council's provision of swimming facilities. The project objectives were to:

- ◆ Review received and undertake new market consultation with potential swimming pool providers
- ◆ To provide options for council approval of the swimming pool service delivery mechanisms for swimming in Fylde.

2. In order to assist members in their decision to approve the project plan Members were provided with a short history of previous actions and decisions. This is reproduced as part of this report as appendix 1.

3. Cabinet resolved:

- ◆ That the draft project plan be approved
- ◆ That the Cabinet re-confirms its current level of commitment for the provision of urban and rural swimming facilities.

4. The Project Plan was based on advice that the council had received from the 4Ps. 4Ps is a government agency which specialises in advising public bodies on project delivery at no direct cost. Their advisor visited the Council on 20th February 2006 and makes the following observations.

The Council needs to give attention to the following:

- providing clarity of objectives
- prioritising the different strands of the project
- slowing down the discussions with the YMCA
- revisiting the business case for the project
- undertaking an options appraisal
- carrying out community/stakeholder consultation
- exploring funding options
- defining the procurement strategy
- formally market testing the project
- establishing a programme/project board to manage the change management programme

This issues have been addressed as part of the Project Plan which identified that the three main strands of the project were:

- (i) Public consultation to establish the market need for swimming facilities and to establish whether the identified need can be met from the existing facilities or would require significant alteration or construction of a new facility.
- (ii) Market testing to identify and clarify the various options for management of the pools, options for funding and likelihood of external investment in the existing or new facilities
- (iii) Developing a leisure card

The project plan has clarified the aims and objectives of the project as described above. It has also outlined the business case.

Previous discussions with the YMCA as a preferred partner have been slowed down although the YMCA option is still under active consideration through the soft market testing process.

4Ps other recommendations – defining the procurement strategy, formally market testing and establishing a programme/project board – can only take place when the council's preferred option is known.

Methodology - Consultation

5. At its meeting held on 10th May the Cabinet considered two questions submitted by Councillors Oades and Speak which asked about the consultation process and who would be involved and sought assurances that the Policy and Services Review Scrutiny Committee would be fully involved throughout the project.
6. At its meeting held on 18th May the Policy and Services Review Scrutiny Committee considered the proposed methodology for consultation. The importance of the three main strands of the project were emphasised by the committee. Members also wished to ensure that the public consultation was transparent and undertaken on a borough wide basis. Concerns were raised about the types of questions proposed to be included in the questionnaire. Consequently the Scrutiny Committee resolved to: (i) appoint a Task and Finish Group to look at the basis of the consultation exercise and (ii) report back the findings of the three main elements of the project to the Policy and Services Review Scrutiny Committee.
7. As a result, the draft questionnaire was discussed by the Task and Finish Group on 25th May and the agreed questions formed the basis of the consultation. The questionnaire was published in the summer edition of Fylde in Focus with a circulation of 35,000 - every household in the borough. It was also posted on the front page of the council's website supported by a media campaign and a paid advertisement was taken in the Lytham St Annes Express with a circulation of 9,800. A further paid advertisement, including the questionnaire was taken in the Kirkham Advertiser. The deadline for responses was 1st August.
8. Further consultation took the form of:
 - ◆ Meeting of St Annes Pool User Group
 - ◆ Public meeting in Kirkham
 - ◆ Consultation with staff at both pools

Copies of the questionnaire were made available at these meetings and all attendees were encouraged to complete it.

9. The consultation findings are summarised in the attached appendix 2 and are discussed later in this report.

Methodology – Soft Market Testing

10. The 4Ps recommendation to engage with leisure providers to identify and clarify the various options for management of the pools, options for funding and likelihood of external investment in the existing or new facilities is a key task for the Project Team. By informally inviting a number of leading leisure management companies to visit Fylde, discuss our specific issues and tour the swimming facilities the council is able to develop a clearer understanding of its available courses of action.
11. To that end, five companies plus the Fylde Coast YMCA, were invited to meet with council officers and the Portfolio Holder. All but one accepted and these soft market testing meetings were held during June/July. The findings and advice received are summarised and are attached as appendix 3
12. In addition, officers have followed up by contacting other local authorities which have been identified by the leisure companies as good examples to follow or as experiencing pitfalls that should be avoided.

Methodology – Leisure Card

13. For some considerable time the council has identified the need for a leisure card as a mechanism for providing a co-ordinated pricing and marketing tool to be used at its pools, games sites and other leisure facilities. A leisure card allows the council to target specific groups of any type e.g. young people, residents, carers, disabled people etc with special admission rates and other benefits. It also provides marketing data and information on usage of facilities such as frequency and peak times.
14. To date officers have been piloting a leisure card scheme at St Annes pool, with the assistance of the Fylde Coast YMCA in order to test the required hardware and systems. Through the leisure pools project it has become clear that the way forward with the leisure card is directly influenced by any decision to outsource management of the pools. A leisure company may well have its own leisure card system that it would wish to introduce. For that reason this element of the project has not fully been explored until the council indicates its preference for pools management
15. Nevertheless, the pilot project at St Annes Pool is being progressed in parallel with the other project tasks.

Consultation Findings

16. The circulation of the questionnaire is detailed in paragraphs 7 and 8 of this report with every reasonable effort to ensure the widest possible coverage. All completed questionnaire received by the council up to August 7th were included in the analysis with a total number returned of 545.

17. The full results are included as an appendix. The main conclusions are shown below.

- ◆ Total number of questionnaires circulated **36,000 +** (545 returned)
- ◆ More questionnaires used Kirkham Baths (374) than St Annes Pool (210)
- ◆ Pools are mainly used for general swimming and personal fitness
- ◆ At St Annes satisfaction levels with existing facilities is generally good apart from parking and session times
- ◆ At Kirkham satisfaction levels with existing facilities is generally excellent apart from showers, catering and session times. Satisfaction with staff is high.
- ◆ Although pool length over 20m is important to many (192) a significant number thought it was not (168)
- ◆ The most important features are car parking, opening times and closeness to the facility.
- ◆ The charges are about right

18. The questionnaire gave the public an opportunity to make observations and suggestions. For ease of interpretation these have been grouped into distinct themes as indicated below:

Issue	Number of comments
Keep Kirkham Pool open	98
Invest in facilities such as gym, larger pool	63
Revise opening times	41
Revise prices (mixed opinion whether too high or low)	25
Lessons important	23
Pools/changing rooms too cold	20
Improve cleanliness	12
Revise scheduling (public swimming, lessons etc)	12
Improve parking	5
Improve changing rooms	3
General comments (inc. praise for staff)	53

A full schedule of the responses will be available at the meeting.

St Annes Pool Users Group

This is an active group of pool users with a genuine concern for the wellbeing of St Annes Pool. They have a number of issues but are primarily concerned about the future of the pool, car parking and the negative view of the pool portrayed in the press. The Community and Cultural Executive Manager attended a recent meeting to brief the group on the council's proposals. This was generally received positively and group members were urged to complete the questionnaire. The meeting was attended by approximately 30 pool users.

Public meeting – Kirkham

This was attended by the Tourism and Culture Portfolio Holder, the Community and Cultural Executive Manager and the Leisure Manager. Around 40 members of the public attended. The main area of concern was the future of Kirkham Baths. The strong message was that the group wished to see Kirkham's existing pool retained and that they were wary of the questionnaire. This second point was partly addressed by explaining that the questions had been independently set by the Policy and Service Review Scrutiny Committee.

Comment

19. The results of the questionnaire show that the response is too low to be representative of the borough population and the low number of non users makes it difficult to reliably draw conclusions as to why people do not use the pools. It could also indicate that swimming pools are not a priority with the majority of residents.

20. However, there is sufficient response to gain a valuable insight into the views of a number of pool users and to establish whether their needs can be met from the existing facilities.

21. The higher number of respondents who use Kirkham Baths could indicate a degree of campaigning in this area to ensure questionnaires were completed. Nevertheless there are still relatively few returned bearing in mind the recent perceived public outcry when Kirkham Baths was temporarily closed and which generated a 3,500 signature petition.

22. The decision whether to invest in a new build at Kirkham could be influenced by the consultation if the public required facilities that could not be accommodated within the existing building. There is a certain amount of wariness among the Kirkham population that the proposal for a new pool is merely a way of closing the existing facility. The council's decision to re-confirm its current level of commitment for rural swimming has helped to ease this fear.

23. The ultimate recommendation regarding the likelihood of a new build is dependent on other factors including the long term prognosis for the existing building and plant as well as the outcome of any formal market testing

Soft Market Testing Findings

24. The aim of the soft market testing exercise is to gather as much information as possible on the types of contract and the potential financial benefits that are available so that all possible options can be explored and a preferred course of action agreed.

25. The companies approached for information are the national market leaders in the leisure field. Each company came to Fylde for separate meetings and to tour the two council operated swimming facilities.

26. The attached account of the meetings includes information on the companies themselves, wherever provided. A summary of the salient points is shown below:

- ◆ Three types of lease could be considered depending on what the council is trying to achieve.
 - ◆ **Full repairing** – where the responsibility for the building and the service management is held by the contractor
 - ◆ **Part repairing** - where the council retains responsibility for the building and main items of plant and equipment – This is the industry norm.
 - ◆ **Standard Management arrangement** – Where the contractor is engaged to manage the service and all facility repair and maintenance is the responsibility of the council.

- ◆ Generally the greater the risk passed to the contractor – the greater the cost to the council
- ◆ Increasing utility costs are a major factor in determining contract price
- ◆ Companies can invest in facilities, including new build. However, councils can generally engage in prudential borrowing at a cheaper cost
- ◆ Longer lease periods are required if investment is made to ensure security of tenure
- ◆ Staff would be transferred under TUPE regulations on existing terms and conditions.
- ◆ Day to day contact between client and contractor is recommended
- ◆ Service Level agreement is basis of the clarity of roles and responsibilities
- ◆ Constraints on contractor will generally be reflected in contract price.
- ◆ The recent spate of outsourcing to Trust has not necessarily been successful due to lack of investment and non-comprehensive procurement procedures
- ◆ Facilities can generally benefit from economies of scale in purchasing/marketing
- ◆ Cost of contract should not be the only criterion for selection. Other criteria should be social fit and benefits i.e. adoption of existing leisure card.

If the council chooses to issue a formal invitation to tender the companies offered sound advice to be considered.

1. Know what the council wants to achieve (aims and objectives). Clarity of purpose.
(Do we want to save money or invest to increase swimming activity?)
2. Know what the council can afford/is prepared to pay.
3. Provide as much initial information as possible to ensure that submitted prices have a minimum amount of estimated contingency. This should include a full buildings conditions survey; level of investment required (i.e. do we want a new build?)
4. Give enough time for contractors to work up tender and assess liabilities.

Options Appraisal

Facilities Management

27. The council has a number of options available to it. These range from retaining the service in-house and either continuing the existing level of investment or investing in facilities and increasing marketing activity, to a full external leisure management procurement, based on a full or part repairing lease or a management arrangement.

28. The earlier, preferred partner negotiations with the Fylde Coast YMCA is also an option, although should be linked to a competitive procurement process.

29. The council has determined that its aim is to reduce subsidy per user and increase swimming participation in Fylde. It is possible that the tendering process would realise financial and investment benefits. However, in view of the probability that the council could provide investment through prudential borrowing at a cheaper cost, Members may wish to pursue this course of action and retain full control of the facilities. Any investor would require day to day management control and a significant security of tenure. The usual model - part repairing lease - would still see the council retain the risk for major plant or building failure although the day to day running costs are provided at a known cost for the period of the contract

30. It is likely that staff would benefit from externalisation as their terms and conditions would remain and their prospects of moving up within a larger leisure organisation would improve. Staff would also benefit from a period of stability following the recent uncertainty over the future of the council's swimming pools.

31. The existing pools at Kirkham and St Annes have not benefited from significant investment for a number of years. User numbers have been in decline, partly due to the national downturn in swimming but the lack of investment resulting in 'tired' facilities, lack of 'dry' activities and the reduced opening hours have been instrumental in discouraging swimmers.

32. A summary of the available options is shown:

Option	Advantages	Disadvantages
1 - Do nothing	<ul style="list-style-type: none"> ◆ Full control retained ◆ Known revenue costs 	<ul style="list-style-type: none"> ◆ Likely that plant/ buildings will deteriorate and force closure ◆ Revenue costs increasing/cost per user. ◆ User numbers decreasing ◆ Limited staff security/retention ◆ Investment may not increase pool usage nor reduce subsidy per user
2 - Retain in house and invest in new/existing facilities	<ul style="list-style-type: none"> ◆ Full control retained ◆ Greater chance of increasing user numbers ◆ Better customer satisfaction ◆ Staff security ◆ Possible new build 	<ul style="list-style-type: none"> ◆ Capital cost of investment or revenue cost of borrowing ◆ Limited opportunity for economies of scale
3 – Externalise via full repairing lease with an option to invest in new/existing facilities	<ul style="list-style-type: none"> ◆ Risk transferred to contractor (known, fixed cost) ◆ Staff security ◆ Possible new build ◆ Economies of scale ◆ Access to leisure card 	<ul style="list-style-type: none"> ◆ Expensive (may not be affordable) ◆ Loss of day to day control ◆ Long lease required ◆ Limited number of willing contractors
4 – Externalise via Part repairing lease with an option to invest in new/existing facilities	<ul style="list-style-type: none"> ◆ Industry norm (tried and tested) ◆ Shorter lease ◆ Possible savings ◆ Possible new build ◆ Economies of scale ◆ Staff security 	<ul style="list-style-type: none"> ◆ Risk/cost for plant and buildings remains with council ◆ Loss of day to day control

	<ul style="list-style-type: none"> ◆ Access to leisure card 	
5 – Externalise via management only arrangement with an option to invest in new/existing facilities	<ul style="list-style-type: none"> ◆ Shorter lease (flexible) ◆ Possible new build ◆ Probable savings ◆ Access to leisure card ◆ Economies of scale ◆ Staff security 	<ul style="list-style-type: none"> ◆ Risk/cost for plant and buildings remains with council ◆ Loss of day to day control
6 – Pursue previous preferred partner arrangement with YMCA and /or others	<ul style="list-style-type: none"> ◆ Local links ◆ Benefit to local partner ◆ Staff security ◆ Readily available ‘dry’ facilities (not located at pool) ◆ Leisure card for all YMCA facilities ◆ Fits with policy of joint working with Wyre 	<ul style="list-style-type: none"> ◆ Limited investment ◆ Not within standard LA procurement framework ◆ Limited financial savings

Kirkham Baths – retain or replace?

33. The existing pool at Kirkham is around 100 years old and, whilst still providing adequate swimming facilities, has limited options for development of the facilities. For instance, the only scope for expansion is into the adjacent baths house. The plant and structure of the building require around £170,000 of investment in the next five years which may be better utilised to contribute to a new rural pool. This element of research has been conducted in tandem with the main pools project and is attached as appendix 4. Members of the Policy and Services Scrutiny Committee may wish to make a recommendation based on this information.

Conclusion

34. The research undertaken for this report provides the council with information to enable it to make a series of decisions. Ultimately the reason for these decisions is to reduce the subsidy per user and increase swimming participation in Fylde. However, to ensure the right decisions are made this process must follow a logical, critical path.

35. At its meeting on 10th May the cabinet re-affirmed its current level of commitment for the provision of urban and rural swimming facilities. This is our starting point. The critical path of decisions should be:

- (i) Should investment be made in urban and rural swimming over and above the current level of funding?
- (ii) Should this investment be based on 'what the public wants' based on the questionnaire?
- (iii) What level of investment should be made?
- (iv) Should this investment be made into existing facilities or new build?
- (v) Should the pools be managed by the council or an external provider?
- (vi) If external, what level of management is preferred/affordable?
- (vii) How should this management be procured?
- (viii) When will the project be completed?

36. It is only when these decisions are made that the council will have the clarity of purpose required for any formal market appraisal.

37. In summary, it seems that interest in the pools is limited to the users and, with just 548 questionnaire returns, even users concerns appear to be limited. The questionnaires have largely been completed by Kirkham baths users, many of which are satisfied with the current facilities although a fitness suite would be desirable. In the public meeting at Kirkham, and in the comments received via the questionnaire there is a noticeable campaign to retain the existing pool.

38. Nevertheless pool use is generally declining and the council may consider that new facilities and other improvements highlighted in the survey, would be beneficial from a commercial perspective. The issue of programming and pool opening times has already been addressed and feedback from the public is favourable.

39. The anticipated benefits of externalising the management of the pools is not as apparent as first thought. Any investment by a leisure company requires a long security of tenure and will cost the council more in contract price. It might be cheaper for the council to borrow to invest itself. However, an external provider would bring expertise in leisure management and economies of scale in purchasing and marketing, staff recruitment and retention.

40. Members of the Policy and Service Review Scrutiny Committee may wish to recommend that the benefits of externalisation justify the considerable work required in order to attract tenders. The leisure companies would be keen to bid for the management contract, in what ever form the council considers most appropriate although a part repairing lease is the industry norm.

41. The committee may also wish to recommend that the council's additional investment in rural swimming, if any, and energy is directed towards providing a new facility. This decision could be tied into a formal management tendering

process or, if the council chooses to manage the pools in-house, form a stand alone project.

42. The key finding is that the council **must** be clear in what it wants to achieve. The actions must be sustainable and affordable if the council wishes to realise its aim of reducing the subsidy per user and increase swimming participation in Fylde by reviewing the council's provision of swimming facilities.

Implications	
Finance	One of the main aims of the review is to reduce the subsidy per user. If significant investment in the service is required at an approximate revenue cost of £80,000 per annum for each £1m borrowed over a period of 20 years this objective will be difficult to achieve.'
Legal	No further issues
Community Safety	No further issues
Human Rights and Equalities	TUPE Regulations will apply
Sustainability	No further issues
Health & Safety and Risk Management	No further issues

Report Author	Tel	Date	Doc ID
Paul Norris	(01253) 658440	14 th Aug 2006	

List of Background Papers		
Name of document	Date	Where available for inspection
Document name	none	Council office or website address

Attached documents

1. History of previous actions/decisions
2. Consultation results
3. Summaries of soft market testing meetings held with Leisure providers
4. New Pool at Kirkham? - Findings

Previous decisions

• **Best Value Review**

The Best Value Review of Leisure Services was undertaken during 2002/03 and the conclusion was endorsed by members in March 2003. The final report outlined the baseline position of the reviewed services and summarised its performance to date. It included a single vision for the Council's Leisure Services, which was *'to provide high quality leisure services that are strategically planned, cost effective and accessible, and that are programmed to meet the needs of all those who visit, live or work in the borough of Fylde'*. From this an improvement plan was agreed which included a number of short and long term objectives.

From the outset this review was driven by the need to 'minimise the subsidy per user' and focused on the need to find a more cost-effective option for providing the service although ten other evaluation criteria were used (rationale for provision, management rationale, business sustainability, accountability, flexibility of management, financial/management information, capital investment/service development, investment in staff, partnership/networking and leisure pass scheme/marketing). An appraisal of alternative options was undertaken against this criteria and the recommended option was that the services be provided through the mechanism of a trust as being the option most likely to deliver benefits over the range of criteria.

The Leisure and Recreation Policy Committee approved the final report and set up a Task and Finish Group to explore the feasibility of delivery of leisure service through one or more charitable trusts.

Leisure feasibility report

The Council commissioned leisure consultants, Knight, Kavanagh and Page (KKP). to investigate the various options for delivery of the council's leisure facilities through charitable trust and to assess the merits of each option. The Executive Committee considered their final report on 24th March 2005. The main outcomes from the report were:

- Enter negotiations with the Fylde Coast YMCA to assess the feasibility of transferring the management of St Annes Pool.
- Commission (or manage in-house) a preliminary 'scoping study' to assess potential to fund the development of a new swimming pool for Kirkham.
- Commission a feasibility study to evaluate the options for the development of the Lowther Pavilion.
- Continue with plans to market test the grounds maintenance function.
- Consider market testing:
- The Mini-golf – either as a franchise linked to specific conditions about investment in the site or set up as a discreet business unit within Cultural Services.
- The combined amenities and café at Fairhaven as a franchise linked to specific conditions about investment in the site or setting it up as a discreet business unit within Cultural services.
- The mini-golf and Fairhaven as a collective franchise linked to specific conditions about investment in both sites or setting them up as a discreet business unit within Cultural services.

Recent situation

- Discussions have taken place with the Fylde Coast YMCA to establish the broad terms and content of an appropriate service level agreement. The feasibility of management of St Annes Pool by the YMCA was shown, at a probable similar cost to the council's existing revenue investment although with the added (but as yet unquantified) benefit of providing structured investment in this facility. On this basis, in December 2005 the Fylde Coast YMCA agreed, in principle, that it would be prepared to take over the management of St Annes Pool, subject to agreement by the Council
- Work has started to look at the feasibility of a replacement pool for Kirkham Baths. In parallel to the negotiations with the YMCA the Cultural Services Business Manager opened a dialogue with Lancashire County Council, identified a small pools package and initially identified a number of potential sites for a replacement pool in the rural areas. The most recent meeting held in early February established that, in principle, the County Council would consider providing land at one or other of the identified sites for the purpose of constructing a new pool. However, discussions are still at an early stage and this matter now needs to be taken forward in consultation with the user and stakeholder groups which have developed out of the recent (temporary) closure of the pool.
- The status and future management of Lowther Gardens, is influenced by the terms of the trust by which the land was gifted to the Council and is now dependent on being managed by an independent charitable trust. The Executive Committee considered the future of Lowther Gardens and resolved at its meeting on 28th September:
 1. To agree to the registration of Lowther Gardens (Including the Pavilion) with the Charities Commission as an urgent priority.
 2. To agree to the finances of Lowther Gardens and Pavilion being separated from those of the Council.
 3. To authorises the appropriate officers to explore, with the Charities Commission and interested parties, the prospect of the operation and administration of Lowther Gardens and Pavilion being transferred to a new or existing Charitable Trust.

Documents to register the land with the Charity Commission will soon be ready for submission and a dialogue has been opened with potential trustees.
- Market testing of the grounds maintenance function will be carried out late this year.
- the Asset Management Group has considered issues around Fairhaven Lake and recommended that a small officer group should be formed to look in more detail at the site. This group would take into account: St Paul's Avenue car park (considered as surplus by Cabinet), the investment required on sea defences around Granny's bay and the Lake and the potential of the site to contribute towards the Classic resort initiative.

1 = Very Dissatisfied - 5 = Very Satisfied

Question 15

How satisfied/dissatisfied are you with the current facilities of St Annes pool?

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>No reply</u>
Cleanliness of changing rooms & toilets	17	26	69	80	32	321
Access for the disabled	4	13	41	47	32	408
Temperature of the pool	14	23	51	68	65	324
Quality of showers	10	35	82	66	28	324
Catering						
Car parks	40	33	52	46	36	338
Staff	9	16	41	82	62	335
Swimming lessons	9	11	27	24	38	436
Opening/session times	30	33	52	58	33	339
Admission prices	9	15	49	71	71	330
Information	10	26	55	63	33	358

Question 16

How satisfied/dissatisfied are you with the current facilities of Kirkham pool?

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>No reply</u>
Cleanliness of changing rooms & toilets	22	39	109	116	90	169
Access for the disabled	15	28	64	70	74	294
Temperature of the pool	15	33	89	121	111	176
Quality of showers	38	81	103	92	56	175
Catering	63	76	69	43	28	266
Car parks	16	38	81	113	108	189
Staff	6	14	46	109	184	186
Swimming lessons	15	9	30	61	122	308
Opening/session times	25	44	85	104	97	190
Admission prices	17	17	45	117	165	184
Information	17	34	71	109	94	220

Appendix 3 - Improve Swimming Pool Provision in Fylde
Summary of Soft Market Testing Meetings with Leisure Providers

Purpose of the meetings

To explore the issues and implications of pools service delivery via leisure Management Company. The findings to be reported to the Policy and Service Review Scrutiny Committee at their special meeting held on 31st August 2006

Details of meetings

The Community and Cultural Services Executive Manager invited six companies to attend informal soft market testing meetings with council representatives. All but one (Serco Group plc) accepted the invitation. All companies were given the opportunity to tour both St Annes Pool and Kirkham Baths. All the companies would take over existing staff on similar conditions under the TUPE arrangements. Summaries of the meetings are shown below.

Community Leisure Services – 20th June 2006

The meeting was attended by:

Paul Norris – Executive Manager, Community and Cultural Services

Paul Riley – Project Manager

Chris Holland – Leisure Manager

Clare Kennedy – Chief Executive CLS

Kate Flynn – Project & Research Manager CLS

Community Leisure Services have stated that they are interested in the opportunity to tender for the management of the borough's two pools. They outlined the various levels of involvement that they suggested the council might consider, namely:

Full Repairing Lease – where the responsibility for the building and the service management is held by the contractor

Part Repairing Lease – where the council retained responsibility for the building and the main items of plant and equipment

Standard Management Arrangement - Where the contractor was engaged to manage the service and all facility repair and maintenance was the responsibility of the council.

CLS stated that all contracts were different depending on what the councils wanted to get out of them and what was affordable. For instance, a full repairing lease would cost the council more in subsidy as the contractor would need to cover their risk.

CLS have a 15 year contract with Chorley Borough Council on a part repairing basis

In the event of a transfer of management the leisure staff would also be transferred under the TUPE arrangement. Their terms and conditions would remain the same.

Officers asked CLS what level of investment they might bring to the pools. Although CLS could invest the level would depend on a number of factors such as:

- ◆ The security of tenure i.e. the length of the contract. Most are for a defined period such as 10, 15, Or 20 years.
- ◆ The specific nature of the pools, condition, level of business both existing and potential
- ◆ All other aspects of the business.

CLS would bring in technical support for the pools. Officers informed them that we have existing maintenance agreements.

With regard to pricing, CLS stated that they would make recommendations as to the optimum fees and charges but ultimately FBC could determine the charges it wished to make.

The recent and continuing steep increase in energy costs would be a major factor in determining the contract price. CLS would build a percentage into the costs.

The management arrangements proposed would include:

- ◆ CLS providing a designated contract manager for day to day contact
- ◆ Strategic and partnership meetings with the client
- ◆ User groups and customer forums

Tendering

At the tender stage the council would have to undertake an in depth condition survey of the buildings and plant.

In the tender documentation we should request:

- ◆ The charges for management at the three levels indicated (Full repairing, part repairing and standard management)
- ◆ The cost of CLS investment. Including potential for dry side
- ◆ Details of service development proposed i.e. social inclusion initiatives, mystery shopper, staff development.

The council should compile a comprehensive tender pack to include a wide range of information in order that the tender price received has a minimum level of estimated contingency. They are able to provide a comprehensive list if required A pre-qualification questionnaire to all interested providers is recommended.

CLS would also be interested in tendering for the management of the council's other leisure facilities such as the mini golf.

Parkwood Leisure – 26th June 2006

The meeting was attended by:

Paul Norris – Executive Manager, Community and Cultural Services

Paul Riley – Project Manager

Chris Holland – Leisure Manager

Glen Hall – Regional Director (North) Parkwood Leisure

Parkwood Leisure is part of Parkwood Holdings which also includes Parkwood Health Care and Glendale (arboriculture).

The company runs 53 leisure sites of varying sizes, throughout the country with a £38m turnover. These are mainly public sector sites

The company operates a range of sizes of venue with a regional base in Preston. They are keen to look at the potential for investment but make the point that it is cheaper for the council to borrow money than it is for them.

Parkwood cite Staffordshire Moorlands as a good example of this.

The company offered the following advice if the council is to submit the pools to competitive tendering:

- ◆ Provide as much information as possible
- ◆ Be clear on what we want to achieve
- ◆ Don't be ambiguous

A number of authorities that pursued the Trust option in recent years are now experiencing difficulties.

Bristol in house Leisure Trust operated from 1997 to 2004. The Council, as a result of a best value review of the procurement process, took the decision to retender the Leisure service. The In house leisure trust did not make the short list, specifically because Bristol has 13 Victorian leisure sites that needed significant investment. The in house leisure trust was unable to find funds to invest.

Isle of White Council considered the formation of an in house trust at the end of an in-house 5 year contract. They used another leisure trust as consultants but their findings prompted the council to pursue the standard client/contractor model. The Council is now inviting private Leisure Companies to tender for the work. The Council is asking the Private firms to stand the cost of the condition surveys (£90,000) prior to submitting the tender even though those invited to tender may not win.

There are benefits to outsourcing the management of leisure facilities:

- ◆ Investment - although this could come at a cost to the council either in pay back of loan or increased charge levied by the management company. It would also require a long lease for security of tenure.
- ◆ Commerciality – the pools would benefit from economies of scale in procurement of services, equipment, training and from a wider staffing resource
- ◆ Growing business – promotions and marketing would be funded centrally
- ◆ Working to a clear service level agreement – so that each partner was fully aware of their own responsibilities and liabilities

Parkwood raised the issue of the cost of utilities. The recent large rises in the cost of gas and electricity will have a significant effect on the submitted contract prices.

DC Leisure – 27th June 2006

The meeting was attended by:

Paul Norris – Executive Manager, Community and Cultural Services

Paul Riley – Project Manager

Chris Holland – Leisure Manager

Ian Morey – Business Development Manager, DC Leisure

DC Leisure Management currently manages 118 facilities on behalf of 29 local authorities. Until recently the company managed Wyre Borough Council's leisure facilities through a sub-contract with Community Leisure Services.

They recommend that the council engages in a traditional 'best value' leisure contract. The length of the contract would depend on the amount of investment by the operator. For the management of the existing facility they would recommend an initial period of 8 to 10 years (with the option to extend after this period). For a new facility (Kirkham Baths) the contract could be between 15 and 25 years, depending on the investment required. DC Leisure would also require utility benchmarking on an annual basis due to the volatility of the market. DC would retain consumption risk.

DC would expect a part repairing lease on the facilities. This would qualify them for 100% NNDR relief, providing the council with significant savings.

For a new facility DC would take over the lifecycle costs over the contract term. For any existing facility the council would be responsible for structural issues, latent defects and major plant replacement and all PPM. This is accepted as an industry norm.

DC Leisure is active in the market of developing new leisure facilities and have recently engaged in

- ◆ £9.5m refurbishment of the facilities – Wandsworth
- ◆ £2.5m refurbishment – Farnborough
- ◆ £12m new facility – Elmbridge
- ◆ £12m new facility – Wolverhampton
- ◆ £22 million new/refurbishment – Amber Valley

They would be pleased to work with Fylde in developing a new swimming pool and fitness centre to replace Kirkham Baths.

DC Leisure offered the following advice if the council is to submit the pools to competitive tendering:

- ◆ Ensure the council is clear on what it wants
- ◆ Ensure the council knows its affordability through realistic business plan assumptions
- ◆ Ensure that all necessary information is included in the invitation to tender. (A list of this information was provided)

Fylde Coast YMCA – 3rd July 2006

The meeting was attended by:

Paul Norris – Executive Manager, Community and Cultural Services

Paul Riley – Project Manager

Chris Holland – Leisure Manager

John Cronin – Managing Director, Fylde Coast YMCA

David Lean – Financial Director, Fylde Coast YMCA

The YMCA had previously been identified by the council as the preferred partner in a negotiations to explore the feasibility of management of leisure facilities through charitable trust. With the revised remit to explore further opportunities the YMCA is keen to be included on a similar, more commercially focused client contractor basis.

They have recently taken over the management of Wyre Borough Council's leisure facilities

The YMCA would require a detailed condition survey of the facilities and are prepared to tender based on any model preferred by the council (i.e. full repairing, part repairing or basic facility management)

They are interested in developing a new facility in the rural area although they also made the point that the council can borrow more cheaply.

The YMCA would prefer a contract of around 15 years and consider themselves strategically well placed in view of their local operation and partnership with Wyre Borough Council

The YMCA would tender on a cost basis however they were keen to point out that cost should not be the only basis of awarding the tender. Other issues such as social fit, need and being strategically placed with Wyre contract should be used to influence preferred management company.

Sport and Leisure Management (SLM) – 11th July 2006

The meeting was attended by:

Paul Norris – Executive Manager, Community and Cultural Services
Councillor Simon Renwick – Portfolio Holder for Culture and Tourism
Paul Riley – Project Manager
Chris Holland – Leisure Manager

SLM is the longest established leisure management contractor in the UK and was established in 1987 to manage local authority leisure contracts.. The company has a portfolio of 55 leisure facilities in partnership with 18 local authorities.

Any contract would be between the council and the holding company, SLM, who would be responsible to the council for all operation of the contract. SLM would sub-contract the delivery of the service to three subsidiaries:

Food and beverage – SLM Food and Beverage Ltd
Gym and exercise – SLM Fitness and Health Ltd
All other services – SLM Community Leisure Charitable Trust

The company would require a lease on the buildings and would sublease to the Trust and would be able to deliver financial benefits including VAT and rate relief which is would invest back into the partnership:

SLM 's existing contracts are mainly on the south coast of England. They currently have no presence in the North West but are keen to establish a foothold in this region.

The company would consider a full repairing lease subject to the merits of the facility. It also depends on what the council actually wants to achieve.

The company has not yet been involved in any new builds as there are plenty of existing facilities to develop.

Some local authorities that have gone with preferred partners rather than through a procurement process are now reviewing this decision and are reverting to market testing.

SLM advised the type of information they would require in order to submit a bid. This includes:

- ◆ A full buildings condition survey
- ◆ All financial information including utility costs

- ◆ Level of investment required
- ◆ Plenty of time for the tender to be worked up, liabilities assessed and submitted (8 – 10 weeks)

SLM recognises that some council's fear loss of control but advises that they would work with the authority, through the contract and SLA to develop the service and address sensitive issues. A designated contract manager would work with the council on a daily basis and there would be regular contact through a partnership meeting with regular reviews. The Managing Director would meet with the Portfolio holder every six months to discuss strategic issues.

Note

All of the above organisations would be prepared to consider management of other council leisure facilities such as the mini golf etc.

Appendix 4 – New or existing pool at Kirkham?

A key issue in the provision of swimming facilities was initially raised as part of the Leisure feasibility report undertaken by leisure consultants Knight, Kavanagh and Page (KKP).

The recommendation was to commission (or manage in-house) a preliminary 'scoping study' to assess potential to fund the development of a new swimming pool for Kirkham.

KKP state that: *The age and condition of the Council's main indoor sport and leisure facilities – in particular Kirkham is such that, irrespective of the management vehicle employed for the service, more radical action may be required if residents of Kirkham and the surrounding area are to be afforded the opportunity to learn to, and take part in, swimming at a public, affordable non-membership based facility in their locality.*

As a result officers have started to look at the feasibility of a replacement pool for Kirkham Baths. In parallel to the negotiations with the YMCA, the Cultural Services Business Manager opened a dialogue with Lancashire County Council, identified a small pools package and initially identified a number of potential sites for a replacement pool in the rural areas. The most recent meeting held in early February established that, in principle, the County Council would consider providing land at one or other of the identified sites for the purpose of constructing a new pool.

However, any further work can only take place if the council indicates that it wishes resources to be allocated to developing a sound business case for a new pool facility in the rural area.

The information required to make this decision is outlined in this report. However, full financial details can only be provided following detailed research and when the council's preferred option for management of the pools is known. It is proposed that members consider whether they wish officers to undertake this research and report the information back at a future meeting of the Policy and Service Review Scrutiny Committee. Due to the commercially sensitive nature of the information a future report would need to be exempt.

To provide members with some information to make a recommendation to cabinet an assessment should be made of:

- ◆ Existing running costs
- ◆ Required future capital expenditure
- ◆ Efficiency savings achievable from an new pool
- ◆ Value of existing land/building
- ◆ The cost of a new pool/land
- ◆ Professional fees
- ◆ What the public wants

This report gives an initial indication of these issues, based on the councils own budget information, condition surveys, land assessment and the recent public consultation

Existing running costs

The net revenue cost of the existing Kirkham Baths, including routine maintenance is £167,000 plus central charges.

This comprises staffing, utility charges

Required future capital expenditure

Based on a summary condition report undertaken earlier this year Kirkham requires around £170,000 of investment in the next five years to bring it up to industry standard and to minimise the chance of plant or building failure requiring unscheduled closure. Members may consider that this investment is more effectively used as a contribution to a new pool.

Efficiency savings achievable from a new pool

It would be expected that a new build pool would conform to current efficiency standards with the resulting reduction in heating costs. It is also likely that a new pool would require fewer staff to operate

Value of existing land/building

The council would need to determine the full value of the land and to decide if this money could be ring-fenced to contribute to a new pool project

The cost of a new pool/land

The cost of a new pool depends largely on what standard we wish to achieve. At the Kirkham public meeting there was a call for a 25 metre pool rather than the proposed 20 metre. (The existing pool is 25 yards). The addition of other facilities such as a fitness suite, sauna etc would all have cost implications.

In soft market testing with leisure providers it was clear that, although companies would consider investing in a new build, the council was able to borrow money at more advantageous rates.

What the public wants

The public meetings at Kirkham have demonstrated a particular strength of feeling over the future of swimming in Kirkham and the rural area. Although a call has been made to retain the existing there is a certain amount of wariness among the Kirkham population that the proposal for a new pool is merely a way of closing the existing facility. The council's decision to re-confirm its current level of commitment for rural swimming has helped to ease this fear

Location of a new pool

At the public meeting, much of the debate focused on the possible locations for a new pool. To date council officers have held informal discussions with Lancashire County Council and local schools to establish whether a location on an educational site would be accepted in principle. Any possible site would need to be assessed in great detail, ground and traffic surveys carried out and outline planning permission sought. Until a decision is made to consider a new

pool as the preferred option, it is premature to engage in detailed discussions as to the merit of one site over any other – none of which may be ultimately suitable.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
LEGAL SERVICES	POLICY & SERVICE REVIEW SCRUTINY COMMITTEE	18 SEP 06	5

LOWTHER GARDENS CHARITABLE TRUST

Public/Exempt item

This item is for consideration in the public part of the meeting.

Summary

Last year, Counsel advised that the council held Lowther Gardens on charitable trusts. The Executive Committee authorised me to register the trust as required by law. The registration application has been made, but not yet completed.

Once registered, the Council will be able to work with the Charity Commission to modify some of the terms of the trusts. This can not change the fundamental character of the trust. The Council will continue to be bound by the terms of the trust, as so revised, and charity law.

The Council will need to consider whether it wants to carry on as sole trustee, as one of a number of trustees or to relinquish its involvement. Charity Commission guidance sets out some problem areas for local authorities acting as charity trustees. Either way, the Council will need to continue to fund Lowther in the immediate future.

Recommendation/s

1. Note the report.
2. Make recommendations about how the Council's involvement with Lowther Gardens and Pavilion should develop after registration of the trust.

Executive brief

The item falls within the following executive brief[s]: Culture & Tourism (Councillor Simon Renwick).

Report

Background

1. The chairman has asked for a report about the registration of Lowther Gardens as a charitable trust.
2. The former Executive Committee considered a report on the future of Lowther Gardens and Pavilion at their meeting on 28 September last year. The summary of the report was as follows:

“As part of the work undertaken to establish the suitability of Lowther Pavilion as the location of the Council’s Civic Suite the Legal and Democratic Services Officer sought Counsel’ s opinion to gauge the robustness of restrictive covenants over the Pavilion and Gardens. The opinion, whilst attaching significance to the covenants, also identified that Lowther Gardens was held by the council on charitable trusts, arising out of the terms of the original gift of the land to the council’s predecessor in 1905... The council now needs to register the charitable trust. It also needs to make arrangements for the future management of the Gardens (including the Pavilion) as a charitable trust. These arrangements may include appointing alternative or additional trustees to administer the trust...”

“The restrictions of the charitable trust status and the covenants effectively prevent the council from operating a civic suite on this site.”

3. After consideration of the report, the committee resolved:
 1. *To agree to the registration of Lowther Gardens (Including the Pavilion) with the Charities Commission as an urgent priority.*
 2. *To agree to the finances of Lowther Gardens and Pavilion being separated from those of the Council.*
 3. *To authorises (Sic.) the appropriate officers to explore, with the Charities Commission and interested parties, the prospect of the operation and administration of Lowther Gardens and Pavilion being transferred to a new or existing Charitable Trust.*
 4. ...
4. Following the committee meeting the then chief executive, the then deputy chief executive and I met representatives of the Charity Commission (including their legal adviser) at the Commission’s offices in Liverpool. The Commission’s representatives agreed with Counsel that the Gardens were held on exclusively charitable trusts as a recreational ground.
5. The Commission’s representatives advised that the Gardens should be registered as a charitable trust, as required by law. Once the trust had been registered, the Commission could, on application, work with the trustees to agree a scheme under the Charities Act 1993 to tidy up and modernise the trusts under which the Gardens

was held. Any such scheme would be subject to a formal process and could not alter the fundamental purpose for which the Gardens were held.

6. There was specific discussion of the prohibition against “meetings for the discussion of political religious trade or social questions or other matters of controversy”. Again, the Commission’s representatives agreed with Counsel that this wording would apply to council and committee meetings, with the possible exception of the largely ceremonial annual meeting. A scheme under the Charities Act could not remove this restriction.

Present status

7. I subsequently applied to register Lowther Gardens with the Commission. That application has not yet been completed because of the need to establish a separate bank account for the charity. The Finance Executive Manager is progressing the opening of the account. The registration of the Gardens should be complete by the end of the year.

The Future

8. As a charitable trustee, the Council must manage Lowther Gardens exclusively for the purposes of the trust, which are as a public park or public gardens for the purposes of recreation, and in accordance with charity law. Additionally, it must comply with the detailed rules about record-keeping, accounts and other filing requirements that apply to charitable trustees.
9. Once the charity has been registered, the council can continue as the sole trustee of the charity, or it can seek to appoint other trustees, either instead of or as well as the council. Whoever serves as a trustee would be bound by the purposes of the trust and the restrictions of charitable trust status in the same way as the council. There are two areas in particular that will need to be considered. They are explored below.
10. The Charity Commission believes that local authorities may not always be appropriate trustees. The Commission’s guidance note on local authorities and charities includes the following:

Are there any advantages in a local authority being the trustee?

Yes. The administration of a charity by a local authority can have advantages:

as a body corporate, a local authority enjoys perpetual succession, so that it is not necessary to make individual appointments of charity trustees or to vest the charity’s property in them; and

often the local authority will be willing to subsidise the operation of the charity out of its statutory funds, either directly by way of grant aid, or indirectly, for example, by meeting the cost of maintaining the charity’s property or by providing professional services free of charge.

Are there any disadvantages in a local authority being the trustee?

Yes, our experience suggests that:

local authorities often fail to appreciate that they are not free to deal with the property of a charity in the same way as they can deal with their corporate property held for statutory purposes. This can result in property being treated in a way which is inconsistent with the charitable trusts. For instance, where the property in question is a recreation ground, a lease may be granted on preferential terms to a (non-charitable) sports club;

conflicts often arise between the interests of the local authorities and their council tax and rate payers on the one hand, and those of charities and their beneficiaries on the other hand (Party political interests may even play a part in decisions made);

local authorities sometimes give the administration of charities less attention than would bodies of individual trustees constituted solely for the purpose of administering them. Much of the day-to-day administration of the charity may be delegated to a committee, or even to officers in the exercise of their Local Government Act powers; and

in the event of local government reorganisation, a successor authority might not appreciate that property transferred to it from a predecessor authority is held on trust for charitable purposes, with the result that it mistakenly treats it as part of its corporate property.

Will we appoint a local authority as trustee?

[...]

When making a Scheme for some other purpose in relation to a charity which is administered by a local authority as trustee, we will consider whether other trusteeship arrangements might not be more appropriate. For example, we may suggest to the local authority that it retires in favour of a body of individual trustees, while perhaps retaining the right to appoint some of those trustees.

11. Lowther Gardens costs (presently in the region of £200,000 after taking into account income from the Pavilion). Charitable trust status is unlikely to provide a way for the council to release itself from that commitment, at least in the short term. Any incoming trustee (as well as the Commission) will want to be satisfied that funding arrangements are in place to enable the trustees to perform their duty.

IMPLICATIONS	
Finance	
Legal	There is not an issue about whether Lowther should become a trust: Counsel's Opinion and advice from the Charity Commission establish that it already is. The issues are about regularising that status by registration and how to move forward within the constraints of trust status.
Community Safety	

Human Rights and Equalities	
Sustainability	
Health & Safety and Risk Management	Failure to complete the registration of the Gardens as a charity and fully comply with the restrictions of the covenants may result in action being taken against the Council.

REPORT AUTHOR	TEL	DATE	DOC ID
Ian Curtis	(01253) 658506	10 August 2006	

LIST OF BACKGROUND PAPERS		
NAME OF DOCUMENT	DATE	WHERE AVAILABLE FOR INSPECTION
Opinion of William Moffett	9 June 2005	Town Hall, St Annes
Notes of a meeting with the Charity Commission held on 22 November 2005	28 November 2005	Town Hall, St Annes
Charity Commission guidance note CC29: "Charities and Local Authorities	March 2001	www.charity-commission.gov.uk/publications/cc29.asp

REPORT



REPORT OF	MEETING	DATE	ITEM NO
STREET SCENE UNIT	POLICY AND SERVICE REVIEW COMMITTEE	30 AUGUST 2006	6

PUBLIC CONVENIENCE PROVISION

Public

This item is for consideration in the public part of the meeting.

Summary

The report outlines the actions and considerations of the Task & Finish Group (TFG) with regard to the financial aspect of providing a new type of public toilet service at Fylde.

Recommendations

1. That members note the report
2. That members scrutinise all or any aspect of the report.

Executive Portfolio

The item falls within the following executive portfolio [s]:

Short title of portfolio (Councillor Tim Ashton)

Report (Background)

1. At its meeting on the 18th May 2006 the Policy and Service Review Community Committee made five recommendations with respect to the Public Convenience report. The fifth recommendation was:

5. To ask the Portfolio Holder to report back at a special meeting of the committee in September on the financial aspects of the proposal.

2. This report is not a re-run of the history of the TFG activities or of the PSRC Committee input with regard to the Councils public toilet provision. This report outlines only the financial considerations made by the TFG during its remit.

Financial discussion history

3. The history with respect to the discussions/meetings about the financial aspects of the TFGs deliberations can be split into two distinct areas.
- Internal financial considerations and,
 - External (Soft Market Testing) considerations.
4. The following Table illustrates where and with whom discussions/meetings have taken place where the financial aspects of the work undertaken by the Task & Finish Group have been discussed. The table also includes dates that market-testing discussions took place.

Date	Group/Who	Discussion agenda	Reporting mechanism
24/08/05	TFG	Outlining the six options available. Producing the Specific Options Appraisal Report	PSRC Oct 2005
03/11/05	DANFO	TFG sought indicative prices	
08/11/05	TFG plus Brian White	Market intelligence passed to TFG members and BW @ 08.22 am 8/11/05	
23 Nov 05	TFG Meeting	Specific Agenda Item re Finance issues	PSRC Dec 2005
01 Dec 05	PSRC Dec 2005	Report of TFG	PSRC Dec 2005
02 Dec 05	Council Budget steering Group	Revenue Growth bid for £55 submitted by D Jenkinson	
Feb 06	Council Budget steering Group	Revenue Growth bid reduced to £45k on request of steering group	Council 27 Feb 2006
18 May 06	TFG to PSRC	Final Report of TFG	
12 July	TFG	Cabinet	Council 24 July 2006

5. Dealing with the internal financial considerations first. The TFG were faced with three issues,
- what are our current costs?
 - what do we need to do in respect of financial input, to provide a service (In terms of building/maintenance costs) on our current facilities? and

- what alternative service can we provide for the same or similar money?
6. The table at Appendix 1 details the financial information available to the TFG. The Councils Asset Manager, based on work undertaken by Capita provided this. The list describes the 14 operational facilities and the one disused facility owned by the Council.
 7. It can be clearly seen that based on this information (Appendix 1) the Council was facing a total cost of approximately £230K to ensure that all (14) Council facilities attain Disability Discrimination Act (DDA) compliance. This does not include the Revenue budget costs to clean and maintain the facilities. Clearly not an option in the current financial climate.
 8. Of the total number of facilities (14) operated by the council seven (7) are DDA compliant. Of those seven only the facilities at Kirkham Mk Sq. and Pleasant St Lytham are of a reasonable standard. The other five (5) are not, and will require considerable upgrading/maintaining in the coming years. To bring these five facilities up to a reasonable operating standard would have cost approximately £20k. After spending that £20k we would have still been left with an old, decrepit, antiquated set of facilities.
 9. Hence the TFG obtained market intelligence on what external partners may be able to supply, for the equivalent Council budget (that was the goal at the time).
 10. The market intelligence indicated that seven (7) new In-build facilities could be provided for in the region of £7,100.00 per month, and that the other three facilities could be managed for approximately £850 per month each. This would be £116,000 per annum to the nearest thousand pounds. In addition to this the Council would need to budget for ancillary support charges, water, rates etc and cover external maintenance costs (Roofs/footpaths exterior surfaces etc). Therefore a total of approximately £216k for ten first class state of the art facilities.
 11. The ten facilities, with Ashton Gardens being provided under the Lottery Bid arrangements, would also require budgets for ancillary support charges, water, rates etc. (see table 1 below)

Table 1

Service	Cost £s	Total (budget)
7 x New Facilities	7,123 per month	85,476
3 x other facilities Cleaning	850 per month	30,600
Premise related expenses (Elec/Water etc)		37,672 (budget book)
Premise related expenses (External Maintenance)	20k (part of growth bid)	20,000
Central support		43,117 (budget book)
TOTAL		216,865

12. The next consideration was the Councils current (then –Oct 2005) budget. The revised estimates indicated an out-turn budget total of £153.3k. A revenue growth bid of £55K was submitted to the Councils 2006/07 budget setting process.
13. There was difference between the Councils budget and the market intelligence. It is however not a simple matter of deducting one from the other to reach an answer. Other issues were considered that resulted in the revenue growth bid. I.e. We knew that it would take twelve months to complete the process from writing the contract to getting contractors on site and building new facilities and therefore had to run the current service, we knew that we would have to put in place temporary facilities at places like Ashton Gardens and Freckleton. We knew we had to maintain the fabric of the facilities until the contractor took over (which will entail approximately £20k of expenditure, as a minimum) and we were waiting to see what the Lottery bid situation was with Ashton Gardens.
14. The incoming contractor will be required to upgrade/rebuild the 'In-Build' facilities, the Council will still be required to fund the maintenance of the external fabric of the buildings. This was estimated at £20K per annum. (effectively, £2k per facility per annum)
15. Following the Councils 2006/07 revenue and growth bid appraisal process; the current 2006/07-budget book has a total indicated expenditure of £213K. Virtually the same as indicated in table 1 above. (the small differences in the budget book were for back office central support costs)

16. Income.

17. **Under the terms of the contract any/all Income generated is the Councils.** The issue of the amount of potential Income generation was considered by the TFG
18. The potential income could not be quantified in the exercise because any income would be dependent on location of the facilities and the number of uses. We know that the facilities WILL generate income, but because we are not certain (indeed we don't even want to hazardous a guess in case the Council make a false assumption on its budget position) this money **HAS NOT** been included in any 'off setting' of cost for two very good reasons. First, we don't know how much we will generate and secondly, we want to be able to improve the number of facilities we operate through the income generation of the contract. If all the monies are returned to the central pot, this service will never increase/improve.
19. Experience shows that any specifically unallocated income generated quickly disappears into the corporate centre. The contract documents have been written in such a way (colleagues at Wyre have exactly the same views) that the contractor will collect all the income generated (a huge saving in resources/time/receipting for ourselves) pay over to each Council 50% of the collected income and retain the other 50% in an high interest account that shall be used once suitable funds have been reached to increase the number of facilities we operate. The first facility so earmarked, is the facility at Fairhaven Lake. (By the bowling green and Café). This is/was the understanding of the TFG members.
20. By incorporating this arrangement into the contract documents, we may have the possibility at the end of year one of the contract of adding a further facility(s) to the portfolio.

21. The financial situation will not be fully determined until the procurement exercise has been undertaken. The portfolio holder will be reporting to Cabinet the results of the procurement exercise. Should the procurement exercise fail to produce a suitable result, (i.e. the returns are too expensive) Plan B, is to upgrade the current facilities to such a standard as budget will allow.

Implications	
Finance	Detailed in Report
Legal	N/A
Community Safety	N/A
Human Rights and Equalities	N/A
Sustainability	N/A
Health & Safety and Risk Management	N/A

Report Author	Tel	Date	Doc ID
David Jenkinson	(01253) 658631	18/08/06	

List of Background Papers		
TFG Final Report	May 2006	Street Scene – Freedom House

Attached documents

1. Appendix 1. Public Toilet Data Sheet

Conveniences							
No.	Asset Details	Address	Urgent Cost	Yr 1-2 Cost	Yr 3-5 Cost	DDA Costs	Disabled Facility
			£	£	£	£	
1	Wrea Green	Rear of Grapes Hotel, Station Rd, Wrea Green,				33,000	
2	Moor Street-	Moor Street, Kirkham,	1250	5850	0	26700	
3	Freckleton	Rear of Coach & Horses Hotel, Preston Old Road, Freckleton,				22,000	
4	Church Street Kirkham	Market Square, Church Street, Kirkham	0	3700	350	1300	✓
5	St. Annes Road West	St Annes Rd West, Lytham St Annes,				1300	✓
6	Ashton Gardens	Ashton Gardens, St Georges Road, St Annes	1050	7200	1300	22,000	
7	Promenade Monument	Front of Town Hall, St Annes				1300	✓
8	Fairhaven Lake	Inner Promenade, Lytham St Annes,	0	5900	0	22,000	
9	Lowther Gardens	West Beach, Lytham St Annes,	440	3450	0	1300	✓
10	Pleasant Street	Pleasant Street Car Park, Lytham	0	5200	0	1300	✓
11	East Beach	East Beach, (Adjacent to Windmill), Lytham,	0	3000	0	1300	✓
12	North Promenade	North Promenade Car Park, Lytham St Annes,	0	900	0	22,000	
13	Fairhaven Road	Fairhaven Rd Car Park, Adjacent to Beach Terrace Café, St Annes				22,000	
14	Stannah Bank	Fairhaven Lake, Adjacent to Stanner Bank Car Park, Lytham.	0	12000	0	1300	✓
		Totals	2740	47200	1650	178800	

15	Ansdell Road South	Ansdell Rd South @ Junction of Cambridge Rd, St Annes (disused)					
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REPORT



REPORT OF	MEETING	DATE	ITEM NO
OVERVIEW AND SCRUTINY	POLICY & SERVICE REVIEW SCRUTINY COMMITTEE	30 AUGUST 2006	7

REVIEW OF COUNCIL ASSETS

Public/Exempt item

This item is for consideration in the public part of the meeting.

Summary

This is a preliminary report, in preparation for a proposed review of council assets. A draft scoping document is attached.

Recommendation/s

1. That the attached document be approved as the basis on which to progress the review.
2. That the committee considers whether it is appropriate to appoint a Task and Finish Group at this stage.

Executive Portfolio

The item falls within the following executive portfolio[s]:

Finance and Efficiency (Councillor Paul Rigby)

Report

The review of council assets was identified in a recent IDeA training session for Cabinet and Scrutiny members as an area of concern which needed to be addressed as a priority by this committee, through an in-depth review.

As a result a preliminary scoping meeting was held with the responsible officer and the PSR Scrutiny Committee Chairman and Vice-Chairman, in order that issues could be identified and an approach to the review recommended.

The attached draft scoping document sets out the proposed terms of reference for the review of council assets, which will commence when a Task and Finish Group has been appointed.

The document identifies the aims of the review, the methodology, the objectives of the review, and indicators of success.

Implications	
Finance	None arising from this report
Legal	None arising from this report
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability	None arising from this report
Health & Safety and Risk Management	None arising from this report

Report Author	Tel	Date	Doc ID
Annie Womack	(01253) 658423	18 August 2006	Review of Assets – report on TOR

List of Background Papers		
Name of document	Date	Where available for inspection
Document name		Council office or website address

Attached documents

1. Draft scoping document.

Aims of Review:

- To accelerate the on-going review of council assets to ensure they are delivering the aims and priorities of the council. Each asset reviewed and considered for one of the following approaches:-
 - 1) an asset that could or should be disposed of to achieve income
 - 2) an asset that could potentially raise increased revenue
 - 3) an asset that could or should be disposed of to others to continue to provide the council's objectives, e.g. the Town or Parish Council
 - 4) an asset that should be retained and if necessary improved/adapted

Such considerations should take into account the impact of disposal or retention on Fylde's residents and visitors, as well as the financial advantages or disadvantages to the Council. Each proposal for disposing of an asset could potentially involve costs for legal; planning; maintenance; resources.

Objective:

To support the asset management plan and to maximise the Council's income.

Outcomes (indicators of success):

- A co-ordinated and member-led approach to asset review resulting in a consistent and productive methodology
- Increased income for the Council
- Provision of better services overall to customers

Methodology:

- To appoint a Task & Finish Group to appraise assets and to express a view of which assets should fall within each of the 4 categories outlined above.
- To further prioritise the review of each asset within those categories
- To establish where there are restrictive covenants attached to any assets
- To select an asset (or assets) for scrutiny; to task a Surveyor with valuation of the selected asset(s) and request an in-depth report from the appropriate business units on viability of disposal, improved management or potential for increased income generation.
- To consider the evidence and make recommendations to the Executive

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