

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer for Citizen, Culture, and Facilities****Corporate Services Committee: 17 February 2020**

Subject: West Dunbartonshire Leisure Trust Business Plan 2021/22**1. Purpose**

- 1.1** The purpose of this report is to update members on the West Dunbartonshire Leisure Trust Business Plan for 2021/22.

2. Recommendations

- 2.1** It is recommended that Committee:
- approves the report and the efficiency options outlined;
 - approves the 2021/22 West Dunbartonshire Leisure Trust Business Plan;
 - agrees that the WDLT management fee set out in this report is included in the Council's 2021/22 revenue budget considerations for the March budget-setting meeting; and
 - recommends to Council that a letter of comfort is issued to the WDLT.

3. Background

- 3.1** West Dunbartonshire Leisure Trust (the Trust) is a company limited by guarantee with charitable status. In addition to being regulated by the Companies Act (2006), the company is also subject to the charities regulator in Scotland, OSCR (Office of the Scottish Charity Regulator).
- 3.2** West Dunbartonshire Leisure Trust was incorporated as a company in December 2011 and started trading on 5th April 2012.
- 3.3** There are nine members of the company who serve as trustees comprising of three (3) West Dunbartonshire Councillors (Partner Trustees), an Employee Representative Trustee and five (5) Independent Trustees. The board of Trustees (who are also directors of West Dunbartonshire Leisure Trust for the purposes of company law) has control of the company subject to providing and operating the services in accordance with the Legal Agreement reached with West Dunbartonshire Council and provides strategic direction to the General Manager and his Management Team.
- 3.4** West Dunbartonshire Leisure Trust is responsible for the strategic and operational management of West Dunbartonshire Council's Sport and Leisure Facilities, Community Facilities, Sports Development, Active Schools, for

operation of Outdoor Recreation facilities and for event delivery on behalf of the Council.

- 3.5** In order to ensure that the Council meets its obligations to provide adequate provision of facilities for the residents of the area for recreational, sporting, cultural and social activities in terms of Section 14 of the Local Government and Planning (Scotland) Act 1982, there is a Services Agreement in place between the Council and the Leisure Trust. The Trust is paid a management fee for delivery of the services through an annual funding commitment.
- 3.6** The Services Agreement states that the Leisure Trust should bring a draft Business Plan forward for the coming financial year that illustrates the resources which WDLT intends to use to deliver its services. It should also include information on the expected expenditure required to provide those services, and the amount of funding required from the Council in the form of the management fee. This report and the accompanying Business Plan (Appendix 1) fulfils this requirement.
- 3.7** This report is presented to Committee on behalf of WDLT by the Chief Officer for Citizen, Culture, and Facilities (CCF) who is the senior officer responsible for monitoring WDLT activity on behalf of the Council.
- 3.8** The 2020/21 Management fee was £3,800,212 and was agreed after WDLT undertook £327,000 of savings and efficiencies. These included £130,000 from: a review of the operating model for community facilities; various additional staffing efficiencies; and a projected increase in income targets.
- 3.9** During 2020/21 as a result of the Covid-19 pandemic WDLT has been forced to close all buildings and cease services on several significant occasions. As a result it has suffered an unprecedented loss of income estimated at approximately £2,500,000(*note - these figures do not take into consideration the further impact of the closures that commenced on 27 December 2020 and is currently ongoing*). This is predicted to lead to an annual accounts position anticipated to be between the break even point and a £75,000 surplus depending on activity between now and 31 March. This projection has been achieved by WDLT utilising the Job Retention Scheme; Business Support Grants; introducing a number of short-term and one-off efficiencies (worth £435,000) along with some long-term efficiencies (worth £69,000); as well as a one-off payment from the Council of £196,000 via the Scottish Government's Loss of Income Scheme. It should be noted that the Loss of Income scheme is directly dependent on the Barnett Consequentials from the similar scheme running in England and that the totality of this will not be finalised until the end of the financial year. It is possible that the allocation could vary either upwards or downwards as a result of the finalisation of the scheme. WDLT will not require any financial assistance from the Council during 2020/21.

4. Main Issues

- 4.1** Informal discussion took place between senior officers for the Council and WDLT pre-Covid to identify a number of efficiencies/management adjustments that could be made in 2021/22. Some of these are now no longer possible due to the impact of the pandemic. Having undertaken a review WDLT still plans to deliver approximately £200,000 of the efficiencies/management adjustments previously agreed. These will come from the completion of the review into Community Services; the completion of the review of the Trust's Management and operating structure; and a reduction in overtime levels.
- 4.2** The continued disruption caused by Covid-19 means the Trust is projecting approximately a 30% loss in income in 2021/22. This is based on services being able to reopen as normal for the majority of the financial year, but with restricted participation levels, and with a drop-off in participation caused by loss of members. To reduce the impact of this in the first instance the Trust is planning a one-off use of £600,000 of reserves, on the basis that it expects the position to improve significantly once operations are hopefully back to normal in 2022/23.
- 4.3** To further mitigate this WDLT can implement the following new efficiencies/management adjustments:

New Efficiencies Built into Expenditure Budget for 2021/22	Recurring £	One Off £
1) Voluntary Early/Flexible Retirements	18,000	0
2) Removal of a vacancy	13,000	0
3) Restructure of Sports Development and Active Schools teams	48,000	0
4) Removal of the non-statutory Early Years Nursery Programme	33,000	0
5) Reprogramming of Clydebanks Main Pool into programmed lane swimming. This would be Mon-Fri from 7am until 1pm – only during term-time. The family teaching pool would be open 7am to 1pm for families. <i>(from 1 October 2021 this would be Mon-Fri from 7am until 4pm – only during term-time. The family teaching pool would be open 7am to 4pm for families.)</i>	60,000	0
6) Anticipated impact of Covid-19 on swimming pool provision in 2021/22 <i>(hours would return to normal from 1 October 2021)</i>	0	22,500
7) Operate only Profitable Community Sports Development Programmes	14,000	0
8) Essential Uniform Issue	0	15,000
9) Closure of Leisure Centres on 27 December	1,500	
	187,500	37,500
	225,000	

- 4.3.1** Efficiency 4 relates to the provision of a small scale nursery programme whereby each child attending a Council nursery receives one 30 minute physical activity session per year. Currently the Trust receives no income from Education for this activity, and it is not a statutory provision. Discussions with the Education service has identified that this is not a priority activity they would have new funding available to pay for moving forward.
- 4.3.2** Efficiency 6 takes account of the significant disruption anticipated in 2021/22 by the pandemic. This assumes that the swimming pools will be closed or only partially reopened during the first six months of the financial year. This draws on the experience of 2020/21 when even when the pools were allowed to re-open the Trust operated reduced hours. In practice, this could take the form of pool closures between the hours of 1pm and 4pm when the pools are at their quietest, and provide an opportunity for additional cleaning of the changing areas and poolsides. Agreeing such as measure would allow the Trust to plan and operate with reduced lifeguard shift patterns and reduced costs in the first half of the financial year. The Trust currently has a number of lifeguard vacancies so no employees would be affected by the proposal. The Trust has confirmed that the move would cause minimal disruption with users able to make use of the pools in mornings and/or evenings. Also it is recognised that swimming use dropped by more than 50% when pools re-opened after the lockdown in 2020, so this move is anticipated to be in line with public demand. Normal swimming pool hours would be planned to return from 1 October 2021 by which time we would hope pandemic restrictions will be removed.
- 4.4** The efficiencies and use of reserves would still leave a budget shortfall of £229,358 as illustrated below:

Projected Trust costs 2021/22	£
Operating and Expenditure Costs	-7,763,811
Additional operating costs linked to the transfer of new facilities – particularly Dalmonach Community Centre (see 4.8)	-100,000
Total Projected Costs	-7,863,811
Projected Trust income	
Draft Management Fee (this includes £200,000 of efficiencies/management adjustments referenced at 4.1)	3,879,689
Income (Customer Receipts)	2,564,600
Income (3 rd Party Funding & Misc)	365,164
Total Projected Income	6,809,453
Gap	1,054,358

Planned actions to close Gap:	
One off use of WDLT reserves (4.2)	600,000
WDLT new efficiencies (4.3)	225,000
Total value of planned actions	825,000
Remaining Projected 2021/22 WDLT Deficit	<u>-229,358</u>

4.5 These actions would see WDLT take steps to find solutions for £825,000 of the gap caused by Covid in 2021/22 – approximately 75%. In the spirit of partnership it is recommended by officers that the remaining deficit in 2021/22 is balanced by the Council. The current assumption within the Long Term Finance Strategy reported to November 2020 Council is that Council expects there to be additional Scottish Government funding linked to any ongoing financial implications of Covid-19 during 2021/22 – such as lost income payments or greater flexibilities in existing funding – which it would use to support the Trust to fund this remaining gap. Should such funding not be forthcoming then the WDLT financial position will require to be further considered at a future point by the Council. As noted at 3.9 above the position with regard to 2020/21 may change as the Loss of Income Scheme is finalised. This has potential to increase (or decrease) funding from this source, which could further improve the 2020/21 position and thereby allow the Trust to reduce the reported gap above.

4.6 Should the recommendation at 4.5 proceed as recommended then the Leisure Trust proposes to deliver the following in the coming year as per the Business Plan at Appendix 1.

Sport & Leisure

4.7 The strategic and operational management of the council's three wet and dry leisure centres, Vale of Leven Swimming Pool; the Meadow Centre; and Clydebank Leisure Centre.

We will continue to build customer confidence on returning to our three leisure centres via social media and the promotion of customer testimonials. We will work towards encouraging those members who during the pandemic cancelled their memberships to re-join and attract new members to assist us establish the same level of memberships prior to the outbreak of COVID-19.

Community Services

4.8 The strategic and operational management of the council's twelve Community Facilities; Theatre; outdoor grass (23) and synthetic pitches (3); and two outdoor Bowling Greens. The Trust will work with the Council to ensure the successful commissioning and operation of new facilities at Dalmonach (Community Centre); Postie's Park, Dumbarton (Athletics Track); the new pavilion in Old Kilpatrick; and Argyll Park, Vale of Leven (Tennis Courts). Most of these facilities are expected to transfer by 1 April 2021 or soon after.

Sports Development

4.9 The Sports Development team will focus on widening opportunities for all residents to participate in sport. This is achieved via the provision of

community and school sports programmes, club and coach development initiatives and the delivery of various mass participation sports events across the area. This will also include the development of a Football Strategy to enhance the football provision across the authority and assist increase the use of grass and synthetic pitches.

Active Schools

- 4.10** The Active Schools team will provide more and higher quality opportunities for children and young people to take part in sport and physical activity before, during lunchtime and after school. This will include working closely with the Council's Educational Services team to increase pupil physical activity participation in Active Schools programmes which currently sits at 48% of the total school roll and in particular secondary school pupils.

Major Outdoor Events

- 4.11** Decisions as to whether large outdoor events can proceed throughout 2021/22 have still to be made, however should they proceed WDLT will continue to deliver an annual programme of outdoor events for the Council.

In addition to delivering outdoor events for the Council WDLT also manage and deliver the Loch Lomond 10k Road Race and for the first time a 5k Road Race will also be introduced should Covid restrictions allow.

Key Performance Indicators

- 4.12** To allow the Council monitor Trust service delivery during the year a number of Key Performance Indicators are set and reported on. The agreed suite for the 2021/22 Business Plan is included in Appendix 1.

Letter of Comfort

- 4.13** In 2020/21 the external auditor reviewing the annual accounts for the Leisure Trust requested a Letter of Comfort confirming the Council's ongoing financial support. This was in respect of the ongoing disruptions caused by Covid-19 to the Trust's income. In June 2020 Council agreed to provide such a Letter of Comfort. The Council remains committed to the Leisure Trust model, and in anticipation of a similar future request in 2021/22 from the auditors it is recommended that another letter of comfort is provided to the WDLT.

5. People Implications

- 5.1** There are no direct people implications for the Council from the recommendations of this report. Some of the efficiencies listed will have an implication on Leisure Trust employees through structural reviews. The scale of this is not reportable at this point until consultations with employees and trade unions have concluded and managers have a better understanding of those individuals looking to leave the Trust through Voluntary Early Retirement. The recent agreement between WDLT and the Council means that anyone displaced will be supported wherever possible with alternative offers of employment from the Council.

6. Financial and Procurement Implications

- 6.1** As outlined in this report and the Business Plan, the Trust's proposed service delivery would allow for a management fee from the Council to the Leisure Trust of £3,879,689 in 2021/22. At this stage the Trust is projecting a financial deficit in 2021/22 – due to covid-19 expectations of £229,358.
- 6.2** It is assumed at this stage that there will be further Scottish Government funding available or allowed flexibilities available for 2021/22 to deal with Covid financial implications, and it is expected that the £229,358 shortfall in the WDLT budget will be covered by such further future funding.
- 6.3** Should such funding not be forthcoming then the WDLT financial position will require to be further considered at a future point by the Council. This could require the Council to find further funds from in-year savings, Council reserves or other means.
- 6.4** If agreed the WDLT management fee set out in this report will be included in the Council's 2021/22 revenue budget considerations for the March budget-setting meeting.
- 6.5** There are no procurement implications from this report.

7. Risk Analysis

- 7.1** There is a risk that Covid-19 disruption will have a greater impact on reduced income levels than currently forecast by WDLT. If that is the case then the Trust could allocate further funds from reserves up to a limit to mitigate issues in the first instance. If it goes beyond this then a further report could be brought to Council in 2021/22.
- 7.2** There is a risk that some of the efficiencies outlined could lead to employee displacement within WDLT. This will be mitigated by VER, the fact a number of vacancies have been held during the pandemic disruption, and by the recent redeployment agreement with the Council.
- 7.3** There is a risk that the efficiency options in this report could prove unexpectedly disruptive to residents. This is mitigated by the fact that the majority of savings will not impact on front line service delivery, and those measures that do are at low usage or off peak parts of the service, or only planned to last for part of the year.

8. Equalities Impact Assessment (EIA)

- 8.1** An Equalities Impact Assessment (EIA) was undertaken on the efficiencies outlined in this report. This identified that the impacts would be minimal and that introduction was acceptable. The EIA is attached to this report as Appendix 2.

8.2 An EIA was undertaken on the 2021/22 Business Plan. This identified that the Plan would have a positive impact and benefits to the local area. The Business Plan has a stated commitment to equality and inclusion. Participation is lower for some groups, women, disabled people and BAME people so explicit note of the centrality of equalities can help inform planning and practice. WDLT will continue to prioritise this in the coming year and beyond. The EIA is attached to this report as Appendix 3.

9. Consultation

9.1 Consultation on this report has taken place with WDLT management, Finance, Procurement, Legal and Assets.

10. Strategic Assessment

10.1 This report supports the following Strategic Plan objectives:

- Efficient and effective frontline services that improve the everyday lives of residents

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Date: 11 February 2021

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Appendices:	Appendix 1 - WDLT Business Plan 2021/22 Appendix 2 - EIA for WDLT Efficiency Options Appendix 3 - EIA for the WDLT Business Plan 2021/22
Background Papers:	None
Wards Affected:	All