
Meeting of the Executive Member for Leisure and Culture and Advisory Panel

3 June 2008

Report of the Assistant Director (Lifelong Learning and Culture)

York High School partnership: Community sports provision

Summary

1. This report asks the Executive Member to agree to:
 - A new service level agreement being drawn up between the Council and York High School for the provision of community sports facilities, adding the new swimming pool and hydrotherapy pool to the existing facilities to create an integrated service
 - Interim arrangements whereby the Sport and Active Leisure team will provide extra support to York High School over the next 3 years to ensure a smooth service transition from the current Edmund Wilson Pool to the new York High pool

Background

2. A new management model for the *Oaklands School and Community Sport Project* was put in place when the new facilities opened in 2006 to ensure that the new investment brought about a step change in the range and quality of provision offered to both pupils at the school and to the community:
 - The School Governing Body is accountable for both curriculum delivery and, using the power conferred by s. 27 (1) of the Education Act 2002, the community activity
 - The School has entered into a Service Level Agreement (SLA) with the Council to provide the community sports activities and to deliver the community elements of the project plans in return for a grant
 - The School employs an operator to manage the community facilities. The operator is currently the Sport & Active Leisure team
3. The SLA sets out the following roles and responsibilities:
 - The project is overseen by the Oaklands Extended Schools Board which:
 - ✓ Monitors and oversees the financial arrangements and agrees corrective action as necessary
 - ✓ Ensures effective delivery of the sports development plans
 - ✓ Plans for future developments and investments

- The School employs a Business Manager who takes the executive role and as “client”:
 - ✓ Controls the budget and makes payments to the operator
 - ✓ Monitors the quality and cost-effectiveness of the service
 - ✓ Works with the operator to develop and market the service
 - The Sport & Active Leisure Team appoints a senior Facilities Manager as the primary contact for delivering the contract.
 - The School convenes the Oaklands Partnership Group, a user and stakeholder forum, which:
 - ✓ Provides an opportunity for stakeholders to influence programming and policy
 - ✓ Organises consultation with the local community, e.g. ward committees
 - ✓ Approves an annual delivery plan with termly targets
 - ✓ Reports on a termly basis to the Board on progress with the sports development plans
4. The current Service Level Agreement (SLA) operates until 31 March 2011. The key financial provisions that it sets out are as follows:
- The School is the accountable body and maintains a separate fund for the Project. This fund is ring-fenced to the Project
 - An associated sinking fund holds funds to be used for renewal of the pitch. The level of payment into the sinking fund is set out in the annual Business Plan
 - The Council makes an annual grant to the Project in respect of the community delivery aspect of this agreement (approx. £120k). The level of grant is set out in the annual business plan.
 - A management fee is paid to the Sport & Active Leisure team as operator
 - A draft business plan is produced each year by September for the following financial year. The business plan is submitted to the governors and then the Council for approval
 - Any surplus at the end of the financial year over and above the target set out in the Business Plan will be divided in two: Half to be retained within the project, and half to be returned to the City Council
 - Any deficit will be handled in the first instance by reducing the amount to be paid into the sinking fund
 - In the event of the Project falling short of projected income by a greater amount than can be compensated by reduced payments as set above the school must manage this in the first instance by negotiating adjustment of programming, pricing, and staffing. Any ongoing problem must be reported to the Governors and the City Council at the earliest opportunity so that any necessary action can be agreed
5. The project has been a great success to date. It has opened up the facilities throughout the day from 7:00 am to 10:00 pm increasing user numbers over

the last 3 years from 65,000 to 135,000 with high levels of community participation in activities including the climbing wall, dance studio, gym. The success has been rounded off recently by the centre becoming the first nationally to be awarded the Inclusive Fitness Initiative quality award. This demonstrates the project's commitment to inclusivity. The project has managed its financial targets and has been able to put money into the sinking fund.

6. Following public consultation a decision was taken in December 2006 to replace the Edmund Wilson Swimming Pool with a new 6 lane, 25m community pool and trainer pool on the York High School site. Soon after this it was also agreed to include a replacement for the Yearsley Bridge hydrotherapy pool within the same scheme.
7. A single project team was formed to work on the whole York High School scheme, including a new school extension and refurbishment, a rear extension to the sports centre for the new swimming facilities, an extended gym, a new crèche, improvements to the front of the sports centre including a canopy feature, additional parking and other traffic management infrastructure to support the new site.
8. The school is due to open in January 2009 with the pool opening in summer 2009.
9. The new swimming facilities will make this York's biggest leisure centre with over 350,000 users per year and an income target of over one million pounds per year. With this in mind it is imperative that plans are made at an early stage to create a first class community sports facility that works in harmony with York High School and its local community.
10. At the same time the creation of York High and the rebuilding of the school was not envisaged at the outset of the community sports project and will inevitably have a consequence not only on the business plan, due to building work, but also on the new school's management capacity due to the significant change programme involved.

Consultation

11. The new school governors have been consulted over proposed arrangements for managing the school facilities. This has been supported by some consultancy input from Steve Wells Associates. Key issues that have arisen in this consultation are that the school:
 - Is keen to build upon the early success of the Oaklands Sports Project
 - Is keen to create integrated facilities and fully understands the implications of running a fully public swimming pool on behalf of the Council
 - Sees the pool as fitting within the overall sports project's integrated curriculum and community aims
 - Is confident that it can supply all the management and admin. resources necessary to take on the pool, but

- Would require additional support from the Council in the medium term to resource the commissioning and operational management of the new facilities
- Is willing to work with the financial implications of taking on the pool i.e. the ambitious financial targets that have been set, albeit it needs to understand more clearly the implications of that business plan and participate in drawing up the final business plan
- Recognises that a partnership approach will be needed with the Council to help manage the risk inherent in operating a business plan for a new facility
- Recognise that a new identity is needed to promote both the new swimming pool and the new School
- Recognise that the pool needs to be marketed as a new publicly accessible swimming facility for the west and south of York, and care will be needed to avoid any public misconception that this is solely a school facility.

Issues for future management arrangements:

12. Key issues about management of the new pool are:

- The pool must be operated as a fully publicly accessible pool at all times.
- The design provides for it to be integrated into the current sports facilities with shared reception and other services and the scheme includes a new, enlarged gym. It will be physically impractical to operate the pool as a separate entity from the other facilities – there are too many shared areas that would require a complex set of recharges.
- The projected business plan for the new pool is predicated on reduced running costs compared to Edmund Wilson to be achieved through integration of the new pool with the existing Oaklands sports facilities.
- The capital financing of the pool includes a loan of £1.2m from the Council's Venture Fund as part of the capital funding. This loan is to be repaid from revenue savings which will come from operating the new pool more efficiently than the current Edmund Wilson pool. This means, amongst other things, having a single management and admin. team for the new pool and the existing sports facilities.
- To achieve its targets the pool will need to be programmed from the outset to operate as a public pool at all times combining a strong commercial and entrepreneurial outlook with a pricing policy that makes it accessible to all.
- Furthermore, it would be nonsensical in business terms to operate the facilities separately. The facility needs to be marketed as an entity with joint membership packages covering pool and gym, etc. The business must be managed in an entrepreneurial manner with ambitious targets and clear accountabilities.
- There will be a need to demonstrate Best Value in any new arrangements made. For example, whilst it was previously possible to argue that the site would not be an attractive proposition for a third party operator to tender for this would not be the case in the future. We will therefore need to benchmark new arrangements.

Options

13. The principal options available are:

Option A: York High Extended Schools Board manages the new facility with the existing service level agreement amended to reflect the extended scope of the business

Option B: The Council's Sport & Active Leisure Team take responsibility for the management of the new facility. A new service level agreement would be needed to reflect the different arrangements for the sports facilities and the new pool

Option C: The Council take back the management of all the community facilities

Analysis

14. **Option A**

Pros:

- Builds on the current successes of the school managing the community provision and provides continuity
- If financially successful a surplus may be established that can be held within the extended school sinking fund to assist with future capital renewal and improvement of the facilities
- Allows for a streamlined staff team and consequently reduced running costs
- The governors will be responsible in the first instance for managing any under performance and financial pressures working with the Council to manage the financial risks
- There will be a steep learning curve for the school to manage the pool but in the long run this will result in broader management skills and knowledge
- The service will be managed close to the community it serves

Cons:

- The school will have a high public profile with regard to opening successfully the city's first new pool for some years
- Council management input will be required to monitor the SLA closely and ensure that the school deliver the services
- The setup and first 12 months operation of any new building is time and resource consuming. The opening of the pool and new school both in 2009 could be very challenging

15. **Option B**

Pros:

- The financial risk of the new facilities will be managed solely by the Council who will retain complete control
- The school management team and governors would be freed up to focus on establishing the new school

Cons:

- Runs into all the practical difficulties of split arrangements set out in paragraph 12 above
- In consequence it is likely to lead to increased costs and poorer business performance
- The over-arching vision of the school managing an integrated curriculum and community project would be lost
- The overall capacity available to manage the facilities will be reduced if the school withdraws the input of the Extended Schools Board and its current management input

16. **Option C**

Pros:

- The financial risk of the new facilities will be managed solely by the Council who will retain complete control
- The school management team and governors would be freed up to focus on establishing the new school

Cons:

- The over-arching vision of the school managing an integrated curriculum and community project would be lost
- There would be a return to the unsatisfactory arrangements of the past where the demands of school and community were seen to be in competition and where community access to the sports facilities was restricted to limited, after school, times
- Customer perceptions of the pool as being publicly accessible throughout the day may then be affected
- Income will be reduced
- The overall capacity available to manage the facilities will be reduced by the school withdrawing the input of the Extended Schools Board and its current management input

17. Option A is strongly recommended because of the financial and business advantages presented by the integrated model. Only Option A will be able to deliver the financial targets set for the pool through reduced running costs.

Interim Issues

18. The project will face some challenges in the next 2 to 3 years including:
- The need for project management to ensure the integration of the new pool facility into the whole site
 - The need for management of the disruptions that are being caused by the building works
 - The challenge of continuing marketing and promotion of the facility to reduce the potential for loss of income

- The demands of monitoring and liaising with contractors during the build phase of the pool
 - Business planning for the new facility
 - The logistics of moving the current programme from Edmund Wilson Swimming Pool and Yearsley Hydrotherapy Pool to a new site
 - Planning the actual opening event for the new leisure facility
19. The school has indicated that it will need help to manage these issues in the first instance while the new facility is established and at a time when the new school building is being commissioned. The Sport and Active Leisure team therefore propose to second the Operations Manager to the school for 2 days per week until the new facility is fully established. This time allocation will continue to be funded by the Sport & Active Leisure budget as at present. It is envisaged that this will be until 31 March 2011.

How the SLA will operate

20. The new SLA will retain the main principles and mechanisms of the current SLA as set out in paras. 2 to 4 above. Key elements of the new SLA in respect of the swimming pool will be:
- It will stipulate the minimum opening times to match the current Edmund Wilson Pool times:

Monday to Friday	7:00 am to 10:00 pm
Saturday	8:00 am to 6:00 pm
Sunday	8:00 am to 10:00 pm
 - The facilities will be open to the public seven days a week, 360 days a year offering pay and play access as well as membership packages. The schools curriculum activities will be integrated with the community programme and with some of the facilities being jointly used e.g. in the climbing hall a school PE lesson can run along side public access.
 - The programming of the facilities will be the responsibility of the extended schools committee and must offer a broad range of activities and sessions as detailed below:
 - Pool Programme – the time-table must reflect the current Edmund Wilson programme, which caters for primary school swimming lessons, public learn to swim scheme, open public swims, fun sessions, aquafit, young at heart sessions, disabled sessions and offers access to community aquatic clubs. Programmed as a community pool there will be limited access to YHS.
 - Fitness suite and climbing wall – these facilities must be open to the public at all times, with reduced public access when shared with YHS pupils. Memberships are sold on this basis and provide the project with a major source of income.
 - Sports hall, dance studio, ICT suite, astro, tennis courts and grass pitches – these facilities will require sole use by YHS to allow the PE curriculum to be delivered throughout term time. However, the time-

tabling of these facilities must ensure the community has some access for the project to deliver targeted sessions in the daytime.

- Crèche - to be programmed as a sessional crèche service to allow parents/guardians the ability to use the sporting facilities on site.
- The pricing policy will support the principles of the “York Card” pricing policy of the City of York Council, with standard and concessionary rates. Income generation from “profitable” activities will be used to cross subsidise the projects sports development activities and programmes, aimed at increasing participation by target groups.
- Naming and branding of the new centre will be researched and developed by the extended school committee. The final decision will be subject to the agreement of the Executive Member for Leisure and Culture, as the naming is critical to ensuring that the public perceive the facility as a publicly accessible community facility.
- The extended schools committee is a sub-committee of the full governors and has the delegated powers for the management of the project. The Council is represented on this committee by the Head of Sport and Active Leisure. In summary the committee is tasked to:
 - Ensure effective implementation of this agreement
 - Monitor and oversee the financial arrangements for the Project and agree corrective action as necessary
 - Receive monitoring reports on the progress of the sports development plans
 - Oversee the performance of the operator and ensure that the terms of the Service Level Agreement are met
 - Agree expenditure from the sinking funds

Next Steps

21. Next steps will be:
- the SLA will be redrafted in line with this report subject to the approval of the Head of Legal Services
 - the full business plan will be drawn up in discussion with the School

Corporate Priorities

22. Providing the widest and most accessible range of high quality sports and recreation facilities for the City is an essential element in delivering the council’s priority of improving the health and lifestyles of the people of the city particularly in communities with lower participation in active lifestyles.

Implications

Financial:

23. The financial mechanisms will remain as now i.e. the Council will continue to make a fixed grant to the school and the school will be responsible for all income and expenditure. Subject to the drawing up of the detailed business

plan it is likely that the new facilities will generate a surplus of income over expenditure. This means that in effect the overall grant to the school for the integrated facilities will reduce.

24. The detailed revenue business for the new integrated facilities including the swimming pool will need to reflect the outline business case approved by the Executive in December 2006. This provided for additional income and reductions in running cost sufficient to produce savings of at least £130,000 in order to be able to make the repayments on the Venture Fund loan which forms part of the capital funding of the new facility.
25. One-off funding has been included in 2008/09 to cover the following:

	£
One-off costs during capital works	15,000
Temporary relocation of existing users	25,000
Staff redundancy Costs	19,713
Total Costs during Capital Works	<u>59,713</u>

26. Arrangements need to be put in place for the operation of the hydrotherapy pool to reflect the additional cost of operating this facility. This will be done through one of two possible routes:
- A separate SLA between HASS and the school. An annual charge would be made to HASS to cover operational costs (excluding the cost of care staff who will continue to be provided by HASS). An open book approach would be taken for the first 12 months during which a view will be taken about whether any additional income can be generated from the facility and therefore what the true cost to HASS should be going forward.
 - Integrating the operation of the hydrotherapy pool into the main SLA accompanied by a transfer of budget and responsibility from HASS to LCCS.

The second option would be preferred. This issue will be discussed further with HASS and then worked into the business plan.

27. Responsibility for repair and maintenance of the swimming pool will lie with the school to be funded through the business plan. Responsibility for major capital works will, however, remain with the Council after the end of the building guarantee period.

Human Resources:

28. A new staffing structure for the operational management and staff team will be required by September 2008 and agreed by the extended school committee before a change management plan can be put in place to deal with staffing implications.
29. There are no legal, equalities, crime and disorder, or IT implications.

Property:

30. Further legal advice is being taken to safeguard the interests of the Council should the status of the school change at any time in the future. This advice will be reflected in the form that the final SLA takes.

Risk Management

31. Since the School would be providing the service on behalf of the Council the Council would remain in a partnership relationship and would work with the School to manage the consequences of any deficit, agreeing strategies, and reporting to members. Monitoring of financial targets will take place on a monthly basis to ensure that any variances are picked up and addressed at the earliest possible opportunity.
32. Ultimately the Council would be responsible for the financial consequences should the Partnership fail.

Recommendations

33. The Executive Member is asked to agree to an amended service level agreement being drawn up with the governors of York High School to include the new swimming and hydrotherapy pool facilities within integrated community facilities, in accordance with Option A set out above, subject to:
 - the agreement running to 31 March 2013
 - the facility operator remaining the Sport & Active Leisure Team until at least 31 March 2011
 - the Council providing additional management capacity until 31 March 2011
 - agreement of a final business plan in line with the parameters set out in para. 23 above

Reason: To provide enhanced community sports facilities for the people of York.

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Report ✓ **Date** 19.5.08
Approved

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Wards Affected:

All ✓

For further information please contact the author of the report