

SPECIAL RESOURCES OVERVIEW AND SCRUTINY PANEL

TUESDAY 5 MARCH 2013 AT 2:00PM

- PRESENT:** Councillor Watson (Chairman) Councillors Betton, Bowditch, Bowman S, Craig, Forrester, Mrs Parsons and Whalen.
- ALSO PRESENT** Councillor Mrs Quilter – Culture, Health, Leisure and Young People Portfolio Holder
Councillors Allison (as substitute for Councillor Mrs Luckley), Earp, Mrs Stevenson and Mrs Vasey (as Members of Community Overview and Scrutiny Panel)
Martin Horne, Carlisle Leisure Limited
Andy King, Carlisle Leisure Limited
Tom Rice, Carlisle Leisure Limited
David Weakley, Carlisle Leisure Limited
- OFFICERS** Town Clerk and Chief Executive
Director of Community Engagement
Director of Resources
Chief Accountant
Development and Support Manager
Policy and Performance Officer
Scrutiny Officer

ROSP.20/13 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Mrs Luckley, Mrs Prest, Miss Sherriff and Dr Tickner – Finance, Governance and Resources Portfolio Holder.

ROSP.21/13 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

ROSP.22/13 PUBLIC AND PRESS

It was agreed that the items of business within Part B of the agenda should be dealt with in private.

ROSP.23/13 REVIEW OF CARLISLE LEISURE FINANCIAL PERFORMANCE (Public and Press excluded by virtue of Paragraph 3)

Mr King presented slides to the Panel that outlined the historical context to the contract and the key issues. He reminded Members that the contract was a 15 year contract that was won in a competitive bidding process and was due to expire in December 2017. Mr King outlined the areas of leisure for which Carlisle Leisure Limited were responsible within the Carlisle area. That included St James Park which was operated on an annually renewing contract.

Mr King explained how surpluses and savings had been re-invested into facilities or held in reserves for future investment. Monitoring of the contract had been re-established in 2010

and all information requested had been provided on time. Mr King highlighted the awards that had been achieved by Carlisle Leisure Limited and advised that the Sands Centre and Carlisle Pools had been the best performing and third best performing centres in the North West and North East Sport England Regions; the Sands Centre was rated in the top 10 in the UK for customer satisfaction in 2009. All centres had been awarded Cumbria Business Environment Network (CBEN) Gold award for environmental excellence, had improved Display Energy Certificate scores and Net promoter Scores were well above the industry average.

Mr King explained the makeup of the Carlisle Leisure Limited Board, which included 2 Carlisle City Councillors, and the Carlisle Leisure Limited Senior Management team and outlined Carlisle Leisure Limited's vision for Carlisle.

Over the term of the contract both Carlisle Leisure Limited and the City Council had developed the centres and the changes were outlined by Mr King. He acknowledged that some of the facilities required increasing capital spend to keep them open and there was a "price war" as a result of increased, very low cost fitness competition in the city, many of which provided free on site parking. There were also issues with the "in limbo" position at the Sands Centre and the Pools as well as issues raised by customers regarding car parking. The poor weather had been an issue and participation in golf and swimming were declining nationally. The huge increases in utilities costs also needed to be considered.

Carlisle Leisure Limited had been successful in working with a number of partnerships providing activities to 1.1million visitors per year and had introduced several new programmes, including the Fab 'n' Fifty programme which had been acclaimed internationally by the World Health Organisation (WHO). As a result of the partnership working Carlisle Leisure Limited had been able to attract external funding and employ a number of apprentices. Carlisle Leisure Limited had also injected significant capital into new technology for both sports equipment and telephone/on-line booking equipment.

Carlisle Leisure Limited had worked with the City Council to create the Carlisle Sport and Physical Activity Alliance Foundation (SPAAF) which had accomplished a number of key programmes.

Mr Rice explained that based on the deal types that Carlisle Leisure Limited could flexibly negotiate, they were able to bring leading artists and productions to the city that other external organisation would not risk. Mr Rice presented an analysis of where ticket purchasers lived and as an example cited the recent production of Blood Brothers for which over 70% of ticket purchasers were outside the Carlisle area. Mr Rice presented testimonials from restaurant and bar owners who stated that they had seen their busiest periods during major events at the Sands Centre.

Mr King highlighted some of the future opportunities that Carlisle Leisure Limited were looking towards. Mr King summarised Carlisle Leisure Limited's current position and stated that they were happy to meet with Officers and Members to resolve any issues.

In considering the issues Members raised the following questions and comments:

As there was competition for fitness facilities in Carlisle would Carlisle Leisure Limited consider allowing someone else to take responsibility and focus on other areas?

Mr King acknowledged that some of the facilities were dated but they suited Carlisle Leisure Limited's customers. The Leisure Access card was available and there was a reduction in price for those on benefits. Exercise and referral schemes were available that other organisations did not have and Mr King was certain that service levels were better than those in the private sector. With the right investment into the Sands Centre, he was confident that Carlisle Leisure Limited could fight back.

The report indicated that the running of Carlisle Leisure Limited had cost more than the Management Fee paid to it by the City Council. What were Carlisle Leisure Limited doing to balance those figures?

Mr King explained that there were a number of reasons for the current situation and that a lot of the facilities in Carlisle were weather dependent. Mr Weakley explained that the Management Fee was retained in the Head Office costs.

Members were anxious that the contract was monitored in a proper manner in the future.

Mr King stated that Carlisle Leisure Limited were trying to bring costs down and the largest investment had been in new gym equipment and ground maintenance equipment which would partly explain the losses to the City Council.

With regard to St James Park what were the main costs?

Mr King explained that the main costs were ground maintenance and staffing. The park was part of an annual rolling contract which made it difficult to consider future investment.

It is important that all sides work together to solve financial issues and look at ideas to provide a better service to the residents of Carlisle.

How would the deficit from last year be avoided this year?

Mr King advised that last year was difficult mainly due to the poor weather. In the coming year it was anticipated that more shows would be brought to the Sands Centre. He confirmed that facilities would not be cut without Officers' knowledge and stated that he believed that Carlisle Leisure Limited could grow their way out of the difficulties.

The Chairman thanked the representatives from Carlisle Leisure Limited for their input into the meeting. The representatives left the meeting.

The Chief Executive stated that discussions in the meeting had been open and transparent and believed that Carlisle Leisure Limited were doing a good job. He advised that he had regular meetings with Mr King to catch up and discuss any problems but he was reassured by the presentation and discussions at the meeting. The Director of Resources explained that Mr King was not involved in the operational day to day running of Carlisle Leisure Limited.

Members were satisfied with the discussions that had been held and were made aware that when the contract was due to expire a further tendering exercise would be undertaken for which Carlisle Leisure Limited could apply. There was no scope to extend the term in the current contract.

The Chairman confirmed that Officers had the support of the Overview and Scrutiny Panels as well as the Council as a whole.

RESOLVED – 1) that the Panel will consider the Audit Report when it is received.

2) That the Panel welcome the suggestion of an annual review and intend to scrutinise this review and will invite representatives from Carlisle Leisure Limited.

3) That the Panel reiterated their concerns about the lack of contract monitoring in the past and looked forward to more robust monitoring in the future.

(The meeting ended at 4:20pm)