

Report of	Meeting	Date
Director (Governance)	Overview and Scrutiny Committee	Thursday, 16 March 2023

Chorley Leisure Company - Update

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

- To inform members of the Overview and Scrutiny Committee of the progress of the implementation and performance of the wholly owned Leisure Company.

Recommendations

- That members note the report.

Reasons for recommendations

- Chorley Leisure Company, whilst wholly owned by the Council, is an independent legal entity. It is a key partner of the Council and it is appropriate for the Council to scrutinise how the performance of the Company contributes to the priorities of the Council.

Corporate priorities

- The report relates to the following corporate priorities: (Please bold one)

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

- Following an abortive procurement exercise in 2019, the Council initially took on the direct management of the leisure centres and then in April 2021 resolved to establish a wholly owned company to deliver the service on behalf of the council.

5. Pursuant to that decision, Chorley Leisure Limited was established and commenced operation on 1 August 2021.

Governance and Reporting Arrangements - Roles

6. The governance arrangements were developed to mirror those of the Council. The Company has a Board of Directors drawn from Directors of the Council being
 - a. Director of Commercial Services – Managing Director*
 - b. Director of Finance
 - c. Director of Governance.

*at present the Director of Commercial Services post is vacant and the Managing Director role is being fulfilled by the Director of Governance.
7. The sole shareholder of the company is the Council and this role is fulfilled by the Executive Cabinet.
8. The company standing orders document Appendix 1 confirms the split in responsibilities and delegated authority. Members of the committee will note these broadly follow an executive/ council split with the board fulfilling the executive role and the shareholders the council.
9. The Director of Communities fulfils the client role supporting the Cabinet Member for Health and Wellbeing.

Governance and Reporting Arrangements – Meetings

10. The day to day management of the Leisure Service sits with the Managing Director and the delegated authority from the Company reflects that held with other services within council directorates.
11. Matters without delegation are presented by the MD to the board for decision, with the board scheduled to meet every 2 months. A template agenda is attached Appendix 2, which is modified to reflect the business to be considered.
12. Accounts for the first trading year will be produced and will be presented for the Shareholder AGM for approval.
13. The Client meetings are organised by the Director of Communities and take place monthly. These are effectively a contract monitoring meeting where company performance against council priorities is measured and reported and serves as an information exchange mechanism. Contact here is a 2 way process with the company having the opportunity to raise issues which are the responsibility of the Council. A copy of a typical monitoring report is attached at Appendix 3.

Delivery of Council Objectives

14. Based upon instructions received from the client Council, the company adopted a single year business plan Appendix 4 which reflected the imminent priorities of the Council for the Company. The focus of the business plan was set out in the table commencing at page 10 of the plan and were the following objectives
 - a. Growth of Membership Base
 - b. Establishing the Branding and Company Identity
 - c. Junior and 60+ and Community Programming
 - d. Recruitment and Staff Development
 - e. Capital Investment
15. The remaining priorities of the business plan were to ensure continued delivery and re-establish the leisure centre use after the covid pandemic and associated lock-downs.

Performance

16. The performance monitoring report for quarter 3 2022/23 is attached at Appendix 3 previously referenced. Members will note the reporting undertaken addresses the following:-
 - Public Participation
 - Membership/ Customer Data
 - User Satisfaction
 - Asset and maintenance update
 - Service Delivery
 - Health and Safety Reporting
 - Staffing updates
17. The report provides the current position (circa January this year) and addresses specifically the performance indicators sought by Council, and the activities undertaken to support the councils priorities and objectives as well as providing detail on future opportunities to contribute to the council delivery.
18. These reports are prepared quarterly and delivered to the Leisure Strategic Partnership Board.

Financial Position

19. The company budget was established based on information provided from the previous contract and estimates made by the Council. It was intended that the company will not require financial support from the Council by the commencement of financial year 2024/25.
20. This forecast will need revision however, whilst the company would have operated within the proposed budget matters outside company control will have a significant financial impact. Firstly, the cost of utilities has increased significantly; secondly, staffing cost increased (budgeted at 2%) have come in significant higher; finally the cost of living crisis is likely to hit public spending and there is a significant risk of a reduced income.
21. The Council's finance team provide budget monitoring support to the Company, this ensures that the Council remains informed at an early stage of any unexpected changes to the company's budget position.

Business Planning

22. Moving forward, the Company are going to produce a rolling 5 year Business Development Strategy. This will be prepared by reference to the council objective to make the company financially self-sustaining, and the priorities within the Council Corporate Strategy. The Strategy will identify to larger schemes proposed by the company and confirm the benefits that will arise and how the relate to council priorities.
23. Each year the company will review the Strategy and produce an annual delivery plan, phasing the delivery of the bigger scheme proposals, but also introducing new projects which will deliver improvements tied to the council priorities.

24. The annual plan will outline the benefits of the actions and activities, indicators which will measure improvements and timetables for delivery. Where appropriate activities and or projects will be supported by the necessary project initiation and management documentation.
25. The process for development will be supported by the Council's Policy and Performance Team and will involve the Director of Communities to ensure the council priorities are met. This will ensure consistency in form and presentation which will assist both the directors of the company who monitor the company on a day to day basis and the council.
26. There has been an initiation meeting between the Managing Director of the Company and Director of Communities and the Contracts Manager of the Company. This will properly identify at the outset the priorities the Council are looking for the Company to support.
27. The Company will then work with the Policy and Performance Team to prepare the strategy and plan documents, consulting regularly with the Council.
28. The adoption of the documents will be done by the Board recommending the adoption to the Shareholders (the Executive Cabinet) this recommendation will be supported by a statement from both the Client Liaison and Policy and Performance confirming the suitability of the documents.
29. Members will be aware that it is intended by the Council to undertake investment in the Leisure Centres both in terms of works to reduce their carbon footprint and improve the user experience. It will be necessary to work closely with the Council who retain ownership and responsibility of the centres to develop the decarbonisation and improvement proposals. This will be addressed in the Strategy and Business Plan documents.
The challenge for both organisations will be to ensure that the investment provides best value for residents, ensuring a full range of activities and uses that support the Council's healthy living and integrated community priorities but that these are cost effective. For the Company we will have to manage closures whilst maintaining service provision, particularly to support swimming lessons.

Climate change and air quality

30. There are no direct implications for the council's green agenda within this report.

Equality and diversity

31. This is an update report and there are no equality and diversity implications.

Risk

32. This is an update report and advises members of governance structures and performance monitoring arrangements.

Comments of the Statutory Finance Officer

33. No comments

Comments of the Monitoring Officer

34. No comments.

Background documents

There are no background papers to this report

Appendices

Appendix 1 – Company Standing Orders Document

Appendix 2 – Template Board Agenda

Appendix 3 – Performance Monitoring Report – Quarter 3 2022

Appendix 4 – Business Plan 2022/23

Report Author:	Email:	Telephone:	Date:
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This decision will come into force and may be implemented five working days after its publication date, subject to being called in in accordance with the Council's Constitution.