



Wednesday, 11 October 2023

TO EACH MEMBER OF GLOUCESTER CITY COUNCIL

Dear Councillor

You are hereby summoned to attend a **MEETING OF THE COUNCIL** of the **CITY OF GLOUCESTER** to be held at the Civic Suite, North Warehouse, The Docks, Gloucester, GL1 2EP on **Thursday, 19th October 2023** at **6.30 pm** for the purpose of transacting the following business:

AGENDA

1. **APOLOGIES**

To receive any apologies for absence.

2. **DECLARATIONS OF INTEREST**

To receive from Members, declarations of the existence of any disclosable pecuniary, or non-pecuniary, interests and the nature of those interests in relation to any agenda item. Please see Agenda Notes.

3. **PUBLIC QUESTION TIME (15 MINUTES)**

The opportunity is given to members of the public to put questions to Cabinet Members, provided that questions relate to the business on the agenda of this Extraordinary Meeting and do not contravene the provisions set out Council Procedure Rule 10(2).

To ask a question at this meeting, please submit it to democratic.services@gloucester.gov.uk by 12 noon on Friday 13 October 2023 or telephone 01452 396203 for support.

4. **PETITIONS AND DEPUTATIONS (15 MINUTES)**

A period not exceeding three minutes is allowed for the presentation of a petition or deputation provided that it relates to the business on the agenda of this Extraordinary Meeting and does not relate to:

- Matters relating to individual Council Officers, or
- Matters relating to current or pending legal proceedings.

ISSUES FOR DECISION BY COUNCIL

5. PROVISION OF LEISURE SERVICES (Pages 5 - 48)

To consider the joint report of the Cabinet Member for Culture and Leisure and the Cabinet Member for Performance and Resources concerning the future provision of leisure services in the City.

Please note that Appendix 3 is exempt from disclosure to the press and public by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended (information relating to the financial or business affairs of any particular person including the authority holding that information). If Members wish to discuss Appendix 3, Council will need to consider resolving to exclude the press and public before doing so.

MOTIONS FROM MEMBERS

6. NOTICES OF MOTION

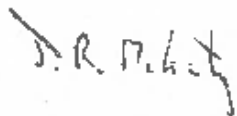
1. PROPOSED BY COUNCILLOR HILTON

“This council notes the closure of city council leisure and sports facilities following the collapse of Aspire Sports and Cultural Trust that operated GL1 Leisure Centre and the Oxstalls Tennis Centre on the council’s behalf.

This council agrees that the public and users of these sports facilities should not have to wait 12 months before they are reopened.

This council calls on the administration to reopen these facilities as early as possible using staff directly employed by the city council if necessary.”

Yours sincerely



Jon McGinty
Managing Director

NOTES

Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<u>Interest</u>	<u>Prescribed description</u>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the Council's area. For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or land in the Council's area and (b) either – i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share

- capital of that body; or
- ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, your spouse or civil partner or person with whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

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- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building; gather at the assembly point in the car park and await further instructions;
- Do not re-enter the building until told by a member of staff or the fire brigade that it is safe to do so.

Gloucester City Council

Meeting:	Council	Date:	19 October 2023
Subject:	Provision of Leisure Services		
Report Of:	Cabinet Member for Culture and Leisure and Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	Yes
Contact Officer:	Philip Walker		
	Email:	philip.walker@gloucester.gov.uk	Tel: 396355
Appendices:	1. SLC Options Appraisal Executive Summary 2. Hazlewoods Report with redactions 3. [Exempt] Redacted tables from Hazlewoods Report		

1.0 Purpose of Report

1.1 To consider the circumstances that led the Aspire Sports and Cultural Trust to seek to enter liquidation, and to consider options for the future provision of leisure services.

2.0 Recommendations

2.1 Council is asked to **RESOLVE** that

- (1) The background to Aspire Trust's decision to seek to go into liquidation and the Council's disappointment at this decision is noted.
- (2) Authority is delegated to the Managing Director, in consultation with the Head of Finance and Resources, to enter negotiations with Aspire Trust to work with their liquidators to secure the best outcome for all creditors of the Aspire Trust, including the Council.
- (3) Authority is delegated to the Managing Director, in consultation with the Cabinet Member for Culture and Leisure and the Cabinet Member for Performance and Resources, to procure a temporary provision and award a contract to an interim services provider to manage the facilities at GL1 and Oxstalls, with an aspiration that all those recently made redundant by Aspire Trust be given guaranteed priority interviews for relevant roles in the new provision.
- (4) Authority is delegated to the Managing Director with the support of other appropriate officers to continue to procure a long-term partner to manage the leisure provision within the City in accordance with the Council's Sport and Physical Activity Strategy.

- (5) Officers are to provide regular updates to Party Group Leaders on the re-establishment of leisure services to the community, and to periodically report to the Overview and Scrutiny Committee.
- (6) A leisure contingency reserve fund of £260k is established to support the development of this interim leisure service management. Funding to be drawn down by the Managing Director and the Head of Culture and Leisure after consultation with the Cabinet Member for Culture and Leisure and the Cabinet Member for Performance and Resources.

3.0 Background and Key Issues

- 3.1 The Aspire Sports and Cultural Trust is a charitable trust that was established in 2008 to provide sporting and leisure opportunities and to operate the Council-owned facilities at GL1 Leisure Centre and Oxstalls Sports Park. The Trust was contracted by the Council to manage these facilities for a 15-year period ending September 2023.
- 3.2 Two years ago, the Council commenced a procurement process to secure a leisure services provider from the expiry date of the contract with the Aspire Trust. The Council obtained the support of an expert leisure consultancy SLC to advise on procurement options and strategy. The options appraisal (executive summary at Appendix 1) was considered at a Cabinet meeting on 4 May 2022, and the options appraisal set out a number of recommendations as to how the Council should proceed, including:
 - That the contract period with Aspire Leisure and Culture Trust be extended by a further 12 months on the condition that a Partnership Development Plan (PDP) is agreed for the duration of this extension, and
 - To follow the recommended route to procure a new leisure contract from an external provider
- 3.3 Having received a draft of this options appraisal report, Council Officers began negotiations with Aspire Trust over the possibility of a 12-month contract extension in March 2022. After some negotiation between the parties, the Council and the Board of the Aspire Trust agreed a PDP for the contract extension period in July 2022. This referenced the need for monthly meetings to review and agree a management fee, which was agreed at that point at £360k per annum. This sum was subsequently included in the Council budget, adopted by full Council in February 2023.
- 3.4 In early 2023, Aspire Trust's management informed the Council that they did not believe the management fee previously agreed as part of this PDP would be sufficient to enable them to continue trading beyond August or September 2023. At a meeting in March 2023, Aspire shared its business plan forecasts for the financial year 23/24 indicating that a further £260k management fee would be needed to enable it to continue to trade to the end of the financial year.
- 3.5 Facing this request for additional financial support, the Council commissioned Hazlewoods in May 2023 to undertake on behalf of the Council an independent review of Aspire Trust's business plans, forecasts and budgetary position. The report on the review was received in June 2023 and is included in Appendix 2. Redactions in accordance with the Local Government Act 1972 Schedule 12A to this report have

been made to prevent the identification of individuals and on the basis that a number of the tables within the report contain financial information which will commercially prejudice the Council's procurement of a new leisure services provider. These redacted tables are included in a separate exempt Appendix 3.

3.6 The report confirmed that further financial support of that scale requested would be needed and also highlighted a number of issues and concerns around Aspire Trust's future plans. It included a number of recommendations to address these. The four key recommendations were:

1. **Transparent Financial Reporting** - Aspire should be required to provide detailed and transparent financial reports, including a breakdown of its overhead costs, particularly the energy bill. This information will allow the Council to better understand the current financial situation and identify areas where cost-saving measures can be implemented.
2. **Collaborative Revenue Enhancement Plan** - Aspire needs to develop a comprehensive plan to enhance revenue for the swimming pool. This plan should include innovative strategies for increasing visitor numbers, exploring partnership opportunities with local businesses, and implementing effective marketing campaigns. By working collaboratively with the Council, Aspire can ensure that financial burdens are shared, and revenue-generating initiatives are effectively pursued.
3. **Independent Energy Audit** - Given the concerns surrounding Aspire's substantial energy bill, an independent energy audit should be conducted to assess the pool's energy usage, identify potential energy-saving measures, and estimate the financial impact of implementing those measures. This audit will provide valuable insights for both Aspire and the Council, enabling them to make informed decisions about reducing energy costs and promoting sustainability.
4. **Assessment of staffing costs:** the budget for 2023/2024 allocates an increase of almost £500k on 2022/2023. It is important to see where the money is being spent, pay rises, addition heads etc and whether the expenditure is essential.

3.7 In July 2023, the Council made a proposal to Aspire Trust to revise the PDP, including an offer to provide the requested additional £260k financial support but conditional on acceptance of the above Hazlewoods recommendations including greater Council oversight of Aspire Trust's spending decisions.

3.8 After further negotiation between the parties during August and September 2023, the Council believed it had reached agreement in principle with Aspire Trust, and were informed that the proposed revised PDP and associated contract extension would be put to their Board meeting being held on Tuesday 26th September 2023. On Wednesday 27th September 2023, the Council was informed that the Board of Trustees of Aspire Trust had decided not to extend contract and would be seeking to enter liquidation. The reason given to the Council was as follows:

“The information that has been provided by Gloucester City Council does not satisfy the requirements of good Governance for the Charity.

Trustees are required by law to ensure that they do all that they can to improve the position of the Charity and not worsen it. In the current context this is no longer possible.

To satisfy their legal duty, Trustees have determined that they have no alternative than to cease trading at the conclusion of the current 15 year Facility Management Contract term, on 30th September 2023. As a result, given the Balance Sheet position of the Charity, it will enter into insolvency.

The Leadership of Aspire Sports and Cultural Trust will do all that it can to work with it's contract partners to align the external communication of the Contract end and will make the necessary arrangements with it's respective landlord partners to hand back the facilities and any contractual inventory during the coming days."

- 3.9 The Council understands that Aspire Trust has engaged an insolvency practitioner from Crowe UK to advise on entering liquidation – at the time of writing this report, a liquidator has not formally been appointed and Aspire Trust has not yet filed for liquidation and trustees are still legally in control of that business.
- 3.10 The Council believes that Aspire Trust closed the facility doors to the public at 2pm on Friday 29th September 2023, and informed its staff at 2.30pm that they were being made redundant. Staff were given redundancy notices and sent home. A few key former Aspire Trust staff have been temporarily engaged to support the insolvency advisor for data gathering purposes. The Council took back control of GL1 and Tennis Centre buildings over the weekend of 30 September/1 October 2023., and University of Gloucestershire took back control of Oxstalls Sports Arena. The Council has given the insolvency practitioner a one-month licence to access its premises for data gathering purposes.
- 3.11 The Council believes that in the event of a liquidation, it will be the largest creditor of Aspire Trust. Council approval is sought to enable officers to work with any liquidator to secure the best outcome for all creditors of Aspire Trust, including the Council.
- 3.12 In the last two weeks, Council officers and University colleagues have been working to identify options to reopen their facilities as soon as practicable, particularly to those clubs who require minimal external support to operate. Grass pitches at Oxstalls were reopened and made available to pre-booked clubs by the weekend of 7/8 October 2023. 2G, 3G and 4G pitches are in the process of being reopened in the coming weeks. The Council has also held meetings with representatives from many of the main sporting clubs using these facilities, including the swimming club, to discuss and identify ways in which those clubs can resume their use of these facilities (indoor and outdoor) in the coming weeks. The University was able to reopen its Arena facilities with immediate effect for its own internal teaching uses, to enable that educational provision to continue without disruption, and is working with the Council to re-establish some community usage of those facilities in coming weeks.
- 3.12 In parallel to this, Council Officers (working with SLC) have begun to explore options for the appointment of a leisure services provider on an interim basis, to bridge the 12–18-month gap until a longer-term provider can be procured. Following an initial filtering stage, a small number of interested providers have been asked to submit written proposals. These will be evaluated using the following criteria:

- The level of overhead and/or profit to be retained by the Operator
- The level of service / customer offer the Operator proposes to provide within the Council's financial constraints
- The speed, deliverability and robustness of the Operator's mobilisation plans
- The Operator's track record of delivering high quality services
- The Operator's overall capacity and resources to support with mobilisation and ongoing contract management

3.13 Council approval is sought to provide officers with delegated authority to conclude this expedited process, to identify and contract with a preferred operator, and to work with the preferred operator to mobilise and reopen facilities in the shortest practicable timeframe.

3.14 Additionally, Council is asked to create an enabling leisure contingency reserve of £260k (the sum previously earmarked to enable Aspire Trust to continue to trade) for officers to use as a budgetary envelope for the reopening of these leisure facilities.

4.0 Social Value Considerations

4.1 Sports and activity are closely linked to health and well-being. Due to the expedited process necessary to reopen these leisure facilities as soon as possible, social value considerations will not be evaluated as part of this process for selecting an interim provider. However, social value considerations will form part of the procurement process for the longer-term leisure services provider.

4.2 Council officers will work with the preferred interim service provider to ensure that as many social and well-being outcomes as possible can be re-established as part of the short-term contract.

5.0 Environmental Implications

5.1 Leisure services are some of the Council's major contributors of greenhouse gas emissions. As such, reducing those emissions can play a significant role in the Council's climate emergency agenda. Coupled with rising energy prices there is a major incentive for both the Council and its leisure operator to invest in technology to reduce emissions.

5.2 The Council will continue to seek innovative solutions to reduce and minimise the carbon emissions of its own facilities and encourage, through its partners, greater participation in active travel and physical activity to support its ambitions to become carbon neutral by 2030.

6.0 Alternative Options Considered

6.1 Do nothing.

The Council could allow its leisure facilities to remain closed while it continues with the procurement of a long-term provider, or to close them altogether permanently. The provision of leisure services are not statutory duties or obligations and this option would likely be beneficial to the Council's finances. However, it would be detrimental

to the social, physical and mental wellbeing of the residents of Gloucester, so this option is not recommended.

6.2 Bring services back in-house.

This option is not recommended for the reasons given in the Options Appraisal report produced in 2022. That report identified that in-house delivery would be the most expensive sourcing option of all those considered, putting the Council's finances under unacceptable strain or leading to a reduction in the range or amount of leisure services able to be provided.

7.0 Reasons for Recommendations

7.1 The reopening of the Council's and University's leisure facilities for sports clubs, public and community use, at the earliest practicable date, in the manner proposed, will significantly restore the social, physical, and mental well-being of the residents of Gloucester in the most economical way.

8.0 Future Work and Conclusions

8.1 These are summarised in the above sections of the report.

9.0 Financial Implications

9.1 There are a range of financial implications for the Council arising from recent events, and the proposed course of action, including but not limited to:

- The Council's position as a creditor of Aspire Trust
- Business Rates and asset management liabilities arising from taking back control of the facilities
- Facility management subsidies and costs, both for the interim service provision and for the longer-term contract.

9.2 Some of these financial consequences are not yet fully known or crystallised. The most direct financial consequence arising from the recommendations in this report is that of creating a leisure contingency fund of £260k to finance the procurement of an interim leisure operator to reopen the facilities. This figure was provisionally earmarked as the additional sum that Aspire Trust indicated it needed to continue to trade beyond September 2023 to the end of the financial year. If agreed, this will create an in-year financial pressure on the Council's finances that will need to be managed through other budgetary corrective action or through the use of one-off reserves. The cost of this interim service provision into future years will need to be factored into budget proposals for consideration by Council in February 2024.

(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

10.1 There are a number of legal implications arising from matters in this report and the proposed course of action, including but not limited to:

- The contractual relationship between the Aspire Trust and the Council following the termination of the contract and the transfer of information from Aspire back to the Council
- Insolvency procedures and establishing the Council's position as a creditor
- Reliance on the urgent procurement processes to contract with an interim service provider, both in terms of compliance with the Council's own internal contract rules and procedures and also in terms of the legislation (see below).
- Potential employment liability issues

10.2 One Legal are actively providing Council officers with legal support and advice to minimise the risks identified as and when required.

Procurement in an Emergency

Public Contracts Regulations 2015 ("the Regulations")

10.3 The procurement of an interim leisure provider will be above the Threshold laid down in the Regulations and the Council therefore needs to ensure compliance with the legislation. There are tight timescales that the Council need to comply with to ensure that leisure services can continue to be delivered from the council-owned facilities to the residents of Gloucester. The Regulations recognise that authorities may need to procure in emergency situations and provide several routes to enable authorities to reduce the standard time scales of running a procurement.

10.4 Under Regulation 27 authorities can reduce the minimum timescales if a state of urgency renders the timescales impracticable. The minimum time limits under the open procedure can be reduced to 15 days for receipt of tenders plus the minimum 10 days standstill period. By using this procedure there is no requirement for the situation to be unforeseeable or not attributable to the contracting authority. This would be the safest option for the Council as it complies with the requirements for openness, fairness, and transparency in the procurement process. However, the process will be a timelier exercise.

10.5 Under Regulation 32(2)(c) an authority may procure services without competition provided that they are strictly necessary for reasons of extreme urgency brought about by events unforeseeable by the authority. The circumstances invoked to justify extreme urgency must not in any event be attributable to the contracting authority. To rely on Regulation 32, the Council (as a contracting authority) must be able to demonstrate the following tests:

- There are genuine reasons for extreme urgency
- The events that have led to the need for extreme urgency were unforeseeable
- It is impossible to comply with the timescales in the Regulations
- The situation is not attributable to the contracting authority.

10.6 The Council should consider whether these tests are met prior to making a contract award and should keep a written justification that satisfies each of these tests. The Council should limit their requirements to only what is absolutely necessary both in terms of what they are procuring and the length of the contract.

10.7 Relying on Regulation 32(2)(c) carries more of a commercial risk which must be well managed. These risks include:

- Poor value for money decisions – consideration should be given as to how the Council can secure pricing through the life of the contract;
- Unequal treatment of suppliers in the procurement process; and
- Lack of documentation around key procurement decisions.

10.8 Even in an emergency, the Council must continue to achieve value for money and use good commercial judgement and sound decision making.

10.9 Selecting suppliers using evidence-based criteria can be beneficial in speeding up the procurement process while ensuring that the supplier is well placed to meet the requirement and may mitigate the risk of any perception that the supplier is being treated more favourably than others.

10.10 Records should be kept to avoid perceptions of unfair treatment and to identify and manage any conflicts of interest.

(One Legal have been consulted in the preparation this report.)

11.0 Risk & Opportunity Management Implications

11.1 The risks are principally financial and legal and are covered in more detail above.

12.0 People Impact Assessment (PIA) and Safeguarding:

12.1 The Council recognises that the provision of leisure facilities, including swimming and club activities, is an important aspect of wellbeing including mental health. Further, that such facilities do play an important role in the lives of some people with protected characteristics.

12.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact from implementing the recommendations in this report, therefore a full PIA was not required. If another provider were to be in place on an interim basis, there would be no adverse effect on those with protected characteristics as they would have the ability to access the facilities.

12.3 The Council when deciding about long-term provision, must ensure that they have had due regard to the Public Sector Equality Duty in assessing how such a provision should be provided for.

13.0 Community Safety Implications

13.1 None.

14.0 Staffing & Trade Union Implications

14.1 Aspire Trust acted as the employer and it has made most, if not all, of its employees redundant.

14.2 The Council has made clear to those parties expressing an interest in the interim service provision for the reopening of its facilities, its aspiration that all those recently made redundant by Aspire Trust be given guaranteed priority interviews for relevant roles in the new provision.

Background Documents:

1. [May 2022 Cabinet Report on Leisure and Culture options appraisal, contract extension and interim arrangements](#)
2. [May 2023 Cabinet Report on Sport and Physical Activity Strategy](#)
3. [Published Sport and Physical Activity Strategy 2023-2028](#)

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Leisure and Cultural Services Assessment and Management Options Appraisal

Gloucester City Council

April 2022



www.slc.uk.com

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Gloucester
City Council
Transforming Your City

Leisure Services executive summary and recommendations

Introduction and background

- 1 Gloucester City Council has commissioned The Sport, Leisure and Culture Consultancy (SLC) to complete an independent leisure services assessment and management options appraisal to understand the Council's options for future delivery of the services.
- 2 The Council owns two leisure centres, GL1 Leisure Centre and Oxstalls Sports Park that are managed by Aspire Sports and Cultural Trust, created in 2008 from the Council's previous in-house team. The contract is primarily based on a lease with the Council holding landlord responsibilities and does not contain a detailed services specification. The lease is scheduled to end in September 2023.
- 3 Prior to the global pandemic in financial year 2018/19 the management fee to/from Aspire was £ zero and the annual turnover of the two leisure sites was £2.59 million. Like all leisure services nationally, the service has required funding support from the Council supplemented by Sport England's National Leisure Recovery Fund through the three national lockdowns. Council support has included loans and deferring payments for utilities.
- 4 It should be noted that **this report uses data from financial year 2019/20**, before the full impact of the pandemic impacted on leisure services. This means that the financial assessment in particular provides a comparison of management options but does not reflect how leisure services finances may look going forward
- 5 Also, this work took place during the Council's recovery from a cyber incident and as a result it was not possible to extract all data regarding the service.

Strategic framework

- 6 The Council's current strategic framework for leisure shows that there is currently a gap between the Council's ambitions in the Gloucester City Plans and service delivery in the two leisure centres.
- 7 The new Gloucester City Plan (2021 -2024) represents a **significant opportunity** to re-position leisure services, so they contribute towards the new priority of addressing inequality, specifically health inequalities.
- 8 At present the Council does not have a strategic approach to leisure, sport and physical activity which informs its commissioning arrangements with Aspire. This would normally be in the form of a services specification which includes clear outputs and key performance indicators (KPIs).

How effective are the Leisure Services?

- 9 The current leisure contract and the Council's performance management framework does not contain any KPIs. As a result, there are no formal expectations from the Council regarding the level of community engagement with the service or the quality of delivery. Contractually, Aspire need to adhere to the terms of the lease. This means it is difficult to monitor the progress of the service.
- 10 Positively, Aspire offers a range of services and interventions which are focused on providing social value to Gloucester residents including the City's largest swimming and swimming lesson programme. In 2019, Aspire launched a Health and Wellbeing Hub in GL1 working with health

partners including Gloucester Community Wellbeing Team, the 2gether Trust (physiotherapists specialising in mental health services), and Gloucestershire Care Services NHS Trust (Macmillan Cancer Rehabilitation Specialists). Many councils are aspiring to develop similar hubs, but few have actually achieved this.

- 11 There are some significant issues with GL1 which need to be considered before the Council commissions future management arrangements:
- The building is starting to age and may need substantial lifecycle and maintenance costs going forward – the Council has not yet carried out an asset condition survey to identify future costs.
 - The offer at GL1 needs to be reviewed identifying potential to invest in re-purposing parts of the building to attract those not using the current facilities.
 - Parking is a significant weakness, and the Council needs to make affordable/free access for leisure users to existing car parks a priority.

12 When assessing the effectiveness of the service, it could be said that the service is providing significantly more social value than the Council has contractually asked Aspire to deliver.

13 The Council and Aspire have worked together effectively to keep the service running through the pandemic.

How efficient are the Leisure Services?

14 The annual management fee as at 2018/19 was at £ zero and Aspire did not receive financial support from the Council. For centres with significant swimming facilities this represents a good outcome, particularly in the context of GL1 with its lack of parking and large footprint. However, it should be noted that this management fee was only made possible by Aspire supporting the service through its reserves.

15 Key financial efficiency ratios such as income recovery and the percentage of staff costs in relation to sales are what would be expected from a solid trust operation with the exception of management costs, which are proportionally high due to the lack of economies of scale associated with small leisure providers.

It should be noted that energy costs (heating and lighting) were £304K in 2019/20 for the Council's two centres. The current energy market could see increases of over 70% in future which means this is likely to have a significant adverse impact on the financial model in the future. GL1 is currently one of the most significant creators of carbon in the Council's asset portfolio.

Management options appraisal

16 Three core management options have been considered:

- **Local Authority Trading Company (LATC).** This would be an arm's length' organisation set up by the Council to run the facilities and services. A LATC which is often referred to as a "Teckal" company. These companies do not have charitable status, but as not-for-profit entities are able to benefit from similar tax exemption benefits to a leisure trust.
- **In-house management.** This approach is familiar to many local authorities and is often the baseline default position for comparison in an options appraisal. In the case of the Council, it involves the transfer back to in-house management after a previous outsourcing arrangement.
- **Re-tendering the contract to a multi-site trust operator.** This is still the most common management approach amongst local authorities in England. This could include Aspire partnering with a Multi-Site Operator.

17 The Council wishes to understand what the likely outcome would be under current market conditions and assess whether the financial arrangements with Aspire offer value for money and are financially sustainable.

18 The Council, with input from SLC developed evaluation criteria for the options appraisal which include financial and non-financial criteria shown in Figures ES2 and ES3.

Financial appraisal

19 SLC has undertaken a “*shadow bid*” of the three management options based on 2019/20 financial data. This provides a comparison of the potential costs of each management model but should not be used as an indication of service costs going forward.

20 The in-house model is likely to be the costliest because:

- There is potential loss of VAT exemption on leisure income due to the Council being close to its de minimis limit and unable to claim exemption on additional income, estimated at £254K per annum.
- Net loss in NNDR exemption benefit estimated at £250K per annum.
- There are additional employer pension costs as staff move to local government terms and conditions.

21 Procurement resulting in a multi-site trust operator would offer the least costly solution because:

- The multi-site trust operator would get the maximum VAT and NNDR relief.
- A multi-site operator would expect high income levels for health and fitness.
- Multi-site trust operators run on low management costs and overheads.
- Procurement savings on supplies and service.

22 A multi-site trust operator appointed through procurement would expect to draw profits from the contract.

23 There is the potential of Aspire partnering with a multi – site operator to combine local knowledge and expertise with economies of scale. This model has been successfully implemented in a number of contracts in England.

24 The LATC is likely to offer a mid-range financial solution. It would benefit from VAT exemption and not be required to offer local government terms and conditions but would have comparatively high management costs and no NNDR relief.

25 Set up or procurement costs including officer time are estimated at £50K for in-house, £200K for LATC and £180K for competitive procurement.

26 Procurement of the contract to a multi-site trust operator is likely to require the least revenue support from the Council. However, this analysis does not take into account rising energy prices, increased staff costs due to post-pandemic shortages and reduced income levels as the service recovers from the pandemic. These post-pandemic factors apply to all management models. As a result, based on the existing service without investment there **is no prospect of the service running at zero subsidy or better in the future.**

27 Figure ES1 shows the financial appraisal based on the evaluation criteria agreed with the Council. Each has been graded Red (negative), Amber (neutral) and Green (positive).

Figure ES1: Leisure Financial Appraisal

Criteria	In-House	LATC	Procurement/Trust
Likely revenue cost or surplus of management model	●	●	●
Degree in which the management model can provide financial certainty	●	●	●
Degree to which the management model can provide commercial risk transfer	●	●	●
The degree to which the management model can offer transfer of asset repairs and maintenance risk	●	●	●
The degree to the management model may be able to access external funding.	●	●	●










54 The high-level evaluation indicates that procurement to a multi-site trust operator will offer the most advantageous financial outcome with commercial and operational risk transfer. Through a leisure contract it is likely to offer some financial certainty although this would not include during the pandemic.

Non-financial appraisal

55 Figure ES2 shows the non-financial or social value appraisal based on the agreed evaluation criteria.

Figure ES2: Non-financial appraisal

Criteria	In-House	LATC	Procurement/Trust
Climate Change	●	●	●
Wider Social Value	●	●	●
Reducing Inequality	●	●	●

Criteria	In-House	LATC	Procurement/Trust
Increase in inclusion and participation			
Socially responsible & empowering communities (partnership working)			
Innovation			

87 The non-financial and social value appraisal of the three management options is more balanced between the different models.

88 **Leisure services, as one of the Council’s major contributors of carbon can play a significant role in the Council’s climate emergency agenda.** Coupled with rising energy prices there is a major incentive for both the Council and its leisure operator to invest in technology to reduce emissions. This opportunity applies to all management models. Investment would need to be driven by the Council although a multi-site leisure operator may invest if it can gain return over the life of the contract.

89 All three management models have some potential to contribute towards wider social value and reducing inequality through training and employment opportunities, and the wider benefits of reducing health inequalities by getting people more active. For the LATC and leisure trust options this would need to be specified in the services specification. The in-house model could be more flexible but lacks the capacity of a multi-site leisure operator.

90 Each management model would be focused on increasing inclusion and physical activity participation providing, in the case of a LATC or multi-site leisure trust, this is set out in the services specification. Multi-site leisure operators normally have more marketing and digital communications capacity to help drive participation.

91 The in-house model would be better positioned to work in partnership with communities to enable them to have local physical activity opportunities run by themselves. However, may need to invest additional resources to make this happen.

92 A multi-site leisure trust operator would bring more innovation than in-house or a LATC. Larger operators have head office resources for product development, marketing, ICT and asset management. However, the leisure contract and services specification would need to be set up in a way that encourages innovation.

Leisure options appraisal conclusion

93 Overall, procurement of a multi-site trust operator is the most advantageous management option for the Council. However, there is significant work to be done to make the service *‘procurement ready’*. This includes addressing some of the service weaknesses including parking at GL1, undertaking asset condition surveys to help understand the whole life costs,

developing a strategic approach to leisure and a services specification which are focused on contributing towards narrowing health inequalities in the City.

Soft market testing

94 SLC undertook soft market testing in December 2021 and received responses from eight multi-site trust leisure operators. The results of which are summarised in Figure ES3.

Figure ES3: Soft marketing testing summary



95 Despite challenges presented by COVID recovery, there remains a good level of interest from the multi-site trust leisure operator market in new contract opportunities, with operator actively bidding, or willing to explore potential new partnerships.

96 All operators expressed an interest in managing the portfolio of facilities.

97 Although the response was mixed, there is some appetite from the leisure operator market to integrate the leisure facilities and cultural facilities under a single management contract. This could bring synergies across the services and provide a joined-up approach to delivery.

98 There is strong consensus on the value of an outreach programme designed to help tackle inactivity and health inequalities in the wider community. All of the established leisure operators have experience in delivering such programmes.

99 In light of the pandemic, there is a clear requirement from operators that any new contract(s) will need to provide protection against future similar scenarios. The preference would be for the Sport England model contract to be used with the inclusion of a Change in Law Clause.

100 Most of the multi-site trust leisure operators confirmed they would accept full commercial risk from the start of the new contract, subject to there being suitable provisions in the contract (see above) and business continuing to recover over the coming months.

101 The general preference of multi-site trust leisure operators is that maintenance risk is shared with the Council.

What are the challenges and opportunities for Leisure Services?

102 With the contract ending in September 2023 and the effects of the pandemic still impacting on leisure income, Aspire may need to explore partnering with a multi-site operator to enable them to bid for the new contract.

- 103 The Council lacks a full understanding of the condition of its two leisure centres and their future maintenance and lifecycle costs. These are needed to understand potential whole life costs before committing to a long-term management contract.
- 104 The long-term impact of the pandemic on leisure income is still uncertain. As of December 2021, nationally health and fitness income was at c. 74% of pre-Covid levels. Swimming however is recovering well with many leisure centres reporting that they are back to full capacity for swimming lessons. If there is long term behaviour change towards other forms of physical activity and health and fitness income does not fully recover this will have a major impact on the finances of many leisure contracts and the expectations of operators when bidding for contracts. Councils and operators may need to look at re-purposing leisure buildings, reducing the emphasis on health and fitness and providing alternative ways of getting people active.
- 105 GL1 is starting to age and in need of investment and possibly some re-purposing to make it more attractive to potential bidders and customers. The parking situation if unaddressed will inhibit any growth at the centre.
- 106 However, there are some significant opportunities for the Council to improve its leisure services both financially and in terms of delivering social value.
- 107 The Council's new priority focused on addressing inequalities presents a significant opportunity to re-focus leisure services on contributing towards narrowing health inequalities in the City. This will require a clear strategic approach to raising physical activity levels, particular for those groups that are inactive or have underlying health issues.
- 108 Whilst GL1 is starting to age, the size and nature of the building opens up opportunities for investment and re-purposing. A well-crafted investment strategy should deliver both an improved financial performance and more social value.
- 109 The two leisure centres represent a significant share of the Council's carbon emissions. There is potential to reduce this and mitigate against rising energy prices by investing in energy saving technology.

Leisure Services recommendations

- 110 SLC has provided the following core recommendations based on the findings from the service assessment and management options appraisal. See Figure ES4.

Figure ES4: Core Recommendations

Recommendation 1

The Council should adopt procurement of a multi-site leisure trust operator as its preferred management option. In order to become 'procurement ready' the Council should extend the tenure of Aspire by at least one year through a different arrangement that enables the Council to have more control over the service whilst it prepares for the procurement.

This will enable the Council to develop a strategic approach to leisure and enable it to develop a new sustainable leisure contract, focused on narrowing health inequalities.

Recommendation 2

To enable the Council to prepare for procurement, it should work with Aspire to establish a financially sustainable, jointly agreed plan covering from now until the end of the contract. The plan could be in the form of a Partnership Delivery Plan (PDP) which includes:

- Contract extension to at least September 2024
- A sustainable financial plan which clearly identifies the level of Council support taking into consideration Covid recovery monitored through open book accounting.

This will enable the Council to take back control of the service as it prepares for procurement.

Recommendation 3

The Council should develop a strategic approach for leisure that re-positions leisure towards contributing to narrowing health inequalities in the City. This should include a new performance management system that can be embedded into the new leisure contract.

This will enable the Council to provide a more effective service.

Recommendation 4

The Council needs to understand the condition of its leisure facilities and their whole life costs for the next 10 – 15 years.

This will provide visibility of the whole life costings of the leisure facilities.

Recommendation 5

The Council should review the client-side resources needed to initiate its plans to consolidate and transform leisure services. This includes developing and managing a Partnership Delivery Plan with Aspire and preparing for the subsequent procurement.

Recommendation 6

The Council should continue to work with the University of Gloucester at Oxstalls Sports Park with a view to having co-ordinated management arrangements for the tennis centre and University facilities. This includes undertaking a joint procurement.

This will enable development of a joined-up offer for residents at the sports park

Implementation

- 120 Due to the need to secure management arrangements beyond September 2023, an indicative implementation timetable for the key recommendations is set out in section 7 of the main report.
- 121 This is based on commencing engagement with Aspire to develop a Partnership Delivery Plan as soon as possible, an extension of one year on the Aspire contract and a new leisure contract commencing in October 2024.
- 122 A high-level resource plan for delivering leisure transformation is provided in section 7.2.

HAZLEWOODS

DRIVING LIFELONG PROSPERITY

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Private and Confidential

Strategic review of Aspire Cultural and Leisure Trust

Carried out on behalf of Gloucester City Council

JUNE 2023

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Contacts

[Redacted contact information]

Basis of Preparation

The scope of our work has been limited to that set out in our engagement letter dated 9 May 2023 (Appendix A). The information set out in this report has been obtained through a review of certain documentation disclosed to us by Aspire Cultural and Leisure Trust (“the Trust”) together with discussions with representatives of the Trust. We have not verified the accuracy, reliability or completeness of the information supplied. We emphasise that our enquiries would not necessarily disclose all matters of significance to the Council.

Discussions have been held with:

- Jacquie Douglas (Representing Aspire Cultural and Leisure Trust)
- Greg Maw (Representing Gloucester City Council)
- Hadrian Walters (Representing Gloucester City Council)

The main sources of information contained in this report are:

- Budget, cash flow forecast and the business plan for the year 2023-24.
- Actual Energy Consumption data from April 2020 till April 2023.
- Documents such as Partnership Delivery Plan and those outlining marketing strategies.

Our report makes reference to “Hazlewoods’ Analysis”; this indicates that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented and we do not accept responsibility for the underlying data.

The procedures performed have been carried out in accordance with International Standard on Related Services (ISRS) 4400 – Engagements to Perform Agreed-Upon Procedures Regarding Financial Information, and do not constitute an audit examination in accordance with International Standards on Auditing (UK and Ireland). Accordingly, we do not express an opinion upon the truth and fairness of the information contained in this report, either in part or as a whole.

We are not aware of, nor can we be held responsible for, any incidents occurring after our work was completed on 19 June 2023 that might have an impact on the information presented in this report, and we draw your attention to the liability and limitation clauses in Section 7 of our engagement letter, which is attached at Appendix A.

This report is confidential and has been prepared exclusively for the use of the addressee below. It should not be used, reproduced or circulated for any other purpose in whole or in part, without our prior written consent, which consent will only be given after full consideration of the circumstances at the time.

Important Notice in relation to Covid-19 Outbreak

We have not attempted to estimate the potential impact of the Covid-19 outbreak on trade, employees, suppliers and the wider economy.

For your convenience, this report may have been made available to you in electronic as well as hard copy format. Multiple copies and versions of this report might, therefore, exist in different media and, in the case of any discrepancy, the final signed and dated copy should be regarded as definitive, the final copy will be in either hard paper copy format or as a PDF file.

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22nd June 2023

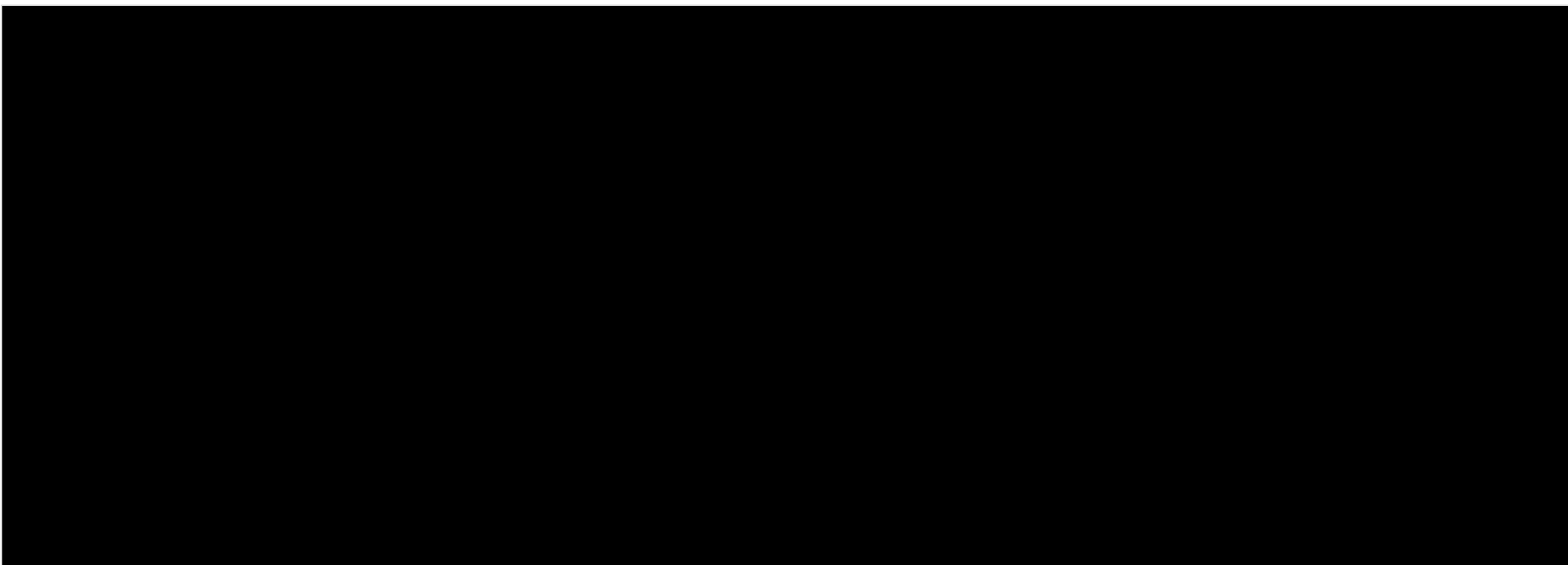
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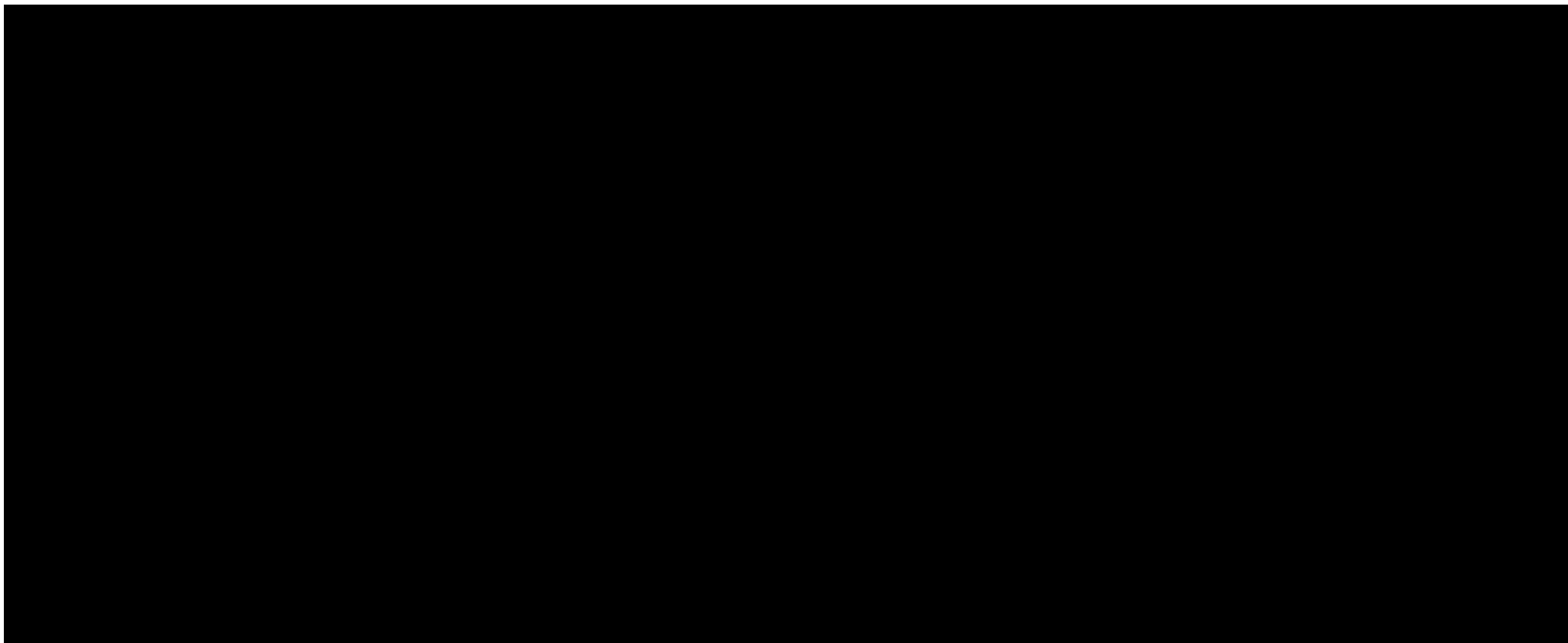
Review of 2023-24 budget of Aspire Cultural and Leisure Trust

The budget of Aspire Cultural and Leisure Trust has been collated using the best possible information available; however, there are some obvious risks and fundamental issues with the quality of the information supplied to Hazlewoods. The data provided has been impacted by an historical council-wide data breach that has left a lasting impact on the operational effectiveness of Aspire and hampered its ability to provide historical data and projections. Specific issues include:

- The numbers are hard coded with no explanation as to their origin;
- Some of the individual Cash Flow sources and payments are brought forward directly from the previous Cash Flow;
- Some line items are copied in from different spreadsheets with no supporting data provided.

The graph below highlights the obvious Cash Flow risk that Aspire is experiencing and is fundamental to the entity's ability to continue in its current guise. This document shall further investigate this issue and, where the quality of the data permits, seek to identify the key issues and possible mitigation of such risks.

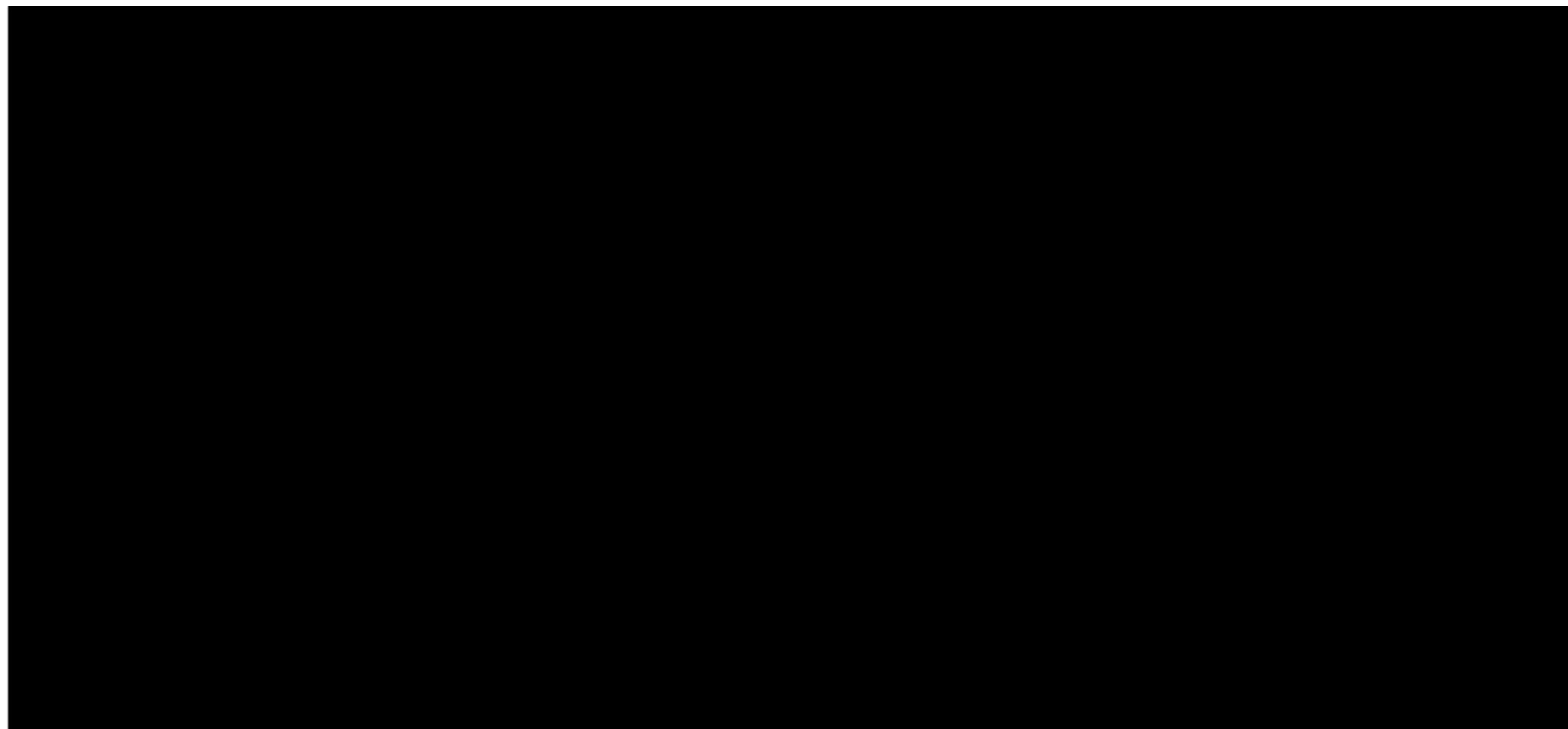




- Forecast Utilities consumption used in the budget for FY 2023-24 was not available and we can therefore only comment on historical trends rather than analyse any future predictions.
- There is obvious seasonality where usage peaks coincide with high wholesale costs.
- The overall trend in energy consumption remains constant, suggesting there have been no measures taken to enhance energy conservation.
- Although we have not been provided with a detailed budget for energy costs, we assume the Trusts' forecast is based on a similar level of Kwh usage and the cost relates to an increased unit price

Assessment of the financial viability of budget and cashflow projections

Aspire is projected to deplete its funding by September 2023. The primary driver behind this financial predicament is escalating energy costs. Aspire relies heavily on energy-intensive operations to fulfil its mission, which includes providing essential leisure services to marginalised communities. With a continuous rise in energy prices, the organisation's budget has been significantly strained, leaving little room for other crucial expenses. Additionally, there is a lack of a feasible action plan to improve revenue streams beyond those included in the existing business plan.



Assessment of the viability of actions proposed to improve the company's financial position

The Council suffered at the hands of a large cyber-attack 18 months ago. As its IT systems are relied upon, the implementation of many scheduled initiatives had to be delayed. However, there are plans included in the Business Plan to increase revenue included in the projections and, therefore, reduce the dependence on the management fee.

These are outlined below:



New products - for example Active Tots:

While introducing new products can be a good strategy, it may not necessarily lead to increased revenue. Launching a new product requires additional resources and investment, such as marketing and production costs. Moreover, there is no guarantee that the new product will be successful or generate enough demand to offset these expenses.



Price increase of 10% across the majority of products:

When seeking to minimise a deficit, a common response is to increase prices of services. Implementing a 10% price increase across most products could lead to negative consequences for revenue. Higher prices may deter customers and lead to a reduced volume of sales. Competitors with lower prices may gain an advantage and attract price-sensitive customers, potentially resulting in a loss of market share.



Scheduled price increase of 5% with effect from July for Active Life Junior Memberships:

As a strategy for increasing revenue, putting up the price of Active Life Junior Memberships is an option. However, its implementation could discourage families from enrolling their children, especially if there are alternative and more affordable options available. This may lead to a decrease in revenue from junior memberships and potentially impact overall revenue if it reduces family memberships as well.



Sky Advert Summer 2023:

While advertising can be an effective way to increase revenue, relying solely on a single advertising campaign, such as the Sky Advert, may limit the reach and impact of the marketing efforts and not guarantee significant returns. A comprehensive and diverse marketing strategy is needed to reach a wider audience and maintain a consistent presence in the market.



Health and Wellbeing Hub:

Collaborating with partners to introduce new initiatives can be beneficial and attract new customers, but it may not lead to a substantial increase in revenue. The success of these initiatives relies on factors such as demand, competition, and the effectiveness of the implemented strategies. There is a risk that the impact on revenue may not justify the resources invested in these partnerships and initiatives.

National Shortage of Lifeguards and Swim Teachers:

Developing a training school for lifeguards and swim teachers could generate additional income by training staff for other centres. However, it may not fully address the shortage and revenue loss caused by the national shortage. The time and resources required to run a training school may be significant, and the revenue generated from training may not compensate for the revenue lost due to the shortage.

[REDACTED]

Rebuilding the Lawn Tennis Association's coach programme:

Collaborating with the Lawn Tennis Association to rebuild the tennis coach programme could help address the shortage of coaches and expand the market for tennis lessons. However, relying solely on this partnership and grant may limit the scope of the initiative and the revenue growth potential. Diversifying strategies and exploring additional avenues to attract and retain tennis enthusiasts may be necessary to achieve a significant increase in revenue.

The strategies outlined for increasing revenue, such as introducing new products, implementing price increases, relying on a single advertising campaign, and collaborating with partners, show potential weaknesses. These strategies may not generate the desired revenue growth and could lead to unintended consequences such as customer loss, increased expenses, and limited reach. Additionally, efforts to address shortages of staff, like lifeguards and tennis coaches, may require further consideration to ensure long-term sustainability and revenue impact.

Beyond the actions proposed above and already integrated in the financial model, there are no new initiatives proposed to enhance revenue streams.

Review of company's business plans and planning process

Aspire's business plan outlines the organisation's strategic objectives and direction, with a focus on providing an active life for all the family.

The plan aims to:

- achieve sustainability,
- meet contractual obligations,
- reach pre-pandemic usage levels, and
- be a good partner and employer.

It highlights challenges posed by the private sector health and fitness market and the COVID-19 pandemic, and proposes a strategic approach to capitalise on unique selling propositions and target audience segments. While the plan provides an overview of marketing, income generation, operational efficiency, and partnerships, it requires further development in areas such as market analysis, specific strategies, and risk management.

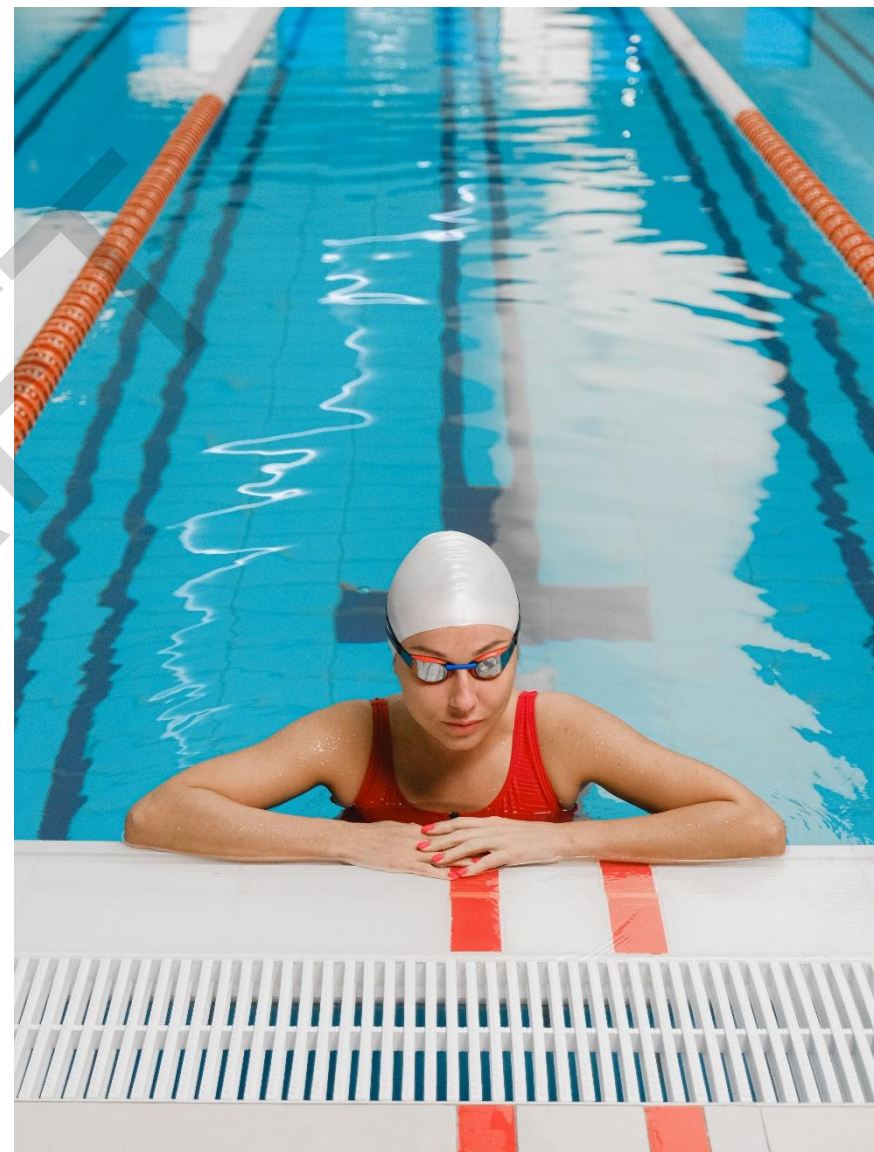
Financial forecast

The financial forecast indicates a deficit position, necessitating management fee support. The plan lacks a comprehensive monitoring and evaluation framework to track progress and impact. Further refinement is needed to ensure a robust and effective roadmap for the Trust's future success.

Market analysis

The business plan's market analysis offers valuable insights into the external and internal factors affecting the not-for-profit charity's swimming pool operations. It acknowledges the significant impact of the COVID-19 pandemic and the changing competitive landscape in the leisure market. The analysis highlights the need for the charity to differentiate itself and provide unique goods and services to drive customer retention. It also recognises the importance of generating income and developing sustainable products. However, the analysis lacks depth in terms of specific strategies to address the identified challenges.

Further details on marketing initiatives, competitor analysis, and risk management would strengthen the plan's effectiveness. Additionally, while cost reduction measures are mentioned, there is a need for more comprehensive strategies to manage overhead expenditure and increase operational efficiencies.





Future potential

The proposed future potential of the swimming pool, as outlined in the business plan, lacks specific and measurable goals. While it mentions a range of opportunities, such as new activities, facility improvements, and partnerships, it fails to provide concrete examples or specific strategies for capitalising on these opportunities.

Capital expenditure

The capital expenditure section lists previous investments without clearly linking them to the desired outcomes or their impact on revenue generation or customer satisfaction. For instance, the investment in Lunar City and ICT hardware/software lacks an explanation of how these expenditures contribute to increased participation or revenue. The plan also mentions potential future contracts and bid opportunities without providing a clear roadmap for pursuing them.

Additionally, the efficiency and effectiveness of the organisation are highlighted as priorities, but the plan lacks details on specific measures and actions to achieve these goals. The need to reduce consumption and utility costs is acknowledged, but there is a lack of specific plans or initiatives to achieve sustainable energy practices.

Overall, the plan would benefit from more specific, measurable, achievable, relevant, and time-bound (SMART) goals and a clearer roadmap for implementation.

Marketing plan

The marketing plan for the not-for-profit swimming pool demonstrates a clear understanding of the importance of marketing in achieving the charity's objectives. The plan focuses on promoting the facilities to the local community while maintaining a strong brand identity and linking to the charitable status. The key measurable factors identified, including customer satisfaction and financial performance, align with the overall goals.

The marketing objectives, such as growing the customer base and gaining market leadership, are ambitious and relevant. The strategies outlined, such as building partnerships and investing in programme development and quality measurement, are well thought out.

Overall, the plan seems comprehensive and likely to contribute to the success of the swimming pool.

Financial plan

The financial plan provided lacks sufficient detail and analysis to properly assess the financial projections. It simply presents a table of figures without any explanation of the assumptions or methodologies used to generate those projections. Without this information, it is difficult to determine the accuracy and reliability of the numbers.

Additionally, the plan does not provide a comprehensive breakdown of expenses, making it challenging to identify areas of potential cost savings or inefficiencies. Moreover, the methods outlined for monitoring the progress of the business plan are vague. The performance indicators mentioned in section 9.1 of the plan are listed without any specific targets or benchmarks.

Without clear goals, it becomes difficult to assess whether the organisation is meeting its objectives or falling short. The lack of a reporting cycle for performance measures to key stakeholders, such as the Board of Trustees and the Council, may hinder effective oversight and decision-making.

Overall, the financial plan and performance monitoring methods provided would benefit from more transparency, detailed analysis, and clearly defined targets to ensure effective financial management and performance evaluation.



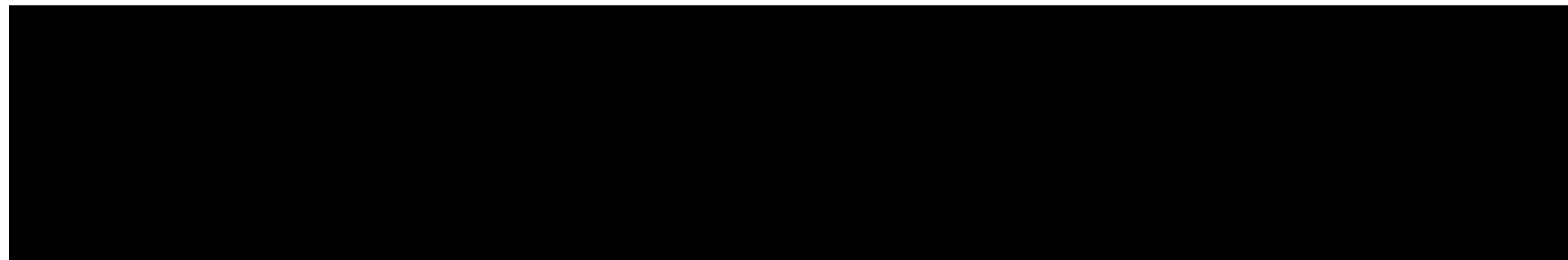
Sensitivity analysis of assumptions used in preparation of budget and cashflow projections

Unfortunately, due to the unavailability of reliable and high-quality data, conducting a thorough sensitivity analysis exercise was not feasible. Sensitivity analysis relies on accurate and comprehensive data to explore the impact of varying parameters or assumptions on the outcomes of a model or analysis. Without access to such data, it becomes challenging to assess the robustness and variability of results, hindering the ability to make informed decisions or draw meaningful conclusions. It is essential to prioritise data quality and collection in future endeavours to enable more comprehensive sensitivity analyses and enhance the reliability of analytical exercises. However, it was possible to perform some basic sensitivity analysis around *headline* numbers in the forecasts.

In the Staff Costs Analysis of Aspire, several key points can be summarised:

1. Hourly wage rates: There was an overall increase of 9.3% in hourly wage rates for all employees, regardless of their salary level. This increase was deemed understandable for those earning the minimum wage, but questionable for those on higher salaries.
2. Additional vacant positions: The budget included provisions for additional staff positions that were not currently filled. However, based on the available information, it was difficult to determine the necessity or justification for these additional staff members.
3. Hard-coded numbers: Some specific figures in the analysis were set as fixed values, likely predetermined and not subject to change.
4. Extrapolation from previous year's actuals: To estimate certain numbers, the analysis utilised data from the previous year up until October and extrapolated it to the present analysis. This approach allowed for projecting values based on past performance.

Overall, the Staff Costs Analysis of Aspire involved wage rate increases, provisions for vacant positions, some fixed figures, and extrapolation of previous year's data to provide insights into the company's staffing expenses.



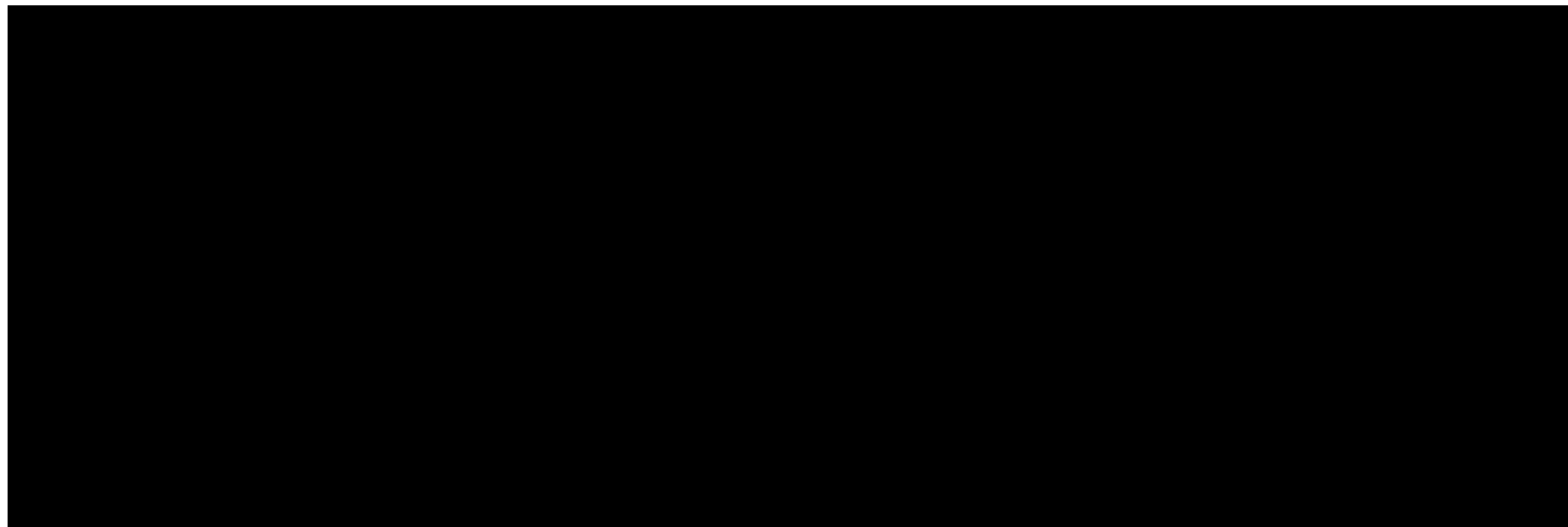
Performing a sensitivity analysis of Aspire's energy usage is impossible due to the lack of quality data and specific information regarding price and kilowatt usage. The available data only provides the total cost of energy, with no breakdown of the respective costs for gas and electricity.

Without knowing the price per unit of energy or the kilowatt usage, it becomes challenging to conduct a sensitivity analysis. This type of analysis requires precise data points to assess how changes in variables such as price or usage impact the overall energy costs. Unfortunately, the absence of this critical information hinders the ability to perform a meaningful sensitivity analysis for Aspire's energy usage.

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Review of future financial and contractual commitments

To get a clearer idea of the impact of the future contractual and financial commitments it is best to compare the performance of them between periods. From the table below, there are a few key conclusions that can be drawn.



- Aspire's most significant contractual commitments include maintaining the property and paying the energy bill. However, there are concerns about Aspire's ability to fulfil its financial obligations, particularly regarding the energy bill. The partnership between the Council and Aspire is based on mutual respect, a shared vision, and a commitment to increasing sports participation and inclusivity.
- To govern the partnership, a Strategic Partnership Board has been established, consisting of key representatives from both parties. The board meets quarterly to discuss various matters such as progress on the Service Plan, strategic objectives, financial performance, service improvement opportunities, and more.

- Aspire is required to provide Quarterly Performance Reports and detailed Annual Performance Reports, demonstrating its delivery of the Council's strategic objectives. The reports should address any shortcomings, highlight missed targets, and spot additional achievements beyond the Council's requirements. Monthly meetings between the Council and Aspire cover operational matters, including the management fee, reconciliation, pandemic recovery rates, and other operational issues.
- Aspire is responsible for paying the Non-Domestic Rates, while the Council handles contracts with utility providers. Aspire is expected to comply with the Council's policies on sustainability and climate change to the extent that it is reasonably practicable and financially viable.
- The Council and Aspire will collaborate on baseline energy consumption for the leisure facilities and develop an environmental action plan to reduce CO2 emissions and improve recycling.
- The significant increase in staffing costs of almost 24% year-on-year largely relates to filling vacant positions. We have been unable to substantiate whether these positions are critical to the operational success of the Trust.

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Summary

Aspire has failed to present a comprehensive plan to enhance revenue and has not provided sufficient data regarding its current overheads, notably its significant energy bill. It is difficult to properly analyse the situation without all of the necessary information to do so, but it does appear that the vast increase in the Management fee could be mitigated if the required steps are taken to do so.

This situation calls for urgent action to address the issue and ensure a fair and transparent financial arrangement between Aspire and Gloucester City Council.

Action Points:

- 1. Transparent Financial Reporting:** Aspire should be required to provide detailed and transparent financial reports, including a breakdown of its overhead costs, particularly the energy bill. This information will allow the Council to better understand the current financial situation and identify areas where cost-saving measures can be implemented.
- 2. Collaborative Revenue Enhancement Plan:** Aspire needs to develop a comprehensive plan to enhance revenue for the swimming pool. This plan should include innovative strategies for increasing visitor numbers, exploring partnership opportunities with local businesses, and implementing effective marketing campaigns. By working collaboratively with the Council, Aspire can ensure that financial burdens are shared, and revenue-generating initiatives are effectively pursued.
- 3. Independent Energy Audit:** Given the concerns surrounding Aspire's substantial energy bill, an independent energy audit should be conducted to assess the pool's energy usage, identify potential energy-saving measures, and estimate the financial impact of implementing those measures. This audit will provide valuable insights for both Aspire and the Council, enabling them to make informed decisions about reducing energy costs and promoting sustainability.
- 4. Assessment of staffing costs:** The budget for 2023/2024 allocates [REDACTED] for staff costs, an increase of almost £500k on 2022/2023 when it was [REDACTED]. It is important to see where the money is being spent, pay rises, addition heads etc and whether the expenditure is essential.

By implementing these action points, the Council can address the financial challenges posed by Aspire and establish a fair and transparent financial arrangement that supports the sustainability and success of the swimming pool while minimising the burden on the Council's resources.

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