

**ALDERWOOD LEISURE CENTRE
TRANSFER OF FACILITIES TO ALDERWOOD SCHOOL**

SUMMARY AND RECOMMENDATIONS

As part of a community schools project with Hampshire County Council in the early 1990s, new community facilities and leisure facilities were introduced at Wavell School and the then Oak Farm and Connaught Schools. The facilities were run by the Council and, whilst this is not the case now at Wavell and Oak Farm, the Council continues to run Alderwood Leisure Centre at Alderwood Senior School. Since the Leisure Centre was introduced, a number of changes have been made to the operational arrangements to meet the needs of the School, particularly to ensure that there is no conflict between users of the School and the Leisure Centre.

Over the past few years, discussions have been held with the School Governing Body and the Headteacher of the School regarding the possible transfer of the facilities so everything can be managed by the School. This has been a complex process and has been undertaken against the backdrop of the facility not being able to match expenditure with income in recent years, the impact of the pandemic and balancing the requirements of the School and Leisure Centre.

The discussions with the School have now just about been completed and it is the intention that the transfer of the facilities takes place in the Autumn.

It is recommended that the Cabinet:

- (1) Approves the transfer of the Alderwood Leisure Centre facilities to the Alderwood Senior School, subject to the conclusion of the necessary legal and financial arrangements; and
- (2) Note the estimated accumulated deficit and transfer costs (detailed in 6.1 – 6.3) and agree that the costs of future 3G artificial pitch replacement are to be drawn from existing S106 funding. Alterations to the Council's General Fund Balances and Earmarked Reserves will be amended as detailed in 6.1 – 6.3 of the report.

1 INTRODUCTION

- 1.1 This Report seeks approval to transfer the operation of the Alderwood Leisure Centre to Alderwood Senior School. It will provide the background to and

history of the operations and the issues that have led to the proposal to transfer the operations.

- 1.2 The transfer will mean that the facilities will still be available for community use and provide the opportunity for the School to integrate them more with School activities. It will also mean that a key leisure asset in one of the Borough's deprived wards is retained.

2 BACKGROUND

- 2.1 In 1990, the Council with Hampshire County Council invested in new community buildings. In the case of the Connaught School (now Alderwood), Rushmoor contributed to the major share of the capital costs of the new facilities (£640,000). The Leisure Centre opened in the early 1990s as part of a formal agreement with the County Council with a range of improvements to the sports hall and a new building that provided the School with drama and dance facilities as well as space for a fitness room. Hampshire County Council agreed to repay its shortfall through a contribution to the operating budget each year for a period of 60 years (£28,000).
- 2.2 During the 1990s and into the 2000s, this Council invested a further £100,000 to provide a state of the art fitness suite that was not only popular with the community but also became an integral part of the School's physical education curriculum and other School activities. Further investment was made to provide a dance studio which supported community, curriculum and after school club use.
- 2.3 In 2011, following the 2008/09 financial crisis and subsequent comprehensive funding review, Hampshire County Council withdrew the annual funding contribution which amounted to a loss of £48,000 from the Leisure Centre's annual budget at that time. The Council did however negotiate with Hampshire County Council a one-off compensatory sum of £359,000 that was paid in lieu of the forgone £48,000 per annum. The Council decided at that time to re-invest the £359,000 into the site in the form of a significant contribution towards the provision of a 3G artificial surface sports pitch. The Council, in partnership with the County Council, also secured a further £200,000 from Sport England towards this project through an agreement lasting 35 years. Under the grant arrangements with Sport England for the £200,000, the recipient of this funding was Hampshire County Council as the landowner.
- 2.4 The income generated from the opening of the 3G artificial pitch in 2013/14 went some way to mitigating the withdrawn Hampshire County Council annual funding and during this time there was clear evidence that, based on the existing operating arrangements, it would meet the financial targets in the business case to make the Leisure Centre more sustainable. In the first couple of years this was achieved.
- 2.5 In 2016, following a request from the School (Cabinet Report COMM1612), based on safeguarding concerns, the Leisure Centre reduced its operating hours to just evenings and weekends. This had a dramatic effect on income as

the majority of fitness suite members went elsewhere. Furthermore, although this adjustment reduced the operational leisure time on site by up to 45%, there was no tangible reduction in premises costs payable to the School.

3. 2016-2022 – INCREASED CHALLENGES

3.1 Whilst initially it was considered that additional bookings could be secured to enable the Leisure Centre to meet its financial targets following the 2016 changes, it has faced further challenges to its operational arrangements which have impacted on its ability to work as a going concern. These have included:

- Restrictions on the building use has resulted in the loss of some key hirers, including Aldershot Town Academy, Aldershot Boxing Club and the Capricorn Club.
- An increase in premises costs and competition from other sites, especially in relation to gym use.
- Impact of the pandemic which has seen a significant drop in income for a two-year period, although bookings are now recovering.
- The needs of a growing School, particularly relating to use of space for examinations and other activities.

3.2 As a result of these changes, the Leisure Centre has been under significant financial pressure. As a result, there is now a substantial accumulated deficit on the Leisure Centre Fund.

4. DISCUSSIONS WITH THE SCHOOL

4.1 Since 2019 there have been active discussions with the School regarding the potential transfer of the Leisure Centre. The School has been keen to do this for some years and, certainly in the current climate, there are some distinct advantages:

- With the Leisure Centre under the control of the School, it will be able to more effectively manage and integrate the operations with the other School activities.
- Staffing costs and other costs (eg cleaning) are likely to be reduced because the School will be able to manage their provision more effectively.
- Through the School's curriculum and other activities, it is likely that other bookings could be generated which will be complementary to existing users.

- The School will be able to work with the wider community to encourage use, with support from the Council, and maximise the use of outside facilities and other parts of the School.

4.2 A series of meetings have been held with the School regarding the transfer, particularly to discuss staffing, bookings and working arrangements. The main issue has related to the 3G artificial pitch which has an expected life of around ten years. This means that the pitch will need renewing in about two years' time and the School has requested, as a condition of the transfer, that the cost of a replacement pitch (estimated to be around £135,000) is included. This has been an issue for negotiation between the parties but the School is adamant that, in order to make the leisure operation work financially, it would need to have a commitment from the Council to replace the pitch. It is a very well used facility which provides substantial benefit to the local community and also helps to meet the Council's objectives relating to the improvement of health and well being of its residents. For these reasons, the principle is felt to be acceptable and would be funded from a contribution of Section 106 monies allocated for sports pitches in Aldershot (£112,000) with the balance being sought from the Council's sinking fund for replacing the pitch (£9,000) and a contribution from Hampshire County Council (£15,000).

4.3 Financial modelling carried out by the School does show that the Leisure Centre, when integrated within its operations, can make a small surplus in a full year.

4.4 Apart from the issue of the 3G artificial pitch replacement, the School is broadly comfortable with the arrangements for the transfer. As part of the process, two members of Rushmoor staff could be made redundant (including the current Centre Manager). Discussions are also underway regarding the bookings for 2022/23 – these are looking good at present and should help the School meet its financial projections, with a few additional ad hoc bookings.

5. **ALTERNATIVE OPTIONS**

5.1 Two other possible options have been looked at relating to the facility:

- **Retain operation of the site by the Council** – whilst this could be done, the costs of operating as a separate entity coupled with the requirements of the School are very likely to result in the accumulated deficit increasing
- **Close the facility** – Over the years, the Leisure Centre has provided a range of facilities that have been enjoyed by the community, the majority of which are residents of one of the Council's most deprived communities. Were the Leisure Centre to close, an important range of facilities that help to improve the health and well being of residents in the Ward and beyond, would be lost. In addition, there would be other costs involved to include additional redundancy costs and the likelihood that a substantial contribution would need to be repaid to Sport England for the original grant for the 3G artificial pitch.

6. FINANCIAL IMPLICATIONS

6.1 The financial implications for the Council of transferring the Leisure Centre are significant and reflect the difficult situation which has grown since 2016. The main costs to the Council will be in three areas:

- Replacement 3G pitch (£136,000), for which the School would be asked to recognise the Council's contribution
- Cost of transfer, mainly redundancy costs for those staff who will not transfer to the School (estimated at £80,000)
- Meeting the cost of the accumulated deficit up to 31 March 2022 (£317,159) plus dealing with the 2022/23 trading position (estimated at a further deficit of £30,000 up to the point of transfer). The accumulated trading deficit from Alderwood is recognised on the Council's balance sheet with the trading deficit (negative balance) matched against a contra balance on the Council's available reserves and balances (positive balance)

6.2 Once the transfer of Alderwood has been completed, an adjustment will be made to these balances at the end of the financial year to ensure the deficit is formally netted-off against available reserves and balances.

6.3 No additional resources are required as the Council's balance sheet already correctly state/reflects the net position.

7. OTHER IMPLICATIONS

7.1 Risks

There is a risk that the transfer will be delayed and the agreement does not get finalised with the School. The Council has made a substantial commitment to make the transfer work and the School does appear to be satisfied with the terms.

7.2 Legal Implications

A formal agreement will need to be drawn up between the parties to regularise the position but this is likely to be straightforward. Arrangements will also need to be made with the Leisure Centre staff, three of which are likely to TUPE across to the School.

7.3 Equalities

There are no direct equalities implications arising from this report. However, the facilities provided at the Leisure Centre provide a wide offer right across the community. Ensuring residents and groups retain access would be an important priority for the Council in its discussions with the School regarding community use.

8. CONCLUSIONS

- 8.1 The Alderwood Leisure Centre has provided many benefits to the community since 1991 and has been enjoyed by many local clubs and residents. It also provides a range of facilities that are not readily available elsewhere in the Borough. However, in recent years, a combination of factors has meant that it is no longer sustainable for the Council.
- 8.2 The proposed option to transfer the Leisure Centre is, on balance, the most suitable option in terms of ensuring that a well-used range of facilities remains, the contribution to the Council's health and well being objectives and is the most acceptable option financially, albeit there is still a significant cost to the Council. Subject to the necessary processes being completed, the transfer will take place during September/October and liaison will still take place with the School to ensure that the maximum community benefit is achieved and reflects the principles in the Council's Supporting Communities Strategy and Action Plan.

BACKGROUND PAPERS

Community Use Agreement – Hampshire County Council and Rushmoor Borough Council (2013)

CONTACTS

Andrew Colver
Head of Democracy and Community
01252 398820
andrew.colver@rushmoor.gov.uk