

**Report to Active and Cohesive Communities  
Overview and Scrutiny Committee  
29 August 2013**

**Leisure and Culture Community Interest Company Update**

**Background**

The officer working group, along with appropriate specialist advice, are continuing to scope the future potential of a Community Interest Company to manage leisure and cultural facilities and services, in the context of the Council's 'Co-operative Council' vision.

**The Approach**

The aim of the scoping exercise is to provide headline answers to a number of key questions, setting a clear path for further more detailed work and implementation. The questions to be answered include:

- What is the most appropriate company structure? Is a Community Interest Company the preferred model or is another structure more appropriate?
- Are there any procurement issues associated with the setting up of a new vehicle or its future trading / expansion? (we will utilise the advice the Council has previously received from Trowers & Hamlins lawyers in this regard, bringing a summary into this scoping exercise)
- What is the most appropriate scope for the new vehicle and how should facilities / services be phased into it?
- What is the headline financial impact, taking into account potential issues associated with NNDR, VAT, pensions and central support costs?

The output from our work will be a short report, providing responses against the key areas noted above, including a clear recommendation for progression/ implementation as appropriate.

We will ensure that the assessment of appropriate options takes into account the key issues of future control, impact on staff and pensions, procurement considerations and service coordination across health & wellbeing. Our advice will be set in the context of the 'Co-operative Council' vision.

The scope for consideration includes the following facilities / services (albeit any initial phase is likely to only include the leisure centres, museum, Roe Lane and Westlands Sports Ground):

- Leisure centres (Jubilee2 / Kidsgrove SC)
- Borough Museum and Art Gallery
- Roe Lane football development centre
- Westlands Sports Ground
- Clayton Sports Centre (Pending outcome of lease negotiations)

Some or all of the Council's existing community centres which are currently subject to a separate review could also be considered for inclusion in the scope of the CIC if this is felt appropriate on conclusion of the community centres review.

In order to complete an accurate assessment we are currently evaluating the following information to support our work:

- income and expenditure figures for the existing facilities, covering the last 3 financial years and broken down between income / cost categories;
- usage figures, including National Benchmarking Survey reports and other KPI analysis;
- condition survey data on the existing buildings;
- staffing structures for the sites;
- Current VAT treatment of income by the Council;
- A breakdown of central costs allocated to the service;
- Pensions information from the LGPS, regarding future admitted body / delegated body status and the costs associated with this (percentage contributions and any bond required).

## **Summary**

Once completed our report will be passed to the Executive Management Team and Cabinet for their consideration and advice on 'next steps'.

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