

# Leisure and Environment Committee

Thursday 16 September 2010 7.30pm

**Council Chamber**  
**Runnymede Civic Centre, Addlestone**

## Members of the Committee

Councillors M J Brown (Chairman), J J Wilson (Vice-Chairmen), J Broadhead, C J Chapman, Mrs R M Denby, Mrs M T Harnden, Mrs G M Kingerley, M T Kusneraitis, A M Moore, and Mrs G Warner.

## AGENDA

### Notes:

- 1) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- 2) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Miss C Pinnock, Administration and Leisure Department, Committee Section, Civic Centre, Station Road, Addlestone (Tel. Direct Line: 01932 425627). (Email: [clare.pinnock@runnymede.gov.uk](mailto:clare.pinnock@runnymede.gov.uk)).**
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## **LIST OF MATTERS FOR CONSIDERATION**

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### **PART II**

#### **Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection**

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1. FIRE PRECAUTIONS

The Chairman will read the Fire Precautions which set out the procedures to be followed in the event of fire or other emergency.

2. ELECTION OF VICE-CHAIRMAN

Members will be aware that there is a vacancy for one of the two posts of Vice-Chairman on this Committee. The Committee may elect a second Vice-Chairman at this meeting if it so wishes.

**(TO RESOLVE)**

3. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

4. MINUTES

To confirm and sign as a correct record the Minutes of the meeting of the Committee held on 17 June 2010, which were included in the July 2010 Minute Book previously circulated.

5. APOLOGIES FOR ABSENCE

6. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at the start of the meeting. A supply of the form will also be available from the Committee Administrator at meetings.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

7. FINANCIAL MONITORING STATEMENT (DF)

(Ref: Minutes of Leisure and Environment Committee, March 2010, page 648, para 659)

1. Purpose of Report

1.1 **The purpose of this report is to inform the Committee of the latest financial projections for the 2010/11 financial year for leisure and environmental services.**

2. Background Information

2.1 The Financial Monitoring Statement was introduced to all Committees in September 2006 to inform Members of the current financial position of the services under the remit of each Committee. This Committee receives two statements, one for Leisure services and the other for Environmental services.

2.2 Each statement reflects an updated position based upon the 2010/11 estimates approved by this Committee in January.

3. Report

3.1 The statement at Appendix 'A' is split into two parts:

- Leisure services
- Environmental services

Each statement is split into two distinct parts:

- Projected budget and forecast
- Current year key budget indicators

- 3.2 The Projected budget and forecast sections show any anticipated variations in the current year's budget. These variations are categorised as approved changes and other potential changes. The achievement of the revenue reductions programme approved by the Council is one of the Council's key performance indicators and these savings targets are now included in this section of each statement. Implications for the following three years are included for completeness so that the full-year effect of any changes can be seen.
- 3.3 The second section of each statement sets out the key budget indicators for the significant areas of this Committee's budget. This indicates the actual income received set against the amount expected (the budget) for the period covered by each statement. In addition to this, at the request of this Committee, there are also graphs showing the membership numbers for each Leisure Centre, and also for the number of subscribers to the Council's Green Waste Collection service.

**(FOR INFORMATION)**

Background Papers

None stated.

8. DIRECT SERVICE ORGANISATION (DSO) HEALTH CHECK (DTS)  
(Ref: Minutes of Leisure and Environment Committee, June 2010, page 78, para 94)

**1. Purpose of Report**

- 1.1 The purpose of this report is to present the recommendations from an independent report looking at services delivered by the Council's Direct Service Organisation (DSO) and consider a separate report looking at potential partnering operations in this area, with Spelthorne Borough Council.**

**2. Background Information**

- 2.1 There are some 20 councils in south east England that operate street scene services via in-house DSOs. Earlier this year, Improvement & Efficiency South East offered a free 'health check' to these councils and commissioned *Waste Consultancy* to undertake this. Both Runnymede and Spelthorne Councils accepted this offer.
- 2.2 The DSO Health Check is designed to provide a high-level 'executive' style overview of the strategic, financial and operational performance of the waste operations being run internally by an Authority.

The review aims to clearly establish:

- where cost savings, efficiencies and service quality improvements can be made
- material risks to be addressed or mitigated
- how services compare to the best performers
- proposals for short, medium and longer-term action

- 2.3 The Health Check report examined the operations and relative working capacity of the refuse and recycling service, the budgets and finances of the service as well as the CRM system. To put this into context for the authority moving forward, the waste strategy and council position with regard to service delivery and achievement of stated targets was also examined. The process and report therefore aims to clearly identify actions that the DSO should look to address in order to improve performance over the short, medium and long term.
- 2.4 The review method involved an initial stage of examining existing Runnymede and Spelthorne documentation and performance data, such as BVPIs/ NIs, Audit Commission reports, waste strategy documentation, waste compositional analyses, council websites, press information and other recent and appropriate reports.
- 2.5 The second stage involved meetings with waste management staff including contract officers and operational managers to discuss the service performance in more detail. Therefore, the

purpose was to review the levels of service offered, collect primary data on workforce performance, quantities of waste and recyclables collected, scheme performance, data from the CRM system, current and future strategies, political support etc.

- 2.6 The information was then analysed by *Waste Consulting* and used to make recommendations and to prepare an action plan for each. Due to the desire of the two authorities to work together and identify areas for partnership and efficiencies, *Waste Consulting* held a joint meeting between the operations management of both councils' DSOs. The aim of the meeting was to identify areas where there was real scope for partnership and to understand what the barriers to implementation could be. The final reports were received in early August and are attached at Appendices 'B' and 'C'.

### 3. Report

- 3.1 In respect of the DSO health check, the consultants produced nine recommendations which are set out with comments below.

**Recommendation 1.** In switching to AWC, household rounds should be analysed against the RBC GIS database to identify optimum household numbers for each collection round. This will verify that the current proposed 2 potential vehicle savings of £210,000 cannot be improved upon.

- 3.2 This refers to operational change and cost savings which have already been agreed. AWC is alternate weekly collection and refers to the move to fortnightly refuse collection with the commencement of the revised recycling arrangements in the New Year. As part of that it was identified that the number of main refuse rounds could reduce from the current five, to three. The cost savings reflect the loss of six staff who currently crew these vehicles and the saved annual cost of running these vehicles.

- 3.3 Work is already underway to identify the new household rounds, to ensure that they are both equitable in terms of workloads, but also to ensure that they are co-ordinated with the new recycling contractor (Biffa) so that all collections take place on the same day. The work is being done using the ROCC CRM system which is linked to the Council's Geographic Information System (RBC GIS).

- 3.4 The amount of waste being collected in the future will depend on the participation rates of recycling and there may be a need to adjust rounds in the future. However this must be judged in the light of experience in due course. Therefore, this recommendation is already being addressed and will be revisited when the new collection arrangements settle down.

**Recommendation 2.** To review the green waste collection service resources and decide to either drive forward increased participation and scheme expansion or otherwise scale the service back to one round. Key service aim should be to break even and operate at zero net cost.

- 3.5 The report quotes the 2009/10 Service Committee Actual net expenditure for the service cost of £107,354 to collect 1,600 tonnes of green waste and suggests that at a cost of £67 per tonne, this is expensive. The current year's budget is net expenditure of £44,600 and expects an increase to 1,700 tonnes collected. If achieved, this would reduce the cost per tonne to £26.

- 3.6 A number of actions have already been taken with regard to this service. Accounts have been changed to direct debit where possible, which reduces staff time, improves cashflow and customer loyalty. The Council now provides the option of an additional wheeled bin if preferred to bags. The Council has also made arrangements for the material to be processed and used within the Borough as a soil improver, rather than taken to Charlton Lane in Shepperton. This is not only more sustainable, but also saves resources in terms of disposal and gate fees will reduce by approximately £14,000 per annum. Finally, new vehicle procurement means that in the future a smaller vehicle can be redeployed to serve properties which are hard to access and not currently served by the scheme.

- 3.7 There are currently 1.5 green waste collection rounds. It is anticipated that with the move to fortnightly refuse collection and extensive publicity around the new recycling arrangements,

participation in the green waste scheme will increase. Rather than scale it back to one round therefore, it is hoped that it can be expanded to two rounds, thus increasing the volume of material recycled, reducing waste and generating more income from service subscriptions.

**Recommendation 3.** Bring the recycling and refuse functions together under the same management team.

- 3.8 The consultants recognise the anomaly that is created by the DSO delivering refuse, street cleansing and green waste collection services, but with recycling delivered by an external contractor. This means additional management resources and a separate vehicle fleet. It was hoped that this could have been resolved when the recycling service was retendered at the end of last year, but the highly competitive bid made by Biffa meant that the DSO bid could not be recommended. However, local supervision of refuse crews can also provide a resource to monitor health and safety compliance by the recycling contractor as well as limited contractor supervision.
- 3.9 The consultants recognise that a change to this cannot be made before the expiry of the Biffa contract in 2018. Nevertheless, Runnymede has a commitment to work with other Surrey partners as part of the Surrey First initiative, where one of the key workstreams is refuse and recycling, and the aim is to look for more co-ordination and partnership working in the future. It is recognised that as Biffa has now taken over the contract for Refuse and Recycling in Surrey Heath and has retained its contract with Woking Borough Council, the prospect of bringing the functions together could be considered more attractive.
- 3.10 The consultants point to current low recycling rates, but recognise that this should be drastically improved with new arrangements already being implemented. They do indicate a preference for comingled collection of recyclables (mixed in wheeled bins), rather than Runnymede's preferred method of kerbside sorting. Officers have discussed this with them, pointing out that whilst comingled collection methods are easier and cheaper to collect and are more popular with residents giving higher participation rates, the resultant collected material has no residual value for the Council and attracts disposal fees. It was estimated that a move to this method would increase local costs by £300,000 per annum. The consultants point to improved Material Recovery Facilities that can generate income, but this seems to be a matter for technology that is not currently widely available. Clearly this is another issue that Surrey First will need to address in terms of common future service standards.

**Recommendation 4.** Consideration given to redistributing some of the current costs of service provision to Enforcement in order to target problem areas of litter accumulation. An educational campaign should be launched to 'Respect Runnymede' and present a much tougher line on outbreaks of littering.

- 3.11 The consultants acknowledge that in respect of street cleansing, Runnymede provides the lowest cost service in the county (2009/10 - £7.54 per head of population compared to the Surrey average of £11.76 and highest at £15.15). However, they describe it as 'only an adequate level of cleansing, despite reasonable levels of public satisfaction'.
- 3.12 The consultant's view is that resources dedicated to enforcement would be more effective by reducing litter problems, rather than simply removing such debris. Officers disagree and do not believe that replacing street cleansing staff with enforcement officers would make a fundamental difference to the street scene. The small numbers of staff currently employed make this an impractical suggestion. It is not considered that in a small Borough there is such a problem, a need to enforce rigorously, nor the resources to set up supporting services such as administration and legal support in terms of fixed penalty notices and prosecutions. Whether it would improve or worsen the public perception of the Council is a matter for conjecture.
- 3.13 There is no doubt that improvements to street cleansing could be made with additional resources, but the current financial climate simply does not allow this. The DSO Manager continues to introduce innovative measures such as split-shifts working in town centres in early evenings, which were then replaced by town centre orderlies, which are specifically

aimed to increase the public profile of what is being done. Whilst such innovation will continue, it is suggested that this recommendation from the consultants is not implemented.

**Recommendation 5.** To review trade waste capacity with a view to expansion of its customer base without incurring additional staff costs.

3.14 Until recently, the trade waste service (which works directly in competition with private sector operators), was running at full capacity. Actual income received last year was £467,240 and it was hoped to increase this to £511,900 this year. However, due to the recession, this is an area where businesses are cutting back and using smaller bins, having less frequent collections or increasing recycling to reduce volumes of waste.

3.15 The DSO Manager believes that it may be possible to empty all trade waste bins within four rather than the present five days and this will release resources for other duties and reduce costs. Investigation is also to be made regarding the possible introduction of a trade waste recycling service, which came out of the Service Review recently agreed by this Committee. Clearly trade waste is a key source of income for the Council and its enhancement needs to be examined. Resources however do not allow this to be done until the new refuse scheme is introduced and settled down next year.

**Recommendation 6.** Deliver a flexible strategy that delivers the aims and objectives for RBC and aligns to the key aims and objectives of the Surrey Waste Partnership where appropriate, to support partnership working. Finalise policies to underpin the strategy.

3.16 The consultants comment that in Runnymede, the focus on strategy has been on delivery through the Strategic Waste Partnership (SWP) rather than a more detailed strategy for recycling and minimisation in Runnymede that is suited to the budget and demographics of the borough.

3.17 Whilst Runnymede continues to play an active part in this partnership and has always agreed with the aspiration to increase recycling and reduce residual waste, its local recycling service has been tempered by cost-effectiveness and matching of relevant resources. This Committee has key policy parameters in place that favour weekly, kerbside sorted recycling collections, linked to fortnightly refuse collections. The range of recyclable materials to be collected under the new arrangements is extensive.

3.18 Therefore, whilst the Strategic Waste Partnership's Strategy has been seen as an overarching, high level policy, this has been supported by local policy decision making in respect of how recycling and refuse collection services can best be delivered in Runnymede. A report will be brought to this Committee in the next cycle on the revised Strategy produced by the Strategic Waste Partnership.

**Recommendation 7.** Amalgamate the two contact centre telephone lines for recycling and refuse

3.19 This is a matter which is already in hand in the preparation for new arrangements next year.

**Recommendation 8.** Develop a joint timeline for partnership and prioritise the services/functions in terms of the earliest opportunities

3.20 This relates to partnership working. The consultants recognise that RBC understands that benefits can accrue from this approach being an active member of the SWP, and is already seeking to work with Spelthorne Borough Council (SBC) to deliver efficiencies.

3.21 The following service aspects have been discussed at an operational level between RBC and SBC and represent areas with scope for partnering (noting the need to consider the operating restrictions imposed by the Chertsey Bridge):

- Garden waste, with possibilities for vehicle sharing on Saturdays
- Bulky waste-capacity on both councils' rounds
- Clinical waste
- Fly tips
- Vehicle procurement - joint procurement where possible with Spelthorne.

- Education and Enforcement
- CRM/ back office functions
- Traffic management
- Grounds maintenance
- Emergency response (e.g. flooding)
- Comingled collections (post 2018)
- Fortnightly Collection of refuse

3.22 The consultants also point out that the wider opportunities that could flow from partnership working across the SWP should not be ignored and state that RBC should critically look at the options for partnership identified in this report and develop a timeline for action, identify potential partners and develop the relationship opportunities with those having similar aims, objectives and desire to deliver efficiencies. That work is already being undertaken through the Surrey First Initiative.

**Recommendation 9.** Prepare a business case for assessing the benefits from joint working. Where necessary, prepare business cases for each opportunity – detailed for the earliest ones and basic outlines for the long term ones.

3.23 This will be undertaken as part of the work outlined under recommendation 8.

3.24 The second report was in relation to Partnering Options between Runnymede and Spelthorne Councils. It welcomed the decision by SBC and RBC to undertake these health check reviews and to scrutinise service areas that could benefit from further improvement and partnership working. A range of actions were identified that should assist the authorities enhance services and generate efficiencies.

3.25 Primarily, the report recommended a clear need for an over-arching business case to:-

- Identify the potential savings
- Inform and get 'buy-in' from Members
- Identify ways in which to fully develop partnership opportunities with each other or even other Surrey neighbours

3.26 In addition, they confirmed that Surrey County Council as the Waste Disposal Authority has a considerable role to play in supporting the desire of SBC and RBC to achieve further efficiencies and improvements both directly and through the Surrey Waste Partnership. It recommended both should look to engage closely with SCC and the SWP on the 'World Class Waste Solutions' approach so that full control is retained throughout the inevitable negotiations. Significant savings and discernible service improvements have been achieved in councils where, with the commitment of Members, Chief Officers and the WDA, partnerships have successfully been brought together.

3.27 The report recommended four specific actions:

Action 1: Prepare a timeline for working together on the partnership opportunities identified in Section 3. Consider the option for a joint DSO management to deliver the opportunities identified.

Action 2: Prepare individual business cases for each area to assess the potential cost savings and / or service improvements. Implement the most promising projects.

Action 3: Prepare a business case for assessing the longer term benefits from joint working in both street cleansing and waste collections post 2018. Give consideration to necessary policy alignment.

Action 4: Engage with SCC and SWP

3.28 As indicated above, Runnymede will continue to work with Spelthorne Borough Council, the SWP and Surrey First to implement partnership working. As far as joint management arrangements are concerned, this is not considered practical without co-location. This in itself is not practical as neither depot is large enough to accommodate both vehicle fleets.

As this Council has recently contracted out its recycling service for a seven year term, short-term alignment is impossible.

4. Financial Implications

- 4.1 In respect of Runnymede's DSO, the first report suggested that its recommendations could result in the order of £200,000 - £400,000 of potential efficiencies. These were broken down as the following maxima:

<b>Recommended Action</b>	<b>Maximum Saving</b>
1. Reduction of two refuse collection rounds	£210,000
2. Review green waste collection	£100,000
3. Joint management of recycling and refuse	£40,000
4. Expand trade waste business	£10,000
5. Amalgamate two contact telephone lines	£10,000
6. Prepare business case for joint working post 2018	£50,000

- 4.2 Of these, the first has already been identified and forms part of the Financial Forecast. Actions 3 and 6 can only be implemented after the expiry of the recycling contract in 2018. The figure under 4 must be seen as aspirational. Under 2, the financial forecast already accounts for a net betterment of £51,000 from the green waste service as a result of the new contract with Biffa, by expanding uptake of the green waste collection service. Increased income from trade waste will depend on the market and the potential for a new recycling service. Action 5 relies on the reduction of 0.5 FTE in terms of responding to telephone enquiries. At present, introducing the new recycling and refuse arrangements will require more resources in this area of work rather than less.

- 4.3 The Partnering Report suggests that even greater efficiencies could be achieved as set out below:

<b>Recommended Action</b>	<b>Maximum Saving</b>
1. Prepare business cases for each partnership opportunity	£40,000
2. Prepare business case for joint working in both street cleansing and waste collections post 2018	£650,000
3. Engage with SCC and SWP	£70,000

- 4.4 It should be stressed that the savings are for both authorities combined.

- 4.5 They indicate that the latter two estimates have been based on data from other authorities and partnerships and clearly both of these are longer-term aspirations.

5. Legal Implications

- 5.1 These reports offer informal advice and there is no compulsion to implement the recommendations.

6. Conclusions

- 6.1 This has been a useful exercise which complements the work done as part of the Refuse and Recycling Service Review. The report concludes that:

*“These potential efficiencies highlight one of the distinct advantages of operating an in-house service, especially in the current financial climate. Considerable cuts to public services have been outlined by the Coalition Government in the Queen’s Speech and the DSO is providing a flexible and cost-effective way of delivering ongoing changes when compared with a contracted out service.”*

- 6.2 It is gratifying that some of the key recommendations relate to matters that have already been agreed and for which implementation is underway, or issues that have already been identified and are being worked upon.

- 6.3 The question of whether services should be retained in-house or outsourced is put to Members regularly across a wide range of services. The Council has always favoured a

mixed economy which has been based on a balance of cost-effectiveness, service performance and satisfaction levels and flexibility of provision. This ensures that complacency has no place in service delivery and promotes innovation and efficiency.

**THE COMMITTEE IS INVITED to –**

**endorse the comments in the report in relation to the various recommendations from the consultants and indicate whether they wish any further actions to be undertaken.**

**(TO RESOLVE)**

Background Papers

Runnymede Borough Council DSO Health Check, Waste Consulting, July 2010  
Spelthorne Borough Council, Runnymede Borough Council, DSO Health Check: Partnering Options, Waste Consulting, July 2010

9. LEISURE TRUST – UPDATE (DAL)

(Ref: Minutes of Corporate Management Committee, November 2009, page 412, para 437, April 2010, page 734, para 700, Council, April 2010, page 762, para 735 and Leisure and Environment Committee, June 2010, page 75, para 93)

1. Purpose of Report

1.1 **The purpose of this report is to note further progress on the Leisure Trust and to seek necessary approvals.**

2. Background Information

2.1 Following the Council's decision in Autumn 2009 to implement an intensive process of service review in consultation with Chairmen and other Members, recommendation by Corporate Management Committee, and approval by full Council on 22 April, Officers have proceeded with arrangements for the formation of a locally based charitable Leisure Trust, initially to take over the running of the two Leisure Centres from the Council.

2.2 The intention is twofold – firstly that the Trust will be able to run the Leisure Centres to the same standard but at a saving of at least £150,000 per annum because of the tax advantages available to charitable bodies operating in this field. Secondly, the creation of a dedicated body with its own board gives the potential for a tighter management focus and for community input.

2.3 Winckworth Sherwood LLP have been appointed as the Council's specialist advisors in the formation of the Trust, using the funding approved by Council.

2.4 Officers reported the immediate implications to this Committee on 17 June as requested by full Council. No further decisions were needed at that time. A copy of the report is attached for ease of reference at Appendix 'D'. A note was subsequently circulated to the Committee on behalf of the Chief Executive to confirm the details of the process, as requested at the meeting.

2.5 A briefing with substantial input from Winckworth Sherwood was arranged for all Councillors on the evening of 2 September. Approximately 16 Members attended.

2.6 This report presents the current picture and seeks approvals for the next steps. A separate report on other aspects of the Leisure Services Review appears elsewhere on this agenda.

3. The services to be included in the Trust

3.1 Given the initial decision to set up a Trust, it is essential to ask whether the transfer of any further services would benefit the service or the authority or both. Potentially a Leisure Trust could manage any leisure service capable of being charitable in law. This would cover the majority of the Council's Leisure provision. Some authorities, indeed, have transferred the

bulk of their leisure services to such a body. While this has some advantages it is an even more significant step for the authority as a whole than transferring Leisure Centres, and requires a clear view that the authority wants to change the way it does things. Amongst the key considerations, for and against, are the following:

- The Trust Board can include representation from a variety of public and private sector, community and professional backgrounds;
- Some services other than Leisure Centres can benefit from significant savings in business rates and/or VAT;
- Transferred services may also benefit from greater potential for donations and grant aid;
- Transferred services are less subject to the varying financial pressures and Government policy changes that affect the local authority;
- Adding services to a Trust can give it critical mass and improve viability;
- The more comprehensive the range of services provided by the Trust, the greater the potential incentive for community interest and involvement;
- The Council can influence but it cannot control services that it outsources to a Trust;
- The business plan must be soundly worked out in order to allow both the Council and the Trust to plan with confidence;
- The more services that are committed to the Trust, the less the Council's direct involvement in this area and the fewer the resources available to it to undertake Leisure-related initiatives;
- Some costs borne by the Trust may increase once the Council's procurement advantages are withdrawn. Examples commonly include insurance and professional services;
- Leisure services account for a significant part of the Council's activities and if most of them were outsourced this has corresponding implications for other parts of the organisation. Whilst the amount of staff time spent supporting Leisure Services can be broadly quantified, if this were all eventually to be removed there would be a disproportionate impact on resilience;
- Removal of the bulk of Leisure services would leave an organisation that looked and felt different. It would begin to invoke a different concept of what a local authority is for. This would be a legitimate decision, but it must be purposely taken.

3.2 Officers involved in the Leisure Services Review have taken the view that the advantages offered by a wholesale transfer of services to the Trust would, in the absence of a clear change in the underlying philosophy of the organisation, be insufficient to justify the other consequences of doing so. Therefore, the approach has been to investigate whether there are clear-cut advantages to the further transfer of discrete areas of Leisure service without any assumption that this should be the preference. Runnymede's general approach up to now has been that the local interest is best served by direct provision and control, save where there is a clear balance of advantage to partnership or outsourcing. It is of course open to Members to depart from that general philosophy and instruct accordingly.

3.3 There is only one further area of service that appeared to offer a level of synergy with the Leisure Centre operations and clear financial advantages to transfer. This is Public Halls.

3.4 The Council has three Public Halls – Chertsey Hall, Thorpe Village Hall, and the Hythe Centre. Some years ago it had eight but the remainder have been sold, or transferred to private or community operation in accordance with the policy to encourage self-management. The current configuration affords substantial and relatively modern directly-run halls in the north and south of the borough, and a smaller listed building of considerable character in the middle. It is unlikely that community interests could take over Chertsey or

Hythe, and the Council has tried and failed in the past to interest user groups in the self-management of Thorpe. However, the transfer of the Halls to a community-based charitable trust is not a great step away from the self-management policy.

- 3.5 Officers see opportunities to share some booking and management arrangements for the Halls with those of the Leisure Centres, and for cross-selling opportunities when space for activities is being let. The full potential will be realised over time.
- 3.6 The Halls have a relatively self-contained staffing complement of two staff (management and bookings) at the Civic Centre, and four staff based in the Halls themselves. The Civic Centre staff help to provide general administrative resilience to Leisure Services, but Officers believe that the consequences of their removal can be managed. It is proposed that they be based in Chertsey Hall where, although operating in close liaison with other parts of the Trust, they can maintain a distinct identity for the halls service.
- 3.7 The three Halls incur a National Non-Domestic Rates bill of approximately £19,500 in the current financial year. With 80% charitable rate relief there would be a saving of around £15,600 per annum.
- 3.8 Halls income from bookings is about £194,000 per year, to which VAT is currently added. Officers believe that much of the Trust's hiring of the space would be exempt from VAT. The Trust could either lower the cost of such bookings to try to increase custom, or keep them the same and retain the 20% VAT. Specialist consultants will advise further.
- 3.9 Accordingly it seems reasonable to suppose that transfer of the Halls to the Trust could achieve a saving of at least £15,000 to £20,000 per year with no diminution of service, before any advantages of combining them with Leisure centre bookings. The Council would realise these savings by reflecting them in the management fee paid to the Trust.
- 3.10 Officers therefore recommend that arrangements be made with the Trust for the management of the Public Halls, as well as the Leisure Centres.

#### 4. Progress on other matters

- 4.1 The setting up of the Trust will alter the Council's own VAT position in certain respects as well as creating a new set of issues for the Trust. The Council is procuring VAT advice from its retained VAT consultants, LA VAT. Thus far, there are no indications of net adverse VAT consequences.
- 4.2 Regular meetings are being held with Winckworth Sherwood to maintain progress on the action plan. The target operational date of 1 April 2011 is still realistic, though a substantial amount of work is necessary to achieve this.
- 4.3 Subject to confirmation of the services to be transferred, early progress must be made on a financial and operational business plan for the Trust, and consultants will be retained to assist with this. Officers are presently comparing suitable consultants.
- 4.4 Council staff presently wholly or mainly employed on the services to be transferred will have the right to transfer to the Trust on the same or equivalent terms and conditions under the TUPE regulations, and arrangements will be made for the necessary information and consultations.

#### 5. Further decisions needed

##### 5.1 *The form of the Trust vehicle*

- 5.1.1 Under legislation currently in force, there are three practicable options for a charitable trust providing services to the public – an unincorporated association, an Industrial and Provident Society (IPS), and a company limited by guarantee (CLG). A note from Winckworth Sherwood on the characteristics of the latter two is attached at Exempt Appendix 'A'.
- 5.1.2 An unincorporated association is suited to situations where it is helpful for a wide variety of people to join easily, and where there is advantage in maximum freedom from legislative controls. There is however no limitation on members' liability and for this reason and

because of the lack of distinct legal identity it is not well suited to substantial business operations.

- 5.1.3 An IPS has a distinct legal identity and enjoys limited liability. It is regulated under the Industrial and Provident Societies Act 1965, but now also needs to be regulated by the Charity Commission if it is charitable. There are some idiosyncratic and inflexible features of its structure and in the local authority context IPS's are generally more familiar in the housing field than with Leisure.
- 5.1.4 A CLG is now the most common vehicle for creating a new charity of substance. It has a distinct legal identity and enjoys limited liability. Members do not buy shares but subscribe to a guarantee to contribute a defined amount (typically £1), if the company is wound up. It is subject to regulation under the Companies Acts as well as by the Charity Commission. However the company structure is well understood by third parties and there is flexibility under the Companies Acts to adapt to different situations. Notwithstanding the dual regulatory requirements, it is the most suitable structure currently available and Officers recommend that the Trust is set up as a CLG with the members of the company comprising the Board.
- 5.1.5 The company's constitution needs not only to be fit for immediate purposes but give reasonable freedom of action to meet future circumstances. A draft Memorandum and Articles of Association provided by Winckworth Sherwood are attached at Exempt Appendix 'B', and Officers recommend that the Council proceeds along these lines.

## 5.2 *The Board of the Company*

- 5.2.1 The role of the Board is to oversee the achievement of the Trust's objectives and set the strategy and direction, rather than get involved in operational minutiae.
- 5.2.2 There are two decisions to make: the size of the Board and the Council representation upon it. If the Council provides more than 50% of the funding of the CLG, and/or leases land to it at less than a market rent (at least one of which will be the case here), it may not have more than 19% of the voting rights (through Officers or persons who have been Councillors within the past four years).
- 5.2.3 To strike a reasonable balance between getting a good range of experience and interests on the Board, keeping the size wieldy, and avoiding Council representation becoming isolated, Officers recommend a Board of eleven members with two representatives who are Councillors, or have been Councillors within the past four years. The Council will be one member of the company, but its voting rights are optimised below the 20% barrier by having two seats on the Board.
- 5.2.4 It will be necessary for the Council to initiate the formation of the company by advertising for other Board members. A draft advertisement and person specification to use in this process, prepared by Winckworth Sherwood, are attached at Appendices 'E' and 'F'. At least one of the nominated Councillors should participate in the selection process.

## 5.3 *Procurement*

- 5.3.1 There is an argument that the Council is in effect intending to procure services from an external body and is consequently subject to a degree of obligation to evaluate options before letting a concession to a charity with grant funding. Officers will accordingly place an advert for this purpose, on the basis of advice from Winckworth Sherwood, in the near future.

## 5.4 *Other matters*

- 5.4.1 There will be a range of actions to take in relation to staff, property interests, contractual arrangements, and administrative matters. It will not be possible to time all of this for report to Committee, and Officers seek authority to take necessary action with the agreement of the Chairman. Major decisions and in particular the financial arrangements between the Council and the Trust will be the subject of Committee report(s) and approval before action.

- 5.4.2 A further update and request for any authorities needed at that stage will be presented to the next meeting of the Committee.
6. Financial considerations
- 6.1 Specific financial issues are referred to in the report above.
- 6.2 The overall level of annual saving anticipated from transferring Leisure Centre operations to a Trust remains at £150,000 as previously reported. To this can be added a minimum of £15,000 from including the Public Halls.
- 6.3 Any impact on other services remains to be identified once it is clear how the Trust intends to procure various services currently part of the Council's operation. No incidental savings have been assumed in the figures reported to date and therefore the Council can achieve the savings anticipated and still have considerable flexibility in how it deals with any knock-on effects.
- 6.4 Expenditure on additional support and advice for the creation of the Trust remains within the supplementary estimate approved by full Council in April this year.
7. Legal considerations
- 7.1 In due course it will be necessary to enter into agreements with the Trust for (inter alia) the provision of the services transferred, the use of any support services, and the use and management of property. The core key documents are listed at Appendix 'G'. The proposed terms will be reported.
- 7.2 Other immediate legal issues are covered in the discussion above.
8. Equalities
- 8.1 An equality impact assessment has been conducted. No adverse consequences are foreseen resulting directly from the decision to transfer the relevant services to a Trust.

**OFFICERS' RECOMMENDATION that –**

- i) the management of the Public Halls be transferred to the Leisure Trust when it is set up, in addition to the Leisure Centres;**
- ii) the Trust be constituted as a company limited by guarantee;**
- iii) the company be set up with a Board of eleven members, two of whom shall be Councillors (or persons who have been Councillors within the last four years) nominated by Runnymede Borough Council;**
- iv) the Director of Administration and Leisure be authorised to:**
  - a) settle a Memorandum and Articles of Association for the company along the lines set out in the drafts appended to this report;**
  - b) advertise for the non-Councillor Board members and make arrangements for the selection process in consultation with the Councillors nominated to the Board;**
- v) the Director of Administration and Leisure be authorised to take any other step necessary for the formation of the company, its registration with the Charity Commission, and the transfer of the Leisure Centres and Halls services to it, with the agreement of the Chairman if Committee authority would otherwise have been required and it is impracticable to obtain such authority in the necessary timescale; and**
- vi) a further report be made to the next meeting of this Committee.**

**THE COMMITTEE IS ASKED to -**

**nominate two Councillors, or persons who have been Councillors within the last four years, to the Board of the proposed company**

**(TO RESOLVE)**

Background papers:

Correspondence and documentation from Winckworth Sherwood LLP, held by DAL (exempt).

10. CABRERA TRUST MANAGEMENT COMMITTEE – MINUTES – 16 JUNE AND 23 JULY 2010 (DAL)

The Minutes of the meetings of the Management Committee held on 16 June and 23 July 2010 are attached at Appendices 'H' and 'I' respectively'.

**(FOR INFORMATION)**

Background Papers

None.

11. CABRERA TRUST MANAGEMENT COMMITTEE – CONSTITUTION (DAL)

The Cabrera Trust Management Committee, at its meeting on 23 July 2010, unanimously agreed to change its Constitution of Committee of Management in order to be able to invite the Honorary Wardens of the Riverside Walk, together with an additional person with the appropriate knowledge of local ecology, flora or fauna, to meetings of the Cabrera Trust Management Committee in order to assist the Committee in making decisions regarding the management of the Trust land.

Accordingly, the proposed alteration of the Committee's existing Constitution is set out below:

Add new paragraph (4) to Clause 1 to read:

'All persons who are for the time being Honorary Wardens of the Riverside Walk, together with one person selected by the Committee as having appropriate knowledge of local ecology, flora or fauna, shall be invited to attend meetings of the Committee. The persons so invited shall not be Members of the Committee but will assist the Committee in its decisions on the management of the Trust land'.

**OFFICERS' RECOMMENDATION that -**

**the proposed amendment of the Constitution of Committee of Management for the Cabrera Trust as set out above be approved and the Director of Administration and Leisure be authorised to make any future minor amendments to avoid the need to submit a report to a meeting of this Committee.**

**(TO RESOLVE)**

Background Papers

None.

12. CHERTSEY MEADS MANAGEMENT LIAISON GROUP – CONSTITUTION (DAL)

The Committee is asked to approve one minor amendment to the Constitution of the Chertsey Meads Management Liaison Group.

At the last meeting of this Committee, Councillors C J Norman and L C Pouyanne were re-appointed to serve as the Runnymede Borough Council representatives on the Chertsey Meads Management Liaison Group.

Currently the Constitution of the Group assumes that the Chairman of this Committee will also chair the meetings of the Liaison Group. However, this is not always practical, and in the current circumstances, the prospective Chairman is no longer this Committee's Chairman, and neither are Members of this Committee.

The Liaison Group is due to elect a Chairman at its meeting on 7 September, and if that is Councillor Norman, who is happy to continue, it seems sensible to amend the Constitution accordingly as set out below:

Add to paragraph 4.1:

'The meetings of the Liaison Group shall be chaired by a Member of the Council representing the Leisure and Environment Committee. **The Chairman need not be a Member of that Committee.'**

**OFFICERS' RECOMMENDATION that –**

**the Constitution of the Chertsey Meads Management Liaison Group be updated accordingly and the Director of Administration and Leisure be authorised to make any future minor amendments to avoid the need to submit a report to a meeting of this Committee.**

**(TO RESOLVE)**

Background Papers

None.

13. ADDLESTONE PLAY BUILDER PROJECT (DAL)  
(Ref: Minutes of Leisure and Environment Committee, September 2009, page 268, para 290, March 2010, page 649, para 660, and June 2010, page 84, para 100)

1. Purpose of Report

- 1.1 **The purpose of this report is to advise Members that the play builder funding allocated for the proposed project at Sayes Court open space has been withdrawn.**

2. Background Information

- 2.1 The Play Builder funding was allocated to the top tier authorities. Surrey County Council was expected to work closely with Boroughs and Districts, who over recent years have developed local play strategies linked to the recent Big Lottery funding made available to all authorities.
- 2.2 The lead on the Surrey Play Builder bid was the Early Years Service and the County Officer responsible met with Districts and Boroughs through the Surrey Chief Leisure Officer Group to produce the applications for the funding. A County and Borough group was set up to lead on the project which put in an initial application for the funding in February 2009 and the final application in April 2009.
- 2.3 At the Leisure and Environment Committee on 24 September 2009 it was agreed that Officers would look at potential locations for the second Runnymede project in the Addlestone Bournside Ward reporting back on proposals at a future meeting. A shortlist of potential sites was agreed at the Leisure and Environment Committee on 18 March 2010, to ensure that funding deadlines were met for the completion of the second project.
- 2.4 At the Leisure and Environment Committee on 17 June 2010 Sayes Court Open Space was confirmed as the location for the second play builder project and further consultation was due to take place.

3. Report

- 3.1 Following on from the Committee meeting of 17 June, Surrey County Council was advised that Sayes Court was to be the second Play Builder site and work would progress with the necessary consultation.
- 3.2 In early July 2010 the Council was advised by Surrey County Council that the ring fencing of the play builder funding had been removed by the Government. Representations were made to the County by all the District and Boroughs in support of the scheme to ensure that all the funding would continue to be made available for the projects proposed across the County. This was in response to comments made by the County that it was looking at ways that the play builder funding could be reduced by 25% to make savings.
- 3.3 On the 15 July 2010 Surrey County Council received a letter from the Department of Education advising that with immediate effect and until further notice, all local authorities should avoid incurring any new contractual liabilities in relation to their play capital grants. This was in response to the need for various Government Departments to make savings.
- 3.4 The only projects that could be progressed would be those where groundworks or construction had started. None of the projects in Surrey were at this stage so all those planned for year two will not be progressed.
- 3.5 Surrey County Council are still holding onto a retention sum for the one project in Runnymede at Frank Muir Field in Thorpe and this will be drawn down once the play area has been formally signed off as complete.

4. Council Policy

- 4.1 The service plan identifies that the Council will:

*Continue to invest in the parks, maintain the current high standards of provision, and improve where identified by need. Includes play area refurbishments and new builds.*

5. Resource Implications

- 5.1 The Council will still be able to draw down on the retention held by Surrey County Council for the one Play Builder project completed in Runnymede. Officers will continue to look at opportunities for alternative funding of the Sayes Court project.

**(FOR INFORMATION)**

Background papers

Play Builder steering group minutes and file notes

14. EXCLUSION OF PRESS AND PUBLIC

**OFFICERS' RECOMMENDATION that –**

**the press and public be excluded from the meeting during discussion of the following report under Section 100A(4) of the Local Government Act 1972 on the grounds that the report(s) in question would be likely to involve disclosure of exempt information of the description specified in paragraphs 1, 2, 3 and 4 of Part 1 of Schedule 12A of the Act.**

**(TO RESOLVE)**

## **PART II**

### **Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection**

- |     |  |            |
|-----|--|------------|
| a)  | <u>Exempt Information</u>  | Paras      |
|     | Exempt Appendices 'A' and 'B' to item 9 - Leisure Trust - Update | 1, 3 and 4 |
| 15. | LEISURE SERVICES REVIEW  | 1, 2 and 3 |
| b)  | <u>Confidential Information</u>                                  |            |
|     | (No reports to be considered under this heading)                 |            |