

MUNICIPAL YEAR 2006/2007 REPORT NO. 181

MEETING TITLE AND DATE
Cabinet - 13.12.2006

Agenda – Part: 1	Item: 7
Subject: CONSULTATION ON FUTURE OF ENFIELD'S LEISURE CENTRES	
Wards: n/a	
Cabinet Members consulted:	
Cllr.s Paul M ^c Cannah, Mike Rye, Michael Lavender	

JOINT REPORT OF:

Director of Finance and Corporate Resources and the Director of Education, Children's Services and Leisure

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1.0 EXECUTIVE SUMMARY

1.1 Enfield Leisure Centres Ltd (ELCL) is currently in Creditors Voluntary Liquidation. The Council is working with the Liquidators of the company to improve the service at the leisure centres and stem the financial losses which flow from the operation by ELCL. It is proposed that the future management arrangements for the leisure centres are based on a detailed specification that is itself based on a detailed community consultation carried out in the New Year.

2.0 RECOMMENDATIONS

2.1 That, the future management of the centres, in terms of what is provided, when and where (the specification) is subject to future decisions of the Council which will be fully informed by a comprehensive consultation conducted as widely across the Community as possible. The target date for completion is 23rd February 2007.

3.0 BACKGROUND

3.1 Enfield Leisure Centres Ltd. went into a Members' Voluntary Liquidation on 4th September 2006. The Council indemnified the deficit declared at the time (£684,000) as calculated by the Finance Director of ELCL. This indemnity, and the decision to fund the process of liquidation, allowed ELCL to continue operating as "ELCL (in liquidation)", with no loss of service to the Community.

3.2 However, the liquidators, Vantis, have discovered that failures in accounting practice on the part of ELCL, meant that the true deficit exceeded £800,000 and thus on the 10th November the company moved into an insolvent Creditors' Voluntary Liquidation. The liquidators have begun an investigation

into the reasons why the company ended up trading into insolvency, which may involve analysis of the actions and decisions of the directors of the company.

- 3.3** During the liquidation process the liquidators have appointed an experienced leisure professional as Operations Manager of the business and he has started the task of rebuilding the operation, its management, its information systems and its marketing to customers.
- 3.4** As the funder of the liquidation, indemnifier of the liquidator, owner of the facilities and Community Leader, the Council works closely with the liquidators and Operations Manager.
- 3.5** The key issue at this point is the vision for the leisure facilities following the liquidation process.
- 3.6** As Members will recall, ELCL was originally set up as a mechanism to avoid paying business rates on the leisure facilities and take advantage of favourable VAT treatment. The company eventually failed in 2006 due to a drop in income, a rise in costs and the effects of some poor choices as to expansion. It is a moot point the extent to which the distinction between “Enfield Leisure Centres Ltd” and “The London Borough of Enfield” is understood by the Council’s residents. To many of them we are simply “the Council” and the leisure centres are a manifestation of the Council. Thus the Council, through the actions and failure of ELCL, is trapped in the unenviable situation of being blamed but lacking control. This scenario must have a bearing upon the new arrangements for the management of the leisure centres.
- 3.7** ELCL had no business plan, and no effective marketing. The company did not seem to have any effective market knowledge. This was a serious failure. The Council, and any activities in which it is involved as partner or grant provider, is a public service organisation. We have to operate within a framework of knowledge of what the public want. The Council has, via the Enfield Observatory and our regular Residents Surveys, solid information on many aspects of our operation. However it means that we lack meaningful information about leisure.
- 3.8** To place this need in context: Enfield has undergone rapid demographic change since ELCL was established. Perhaps 150,000 people have moved into the Borough, with a slightly smaller number having moved out. A successful multi-cultural Borough has become more so, and members of the Community from many different cultural traditions may have different expectations and aspirations with regard to leisure. These are assumptions. We simply do not know the details and we need to find out so that the Council can realistically plan provision. Since 1999 the private sector has also established a strong presence, with four major health & fitness clubs in, or just outside, the Borough. Again suppositions can be made about the impact on

demand for leisure facilities, but we need to establish the facts via a process of consultation.

3.9 The consultation needs to be designed and conducted to provide information to allow answers to the following questions:

- How has demand varied over time?
- How has demand changed in Enfield compared to other authorities
- What has been the impact of private sector provision?
- What are the participation rates in different income groups, different ethnic groups, by age, by gender?
- Are the correct activities / facilities provided to meet identified demand?
- Are there needs in the Community that are not fully met?
- Are the expected standards of comfort and privacy met? These may have varied over time and between different groups of users (e.g. the acceptability of “village changing”)
- Are activities provided at the right times?
- What is the balance between general use and that by clubs and other groups of users?
- What are subsidies per user per activity? And what should they be?
- What ideas are available to us to widen participation and access?
- What would represent effective branding and marketing?
- What strategy for pricing and concessions would best promote the Council’s objectives?
- Is there support in the community for broadening access to leisure and culture through joint provision – for example, leisure centres that also provide library facilities and Internet access?

4.0 CONSULTATION

- 4.1** the specification for services at the leisure centres is drawn up based on a full consultation with the Community. All suitable media should be used (e.g. a section in “Our Enfield”) and it is vital that the engagement is with the whole community rather than a narrow band of enthusiasts. The engagement will also include that of taxpayers, who are asked to provide the subsidy. The consultation will be managed by the Policy Team, and conducted by an external specialist (to be selected under delegated authority) under the direction of the Director of Education, Children’s Services and Leisure.
- 4.2** The consultation provides the ideal platform for the development of a flexible and responsive specification for the management of the leisure centres. This should specify a suitable contract period (e.g. 5 years) and set out in detail the management arrangements for issues such as investment in the centres and their equipment. It will be based on best practice from other local authorities.

5.0 COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS

5.1 Financial Implications

A budget of £12K is available to support the consultation.

5.2 Legal Implications

The Borough Solicitor has been consulted on this report and has no comments at this stage of the process.

Background Papers: None

