

**Body:** Cabinet

**Date:** 19 July 2023

**Title:** Proposal for future operation and interim management of the Sovereign Centre

**Report of:** Becky Cooke, Director of Tourism, Culture and Organisational Development

**Cabinet member:** Councillor Margaret Bannister, Deputy Leader and Cabinet member for Tourism, Leisure, Accessibility and Community Safety

**Ward(s):** All

**Purpose of the report:** To consider future operation and interim management arrangements for the Sovereign Centre

**Decision type:** Key

**Recommendation:** Cabinet is recommended to:

- (1) Approve transfer of the Sovereign Centre operations to Wave Active to benefit from their knowledge and expertise, and to strengthen the council's leisure operation.
- (2) Agree delegated authority for the Director of Tourism, Culture and Organisational Development in consultation with the Cabinet Member for Tourism & Culture to negotiate and conclude detailed arrangements with Wave, including authorising the signature of all associated documentation including Business Plan with agreed objectives and priorities.

**Reasons for recommendations:** To benefit from the expertise and experience of an existing and recognised leisure services provider, Wave Active is considered a strong fit.

Wave Active is a local charity and social enterprise and is already operating our sports centres (via an agreement until 2029) as well as a number of leisure centres and swimming pools across Lewes district.

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## **1.0 Introduction**

The original Sovereign Centre was built and opened in 1977 with a large extension added in 1989. The centre contains a lanes swimming Gala pool, a training pool, a fun pool with flume, gym, sports hall, café and associated offices and storage. Prior to Covid the Sovereign Centre attracted approximately 600,000 visits each year. During 2022/23 it is estimated to have attracted approximately 500,000 visitors. The centre currently has 900 live members paying either annually in full or via monthly direct debits with concessionary rates available for seniors, juniors and those with disabilities.

The Sovereign Centre has a number of significant challenges in terms of the building and design that mean it is not as effective or attractive as it could be. There is also a growing public perception that the centre is tired and requires investment.

Discussions have taken place in recent years regarding potential construction of a new leisure centre adjacent to the Sovereign Centre which would be attractive to commercial operators and so able to fund the revenue costs of the capital investment (as opposed to addressing costly maintenance issues on a building dating back to the '70s). Cabinet received an initial report in December 2016 and another in July 2018 and although some detailed work was done on this, including initial discussions with stakeholders, the Covid pandemic put a pause on further work.

According to the most recent 10-year maintenance plan, composed in consultation with in-house surveyors, the centre requires approximately £2.3m for improvement works. Although the majority of these works are identified as priority 2-3 and none are priority 1 (risk of injury or death), the remainder is predominately in relation to plant works and redecoration.

Up to 2020 the Sovereign Centre was operated by Eastbourne Leisure Trust (ELT) and Serco. These contracts were coming to an end in March 2019 and although Cabinet agreed to an extension of the contracts in July 2018, ELT and Serco terminated the contract early in June 2020 as a result of the devastating impact of Covid on the centre. The priority for the council at this point was to ensure continuity of the operation, so centre staff transferred to the employment of Eastbourne Borough Council and EBC has managed to run the centre since then with some limited, essential investment in the infrastructure when required e.g. repairs to the roof, new boiler, compliance works, etc.

## **2.0 Rationale for Change**

It has never been the intention for the council to operate the Sovereign Centre in-house on a long-term basis. Whilst the council has stabilised the Centre, it is timely to consider an alternative, more appropriate operator as a holding position for approximately the next 5 years with a view to developing a revised plan and options for long term investment in the facilities.

Cabinet will be aware that both the Assurance Review process by the Department for Levelling Up, Housing and Communities in 2021 and the latest CIPFA follow up

review earlier this year focused on the need for the council to achieve a more diversified economy and reduce our risk on income. Tourism income was mentioned specifically, but there was an overriding theme to ensure financial stability by reducing reliance on discretionary income that has the potential to be risky and inconsistent.

This is an important indicator that operational change is now required at the Sovereign Centre, and the recommended approach to transfer operation to Wave is explained below. The council would maintain ownership of the building, and day to day facility management would be undertaken by Wave.

Alternative options have been considered and whilst it would be possible to go out to tender, due to the current volatility within the sector this is unlikely to provide best value for the council. On the basis of our existing arrangement and established partnership with Wave it is considered they are best placed to operate the centre for the next 5 years.

### **3.0 Wave Active (formally called Wave Leisure Trust)**

Leisure centres and swimming pools in the Lewes district have been run by Wave since 2006. In 2019, EBC transferred Hampden Park, Cavendish, Shinewater Sports and Community Centre, Eastbourne Sports Park, Regency Park Community Centre, Motcombe Pool and Sovereign Harbour Community Centre to Wave Leisure on a 10-year agreement. There were a number of reasons for the transfer at this point. Firstly, it was to benefit from the sport and health related expertise within Wave to ensure the continued provision of quality leisure services in the borough. Secondly, it was a step to remove the risk (financial, operational and reputational) of running a discretionary service within the council. It was also a decision to enable priorities for investment in Eastbourne's discretionary provision at that time to be focused on developing the sport and cultural offer at Devonshire Park as part of the wider Devonshire Quarter redevelopment.

The recommendation within this report is that the Sovereign Centre is added into the existing agreement and staff are transferred to Wave with the protection of TUPE provisions. This agreement currently expires in 2029 which will allow time for developing a revised plan and options for long term investment in the facilities.

As part of its commitment to improving community health, Wave targets hard to reach groups such as the elderly, those recovering from medical treatment, people with disabilities and the very young, to encourage an active lifestyle. Wave's commitment to community outreach, its experience in dealing with GP referrals and its drive to reduce hospital admissions will have wider non-economic impacts and benefits to support the Active Eastbourne Strategy and to contribute to our equalities agenda.

Wave Active (formally Wave Leisure) is a charity and social enterprise with a purpose of "Inspiring Active Lifestyles" and a vision "To be at the heart of the improvement of health and wellbeing within the community". Beyond running leisure facilities across Eastbourne and Lewes, Wave has also developed services to support people in making positive health improvements through physical activity, structured programmes of delivery and linking their Health Improvement

Practitioners into the provision of advice, information and guidance either on a 1-2-1 basis or through group activity.

Wave Active is reinstating a dormant subsidiary of their organisation that will be rebranded as 'Wave Active Health' which will develop an Active Health Strategy, in consultation with Eastbourne and Lewes Councils to be endorsed by cabinet. This subsidiary will benefit from grant funding and revenue generated from the facilities management and commercial arm of the company known as 'Wave Active'. The Active Health Strategy will benefit from its own communications strategy that will reach out to the wider community. This is in addition to the requirement for the submission of an annual business plan covering objectives, priorities and proposals.

The appointment of Wave Active for this interim period until 2029 would enable a more collaborative and embedded approach to supporting an active and healthy agenda across Eastbourne.

Another key aspiration of the partnership with Wave Active is to drive up customer satisfaction and based on the good customer feedback they receive from other leisure centres within the Lewes district, we would be looking to raise customer satisfaction at the Sovereign Centre. Regular customer satisfaction reporting would be another integral component of the agreement.

Given that Wave Active is already operating successful leisure centres in Eastbourne and Lewes district, handing over operation of the Sovereign Centre will present further opportunities for effective operational management of the Centre, enabling sharing of resource and staff for both financial and reputational benefits, and ensuring there is no loss of service by reallocating staff and resource to where it is needed.

#### **4.0 Financial implications**

The latest revenue financial information (subject to any final accounts adjustments) is indicative of a nil net cost position. The gross income generated by the operation is at a level equal to meet all operational and asset related costs.

In finalising the legal agreement between the council and Wave Active, further financial review will be carried out to ensure an agreed and equitable transfer of resources and responsibilities to support existing and future service delivery.

#### **5.0 Corporate plan and council policies**

EBC's Corporate Plan was refreshed in 2022 in light of unprecedented events during and impact of the Covid pandemic. It was necessary for the council to adjust our strategic position to deal with recovery challenges as a result of huge unavoidable losses of revenue income. A new overarching strategic theme was introduced, Recovery and Stabilisation, focused on recovery and future financial resilience.

The recommendation in this report addresses a number of aspirations of the Corporate Plan including not only around Recovery and Stabilisation, but also Growth and Prosperity and Thriving Communities

## **6.0 Risk Management**

As referenced within this report, continuing to run the Sovereign Centre in-house presents a number of risks spanning operational, reputational and financial. The recommendations in this report help to mitigate these and to ensure the council is addressing the recommendations of both DLUCH's Assurance Review and the Health and Safety Executive.

## **7.0 Legal Implications**

It will be necessary to grant a lease to Wave to allow them to occupy the centre.

The council cannot dispose of land held in the general fund for a consideration less than the best that can be reasonably obtained in the market, except with the consent of the Secretary of State. Disposal includes leasehold sales where the lease term exceeds seven years. The lease to Wave will be for a term of less than seven years.

The financial review referred to in the Financial Implications section above and the arrangements being entered into pursuant to that review will be undertaken in compliance with all legal requirements, including any implications arising from the Subsidy Control regime.

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## **8.0 Equality analysis**

With their industry expertise and reach, Wave are in a position to target groups that generally are less represented in sports and leisure facilities such as the elderly, those recovering from medical treatment, people with disabilities and the very young. Having a long experience of delivering successful not-for-profit health and leisure facilities means Wave are well placed to consider the accessibility of services and address any barriers that different groups may face.

Although staff will be directly involved in the move to Wave, their conditions are not expected to change and therefore we do not anticipate any adverse impacts to any particular group.

An Equality analysis has been completed.

## **9.0 Background Papers**

None