

Review of Leisure, Culture and Heritage Provision

Committee:	Cabinet
Date of Meeting:	28 November 2024
Report of:	Joint report of the Deputy Chief Executive (Resources) & s151 Officer and the Head of Wellbeing
Portfolio:	Leader of the Council

1 Purpose of Report

- 1.1 This report sets out the results of the review of the Council's leisure, culture and heritage services and proposals to reduce spend on the service as part of steps being taken to reduce the forecast budget gap for the Council.
- 1.2 The report also sets out the consultation process to be followed to consider changes to the service provision.

2 Recommendations

- 2.1 Cabinet is asked to note the proposals to close the Museum of Cannock Chase and the Prince of Wales Theatre as part of the anticipated savings needed to close the budget gap that the Council is facing.
- 2.2 In anticipation of a further report to Cabinet in January 2025 and to Council in February 2025 which will set the budget for 2025/26, it is recommended that Cabinet agree to start a period of public consultation on the future cultural and heritage offer in the district,

Reasons for Recommendations

- 2.3 Cannock Chase Council is facing a forecast gap in its budget for 2025/26 of £1.3m.
- 2.4 A review of the leisure, culture and heritage offer, including an assessment of the related assets, has led to the consideration of the closure of the Museum of Cannock Chase and the Prince of Wales Theatre.
- 2.5 Maintaining an ongoing culture and heritage offer in the district is important to the Council and consultation is to be undertaken to consider what this future offer may look like.

3 Key Issues

- 3.1 Cannock Chase Council is facing a forecast budget deficit of £1.3m. There is still much uncertainty over the exact figures as the Council is awaiting details of its financial settlement from the Government, which is expected the week before Christmas, but it is not expected that the deficit will vary materially.
- 3.2 Like all other Councils, Cannock Chase has experienced a sustained period of austerity and has had to make savings year on year in order to balance its budget.

Savings have been achieved through outsourcing services, stopping, and reducing services as well as sharing back-office functions with Stafford Borough Council.

- 3.3 More recently, the decision was taken to extend the sharing of services with Stafford Borough Council, with an estimated saving of £600,000 for Cannock Chase Council. Last year the Council re-tendered its waste contract and introduced fees for garden waste collection.
- 3.4 The Council outsourced its leisure, culture, and heritage provision in April 2012 with the award of a contract to Inspiring Healthy Lifestyles (IHL) (formerly Wigan Culture & Leisure Trust), delivering an annual saving of £0.5m from the contract and a reduction in the cost of the Council's support services.
- 3.5 Following a turbulent 5 years for the leisure sector with Covid, high energy costs and a cost-of-living crisis, the Council have appointed consultants SLC to carry out a review of the leisure, culture, and heritage provision in Cannock Chase. This review aimed to understand where financial savings could be made within the contract and, how to ensure the sustainability of the leisure, culture and heritage offer going forward.
- 3.6 Stock conditions surveys were carried out on all the buildings being run by Inspiring Healthy Lifestyles (IHL) to enable the Council to understand the condition of the buildings and the maintenance liabilities over the next 10 years.
- 3.7 Considering the findings of these two pieces of work, it is currently recommended to close the Museum of Cannock Chase and the Prince of Wales Theatre at the end of April 2025 in order to put the remaining leisure and wellbeing offer onto a sustainable footing.
- 3.8 A consultation will start on 29 November 2024 for a period of 4 weeks to seek views on what an alternative culture and heritage offer could look like in the district.

4 Relationship to Corporate Priorities

- 4.1 **Priority 2 - Health and Wellbeing** - provide opportunities for residents to lead healthy and active lifestyles and recognise the importance of mental health and wellbeing.

Priority 4 - Responsible Council - To be a modern, forward thinking, and responsible Council.

5 Report Detail

The Council's Financial Position

- 5.1 The Council is facing a challenging financial position, as it has for a number of years. Austerity followed by covid and then the inflationary crisis has put significant pressure on the Council's finances. The current forecast budget deficit for 2025/26 is £1.3m. At present the budget includes £940k for central government grants, and whilst the final settlement figures have not been received as yet, they are extremely unlikely to be sufficient to bridge the gap on their own.

- 5.2 There is much uncertainty over the settlement for this year and the Council is anticipating receiving the details of this in mid-December. It is anticipated that the Council will receive some additional funding to offset the cost of the recently announced national insurance increase for its workforce, but it is unclear whether this is to be fully funded or partially funded. It is not expected that additional funding will be received to cover the cost of increased national insurance costs for the Council's contractors and where those costs are passed on to the Council, this will need to be met from savings made within the Council.
- 5.3 The Council has undertaken a number of rounds of savings in recent years and is now in a position where it is no longer possible to find further efficiency savings. This has meant that the Council has had to look at reductions in non-statutory services to balance its budget for next year.

Why a review of spend on Leisure, Heritage & Cultural Services

- 5.4 Since 2008, the Council has been required to deliver significant savings. These have been achieved through outsourcing services, stopping, and reducing services as well as sharing back-office functions. More recently, in December 2022 the decision was taken to extend the sharing of services with Stafford Borough Council, with an estimated saving of £600,000 for Cannock Chase Council.
- 5.5 As is good practice, the Council reviews the contracts that it holds. Having recently reviewed and re-tendered the Waste contract, the other significant contract the Council manages is for the provision of leisure, culture, and heritage services. This contract accounts for approximately 15% of the Council's overall expenditure. Having delivered a saving of circa £0.5m at the point the service was outsourced, it has been largely protected from having to deliver savings aside from a request in 2016/17 as part of the financial recovery plan.

Leisure, Culture and Heritage Contract

- 5.6 In March 2010, an in-principal decision was taken to procure a partner to deliver the Council's leisure, culture, and heritage services and, on 01 April 2012, the partnership with Wigan Leisure and Culture Trust formally commenced. The contract was for an initial 10-year term, with the option to extend by two, 5-year periods and saved the Council circa £0.5m.
- 5.7 The specification for the service was designed to ensure that the contract would largely replicate the level of service the Council provided at that time. This included:
- Retaining the concessionary scheme;
 - Retaining free swims for under 5s;
 - Controlling prices for community groups and sports clubs;
 - Limiting price increases;
 - Not setting geographic boundaries, therefore applying fees and discounts to those both within and outside the district or Cannock Chase; and

These service parameters are largely unchanged since the service commenced in 2012.

- 5.8 In March 2020, the leisure, culture, and heritage service along with all other leisure services in the country was severely impacted by the pandemic, which saw all facilities closed for a time, then a period of limited opening. As the pandemic restrictions were relaxed and leisure operators were able to start operating normally, the country experienced significant increases in energy prices, high inflation, and a cost-of-living crisis. This challenging operating environment hit all leisure operators hard, with most having to get support from their respective councils or grant funding to ensure services could continue to be provided.
- 5.9 In April 2021, Wigan Council took its leisure and cultural offer back in house, leaving Inspiring Healthy Lifestyles (IHL) (the rebranded Wigan Leisure and Culture Trust) with 2 remaining contracts, Cannock Chase Council and Selby District Council. This led to a deed of variation in August 2021 between the Council, Selby District Council and IHL setting out the arrangements whereby the partners could work together and provide support to IHL to get through the pandemic. A further deed of variation was signed at the same time, extending the contract between Cannock Chase Council and IHL to 31 March 2027.
- 5.10 In August 2024, IHL's contract with Selby District Council came to an end. This was due to the creation of the new North Yorkshire Unitary authority and their decision to consolidate the management of all leisure services into an in-house model. This led to Cannock Chase Council being IHL's only client.
- 5.11 The operating environment for IHL is now more stable and consequently it is timely to review this significant contract.

Leisure, Culture and Heritage Review

- 5.12 After nearly 5 years of turbulence within the leisure and cultural sector and with the landscape starting to look more stable, SLC, a leading leisure consultancy were appointed by the Council in June 2024 to provide an independent review of the leisure, culture, and heritage contract. Simultaneously, CBRE who are specialists in commercial property services, were appointed to carry out stock condition surveys on the buildings owned by the Council and leased to IHL. This stock condition information has fed into the review being carried out by SLC and helped to inform the options to make the contract sustainable going forward.
- 5.13 The work that SLC have done with IHL has enabled a detailed insight into the finances of the contract and performance of each of the facilities. Coupled with SLC's extensive knowledge of the market, this has enabled the Council to understand which services could operate with minimal or zero subsidy and become more sustainable.

Health and Wellbeing Offer

- 5.14 Chase Leisure Centre, Rugeley Leisure Centre, 5s Pavillion and Cannock Golf Course all have opportunities for the subsidy to be reduced or withdrawn because of income growth or reduced overheads. Furthermore, these facilities and the services they offer provide a considerable contribution to keeping people healthy and active. This is one of the Council's key priorities and reflects the health statistics and challenges facing the district.

- 5.15 The ONS Health Index 2015-2021 indicates that for infant mortality, overweight and obese adults, life satisfaction and happiness, Cannock Chase scores considerably below the England score. Cannock Chase is ranked worse than the UK average (median) local authority for cardiovascular mortality considered preventable in persons aged under 75. Average life expectancy in Cannock Chase is lower than England, the West Midlands and Staffordshire and is the lowest out of all districts in the County.
- 5.16 The community wellbeing offer that is provided by IHL is an asset-based approach working with communities, partners, and the natural assets of Cannock Chase to address health inequalities, connect communities and improve wellbeing. The team at IHL have an excellent record of applying for grant and charitable funding to bring additional resources to offset the cost of the service. Due to the targeting of the service towards communities who would most benefit, it will always have to have an element of subsidy. IHL's training and oversight of volunteers in this area has benefitted both the volunteers themselves as well as keeping costs to a minimum. An example of this is Chase Fit which has been running for 10 years and engages over 200 people a week improving their physical and mental health. It has focussed on improving the lives of those with greater needs too, such as families at risk, those with disabilities and those living with dementia. Since 2021 Cannock Chase's ONS Health Index score has started to improve. SLC noted that the Wellbeing Service was an outstanding offer.

Cultural & Heritage Services

- 5.17 The two facilities that would not be able to reduce the subsidy required to a sustainable level are the Prince of Wales Theatre and the Museum of Cannock Chase.

Prince of Wales Theatre

- 5.18 In October 2021, the Council secured £20m from the first round of the Levelling Up Fund (LUF) to support an ambitious regeneration scheme for Cannock town centre. Central to the scheme was the re-development of the former Multi-Storey Car Park and Indoor Market site, creating a new cultural hub which would include the refurbishment of the Prince of Wales Theatre.
- 5.19 As the project has progressed through to detailed designs stages it has been determined that the original LUF scheme, including the new cultural hub, is no longer viable due to a number of factors including inflationary pressures on build costs.
- 5.20 The detailed design and cost plan (RIBA Stage 3) produced by the Council's Design team, identified that the cost of the cultural hub was no longer viable. It should be noted that whilst the project would have enhanced the theatre environment and created a more functional and accessible building, due to the constraints of the building, it would not increase seating capacity which would restrict the growth of the theatre offer. Furthermore, there would be a need to relocate the Theatre during the construction works but due to budgetary pressures this is not affordable.

- 5.21 Officers have worked with the design team to undertake a comprehensive review of the scheme. The review considered project budget and costings, programme, deliverability, development mix and outputs. The Council has also received support from the Ministry of Housing, Communities and Local Government (MHCLG).
- 5.22 The outcome of the review resulted in two distinct phases of development being identified, the first of which was approved by Cabinet on 28 March 2024 where permission to spend was granted for £9m of capital works and the second which was approved by Cabinet on 12 June 2024, with permission to spend grant of up to £8.75m of works.
- 5.23 The first phase of works includes the demolition of the multi-storey car park (MSCP) / Indoor Market Hall and delivery of the new Northern Gateway, removing the existing subway and creating a new at-grade pedestrian crossing, new building for a café and public realm improvements and refurbishment of Beecroft Road car park. To facilitate the demolition of the MSCP, the Theatre is required to close in May 2025 for a period of at least 12 months.
- 5.24 When it became clear that the original proposals for the Cultural Hub would not be proceeding, work was carried out with IHL to scope what works could be done to the theatre to make it a more sustainable and attractive offer going forward. Unfortunately, the cost of this redevelopment was significantly more than the budget available and, would necessitate a closure of the theatre for a period of 24 months.
- 5.25 Closing the theatre for a significant period would result in a loss of audiences and community groups. It would take time to rebuild this, and some users may never return. This would have an impact on the income generation during this period.
- 5.26 The draft stock condition survey that was carried out on the theatre indicates that significant costs in maintenance liabilities are essential to enable the building to continue to operate.
- 5.27 Due to the level of subsidy required for the theatre, the fact it will have to close for the redevelopment of the town centre and the prohibitively high maintenance liabilities, at present it is recommended that the theatre should close permanently when the bookings finish at the end of April.

The Museum of Cannock Chase

- 5.28 From April 2012 to March 2020 the average number of visits to the museum each year was 36,500, with a peak in 2018/19 of 46,500. The number of visits since the pandemic has been low, in 2021/22 there were 10,500 visits (October 2021 - March 2022) in 2022/23 just over 20,000 and in 2023/24, 21,000.
- 5.29 In the 5-year period from April 2018 to March 2023 there were 574 school visits to the museum. 96% were from schools outside of Cannock Chase District. Education visits also haven't recovered following the pandemic, being at around 70% of the level they were. Over this 5-year period most schools didn't make a return visit, 65% of schools visited once, or on consecutive days, 16% visited twice and 11% visited three times. A reduction in visits from schools is something that other venues have also reported as many are struggling with transport costs,

making it challenging to get pupils to the museum. The school visits do not generate any secondary spend in the district.

- 5.30 People's approach to learning about local history and heritage is changing with increased use of technology and this may explain the reduction in visitors.
- 5.31 The draft stock condition survey sets out the maintenance costs for the building over the next 10 years, this shows significant expenditure required in the first year. This does not include costs to improve the buildings and make them energy efficient.
- 5.32 Access to the museum is free of charge, there are limited opportunities to generate income and costs are high. This translates into a high level of subsidy provided by the Council to keep the museum operational for a relatively small number of visitors.
- 5.33 At present it is recommended that the museum as a facility should close permanently from the end of April 2025.
- 5.34 It is important that the District retains a heritage offer, but one that is more accessible and meets the needs of residents. What this new service looks like will be informed by consultation with residents, service users and local groups. This will include looking at the future of the collection.

Public Consultation

- 5.35 A consultation exercise is to be undertaken and the aim of this will be to work with the public, community groups and stakeholders to shape proposals for the future delivery of cultural and heritage service in the district.
- 5.36 The consultation will commence on 29th November 2024 and will close on 2nd January 2025. The exercise will help to inform the service to be offered for the remainder of IHL's contract and will be used to scope the specification for the procurement of a new contract starting in April 2027. The consultation will be open to all interested parties via an on-line survey accessible from the Council's website. Further details on the consultation process are set out below:
 - The consultation will be conducted engaging with staff, partners, volunteers, community groups, partner stakeholders, schools, non-users, and the general public from across the district and with some consultation done with groups outside the district boundary.
 - All groups will be invited to take part in a survey gathering key information about service users and views as to how heritage and culture is delivered in the district.
 - A number of drop-in sessions at community venues across the district, including the specific venues affected, will be held with a focus on sharing information and encouraging survey participation.
 - Survey data and information collected will be anonymised, unless specific consent is given around particularly valuable feedback (e.g. from community groups).

- 5.37 Following the conclusion of the consultation process, the results will be collated and fed into a report to be considered by the Cabinet at its meeting on 30 January. The information will also be shared with the Responsible Council Scrutiny Committee at its meeting on 27 January for them to consider the findings and make recommendations to the Cabinet as part of the budget process.
- 5.38 During and beyond the consultation process, the Council will work closely with community groups and organisations who currently use the Museum and the Theatre to support them in finding alternative accommodation once both venues close to the public.

6 Implications

6.1 Financial

The financial context is set out above. The savings forecast from the proposed closures of the museum and theatre are circa £350k per annum.

6.2 Legal

The Council must make arrangements to secure continuous improvement in the way its functions are exercised. This includes a duty to conduct consultation with representatives of tax-payers and service users where appropriate.

Leisure, culture, and heritage are discretionary services and need to be considered in light of the duty to set a balanced budget and the need to fund and provide all other Council services.

6.3 Human Resources

The proposed closure of the Museum and the Theatre will put the IHL staff working at these facilities at risk of redundancy. Whilst these are not the Council's employees, our HR service will be providing support to IHL with the staff consultation process.

6.4 Risk Management

The financial risks that the Council is facing are set out in the body of the report and the financial implications section. If the savings identified are not delivered, compensating savings will need to be made by stopping or reducing other Council services.

With the financial settlement not due until late December, there is a risk that the Council's forecasted deficit could change. A final decision on the future of the theatre and the museum will only be made once the budget has been finalised and is considered by Council in February 2025.

6.5 Equalities and Diversity

An equality impact assessment is being prepared and data from the public consultation will be used to inform this.

6.6 Health

The proposals seek to protect the health and wellbeing services provided as part of the contract.

6.7 Climate Change

None

7 Appendices

None

8 Previous Consideration

None

9 Background Papers

None.

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Ward Interest: All
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Key Decision: Yes