

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

03 September 2008

Report of the Management Team

Part 1- Public

Executive Non Key Decisions

1 FREE SWIMMING PROGRAMME

Summary

This report outlines the Grant regime that Government have put forward to support their Free Swimming programme. The Council must decide whether to 'opt in' to the scheme by 15th September. The report highlights the financial uncertainty and possible burden on the Council arising from the scheme and the other potential issues concerned with the introduction of such an initiative.

1.1 Background

1.1.1 Following a recent Government announcement regarding the ambition to provide universal free swimming a circular has been received from the Department for Culture, Media and Sport (DCMS) setting out the conditions and the arrangements for the payment of grant to local authorities for the first phases of the programme

1.1.2 The national free swimming programme grant arrangements provide the following;

- 1) £15,000,000 per annum for two years for free swimming for those aged 60 or over;
- 2) £25,000,000 per annum for two years for free swimming for those aged 16 and under; and
- 3) £60,000,000 for capital projects designed to modernise pool provision, which are integrated with the provision of free swimming as outlined above.

The two year period covered by the grant award is 2009/10 and 2010/11.

1.1.3 The purpose of the grant is to assist local authorities which choose to participate in the programme to provide free swimming for those aged over 60 or for those aged over 60 and those aged 16 and under. It is a condition of either grant that people within the relevant age group who wish to swim, at any time throughout the year when they would normally be admitted to the pool for public swimming, are

able to do so free of charge. No discretion exists other than simply to opt in or out.

- 1.1.4 It is the Government's intention to roll out this scheme of free swimming for all age groups in due course but we have not received any details of how such a wider grant regime might operate. Further Government grant funding beyond the two year period is subject to the outcome of the next Spending Review. The first two years grant will be ring fenced to enable monitoring and evaluation of the scheme

1.2 Grant Allocation

- 1.2.1 The DCMS circular sets out the grant level that would be available to all authorities. Based upon the size of the local population aged 60 and over TMBC would receive £33,803 per annum to provide free swimming for those aged 60 and over.
- 1.2.2 This figure is based upon every local authority opting into the scheme and it is understood that the amount would increase proportionately based upon the number of authorities that participate. This is an unhelpful position as it inhibits a final evaluation of the level of grant that might ultimately be available.
- 1.2.3 Under the terms of the grant provisions the Council has to indicate its intention to opt into the programme by 15 September 2008.
- 1.2.4 The level of grant allocation for local authorities to put towards free swimming for those aged 16 and under has not been disclosed at present. However, an extrapolation of the award for those aged over 60 suggests the allocation for those aged 16 and under is likely to be in the region of £56,000 per annum.
- 1.2.5 At this stage the Council, should it opt in to the over 60s programme, has only to express an interest in the junior programme.

1.3 Current Income and performance

- 1.3.1 The actual income received in the full financial year 2007/08 from those aged 60 and over for casual swimming was just over £66,000. This however does not take account of those over 60 who pay a monthly direct debit for Lifestyles Health and Fitness, which incorporates swimming. Clearly, in the event that swimming became free to this age group, some customers may opt out of their current payment arrangements in order to swim free of charge and decide to pay for other elements of the membership casually. The Leisure Contracts Manager estimates the potential further loss at between £10 – 20,000 per annum.
- 1.3.2 The actual income received in the full financial year 2007/08 from those aged under 16 for casual swimming was over £346,000.
- 1.3.3 The Council is of course unusual in having two major swimming facilities in the Borough both of which perform well, attract high levels of use and as a

consequence good and relatively steady levels of income which support their continued improvement and maintenance. Ironically, one potential effect of the proposed grant regime would be to make it financially more burdensome for Councils like T&M to take part. The more successful swimming facilities are, in terms of the quality of facilities and the income derived from them, the worse the potential financial consequences are of introducing the free swimming programme because of the greater gap between grant availability from Government and current income levels that would need to be met by diverting funds from elsewhere.

1.4 Financial Assessment

- 1.4.1 With the uncertainty highlighted in this report it is very difficult to provide a firm financial assessment.
- 1.4.2 The table at **Annex 1** uses population projections from the national census in 2006 to project likely income for both age groups over a 10 year period. The final column incorporates a 3% scale of charges increase year on year.
- 1.4.3 The total income over a 10 year period based upon these projections is in excess of £845,000 for those aged 60 and over. This figure rises to over £5.25m if those aged under 16 are included.
- 1.4.4 The current level of grant is only guaranteed for two years. However even if it were maintained over a 10 year period at the proposed levels TMBC may expect to receive less than £1m over the same 10 year period. This whole calculation is shrouded in uncertainty depending on the number of local authorities who participate in the scheme which would determine the extent of the grant available to each. Nevertheless the conclusion is that the scheme would be a very significant financial burden on the Council at a time when the flexibility to divert funds from other priorities and front line services are very restricted indeed.

1.5 Healthy Living

- 1.5.1 The intention of the programme is to assist in meeting wider healthy living ambitions that are consistent with one of this Council's key corporate priorities. However the Management Team is concerned that the programme might not be the correct way in which to tackle the health issues it is seeking to address.
- 1.5.2 It seems highly likely that the main beneficiaries of the scheme will be existing user groups. That is not, in itself, necessarily a bad thing but there is an argument to say that this initiative will not greatly increase participation in swimming by current non-swimmers. Another key factor is that this initiative will not be means tested with the result that under the current proposals it is likely that the Council Tax payer would be likely to be subsidising groups of people who would be able and in many cases are already paying to swim. The Council does, of course, already provide concessionary swimming rates to those within the age groups concerned and those who are on low incomes can receive further subsidy through

the Leisure Pass scheme. Hence a measure of means testing is applied. Officers are also discussing other funding options with partners that may in due course open up other initiatives to reduce the cost of swimming to these age groups.

- 1.5.3 It has been impossible to canvass opinion of any existing users or others bearing in mind the Government's timescale. However, there is justification for the view that existing users may not necessarily welcome such a scheme if it did prove to be popular and placed pressure on the capacity of our swimming pools and the enjoyment of them as they are used at present. Moreover, if demand were to rise significantly there is no way of estimating the operational effect of this on the use of our facilities. At times of high demand the capacity might simply not exist and there would likely be a range of improvements that could be necessary to improve or alter facilities to accommodate demand. Whilst the Government have also introduced a capital grant for such matters the extent of the national fund for this is tiny in comparison with the number of pools that may need improvement as a direct result of the scheme.
- 1.5.4 The Leisure Contracts Manager has also advised of the potential increase in operational expenditure that is likely to arise from opting in to the programme. Expenditure increases in staffing, cleaning, pool chemicals and maintenance are likely to arise.

1.6 Other Local Authorities

- 1.6.1 The short timescale provided for a response to the DCMS circular has resulted in no clear picture emerging on the likely response from other authorities. The Director of Finance and the Leisure Contracts Manager have sought the views of colleagues across Kent. In many instances leisure provision is contracted out to private sector or Trust operators and negotiations between the respective authority and their service provider is ongoing.
- 1.6.2 It is also apparent that the level of income received from other authorities from casual swimming varies considerably and, therefore, the impact of opting into the scheme may have greater or lesser impact. It appears prevalent that it is the local authority which would be subject to the financial risk rather than the service provider.
- 1.6.3 The only conclusion we are able to draw from this at present is that high degree of uncertainty exists amongst other authorities based on doubts over the extent of cost and whether the programme will actually bring the overall benefits to the extent that it has been claimed.

1.7 Legal Implications

- 1.7.1 None.

1.8 Financial and Value for Money Considerations

- 1.8.1 Management Team has considered this programme and the very significant financial pressure that would arise from opting into the programme. It feels that support for this programme may only be achievable by diverting monies from other service areas at a time when very little flexibility exists to do so.

1.9 Risk Assessment

- 1.9.1 The financial implications of this Government initiative are, at best, highly uncertain. As explained in the report the funding available in support of the programme is very likely to be insufficient to meet the anticipated loss of income, with the Council having to meet the not inconsiderable funding gap against a background where our budget is already facing severe financial pressure. Furthermore, with funding only committed for a two year period there is a risk that this gap could grow still further putting at risk the integrity of the Council's Medium Term Financial Strategy.
- 1.9.2 One of the key risks, again based on uncertainty, is the effect of adjoining Councils opting in or staying out of the programme. On the one hand the possibility of our neighbouring authorities introducing the scheme could potentially mean a loss of some core swimmers. We simply cannot put any estimate to this and would say that although some migration may occur, that would be balanced against travel costs for some existing customers and of course the relative quality of the facilities. On the other hand if T&M were to opt in and adjoining authorities did not then the reverse situation might arise which would potentially exacerbate the capacity and operational problems mentioned at paragraphs 1.5.3 and 1.5.4 above.
- 1.9.3 A key issue for the Council if it were not to opt in to the programme would be the response to public expectation which may be running high due to the high profile that this subject attracted when first announced by the Government. If the Council decides not to participate it will be important for the potential pitfalls of the programme, operational difficulties and financial implications and other uncertainties to be clearly set out. It will be important to provide a good understanding of the need to preserve the current swimming facilities in very good order for residents of the Borough.

1.10 Conclusions and Recommendations

- 1.10.1 This Council is placed in a particularly difficult decision in properly assessing the full implications of this proposal and in reaching a decision in the overall best interests of the residents of the Borough. On balance we believe that the potential financial burden and the considerable uncertainties with the scheme and the associated practical implications highlighted in this report weigh against opting in.
- 1.10.2 It is **RECOMMENDED** that the Council does not opt in for the Free Swimming programme.

Background papers:

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DCMS Circular – CMS 99869/MK

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