

## **Report to Cabinet**

**Subject:** Leisure Management Options Appraisal - Future Delivery Model for Gedling Borough Council Leisure Services

**Date:** 19 November 2025

**Author:** Tom Fletcher, Leisure and Wellbeing Transformation Programme Manager

**Wards Affected:** All Wards

### **Purpose**

The purpose of this report is to present the findings of the Leisure Management Options Appraisal (October 2025) set out in Appendix A, and to seek Cabinet approval for the preferred management model for Gedling Borough Council's leisure services.

### **Key Decision**

This report constitutes a key decision as defined in the council constitution. It will have a significant effect on two or more wards within the borough, impacting residents access to leisure provision across multiple communities.

### **Recommendation(s)**

#### **THAT:**

- 1) Cabinet notes the findings of the Gedling Borough Council Leisure Management Options Report.**
- 2) Cabinet approves the preferred option to retain its leisure services under an in-house management model, delivered directly by the Council.**

## **1 Background**

- 1.1 This work forms a key stage in the delivery of the Council's Leisure and Transformation Programme and is underpinned by the evidence and direction

established through:

- The Strategic Outcomes Planning Model (SOPM), completed in 2023.
- The Gedling Borough Council Leisure Strategy 2025, which defines the future facility network and investment priorities; and
- The Carlton Active Business Case, which sets out the capital and operational plan for the replacement of Carlton Forum Leisure Centre with a new Leisure, Wellbeing and Community Centre at the Richard Herrod site.

Together, these documents provide the strategic and financial framework for transforming Gedling Borough Council's leisure offer into a sustainable, inclusive, and modern portfolio.

The management options appraisal provides the final recommendation on the most suitable operating model to manage that portfolio during and after transformation.

- 1.2 Gedling Borough Council's first Leisure Management Options Appraisal was undertaken as part of the Strategic Outcomes Planning Model (SOPM) completed by Max Associates in July 2023. The SOPM provided the initial case for change and assessed alternative management models for the Council's leisure portfolio. Its findings were considered by Cabinet in July 2024 and informed the subsequent decision to progress feasibility work on a replacement for Carlton Forum Leisure Centre and the Richard Herrod Centre (now known as Carlton Active). That decision approved resources of £500,000 to take the project up to RIBA Stage 2 and marked the formal launch Gedling Borough Council's Leisure Transformation Programme.
- 1.3 The July 2023 SOPM Options Appraisal evaluated three main management routes. In-house, Local Authority Trading Company (LATC) and External Contractor against criteria covering finance, risk, governance, service quality and strategic alignment
- 1.4 Although the External Contractor option offered the largest potential saving at that time, it was recognised that sector conditions and government policy were evolving rapidly and therefore no decision was made regarding alternate management arrangements. However, as part of the Council's ongoing Leisure Transformation programme, it was proposed that management arrangements should be revisited once the wider transformation work and Carlton Active feasibility were more advanced.
- 1.5 Max Associates have been commissioned by Alliance Leisure, who are appointed to the UK Leisure Framework, and contracted by Gedling Borough Council, to refresh the 2023 SOPM and produce a new Leisure Strategy.

- 1.6 On 25 September 2025 Cabinet considered the Leisure Transformation Report, which brought together the updated work of Max Associates, namely a new Leisure Strategy, SOPM and RIBA Stages 0-1 feasibility work for a new Carlton Active facility.
- 1.7 This Cabinet report considers an updated Leisure Management Options Appraisal compiled by Max Associates. The purpose of this work was to revisit the 2023 analysis considering:
- Progress made through the Leisure Transformation Programme.
  - Development of the Leisure Strategy 2025 and its focus on Carlton and Arnold as strategic hubs.
  - Requirements of the Medium-Term Financial Plan.
  - Implications of the 2023 HMRC VAT ruling, which has materially improved the financial position of in-house leisure management.
  - The inclusion of the leisure sector's new Agency Model.
- 1.8 This report presents the findings of that updated review and seeks approval of the preferred management model for Gedling Borough Council's leisure services. The outcome will ensure that operational arrangements remain financially sustainable, strategically aligned with the leisure transformation programme, and capable of supporting delivery of Carlton Active and the wider leisure network.
- 1.9 Leisure Management Options Report
- The Council currently delivers its leisure services through an in-house management model. The updated appraisal reviewed whether this approach continues to provide best value and strategic alignment to the council's leisure transformation programme when compared with three alternative delivery structures. The four options assessed were:
- **Option A - In-house Management:** The Council continues to operate leisure services directly as at present.
  - **Option B - Local Authority Trading Company (LATC):** Establishing a wholly owned subsidiary company to deliver leisure services on behalf of the Council.
  - **Option C - External Contractor:** Transferring operation to an independent leisure operator through a formal procurement and contract agreement.
  - **Option D - Agency Model:** A relatively new hybrid arrangement developed by national leisure operators since 2023. Under this model, the operator manages the facilities as an agent for the Council. The Council retains income and expenditure responsibilities but benefits from the operator's management expertise, purchasing power and systems. The structure is

designed to preserve the Council's non-business VAT status while drawing on private-sector delivery capacity. However, it is still in early implementation nationally and carries legal and financial uncertainty should HMRC's guidance change.

1.10 The evaluation framework used in 2025 built upon the structure used in 2023 but was updated to reflect Gedling Borough Council's current strategic priorities and financial position. Weightings were revised in consultation with officers to ensure alignment with the:

- Leisure and Wellbeing Transformation Programme
- Leisure Strategy 2025
- Medium-Term Financial Plan (MTFP)
- Gedling Plan 2023-2027

The updated weighting increased emphasis on strategic alignment, governance and control, and financial sustainability, recognising the importance of maintaining flexibility and accountability through a major period of capital development.

1.11 Each model was appraised against eight criteria and weighted accordingly, as set out in Table A below.

Table A: Evaluation Criteria		Weighting
Delivery of strategic outcomes	Able to understand the community within which the organisation is working to deliver the strategic outcomes of the Council, including: increased usage and participation and working in partnership with communities and partners to deliver strategic outcomes.	15%
Quality of service and Customer satisfaction	How well will services be planned, developed and delivered to improve/maintain quality services. Ability to create high levels of customer satisfaction throughout all areas of service delivery.	15%
Council Influence and Control	Degree to which the option enables the Council to influence services on a day-to-day basis.	5%
Risk/sustainability	Ability to manage financial risk and the organisation is sustainable in the long term. Level of risk that can be transferred.	10%
Risk / operations	Ability to manage day to day operational risk of complex leisure centres/services. Effective asset management. The degree to which the facilities and services will be protected. Can effectively collect, record, monitor and report on performance data to inform decision making process. Decision making - ability to implement changes efficiently and effectively.	10%

Staffing	Degree of impact on local employment, impact upon staff terms and conditions, future opportunities for staff development.	5%
Revenue Implications and Value for Money	Ability to maximise revenue, through performance and / or governance structure. Ability to effectively manage expenditure and costs. Ability to reduce the net cost of the service. Ability to demonstrate and deliver value for money	30%
Capital resources	Ability to generate capital investment, attract external investment and support the design, build and mobilisation of new / re-developed facilities	10%
<b>Total</b>		<b>100%</b>

1.12 The appraisal confirmed that the financial and legislative context has changed significantly since 2023. The 2023 HMRC VAT ruling (Revenue and Customs Brief 3 (2023)) now allows local authority leisure services to be treated as non-business activity, providing the same VAT advantages previously exclusive to external trusts or contractors. This materially improves the financial case for remaining in-house by eliminating historic VAT inefficiencies. This change significantly reduces the differential between in-house and outsourced models that was identified in the original 2023 SOPM analysis

#### 1.13 **Option A - In-house Management**

The in-house model allows the Council to maintain full strategic oversight and direct control of budgets, staffing, pricing and service priorities. It enables strong alignment between leisure delivery and the Council's wider health, wellbeing and carbon-reduction objectives. Following the VAT changes, and the improved performance of the current service, in-house operation now achieves an improved net financial position to an external contract once central support costs are considered, while avoiding the procurement and transition costs associated with outsourcing. The Council retains flexibility to respond quickly to local needs and policy developments, supported by existing governance frameworks and financial systems. All operational and financial risk remains with the Council, but these are well understood and managed through established controls.

#### 1.14 **Option B - Local Authority Trading Company (LATC)**

A LATC would create a separate company, wholly owned by the Council, to operate the service. This can offer a more commercial approach and brand independence but introduces greater complexity. Set-up costs for legal, HR, IT and governance arrangements are estimated at around £500,000. The LATC would also incur irrecoverable VAT on some supplies, limiting financial advantage. Although a shareholder agreement could align the company with Council priorities, additional oversight would be required, and administrative burdens would increase. For

Gedling's relatively small portfolio, the LATC model would add cost and bureaucracy without delivering proportionate benefit.

#### 1.15 **Option C - External Contractor**

The external contractor model involves the Council procuring a specialist leisure operator to manage facilities under a long-term contract. While this option achieved the highest financial score in 2023, projected savings have since diminished. The updated modelling shows minimal additional benefit once procurement costs, inflation and the VAT changes are considered. This approach would limit local flexibility, as variations to programming or pricing would require contractual change, and would introduce a lengthy procurement period with significant professional fees. Given the Council's emphasis on strategic control and community accountability, this model is not considered appropriate for Gedling currently.

#### 1.16 **Option D - Agency Model**

The Agency Model is a relatively new hybrid structure that has developed in the public leisure sector since 2023. It seeks to combine the benefits of in-house and outsourced management by allowing councils to retain the VAT advantages of direct provision while drawing on a private operator's expertise. Under this arrangement the Council remains the legal operator, retaining all income and expenditure within its accounts. A leisure operator is appointed to act as the Council's agent, managing day-to-day operations and providing access to national procurement frameworks, digital platforms and professional support. The operator receives a fixed management fee, sometimes linked to performance, but does not carry the full commercial risk. Strategic decisions, policy and pricing remain under Council control.

For councils, this approach can offer access to commercial skills and efficiencies without full externalisation. Operators benefit from a stable management-fee income and a low-risk contractual relationship. However, the model remains largely untested nationally, with only a small number of early adopters. Because income and expenditure remain with the Council, little genuine risk transfer occurs. The arrangement introduces additional legal and governance complexity and depends on continued HMRC recognition of the VAT position.

#### 1.17 **Recommended Option – In-house**

The Max Associates appraisal applied weighted scoring across eight evaluation criteria including strategic alignment, financial sustainability, risk, control, quality, workforce, and ability to deliver health and wellbeing outcomes.

The in-house management model achieved the highest overall score of 86%, demonstrating the strongest performance across both financial and strategic categories. The external contractor model scored 81%, reflecting a good level of capability but lower overall alignment with the Council's priorities and reduced flexibility.

The Local Authority Trading Company (LATC) option scored 73%, primarily due to higher implementation costs, governance complexity, and the additional administrative burden associated with establishing a separate legal entity.

Taking all factors into account, the appraisal concludes that the Council's existing in-house management model remains the most effective, efficient and strategically aligned arrangement. It delivers financial performance equivalent to or better than other options following the VAT changes, while preserving local accountability, flexibility and service quality. The in-house model is fully consistent with the Leisure Strategy 2025 and Leisure and Wellbeing Transformation Programme, enabling the Council to manage the transition to a modernised leisure estate and deliver the MTFP's financial targets. It also supports workforce stability, partnership working and the Council's commitments to inclusion and carbon reduction.

- 1.18 It should be noted that the Leisure Strategy, includes the recommendation for Calverton Leisure Centre to retain the existing facility for community use but seek an opportunity to work with local partners and national Governing Bodies to explore new delivery models that remove the Council's financial subsidy. Part of this rationale is to support the ongoing reduction of the Council's leisure subsidy to support the MTFP and also the case for borrowing to fund future capital investment to protect leisure provision in the Borough. While the Council retains its in-house service as preferred option for the service, it will continue to explore options to support the sustainable future delivery of leisure provision for the Calverton area.

## **2 Proposal**

- 2.1 It is proposed that:

- 1) Cabinet notes the findings of the Gedling Borough Council Leisure Management Options Report.
- 2) Cabinet approves the preferred option to retain its leisure services under an in-house management model, delivered directly by the Council.

## **3 Alternative Options**

- 3.1 Cabinet could appoint an External Contractor to operate the Council's leisure facilities under a conventional management contract. The appraisal identifies an estimated annual total cost of £1,437,108, which is £96,098 higher than continuing in-house at £1,341,010. While an external contract could transfer some operational risk and take advantage of national buying power, the financial modelling indicates that the anticipated savings have reduced considerably since the 2023 appraisal. Procuring and mobilising an external contract would also require approximately £140,000 in one-off professional and due-diligence costs, including legal work on leases, project management and surveys, together with ongoing client-side contract-management costs. When these costs are added,

the external contractor model would be more expensive than continuing with in-house management and would reduce the Council's ability to control pricing, programming and community access. Cabinet could externalise the service under this arrangement, but the disadvantages now outweigh the potential benefits. In addition, in the context of Local Government Reorganisation, entering into a long-term external contract may limit flexibility. It could be more difficult to unwind or realign this model to suit the legacy arrangements of other councils or to develop a new delivery model for a future unitary authority.

- 3.2 Cabinet could establish a Local Authority Trading Company, which would create a separate entity wholly owned by the Council to operate the leisure service. This approach could, in theory, provide a more commercial culture and separate branding for the service. However, the Leisure Management Options Report identifies significant one-off establishment costs of approximately £562,000, together with ongoing administrative and audit costs of £60,000–£80,000 per year. The financial modelling shows that the LATC would operate at a higher overall cost than the current in-house arrangement, offering limited added value for Gedling's size and scale of operation. In the context of Local Government Reorganisation, this model may also present challenges. LATCs are distinct entities with their own governance and contractual structures, which can be difficult to unwind or integrate with other councils' legacy arrangements. If a new unitary authority is formed, aligning multiple LATCs or transitioning to a unified delivery model could involve complex legal, financial and operational restructuring. This may reduce flexibility and increase transition costs compared to directly managed service models.
- 3.3 Cabinet could alternatively appoint an External Contractor operating through an Agency Model. Under this structure, the Council would remain the legal operator of its leisure services, retaining all income and expenditure within its accounts, while an external contractor would manage the facilities as the Council's "agent." This model aims to preserve the Council's VAT advantages while utilising the contractor's expertise and national procurement networks. In the context of Local Government Reorganisation, all externalised model arrangements may present challenges. Long-term contractual structures can be more difficult to unwind or adapt, particularly where future authorities inherit a mix of legacy delivery models. This could limit flexibility in aligning leisure services across a new unitary authority or in designing a unified delivery approach that reflects broader strategic priorities.

Retaining an in-house model offers greater flexibility to adapt leisure services to future governance structures. It simplifies integration with other councils' legacy arrangements, avoids contractual lock-in, and supports strategic alignment of future leisure services



- 3.4 The appraisal projects a total annual cost of £1,169,760 under this model, representing a gross saving of £171,250 compared with in-house operation. However, the analysis notes that this saving would be significantly reduced by approximately £120,000 per year if the Employment Rights Bill is enacted, as this would remove the two-tier workforce savings assumed within the model. This would leave an estimated net saving of only £50,000 per year. In addition, the Agency Model introduces substantial contractual and governance complexity, requiring bespoke legal documentation and specialist VAT advice. Cabinet could adopt this approach, but the small financial advantage is outweighed by the cost and complexity of implementation and the uncertainty created by potential legislative changes.
- 3.5 Cabinet could review alternative models again in the future if market conditions, VAT legislation or sector policy materially change. However, based on the evidence currently available, maintaining in-house management provides the best balance of cost, risk, control and strategic alignment for Gedling Borough Council at this time.

#### **4 Financial Implications**

- 4.1 The Leisure Management Options Report (October 2025) identifies the current 2024/25 in-house net cost of operating Gedling Borough Council's leisure service as £1,341,010. This figure comprises a direct service subsidy of £956,958 together with £384,052 of retained Council central support costs. These total forms the baseline for comparison across all alternative management models. The appraisal confirms that, under any externalised model, the Council would continue to incur its existing £384,052 of central costs, meaning that only a proportion of total expenditure is capable of reduction through a change of management model.
- 4.2 The appraisal's Revenue Position Summary set out in Appendix A, table 12 sets out the indicative annual costs to the Council under each management model. The External Contractor (non-agency) option shows a projected cost of £1,437,108, which is £96,098 higher than the in-house model. The External Contractor (agency) option performs more favourably at £1,169,760, equating to a theoretical saving of £171,250 per year. The Local Authority Trading Company (LATC) models are less advantageous, with the LATC (non-agency) costed at £1,584,061, around £243,051 more than in-house, and the LATC (agency) showing a marginal saving at £1,316,713, or £24,297 less than in-house.
- 4.3 The report highlights that only the External Contractor operating through an agency-style agreement is capable of delivering a gross saving compared with the in-house position, and even then, the benefit is limited. The forecast saving of approximately £171,000 per annum would reduce significantly if the proposed Employment Rights Bill is enacted, as this would remove the ability to apply two-tier workforce savings. The report estimates that such a change would reduce the net saving to approximately £50,000 per year. the report identifies substantial

one-off costs associated with implementation. The procurement and mobilisation of an external contractor would require around £140,000 in professional and due-diligence costs, including legal work on leases and specialist procurement advice. Establishing a LATC would involve set-up costs of approximately £562,200, covering incorporation, legal, HR activity, ICT migration, branding, mobilisation staffing and contingency. The appraisal also notes that an agency-style LATC contract would require additional legal and VAT advisory input, introducing further cost and complexity.

- 4.4 The External Contractor Agency Model approach, while offering the most favourable revenue line of the external models, assumes the operator receives a management fee in the region of £786,000 under an agency agreement because of VAT treatment. This arrangement introduces significant contractual and governance complexity and depends heavily on the continuation of the 2023 HMRC VAT interpretation, which remains relatively untested nationally. Any future change in that ruling could eliminate the financial advantage of the agency structure. There is a recognised risk that HMRC could in future determine that income or management arrangements under such a model do not qualify as non-business activity. Any such change or challenge could eliminate the financial advantage entirely and expose the Council to additional VAT liability or compliance risk.
- 4.5 Table B below summarises the detailed financial analysis undertaken as part of the Leisure Management Options Appraisal. It compares the estimated annual and one-off costs of each management model, highlights the variance from the current in-house position, and notes the key financial, operational and resourcing implications associated with each option.

Management Model	Estimated Annual Operating Cost	Central Costs Retained (£)	Total Annual Cost to GBC (£)	Set up Costs (£)	Variance to In-House (£)	Notes
In-House (Preferred option)	956,958	384,052	1,341,010	–	–	<ul style="list-style-type: none"> <li>• VAT-efficient and cost-effective.</li> <li>• Retains full control over operations and community priorities.</li> <li>• Enables reinvestment of savings into the service.</li> <li>• Avoids TUPE, procurement or</li> </ul>

						<p>legal complexity.</p> <ul style="list-style-type: none"> <li>• Council retains all operational and financial risk.</li> <li>• Requires ongoing internal commercial improvement focus.</li> <li>• Any savings can be reinvested directly into the service.</li> <li>• Yearly growth forecast of inhouse service is forecasted above assumptions of other options in report.</li> </ul>
<b>External Contractor</b>	1,053,057	384,052	1,437,108	140,000	+96,098	<ul style="list-style-type: none"> <li>• Access to national operator expertise, systems and economies of scale.</li> <li>• Some transfer of operational risk to contractor.</li> <li>• Reduced flexibility and responsiveness to local needs.</li> <li>• Requires full TUPE transfer of staff.</li> <li>• Potential service disruption during mobilisation.</li> </ul>

						<ul style="list-style-type: none"> <li>• Would require significant legal, HR and procurement input.</li> <li>• 12-18 months to procure</li> <li>• Increased workload for HR, Legal and Procurement teams to manage TUPE, tendering and due diligence.</li> <li>• May need to outsource HR to support Tupe</li> <li>• Extra Leisure Transformation capacity may be needed to support procurement.</li> <li>• Contract and lease drafting under Public Contracts Regulations 2015 would need specialist resource.</li> <li>• Ongoing client-side monitoring capacity required.</li> </ul>
<b>External Contractor - Agency Model</b>	785,708	384,052	1,169,760	140,000 Legal and Tax advice	-171,250	<ul style="list-style-type: none"> <li>• Access to external leisure management expertise.</li> <li>• Complex and largely untested nationally.</li> </ul>

				70,000-100,000		<ul style="list-style-type: none"> <li>• Dependent on HMRC maintaining current VAT position.</li> <li>• Employment Rights Bill could remove workforce savings down to £50,000</li> <li>• Requires TUPE transfer of staff.</li> <li>• Adds significant legal, HR and VAT complexity.</li> <li>• Specialist legal and tax advice required (£70,000-100,000).</li> <li>• Additional internal capacity needed for HR, Finance and Legal oversight.</li> <li>• Compliance risk under Subsidy Control and VAT rules.</li> </ul>
<b>LATC (non-agency)</b>	1,200,009	384,052	1,584,061	562,200	+243,051	<ul style="list-style-type: none"> <li>• High set-up and ongoing administrative costs £60,000-£80,000</li> <li>• Requires new governance, audit and reporting structures.</li> <li>• Complex HR and legal</li> </ul>

						<p>processes for TUPE and company establishment.</p> <ul style="list-style-type: none"> <li>• Minimal financial benefit for Gedling's scale of operation.</li> <li>• Additional management and oversight burden.</li> <li>• Significant demands on Legal, Finance and HR for company formation.</li> <li>• Governance and audit obligations increase bureaucracy.</li> <li>• Limited return on investment; unlikely to achieve meaningful savings.</li> </ul>
<b>LATC - Agency Model</b>	932,661	384,052	1,316,713	562,200	-24,297	<ul style="list-style-type: none"> <li>• Ongoing administration and audit costs: £60,000-£80,000 per year. Minimal long-term financial benefit once establishment and running costs are factored in.</li> <li>• Requires TUPE transfer of staff to the new entity.</li> </ul>

						<ul style="list-style-type: none"> <li>• Increased demand on HR, Legal and Finance teams during mobilisation.</li> <li>• Ongoing administrative burden with separate payroll, insurance, and systems management. Risk that the small saving is eroded by inflation or additional overheads.</li> <li>• Significant resource needed for company formation, articles of association, and shareholder agreements; compliance with Companies Act 2006 and Subsidy Control Act 2022.</li> <li>• Full TUPE transfer required; staff consultation and pension admission agreements needed.</li> <li>• New accounting framework,</li> </ul>
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						<p>VAT registration, and annual audit process required.</p> <ul style="list-style-type: none"> <li>• Establishing and managing a LATC would place heavy strain on internal corporate support services at a time when capacity is already limited.</li> <li>• Risk of duplication, loss of efficiency, and blurred accountability between the company and Council.</li> </ul>
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## 5 Legal Implications

- 5.1 Cabinet could lawfully pursue any of the management models identified in the Leisure Management Options Appraisal (October 2025). Establishing a Local Authority Trading Company (LATC) would require incorporation under the Companies Act 2006, shareholder and governance documentation, and registration for VAT and PAYE.
- 5.2 Procuring an External Contractor would need to comply with the Procurement Act 2023 and involve the preparation of a full contract specification, lease and licence documentation, and TUPE consultation and transfer. Any Agency Model or hybrid arrangement would require bespoke legal drafting and specialist VAT and tax advice to ensure compliance with HMRC guidance.
- 5.3 Under all externalised models, existing leisure staff would transfer to a new employer under the Transfer of Undertakings Protection of Employment Regulations 2006 (TUPE) on their existing terms and conditions. Retaining in-



house management would avoid the uncertainty, risk and potential cost associated with a TUPE transfer.

- 5.4 The proposed Employment Rights Bill, currently before Parliament, would remove the two-tier workforce provisions that allow differential terms for new starters. This legislative change would reduce the financial advantage assumed within external contractor and agency models and could increase staffing costs if the service were externalised in future
- 5.5 Externalisation would further require the Council to grant new property leases or licences for its leisure centres, with associated legal and valuation costs, and to enter into data-sharing and processing agreements to maintain compliance with the UK GDPR and Data Protection Act 2018 for customer and membership information.
- 5.6 Any move to external or LATC operation would also need to comply with the Subsidy Control Act 2022, ensuring that any support provided by the Council such as premises, utilities or capital investment does not constitute an unlawful subsidy.
- 5.7 Retaining an in-house service will require no new legal consideration and will mean a continuation of the current service model.

## **6 Equalities Implications**

- 6.1 The Leisure Management Options Report (October 2025) confirms that all the management models considered could be implemented in a way that complies with equality legislation, provided appropriate policies and monitoring are maintained. However, the in-house management model offers the greatest ability for the Council to ensure that equality and inclusion objectives are embedded directly within day-to-day operations, pricing policies and community programmes. Retaining direct in-house management enables the Council to continue providing accessible, affordable opportunities for physical activity and wellbeing, particularly for groups at higher risk of inactivity
- 6.2 Externalising the service could, in principle, maintain similar outcomes through contractual requirements. However, the appraisal identifies that these models would reduce the Council's direct control over concessionary pricing, targeted programming and community engagement
- 6.3 There is no adverse equality impacts identified as a result of the recommendation to continue with in-house management. The proposed approach strengthens the Council's ability to meet its Public Sector Equality Duty by retaining direct responsibility for ensuring that leisure services remain inclusive, accessible and affordable to all sections of the community.

The in-house model also enables the Council to retain direct responsibility for workforce equality and diversity. Externalisation could transfer staff to a new

- 6.4 employer under TUPE, limiting the Council's influence over pay equity, training and inclusive recruitment practices.

## **7 Carbon Reduction/Environmental Sustainability Implications**

- 7.1 The in-house model allows the Council to retain full control of energy-management initiatives, building investment and operational behaviour changes across its facilities. This approach ensures that decisions on capital investment and building improvements are fully aligned with the Council's Carbon Management Plan and its Climate Change and Sustainability Strategy 2022-2030.
- 7.2 Externalisation through a contractor, LATC or agency model could achieve similar outcomes through contractual obligations but would reduce the Council's direct influence over investment decisions, energy procurement and performance reporting.
- 7.3 In-house model allows the Council to embed sustainable procurement practices, promote green travel initiatives for staff and customers, and integrate health and wellbeing objectives with environmental goals.

## **8 Appendices**

- 8.1 Appendix A – Leisure Management Options Report
- 8.2 Appendix B Equality Impact Assessment
- 8.3 Appendix C Climate Impact Assessment

## **9 Background Papers**

- 9.1 Strategic Outcomes Planning Model
- 9.2 Leisure Strategy 2025
- 9.3 General Fund Revenue Budget 2025/26
- 9.4 Carbon Management Strategy

## **10 Reasons for Recommendations**

- 10.1 Cabinet should note that the Leisure Management Options Report demonstrates that all alternative management models are less financially beneficial than the current in-house arrangement, with the exception of the External Operator Agency Model, which offers a limited theoretical saving of £171,000 per annum. Once the impact of the proposed Employment Rights Bill, legal and

implementation costs are considered, the agency model provides no meaningful financial advantage and introduces greater contractual complexity and risk.

- 10.2 Cabinet notes that the in-house model provides the strongest alignment with the Leisure and Wellbeing Transformation Programme, the Leisure Strategy 2025, and the Medium-Term Financial Plan (MTFP). It allows the Council to reinvest efficiency savings directly into service improvements and capital priorities such as Carlton Active, supporting both financial sustainability and delivery of the Council's wider transformation objectives.
- 10.3 The Recommendations to Cabinet is to approve continuation of in-house management and the development of an improvement plan will ensure that the Council continues to deliver high-quality, inclusive and financially sustainable leisure services. This approach maintains local accountability, supports staff and residents, and provides the most effective platform for achieving the aims of the Leisure Transformation Programme.

**Statutory Officer approval**

**Approved by: Tina Adams**  
**Date: 5<sup>th</sup> November 2025**  
**On behalf of the Chief Financial Officer**

**Approved by: Francesca Whyley**  
**Date: 5<sup>th</sup> November 2025**  
**On behalf of the Monitoring Officer**