

Report to CABINET

Future Delivery Model for Oldham Leisure Services – Part A

Portfolio Holder:

None at current time

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Reason for Decision

The council is required to decide on the most appropriate future delivery model for our leisure services to ensure long-term financial sustainability, operational resilience and full alignment with our corporate, and health & well-being priorities, including tackling inactivity and inequalities in our communities.

The current arrangements with Oldham Active (also known as Oldham Community Leisure Limited – OCL) are approaching a transition point, hence needing a clear strategic decision that benefits our residents and Oldham.

This decision represents a strategic choice, not a default about how the Council secures both commercial discipline, growth and public value in the management of a key public asset.

Executive Summary

This report sets out the findings of the interim review into the future delivery of Oldham's leisure services and seeks approval to advance a preferred option.

The review has considered four models:

- in-house delivery,
- a Council owned organisation such as a Local Authority Controlled Trading Company (LATCo),
- a joint venture company (discounted at an early stage),
- and a competitive procurement process.

Each option has been assessed against financial, operational, governance and strategic criteria.

Leisure provision and the current provider, Oldham Active, are a core part of Oldham's prevention infrastructure, supporting health improvement, inclusion, community cohesion and demand reduction across the wider system.

The assessment and review concludes that a Council owned organisation provides the optimal model, giving the council the commercial grip it needs without losing democratic control of a strategic public asset.

Recommendations

Cabinet is asked to:

1. Approve the development of a Council owned organisation as the preferred delivery model in principle for the future delivery of Oldham's Leisure services, following consideration of the options set out in this report.
2. *Financial information included in Part B of the report*
3. Delegate authority to the Director of Public Health, Director of Finance, & Director of Legal in consultation with Chief Executive (CEX) and Leader, to proceed with the necessary work to establish the most appropriate Council owned organisation.
4. Delegate authority to the Director of Legal or their nominated officer to undertake all required legal processes

A Council owned organisation presents the strongest option, retaining Council ownership and strategic control, whilst providing greater operational flexibility, commercial capability and opportunity for income generation. It aligns with a popular model across Greater Manchester and wider, and it offers a platform for transformation, innovation and improved performance and outcomes.

Whilst a Council owned organisation introduces initial set up costs and governance arrangements to be worked through, these are considered manageable through robust business planning, governance arrangements and oversight. On balance, progressing a Council owned organisation to full business case stage provides the strongest opportunity to deliver a sustainable, modern, and integrated leisure offer to benefit our residents, and our commercial considerations.

Future Delivery Model for Oldham Leisure Services

1 Background

- 1.1 In December 2012 Cabinet approved the recommendation to appoint Oldham Community Leisure Limited (OCL) as the preferred bidder for a new 10 plus 5-year contract to operate and manage the Council's leisure facilities. OCL was appointed under a contract for services which commenced on 1 April 2013 ("Contract"). Prior to the expiry of the initial term of the Contract (March 2023), the Council exercised the right to extend the term for an additional 5 years. This was done in line with prior Cabinet approval, and the contract was extended for a period of up to 5 years up to 31 March 2028.
 - 1.2 OCL has responsibility for the management, operation, and development of six facilities under the Contract, which include Council owned leisure centres, swimming pools and synthetic pitches in Oldham. It also delivers a wider community offer and has a vision of "Inspiring people to live active healthy lives" and to "Create an environment in which sport, active recreation and leisure are integrated into the lifestyles of all Oldham residents, in order that community cohesion and health benefits are continually improving."
 - 1.3 The contractual relationship between the Council and OCL aligns with broader Council priorities, Public Health goals and social development objectives to reduce inequalities in Oldham, including working collaboratively with partners to tackle health inequalities and improve mental health and wellbeing through activity.
 - 1.4 Beyond the requirements of the Contract, OCL deliver a lot of additional work to support our residents and the aims of the council, including reducing inequalities. Some of the programmes and initiatives delivered by OCL include:
 - (a) Exercise Referral for a variety of conditions including Musculoskeletal, Mental Health, Obesity and Blood Pressure.
 - (b) REACH scheme specifically for Cardiac & Pulmonary patients.
 - (c) Falls Prevention including community classes.
 - (d) Free Swimming lessons for adult non-swimmers.
 - (e) Co-location of midwifery services & social prescribing.
 - (f) Welcome to Oldham scheme, providing free access for those facing financial hardship.
 - (g) Plus 1 card for Carers, allowing free access for those providing support to those who would otherwise struggle to access services.
 - (h) Friday Club (to reduce isolation).
 - (i) Regular apprenticeships and work experience opportunities to tackle worklessness.
 - 1.1 OCL is an Oldham organisation which employs around 280 members of staff including full-time, part-time and regular casuals. Over 70% of the OCL workforce are Oldham residents.
 - 1.2 The Council works closely with OCL to ensure that the outputs and outcomes that OCL is obliged to deliver under the Contract are met and that continuous improvement is achieved throughout the Contract Period.
 - 1.3 A performance monitoring system is in place with the aim of providing reasonable and prudent checks, while focusing on KPIs which confirm that a high quality of service is being delivered and measuring the contribution of the service to the Council's outcomes. OCL are performing well.
 - 1.4 *Financial information included in Part B of the report.*
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- 1.5 The Council is at a key decision point regarding the future of leisure provision, with a requirement to ensure financial sustainability, alignment with council and health & wellbeing priorities, and long-term resilience.
- 1.6 An external consultant has led an interim review of current position and all possible options. They have consulted internally, externally, and gained valuable insight from other regional and national partners. They provided four options.
- Council owned organisation (such as LATCo)
 - Competitive Procurement
 - In-house Delivery
 - Joint Venture Company (JVC)
- 1.7 The Contract links to Corporate missions, as follows:
- Healthier, Happier Lives
 - Great Place to Live
- 1.8 The Contract also links to the following corporate behaviors too:
- Work with a resident focus
 - Support local leaders
 - Committed to the borough
 - Deliver high performance
 - Take ownership and drive change.

2 **Current Position**

- 2.1 Oldham's leisure services are delivered through OCL, and they are performing well
- Strong participation levels (over 1.5 million visits annually, and growing year on year)
 - High-quality delivery, facilities, and customer satisfaction
 - Significant additional social value delivery aligned to priorities and health outcome
 - *Financial information included in Part B of the report*
- 2.2 The Contract between Oldham Council and OCL is a 10 + 5-year contract which is due to end on 31 March 2028. Prior approval was given by Cabinet to undertake negotiations with OCL to utilise the available 5-year Contract extension and to vary the Contract to include a small number of agreed additions in terms of social value and to update the list of Facilities.
- 2.3 *Financial information included in Part B of the report*
- 2.4 OCL have consistently met and exceeded the requirements of the Contract and have provided above and beyond in terms of social value as well as their positive engagement in supporting the health and wellbeing of our residents, and wider council priorities.
- 2.5 Usage numbers have continued to rise year on year, and in 2025/26 we saw over 1.5 million visits across all six facilities.

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- 2.6 Leisure provision in Oldham plays a critical role in
- Prevention of ill health and the costs associated with this
 - Supporting mental wellbeing
 - Reducing inequalities
 - Strengthening communities
- 2.7 The Contract expires in March 2028. A re-procurement exercise is anticipated to take between 18 months and two years, so the Council needs to determine its preferred model going forward as soon as possible. Options considered include Council owned organisation (such as a LATCo), Competitive procurement, Inhouse delivery, and a Joint Venture Company (JVC). This is now an urgent matter, depending on the option chosen, especially if we were to decide on a full procurement route.
- 2.8 *Financial information included in Part B of the report.*
- 2.9 *Financial information included in Part B of the report.*
- 2.10 *Financial information included in Part B of the report*
- 2.11 *Financial information included in Part B of the report.*
- 2.12 Oldham Active has delivered well against the current contract and has provided significant additional social value for Oldham residents. The decision now required is a strategic one about the most appropriate future delivery model after the current contract period, taking account of financial sustainability, public value, governance, market conditions and the Council's long-term ambitions for leisure as part of the wider prevention system.
- 2.13 As mentioned above, an external consultant has led an interim review of current position and all possible options. They have consulted internally, externally, and gained valuable insight from other regional and national partners. They provided four options.

3 Options/Alternatives

3.1 Option 1 – Council owned organisation (such as LATCo)

- 3.1.1 A Council owned organisation represents an arm's length Council owned company, operating under company law with defined governance arrangements as set out by the Council. A Council owned organisation would operate with commercial flexibility within a strong governance framework.
- 3.1.2 Key Strengths
- Retains Council ownership and strategic control
 - *Financial information included in Part B of the report*
 - *Financial information included in Part B of the report*
 - Supports integration with health and prevention system.
 - Enables operational flexibility and faster decision making in a dynamic environment, where it is important to respond to markets trends
 - Provides opportunity for cultural and Organisational transformation, setting us up for the future.
 - *Financial information included in Part B of the report*
 - *Financial information included in Part B of the report*

Key Risks (manageable)

- *Financial information included in Part B of the report*
- Governance complexity and requirement for strong stakeholder function (from the outset)
- Council retains strategic & financial risk as underwriter
- *Financial information included in Part B of the report*

3.1.3 Provides balance between control and flexibility, unlike both in-house and outsourced models.

3.1.4 Enables innovation, partnerships, and income diversification as well as aligning with industry precedent

3.1.5 Creates a platform for integrating leisure with the wider health system further, while maintaining commercial discipline. It also offers greater ability to reshape workforce models and service delivery to match residents demands.

3.1.6 *Financial information included in Part B of the report.*

3.2 Option 2 – Competitive Procurement

3.2.1 Advantages

- Established and widely used model
- Strong performance management through contracts and performance management

Key Risks / Challenges

- *Financial information included in Part B of the report*
- *Financial information included in Part B of the report*
- *Financial information included in Part B of the report*
- *Financial information included in Part B of the report*
- Less direct Council control over delivery model
- Reduced flexibility to integrate with wider council and Oldham priorities
- Council retains reputational and strategic risk regardless

3.2.2 A proven model, but less aligned with Oldham ambitions for integration, control and long-term system transformation and sustainability

3.3 Option 3 – In-house Delivery

3.3.1 Advantages

- Direct Council control
- Strong alignment with Council and Public Health priorities and outcomes
- *Financial information included in Part B of the report*

Key Risks / Challenges

- *Financial information included in Part B of the report*
- *Financial information included in Part B of the report*
- Requirements to build additional support and resource in some areas will be required.

3.3.2 *Financial information included in Part B of the report.*

3.4 Option 4 – Joint Venture Company (JVC)

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- 3.4.1 This was discounted at an early stage of the interim review and is considered disproportionate in complexity and cost relative to contract scale. The conclusion was, although thoroughly considered, it was not recommended.

3.5 Comparative summary

Financial information included in Part B of the report

The comparison shows that while all options are viable, each alternative is weaker than a Council owned organisation across the key decision criteria, particularly in terms of finance, control, flexibility and local priorities.

Competitive procurement remains a legitimate delivery route and has been used successfully in other areas. However, in Oldham's current context it presents some material disadvantages. These include the cost & timescale, market uncertainty, potential profit loss from Oldham, reduced flexibility after a contract is awarded, and the fact that the Council would still retain strategic and reputational risk.

On balance

4 Preferred Option

4.1 Option 1 – Council owned organisation (such as LATCo)

- 4.1.1 While the interim review identifies procurement as an established model, further strategic considerations and local landscape supports progressing a Council owned organisation option due to. It achieves the optimal balance across key criteria:

4.1.2 Alignment with Council Priorities

- Maintains alignment with health, wellbeing, and inequality reduction objectives for Oldham
- Enables stronger place-based integration than outsourced models and allows us to truly be community needs led.

- 4.1.3 The current provider has demonstrated a strong commitment to collaborative working across health, wellbeing, and wider public services / priorities. A council-owned organisational model offers an opportunity to retain and strengthen these collaborative approaches, helping to maximise the contribution to leisure services make to prevention, reducing inequalities, improving outcomes for Oldham residents, and income generation to benefit Oldham, not external shareholders.

4.1.4 *Financial information included in Part B of the report*

4.1.5 Control and Governance

- 4.1.6 The LATCo would not operate independently of Council control. As sole shareholder, the Council would retain strategic control through a formal shareholder agreement, reserved matters, annual business plan approval, open-book financial reporting, a performance framework and clear escalation and intervention rights. The Council would also determine the governance structure, including board appointments, reporting arrangements, audit and risk requirements, and the matters that must return to the Council for approval.

- 4.1.7 This means the LATCo would have sufficient operational flexibility to run services commercially and respond to residents' needs, while remaining accountable to the Council

for delivery, financial performance, social value and alignment with Oldham's wider priorities. This flexibility would enable the organisation to respond more quickly to market conditions, customer demand, partnership opportunities, and emerging service requirements than would typically be achievable through traditional local authority processes. In summary:

- Maintains Council ownership and oversight
- Business plan approval which allows structured performance management via contractual and shareholder / board arrangements.
- Open book financial reporting
- Clear intervention and escalation powers
- Avoids full reliance on external providers.
- Flexibility to move and respond at speed.

4.1.8 Sector Alignment

- Provides confidence in viability and market precedent.

4.1.9 Summary Table

Criteria	Council owned organisation Position
Financial sustainability	Avoids collective procurement costs
Commercial capability	Flexible, responsive operating model with capabilities to grow income
Democratic control	Full council ownership
Health & Prevention	Strong alignment with priorities
Local value	Reinvestment into Oldham
Deliverability	Achievable within timeline

4.1.10 Why now.

4.1.11 The timing of this decision is important. The current contract is due to expire in 2028. While this may appear some distance away, the scale and complexity of procurement, mobilisation, and implementation means decisions need to be taken now to ensure sufficient time for a robust and well-planned process. This is not a reaction to an immediate issue, but a proactive decision to protect continuity of service and secure the best long-term outcome for residents and the Council.

4.1.12 Key considerations include:

- Protecting service continuity – Early decision-making reduces the risk of service disruption at contract expiry and provides certainty for staff, partners, customers and stakeholders.
- Allowing sufficient lead-in time if the preferred choice – A procurement exercise of this scale requires significant planning, market engagement, evaluation, governance approvals and mobilisation activity. Delaying decisions would reduce the time available to complete these activities effectively.
- Building on a strong foundation – The existing system provides an opportunity to review what is working well and identify areas for improvement, ensuring any future arrangements maximise value and impact.
- Designing the future model by choice rather than necessity – Acting now enables the Council to consider options strategically, align with corporate priorities and shape the future service model from a position of strength, rather than being driven by contractual deadlines.
- Managing financial and operational risk – Early planning allows for thorough due diligence, market testing and financial assessment, helping to secure best value and avoid the increased costs or compromises that can arise from late decision-making.

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- Protecting the Council's reputation – Demonstrating forward planning and good governance provides assurance that the Council is managing public assets and services responsibly, while maintaining high-quality provision for residents.

4.1.13 The preferred model should support continued focus on affordable and inclusive access to leisure services. This includes swimming, physical activity, targeted support for inactive residents, programmes for older people, children and young people, disabled residents, carers, women and girls, and people living in communities with poorer health outcomes. A Council owned organisation model provides an opportunity to build these priorities into the business plan and performance framework from the outset, so that commercial improvement and social value are pursued together rather than separately.

4.1.14 The preferred option which is recommended to Council is Option 1. This option would include Council agreeing to the following steps:

- Approve the development of a Council owned organisation as the preferred delivery model in principle for the future delivery of Oldham's leisure services, following consideration of the options set out in this report. Accept and agree to the recommendation for us to move forward with the most appropriate Council owned organisation model.
- *Financial information included in Part B of the report.*
- Delegate authority to the Director of Public Health, Director of Finance, & Director of Legal in consultation with Chief Executive (CEX) and Leader, to proceed with the necessary work to establish the most appropriate Council owned organisation.
- Delegate authority to the Director of Legal or their nominated officer to undertake all required legal processes.
- *Financial information included in Part B of the report.*

5 Consultation

5.1 We have had an external consultant who has supported our consultation with all relevant parties and other organisations who have moved forward with various models for their leisure services across Greater Manchester and wider. They have also consulted with Oldham Active, our current leisure provider.

6 Financial Implications

6.1 *Financial information included in Part B of the report.*

6.2 *Financial information included in Part B of the report.*

6.3 *Financial information included in Part B of the report.*

6.4 *Financial information included in Part B of the report.*

6.5 *Financial information included in Part B of the report.*

6.6 *Financial information included in Part B of the report.*

- 6.7 A further report will be presented to Cabinet upon completion of the detailed business case setting out the full financial appraisal, implementation costs, risks, funding arrangements and cost-benefit analysis of the available options before any final decision is taken regarding implementation of the preferred delivery model.

7 Legal Implications

- 7.1 The proposal to establish a trading company is within scope of the powers of the Council. Section 1 of the Localism Act 2021 gives Local Authorities a general power of competence to do anything which an individual may do for the benefit of the authority, its area or persons resident or present in their area.

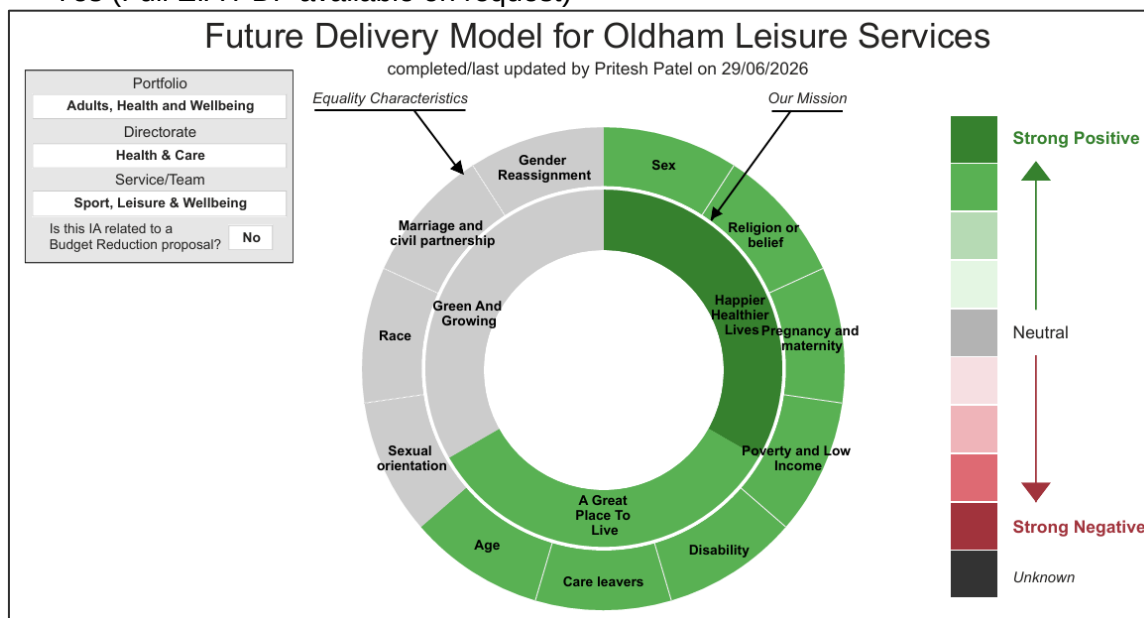
Financial information included in Part B of the report

8. Procurement Implications

- 8.1 Procurement have had minimal time to comment on this report. However, the various models and their procurement implications are set out in the main body of the report. The Procurement Team are committed to working closely with Public Health and other colleagues to work through the procurement detail moving forward (depending on the route/option taken).

9 Equality Impact, including implications for Children and Young People

- 9.1 Yes (Full EIA PDF available on request)



10 Key Decision

- 10.1 Yes

11 Key Decision Reference

11.1 HSC-06-26

12 **Background Papers**

12.1 OCL Contract Extension (March 2023)

12.2 OCL Future Model (March 2025)

13 **Appendices**

13.1 None