

Future Delivery Model for Oldham Leisure Services

Decision Maker: Chief Executive

Service Area: Public Health

Directorate: Heath & Care

Report Author: Pritesh Patel, Sport Leisure & Wellbeing Service Manager

Email: Pritesh.patel@oldham.gov.uk

Date of Decision: 5th October 2026

1. Power to make the decision

The decision is being taken under the authorisation contained in Section 9C Delegations to Specific Officers of Part 3 (Responsibility for Functions) of the Council Constitution for the Chief Executive to take any emergency decisions in respect of the Council's executive functions which cannot be delayed until the next Cabinet meeting.

2. Decision Sought

- Approve the development of a Council-owned organisation (such as a Local Authority Trading Company (LATCo)) as the preferred future delivery model for Oldham Leisure Services following expiry of the current leisure contract in March 2028.
- Approve the allocation of £300,000 to fund the development and implementation phase, including progression to a full business case and detailed legal, financial, taxation, procurement, HR, governance and transition planning.
- Delegate authority to the Director of Public Health, Director of Finance and Director of Legal, in consultation with the Chief Executive and Council Leader, to undertake all necessary work to establish the preferred Council-owned organisation model.
- Delegate authority to the Director of Legal (or nominated officer) to complete all required legal processes associated with this work.

3. Reason for urgency

Given the scale and complexity of the work required, alongside the timeline of the current contractual arrangements, a timely decision is essential.

The existing contract expires in March 2028, and a full re-procurement exercise is expected to take 18–24 months. This means the Council must determine its preferred delivery model as soon as possible. At this stage, pursuing procurement would create significant pressure on delivery timescales and risks extending beyond the contract end date, particularly in a volatile market.

This presents an opportunity to take a proactive approach by progressing a Local Authority Trading Company (LATCo) model, enabling the Council to design a model aligned to Oldham's priorities rather than defaulting to a constrained procurement route.

A LATCo offers a strong strategic fit, retaining Council ownership and control while enabling greater flexibility, commercial capability, and income generation. While establishing a LATCo is a significant programme of work, it is considered achievable within the available timeframe, provided work commences immediately with a clear transition plan.

4. Risk(s) of not taking the decision

The current contractual arrangements are approaching their end point, and without a clear transition plan in place this presents a significant risk to service continuity. In a worst-case scenario, this could result in the closure of six leisure facilities, the loss of employment for over 250 staff, a reduction in income through cancelled memberships, and a loss of trust and confidence from residents who rely on these services.

There is also a material risk that, without timely decision-making, the Council is forced into a rushed and potentially non-compliant transition. This would limit our ability to deliver the high-quality, well-planned approach that our residents and stakeholders expect.

It is therefore critical that we take a proactive approach to ensure we transition to the most appropriate delivery model. We are seeking a model that delivers long-term financial efficiency, retains appropriate levels of Council control, and provides a flexible, responsive service—without any detriment to service quality or access.

Failure to act would also have a direct impact on the health and wellbeing of our residents. Leisure services are a core part of our prevention infrastructure, and any disruption would undermine our collective efforts to support healthier, happier lives and reduce inequalities across Oldham.

In effect, not taking a decision at this stage risks forcing the Council into a more costly, less flexible, and less locally beneficial model by default, rather than enabling a planned and deliberate transition to a model that is fully aligned with Oldham's strategic priorities.

5. Financial impact if decision not taken forward

Failure to take a timely decision will have clear financial implications for the Council. A delay is likely to increase the likelihood of a full procurement exercise, which is estimated to cost the Council more than £250k, with no guarantee of improved outcomes or value for money.

In addition, procurement models introduce a risk of providers pricing in both risk and profit margins, which can increase the overall cost of the service. There is also a risk that any surplus generated would not be retained locally, resulting in a loss of potential reinvestment into facilities, services, and communities across Oldham.

Delays may also lead to further financial pressure through transitional arrangements, potential contract extensions, or unplanned interventions to maintain service continuity. These scenarios are likely to reduce the Council's ability to achieve efficiencies and maximise value.

More broadly, not progressing with a model such as a LATCo limits the Council's ability to strengthen its financial position over time through income generation, cost control, and reinvestment of surplus within the borough. This represents a missed opportunity to improve long-term financial sustainability.

6. Statutory Officer clearances

a. Section 151 Officer

Name: Lee Walsh

Date 25 August 26

Comments

The preferred option is to progress the development of a Council-owned organisation, such as a Local Authority Trading Company (LATCo), as the future delivery model for leisure services from April 2028. The financial implications arising from this recommendation relate to the costs associated with the appraisal, design and development of the proposed operating model. These costs are estimated to be in the region of £200,000 to £300,000. Funding for the development budget will be met from existing resources within the Public Health Directorate.

At this stage, approval is sought for the preferred strategic direction rather than the adoption of a final operating model. As a result, the full financial implications associated with the establishment and operation of a Council-owned organisation have not yet been determined. These implications will be subject to detailed financial, legal and operational appraisal during the next phase of development.

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.

b. Monitoring Officer

Name: Alex Bougatef
Date: 11th September 2026
Comments:

The exercise of emergency powers should be undertaken in consultation with the Leader or Deputy Leader of the Council. However, the Council has not yet appointed a Leader or Deputy Leader for the current municipal year; it is therefore not possible to consult them. In addition, there is no certainty about when a Leader or Deputy Leader will be appointed as the Council has failed at successive meetings to do so. For the reasons given in the report, an urgent decision relating to the report is required, and it cannot wait until the appointment of a Leader and Deputy Leader at some undetermined future date.