

Questions and CSSC Responses

Question: Can you please clarify whether the CSSC owns Chadwick Street site, or whether the Centre is leased ? If it is leased, who owns the site and how long is the term of the lease?

Answer: The Chadwick Street Recreation Centre is owned outright by the Civil Service Sports Council Ltd.

Question: Can you/the LMB please provide London members with accounts setting out clearly the financial incomings and outgoings of the Chadwick Street conferencing ?

Answer: Figures outlining the financial position at Chadwick Street were circulated at the Users Meeting you attended on 31 January 2011.

Question: What constitutional basis exists to enable London Board to close Chadwick Street and what if any right your London based members have to oppose the plan?

Answer: The proposal to close Chadwick Street originated from the National CSSC Management Board and stems from their decision not to make further emergency funding payments to CSSC London region beyond June 2011.

The Management Board has considerable experience in dealing with CSSC clubs whose financial performance has brought into question the viability of the club, and the impact its continuance would have on the offering made available to the wider membership of the catchment concerned. It is for this reason that CSSC clubs in Gloucester and Telford will be closing in April of this year. The grant available to these Area Associations will then be spent on members rather than being used to maintain facilities that are used by only a tiny portion of the overall local membership. The CSSC Management Board is made up of volunteers elected at CSSC's Annual Conference / AGM.

Many CSSC clubs have closed over the last 5 – 10 years (in common with clubs owned and managed by other organisations similar to CSSC). The vast majority of CSSC members do not have access to 'hard' facilities such as the Chadwick Street Recreation Centre (CSRC). Instead, the funding available is used to facilitate activity, including the hire of facilities for pre-existing sports and pastimes.

Members in London that oppose the closure of the CSRC are free to make their views known to the London Management Board (LMB) who, in turn, can if they consider it appropriate, make representation to the CSSC Management Board. At this stage, the LMB are considering the position in detail and whether or not to make such representation.

Question: Are London Members subsidising the other national CSSC Regions at a time when our own facilities are being sold off?

Answer: London members are not in any way subsidising the other CSSC regions. In fact, the reverse is true as additional emergency funding of £125,000 was approved for

CSSC London in respect of 2010 and, given the dire state of the London finances, more money, over and above the money normally due to London, has been set aside for 2011.

Question: What advertising campaigns were carried out in support of the conferencing business and the sports business?

Answer: Work to promote both conferencing and sports and social activity at Chadwick Street has been ongoing for some time. Not all of this will be visible to members, but it has included a wide range of initiatives including working with partner organisations such as CSIS and CSBF, promotions at Civil Service Live, Fast Stream Inductions and during central London based membership recruitment events.

Work to better promote the conference side of the business led to a separate conferencing website for the CSRC being introduced and the centre engaging booking agents to bring the facility to the notice of more potential clients.

The periodic newsletters issued to members regularly promote the centre and the activities held within it and targeted promotions have even been issued to members located in other regions who may wish to use the facility when visiting London. Publicity has also been included in the national communication to CSSC volunteers V News, encouraging volunteers to use the CSRC as a base for London trips, visits etc.

Question: What specific work is being done in support of Sir Gus's agenda and those of departmental agendas, (such as Wellbeing/Healthy living Big Society and Localism Agendas) that could also guarantee sustainability for the CSSC and ensure that members receive VFM ?

Answer: CSSC continues to work closely with a range of Cabinet Office and Departmental stakeholder groups to support government and Civil Service aspirations in terms of health and wellbeing, employee engagement etc. Work connected to the Civil Service in the English Regions (CSER) project has perhaps been the best example of this, with significant engagement achieved with employers in the South West, North East and Eastern regions. CSSC is also about to launch an important national initiative via the CSER programme offering all civil servants access to a modest portion of the CSSC offering to help raise awareness and support CSER objectives.

In addition, CSSC continues to support the Civil Service Live initiative helping to raise awareness of the importance of targeted health and wellbeing activity and brokering new business relationships for the organisation to pursue. CSSC is the sponsor of the Health & Wellbeing Zone of the exhibitions.

Departmentally, CSSC continues to work with specific employers to enhance the levels of engagement and appreciation of how CSSC can support business goals. At present, particular focus exists within Ministry of Justice, Serious Organised Crime Agency and DVLA.

You are probably aware of CSSC's Health & Fitness Centre programme which has been running for over twenty years. There are currently c200 facilities in government offices, some managed by volunteers others by CSSC staff under the Alpha brand.

More generally, CSSC is not simply standing still in terms of its medium to long term future. Proposals to introduce Family Membership will be considered at our Annual Conference in June and further proposals to extend the scope of our existing membership base will also be considered. Without being complacent, CSSC's future looks perfectly sustainable, but the extent to which clubhouses and sports grounds are a significant part of that future does appear less likely.

Question: What are the timescale are these work streams being taken forward to?

Answer: This work is ongoing and is a part of CSSC's long-term aim to support Civil Service business units to achieve in an area that closely aligns to CSSC's goals. For example, CSSC officials met with the Permanent Secretary of the Ministry of Justice this week to explore how CSSC could assist the department with its workforce health and wellbeing agenda and the roll-out of the CSER discount offering to all civil servants is scheduled for April. Civil Service Live will be taking place in London in July and CSSC will also be attending the regional CS Live exhibitions.

Question: As I set out in my 'open letter' of 19 January, given that the such significant assets have been lost under the current management structure/strategy, what scope is there for CSSC to form a partnership with a successful, economically viable private sector sports provider, (e.g. Ballantines, LA Fitness or Fitness First), or a recognised not for profit provider such as GLL, that would be capable of maintaining CSSC's assets and facilities for the benefit of its 23,000 members?

Answer: Where CSSC facilities are no longer viable in their existing form, CSSC has protected several facilities in the way you have described. You may not be aware that CSSC is a 50% shareholder in a company called Sports & Leisure Group (SLG). SLG owns two brands, ROKO (Health Clubs) and PlayFootball (small sided soccer centres). Both companies lease property from CSSC at a number of locations where CSSC clubs existed previously. Not only does this ensure that the land is retained as a CSSC asset and rentals are received from ROKO or PlayFootball, but it also provides usage for CSSC members on preferential terms. For example, CSSC members joining the ROKO health club at Portsmouth receive a 25% reduction on the ROKO membership fees.

For a wide range of reasons, not all former CSSC clubs were suitable for redevelopment in this way, but several have been converted to ROKO or PlayFootball centres and a few others have been sold or assigned to third parties and reserved rights for CSSC members have been included as a part of the transfer; as is the case at the Chiswick Sports Ground in London.

This demonstrates CSSC's commitment to retain and/or develop such facilities where a viable commercial opportunity exists. Indeed, the former Chairman of Sport England congratulated CSSC for protecting sports grounds in this way.

Question: However, we would like to know, had the CSSC London Region invested in suitably timely and robust business advice and put in place proportionate project planning whether the Chadwick Street Centre would be forced to close as we are now told it must?

Answer: This 'what if' question is impossible to answer without knowing what the plans might have been and without the opportunity to assess their likely effectiveness. However, both the CSSC staff involved and the volunteers on the LMB have acted in good faith throughout and no one was able to anticipate the double whammy of near total collapse of conferencing income and a Business Rate rise to the extent suffered last year. Only if viable plans are brought forward now, will we be able to assess if a viable and sustainable future for the CSRC exists.

Question: Will you undertake to circulate to members, a weekly account of actions taken by yourself, the London Management Board and CSRC staff to plug the estimated shortfall in income needed to keep the CSRC open?

Answer: I cannot commit to such an undertaking. The current situation in London is such that the CSSC staff and LMB volunteers are working tirelessly to monitor the situation and identify a range of possible solutions should the decision be to close the CSRC. I would be happy to provide occasional updates on progress and, indeed, we expect to issue a further communication to London members as the consideration of closure progresses. What I cannot do is detract from that work and my wider responsibilities to the LMB, which would be required to update members at such a frequency.

The next Users meeting is due to be staged on 28 February 2011 and if you are able to attend that meeting, I am sure you will be able to gain an effective update on progress at that point.

Question: Can you explain why CSSC has covered the losses incurred in the last 5 years but has taken the decision to stop covering shortfalls now?

Answer: The operating losses of Chadwick Street over the past five years have not been met by CSSC. The losses were met from the funds available within CSSC London as managed by the LMB.

Question: Can you please explain why CSSC HQ did not intervene in previous years to address the apparent unviable nature of CSSC London Regions asset management/ business plan?

Answer: As the past figures indicate, CSRC's financial performance has varied significantly over recent years. The losses that have been incurred over the past few years have been met by the LMB utilising per capita grant funding. However, the rapid and substantial deterioration of financial performance in the second quarter of 2010 brought matters to a head. As the year progressed and the situation at Chadwick St. worsened, the LMB became aware that future liabilities could not be met and an emergency additional funding request was made by the LMB to CSSC nationally. This request prompted the national Management's Board Resources Committee (RC) to review the position closely (including usage data) and recommend to the Management Board,

that additional short term financial assistance be provided pending a proposed closure of the facility in June 2011 if sufficient alternative sources of income could not be found.

Question: Can you categorically reassure London members that the sale Chadwick Street now is not related to the expiry of the covenant preventing its sale – and explain why you now wish the centre to close?

Answer: Even if the decision is made to close Chadwick Street, CSSC has yet to determine the site's future. To date, there has been no decision to sell and the reason to propose closure was based purely on the current and likely future financial performance of the CSRC and the need to offer all members in London the best possible programme of activity.

Reasons for Closure

Early last summer, coinciding with the emerging expectation of Government cutbacks, conference bookings at CSRC took a dramatic fall. In particular, government departments and other public sector bodies, that had previously been frequent conferencing customers of CSRC, began holding conferences/meetings 'in house'. CSSC London is dependant on conference income to enable the continued heavy subsidy of CSRC to be maintained at tolerable levels. The decline in CSRC business and the need for LMB to meet its financial commitments, led to the LMB seeking additional funding from the National Resources Committee (RC) for 2010 and a further bid in respect of 2011.

It cannot be overlooked that in CSSC terms, we are not talking about modest sums of money. The 2010 decline in Conference income compared with 2009 has been circa £110k. The projected decline for 2011 is circa £230k. Added to this we were hit with a Business Rates rise of £35k in 2010. Although this increase in the rateable value is being appealed, the appeal process is lengthy. It could be argued that we should never have become so reliant on conference income. I have to say that without the development of conferencing at CSRC in the early 2000s, we would have been looking at possible closure some 4/5 years ago.

In contemplating their decision to propose closure of CSRC, CSSC's Resources Committee naturally took into account the usage figures. It transpires that only 500 members regularly use CSRC from a total London membership of over 23,000. CSSC's obligations to the remaining members, both those located in central London that do not use the centre and those that are located away from central London cannot be overlooked. The Districts initiative will help to address this, but Districts are by no means the catalyst for the club's proposed closure. Ultimately, it is CSSC's policy that grant funding should provide value for money for all members within a local catchment.

The implications of civil service staff cutbacks were a further consideration. Many CSSC members will be either taking early retirement, early severance or suffering redundancy in the short to medium term. Either way, this may entail a significant number of existing members moving out of London (CSSC London is funded per capita on members who work in London or, if they are retired, who live in London). Even if, as we hope, many of these civil servants continue their CSSC membership, the benefits of their subscriptions will be lost to London and will go to the Area Association in which they reside if they live outside of the M25 catchment. This and other factors leave us in the position that for 2012

it is conceivable that every penny of London's grant would still be insufficient to keep the club open and absolutely no money would be available for any CSSC activity; either based at the club or elsewhere.

Question: Is the CSSC aware of any planned development of the land currently occupied by offices of the Probation Service offices or DWP Job Centre plus in the land bordered by Great Peter Street, Monk Street or Chadwick Street? If there is, is the closure of Chadwick Street Rec Centre a material consideration in this development?

Answer: CSSC is aware that other occupiers in the area you describe are considering their future needs in the buildings that exist at present. There is no development plan that CSSC is aware of that encompasses the CSRC and no decision has been made as to the future of the site should closure go ahead. As indicated above, the decision to propose closure was based purely on the current and likely future financial performance of the CSRC and the need to offer all members in London the best possible programme of activity. It was not made because of a multi building development plan (if one exists) that CSSC has no knowledge of or on which it has had no input.

Question: Can you please set out the Constitutional requirements of the CSSC to consult with members in respect of the, day to day management of, and proposed closure and sale of Chadwick Street?

Answer: There is no constitutional requirement for CSSC or the LMB to consult with members over the management and closure of the club. Whilst the day-to-day management of the club is run by CSSC personnel, the performance of the centre and the facilities and services it offers to members is over seen by the LMB made up of CSSC volunteers appointed by CSSC's Management Board. In turn, the LMB is accountable to CSSC nationally and required to follow CSSC national policies and guidelines.

Obviously, it represents good practice for the LMB and, more generally CSSC, to keep members informed of such matters. The annual members meeting is one such opportunity, users meetings, meetings with Departmental Association (DA) representatives and interest groups have all taken place in recent years; though attendance and engagement has frequently been poor. You will be aware that the Chairman of the LMB wrote to users last year explaining that CSRC was struggling and asking for suggestions. Only 6 people attended the two subsequent meetings.

In terms of communications with members, the most frequent opportunity is via periodic newsletters or subject specific emails such as the one issued by David Hayday on 11 January. I would expect there to be further communications to members as the position in terms of the CSRC develops.

Question: There seems to be a fundamental unfairness of a regional grant funding system that sees the 23,000 London based members paying nearly £1m per year but based on what was set out last night receiving insufficient grant to maintain the assets covenanted to the CSSC. Will the CSSC undertake a review of funding and the financial viability of the London Region before it moves to the District Model?

Answer: CSSC London, though structured in a slightly different way to other parts of the country, is funded on entirely equitable terms to other CSSC regions. The three main routes to funding in any region are as follows: -

Area Funding: Although London is not a CSSC Area in the truest sense, its main funding is derived from CSSC's Area Association Funding Policy. Because of the demographics of London's membership, this arguably puts London at an advantage as many 'London members' live far away from the capital. This policy delivers a per-capita grant to London of £14 per member for every member that works in London or, if retired, lives in London. Double is paid out if the member pays 'Membership Plus' subscriptions. Nationally, CSSC pays out approximately £1.9m in Area grants and London's share of that cake in 2011 is £343,742.

Regional Budgets: Each CSSC region is invited to submit a bid for specific aspects of the running of their region. Nationally, this budget comes to a little over £100,000 so is far from the main source of income.

Departmental Associations: Departmental Associations (DA) are also funded on a per-capita basis. For 2011 the per-capita rate is £8.28 and this will amount to around £900,000 nationally. It is for DAs to decide how they distribute their funding, especially if they have national coverage of staff. DAs do not tend to directly fund regional activities or local programmes beyond their departmental boundaries, but there is no reason why they cannot.

Funds that are not returned to local CSSC units are spent on a plethora of benefits, services and initiatives to support the organisation and its membership. A few examples would include: -

- National sporting and activity programme
- CSSC Games
- Production of CSSC's Leisure Scene magazine and other supporting communications
- Membership benefits programme provided to all members via Countdown
- Members' Draw
- Development of CSSC website and enewsletter communications
- Annual Conference / AGM
- Insurance covering all of CSSC units, including Area, DA and regional programmes

This list is far from exhaustive.

There is no reason why the CSSC London region should not be a viable CSSC entity. Many of the other CSSC regions enjoy far fewer members, have far greater logistical challenges and yet still maintain a vibrant programme. The London Districts initiative is a means of improving engagement and participation of members away from the centre of London, but this in no way threatens viability elsewhere. Indeed, the Districts initiative is

sufficiently flexible to complement a central London programme rather than to compete with it or compromise it.

Other than an ongoing review of DA funding, there are no plans to review CSSC's funding model to local units at this time.

Question: Can you please set out for London members what 'assets' (e.g. Sport Grounds, Buildings/Boat Houses/swimming pools/property etc) remain under the CSSC London Region Umbrella – and in your view does the income and grant received by London Region cover expected costs over the next 5 years ?

Answer: Setting Chadwick Street to one side, there are no 'assets' that fall under the umbrella of the London Region. There is a boathouse at Chiswick used by the Barnes Bridge and Cygnet Rowing Clubs, but this facility is under the care and jurisdiction of CSSC nationally. CSSC (nationally or regionally) does not contribute to the running costs of this facility, but CSSC centrally bears responsibility for the building and estate issues connected to it. It does not represent a liability for CSSC London unless the rowing clubs felt the need to approach the LMB for assistance with running costs some time in the future.

For completeness, I should mention that CSSC operates a number of workplace fitness centres in London, some managed under our Alpha brand and some run as 'simple' volunteer run Health & Fitness centres. Once again, these facilities do not fall within the jurisdiction of CSSC London and are operated either under contract or agreement with the host employer. They do not attract subsidy from CSSC London.

Question: Why can't CSSC approach a private sector partner (like Fitness First/ LA Fitness) as a matter of urgency to see whether the amenity and services based at Chadwick Street could be turned into a better advertised well used sporting facility – and in doing so continue to provide your London members with a valued and important central London Hub for CSSC activities ?

Answer: Since the announcement of the possible closure of Chadwick Street, it has been possible to talk to other organisations in a way that was not possible before. A number of enquiries have been received and are being pursued, but to date, nothing has emerged that remotely gives us a viable option that would enable the Chadwick Street centre to be retained.

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17/2/11