

REPORT TO THE FINAL ACCOUNTS AND AUDIT COMMITTEE

Report No. 12

Date of Meeting	28th June 2007
Title of Report	Cricklade Leisure Centre
Link to Corporate Priorities	
Public Report	Yes

Summary of Report

The reports sets out the situation regarding Cricklade Leisure Centre as agreed by the Executive Committee on 6th March 2007.

Officer Recommendations

None - This is an information report.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
Yes	None	None	None	None

Contact Officer	Graham Wilson, Customer & Business Support Team Leader, 01249 706420.
------------------------	---

1. Introduction

1.1 The Executive at its meeting on the 23rd November 2006, agreed to North Wiltshire Leisure Limited's request to close the Limekiln Leisure Centre, Wootton Bassett, Cricklade Leisure Centre, Cricklade and Whitehorse Leisure Centre in Calne from 31st March 2007. The resolution was:-

- In response to a request from North Wiltshire Leisure Ltd (NWLL) and having taken financial, legal and leisure consultants advice, the Council agrees to vary the Services which NWLL provide under the contract relating to the management and operation of six leisure centres within the district by removing any requirement to provide the Services at Cricklade Leisure Centre, the Lime Kiln Leisure Centre, Wootton Bassett and the White Horse Leisure Centre, Calne and that these centres be mothballed in a manner satisfactory to the Council.
- North Wiltshire Leisure Limited be advised to submit their proposed recovery and business plan for 07/08 by the end of December 2006, as per the terms set out in the contract.
- In light of the current financial position, no further grant funding to North Wiltshire Leisure Limited be approved over and above that already agreed for 2006/07.
- Subject to a Business Plan from North Wiltshire Leisure Limited, an advance payment be approved from the 2007/08 management fee budget to enable North Wiltshire Leisure Limited to continue to trade until end March 2007, and that authority be delegated to the Council's Section 151 Officer in consultation with the Lead Member to release as necessary.
- That the agreed annual management fee for later years does not exceed the approved base budget provision.
- The cost of auditors carrying out a full financial audit of North Wiltshire Leisure Limited's accounts as referred to in paragraph 7.13 of the Report be underwritten by the Council.
- A further report is prepared on any additional costs, which relate to closures, as referred to in paragraph 7.14 of the Report.
- That the Leisure Provision Working Group continues its work and submits further reports by end March 2007 to the Executive to cover the following:-
 - Recovery Plan and Enhancement Plan for the centres that are to remain open;
 - Disposal Plan and options for centres proposed for closure;
 - Proposals for testing the market and procurement of future service provider.

1.2 On the 6th March 2007, the Executive considered a proposal submitted by the Cricklade & District Community Association to continue to operate the leisure centre at Cricklade with a one-off contribution of £60,000 from the Council. The Executive agreed the following:-

- To the release of £60,000 to the Cricklade Community Association subject to the provision of additional information required by the Legal Services Team Leader and to the tenant agreeing to surrender the lease to the Council on terms to be agreed by the Legal Services Team Leader should the centre continue to be financially non-viable.
- That leisure staff (former NWLL employees), who are currently employed by the Council, are given the option to transfer to the Cricklade Community Association on their existing terms and conditions of employment, under TUPE regulations, as appropriate.
- That the Council underwrites the redundancy costs (based on the Leisure Centre redundancy agreement) should staff who TUPE to the Cricklade Community Association be made redundant as a consequence of the centre ceasing to be financially viable within 12 months from 1st April 2007.
- That in accordance with the Council's Constitution the Executive considers these decisions to be urgent, and not subject to call in, as any delay caused by the call-in process would seriously prejudice the Council's or the public's interest.
- To note that negotiations are continuing with regard to the White Horse Leisure Centre in Calne and that a report will be submitted to the Executive on 15th March 2007.

2. Background Information

- 2.1 The Cricklade and District Community Association previously owned Cricklade Leisure Centre. The Association fell into financial difficulties in 1990 and the Council agreed to take the freehold of the site from the Association in August 1991, write off its debts, and grant the Association a 25 year full repairing lease.
- 2.2 Cricklade Community & District Association, hold a full repairing lease for Cricklade Leisure Centre, which expires 2016. The Association took over the running of the centre from the Council as of 1st April 2007. All former staff who wished to transfer to the Association and not to DC Leisure Limited did so under TUPE.
- 2.3 The Executive at its meeting on 6th March 2007, agreed to funding of £60,000 to the Association to help with setup and running costs for the first year. This was a one-off contribution and is conditional on the lease being surrendered immediately to the Council at any point in the future if the service is deemed to be financially un-viable by an independent accountant.

3. Monitoring

- 3.1 The Association is required under the lease to provide annual audited accounts to demonstrate to the Council that the centre is viable, or notify the Council at any stage should the Association be deemed unviable by an independent accountant. No additional monitoring is undertaken with regard to service delivery at Cricklade Leisure Centre.

4. Financial Implications

- 4.1 The Council agreed to underwrite the costs of any redundancies at Cricklade Leisure Centre for a 12 month period for those staff who transferred under TUPE, as the Council would have incurred these costs if the centre had closed on 31st March 2007 as originally planned. This underwrite expires on 31st March 2008.
- 4.2 The Council had set aside £60,000 towards the one-off cost of secure the site at Cricklade, whilst future options for the site could be explored. The Executive agreed a grant of £60,000 to the Association to assist them in their first few months of trading, conditional on the Association immediately surrendering the lease, if at any point in the future the service became financially unviable.
- 4.3 The Executive agreed that no further funding would be provided to the Association. However, the Association could apply to the Area Committee for capital or revenue funding in line with the funding criteria.

5. Risk Analysis

- 5.1 Reputation Management – public perception of the Council has been poor regarding leisure centre issues. This could continue to be a risk if the Association find running the centre financially unviable and closure occurs.
- 5.2 As the Association has no track record of running leisure centres future viability and sustaining the service is a risk. However, this is a risk to the Association and should not expose the Council to any further risk.
- 5.3 The feedback from the Association to date is that they are currently running at a surplus, although there are still a number of key staffing posts, which remain unfilled. This will impact on the budget position as more expenditure is incurred.

Appendices:	None
Background Documents Used in the Preparation of this Report:	None

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
North Wiltshire Leisure Ltd	Executive – 23 November 2006	E116
Leisure Provision in Calne and Cricklade	Executive – 6 March 2007	E196