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REPORT

Councillor John Cole-Morgan : Cabinet Member for Community & Housing Portfolio

INTERIM REPORT ON THE PROPOSED LEISURE TRUST

1. Introduction

- 1.1 At the Cabinet meeting on 24th September 2003, Members agreed to progress the trust option and requested that a further report be produced analysing some of the key financial and service implications of trust management.
- 1.2 This report provides Members with further information about the key issues, predominantly of a financial nature, raises a couple of issues that have arisen since the financial implications were last reviewed and seeks Members views as to how Officers should proceed.

2. Business plan and revenue funding requirements

- 2.1 Detailed business plans were produced early in 2004 for the four facilities (Five Rivers Leisure Centre and Swimming Pool, Tisbury & District Sports Centre, Durrington Swimming and Fitness Centre and Amesbury Sports Centre), the sports development service and the trust's central establishment. The business plans projected income and expenditure levels for the first five years of the trust's operation and predicted a potential saving of £106K. This figure falls below the sum of £239K that was originally suggested in the original study carried out by consultants in April 2003, due primarily to the availability of more up to date information regarding the actual performance of Five Rivers whilst managed by Leisure Connection.
- 2.2 Since these business plans were drawn up, the management of Five Rivers Leisure Centre and Swimming Pool has been brought in-house. A lot has been achieved in the first five months both in terms of improving the standards of service, harmonising conditions of service and understanding the financial position of the centre. Officers estimate that it will take another eighteen months to get the Centre back onto a strong footing and to be able to ascertain the true trading position of the Centre. With this in mind it is too early to accurately assess the financial commitment in terms of revenue funding that will be required to manage Five Rivers or support the revenue figures that were included in the business plan for this facility
- 2.3 In line with the original report the business plans do not include consideration of major repair, maintenance or refurbishment tasks which may be required at any of the Centres in the next five years, estimated to be in the region of £300 - £400K. There is also no allowance made for the likely costs and risks associated with the District Council assuming responsibility from Wiltshire County Council for the building at Amesbury, which is summarised in paragraph 3 of this report.

3. Risk Register

- 3.1 The risk register identifies the potential risks associated with making the decision to progress with the transfer to a leisure trust now and has identified three areas where there is a high risk that certainly collectively would suggest that the decision should be deferred.

- **Issues relating to Wiltshire County Council (WCC)**

WCC's current revenue commitment to Amesbury Sports Centre and Durrington amounts to approximately £191K per annum and their final offer is that over a period of approximately six years this deficit is reduced to an annual grant of £25K. If Members were to agree to this proposal it would necessitate the District Council assuming responsibility for the revenue deficit once the grant falls below approximately £120K.

- **Impact of further change on Five Rivers**

Bringing the management of Five Rivers in-house has had and will continue to have for sometime to come a significant impact on all the staff involved through the introduction of new systems and procedures, harmonising terms and conditions and generally getting accustomed to a considerable cultural change. The risks associated with taking a second upheaval on an even bigger scale in such a short period of time are very high. However, there is an opportunity now to minimise the risk by undertaking a strategic review of the management of all three facilities currently managed by the Council (Five Rivers, Tisbury and Durrington) prior to approving the establishment of a trust. This would give the Council a more informed insight into how the facilities could be jointly managed, what the costs of doing so would be and in the interim period to benefit from any financial savings that might accrue.

- **Failure of the trust to meet financial targets.**

Confidence in the detailed business plans is essential in order to have a clear picture of the financial implications to the Council and the proposed Trust in terms of both revenue and capital to ensure that the facilities are maintained to an appropriate standard. The financial contribution that Five Rivers would make to the trust is substantial. However having only managed the facility for five months, it is too soon to accurately project the costs of managing the facility or the revenue figures that should be included in the business plan.

4. Options

4.1 There are three options for Members to consider:

1. Proceed with the trust option accepting the associated risks
2. Defer a decision on the trust option for eighteen months.
3. Review the decision to progress with the trust option and re-consider other options

5. Recommendation:

5.1 It is recommended that the decision to transfer to a trust is deferred for eighteen months

Background papers: Background papers available in the Members, please note that these contain exempt information.

Implications:

- **Financial:** No additional financial implications if the recommendation is approved
- **Legal:** None if the recommendation is approved
- **Human Rights:** None
- **Personnel:** No additional personnel implications if the recommendation is approved
- **Community Safety:** There are no community safety implications at this stage.
- **Environmental:**
- **Council's Core Values:** Providing excellent service; supporting the disadvantaged; being fair and equitable; being a progressive employer
- **Wards Affected:** All wards are affected as the service serves the whole district.
- **Consultation undertaken:** The Chief Executive and other relevant County Council Officers; UNISON. A fact-finding visit was also arranged for Members to Test Valley Borough Council (Valley Leisure) and to North Wiltshire District Council (North Wiltshire Leisure Limited).