

BROMSGROVE DISTRICT COUNCIL

CABINET

1ST AUGUST 2007

DETAILS OF PROGRESS WITH LEISURE CENTRE DEVELOPMENTS

Responsible Portfolio Holder	Councillor Mrs June Griffiths
Responsible Head of Service	John Godwin

1. SUMMARY

- 1.1 This report details the progress with regard to the future management of the Dolphin Centre and Haybridge Sports Centre.
- 1.2 The report contains information with regard to progress on the transfer of certain aspects of the District Council's Culture and Community Service to a leisure trust.

2. RECOMMENDATION

That Members approve:

The continued exploration of the actions that will expedite the process of entering into a lease with a leisure trust and the transfer of the staff of the Dolphin Centre and Haybridge Sports Centre to a leisure trust.

To request Council to approve a transfer from balances of £44,000 to fund the projected costs associated with maintaining Haybridge Sports Centre until 31st March 2008.

To request Council to include a provision of £850,000 for capital works at the Dolphin Centre to up grade the fitness suite in the Capital Programme for 2007/08. The funding for the scheme will be met from existing capital receipts.

To request Council to fund the provision of £25,000 from balances to support the process of transfer in using the skills and knowledge of resources from an adjoining district Council.

3. BACKGROUND

It was resolved in February 2006, as part of the medium financial plan, that District Council would withdraw from the operation of Haybridge Sports Centre and Woodrush Sports Centre.

Members will be aware from earlier reports that owing to the receipt of a Sport England National Lottery grant in respect of facilities at Haybridge School, signed in by the County and District in 1999, any exit arrangement would require the consent of Sport England and the likelihood of the payment of a refund of the National Lottery Grant to a value of £809,000.

Subsequent to that meeting between officers of the District and County it has been said by County officials that Sport England will not approve any depreciation of the Grant and would expect the grant to be repaid in full should a signatory withdraw before the end of the 21 year agreement.

During the period that the District Council was considering the future arrangements for Haybridge and Woodrush Sports Centres exploratory discussions commenced regarding transferring some of its culture and community activities to a leisure trust. Discussions were opened with Wychavon Leisure Trust and they indicated their interest in having Haybridge transferred along with the Dolphin Centre.

The situation with regard to Haybridge had been further complicated with the school being afforded foundation status. In effect the County Council no longer own the school, but the buildings have been transferred to the Governors of the school and along with this the dual use agreement.

In the light of becoming a foundation school the head teacher and governors had expressed an interest in assuming responsibility for managing the facility. However, following recent discussions between the school, the District Council and Wychavon Leisure Trust the school has now indicated their willingness for the trust to operate the sports centre on the school site.

Bromsgrove District Council is having extensive discussions with Wychavon Leisure Trust regarding the transfer of both the Dolphin Centre and Haybridge.

Following the presentation of a report to Cabinet in January 2007 Wychavon Leisure Trust have prepared an outline business case for the transfer of the two centres to the trust. The business case indicates that there will be savings to this Council of in excess of £200,000 per year based on the up grading of the Dolphin Centre fitness suite facilities.

However, the process of preparing a detailed business case has not been completed for two reasons. First, the uncertainty regarding the re-introduction

into the capital programme of the funding for the upgrading of the fitness suite at the Dolphin Centre. Second, the requirement by the trust to receive detailed information relating to finance, human resources, legal, structural and other managerial data.

The trust have indicated that the work on the completion of the up grading of the Dolphin redevelopment needs to be completed if the maximum level of savings is to be secured and to ensure the highest quality of service to the residents of Bromsgrove.

The success of their business case and the savings to the Council are significantly influenced by the implementation of this redevelopment. The trust has stated that there are aspects of the up grading of the Dolphin Centre that they will assume responsibility such as the provision of equipment and the marketing of the facilities.

The Council will have to undertake this capital works as if it were passed to the trust there would be an adverse tax effect on the cost of the work.

The budget for the pursuit of the further upgrading of the Dolphin Centre was withdrawn from the capital programme, but without its re-introduction the trust will not be capable of securing the level of savings attractive to the Council.

The original capital programme was for £1.29m. The amount being requested to be re-introduced into the capital programme shows a reduction of at least £300,000 as the trust will provide the equipment and the marketing.

This saving of £300,000 is critical as the Council to their forward thinking in terms of replacing the Dolphin Centre with a new leisure centre. Although a structural survey, completed in 2002 concluded the building could be used for a further 20 years it is suggested that due to its lack of energy efficiency and the fact the swimming pool is supported by pillars a period of some 7 years would be more acceptable to the Council and its community's needs.

The proposed upgrading of the Dolphin Centre will be a design and build project. However, before work can commence on the design stage the Council will have to re-introduce the monies into the capital programme of £850,000. The company identified to carry out the project will not commence work on the design stage without a commitment from the Council.

If the funding is not re-introduced progress on upgrading will halt and the trust will be unable to prepare a reliable business case and may not pursue their interest. This would result in having a Dolphin Centre in its current unsatisfactory condition and continuing to have to find revenue expenditure of £500,000 per annum to maintain the Centre and its programme.

If the funding is re-introduced into the capital programme it is indicated that the Council will recover the expenditure and its loss of interest in the 7 year period projected for its future operation.

The trust are well advanced with their work on the business case. They have engaged a consultancy organisation called Matrix to look at the financial, human resource, legal and managerial dimensions of the transfer.

The financial information requested by the trust relates to budget for 2007 / 8; trends over the past five years by considering actual expenditure and income in terms of revenue and capital; income lines and categories of VAT plus any information on exceptional circumstances that affect income or expenditure over the past five years.

The human resources information requested relates to numbers and grades of employees; salary; pension; conditions of service and impact of job evaluation.

The legal issues relate to lease; transfer agreement and staffing matters related to TUPE.

The process of transfer is being pursued in the most prudent way, but this is a complicated technical and legal process and some expertise is required to support the process of transfer.

It is estimated that the cost to Wychavon District Council of transfer to a trust was close on £130,000. It is being suggested that Bromsgrove can draw on expertise that lies within Wychavon District Council in relation to transfer to a trust. However, this advice and expertise will require some expenditure.

There is not a consideration in the budget to fund this expertise. Therefore, Council is being asked to provide £25,000 from balances to obtain the necessary expertise to facilitate the process of transfer.

Furthermore, the transfer to a trust will not be completed within the projected time scale of 30th September 2007. A budget exists for the Dolphin Centre until March 31st 2008, but funding for Haybridge ceases on 30th September 2007. Cabinet are asked to extended funding for expenditure on Haybridge until 31st March 2008 at a cost of £44,000.

It is suggested that despite these recent challenges to the transfer process Council should continue to pursue transfer as this will not only result in savings for the Council, but will also secure a higher quality of service for the residents of Bromsgrove.

4. FINANCIAL IMPLICATIONS

The capital programme for 2007/08 does not include a provision for refurbishment works at the Dolphin Centre. A request is made to include £850,000 into the capital programme 2007/08 to carry out the necessary up grading of the facilities at the Dolphin Centre. The funding for this project would have to be met from existing capital receipts. The impact of use can be seen in Table 1.

Table 1:

	2007/08	2008/09	2009/10
	£m	£m	£m
Opening balance	15.000	9.954	2.797
Used in year	-3.593	-7.401	-1.375
Approved c/fwd	-1.372		
Additional approval	-0.850		
Received in year	0.769	0.244	0.043
Closing balance	9.954	2.797	1.465

The funding for the provision of a resource to support the professional advice and support for transfer to a trust would have to be met from balances and repaid from future savings of transfer. A request is made for £25,000 from balances to allow for the acquisition of expertise to secure the process of transfer to a trust. In addition funding is required to maintain the Haybridge Sports Centre to 31st March 2008. The estimate of these costs equates to £44,000. The financial position on the centre will be clearer as the service continues and the final cost may reduce but it is requested that approval is obtained for the maximum of £44,000 to be funded from balances.

5. LEGAL IMPLICATIONS

- 5.1 The 1989 Local Government Act permits this form of transfer.
- 5.2 Work will need to be carried out on the various document necessary for the securing of a transfer to a trust.

6. CORPORATE OBJECTIVES

- 6.1 It is the intention that the transfer will improve the quality of service to the customer.

7. RISK MANAGEMENT

- 7.1 The risks include the effective monitoring of the trust and the robustness of the service level agreement drawn up with the trust. Furthermore, a careful analysis would have to take place of the of the leisure trusts business case.
- 7.2 The principal risk involved in closure of the Sports Centres will be the potential for dispute with Sport England and the County Council regards compensating for the National Lottery Grant.

8. CUSTOMER IMPLICATIONS

- 8.1 The indications are that the service provided to customers by the leisure trust is of a very high standard. The leisure trust is customer sensitive and applies the adage private sector standards at public sector prices. All the evidence suggests that Wychavon Leisure Trust provides a high quality service to users.

9. OTHER IMPLICATIONS

Procurement Issues – Advice will sought on procurement conditions
Personnel Implications – Staff would be transferred to the trust will need to be consulted and the TUPE arrangements explained.
Governance/Performance Management – Management would be transferred to the trust
Community Safety including Section 17 of Crime and Disorder Act 1998
Policy – The District Council has already transferred its housing stock to a trust so there is precedent for this action.
Environmental - none
Equalities and Diversity – There is a commitment in the trust to meet the needs of all members of the community

10. OFFICERS CONSULTED ON THE REPORT

Acting Chief Executive	Yes
Corporate Director (Services)	Yes

Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	Yes

CONTACT OFFICER

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