

**REPORT OF: CHIEF EXECUTIVE**

**TO: POLICY AND RESOURCES COMMITTEE**

**DATES: 23<sup>rd</sup> OCTOBER 2018**

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## **PENDLE LEISURE TRUST – PROPOSED SAVINGS 2019/20**

### **PURPOSE OF REPORT**

1. The purpose of this report is to inform Councillors of the initial savings proposals received from the Pendle Leisure Trust following the Committee's request for proposals in support of the Council's overall savings requirement for 2019/20.

### **RECOMMENDATIONS**

2. It is recommended that the Policy and Resources Committee:-
  - a) note the initial proposals from the Pendle Leisure Trust, as provided at **Appendix A** and these will be considered in the development of the Management Team's proposed budget for 2019/20;
  - b) subject to the Committee's views on these proposals, give authority to the Chief Executive to explore alternative options for the continued operation of the ACE Centre.

### **REASONS FOR RECOMMENDATIONS**

3. To continue with the work required to identify savings to help balance the Council's budget for 2019/20 and over the medium-term financial plan period to 2021/22.

### **ISSUE**

#### **Background**

4. At the meeting of the Policy and Resources Committee in August 2018, Councillors received a report on the future funding of the Pendle Leisure Trust. Amongst other matters, the Committee resolve to:
  - a) *note the provisional Management Fee of £1.1m for the Pendle Leisure Trust in 2019/20 (a reduction of £200k when compared to 2018/19);*
  - b) *request the Pendle Leisure Trust submit proposals to the Council as to how it could save £200k in 2019/20 in support of the Council's overall savings requirement for next year.*

5. The Trust has since provided details of saving proposals for 2019/20 and these are considered in this report.

### **Pendle Leisure Trust**

6. By way of background, the Pendle Leisure Trust operates a range of sporting and leisure facilities comprising:-
- Pendle Leisure Centre, Colne
  - Wavelengths (and Inside Spa), Nelson
  - West Craven Sports Centre, Barnoldswick
  - The ACE Centre, Nelson
  - The Municipal Theatre, Colne
  - Seedhill Running Track, Nelson
7. Over recent years, the Council has worked with the Trust to reduce the amount of management fee required to underpin the delivery of services from these facilities. Since 2009/10, the management fee has reduced by £1.2m (or c52%) so that for the current financial year 2018/19, the Leisure Trust will receive a management fee from the Council of £1.3m.
8. The reduction in the management fee has been achieved in a variety of different ways, examples of which include:-
- reduction in Management and Administration within the Trust;
  - targeted price increases for services provided by the Trust;
  - improving the financial return on catering activities, Wavelengths Spa, Pinpoint Training, Events etc;
  - reducing the opening hours of some of the Trust's facilities, for example, not opening on Bank Holidays;
  - transfer of some services, for example the Colne Rhythm and Blues Festival and Marsden Golf Course, to other organisations;
9. As Councillors are aware, the former Executive resolved to have discussions with Colne Town Council about the transfer of the Colne Muni to the Town Council. Whilst some initial discussions did take place, given other matters such as the transfer of Colne Town Hall, Alkincoats Park and Primet Community Centre, the transfer of the Muni has not progressed.
10. Underlying the approach to reducing the funding provided to the Pendle Leisure Trust has been a wish to maintain services from as many of its facilities as possible, and in particular the three main Leisure Centres at Nelson (Wavelengths), Colne (Pendle Leisure Centre) and Barnoldswick (West Craven Sports Centre). At this stage, this remains the case although the sustainability of this provision will depend on the Council's funding position going forward and the extent of other savings the Council is able to achieve.

### **Budget Gap Proposals for 2019/20**

11. As indicated above, the target savings for the Pendle Leisure Trust is £200k (reflecting a reduction in their grant from £1.3m to £1.1m). However, acknowledging that the Trust's cost base is subject to inflationary pressures, and as has been explained in previous years, whilst the proposed reduction in grant funding for the Trust is £200k, the Trust must deliver savings in excess of this to achieve a balanced budget.

12. For 2019/20, the Trust must deliver savings or generate additional income of £400k. A summary of the initial proposals is provided in the table below with more details provided at **Appendix A:-**

<b>Proposal</b>	<b>Estimated Savings £</b>
Closure of the ACE Centre	204,200
Review of Inside Spa	80,000
Pricing Changes	38,000
<b>Total Proposals</b>	<b>322,200</b>

13. In relation to the ACE Centre, the proposal is to close the facility from April 2019 thereby leading to a reduction in the subsidy required from the Council. Councillors may consider that this presents an opportunity to consider other ways in which the ACE Centre could remain open but at less or no subsidy. This could be by testing whether there are any other potential Operators in the market or exploring the scope for support from Town/Parish Councils.
14. As indicated in the table, the total estimated savings from these initial proposals is £322k leaving a shortfall in savings of £78k. The Trust has been asked for further additional savings to meet the shortfall and, where these are made available, these will be reported in due course.

## **IMPLICATIONS**

### **Policy**

15. There are no policy implications arising directly from the contents of this report.

### **Financial**

16. As Councillors are aware, the Council has a forecast funding deficit of c£4m over the next three years. In 2019/20, the funding gap is c£1m of which the Pendle Leisure Trust has been requested to bring forward options that would save £200k.

### **Legal**

17. No direct legal implications arise as a result of this report. Councillors will note that the ACE Centre is currently leased to the Pendle Leisure Trust. In view of the proposal to close the ACE Centre, the Trust is seeking to surrender the lease to the Council.

### **Risk Management**

18. The financial sustainability of the Leisure Trust is already recognised as a potential strategic risk for the Council and is included on the Strategic Risk Register. The Council has to identify savings of £4m over the next three years and the current arrangements with the Trust represent a significant cost to the Council.

### **Health and Safety**

19. There are no Health and Safety implications arising directly from this report.

### **Sustainability**

20. There are no sustainability implications arising directly from this report.

## **Community Safety**

21. There are no community safety issues arising directly from the contents of this report.

## **Equality and Diversity**

22. For each of the proposed savings proposals, an initial screening has been undertaken to assess at a high level the equalities impact against the recognized protected characteristics.

## **Appendices**

Appendix A – Initial Proposals presented by the Pendle Leisure Trust

## **List of Background Papers**

Report to Policy and Resources Committee – Pendle Leisure Trust – 28<sup>th</sup> August 2018