
REPORT TO:	ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE	AGENDA ITEM: 5
DATE OF MEETING:	20th JANUARY 2014	CATEGORY: RECOMMENDED
REPORT FROM:	TREASURER TO THE JOINT COMMITTEE	OPEN
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SUBJECT:	UPDATED FINANCIAL POSITION: INCOME & EXPENDITURE 2013/14 and 2014/15	REF: u/ks/etwalljmc/budget report 13
WARD(S) AFFECTED:	ETWALL, HATTON, HILTON, NORTH WEST, REPTON & WILLINGTON	

1.0 Recommendations

- 1.1 That the projected out-turn for 2013/14 and the proposed estimates of income and expenditure for 2014/15 are approved.

2.0 Purpose of Report

- 2.1 To detail the Leisure Centre's financial position for the current financial year 2013/14, together with the proposed estimates of income and expenditure for 2014/15. This follows the budget out-turn report considered by the Committee in June 2013.

3.0 Detail

Background

- 3.1 The Leisure Centre is governed and managed by the Joint Management Committee (JMC). The Committee consists of representatives of South Derbyshire District Council (SDDC) John Port School (JPS) together with Derbyshire County Council (DCC).
- 3.2 Since April 2011, the day to day operational management of the Centre has been the responsibility of Active Nation, a leisure trust. This is undertaken under a contractual arrangement for a period of seven years until 2018.
- 3.3 The contractual arrangement in place requires the JMC to make an annual payment to the Trust for running and maintaining facilities. The income generated through the Centre is retained by the Trust, although

over the life of the Contract, additional income generated will be reflected in a reduced subsidy payable from the JMC to the Trust.

- 3.4 The Contract for the Centre encompasses a multi-functional sports hall, gym and swimming pool, together with facilities for general health and fitness activities. This was expanded in May 2013, when a new 3g Artificial Grass Pitch was installed at the Centre for multi-use purposes.

Funding Arrangements

- 3.5 The Net Revenue of the Centre is funded 62% by SDDC and 38% by JPS. Although DCC do not directly contribute towards this subsidy, they do make an annual contribution to running costs which reflects the school usage of the swimming pool. This contribution (and any others received) effectively reduces the overall contribution of SDDC and JPS.
- 3.6 The JMC are still responsible for some maintenance and utility costs. In addition, an amount of £30,000 is set-aside each year into a “sinking fund” for the future replacement of plant and equipment, together with a provision against any future decommissioning costs.
- 3.7 A partnership arrangement with Active Nation also allows each party to work together and generate additional investment (including additional funding from all parties) to continuously develop the Centre. Currently, bids have been made by the Partnership to external funding bodies to expand the gym and general health facilities in the Centre to meet demand.

Updated Financial Position

- 3.8 **Appendix 1** details the costs associated with the Centre. The main cost for the Leisure Centre is the payment in accordance with the Contract to subsidise the Facility.
- 3.9 The Appendix details the current year’s budget for 2013/14, together with the projected out-turn against the budget and the estimate for 2014/15.

Summary Position

- 3.10 As expected, the overall net cost of the Centre is reducing due to the lower contract fee in accordance with the tendered and agreed sum. However, there is an increase in costs in the current financial year 2013/14, due to repairs in the swimming pool and shower facilities.
- 3.11 The accounts show reduced contributions from the County Council in accordance with the new JMC agreement. However, even allowing for this, the net cost of the Centre to the JMC is approximately £36,000 less than in 2012/13, with the estimated cost of £104,000 in 2014/15 compared to an actual cost of £260,000 back in 2011/12.

- 3.12 Other costs are remaining fairly static; it is proposed to increase the contribution to the “Sinking Fund” by £5,000 per year to provide for any future decommissioning costs. The current value of the Sinking Fund is £91,667 (as at 31st March 2013).
- 3.13 Central support costs and overheads charged to the JMC are also reducing as the relevant proportion of budget savings made in these areas by the District Council is passed onto the JMC.
- 3.14 After allowing for the County Council contribution, the contributions required from the funding partners, i.e. the District Council and the School, will fall from £131k in 2013/14 to £104k in 2014/15.