
REPORT TO:	ETWALL JOINT MANAGEMENT COMMITTEE (JMC)	AGENDA ITEM: 7
DATE OF MEETING:	26TH JANUARY 2009	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF COMMUNITY SERVICES	OPEN:
MEMBERS' CONTACT POINT:	CHRIS MASON 5794	DOC:
SUBJECT:	ESTABLISHING REVENUE BUDGETS FOR THE NEW FACILITY	REF:
WARD(S) AFFECTED:	ETWALL, HATTON, NORTH WEST PARISHES, WILLINGTON & HILTON	TERMS OF REFERENCE:HCS08

1.0 Recommendations

- 1.1 That the JMC approves the revenue model & the draft estimates, identified in the report, as the basis for operating the new facility.

2.0 Purpose of Report

- 2.1 To provide background information in support of the above recommendation.

3.0 Executive Summary

- 3.1 In developing the revenue estimates a variety of sources have been used. The main ones have been expenditure at similar facilities, historical costs from the existing Centre and, in some cases, inflating estimates used for the failed 1999 Lottery Bid. Negotiations have taken place with the School and a conclusion reached on a proper mechanism for allocating costs. This is on the basis of a bipartite, rather than a tripartite agreement, after the County Council reaffirmed their desire, at an early stage, to withdraw from any new joint management agreement. The estimate produced is for a full year of operation and after the expiry of the building defects period (usually 12 months after practical completion)

4.0 Detail

Background

- 4.1 In July & October 2007 this Committee considered and agreed the way forward in terms of addressing a whole variety of issues that needed to be undertaken to ensure that everything was in place for the completion of the capital works. Key amongst these was the provision of revenue estimates for the new facility and a way of apportioning these costs.
- 4.2 From an initial meeting in November 2007 there has been a process of establishing stakeholder requirements from the facility, exploring options for undertaking some of the key tasks in the Centre, such as building maintenance and cleaning, and the refining of the various estimates produced.

4.3 At an early stage the County Council reiterated their intention to withdraw from any future management agreement. They've indicated though that they would like their local primary schools to be able to continue their use of the swimming pool.

Basic Principles

4.4 The model presented today for Members' consideration is based on a number of key principles:

- ❖ During term time the School will have use of all parts of the facility up to 17:00 each day (School Time)
- ❖ All income, including that from early morning & lunchtime swimming, health & fitness use, generated during 'School Time' will go to the School.
- ❖ 'Community Time' will be after 17:00 until 22:00 of a weekday evening during term time, 07:00 until 22:00 every weekend and all available time during School holidays.
- ❖ All income generated during these periods will go to the District Council.
- ❖ The Council will meet 100% of the cost of wages, allowances & pension contributions as they do at present. Other items that the Council will continue to meet 100% of the cost are identified in the draft estimate for the facility located at Annexe A.
- ❖ The remainder of the identified expenditure is split on a 62% Council / 38% School basis. The arrangements for the existing facility are 60% SDDC, 14% DCC & 26% JPS

Specific Issues

4.5 Most of the figures, including the significant ones of energy & staffing costs, are as firmed up as they can be at present. The main estimate where there is still uncertainty is the NNDR payment. In the estimates this is identified as £32,000, which is the amount currently charged for the whole School. However, the New Facility could be deemed a separate hereditament and could attract NNDR as high as £60,000. Further work is being done to try and firm this up although it may be after the Centre becomes fully operational before we can fully establish the exact costs. Indications, from similar facilities, including Wirksworth, indicate that the facility may attract full NNDR.

4.6 As described above the estimates, including income forecasts, have been obtained from a variety of sources. It is felt that while these are challenging they are also realistic. The major one where further work is required to firm up income & expenditure estimates is the Health & Fitness provision. Various options have been considered for this but at present it's likely that the equipment will be purchased directly by the Council with full access available to the public during 'School Time'. The Council have appointed specialist consultants to support the procurement of the equipment and the development of marketing and business plans for the facility. It is anticipated that the business planning process will be completed by February 09 and fully confirm income generation levels.

4.7 At time of writing it is anticipated that the capital works will be completed by the end of July 2009. It is therefore likely that by the end of a third of the year the Centre will be

operating under the existing financial model & the remaining two-thirds under the new regime. Annexe B identifies the likely costs in this scenario.

4.8 In establishing these costs an allowance has been made for handover & training time, for incidental moving expenses, some recruitment costs and for the initial marketing of the new facility.

4.9 In the first 12 months of operation when the building defects period is still applicable it is anticipated that some expenditure, particularly in the area of building maintenance, will be less than the estimate. However, as part of the staffing costs and in anticipation of a very busy initial period, an allowance has been made for a 'day time' receptionist. This position will be reviewed after the initial 12 months of the Centre being opened to the public.

5.0 Financial Implications

5.1 Identified in the body of the report

6.0 Corporate Implications

6.1 From a Council perspective delivering new leisure facilities in the northwest parishes of the District is a key Corporate Objective

7.0 Community Implications

7.1 The new leisure centre will be an important and strategic facility in a fast growing area of the District.

8.0 Conclusions

8.1 The financial model & estimates provided in the report offer the most effective way of apportioning costs & for operating the Centre in a way that will achieve the service objectives of both stakeholders.

9.0 Background Papers

9.1 None