
REPORT TO:	ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE	AGENDA ITEM: 4
DATE OF MEETING:	13th JULY 2015	CATEGORY: RECOMMENDED
REPORT FROM:	TREASURER TO THE JOINT MANAGEMENT COMMITTEE	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	
SUBJECT:	STATEMENT OF ACCOUNTS 2014/15	REF: u/ks/live files/Etwall JMC/final accountsreport1415
WARD (S) AFFECTED:	ETWALL, HATTON, HILTON, NORTH WEST, REPTON & WILLINGTON	

1.0 Recommendations

- 1.1 That the Statement of Accounts for 2014/2015 are considered and approved for signing by the Treasurer to the Joint Management Committee.
- 1.2 That the Committee authorises the Chairman and the Secretary to the Committee to sign the Annual Governance Statement for 2014/15.

2.0 Purpose of Report

- 2.1 To report the Leisure Centre's final accounts for 2014/15, including the formal financial and governance statements presented for Audit. This is in accordance with Local Government Accounts and Audit Regulations

3.0 Summary

- 3.1 The Leisure Centre's Statement of Accounts for Audit are included in this report.
- 3.2 The main cost for the Leisure Centre is the annual contract payment to Active Nation, to manage and maintain the facility. The accounts show the contributions made by each of the funding partners.
- 3.3 The accounts and disclosures have been prepared in accordance with financial regulations and conform to proper accounting practice for local authorities in the U.K.

Financial Summary

- 3.4 The Statement of Accounts show income and expenditure for 2014/15 compared to 2013/14. The table below provides some further analysis,

together with a comparison to estimated expenditure previously considered and approved by the Committee.

Analysis of Etwall Leisure Centre Costs	Actual 2013/14 £	Estimated 2014/15 £	Actual 2014/15 £
Contractor Payments	85,101	64,104	60,899
Repairs and Maintenance	18,736	12,000	19,927
Other Maintenance Costs - John Port School	0	0	19,563
Supplies and Services	2,442	475	475
Utility Costs (Gas and Electricity)	4,444	16,500	28,233
Insurances	0	0	12,000
Contribution to Costs of Artificial Grass Pitch	0	0	8,243
Contribution to Sinking Fund	25,000	25,000	25,000
Contribution to Decommissioning Costs	0	5,000	5,000
Vending Machine Lease	6,755	0	0
Sub Total - Direct Running Costs	142,478	123,079	179,340
SDDC - Central Support Costs			
Printing	41	0	0
Financial Services	5,081	6,225	4,867
Audit	2,093	2,258	1,765
Legal Services	737	1,928	1,507
Procurement	2,739	2,568	2,008
Client Management	12,894	10,606	8,292
Sub- Total - Overheads	23,586	23,585	18,440
Gross Expenditure	166,064	146,664	197,780
County Council Contributions and other Income	-32,000	-33,097	-39,117
NET EXPENDITURE	134,064	113,567	158,663
Shared			
South Derbyshire District Council (62%)	-83,120	-70,411	-98,371
John Port School (38%)	-50,944	-43,155	-60,292
	-134,064	-113,566	-158,663

- 3.5 The financial summary above shows that net expenditure has increased in 2014/15 compared to 2013/14, by approximately £25,000 and by £45,000 compared to that estimated. The main reasons for this increase are detailed below.

Repairs and Maintenance

- 3.6 Although expenditure in the year was in excess of that estimated, it was broadly at the level incurred in 2013/14. The main spend during the year was on various electrical works of approximately £7,500, £3,500 on door and shutter maintenance and netting of £3,000. Other items included roofing work and general day to day maintenance.

Other Maintenance Costs

- 3.7 The school also incurred some further maintenance and insurance costs associated with the Leisure Centre of £19,563. These are yet to be charged to the JMC but have been accrued in the accounts as a provision.

Utility Costs

- 3.8 The cost of gas and electricity are borne by the Contractor. However, the Contract allows for the Contractor to reclaim additional costs where consumption rises above a certain level or if the tariff increases beyond a base level as set out in the Contract.
- 3.9 Final figures for 2013/14 and 2014/15 are still outstanding. However, based on statements submitted by the Contractor, the following amounts have been accrued in the accounts for 2014/15.

Utility Costs	2013/14 £	2014/15 £	Total £
Gas	10,175	10,100	20,275
Electricity	6,350	6,600	12,950
	16,525	16,700	33,225
Estimate	5,000	16,500	21,500
Increase above Estimate	11,525	200	11,725

- 3.10 The estimate for 2014/15 appears to have allowed for indicative costs with the estimate for 2013/14 being based on information available at that time. The charges to the JMC are based on an increase in the base tariff for both electricity and gas of over 30% in the last 2 years.

Insurance

- 3.11 During 2014/15, the School recharged the JMC a contribution to the insurance costs of the Leisure Centre of £12,000 - £6,000 for each of the years 2012/13 and 2013/14; this had not been budgeted for.

Contribution to Costs of the Artificial Grass Pitch (AGP)

- 3.12 The school has informed the Council that costs of £2,962 and £8,243 in 2013/14 and 2014/15 respectively have been incurred. These are yet to be charged to the JMC but have been accrued in the accounts as a provision.
- 3.13 The overall settlement figures for the AGP are still to be agreed, including the requirement to set-up a Sinking Fund for replacements. As the accounts for 2014/15 are effectively closed, any transactions in the JMC's account will be reflected in 2015/16.

Annual Governance Statement (AGS)

- 3.14 The AGS acts as a public assurance statement that the Committee has adopted a sound system of internal control, in particular relating to the maintenance of the accounts and financial procedures.
- 3.15 The AGS is the formal statement that recognises and publishes an organisation's arrangements for doing this; it is a statutory requirement.
- 3.16 The AGS has to be formally published as part of the Committee's accounts. It has to be signed by the Chairman and Secretary to the Committee (the District Council's Chief Executive Officer) after it has been considered and recommended for approval by the Committee.
- 3.17 The AGS is appended to the report, along with the annual internal audit report for 2014/15. This report of the internal auditor effectively confirms as far as possible, that the JMC complies with the principles of a sound governance framework.
- 3.18 This is mainly achieved through the Committee's accounts and financial transactions being administered through the District Council, utilising its systems and procedures. This includes internal audit, day to day financial management and many other internal control procedures.

ETWALL LEISURE CENTRE

STATEMENT OF ACCOUNTS

2014/2015

DRAFT FOR AUDIT

CONTENTS

	Page
Introduction and Funding Arrangements	2
Financial Summary and Accounting Arrangements	3
Etwall Leisure Centre Revenue Account	4
Balance Sheet	5
Notes	6
Statement of Responsibilities for the Statement of Accounts	7
Certificate by Responsible Financial Officer	8

1. INTRODUCTION

The Statement of Accounts, show the financial performance of the Etwall Leisure Centre. The Leisure Centre was opened in July 2009 at a cost of £7m and replaced the previous swimming pool and squash facilities. The Leisure Centre encompasses a multi-functional sports hall, gym and swimming pool, together with facilities for general health and fitness activities. It is based on the John Port school site in the Parish of Etwall.

The Leisure Centre is governed and managed by a 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).

Since April 2011, the day to day operational management of the Centre has been the responsibility of Active Nation, a leisure trust. This covers a period of seven years, with the JMC having an option to extend this arrangement.

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 Partnership, additional income generated will be reflected in a reduced subsidy payable from the JMC to the Trust.

2. FUNDING ARRANGEMENTS

The net revenue expenditure of the Centre is funded 62% by SDDC and 38% by JPS. DCC do not contribute towards the subsidy as they had previously made a contribution of £260,000 towards the capital costs of the new Centre. However, 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.

The JMC are still responsible for some maintenance costs and set-aside an amount of £25,000 each year into a "sinking fund" for the future replacement of plant and equipment.

From 2014/15, an additional £5,000 is being set aside each year for the decommissioning of the swimming pool.

The Partnership with Active Nation also allows each party to work together and generate additional investment (including additional funding from all parties) to continuously develop the Facility.

3. FINANCIAL SUMMARY

In 2014/15, the net spending of the JMC was £158,663, which was higher than 2013/14 by £24,599.

The position is summarised in the following table.

Income and Expenditure	2013/14	2014/15
	£	£
Expenditure	166,064	197,780
Income	-32,000	-39,117
Net Expenditure	134,064	158,663
Financing		
South Derbyshire DC	-83,120	-98,371
John Port School	-50,944	-60,292
	-134,064	-158,663

4. ASSETS

The ownership of the Leisure Centre is vested in John Port School. The assets are therefore not included in the Joint Management Committee's accounts.

5. ACCOUNTING POLICIES: REVENUE TRANSACTIONS

These are maintained on an income and expenditure (accruals) basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 – a Statement of Recommended Practice (SORP). This means that sums due to or from the Joint Committee during the year are included whether or not the cash has actually been received or paid in the year.

6. STRUCTURE OF THE ACCOUNTS

Income and Expenditure of the JMC is recorded directly in the accounts of SOUTH Derbyshire District Council (SDDC) who act as the "accountable body" for audit purposes. Costs and any external income are incurred and recorded by SDDC, with funding contributions paid over by JPS and DCC to reimburse SDDC.

The balance sheet reflects that the JMC has no fixed assets or long term liabilities. Its creditors reflect the provisions made for the "sinking fund" together with an amount set-aside to cover any costs associated with a pension deficit for staff transferred from the direct employment of the JMC to Active Nation under TUPE regulations in 2011. These provisions are reflected in the Balance Sheet of SDDC.

Debtors and any residual creditors are amounts owed between the funding partners and reflect timing differences as at the 31st March between costs incurred and contributions paid over. Effectively, the net assets of the JMC are nil.

ETWALL LEISURE CENTRE - REVENUE ACCOUNT

2013/14

2014/15

£

Expenditure

£

£

23,180	Premises	87,966
27,442	Supplies and Services	30,000
85,101	Contractor Payments	60,899
23,586	Support Services	18,915
6,755	Leasing	-2,020
166,064	Total Expenditure	195,760

Income

-32,000	Grants and Contributions	-37,097
		-37,097
134,064	Net Expenditure	158,663

Financed by:

-83,120	South Derbyshire D C	-98,371
-50,944	John Port School	-60,292
-134,064		-158,663

BALANCE SHEET

2013/2014

2014/2015

£

£

-	Fixed Assets	-
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Current Assets

-	Stocks	-
146,224	Debtors	175,239
-	Cash in Hand	-
146,224		175,239

Current Liabilities

-1,383	Creditors	-398
-28,174	Pension Fund Deficit	-28,174
-116,667	Sinking Fund Provision	-146,667
-146,224		-175,239

0	Net Assets	0
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NOTES

1. Fixed Assets

Ownership of the Leisure Centre is vested in John Port School. These are therefore included in the accounts of the school, together with any related financing transactions. There are no other assets under the direct ownership of the JMC.

2. Debtors

	31 March 2014 £	31 March 2015 £
John Port School	50,944	60,292
Other	95,280	114,947
	<hr/> 146,224	<hr/> 175,239

3. Current Liabilities

	31 March 2014 £	31 March 2015 £
Pension Reserve	28,174	28,174
Sinking Fund	116,667	146,667
Other	1,383	398
	<hr/> 146,224	<hr/> 175,239

The Sinking fund includes a provision of £5,000 for Decommissioning Costs

4 Stock and Cash in Hand

The JMC carry no stock or cash facility as these are directly managed by the Contractor.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Management Committee's responsibilities

The Joint Management Committee is required:

- i) To make arrangements for the proper administration of its financial affairs and to appoint an officer who has the responsibility of the administration of those affairs. This is undertaken by the District Council's Director of Finance and Corporate Services who acts as the Treasurer to the Joint Management Committee.
- ii) To manage its affairs to secure economic, efficient and effective use of resources and safeguard any assets.

The Treasurer to the Joint Management Committee's responsibilities

The Treasurer is responsible for the preparation of the JMC's statement of accounts in accordance with proper accounting practice and is required to present fairly the financial position of the JMC at the accounting date and its income and expenditure for the year.

In preparing this statement of accounts, the Treasurer has:

- i) Selected suitable accounting policies and then applied them consistently
- ii) Made judgments and estimates that were reasonable and prudent
- iii) Complied with the Accounting Code of Practice.

The Treasurer has also:

- i) Kept proper accounting records which were up to date
- ii) Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATION BY RESPONSIBLE FINANCIAL OFFICER

I certify that this Statement of Accounts presents fairly the financial position of Etwall Leisure Centre for the year ended 31 March 2015.

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Treasurer to the
Joint Management Committee

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Date