



Joint Management Committee

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Our Ref :

Date: 03 July 2015

Dear Councillor,

Etwall Leisure Centre Joint Management Committee

A Meeting of the **Etwall Leisure Centre Joint Management Committee** will be held in the **John Port School**, on **Monday, 13 July 2015 at 17:00**. You are requested to attend.

Yours faithfully,

Secretary to the Joint Management Committee

To: **Representatives of South Derbyshire District Council**
Conservative Group
Councillors Billings and Plenderleith

Labour Group
Councillor Shepherd.

Representatives of Governors of Etwall John Port School
Messrs. P. Downs, C. Harrison and B. Whyman M.B.E. (Chairman).

Representative of Derbyshire County Council
Councillor Mrs Lauro.



AGENDA

Open to Public and Press

- 1 Apologies and to note any substitutes appointed for the Meeting

- 2 To receive the Open Minutes of the Meeting held on 20th April 2015.

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- 3 To note any declarations of interest arising from any items on the Agenda

- 4 STATEMENT OF ACCOUNTS 2014/15

Statement of Accounts 2014-15 **6 - 20**

- 5 ACTIVE NATION PERFORMANCE REPORT - VERBAL REPORT

Exclusion of the Public and Press:

- 6 The Chairman may therefore move:-
That in accordance with Section 100 (A) of the Local Government Act 1972 the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE

20th April 2015

PRESENT:-

Representatives of South Derbyshire District Council

Conservative Group

Councillor J Lemmon (Vice-Chair) and Councillor Mrs Plenderleith (substitute for Councillor Bale)

Labour Group

Councillor D Shepherd

Officers

S Batchelor (Director of Community & Planning Services), M Roseburgh (Cultural Services Manager) and C Tyler (Democratic Services Officer)

Representatives of Etwall John Port School

Governors

B Whyman MBE (Chair), P Downs and C Harrison

Officers

G Golding

Representatives of Derbyshire County Council

Councillor Mrs K Lauro

Representatives of Active Nation

D Johns, S Ricketts and J Dobson

EL/21 **APOLOGIES**

Apologies were received on behalf of Councillor Bale.

EL/22 **LONG SERVING MEMBERS**

Mr Whyman and Councillor Lemmon spoke of the late Councillor Bale's long service and contributions to the community as a Member, with a minute's silence observed in his memory.

Mr Whyman also recognised Councillor Lemmon's equally long service as a Member, this being his last Etwall Joint Management Committee meeting and was presented with a commemorative glass plaque by the Director of Community and Planning in recognition of his achievements in that office.

Councillor Lauro joined the meeting at 5.15pm

EL/23 **MINUTES**

The Open Minutes of the Meeting held on 12th January 2015 were noted and approved as a true record and signed by the Chairman.

EL/24 **DECLARATIONS OF INTEREST**

The Committee was informed that no declarations of interest from its members had been received for this meeting.

EL/25 **ACTIVE NATION – YEAR END REPORT**

Mr Whyman initially referred to a letter of complaint relating to various issues at the Etwall Leisure Centre. Mr David Johns (Active Nation Contracts Manager) comprehensively outlined the action taken as a result, cumulating in a visit to the complainant to resolve all matters.

Mr Johns confirmed the recent management changes within Active Nation, with the departures of Mr John Oxley (Managing Director) and Mr Steve Smith (Deputy Contracts Manager), as well as his own in the imminent future. Mr Simon Ricketts and Mr James Dobson were introduced as the new Contracts Manager and Deputy Contracts Manager respectively.

Mr Johns presented Active Nation's Year End Report, making particular reference to;

- Staffing, currently standing at 51.
- The current refurbishment programme at Etwall, with Phase 1 (new indoor cycling studio, group exercise studio and reception) underway and due to complete by 11th May 2015. Phase 2 (extended gym, new staff room and flooring) scheduled to commence from that date and complete by 6th July 2015.
- The continuation in turnover growth, up from £760k in 2011/12 to £949k in 2014/15 (subject to audit).
- 'Supporter' trends, down 30 year on year to 1,470, with 2,600 targeted for 2015/16.
- Swimming lessons, up 63 year on year to 1,069, with 1,200 targeted for 2015/16.
- The QUEST Plus assessment carried out in January, leading to a 'Good' result, with 'Excellent' achieved in three areas, namely Dual Use, Marketing, Research & Communications and Financial Management & Performance.
- The improved website usage, up from 29,753 visits in 2013 to 38,162 in 2014, with increased numbers recorded thus far in 2015.
- The 2014/15 Comments/Complaints/Compliments figures, 66, 9 and 22 respectively.
- Total attendance trends, increasing through 2013/14 and 2014/15 to now average in the region of 30,000 visitors per month.
- The implementation of a new point of sale system, now being bedded in.

RESOLVED:-

The Committee considered and accepted the points made in the presentation.

The meeting terminated at 5.50pm

Mr B WHYMAN MBE

CHAIRMAN

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

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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.

.....
Treasurer to the
Joint Management Committee

.....
Date

Section 4 – Annual internal audit report 2014/15 to

ETWALL LEISURE CENTRE

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2015.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No	Not covered**
A Appropriate accounting records have been kept properly throughout the year.			✓
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.			✓
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			✓
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			✓
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.			✓
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.			✓
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.			✓
H Asset and investments registers were complete and accurate and properly maintained.			✓
I Periodic and year-end bank account reconciliations were properly carried out.			✓
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.			✓

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

INTERNAL AUDIT COVERAGE IS NOT REQUIRED BY SDDC AS ACTIVE NATION SHOULD PROVIDE ITS OWN INTERNAL AUDIT. OUR UNDERSTANDING IS THAT ACTIVE NATION KEEPS ALL INCOME AND ARE PAID AN ANNUAL MANAGEMENT FEE BY SDDC.

Name of person who carried out the internal audit: RICHARD BONEHAM

Signature of person who carried out the internal audit: [Signature] Date: 5/6/15

*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed)

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed)

Section 2 – Annual governance statement 2014/15

We acknowledge as the members of **ETJALL LEISURE CENTRE** our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2015, that:

	Agreed –		'Yes' means that the body:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	✓		prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7 We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

dated

Signed by:

Chair

dated

Signed by:

Clerk

dated

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the council will address the weaknesses identified.