
REPORT TO:	ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE	AGENDA ITEM:
DATE OF MEETING:	12th JANUARY 2015	CATEGORY: RECOMMENDED
REPORT FROM:	TREASURER TO THE JOINT COMMITTEE	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	
SUBJECT:	INCOME & EXPENDITURE 2014/15 and PROPOSED BASE BUDGET 2015/16	REF: u/ks/etwalljmc/budget report Jan 15
WARD(S) AFFECTED:	ETWALL, HATTON, HILTON, NORTH WEST, REPTON & WILLINGTON	

1.0 Recommendations

- 1.1 That the projected out-turn for 2014/15 and the proposed estimates of income and expenditure for 2015/16 are approved.

2.0 Purpose of Report

- 2.1 To detail the Leisure Centre's financial position for the current financial year 2014/15 against the approved budget, together with the proposed estimates of income and expenditure for 2015/16.

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; under the terms of the contract, an extension of this arrangement is currently being negotiated.
- 3.3 The contractual arrangement in place requires the JMC to make an annual payment to the Trust for running and maintaining facilities.

- 3.4 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.
- 3.5 Since 2011/12, the net cost of the Leisure Centre will have reduced from approximately £260,000 to £138,000 – the estimate for 2015/16.

Funding Arrangements

- 3.6 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) reduces the overall contributions of SDDC and JPS.
- 3.7 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.
- 3.8 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.
- 3.9 Currently, bids have been made by the Partnership to external funding bodies to expand the gym and other facilities in the Centre to meet demand.

Updated Financial Position

- 3.10 **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.
- 3.11 The Appendix details the current year’s budget for 2014/15, together with the projected out-turn against the budget and the proposed budget for 2015/16.

Summary Position

- 3.12 Projected spending is expected to increase in 2014/15 and 2015/16 compared to the Original Budget for 2014/15. However, this is less than overall expenditure in 2013/14 due to a planned reduction in the contractor payment.
- 3.13 The main reasons for the increase compared to the Original Budget are continuing pressures on general repairs and maintenance, together with increases in utility costs.

3.14 The Budget continues to propose setting aside contributions to a Sinking Fund and future decommissioning costs. The current amount in the Sinking Fund is approximately £100,000, although the Committee has previously agreed to earmark this towards developing the facility.

3.15 After allowing for the County Council contribution, the contributions required from the funding partners, i.e. the District Council and the School, will be as follows:

Share of Net Expenditure	Actual 2013/14 £	Budget 2014/15 £	Projected 2014/15 £	Estimate 2015/16 £
South Derbyshire District Council (62%)	83,119	64,863	70,411	79,432
John Port School (38%)	50,944	39,755	43,155	48,684
	134,063	104,618	113,567	128,116