



Grant Working Party 6 December 2011

Grants or Management Fees for Former Council Leisure Services

1. Introduction

- 1.1 This paper covers grants or management fees to three organisations which now manage former Borough Council leisure services on behalf of the community. In each case, there has been (or is) an understanding between the funder and provider that, over time, the Borough Council will reduce its level of financial support as part of a defined exit strategy, which aims to put the local community in greater control of assets.
- 1.2 While the general aims and principles of the grants policy are applicable, including taking into account the organisation's own funds, or access to funds, these payments are all assessed individually. They are not part of the wider process to consider revenue support grants to voluntary, community and cultural organisations covered by other papers on this agenda. In particular, any savings made in relation to these grants contribute directly to cutting the Council's overall budget through its substantial efficiency programme and are not available to re-invest in other areas.

2. Abbeycroft Leisure

- 2.1 Abbeycroft Leisure (Abbeycroft) is the charitable trust set up in 2005 to manage the Council's two leisure centres, certain other leisure facilities and sports development in the Borough. Since that transfer, the management fee paid to Abbeycroft has reduced by £312,800, as part of a defined exit strategy. In 2011/2012, the management fee was £340,000.
- 2.2 Abbeycroft's Board has an aspiration to continue to reduce its financial reliance on the taxpayer over time but, realistically, some management fee will remain a core part of its funding for the foreseeable future given the high cost of maintaining affordable and accessible leisure facilities for the whole community. Access to leisure facilities is also a part of the Council's commitment to reducing health inequalities in the Borough.
- 2.3 Abbeycroft has acknowledged the financial pressures upon the Borough Council. As part of negotiations for this year's management fee it has been proposed to Abbeycroft that a target reduction of £100,000 be made to the management fee over the next four years; split £40,000 in 2012/2013 and then £20,000 for each of the following three years (until 2015/2016). This represents a reduction of 29.4%, which is broadly equivalent to the Council's own reduction in Government

grant. Abbeycroft's Board will consider this proposal on 29 November 2011 and the outcome will be reported at the meeting.

2.4 This reduction would be linked to an ambitious programme of income growth at the leisure centres and at other locations within St Edmundsbury, rather than service reductions. If such a target is agreed, Abbeycroft will want the Borough Council to acknowledge the risks inherent in any income generation programme and also other risks such as unforeseen increases in utility costs. In return for the management fee reduction, the Borough Council would also be expected to continue to invest in its own assets, or to assist Abbeycroft to access other forms of private finance. Part of this might involve an extension to the current lease of the leisure centres. This principle has already been accepted by the Cabinet in 2011 and is also incorporated into the recently adopted Leisure Asset Management Plan.

2.5 It is RECOMMENDED that the Council negotiates a new agreement on the basis set out above.

3. Victory Sports Ground

3.1 The Council purchased the Victory Ground from Greene King in 1975. The Ground hosts Cricket, Croquet, Tennis, Football and the West Suffolk Tennis Tournament ensuring a wide participation in sport by many people. In 2003 the Council transferred the management and operation to the Victory Sports Ground (Bury St Edmunds) Ltd. The Council annually grant aids the facility and this amount was £45,250 in 2010/2011, which represents a considerable saving to the taxpayer compared to the previous cost of direct management.

3.2 On 23 November 2011, the Cabinet approved a community transfer of the Victory Ground to a consortium comprising the Victory Sports Ground (Bury St Edmunds) Ltd, South Lee School and Bury St Edmunds Cricket Club working together with the Borough Council and other users. The Consortium plans to re-develop the current pavilion to include a new sports hall which will be a shared-used facility between the school and the public. The transfer agreement ensures that the Victory Ground remains a public sports facility in perpetuity.

3.3 The Cabinet noted its previous decision that, pending any redevelopment, its revenue grant should be fixed, since the clubs would not have the ability to increase their income until the new facilities were open. Thereafter a new grant agreement would be negotiated, on the general principle of sustainable decreases over time. This position is accepted by the Consortium.

3.4 For this reason, no change to the current grant is recommended in 2012/2013.

4. Haverhill Town Hall Arts Centre

4.1 Following transfer from the Borough Council, the Town Hall Arts Centre is successfully managed by Haverhill Town Council (HTC) and is an important part of the community infrastructure in the town. Part of the transfer arrangements involved the Borough Council paying a grant to the Town Council to cover a large proportion of the costs of the centre. As part of an 'exit strategy', this grant was reducing annually. The current five year funding agreement, which involved a 5%

reduction each year, comes to an end on 31 March 2012. The grant at the end of that agreement will stand at approximately £208,000.

- 4.2 As Members will be aware, there were preliminary discussions in 2010/2011 about the grant and what would happen beyond the end of the existing agreement. There was an understanding on both sides that the Borough Council's contribution should continue to reduce over time, and the Town Council suggested a model for achieving this, which included a smaller fixed grant towards the building costs, plus a new £50,000 grant for arts projects and programming.
- 4.3 However, as it was just before the Council elections in May 2011, the Borough Council's Cabinet did not feel it could commit a new administration to a new long-term grant agreement at that time. In particular, it noted that the Grant Working Party had recommended that all voluntary and arts grants should be reviewed together, in 2011, ready for 2012/2013. It did however give assurances to the Town Council that it remained committed to funding the arts in Haverhill.
- 4.4 The Town Council took the view that, in the interests of local residents, it should take steps to become financially independent from the Borough Council in relation to the Arts Centre, removing any uncertainty over future funding. Accordingly, from April 2011, it increased its precept to allow it to meet the full costs of the Arts Centre.
- 4.5 This decision, by an independent tax-raising body, needs to be reflected in any assessment of the grant to the Arts Centre for next year. The Borough acknowledges that, while it did not advocate the steps taken, the Town Council has now put Haverhill in control of its own destiny for arts provision. This is not only consistent with the 'Big Society' principles in the Localism Bill, but also with the Borough Council's own work on community asset transfers.
- 4.6 Under the Council's grant policy, it would not actually now be possible to recommend a grant towards the running costs of the arts centre from 2012/2013 onwards. This is because the Town Council has independent means to meet these costs from its own precept (and would fail the financial aspect of the evaluation). In that regard, the proposal to the Working Party **must** be one of a nil grant to Haverhill Town Council for the Arts Centre from 2012/2013, even if this is not the funding scenario the Borough Council had envisaged in 2010.
- 4.7 However, in developing budget proposals, Cabinet members have considered carefully the implications of a complete (and unexpected) withdrawal of arts funding by the Borough Council in Haverhill, and had concluded this would be undesirable. The Borough Council recognises the importance of culture and leisure in Haverhill, and the need for it to have its own facilities. This is why the Council helped to set up the Arts Centre in the first place, and has funded it to such a large extent since transfer. It is also why the Council has invested in a new cinema and sports facilities. The current work on a Masterplan for Haverhill until 2031 will no doubt reinforce that need.
- 4.8 The Cabinet also believes that it is important for the Borough Council to retain a stake in the arts in Haverhill, albeit as a commissioner and not a direct provider. It has, therefore, suggested as part of its budget proposals that £50,000 of the potential savings from the grant be ring-fenced for a new 'Community Grants

Fund' for Haverhill. This fits with the suggestion of the Town Council itself, who would be invited to bid to the fund as the town's major arts provider.

- 4.9 The proposal is that this revenue fund should be administered by the local community in Haverhill to spend on its own priorities. The ONE Haverhill Board would, therefore, be the logical body to determine how the funding should be allocated. To allow the Board the maximum flexibility, it is proposed that this fund be put in place for four years from 2012/2013, and then be reviewed by the next political administration. ONE Haverhill would agree the funding criteria for the grants, although it would be expected that a strong focus on culture and leisure would be retained.

5. Recommendations

5.1 It is **RECOMMENDED** that:-

- (1) a new agreement be negotiated with Abbeycroft Leisure to reduce the Borough Council's management fee by £100,000 over the next four years, subject to the Borough Council supporting Abbeycroft's income generation plans wherever appropriate;
- (2) the grant payable to the Victory Sports Ground (Bury St Edmunds) Ltd be fixed at its current level for 2012/2013, namely £45,250;
- (3) no grant be paid to Haverhill Town Council from 1 April 2012 for the management of the Town Hall Arts Centre in recognition of the steps taken by the Town Council to take on all of the costs of the Centre through its own parish precept; and
- (4) re-investing part of the savings from the Haverhill Town Hall Arts Centre, a new grant fund for Haverhill of £50,000 per annum be established from 1 April 2012 to 31 March 2016, to be administered by the ONE Haverhill Board.

For further information, please contact:-

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