

Forest Heath District Council

(This report is a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

Report of the Leader of the Council and the Cabinet Member for Health, Leisure and Culture

CABINET

7 JANUARY 2014

CAB14/127

MILDENHALL DOME LEISURE CENTRE (Key Decision Reference: Nov13/07)

1. Summary and reasons for recommendation(s)

- 1.1 The Mildenhall Dome Leisure Centre is managed under the terms of a 2001 legal agreement which must be amended as a result of Mildenhall College gaining academy status, and transferring from the responsibility of Suffolk County Council to Academy Transformation Trust in July 2013.
- 1.2 This report seeks authority for Officers, in consultation with Portfolio Holders, to agree and implement the new agreement in time for budget setting in February 2014, working closely with the College and Suffolk County Council.
- 1.3 The new agreement will also encapsulate the wider aims of the Mildenhall Hub project which includes plans for the long-term replacement of leisure facilities in Mildenhall.

2. Recommendation(s)

- 2.1 **That the Director, in consultation with the Leader of the Council and Portfolio Holder for Health, Leisure and Culture and Anglia Community Leisure, be authorised to:**
 - (a) **Negotiate, sign and implement a new Management Agreement for the Mildenhall Dome Leisure Centre ending no later than 30 June 2018, provided that the terms of the new Agreement are consistent with the aims of the Mildenhall Hub Project and the Council's Medium Term Financial Strategy; and**
 - (b) **Amend the Council's management agreement with Anglia Community Leisure accordingly, if required.**

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Portfolio holder(s)

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3. How will the recommendations help us meet our strategic priorities?

- 3.1 The recommendations will directly assist in delivering stronger, more active communities and maintaining quality services. The wider Hub project is linked to the delivery of all strategic priorities due to its cross-cutting nature.

4. Key issues

- 4.1 The Mildenhall Dome Leisure Centre ("the Dome") is located at the Bury Road site of Mildenhall College Academy (MCA). As well as providing sports and exam facilities for the College, it attracts 75,000 community visitors a year, requiring an annual subsidy from district council taxpayers of approximately £100,000. Although owned by Suffolk County Council (SCC), and leased to MCA, the Dome is currently managed as a dual-use facility by Anglia Community Leisure (ACL) under the terms of a management agreement with SCC dating back to 2001. Under this agreement, Forest Heath (via its agents ACL) was liable for 62% of the property overheads of the Dome (maintenance, utilities, rates and cleaning). Additionally, this Council pays a direct subsidy to ACL to actually manage the building. Both of these contributions are currently reflected in the Council's management fee to ACL.
- 4.2 The 2001 agreement has been superseded by several factors, foremost of which is the transfer of the management of the College from SCC to Academy Transformation Trust (ATT). The future ability of the various partners to afford the full requirements of the 2001 agreement, and their shared aspiration to replace it as part of the 'Mildenhall Hub' project (see www.mildenhallhub.info) are also of relevance. As a party to the old agreement, SCC will also need to be included in the negotiations not least as they had a wider involvement in the community uses of the Dome.
- 4.3 At the time of the transfer of the College from SCC to ATT, it was agreed by all parties that a new approach to the Dome was needed which reflected the partners' respective positions and their shared aspirations. It was also recognised that, due to its age and design, it was no longer economic for any partner to make significant investments in the current building, and that replacing was a better long-term alternative. These factors would therefore all need to be captured in a new agreement, to be developed during the current academic year.
- 4.4 The first principle of any new agreement would be a shared commitment to replacing the Dome as part of the wider Hub project. Working to that agreed objective, the partners would then develop a managed exit-strategy which aimed to protect as much of the current use as possible ahead of new replacement facilities, but was also more affordable to taxpayers. Maintaining access to and participation in sport and leisure in Mildenhall would be a primary objective, alongside the national curriculum requirements of the College.
- 4.5 To assist that process, the Cabinet is asked to authorise the officers and relevant Portfolio Holders to negotiate with ACL, ATT and SCC regarding a new agreement, and to sign and implement it, within existing budgets. As a framework for the negotiation, from Forest Heath's perspective, the following general principles for any new agreement would apply:

- (a) To link it to the Hub project, an end date for the next agreement which is either 30 June 2018 or the date on which the Dome is replaced by new facilities, whichever is the sooner.
- (b) Flexibility to allow ACL to manage the transfer of current community uses of the Dome to replacement facilities (temporary or permanent) during the term of the new agreement.
- (c) Flexibility to vary access times to the Dome for the remainder of the exit period, to reflect any new operational requirements (or (b) above).
- (d) A new mechanism for funding and occupation. For example, Forest Heath's contribution to the property overheads of the Dome during the exit period being in the form of a direct grant to the College, instead of via the management fee to ACL.

5. Other options considered

- 5.1 The operational options for the Council's exit strategy from the Dome have been examined by ACL, in discussion with the College.
- 5.2 The current management agreement for the Dome is neither affordable for any of the parties, nor consistent with the wider aims of the Mildenhall Hub partnership project. Therefore the status quo has not been considered as an option. Similarly, ahead of a replacement of the sports hall, a complete withdrawal from subsidising community access at the Dome was also discounted given the negative impact on all users (and on community health and wellbeing).
- 5.3 Accordingly, the option supported by all parties is a compromise; a managed and phased exit from the Dome, linked to the provision of new replacement facilities.
- 5.4 Options for the phasing of any temporary or permanent transfer of community facilities as part of the Hub project are currently being examined by ACL and will be subject to full due diligence, as well as any planning considerations.

6. Community impact

- 6.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*
 - 6.1.1 Not applicable insofar as a principle of the exit strategy is to maintain community leisure facilities.
- 6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*
 - 6.2.1 As at 6.1.1. Any new facilities will be subject to suitable impact assessments.
- 6.3 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*
 - 6.3.1 Not applicable in relation to the existing Dome building. A sustainability assessment is a key part of the Hub project.

6.4 **Other impact** *(any other impacts affecting this report)*

6.4.1 Not applicable.

7. **Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 Primarily, consultation has and will be carried out with the other parties to the existing agreement: ACL, MCA/ATT and SCC. As managers of the Dome, and the Council's agents, ACL are closely involved in the process, and they will represent the needs of users, and the views of their staff. The impacts of any planned changes to service provision will be discussed at the appropriate time with staff and users. In terms of replacement facilities, the Hub business case will also be subject to wide public consultation.

8. **Financial and resource implications** *(including asset management implications)*

8.1 Affordability and equity for all parties are key factors in the exit strategy from the Dome. Short-term budgetary growth is not an option for the Council. While it is not possible, ahead of detailed negotiation, to define precisely what the Council's contribution will be up until 2018, the delegated authority being proposed in this paper requires that the new agreement must be consistent with the Council's new Medium-Term Financial Strategy (MTFS), and incorporated in the new budget approved by full Council in February, 2014.

8.2 ACL is already working towards a reduction of £100,000 in its management fee from the Council. Operationally, this is the wider context within which any new agreement for the Dome must be negotiated and delivered. These savings will need to be achieved across all ACL sites.

8.3 The Council's MTFS also already envisages additional long-term savings of at least £100,000 in property costs associated with leisure facilities in Mildenhall. This previous commitment is now carried forward into the Hub project, which has a key aim of providing new, modern leisure facilities in the town which are cheaper to run and are capable of generating more visits and income than the Dome and current swimming pool, thereby reducing the cost to the taxpayer. However, the Hub's business case is also dependent on maintaining the existing customer base in the interim period.

8.4 To strike the necessary balance, it is proposed that the Council attempts to protect funding for the Dome over the next four years at a level which maintains as many of the existing uses as possible. The Council will then seek to make its required savings when the new facilities of the Hub are opened. As explained above, these savings could be significant, justifying the continued investment in the Dome until 2018 and in the partnership with the College and SCC. However, this does mean that the £100,000 'local' saving on leisure provision within Mildenhall now needs to be linked formally in the Council's MTFS to the Mildenhall Hub project and, as such, deferred to link into the timeframes of that project (2016/17).

8.5 It is proposed that the 2014/15 budget impact of deferring this local saving is initially funded from other savings identified as part of the current 2014/15 budget process, with any residual value to be funded from the New Homes Bonus Reserve, given the strong connection between the Hub project and the

future development of Mildenhall and surrounding area. This will create the conditions for the Council and its partners to pursue the strategic objectives of the Hub project without any short term detrimental service impact on leisure provision and health activities within Mildenhall and the surrounding area.

- 8.6 However, it is still suggested that there should be small, manageable annual reductions in the property grant offered to the College for the Dome, of around 5% a year. This is a standard transitional approach for any exit strategy. This would not only assist with the Council's budgetary pressures, but also allow the College time to make the necessary adjustments to compensate for the eventual loss of third-party funding for its sports hall in 2018 (or earlier).
- 8.7 Any temporary relocation of community facilities at the Dome as part of a managed transition to the Hub must be capable of recouping set up costs within a period of three years through additional income, and cannot involve any increase in the agreed ACL management fee for Mildenhall. Any such proposal would therefore be subject to a stand-alone business case between ACL and the Council. Since there would be no new budgetary implications for the taxpayer, any such move (were it to involve the Council's own property) would be dealt with under normal officer delegated powers for property related matters (subject to any separate planning and building control consents).

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Loss of access to leisure facilities for community	Medium	Strong plan for a transition from the Dome to the new facilities. Continued dual-use of any new facilities.	Low
Ability of College to meet national curriculum requirements	Medium	FHDC maintains support for the Dome while College seeks replacement facility	Low
Loss of customer base for fitness suite ahead of Mildenhall Hub	Medium	Develop plan for transition as part of exit strategy from Dome	Low
Strength of partnership for Mildenhall Hub project	Low	A new strong agreement with MCA and SCC linked to the Hub and Dome exit strategy	Low
Delivery of Council and ACL's savings requirements	High	Long-term savings from Mildenhall Hub and ability to contain exit strategy for Dome in existing budgets	Medium

10. Legal and policy implications

- 10.1 If a successful transition from the Dome to new facilities is achieved, there are no new policy implications arising from this report.

10.2 In legal terms, the transfer of the College from the control of SCC to ATT means that the 2001 agreement must be replaced.

11. Ward(s) affected

11.1 Whole of District but principally Mildenhall and surrounding area.

12. Background papers

12.1 Reports to Cabinet February and June 2013 regarding Mildenhall Hub.

13. Documents attached

13.1 None.