
Subject:	YOUR LEISURE FUNDING ARRANGEMENTS
Meeting and Date:	Cabinet – 6 February 2017
Report of:	Roger Walton, Director of Environment and Corporate Assets
Portfolio Holder:	Councillor Trevor Bartlett, Portfolio Holder for Property Management and Public Protection
Decision Type:	Key Decision
Classification:	Unrestricted

Purpose of the report: Cabinet is requested to confirm Your Leisure funding arrangements for 2017/18 and to determine whether the funding arrangements should continue beyond 31 March 2018.

Recommendation: Cabinet are requested to:

1. Confirm approval of the proposed funding agreement for 2017/18.
2. To determine whether the funding arrangements with Your Leisure in respect of Dover Leisure Centre and Tides Leisure & Indoor Tennis Centre at Deal should continue beyond 31 March 2018.

1. Summary

- 1.1 Members may recall approving a report on 10 September 2012 confirming the merger between Vista Leisure & Thanet Leisure Force. The report also confirmed agreement to funding arrangements for a three year period 2012/13 to 2015/16 and assigned lease agreements for the newly merged Your Leisure (YL). (CAB 15 10 September 2012).
- 1.2 The lease arrangements with Your Leisure for the Dover Leisure Centre and Tides Leisure & Indoor Tennis Centre provide that the leases will terminate automatically when the funding arrangements with Your Leisure come to an end. Cabinet is now being asked to confirm approval to the DDC/YL funding agreement for 2017/18.
- 1.3 Cabinet is asked to note that if the funding arrangements are not extended beyond 31 March 2018, the leases with Your Leisure will cease on that date. It is proposed that this will mark the start of a new twelve year contract period for Dover Leisure Centre and Tides Leisure & Indoor Tennis Centre following the leisure operator procurement process that is currently underway. Further consultation and discussion is continuing with YL at the time of writing this report and any further representations will be reported to the Cabinet at their meeting on 6 February.

2. Introduction and Background

- 2.1 Following the merger of Vista Leisure & Thanet Leisure Force in 2013, the existing lease agreements were assigned to Your Leisure and supported by a three year funding agreement for the management of Dover Leisure Centre and Tides Leisure & Indoor Tennis Centre. A sum of £265k per annum was agreed up to 31 March 2016.

- 2.2 Although the funding agreement entered into at that time primarily provided for financial support up to 31 March 2016 it made provision for further annual funding which were described in the Agreement as 'Subsequent Funding Periods'. Currently, we are in such a Subsequent Funding Period which came into effect when DDC provided funding to YL for 2016/17.
- 2.3 The level of funding for the 2016/2017 period was reviewed in accordance with the previous funding agreement. This review entailed reviewing YL's Corporate Business Plan, assessing recent audited accounts, YL risk register, and taking other considerations into account such as the key performance indicator results, the Council's growing budget pressures & volatility, deterioration of leisure centre buildings and projected increases in minimum wage etc. The sum of £265K was maintained and provided for in the budget and approved by Cabinet on 1 February 2016.
- 2.4 The proposed funding agreement for 2017/18 is attached at Appendix B. This document continues the same mechanism under which YL seeks annual funding from the Council which is then used to support the delivery of its sport, leisure and health objectives at the leisure centres. Another review of the funding level has been undertaken as described above and Cabinet are being asked to agree to maintain the current £265k level of funding for 2017/18.
- 2.5 If the funding arrangements are not extended beyond 31 March 2018, the leases with YL will also cease automatically on that date. It should be noted that this is not as reported to Cabinet on September 2016 when members were advised in error that the leases would have to be terminated by the giving of 12 months notice. Although the leases as originally granted made provision for termination by the giving of 12 months notice they were varied as part of the assignment process referred to in paragraph 1.1 and provision made for their automatic determination on the ending of the Council's funding support.
- 2.6 The Council is currently undertaking a leisure operator procurement process that will seek to appoint an operator to manage both centres for a twelve year contract period from 1 April 2018. This decision has evolved as a result of the work being undertaken to build a new Dover Leisure Centre likely to be complete by early 2019.
- 2.7 YL will of course be invited to tender and have the opportunity to bid for the new contract with other competing operators. It should however be restated that the Council's legal relationship with a new operator will be different from that which it maintains at the moment with YL. Currently the leisure facilities form part of the undertaking of YL whereas under the proposed arrangements the operator will be operating facilities as a manager on behalf of the Council.

3. Identification of Options

- 3.1 Option 1. To agree to the new DDC/YL funding agreement for 2017/18. This is the preferred option.
- 3.2 Option 2. To decline to agree the further funding.

4. Evaluation of Options

- 4.1 The preferred option is Option 1. The new funding agreement provides certainty to both YL & DDC in terms of YL financial planning and continuity of services at both

leisure centres. Local sport, leisure and health objectives will be supported in our district to help our residents lead more active and healthier lifestyles.

- 4.2 Option 2 is not recommended as this would potentially result in YL ceasing to operate the leisure centres from 1 April 2017 and the Council would be without an operator to manage facilities and deliver services from that period until alternative arrangements can be put in place.

5. **Resource Implications**

- 5.1 The budget requirement of £265k is included in the Council Budget 2017/18 and Medium Term Financial Plan 2017/18.

6. **Corporate Implications**

Comment from the Section 151 Officer: Finance have been consulted and have no further comment to add (VB).

Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

Comment from the Equalities Officer: The report does not specifically highlight any equalities implications, however in discharging their responsibilities members are required to comply with the public sector duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

7. **Appendices**

Appendix A: Letter from Vista dated 18 July 2012

Appendix B: DDC/YL Funding Agreement 2017/18

Background Papers

Contact Officer: Laura Corby – extension 2448

Appendix A

Kevin Fordham
Chief Executive

Philippe Lacamp
Chairman

www.vistaleisure.com



18 July 2012

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Dear Roger

Merger Between Vista Leisure and Thanet Leisureforce

On the 6th July the Vista Leisure (VL) Trustees agreed to merge with Thanet Leisureforce (TLF). The form of merger will be for VL to dissolve with our assets and liabilities transferring to TLF operating as an Industrial and Provident Society, albeit under a different company name.

The Trustees were confident that our values and objectives and indeed skill set were complementary and considered this was the best way forward to provide a more robust financial platform. They also felt the merger would open up new opportunities and was in the best interests of the charity beneficiaries.

You will be aware there were pre-determined requirements to enable the merger to proceed including approval in respect of leases and funding from Dover District Council (DDC). For completeness the essential requirements are outlined below and I would be grateful if you could make arrangements to progress the current 'in principle' support, in order to obtain formal Council approval.

- Agree to novate the existing leases to the new merged organisation
- Retain the existing length of the lease up until March 2021 and remove all clauses that enable a break in the lease with 12 months' notice
- Agree to enter in to a three year funding arrangement with the new merged organisation

I should mention that a Shadow Board has now been formed to oversee the implementation and their first meeting will be on the 14th August. A key decision at this meeting will be to agree a Company name, which will enable TLF's Membership to formally adopt this name at a Members meeting on the 21st August. The merger is scheduled for completion in March/April 2013 and to keep this on track and avoid abortive costs it would be helpful if you could aim to achieve Council approval in advance of the TLF Members meeting.

You will also know the merger report clarifies VL's and TLF's joint position on Local Authority representation on the new Board. In respect of future governance, and whilst I think I know the answer, it would be helpful if you could confirm if DDC would like to consider the possibility of Councillor representation.



Please do not hesitate to contact me to discuss further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Fordham', with a large, sweeping flourish extending from the end of the signature.

Kevin Fordham
Chief Executive

Copy to: Steve Davis - Managing Director, Thanet Leisureforce