



## AGENDA ITEM: 10

### SUMMARY

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| <b>Report for:</b>      | <b>Finance and Resources Overview &amp; Scrutiny</b> |
| <b>Date of meeting:</b> | <b>30<sup>th</sup> January 2013</b>                  |
| <b>PART:</b>            | <b>1</b>   |
| If Part II, reason:     |  |

|                         |  |
|-------------------------|--|
| <b>Title of report:</b> | <b>Annual Financial Report for Sportspace<br/>(Dacorum Sports Trust)</b>   |
| Contact:                | <p>Clr Nick Tiley – Portfolio Holder for Finance and Resources</p> <p>Author/Responsible Officers:<br/>           Shane Flynn – Assistant Director (Project Governance)<br/>           Janice Milsom – Assistant Director (Strategy &amp; Transformation)<br/>           Paul Wiltshire – Social Enterprise and Commissioning Officer<br/>           (Policy, Partnerships &amp; Innovation)</p> |
| Purpose of report:      | (1) To provide the Finance and Resources Overview and Scrutiny Committee with a presentation from the Dacorum Sports Trust on their current and future financial plans 2012- 2014.   |
| Recommendations         | 1) That the Committee notes the content of the Dacorum Sports Trust presentation.  |
| Corporate objectives:   | <p>Council Vision: Working in partnership, to create a borough which enables the communities of Dacorum to thrive and prosper.</p> <p>Regeneration: Drive value from Council Owned assets<br/>           Building Community Capacity: support social enterprise;<br/>           empower local community action and delivery</p>  |
| Implications:           | <p><u>Financial</u></p> <p>None from this report. The funding of the Dacorum Sports Trust is reviewed annually as part of the Council's budget setting process.</p>  |

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| 'Value For Money Implications' | <p><u>Value for Money</u></p> <p>The decision to transfer service to a Trust model in 2004 means that there are greater external funding opportunities for the services provided for the community. The funding model has achieved a reduction in grant from the Council, thereby contributing to value for money services.</p> |
| Risk Implications              | A full risk assessment will be undertaken as future funding arrangements are agreed   |
| Equalities Implications        | Access to sports and leisure facilities has equalities implications for local residents and visitors to the area. The Council has recently contributed to a County-wide health and wellbeing strategy. Equalities Impact Assessment will be undertaken as part of the partnership review process.                               |
| Health And Safety Implications | None from this report.  |
| Consultees:                    | <p>Cllr Nick Tiley – Portfolio Holder for Finance and Resources</p> <p>Natalie Webb – Policy, Partnerships and Innovation Team Leader</p> <p>Shane Flynn – Assistant Director (Project Governance)</p>  |
| Background papers:             | <p>Presentation to Housing &amp; Community Overview and Scrutiny Committee 31 October 2012</p> <p>The Sports Trust will be making their presentation to Members of the Committee at the meeting.</p>  |

## 1. INTRODUCTION

1.1. The Dacorum Sports Trust was established in 2004 and manages many of the Council's Sports facilities. The Sports Trust (Sportspace) now manages the following facilities through lease arrangements:

- Hemel Hempstead Sports Centre
- Berkhamsted Sports Centre
- Tring Sports Centre (dual use facility with Tring School)
- Longdean Sports Centre (dual use facility)
- Dacorum Athletics track
- Little Hay Golf Complex

1.2. In addition, Sportspace run a programme of Sports Development throughout the borough and aims to deliver innovative sports ventures such as the acclaimed XC building at Jarmans Park, the result of working with the Council and Youth Connexions over a two year period to develop a truly exciting world class extreme sports and youth centre.

1.3. As part of monitoring the progress and effectiveness of the Council's partnership with the Trust, the Trust made a presentation to the Housing and

Community Overview and Scrutiny Committee in October, to provide Members with information about the performance and activities provided and outline some proposals for the future.

- 1.4. The presentation made by the Trust to the Finance and Resources Overview and Scrutiny Committee will provide Members with details of the Trust's financial performance to date, use of funding, current position and outline detailed plans for the coming year.

## **2. SUBSIDY**

- 2.1. The core grant subsidy made to Sportspace for 2012/13 is £425,000, which represents a £50,000 decrease from 2011/12. An additional budgeted element of £50,000 is available for support for the Little Hay Golf Course but this is reducible in the event that a surplus is generated above an agreed level. The benefits of this surplus are shared between Sportspace and the Council on a 60:40 basis. This year the Council received a reduction of £27,068 in respect of the final accounts for Little Hay 2011/12.
- 2.2. In March 2011 the Sportspace submitted proposals for capital development at Hemel Hempstead leisure centre, for conversion of the upper hall to a gym and for refurbishment of changing rooms. The proposals required an injection of capital funding amounting to £810,500 and were accepted by the Capital Strategy Steering Group in June 2011 and by Cabinet and Council in August 2011. However, a protracted procurement process meant that this work could not begin until late in this financial year and the expected benefits in terms of increased turnover have not been realised. The Council has therefore paid an additional £50,000 to Sportspace in this financial year to help the Trust manage the shortfall. This was paid for from unbudgeted insurance payments received in respect of Little Hay Golf Club fire in 2010/11.
- 2.3. The original grant when the services transferred was £862,000. The grant has been reducing year on year, apart from in 2007/8, when there was a significant rise in utility costs and the Council agreed to make a contribution for that year only. The Trust also, by agreement, receives and manages the Sports grants for Disablement groups which is around £13000 annually.

## **3. FUTURE FUNDING**

- 3.1. Under existing financial arrangements the Council and Sportspace agree a level of core grant annually. Since the approval of the capital grant outlined above, both parties have been working towards the introduction of a more structured medium term-approach, dispensing with the need for an annual cycle of negotiations and resulting in core grant reducing to zero over time.
- 3.2. In addition, work is being conducted by the Council to capture and gather outcome measures to reflect future commissioning arrangements. Sportspace reports a diverse range of performance data to complement community, health and social care outcomes. The intention is to work towards developing a local sports and community outcome framework. Future funding opportunities may be targeted towards the outcomes of support and engagement of specific community groups

- 3.3. Sportspace has established a positive track record of community investment and has outlined a Five Year Plan that is yet to be fully costed. From the projects being researched and undertaken significant profits could be generated if funding is found. An estimated total of £16.3M will be required which, it is hoped, can be found from the Council, External Funding Bodies and from Sportspace's own resources through commercial funding. This would allow for a new low cost gym at Jarman Park, moving Berkhamsted Sports Centre to Ashlyns, extending Little Hay Clubhouse to incorporate a function suite and spa, rebuilding Tring Sports Centre and possibly moving the Track to a new location at a local school. By 2017-18 the projects could be providing additional profits of £648,000pa and the majority of the Councils portfolio of leisure facilities would be replaced or renewed.
- 3.4. It should be noted that changes in the Council's financial circumstances brought about by the continued reduction of Government funding and the wider economic circumstances have made a medium term planned approach to funding arrangements impracticable. The Council's Medium Term Financial Strategy anticipates savings targets of £4.3m over the period 2013/14 to 2016/17. In this context, annual negotiation over grant funding for all of the Council's partners, including Sportspace, will continue to be required.