

Record of Cabinet portfolio holder decision

Local Government Act 2000 and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Decision made by	Cllr Judith Nimmo Smith
Key decision?	Yes
Date of decision (same as date form signed)	26 August 2014
Name and job title of officer requesting the decision	Chris Tyson, Head of Economy, Leisure and Property
Officer contact details	Tel: 01491 823125 Email: chris.tyson@southandvale.gov.uk
Decision	<p>1. To continue providing Wallingford Sports Trust with the existing 90 per cent level of grant towards the cost of meeting the market rent for its lease of Wallingford Sports Park until the second rent review in June 2022.</p> <p>2. To receive a further report prior to the second rent review at which cabinet can consider the appropriate level of grant to apply for future years.</p>
Reasons for decision	<p>Purpose of report</p> <p>1. The purpose of this report is to seek the cabinet member's support for continuing to provide Wallingford Sports Trust with the existing level of grant towards the cost of meeting the market rent for its lease of Wallingford Sports Park until its second rent review in June 2022. This matter is coming to the cabinet member because the grant falls outside the council's normal grant arrangements.</p> <p>Corporate objectives</p> <p>2. The continued sports use of Wallingford Sports Park contributes towards the achievement of corporate objective "excellent delivery of key services", particularly to deliver high performing services with particular emphasis on ensuring good quality sports and leisure provision, and "support for communities", particularly offering grants to voluntary and community organisations who are delivering projects and services that support our objectives or those in need.</p>

Background

3. At its meeting on 3 April 2007, in order to ensure a viable long-term future for Wallingford Sports Park, cabinet agreed to:
 1. offer Wallingford Sports Trust a grant towards the cost of meeting the market rent for its lease of Wallingford Sports Park
 2. apply the principle of offering a grant for the entire length of the lease, provided that Wallingford Sports Trust evidences a continuing need for one
 3. set the grant at 90 per cent of market value until the first rent review
 4. receive a further report prior to the first rent review at which cabinet can consider the appropriate level of grant to apply for future years.
4. This decision reflected the special circumstances in this case that justified an exception to the council's agreed policy. The trust could not afford to pay the full market rent without seriously compromising its ability to invest in the facilities at the sports park. Without investment, income from users was expected to drop over time, thereby exacerbating the problem. The trust provided a comprehensive set of financial and other information with its proposal for a guaranteed revenue grant for the whole term of its new lease, as it needed a secure financial future in order that member clubs could secure contributions from third parties towards facility improvements. It was this requirement for a long-term security of tenure in order to draw down funds for significant capital investment, rather than the usual three year rolling arrangement, that constituted a special case and enabled the cabinet to operate outside of its normal rules.
5. The 30 year lease was completed on 1 June 2007 at a market rent of £15,500 a year. The rent paid by the trust since then has been £1,550 a year, which reflects the agreed level of grant awarded. The intention was that the grant would decrease and the rent paid would increase at each rent review (June 2014, 2022 and 2029) towards a zero grant and a full market rent.
6. The first rent review was due on 1 June 2014 and, following examination of the available evidence, officers were satisfied that there were no grounds for an increase in the market rent from the existing level of £15,500 a year. As a result, the head of economy, leisure and property agreed under his delegated powers to record the

June 2014 rent review at a nil increase in market rent.

7. However, the appropriate level of grant towards the cost of the market rent still needs to be determined for the period until the second rent review in June 2022.

Matters for consideration

8. The trust provides its annual accounts to officers each year for consideration, and meets with officers and the cabinet member for leisure on an annual basis to discuss its strategic approach to leisure provision at the sport park, together with progress against its business plan. In relation to this periodic review of its level of grant, the trust submitted a set of documents that constituted its case for continuing to receive a grant from the council.
9. The trust put forward credible proposals in 2007 for how it intended to increase the proportion of the market rent that it pays over time. Since then the trust has pursued various measures to generate additional income and reduce costs so that it could generate an increasing surplus. However, the recession from 2008 onwards affected the trust's plans, just as it did many leisure businesses, voluntary organisations and the residents within its catchment area and elsewhere. As a result, although the trust remained commercially viable, in revenue terms it has done little more than break even, with any surplus being reinvested into maintenance and improvement of its ageing facilities and building.
10. Despite this, the trust has made good progress in various areas, such as:
 - levies paid by the individual clubs at the sports park are now at a consistent level that is sustainable, given that the clubs now pay for their own maintenance and electricity charges separately
 - the trust reduced its costs by some 30 per cent between 2008/09 and 2012/13
 - usage of the bar, kitchen and main hall by clubs, social bookings and daytime community bookings has risen, largely due to having a full-time sports park manager in place
 - the trust raised capital investment for replacing the carpet of the all weather pitch, providing energy saving measures in the pavilion and a cycle shed, together with an outstanding offer for drainage works to the rugby pitches.
11. In addition, the sports park was affected by flooding over the previous two years, which caused the cancellation of many weeks of outdoor sport and the loss of revenue.

The trust is also behind target in building up a sinking fund to pay for a replacement carpet for the all weather pitch in five to eight years time, and this is a critical part of its sporting offer that generates a regular income stream. This all means that the trust's financial stability is still relatively fragile and continues to need some support.

12. In view of this, the trust considers that the existing level of grant is vital to its ongoing viability and the continued delivery of substantial community benefit, which assists the council in achieving its sport and leisure targets at minimum cost. The trust also considers that the council should give serious consideration to increasing the level of grant to 100 per cent for the remainder of the lease period, so that the trust has no rent to pay, or no more than a peppercorn, which would remove what it considers to be a significant and unnecessary drain on its resources. If this is not possible, then the trust considers there should be no decrease in the level of grant at least until the next rent review in June 2022.

13. It is clear that the trust has made progress in addressing the issues identified in its 2007 proposals, despite the recession and other challenges, although in revenue terms it is breaking even, rather than generating an increasing surplus. The council's grant towards the cost of the market rent has assisted in reducing the trust's costs and improving its viability. The trust has submitted a medium-term financial plan (MTFP) for 2014/15 – 2022/23. This shows an increasing projected revenue surplus, including an increased level of contributions from the clubs, and regular projected annual investment into capital projects and the sinking fund for the all weather pitch carpet, including increased sinking fund contributions from 2018/19 and 2020/21, resulting in a projected overall surplus, which would also go towards the sinking fund. These projections are based on the assumption that the level of grant remains unchanged, year on year revenue income increases annually by five per cent (including inflation), which is higher than achieved in previous years and all costs are inflated by three per cent annually. The trust also provided some sensitivity analysis, so that officers could assess the impact of different grant levels on the MTFP. The most significant impact is on the projected overall surplus. Overall, having reviewed the submitted financial information, officers consider that the grant should continue at its existing level, rather than be increased or reduced.

Conclusion

14. The cabinet member needs to review the level of grant

	<p>that the council gives Wallingford Sports Trust towards the cost of meeting the market rent for its lease of Wallingford Sports Park until its second rent review in June 2022. The trust has made progress in achieving the outcomes identified in 2007 when the grant was first agreed by cabinet, but its financial stability remains fragile and officers recommend the cabinet member to maintain the current level of grant at 90 per cent and review this again at the next rent review in June 2022.</p>			
Alternative options rejected	<p>Whilst the council could decide to reduce or stop its grant to the trust, officers consider that the trust has demonstrated an ongoing need for a grant to continue until the next rent review in June 2022 and any reduction in its grant would make it more difficult for the trust to achieve its MTFP.</p> <p>The council could also decide to increase its grant to the trust, which the trust would welcome, but officers consider it would not encourage the trust to maintain its active approach towards improving its long-term viability.</p>			
Legal implications	<p>The council has powers under section 19(3) of the Local Government (Miscellaneous Provisions) Act 1976 and section 1 of the Localism Act 2011 to give a grant to a voluntary organisation (an organisation operating otherwise than for profit) towards expenses of providing recreational facilities.</p>			
Financial implications	<p>There are no financial implications arising from this proposal, as the relevant revenue budget assumed that the grant would remain unchanged.</p>			
Other implications	<p>None</p>			
Background papers considered	<p>Submissions of the Wallingford Sports Trust, including "Wallingford Sports Park rent review" and the WST/WSSC combined income and expenditure figures 2014/15 – 2022/23.</p>			
Declarations/conflict of interest? Declaration of other councillor/officer consulted by the Cabinet member?				
List consultees		Name	Outcome	Date
	Ward councillors			
	Legal	Pat Connell	No comments to make on the report	5 August 2014
	Finance	Rhona Bellis	No comments to make on the report	29 July 2014
	Human resources			

	Sustainability			
	Diversity and equality			
	Communications			
	Strategic Management Board	David Buckle	Agreed	14 August 2014
Confidential decision? If so, under which exempt category?	No			
Call-in waived by Scrutiny Committee chairman?	No			
Has this been discussed by Cabinet members?	Yes, on 21 May 2014, when the recommendation was supported.			
Cabinet portfolio holder's signature To confirm the decision as set out in this notice.	Signature: Judith Nimmo Smith Date: 26 August 2014			

ONCE SIGNED, THIS FORM MUST BE HANDED TO DEMOCRATIC SERVICES IMMEDIATELY.

For Democratic Services office use only		
Form received	Date: 26 August 2014	Time: 14:05
Date published to all councillors	Date: 26 August 2014	
Call-in deadline	Date: 2 September 2014	Time: 17:00

Guidance notes

1. This form must be completed by the lead officer who becomes the contact officer. The lead officer is responsible for ensuring that the necessary internal consultees have signed it off. The lead officer must then seek the Cabinet portfolio holder's agreement and signature.
2. Once satisfied with the decision, the Cabinet portfolio holder must sign and date the form and return it to the lead officer who should send it to Democratic Services immediately to allow the call-in period to commence. Democratic Services staff are located on the ground floor north wing (C block) of the Crowmarsh Gifford offices. Tel. 01235 540307 or extension 7307.
Email: democratic.services@southandvale.gov.uk
3. Democratic Services will then publish the decision to the website (unless it is confidential) and send it to all councillors to commence the call-in period (five clear working days). The decision cannot be implemented until the call-in period expires. The call-in procedure can be found in the council's constitution, part 4, under the Scrutiny Committee procedure rules.
4. Before implementing the decision, the lead officer is responsible for checking with Democratic Services that the decision has not been called in.
5. If the decision has been called in, Democratic Services will notify the lead officer and decision-maker. This call-in puts the decision on hold.
6. Democratic Services will liaise with the Scrutiny Committee chairman over the date of the call-in debate. The Cabinet portfolio holder will be requested to attend the Scrutiny Committee meeting to answer the committee's questions.
7. The Scrutiny Committee may:
 - refer the decision back to the Cabinet portfolio holder for reconsideration or
 - refer the matter to Council with an alternative set of proposals (where the final decision rests with full Council) or
 - accept the Cabinet portfolio holder's decision, in which case it can be implemented immediately.