

Shaping the Council 2015-16 and beyond: Savings Business Case

Business Case Title	Cease revenue Grant to Impulse Leisure		
Revision No:		Date:	10.7.14
Lead Director	Graham Farrant		
Lead HOS	Lucy Magill		
Critical friend/Exec Bd			
Business Case Author	Grant Greatrex		

Section 1: Summary

Savings Proposal

Leisure: Withdraw the grant funding to Impulse Leisure from the current £350,000 (14/15) to zero from 15/16 and beyond.

Strategic rationale

1. The grant to Impulse Leisure is discretionary. Withdrawing the grant to zero from 15/16 will save the Council money.

Note:

The council currently has a legal requirement through the lease arrangement to carry out landlord responsibility repairs on the leisure facilities that it leases to Impulse. Building condition surveys show that there are Council responsibility repairs outstanding of over £1,000,000. As part of overall negotiations, the Council is exploring the potential to transfer these assets to Impulse Leisure. This will eliminate the Council's responsibilities and liabilities for repairs and negate the need for capital borrowing to fulfil the council's landlord obligations, although this will create further pressures on Impulse Leisure's budgets. If Impulse own the facilities it will provide assets to potentially borrow against and attract additional funding and develop their business in line with their Charitable objectives.

The Council will therefore explore the opportunity to transfer the Council's three Leisure Centre assets to Impulse Leisure which includes;

- Blackshots Leisure Centre, Civic Hall and Car Park
- Corringham Leisure Centre and associated Car Parking
- Belhus Leisure Centre, Belhus Park, Golf Course and Car Park

Approximate Cost Savings

Revenue: Grant to Impulse Leisure (14/15) £350,000.

Remove the whole of the grant from 2015/16 onwards - Save £350,000

Grant therefore Zero

Timescales	
Activity	Timescale
Notify Impulse of Grant withdrawal	Must be by Sept 2014
Negotiate future partnership arrangements	Aug - Dec 2015
Risks /Consequences	
<p>There is currently a gap between the council's financial imperative of no expenditure from 15/16 and what Impulse Leisure say that they are able to achieve whilst continuing to provide the services as they currently do. The risks include -</p> <ol style="list-style-type: none"> 1. Impulse Leisure will not have the ability to repay a loan due to the Council in November 2014 (£287,000 including interest). 2. Impulse may need to charge for parking at some of, or all of, the leisure centre car parks. 3. The swimming pool section of the Leisure Centre at Belhus will in the near future require substantial Health and Safety works which are likely to be unaffordable. The Leisure Centre will remain open but future options for the swimming pool area will need to be explored. 	
Mitigation	
<p>Discussions to date have been very positive between the Council and Impulse Leisure given the financial challenges that both organisations face. The Head of Service has been regularly meeting the Chief Executive of Impulse Leisure and his management team to discuss ways forward. These include-</p> <ul style="list-style-type: none"> ▪ The Council has commissioned mechanical surveys of the three leisure centres to assess the condition of the plant equipment so that both organisations are aware of future liabilities. A jointly agreed prioritised programme of Capital replacement (within budget) 2014/15 will then be established. ▪ Initial meetings have been held to discuss the potential for surrendering the existing leases and transferring the assets from the Council to Impulse Leisure. ▪ A Council Officer/Impulse Leisure working group will be established to manage the transformation and support the process. 	

Section 2: Finance, savings and costs

Financial summary

General Fund budget 2014-15

	Staff £000s	Premises / Transport £000s	Supplies/ Services £000s	Direct Payments £000s	Third Party Payments £000s	Total Expenditure Gross £000s	Income £000s	Net Expenditure £000s
2014/15					350			350

Staff Related savings

Current number of posts (FTE and headcount)	
Number of posts to be deleted (FTE and headcount)	
Amount of salary saving (inc on-costs)	

Non- Staff Related savings

Premises and buildings (inc utilities)	
Transport	
Supplies and services	
Other (please specify)	

Third Party Related savings/income

Commissioning/contracts	
Charges to the HRA/DSG/PHG (NB can be negative)	
Increase fees & charges	
Grants/additional funding streams	350,000
Other (please specify)	

Benefits – non financial

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Costs & Resources to deliver the savings

Direct costs	
Redundancy costs	
Accommodation costs	
Procurement and/or Legal costs	£5,000
Other HR costs	
Other (please specify)	

Section 3: Impact/Consequences of proposal – not covered in financial section

Impact on Corporate Priorities/objectives/ performance targets/standards

Priority 1. Create a great place for learning and opportunity	Will reduce the opportunity to provide outreach work to targeted groups.
Priority 2. Encourage and promote job creation and economic prosperity	May result in a reduction to Impulse Leisure's workforce and jeopardize apprenticeship programme.
Priority 3. Build pride, responsibility and respect to create safer communities	There may be some impact on subsidised services to youth offending, NEETs and positive activities for young people which may impact on community safety.
Priority 4. Improve health and well-being	May reduce future swimming and Leisure Centre provision which will impact upon physical activity levels and in turn, negatively impact on health and well being. Swimming is an important life skill and the most popular sport in Thurrock. It is equally liked by male/female participants and across broad age ranges from babies to the elderly. There were 64,000 swims and 21,000 swimming lessons at Belhus in 13/14. Reduced subsidies to concessionary groups may have a long term effect on the costs of social care and increase health care costs.
Priority 5. Protect and promote our clean and green environment	Reduced external maintenance may affect the visual appearance of parks where centers are located.
Well-run organisation - financial & governance; staff; customers	Any service reductions may have a negative community reaction.

Impacts on partners

This will require Impulse Leisure to become financially independent of the council with total control over the service, service delivery and facility provision. However this will require the Council to support them as a strategic partner through both the transition process and with future business development.

The impacts are shown under risks/consequences above.

Impacts on customers / community and equality/diversity implications

Swimming is the most popular sport in Thurrock and is equally liked by male/female participants and across broad age ranges from babies to the elderly.

This may reduce the opportunity for Impulse Leisure to provide outreach work and discounts to targeted groups.

A more commercial approach will be required to support the service; this might include charging for car parking and reducing concessions.

Has an EqlA been undertaken?

NO Date:

Other impacts/implications

Section 4: Risks and Mitigation

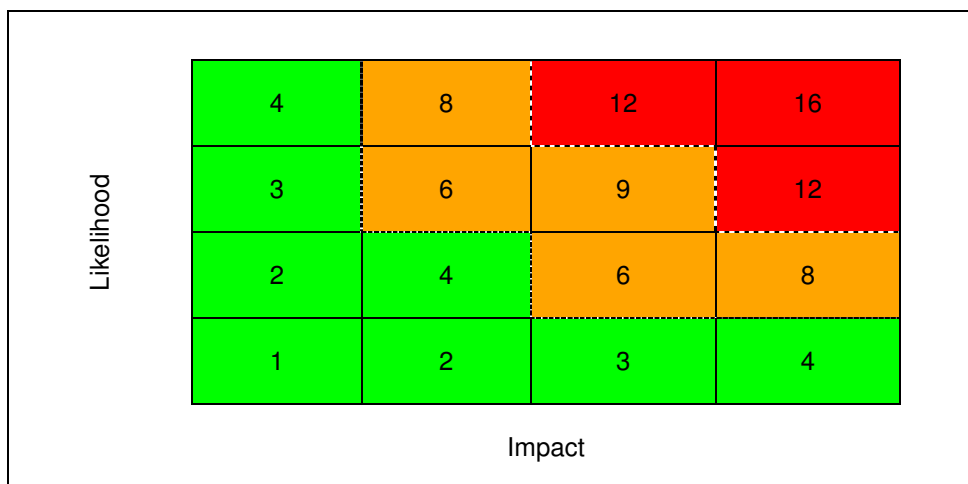
Delivery risks

Risk Description	Likelihood	Impact	Rating	Management or Mitigating Action
Impulse leisure refuse to surrender existing leases which places landlord responsibility on the Council	4	8	12	Transformation Group to be established to work collectively to resolve issues.
Facility investment required	3	12	15	Condition surveys being carried out. Prioritisation of Capital 14/15.
Council does not agree asset transfer	2	8	10	Early discussion with asset management team in place

Service risks

Risk Description	Likelihood	Impact	Rating	Management or Mitigating Action
Reduced provision of Leisure Centre provision	4	8	12	The Council and Impulse to work together to minimise impact where possible

For information on the ratings criteria guide, please see <\\Thurdata01\data\THURROCK\EXCHANGE\ROM>



Section 5: Assumptions, Dependencies & Exclusions

Timeframes Assumptions/ Dependencies/Exclusions	Asset transfer dependent upon Council decision regarding disposing of assets and legal arrangements.
Benefits Assumptions/ Dependencies/Exclusions	
Costs Assumptions/ Dependencies/Exclusions	Facility condition surveys may highlight additional pressures on maintenance requirements
Other/ General Assumptions/ Dependencies/Exclusions	Impulse Leisure may refuse to cooperate.

Section 6: Stakeholder Engagement Requirements

		Approximate timelines
Staff/Unions NB. Services should not be undertaken consultation with staff in isolation – all such activity should be co-ordinated through Jackie Hinchliffe	<input type="checkbox"/>	
Portfolio Holders/Members NB. Services should not be undertaken consultation with staff in isolation – all such activity should be co-ordinated through Directors Board	<input checked="" type="checkbox"/>	July 2014 onwards
Partners NB. Services should not be undertaken consultation with partners in isolation – all such activity should be co-ordinated through Directors Board	<input checked="" type="checkbox"/>	June 2014 onwards
Residents/Public NB. Services should not be undertaken consultation with staff in isolation – all such activity should be co-ordinated through Directors Board	<input type="checkbox"/>	
Other – please specify	<input type="checkbox"/>	

Section 7: Any other comments to support savings proposals

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