

## **EAST AYRSHIRE COUNCIL**

### **COMMUNITY SERVICES COMMITTEE – 8<sup>TH</sup> NOVEMBER 2006**

#### **KILMARNOCK LEISURE CENTRE TRUST – 3 YEAR FUNDING AGREEMENT**

##### **Report by the Executive Director of Neighbourhood Services**

### **1. PURPOSE OF REPORT**

- 1.1 To seek approval in principle for a three year funding agreement between the Council and the Kilmarnock Leisure Centre Trust (KLCT) in relation to the operation of the Galleon Leisure Centre, Kilmarnock to commence in 2007/08.

### **2. BACKGROUND**

- 2.1 The KLCT receives funding from the Council on an annual basis. At the Council meeting on 22 June 2006 additional funding was awarded to the organisation bringing the total funding for 2006/07 to £160,000. At the same meeting it was agreed that three year budget proposals should be developed and scrutinized by an external consultant before being presented to this Committee.
- 2.2 The full Council recommendation also included the requirement to review the existing range of facilities and their costs and assess the facilities required in the future to meet changing user trends. The initial phase of this work has been completed, however, further discussions and research are required before options can be brought back to the Committee for consideration.

### **3. CONSIDERATIONS**

- 3.1 Financial projections for the Galleon Centre for the next three years were prepared by the Trust; these projections reflected current user trends and assumed that there would be no major changes in the core facilities at the Galleon Centre in this period. These figures were examined by the consultant (Alan Jones from Alan Jones Associates) and compared to the performance of other similar Leisure trusts.
- 3.2 The Galleon Centre Operational Review produced by Alan Jones is available as a background paper to this report. In terms of revenue funding the findings of the Consultant's report can be summarized as follows:

The Council have agreed a figure of £160,000 for the year 2006/07 and this represents a 10% subsidy for all operating costs. This compares extremely favorably against other trust operated facilities in Scotland who receive subsidy levels in the range of 33%-65% of operating costs.

This low level of Council subsidy represents extremely good value for money for East Ayrshire Council and is a testament to the quality of service delivery and customer care provided by management and staff at the Galleon.

The Operational Review has selectively applied inflation to specific budget heads over each of the next 3 years. In part this is to ensure ongoing customer loyalty but also is reflective of increasing external utility cost increase over which the Centre has no control.

It is recommended that there should be a 3 year revenue funding package as proposed in this review that recognizes that the Galleon Centre is operationally one of the most effective and efficient Centres in the country with an operational recovery rate of 90%.

It is recommended that the revenue funding for 2007/08 be £174,000, 2008/09 £189,000 and 2009/10 £204,000.

- 3.3 There is a service level agreement in place with the KLCT as this agreement can be used to underpin any new 3 year funding agreement. The Service Level Agreement will be subject to annual review. Progress reports will also continue to be presented to this Committee. In order to assist the KLCT with their cash flow it would be beneficial to pay the corporate annual grant at the start of the financial year, rather than in two stages. Should the whole grant not be required in a financial year an adjustment would be made to the following years payment.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The KLCT has indicated that it will require the following funding to operate the Galleon Centre in the next three years:
- |         |          |
|---------|----------|
| 2007/08 | £174,000 |
| 2008/09 | £189,000 |
| 2009/10 | £204,000 |

#### **5. LEGAL AUTHORITY/IMPLICATIONS**

- 5.1 Financial support for KLCT is underpinned by the Services Level Agreement and the Councils standard Conditions of Grant.

#### **6. POLICY / COMMUNITY PLAN IMPLICATIONS**

- 6.1 Support for the KLCT and the Galleon Leisure Centre is in line with the Promoting Community Learning; Improving Opportunities; Improving Community Safety; Improving Health; Eliminating Poverty and Improving the Environment themes of the Community Plan.

#### **7. CONCLUSIONS**

- 7.1 The KLCT continues to offer exceptional value for money in its operation of the Galleon Leisure Centre and the funding requirement for the three year from 2007/08 has been assessed as reasonable and achievable.
- 7.2 A three year funding agreement will allow the KLCT to plan for the future and respond to service needs with greater effectiveness. Any decision taken at this stage would be in principle only and subject to the Council making an appropriate allocation during the budget planning process for 2007/08 and beyond.

## **8. RECOMMENDATIONS**

8.1 It is recommended that the Committee:-

- (i) approve in principle the award of a three year funding package to the Kilmarnock Leisure Centre Trust as follows; 2007/08 - £174,000; 2008/09 - £189,000; 2009/10 – £204,000; and
- (ii) otherwise note the content of the report

William Stafford  
Executive Director of Neighbourhood Services

WS/JAG

23<sup>rd</sup> October 2006

### **LIST OF BACKGROUND PAPERS**

1. Galleon Centre Operational Review 2007-2010  
(Alan Jones Associates – August 2006)

Any person wishing to inspect the background papers listed above should telephone 01563 578179 and ask for John Griffiths, Head of Leisure Services.

Implementation Officer - [john.griffiths@east-ayrshire.gov.uk](mailto:john.griffiths@east-ayrshire.gov.uk)