



LATE REPORTS, URGENT BUSINESS AND SUPPLEMENTARY INFORMATION

Cabinet

Tuesday, 7 August 2018

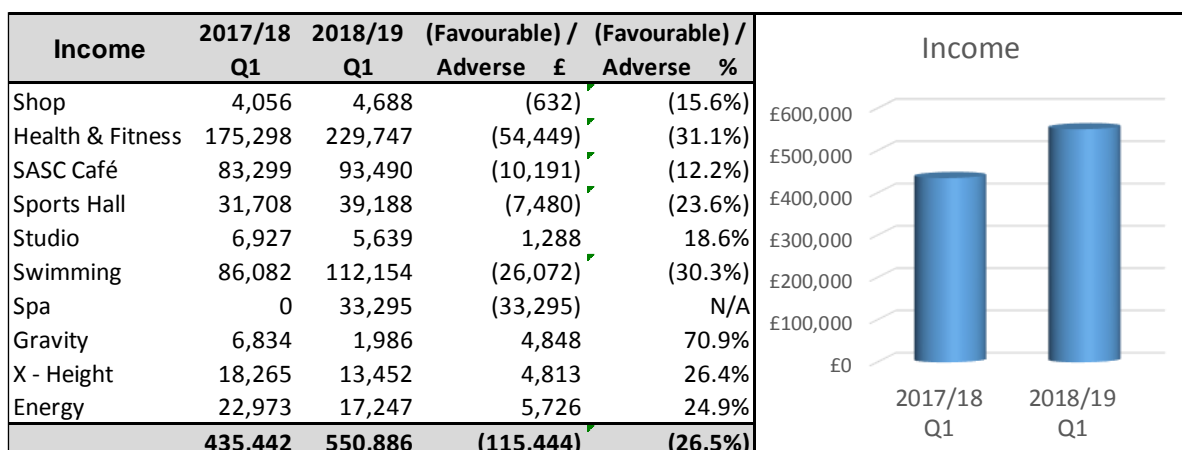
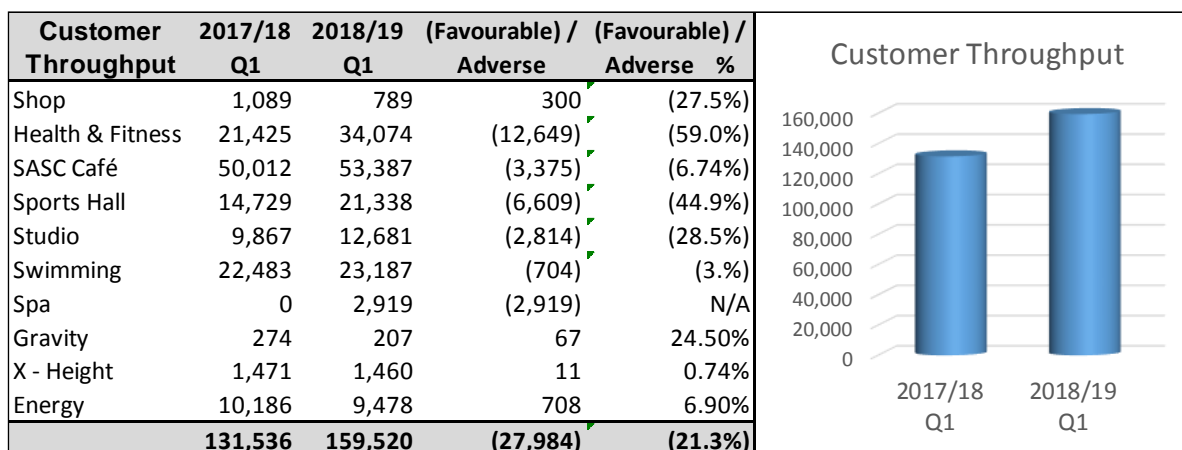
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

SALT AYRE LEISURE CENTRE**2018/19 QUARTER 1 PERFORMANCE MONITORING****Key Messages**

- The operating subsidy for Salt Ayre Leisure Centre has significantly reduced from pre development and is currently anticipated to be around £223K for the year compared with £789K in 2016/17. Although the current year direct net operating cost is showing an increase of £79K compared with the original budget, some £37K of this relates to the staff turnover target, and so the variance should reduce as vacancies occur.
- The newly installed CHP system is generating savings, however the energy budget will be overspent by some £44K (included in the £79K above) due to additional CHP installation costs and higher than anticipated costs at the SPA.
- Gym membership numbers are in excess of 2,800 which includes over 250 junior members aged between 14 and 17 years. The gym contributes in excess of £903k towards the overall revenue target.
- The swimming lesson programme has more than 500 people enrolled, mostly paying by direct debit and this is contributing to an estimated increase in income on original swimming budgets of circa £80K per annum.
- The café continues to perform well and is on target (despite the recent extreme weather which reduced visits) to achieve the annual income target of £413K.
- Similarly, Energy (indoor play) has seen reduced admissions with customers preferring to spend leisure time outdoors – however, the agile marketing approach to include various offers and target particular user groups such as schools has worked well to leave this cost centre on target for the year.



	2017/18 Full Year Actuals	2018/19 Original Full Year Budget	Qtr1 Budget	Qtr1 Actual	Qtr1 Variance	Full Year Projection	Variance to Original Budget	Percentage of Original Budget
	£	£	£	£	£	£	£	
Expenditure								
Employees	1,259,787	1,396,400	293,379	301,191	7,812	1,431,107	34,707	2%
Premises Costs	589,995	548,900	294,146	274,743	(19,403)	592,900	44,000	8%
Transport Costs	23,000	14,600	5,703	3,151	(2,552)	14,600	0	0%
Supplies and Services	538,632	539,000	212,466	102,021	(110,445)	539,000	0	0%
Funding from Renewals Reserve	(89,814)	0	0	0	0	0	0	
Income								
Fees and Charges	(2,123,387)	(2,354,500)	(558,183)	(557,902)	281	(2,354,500)	0	0%
Direct Net Operating Cost/(-) Surplus	198,213	144,400	247,511	123,204	(124,307)	223,107	78,707	
Support Service Costs	399,292	361,800	90,450	90,450	0	361,800	0	
Total Net Operating Cost	597,505	506,200	337,961	213,654	(124,307)	584,907	78,707	
Renewals Reserve Contribution	150,000	150,000	0	0	0	150,000	0	
Capital Financing Costs - MRP re £5M development	177,973	218,500	54,625	54,625	0	218,500	0	
Total Net Cost	925,478	874,700	392,586	268,279	(124,307)	953,407	78,707	

Comments from Leisure Services Manager

Salt Ayre Leisure Centre continues to reduce costs to the Council and as mentioned in previous reports is highly regarded within the industry and by organisations such as Sport England, UK Active and APSE. The facility recently won the UK Active award for best building design concept, following on from the UK Active national case study highlighting the vast increases in throughput to the Centre.

The Centre has just been shortlisted from 380 submissions for the APSE award of 'Best Public/Private Working Initiative'. This recognises the mix of facilities introduced as part of the redevelopment, how the project was managed and the partnership relationship with Alliance Leisure.

It is important to focus on the outcomes the redevelopment provides to the district and visitors as well as the financial gains to the Council.

Education

Through the Primary PE Schools Sports Network (SSN) 40 schools attend sessions with more still to book and confirm dates, bringing 30 Children each time. The sessions are all paid for by the SSN through PE funding awarded to Schools and allow children from all backgrounds to experience X-height indoor climbing. Some schools have booked several subsequent visits and paid for them themselves. The advertisement of these school sessions on social media has now led to schools out of the area from Preston and Kendal booking.

SALC hosts the SSN annual P.E conference which caters for 100 teachers. In addition the SSN hosts its young leader's conference for 80 young people

SALC is the venue for the annual sport festival which has around 700 primary school children taking part.

Disability sessions

Weekly sessions take place on X-height indoor climbing for children with additional needs arranged by the Business Development Manager with the local Special Educational Needs Officer.

The sessions are attended by the same Children each week and have helped build confidence allowing siblings to enjoy an activity together in the same environment rather than at different times and places.

SALC currently provides 4 sessions per week for adults with learning disabilities. 2 assisted cycling sessions averaging 30 people + support staff, a disability football session that also leads to fixtures in local festivals and a multi skills sports session.

Piccadilly Gardens (adults with learning disabilities) will be accessing SALC for a range of activities.

SALC will be hosting the CAN Do Day on 30th September which is for carers and parents to access a range of support networks and service providers in a market place that will run alongside a range of activities for the children to try on the day

Community Support

Chadwick Centre - SALC will be providing facilities from September 2018 with staff support to enable excluded pupils to access some P.E Curriculum activities

Women's Institute -SALC is supporting their health week in September by providing them access to the facilities during the week with a discounted join up opportunity

Lancaster Distract Chamber of Commerce. - SALC support chamber members to maintain healthy lifestyles by providing concessionary memberships, support workforce days on business sites.

Links with the Chamber have developed considerably with SALC now becoming a venue for Chamber meetings further raising the profile of the Leisure Centre throughout the District.

University of Cumbria

Partnership in place that provides access to SALC facilities as part of their University membership. The University use this as a major part of their recruitment drive for new students.

Resident clubs

SALC is the home of 2 successful Swimming clubs, Carnforth Otters, Lancaster City who have around 500 members between them

Lancaster & Morecambe Athletics Club has a successful road running group and junior coaching programme.

Lancaster Bulldogs Wheelchair Basketball club which has recently played in national play offs and currently plan in national league 2 since moving to SALC

SALC is home the SALT Ayre Cycling Association. SACA consists of 4 clubs and has a junior club, COGSET with over 200 junior members

Gymnastics programme - SALC is home to a gymnastics coaching programme that caters for 450 children per week. The club competes regionally and is successful

Swimming lesson programme - SALC teaches over 500 children and adults to swim each week as part of the lesson programme. Approximately 800 children attend the educational swimming programme that is delivered.

CABINET

Budget Support Reserve – Proposed Allocations
07 August 2018
Chief Officer (Resources)

PURPOSE OF REPORT				
This report seeks Cabinet's consideration of proposed allocations from the Budget Support Reserve, to enable the progress of related matters.				
Key Decision	X	Non-Key Decision		Officer Referral
Date of Notice of Forthcoming Key Decision			9 July 2018.	
This report is public.				

RECOMMENDATIONS OF COUNCILLOR WHITEHEAD

- (1) That Cabinet approves a total allocation of £300K from the Budget Support Reserve to cover Programme Management Capacity and Project Support Capacity, with the allocations to be managed under the governance arrangements as set out in the report.

1 REPORT

- 1.1 As reflected within its Medium Term Financial Strategy and the related Provisions and Reserves Policy, the Council holds a Budget Support Reserve. Its purpose is to provide resources to help finance capacity, feasibility/review and other development work in support of the Council's corporate planning and budgeting arrangements.
- 1.2 In line with that purpose, Management Team, led by the Assistant Chief Executive, are undertaking a review of the Council's existing projects, to ensure that the project and programme governance is robust and supports successful delivery. This involves considering the objectives, prioritisation, strategic alignment, deliverability and risk management, resourcing and decision-making, amongst other aspects. Many projects are linked to the Council's transformation, digital and commercial agendas as well as helping to address the Council's financial challenges. The outcome of Management Team's work will be reported through to Members for consideration in due course.
- 1.3 It has been highlighted on a number of occasions that there are concerns regarding capacity and to help address this, Cabinet is requested to consider the following proposals:
- a) Programme Management Capacity**
 Staffing resource is needed to support Management Team in its work; the Council has no dedicated programme office yet it has highly ambitious plans across a number of areas including commercialism, economic regeneration, asset

management, digital, etc. The proposal is to establish a two-year fixed term post for a programme manager, with an accountancy background. Line management responsibility would sit under the Assistant Chief Executive (and with a reporting line into the s151 Officer), at least until the new senior management structure is in place. The exact grading of the post is yet to be determined but is expected that it would be a Grade 6/7 post. Based on an annual salary of £37K and allowing for overheads of 28%, plus minor indirect costs, a total budget provision of £100K is sought, covering the two-year period. Any redundancy liability arising would need to be considered; further funding may be required but this could only be established later in the process.

b) Project Support Capacity

Whilst many projects are not yet fully resourced, it is evident that there are considerable demands on support services in particular, and it is unreasonable to expect that these can be managed through prioritisation alone. The sort of capacity needed includes finance, legal, property, ICT, and HR although this list is not exhaustive; there is also likely to be some technical project management capacity required. The proposal is to authorise the s151 Officer to allocate up to £200K from the Budget Support Reserve, to provide project management and development support. In advance of a more holistic approach to programme management being implemented, the following arrangements are proposed:

- The responsible Chief Officer/ Management Team Member to sign off the proposed project planning/initiation document as robust, and the s151 and Monitoring Officers to sign off the plans from their respective professional perspectives.
- Any additional resource needs to be identified in the above.
- The project priority, its initiation document (including resource needs) to be approved by Management Team.
- Subsequent to the above, the s151 Officer to authorise the allocation of any additional resource needs from the available £200K Reserve allocation.
- The relevant Chief Officer / Project Manager to take on full delivery/budget responsibility for the project.
- Progress to be incorporated into the Council's formal quarterly performance monitoring arrangements.
- Details of Reserve allocations to be reported by the s151 Officer as part of the Council's formal quarterly financial monitoring arrangements.

As Management Team's review has progressed it has become clear that a number of projects would benefit enormously from targeted or directed support. The majority of support services are configured only to provide adequate day to day operational services with little capacity available for additional projects. As projects often require different service support at different times, a project may experience multiple constrictions on delivery as each service tries to respond. Extra support may only be required for a short time or for a particular purpose, but nonetheless, its availability should provide for a significant improvement on delivery.

2 DETAILS OF CONSULTATION

2.1 No external consultation is required.

3 OPTIONS AND OPTIONS ANALYSIS

3.1 Approve the allocations as proposed:

Essentially the proposals are to help ensure that the Council has adequate capacity to develop and take forward its plans, in a timely and structured manner to help ensure successful outcomes. There is risk in terms of abortive costs for example, should the business case for any proposal prove unviable. There is also risk that the allocations will be insufficient, or that suitable and timely expertise cannot be secured, as further examples. These are typical project risks and would be mitigated through the governance arrangements proposed. Relevant Officers would be held to account, in support of good governance.

3.2 Amend/defer the proposed allocations

Should Cabinet consider this option, the rationale and implications of any proposed amendment would need to be considered and addressed.

3.3 Do not approve the allocation

Should this option be chosen, then the Council could not reasonably expect to deliver its key projects in any timely fashion, and this would impact on the achievement of outcomes as set out in the Council Plan, and on the achievement of financial targets as set out in the Medium Term Financial Strategy (MTFS). If no additional capacity was to be facilitated at any point, this would require fundamental reconsideration of the Council's direction and its budget, together with supporting strategies and plans.

4 OFFICER PREFERRED OPTION AND JUSTIFICATION

- 4.1 The relevant Officers' preferred option is to approve the allocations as proposed, for the reasons stated.

RELATIONSHIP TO POLICY FRAMEWORK

As set out in the report.

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)

None directly identifiable at this point.

FINANCIAL IMPLICATIONS

Allocations from the reserve above the key decision threshold are a matter for Cabinet; those below are delegated to the Chief Officer (Resources) in consultation with the Finance Portfolio Holder.

Further to the outturn, which has now been audited, allowing for the planned net transfer into the Budget Support Reserve in the current year, its balance as at 30 June amounts to £2.060M. Details are included in the financial monitoring report included elsewhere on the agenda. Should these proposals be approved, the balance would reduce to £1.760M.

Whilst the proposals cover a fixed term period only, there will be the need to consider capacity on a longer term / permanent basis. Any such proposals would be presented for Cabinet's initial consideration as part of the annual budget process, either for 2019/20, or beyond.

SECTION 151 OFFICER'S COMMENTS

This report has been prepared by the s151 Officer and is in her name (as Chief Officer (Resources)).

LEGAL IMPLICATIONS

There are no legal implications directly arising.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted in the drafting of this report and has no further comments.

BACKGROUND PAPERS

None.

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