

EAST DEVON DISTRICT COUNCIL

Notes of a Meeting of the Leisure East Devon Joint Working Party held at Knowle, Sidmouth on 30 September 2015

Present:

Councillors:

David Chapman
Rob Longhurst
John O'Leary
Geoff Pook

LED representatives:

Peter Gilpin – Chief Executive, LED
Nigel Halford - Chairman of LED Board

Officers:

Mark Williams – Chief Executive
Simon Davey – Strategic Lead - Finance
Charlie Plowden - Service Lead - Countryside and Leisure
Chris Lane – Democratic Services Officer

Apologies

Councillors:

Pat Graham
Maria Hale

John Golding – Strategic Lead – Housing & Environment

The meeting started at 4.30pm and ended at 5.30 pm.

1 Election of Chairman

RESOLVED that Councillor John O'Leary be elected Chairman of the Working Party.

2 Notes of previous meeting

The minutes of the meeting held on 24 February 2015 were received.

3 Declarations of interest

Councillor Rob Longhurst

Minute 4

Disclosable Pecuniary Interest – Attends a craft fair as an exhibitor once a month at Exmouth Leisure Centre.

4 Financial modelling for the 2016 SLA

Mark Williams, Chief Executive outlined the background to the Working Party's remit, which was that the current contract with Leisure East Devon (LED) ended in March 2016 and showed a requirement for an annual service fee of £893,717. This was a significant reduction from the cost to the Council of £1,515,901 in 2004/5, before LED took over running the Council's sports centre in January 2006.

Members noted that the East Devon District Council Medium Term Financial Plan currently showed a deficit for future years and it was hoped that LED would be able to make a reduction in its service fee requirements to help with this deficit.

Peter Gilpin, Chief Executive, LED produced budget and forecast figures for LED for the period 2016-2021. It was noted that the predicted budgets had changed since January 2015, due to a number of adverse financial events and were showing potential losses. These included the impact of the Chancellor's recent 'National Living Wage' announcement and the potential implications for staffing costs across LED sites, as well as a substantial contribution to reserves. The net forecasts showed a cumulative deficit for the EDDC facilities of £525,800 over a six-year calendar period from 2016-2021 inclusive. This resulted in an annual service fee requirement of £986,350 for 2016-2021, an annual increase of £87,634.

Peter Gilpin, Chief Executive, LED, emphasised that LED had produced real savings to EDDC of 25% over the last 5 years. He considered that LED was not in a position to take a 5 or 10% reduction in subsidy over the new contract period.

Simon Davey, Strategic Lead – Finance reported that he had considered the report presented to the Working Party, but had not had an opportunity to have a detailed look at the figures contained within it. Members noted that there was the flexibility for EDDC to act as a guardian to achieve a satisfactory level of reserves for LED going forward. There was also the possibility of benchmarking LED's costs with Peter Gilpin and LED's Head of Finance, to see if there were opportunities for cost reductions on some items in the budget. There were also potential savings to be made from the possibility of profit share for future new projects such as Ocean Blue.

Members noted that it was important for the budget process that a service fee be agreed with LED and that the figures presented by Peter Gilpin, LED Chief Executive be closely considered by the Strategic Lead – Finance. A meeting to agree on a recommendation to Cabinet on the annual service fee arrangement would be held towards the end of November 2015.

6 **Queens Drive Redevelopment**

Members noted that the developments at Queens Drive were an opportunity for LED as it could mean more visitors to the area and more business for both Ocean Blue and Exmouth Pavilion. However, he expressed some concerns over loss of car parking and general disruption to both businesses in the short term.

7 **Cranbrook**

Members noted that the Consortium had identified an opportunity to provide an earlier than scheduled delivery of the new sports centre at Cranbrook, due to funding provided by the Homes & Community Agency. It was a decision for the Consortium to take regarding the operator for the Sports Centre. At present all of Exeter City Council's sports provision was run by a private operator. Peter Gilpin, LED Chief Executive confirmed that the early provision of a sports centre for Cranbrook therefore presented both an opportunity and possible problem for LED. If they took on running the centre it could provide a profit, but if it was operated by another operator it could take business away from other LED run centres in the area.

8 **Grounds Maintenance costs**

The Group noted that LED had not yet had an opportunity to investigate the possibility of sports clubs maintaining their own facilities.

9 **Next Meeting**

To be arranged for a date towards the end of November 2015 at 6.00pm.