



COUNCIL EXECUTIVE

WEST LOTHIAN LEISURE MANAGEMENT FEE 2017/18

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

This report seeks agreement of the proposed management fee for West Lothian Leisure for 2017/18, including services and facilities transferring from the council to West Lothian Leisure on 1 April 2017.

B. RECOMMENDATION

It is recommended that Council Executive:

1. Agrees with the proposed management fee for services transferring from the council to West Lothian Leisure on 1 April 2017, as set out in section D.4 of the report;
2. Agrees that delegated authority for any minor adjustments to the proposed management fee is granted to the Head of Finance and Property Services.

C. SUMMARY OF IMPLICATIONS

I Council Values	Being honest, open and accountable, making best use of our resources, working in partnership.
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	None.
III Implications for Scheme of Delegations to Officers	None.
IV Impact on performance and performance Indicators	None.
V Relevance to Single Outcome Agreement	Effective prioritisation of resources will be essential to achieving the targets contained in the Single Outcome Agreement.
VI Resources - (Financial, Staffing and Property)	The proposed transfer of budget and associated resources to West Lothian Leisure for 2017/18 is consistent with the scope of the transfer of services as previously agreed.

VII Consideration at PDSP	None.
VIII Other consultations	West Lothian Leisure.

D. TERMS OF REPORT

D.1 Introduction

West Lothian Leisure (WLL) was established in 1998 and in August 2016 it converted to a company limited by guarantee with the council as the sole member. The organisation is managed by a senior management team and has a Board comprised of council and independent directors who provide strategic direction.

WLL provide sports facilities and services across West Lothian in conjunction with partners including the council, NHS Lothian and SportsScotland, contributing to outcomes in West Lothian Community Planning Partner's Single Outcome Agreement.

Council Executive agreed on 25 October 2016 to the transfer of certain sports, leisure and cultural functions to the modernised trust, West Lothian Leisure on 1 April 2017. Delegated authority was granted for the Depute Chief Executive to progress and conclude all actions to ensure implementation of the transfer, with the exception of the management fee and council representation on WLL board which were both required to be reported to members for approval.

This report provides details of the proposed management fee for services transferring to WLL on 1 April 2017.

D.2 Progress with implementation of proposals

Officers from the council and WLL are working in partnership to finalise arrangements for the transfer of services to WLL on 1 April 2017. Areas discussed and considered include staffing, property, legal and IT matters relating to the transfer of services. Site visits with key officers from each organisation are complete and work is progressing to ensure arrangements are in place for the transfer on 1 April, including the revised management fee arrangements for services transferring.

D.3 Non Domestic rates savings

The council's Revenue Budget for 2017/18 includes budget savings of £532,000 relating to Non Domestic Rates (NDR) following the transfer of facilities to WLL. The charitable status of WLL allows NDR relief to be claimed thus allowing for the saving to be made. The Scottish Charity Regulator (OSCR) is required to consent to the widening of the charitable objects of WLL, which is necessary to accommodate the transfers. As such, proposed changes to the WLL's charitable objects have been submitted to OSCR in order to obtain its consent.

D.4 Management Fee

The management fee which is to be paid to West Lothian Leisure will include the fee paid for the current provision of leisure facilities. For 2017/18 this is a total funding package of £1.985 million.

The budgets transferring relating to the transfer of services to WLL on 1 April 2017 are in respect of Lowport Outdoor centre (including outdoor education), Howden Park centre, Polkemmet golf facilities and the sports and leisure activities at West Lothian Secondary schools which includes the community and leisure activities in the two community high schools.

As a result of this transfer, council budgets of £470,000 relating to the transfer will be transferred to WLL in 2017/18, and will be added to the existing management fee of £1.985 million giving a total of £2.455 million. The details of the transferring budgets are included in the table below.

	Lowport Centre 2017/18 £'000	Howden Park Centre 2017/18 £'000	Polkemmet Golf 2017/18 £'000	Schools 2017/18 £'000	Total 2017/18 £'000
Employee Costs	627	327	93	682	1,729
Premises Costs	57	101	0	0	158
Transport Costs	39	0	0	0	39
Supplies and Services	92	240	20	47	399
Third Party Payments	7	0	0	0	7
Total Expenditure	822	668	113	729	2,332
Income	(502)	(473)	(129)	(758)	(1,862)
Net Budget Transfer to WLL	320	195	(16)	(29)	470

A robust process has been undertaken to review the budgets for transferring services and appropriate due diligence has been undertaken. The budgets being transferred are equivalent to the budgets which would have remained under WLC if the transfer had not been proposed, with exception of the £532,000 NDR saving. This will allow WLL to deliver the facilities and functions in line with how they are delivered at the moment.

Further discussions are ongoing with WLL in relation to insurance arrangements for transferring facilities, and appropriate budget transfers will be made when the lease and insurance arrangements for these facilities is concluded. It is not anticipated that there will be any further changes that will have a material effect on the level of proposed management fee and it is therefore proposed that the authority for agreeing any further minor revisions to the management fee with WLL is delegated to the Head of Finance and Property Services.

E. CONCLUSION

The proposed management fee to be paid to West Lothian Leisure in 2017/18 is £2.455 million which is comprised of £1.985 million for the existing management fee arrangements and an additional £470,000 for the services and facilities transferring from the council to WLL on 1 April 2017.

F. BACKGROUND REFERENCES

Proposed transfer of sports, leisure and cultural facilities - Council Executive paper 25/10/16

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