

10. WEST LOTHIAN LEISURE THREE YEAR PLAN 2019/20 TO 2021/22 - VOLUNTARY SEVERANCE AND EARLY RETIREMENT REQUEST FOR SUPPORT

The Council Executive considered a report (copies of which had circulated) by the Head of Finance and Property Services seeking approval for a request from West Lothian Leisure (WLL) for re-profiling of the council's management fee to meet the cost of severance and early retirement packages for WLL staff in 2019/20.

The report recalled that the council provided WLL with an annual management fee for services in relation to WLL's role in managing the council's sport and recreational facilities and to deliver associated outcomes. The management fee provided by the council to WLL in 2019/20 was £2.943 million, and, as agreed by Council Executive, to support WLL in achieving their three year plan, included the re-scheduling of debt by WLL through self-financing. This increased the management fee to be paid to WLL over the period of the three year plan.

Since 2016/17, when WLL started experiencing financial challenges, largely due to reduced membership income as a result of increased competition from the private sector, the council had worked with WLL on additional funding which included the re-scheduling of debt.

More recently a financial plan for the period 2019/20 to 2022/23 had been agreed by Council Executive on 11 September 2018 and this included a request by WLL to re-profile the management fee for 2018/19 to fund WLL severance packages of £270,000. This would help support the move to a new management staffing structure. Also the annual management fee paid to WLL by the council would be reduced over eight years, starting in 2020/21, to offset the amount had re-profiled in 2018/19.

The finalised WLL Financial Plan for the period 2019/20 to 2021/22 was approved by the WLL Board on 13 December 2018 and the implementation of the plan had begun. The plan was also presented to Council Executive on 4 December 2018 for information.

Since then and following the restructure of the WLL management team, the Board approved a staffing restructure of all other areas within WLL and a six week formal consultation with staff and trade unions was completed by 30 June 2019

WLL was implementing the staffing restructure in three phases, the first of which would be funded by WLL at a cost of £97,000. This first phase would come into effect on 2 September 2019. The second phase of the restructure included one-off costs of £230,000, which would result in a saving of £189,000 per year. WLL have submitted a request to re-profile the annual management fee they received from the council to support the second phase of their restructure. If approved this would be offset by a reduction to the annual management fee over eight years, starting in 2020/21.

WLL have advised that the funding requested was essential for delivery of WLL's three year financial plan for the period 2019/20 to 2021/22 and that the restructure was subject to this support from the council being made available.

As per the previous request from WLL for funding for the restructure, officers were recommending utilisation of the council's modernisation fund to fund the request for £230,000. As reported to Council Executive in June 2019 the balance of the modernisation fund was £1.086 million. Therefore based on the current level of commitment for council ERVS costs there was sufficient funds to support WLL's request for £230,000, whilst leaving a sufficient balance within the modernisation fund to cover additional WLC requests.

The Head of Finance and Property Services concluded that WLL had advised that a request for further funding for the modernisation fund would be made to the council for the third phase of their restructure. It was intended that this request would be presented for consideration as part of the report on the potential resources available following a review of the council's loan fund.

It was recommended that Council Executive agrees to support the request from WLL to provide support for severance packages totalling £230,000 by a re-profiling of the council's management fee to WLL.

#### Decision

To approve the terms of the report