



FULL COUNCIL REPORT

Date Written	9 th March 2016
Report Author	Steve Jones
Service Area	Finance
Committee Division	Strategic
Committee Date	23 rd March 2016

To: Mayor, Ladies and Gentlemen

Merthyr Tydfil Leisure Trust Management Fee 2016/17

1.0 SUMMARY OF THE REPORT

- 1.1 The Council's leisure and cultural services were transferred to the Merthyr Tydfil Leisure Trust on 1st April 2015, with a Leisure Trust Management Fee of £2,016,000 for 2015/16.
- 1.2 The Council, under the terms of the transfer agreement, is required to notify the Leisure Trust of any revisions to the Management Fee prior to the commencement of the new financial year.
- 1.3 Cabinet of 9th March 2016 proposed that the Leisure Trust's Management Fee be reduced by £14,720 to £2,001,280 for 2016/17 in line with the Council's updated provisional Revenue Settlement reduction of 0.73% received from the Welsh Government for 2016/17.

2.0 RECOMMENDATION(S)

- 2.1 Further to the recommendation of Cabinet of 9th March 2016, the Merthyr Tydfil Leisure Trust Management Fee for 2016/17 of £2,001,280 be approved.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 Council of 28th January 2015 approved the final transfer of Merthyr Tydfil County Borough Council's (the Council) Leisure and Cultural Services to the Merthyr Tydfil Leisure Trust (the Leisure Trust) effective from 1st April 2015.
- 3.2 The final transfer document agreed the Management Fee to be paid to the Leisure Trust by the Council for the operational running costs of the County Borough's leisure and cultural facilities and was based on current operating expenditure within the Council's Medium Term Financial Plan.
- 3.3 Under the Terms and Conditions of the transfer the Council is required to notify the Trust of any revisions to the management fee prior to the commencement of the new financial year to which the revisions apply.

4.0 MANAGEMENT FEE 2016/17

- 4.1 The Leisure Trust's management fee for 2015/16, excluding Service Level Agreements with the Council, was £2,016,000.
- 4.2 The Council's Provisional Revenue Settlement for 2016/17 of a funding reduction of 0.74% was announced by the Welsh Government on 9th December 2015 and subsequently revised to a funding reduction of 0.73% by the Minister for Public Services in his announcement of 10th February 2016. The Final Revenue Settlement, announced on 2nd March 2016, confirmed the funding reduction of 0.73% for 2016/17.
- 4.3 Following discussions between the Council's Chief Finance Officer, Head of Corporate Services and Leisure, Culture and Sports Development Manager it was proposed that for 2016/17 the Leisure Trust's Management Fee be revised by the Council's updated Provisional Revenue Settlement/Final Settlement of a reduction of 0.73%, equating to a cash reduction of £14,720. The rationale for this proposal is as follows:
 1. As the 2015/16 financial year was the first operating year for the Leisure Trust it is recognised that the Leisure Trust requires a period of financial stability to ensure it remains financially viable, securing its long term sustainability. A significant Management Fee reduction at this juncture could jeopardise the Leisure Trust's future viability.
 2. In recognising the Council's funding reduction of 0.73% for 2016/17 and the continuing financial pressures faced by all Council services, it is considered prudent and just for the Leisure Trust to face an equivalent funding reduction for 2016/17.
- 4.4 The Management Fee reduction proposal was discussed with the Leisure Trust's Chief Executive on the 6th January 2016 who was in agreement with the proposal, with the Trustees advised accordingly. The Leisure Trust's provisional Budget for 2016/17, included within its Business Plan 2016 to 2018 (January 2016), includes this proposed funding reduction.

- 4.5 The proposed reduction of 0.73% or £14,720 results in a Leisure Trust Management Fee of £2,001,280 for 2016/17, and was accepted and recommended to this Council for approval by Cabinet on 9th March 2016.

5.0 FINANCIAL IMPLICATION(S)

- 5.1 A funding reduction of 0.73% for 2016/17 results in a Leisure Trust Management Fee of £2,001,280 for 2016/17 and a budget saving of £14,720 to the Council for 2016/17.

6.0 SINGLE INTEGRATED PLAN AND SUSTAINABILITY IMPACT SUMMARY

- 6.1 The Single Integrated Plan and Sustainability Impact Assessment has been completed and the proposals positively impact on the Financial Sustainability of Public Services.

7.0 EQUALITY IMPACT ASSESSMENT

- 7.1 An Equality Impact Assessment (EqIA) form has been prepared for the purpose of this report. It has been found that a full assessment is not required at this time. The form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.

GARETH CHAPMAN
CHIEF EXECUTIVE

COUNCILLOR PHIL WILLIAMS
CABINET MEMBER FOR GOVERNANCE
AND CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Leisure and Culture Trust – Final Transfer	28 th January 2015	Council exempt report
Provisional Local Government Settlement 2016/17	9 th December 2015	Finance Department
Update to the Provisional Local Government Settlement 2016/17	10 th February 2016	Finance Department
Final Local Government Settlement 2016/17	2 nd March 2016	Finance Department
Merthyr Tydfil Leisure Trust Management Fee 2016/17	9 th March 2016	Cabinet agenda and minutes / Finance Department
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.