

This Report will be made public on 22 January 2019

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/18/61**

To: Cabinet
Date: 30 January 2019
Status: Key Decision
Responsible Officer: Amandeep Khroud, Assistant Director,
Governance, Law and Regulatory Services
Cabinet Member: Councillor Jenny Hollingsbee, Deputy Leader and
Cabinet Member for Communities

SUBJECT: FOLKESTONE SPORTS CENTRE TRUST GRANT

SUMMARY: The grant funding agreement with Folkestone Sport Centre Trust (the Trust) ends in 2020. The Trust in advance of the end of this agreement, has made a request for a new grant. This report summarises this request, reviews performance of the current grant agreement and makes recommendations on a future grant reward.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because:

- a) Grant funding would continue to support Folkestone Sports Centre Trust in its delivery of its programme of sports and community based activities.

RECOMMENDATIONS:

1. To receive and note report C/18/61.
2. To approve the recommendation for a new three-year grant agreement of £150,000 per annum starting in April 2020.

1. BACKGROUND

1.1 In April 2015 the council entered into a five-year grant funding agreement with Folkestone Sport Centre Trust Ltd (the Trust). The grant funding agreement was a successor to previous agreements but differed in that in this instance the annual grant reduced over the period of the agreement.

- 15/16 £ 200,000
- 16/17 £ 189,500
- 17/18 £ 179,000
- 18/19 £ 168,500
- 19/20 £ 150,000

1.2 The purpose of the grant was: -

- To support the maintenance costs of a community swimming pool.
- To enable public access to a community swimming pool at affordable prices.
- To provide opportunities for the local community to swim recreationally as a means of improving public health and tackling social isolation.
- To facilitate school swimming sessions for young people in the district.
- To maintain a community facility which supports the broader public health agenda and the Local Health and Wellbeing Board.
- To support a community facility for the purpose of competitive sport and sports development.

1.3 The grant agreement placed the following requirements on the Trust to provide: -

- A scheduled programme of maintenance and repair works for the swimming pool.
- An annual inspection by the council to ensure the works have been completed to a satisfactory standard.
- A five-year business plan to reduce the financial dependency on grant funding.
- An annual report to FHDC summarising the work of the Trust to support community development, sports development and health and wellbeing in the district.
- A minimum of three liaison meetings with the council.

- 1.4 The requirements of the grant agreement are monitored in the liaison meetings. The Trust has complied with the terms of the agreement in the sharing of information, the monitoring arrangements and its use of the grant funding.
- 1.5 There is no commitment to future funding in the current agreement and the Trust has been consistently advised this could not be guaranteed. It was however anticipated that the Trust would wish to make an application for a further grant and it was recommended that any new request should be made in advance of the final year of the current agreement. This would give time for the Trust to plan and adapt to any changes in future funding.
- 1.6 The Trust has now made a request for the new grant agreement that would start from April 2020 (see Appendix 1).

2. **FSCT Grant Funding Request & Options**

- 2.1 The grant funding request is attached as Appendix 1. The request details what the Trust provides in terms of sporting facilities, health and wellbeing, and community programmes. The Trust requests a further grant of £150,000 per annum for a period of five years starting in 2020.
- 2.2 The funding request highlights the following activities that would be supported by a new grant: -
- The sports facilities and the sport activities currently provided.
 - Health and wellbeing activities including disability sports, rehabilitation, mental health and dementia support, social inclusion and preventative care.
 - Support for local school's activities at the centre.
 - Apprenticeship and employment programmes.
- 2.3 The grant request has also been reviewed by the Community Services Manager who has identified how the Trust additionally supports the council in its community activities: -
- Attendance on the local Health and Wellbeing Board.
 - Event hosting e.g. Armed Forces Day.
 - Support for our Dementia Friendly Communities work e.g. Rosie's Moments.
 - Support for other community projects e.g. Tall Ships.
- 2.4 The Trust has provided financial accounts information throughout the current grant period. The financial information provided includes a full breakdown of the Trust's incomes and costs. Financially, the Trust breaks even most quarters and has controlled its costs and protected its income against a number of pressures (e.g. introduction of national living wage and the impact of 'budget' gyms). The Trust's long-term business plans with the development of a 'high ropes' facility at the site should also raise additional income.

- 2.5 It is important to note however that the Trust only breaks even with the contribution of the council funding, which is treated as an income stream on their Profit & Loss projections. Without the grant agreement the Trust would run at a loss each quarter and would be under considerable financial pressure if the grant ceased. The Trust has only limited cash reserves.
- 2.6 The council's medium term financial strategy includes a provisional allocation for a continued grant to the Trust although as previously stated no commitment has been made to a future grant award.
- 2.7 The options in response to the Trust's request for a new grant are: -
- No grant awarded beyond the end of the current agreement.
 - Grant awarded on the basis requested by the Trust (£150K x 5 years).
 - Grant offered for a shorter period.
- 2.8 **No grant award** – There would be financial saving to the council from not providing a grant but this would need to be balanced against the impact on the Trust and the resulting actions it would need to take to secure its financial position. This could include the possible closure of facilities, reduction of community and sporting programmes and increased prices. Due to the community impact this is not recommended.
- 2.9 **Grant is awarded on the basis requested by the Trust** – The requested grant for £150,000 per annum for the period of five-years. The grant is fixed at the level of final year of the current agreement. The benefit would be the continued provision of the sports and community activities by the Trust. For the council the cost over five-years would be £750,000. The main financial risk is the length of the commitment and the potential need to withdraw or drastically reduce the grant in the future due to changes in our own financial position. For this reason this option is not recommended.
- 2.10 **Grant awarded for a three-year period** – The recommended option is for a grant of £150,000 per annum to be offered to the Trust for a shorter three-year period. This would mitigate the concerns about making a long-term financial commitment. Consideration was given to whether the grant offered should be reduced annually over the agreement period but this was rejected due to the potential impact on the community programme.
- 2.11 If a grant is approved it is recommended that the current grant agreement is used as a model for the next agreement as this has provided a good level of oversight.

Terms would include: -

- Confirmation that this is a grant agreement and can terminate or be amended at the council's discretion.
- The grant agreement infers no continuation beyond termination.
- The sports, activities and community programme supported by the grant.

- Public acknowledgement of the financial support from the council and incorporation in publicity material produced by the Trust.
- The Trust provides each quarter an income and expenditure breakdown, details of sports and community programmes supported.
- Continuation of the minimum of three liaison meetings with council officers each year to discuss financial and service performance.

3. RISK MANAGEMENT ISSUES

3.1 The main risks are: -

Perceived risk	Seriousness	Likelihood	Preventative action
FHDC unable to support the continued Financial Commitment	Medium	Medium	<ul style="list-style-type: none"> • New agreement limited to 3-years. • Funding planned in the MTFS.
Grant is misspent or does not provide value for money.	Medium	Low	<ul style="list-style-type: none"> • FHDC liaison meetings and ongoing monitoring of community activities.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (David Kelly)

There are no legal implications arising directly out of this report. Legal Services will, upon instruction, advise on the terms of the Grant Agreement.

4.2 Finance Officer's Comments (Charlotte Spendley)

The proposed 2019/20 budget reflects the grant at the agreed £150k level. The current MTFS does not currently make any assumptions regarding the award of grant differing to this level in future financial years. However it should be noted that the MTFS is in a projected deficit position and the Council is facing significant uncertainty about its own financial position due to the Fair funding review which will have a financial impact upon the Council over the course of this commitment.

4.3 Diversities and Equalities Implications (AR)

The report notes that the grant supports Folkestone Sports Centre Trust's sports and community programme.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Andrew Rush, Corporate Contracts Manager
Telephone: 01303 853271
Email: andrew.rush@folkestone-hythe.gov.uk

Appendices:

Appendix 1 – Folkestone Sports Centre Trust Ltd Funding Request

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