

COUNCIL PROCEDURE RULE 12

QUESTIONS BY THE PUBLIC

Mr David Turver asked:

According to the FY21/22 budget book (account 91019), the track record of actual and budget for income from the Leisure Centres is:

- FY18/19: £828K actual
- FY19/20: £1,268K actual
- FY20/21: £633K budget
- FY21/22: £1,407K budget.

What was the thinking behind setting the budget at that level and what plans were made to deliver record revenue from the Leisure Centres during a pandemic?

Cllr Radley responded:

Hart District Council has a contractual arrangement with Everyone Active (EA); for robust commercial reasons this was used as the budget for 21/22.

The Government recognised the contractual position for Local Authorities and to mitigate the worst adverse impact introduced a compensation scheme. The scheme is linked to the published Budget Book. The 20/21 Budget Book reflects the contracted management fee with Sports Leisure Management Ltd.

The budget accounts for the management fee contractually agreed with EA, it is not directly dependent upon Leisure Centre usage. A new contractual arrangement is being entered into moving forward which takes account of the anticipated pandemic recovery trajectory.

Mr Turver asked a supplementary question:

If the budget was set at £1,407k and government support was expected to that level, why is income down £700k at the halfway point.

Cllr Radley responded:

The government compensation scheme does not cover for the full amount, but is based upon the set budget, which reflected the contractual agreement with EA. The government gives some of the money based the budget not all, which is why it has fallen short. The amount entered into the budget book was correct as that it is what we would expect under the contract with EA in normal circumstances.

Mr David Turver asked a second question:

The Q2 Monitoring report shows that the Leisure Centres are reported to have a shortfall in income of £700K YTD and Cabinet papers indicate that this shortfall will be made up from reserves earmarked for Sports Facilities. However, note 5.11.1 in the draft accounts sets out the details of earmarked reserves and does not explicitly mention a reserve for Sports Facilities. Can you please explain exactly how much is being transferred and where the money is coming from?

Cllr Radley responded:

There is an earmarked reserve with funding set aside from a historic VAT refund on leisure services to the value of £1,393k. This reserve forms part of Corporate Services earmarked reserves. The reserve will be used as needed depending on our review of open book income and expenditure on the contract with Everyone Active.

To be clear this is revenue budget money and is not taking away from any leisure services capital reserves or Section 106 funding.

Mr Turver asked a supplementary question:

What risk is there of a further reserve transfer next year?

Cllr Radley responded:

The budget to be approved in February anticipates the contractual amount we will receive from EA, so there should be no need for a further transfer, as we are producing a balanced budget.

Mr David Turver asked a third question:

The recently published Infrastructure Delivery Plan (IDP) shows a funding gap of £57.9m. However, 72% of the projects identified remain un-costed. What is the realistic estimate of the full infrastructure funding gap and when will a complete IDP be published?

Cllr Cockarill responded:

The Infrastructure Delivery Plan is a living document, which is reported to Cabinet and Overview & Scrutiny at regular intervals. The report referenced in the question is the one presented to those committees in November. The next iteration of the Infrastructure Delivery Plan is due to be presented in the spring. This will have an updated estimate of the funding requirements and the shortfall.

Mr Turver asked a supplementary question:

The indication in November was that there is that the CIL contribution will meet of ¼ of the IDP funding, what is the impact on the CIL consultation if you are to republish a 'proper' IDP in three months' time?

Cllr Cockarill responded:

The results of the CIL consultation will inform the next iteration of the IDP, but government mandates that the IDP must be set up with a shortfall to allow for developer contributions and other funding mechanisms to operate. The next iteration of the IDP will be published after the CIL consultation is complete, and then we will be able to establish the estimates of funding and shortfall at that time.

Mr David Turver asked a final question:

Which sports facilities will now not get delivered because of the transfer from reserves to cover the hole in the Leisure Centre budget?

Cllr Radley responded:

The money that is being used to subsidise EA is coming from a revenue fund not S106 money or Capital Reserves, so there will be no impact on future provision leisure facilities or services.

Mr Turver asked a supplementary question:

Something must be losing money somewhere if you are using the reserves on the leisure centre unplanned, so what would that money have been spent on?

Cllr Radley responded:

The Council has reserves earmarked for specific purposes and a general reserve built up that balances the ebbs and flows of our revenue streams. It is built up in good years to deal with difficult years, it is basically a 'balancing reserve'. The last two years have been especially challenging because of the pandemic, so it has been a natural decision to use some of the reserves put away for a 'rainy day' for a couple of 'rainy years' and we would seek to add to the reserves again in good years. The money is there for that purpose. No one has lost out; it is simply good financial management.