

Update on Council Financial Support to Rubicon

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Shareholders Committee – Tuesday 21st February

This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended

Introduction

This information highlights financial information starting from the 2020/21 financial year.

Like the Borough Council, Rubicon's accounts were transferred over on to the TechOne system on the 8th February 2021. As such, Rubicon have experienced similar issues to that of the Borough Council in terms of financial information since that date.

As a Company, there is the requirement to supply Audited Accounts to Companies House by the 31st December each year.

Due to the issues with the Councils financial system, the accounts for the 2020/21 financial year were submitted on the 30th June 2022, no fault here on Rubicon. Indeed, closing the Rubicon accounts helped the Council understand more fully the accounting implications being experienced on a small scale before applying them to the Council main accounts later in 2022.

Rubicon have been awarded an extension to the closure deadline for their 2021/22 Accounts until the 31st March 2023. Again, this will be significantly in advance of the Accounts the Council is providing to their Auditors.

Generally, Information relating to Rubicon is taken to the Shareholders Committee. This is an update following a question from the Overview and Scrutiny Committee.

2020/21 Financial Year

For the 2020/21 financial year as highlighted in the Borough Council's Outturn Report, which was submitted to the Executive on the 11 January 2022, due to the significant impact of C-19 on the Leisure and Culture sector (closure of facilities) the Council had awarded the following support to Rubicon from its C-19 Grant.

- £543k earlier in the financial year
- £120k as per the Outturn Report
- A further £135k was identified in the 2020/21 closure process (approved by Urgent decision by the Council on the 29th June 2022.

This resulted in a net reduction in Retained Earnings of £32,743 for the year. The Audited Accounts, as per the Companies House filing are attached as Appendix A.

The Council supported Rubicon with a base Management Fee of £627k in 2020/21 before any C-19 Grant payments.

2021/22 Financial year

Members will be aware, via the Audit, Governance and Standards Committee that the issues with the cash receipting part of the TechOne financial implementation were not rectified until November 2022. This has meant that the same problems are being rectified in 2021/22 although this time it is for the full year and not just 7 weeks as was the case in 2020/21. This has included income for the Palace Theatre being coded to Council accounts instead of Rubicon Accounts. This is being rectified through the 2021/22 closure process. These accounts will be presented to the Board for approval before the 31st March 2023.

In 2021/22 for one year only, the Council supplemented the £627k management fee with an additional payment of £1,259k, as per the MTFP report published on the 16th February 2021. In this report it set out the additional support for Rubicon Leisure Limited. This was as a result of the projected net loss of income following the forced closure of the sites due to the Government legislation during the COVID-19 pandemic. That report also noted that the Shareholder Committee receives financial and performance reports to enable the Council to understand the Company financial position.

2022/23 Financial year

In 2022/23, for one year only, the Council have supplemented the £653k management fee with an additional payment of £319k as per the MTFP report published on the 8th February 2022. This is the best and latest estimate (based on meetings with senior Rubicon management) of the impact of Covid- 19 on footfall and therefore the financial position of Rubicon (and therefore our management fee).

As set out above fixes have only just been implemented in November 2022 for the issues with cash receipting that has also affected the Council.

During 2022/23 to date:

- Rubicon have moved to the Stripe to transact payments, except the Palace Theatre. This will significant help reconciliation of incoming income.
- The company replaced its fitness equipment in January 2023

Appendices

Appendix 1 – Audited Accounts 2020 -21

Appendix 2 – Exempt Appendix (This appendix contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended.)