

Redditch Borough Council

Shareholders Committee 28th November 2023

Council Funding and Support Update

Relevant Portfolio Holder	Councillor
Portfolio Holder Consulted	Yes
Relevant Head of Service	Pete Carpenter
Report Author	Job Title: Peter Carpenter – Interim Director of Finance Email: peter.carpenter@bromsgroveandredditch.gov.uk Contact Tel: 0152764252
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY

The Council set up Rubicon Leisure Limited in 2018 to deliver the Council's Leisure and Cultural activities. As part of the arrangements the Council provide ongoing support services to Rubicon. Like the Council, Rubicon have concerns with the support they are receiving from the Council. This report updates the Shareholders Committee on

- The ongoing Council financial issues and how these impact Rubicon
- Additional investment being made in infrastructure

2. RECOMMENDATIONS

Shareholders Committee are asked to Note and Comment on the:

- The ongoing approach for the delivery of support services to Rubicon by the Council
- The £650k investment being made in Rubicon operated facilities by the Council over the next three years as per the 2024/5 Medium Term Financial Plan.
- The delivery of improvements to plant facilitated by the £177k grant from Sport England.

3. KEY ISSUES

Support Service Position

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- 3.1 The July meeting of this Committee include a review of a letter received by the Rubicon Board of Directors on the quality of financial support being received by Rubicon from the Council. A response to that letter was discussed at that meeting and a response sent to Rubicon.
- 3.2 As set out in the letter, and being discussed in the Audit Governance and Standards Committee on the 23rd November, the Council are still to deliver their 2020/21 Accounts. There is a plan, which is discussed at every Audit Committee, for rectification however until the Auditors sign off the opening balances at the time of transfer to the new financial system draft accounts will not be able to be delivered. The backlog in cash receipting transactions that is the cause of the issues is expected to be cleared by the end of this calendar year. Rubicon is a business that driven by customer income, so this has had a significant effect on its management information. This is referenced in their Managing Director's Performance Report which is also on this agenda. There is significant concern at Rubicon that the Council's ongoing financial issues have still not been resolved and the impact this has on their business.
- 3.3 Although the 2020/21 and 2021/22 Accounts have been delivered, the latter with very heavy qualifications, Rubicon have had to apply for a 3 month extension in the delivery of their Statutory Accounts for 2022/23 because of these issues. This cannot be actioned until the 1st December. Members of the Committee should note that Rubicon has to comply with Companies Act legislation, not Local Government legislation. Both the 2020/21 and 2021/22 Accounts had underspend positions and these amounts will be moved into an Earmarked Rubicon Reserve to mitigate any issues that might arise when the Councils accounts are finally closed for those years.
- 3.4 Rubicon, with the change of their Managing Director, have engaged a financial review to assess issues within their business. The Council is working with Rubicon in delivering information for this review. The most significant area being assessed is ensuring VAT returns are up to date. A key part of this work is ensuring all income is properly logged.
- 3.5 In terms of other SLA items:
- HR support has moved to another provider.
 - Payroll Support is still provided in house.
 - Environmental Services and Parks Services continue to be delivered.
 - ICT services continue to be delivered, and as this is a Council Company delivering Council services, there is a requirement for this linkage. There is an issue in relation to a 24/7 service which is presently not offered by the Council but is covered by out of hours. The Council to looking into ways of offering this more formally as Rubicon does deliver significant services in the evenings and at weekends.
 - Pending the review of financial services, and the Council rectifying its financial position, financial services could be delivered in an alternative way.
- 3.6 Changes to SLA's are reserved matters and would require Council signoff.

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Investment in Infrastructure

Sports England Grant

- 3.7 The Council applied through Sport England, whose sponsor Department is the Department for Culture, Media and Sport for support in reducing running costs for the Swimming Pool at the Abbey Stadium Sports Centre.
- 3.8 DCMS has allocated funding to support public sector leisure centres with swimming pools that face immediate cost pressures to limit closures and reduce running costs, specifically energy and chemical costs (the “Swimming Pool Support Fund”). Representatives from DCMS, Department for Levelling Up, Housing and Communities (“DLUHC”) and Sport England form a committee to determine jointly whether individual applications for funding are suitable and the amount of funding to be allocated. Sport England is the body designated to distribute the allocated funding to approved applicants and monitor the application of the funds.
- 3.9 The Council applied for a revenue grant from the fund, and the application has been approved at a total of £177,311. This grant is to be used for expenditure relating to energy or chemical use for the Facilities. The Grant was awarded to Rubicon Leisure and has to be used within the next three years.
- 3.10 Rubicon/the Council will provide details of actual visits and participation at each Facility on a monthly basis. The Applicant will provide the information directly on to Sport England’s Moving Communities platform and will endeavour to provide the information in an automated manner. The information to be provided consists of:
- (a) PARTICIPANTS: Total number of known unique individuals that have visited the Facility to do an activity in the relevant month, broken down into the following categories on a monthly basis:
 - (i) Age / age group
 - (ii) Gender
 - (iii) IMD (deprivation decile) based on home postcode of participant.
 - (iv) Ethnicity
 - (v) Disability
 - (b) VISITS: Total number of visits to the Facility in the relevant month, including a breakdown of the activity undertaken in each instance
- 3.11 Rubicon/the Council will provide details of actual utilities and chemicals consumption at each Facility on a quarterly basis. The Applicant will provide the information directly on to Sport England’s Moving Communities platform and will endeavour to provide the information in an automated manner.

Council Investment via the Capital Programme

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- 3.12 As part of Tranche 1 of the 2024/5 Medium Term Financial Plan, Executive approved that investment in facilities run by Rubicon of £650k be made over the next three years:

	2023/4 £000	2024/5 £000	2025/6 £000	2026/7 £000
MMP recommendation AVCP North improve surfacing and widen path along route between the Abbey ruins and the fishponds.	0	30	0	0
MMP recommendation AVCP Replace or repair broken bins, adopting a consistent style of bin across the site (in my opinion you do not need to change every bin to the same style, we try to zone so similar styles in an area. Taking a perfectly good bin out is a waste of money. Replace as required	0	5	0	0
MMP recommendation AVCP South. Repair or replace car park surface at Icknield St Drive.	25	0	0	0
AVCP Pump Track	33	0	0	0
AVCP - Parking Bays near Visitor Centre	0	12	0	0
AVCP - Car Park Extension 25 Spaces	0	95	0	0
Arrow Valley Park Visitor Centre Improvements	0	150	150	150
Total	58	292	150	150

- 3.13 The first 4 items of this list were approved at Council on the 13th November 2023 for implementation, as work will begin this year. The other items will be agreed as part of the Tranche 1 proposals in January 2024. It should be noted, that as part of those proposals there is more investment in parks and play facilities across the Borough.

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Strategic Purpose Implications

Relevant Strategic Purpose

- 5.1 The Strategic purposes are included in the Council's corporate plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

Climate Change Implications

- 5.2 The green thread runs through the Council plan. Every report has potential financial implications and these in term can have implications on climate change. These will be addressed and reviewed through individual reports when relevant by climate change

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officers will ensure the correct procedures have been followed to ensure any impacts on climate change are fully understood.

6. Other Implications

Customer / Equalities and Diversity Implications

6.1 None as a direct result of this report.

Operational Implications

6.2 Managers meet with finance officers to consider the current financial position and to ensure actions are in place to mitigate any overspends.

7. RISK MANAGEMENT

7.1 The financial monitoring is included in the corporate risk register for the authority

8. APPENDENCES

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