

# Redditch Borough Council

## Shareholders Committee 27<sup>th</sup> February 2024

### Council Funding and Support Update

Relevant Portfolio Holder	Councillor Warhurst
Portfolio Holder Consulted	Yes
Relevant Head of Service	Pete Carpenter
Report Author	Job Title: Peter Carpenter – Director of Resources/Deputy Chief Executive 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. Rubicon have had concerns with the support they have been receiving from the Council. This report updates the Shareholders Committee on:

- Actions and their associated delivery following the Shareholders Committee Meeting on the 28<sup>th</sup> November 2023.
- Investment being made in Rubicon.
- The ongoing Council financial issues and how these impact Rubicon in relation to the closure of the 2022/23 Accounts.

#### 2. RECOMMENDATIONS

**Shareholders Committee are asked to Note and Comment on the:**

- The ongoing approach for the financial support and the delivery of financial support services to Rubicon by the Council
- The 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/savings facilitated by the £177k and £205k Grants from Sport England (DCMS).

# Redditch Borough Council

## Shareholders Committee 27<sup>th</sup> February 2024

### 3. KEY ISSUES

#### **Outstanding Issues**

- 3.1 Following the meeting on the 28<sup>th</sup> November 2023, Members had a number of questions that they felt needed fuller explanation to ensure they had a full understanding of Rubicon and its operational and financial performance in order to properly discharge their duties.
- 3.2 The following questions were raised where further information was required:
- The quality of the road surface of the car park located closest to the lake in the Arrow Valley Park and the potential for capital funding to be used to undertake improvement works at the site.
    - The capital programme listed below invests in the Car Parks, additional funding will be required for this portion of the Park.
  - The extent to which progress had been made since the previous meeting of the Committee in terms of recruitment of a Company Secretary.
    - Shareholders will be updated as part of the Managing Director's report.
  - The extent to which it would be possible to designate the Arrow Valley Lake as suitable to use for outdoor bathing.
    - This is linked to the Sailing Club paper on today's agenda and the limited time that Rubicon have exclusive use of the lake.
  - The identities of the Directors appointed to Rubicon Board.
    - The Companies House registration sets these out as Julia Breakwell, Rebecca Delmore, Gregory Langston, Guy Revans. Sue Hanley was a director but has resigned now she is the Chief Executive and another Council employed Director is being sought.
  - The potential for Members of the Shareholders Committee to meet with Members of the Rubicon Board.
    - This is being set up but will be outside these Shareholders Meetings which have a specific function based on the Reserved Matters.
  - The extent to which VAT receipts had been updated.
    - We have paid up to Q3 2023/4 – based on the HMRC central assessment.
  - The extent to which heat supplied from Redditch Crematorium heated the swimming pool at the Abbey Stadium.
    - The capture of flue gas waste heat based on the current operation (250 operating days at 8 hours at the Crematorium) would give an estimated saving on the gas of £23,520 for 2024/25 based on current rate of 4.2p kWh.
  - The criticisms that were sometimes levelled at Redditch, in terms of the availability of things to do in the Borough. Members commented that action needed to be taken to promote the facilities, events and activities that were available in the town.
    - The Managing Director's report sets out the requirement for a Marketing and Events Manager. Final interviews for this will be in February.

# **Redditch Borough Council**

## **Shareholders Committee 27<sup>th</sup> February 2024**

### **Investment in Rubicon Facilities (Including the 2024/5 Medium Term Financial Plan Process)**

- 3.3 The 2024/5 – 2025/6 Medium Term Financial Plan had the following investment in Rubicon (pending approval by Council on the 26<sup>th</sup> February 2024):
- Continuation of the Revenue support at £777k a year (this includes £78k of repairs and maintenance of facilities, with the remainder being the management fee).
  - Capital Investment of
    - £12k to improve parking bays near the Arrow Valley Country Park Visitor Centre in 2024/5.
    - £95k to increase the Arrow Valley Country Park Car Park by 25 spaces in 2024/5.
    - £350k in 2024/5 and £100k in 2025/6 to improve the Arrow Valley Country Park Visitor Centre.
    - £61k of improvements to the original Pump Track at Arrow Valley Country Park in 2024/5.
- 3.4 The Council applied through Sport England, whose sponsor Department is the Department for Culture, Media and Sport (DCMS) for support in reducing running costs for the Swimming Pool at the Abbey Stadium Sports Centre. And has been successful in the award of two grants.
- 3.5 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.
- 3.6 The Council applied for a revenue grant from the fund, and this application was approved In October 2023 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.
- 3.7 An addition DCMS grant for the installation of Photo Voltaic (PV) Panels at the Abbey Stadium Sports Centre for £205,000 has also been approved on the 31<sup>st</sup> January 2024.
- 3.8 As highlighted in the November report, all DCMS Grants have conditions attached which includes monitoring any improvements and a breakdown of facility usage.

### **Update on the Closure of Accounts**

- 3.9 The Board at its meetings in July and November noted and commented on the issues that the delayed Audit of the Council’s 2020/21 Accounts, including the data take on

# **Redditch Borough Council**

## **Shareholders Committee 27<sup>th</sup> February 2024**

balances was having on the closure of Rubicon's 2022/23 Accounts. This included the review and response of a letter received from the Rubicon Board of Directors on the quality of financial support being received by Rubicon from the Council and the fact that Rubicon needed to comply to the requirements of the Companies Act.

- 3.10 The Committee had noted that 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 2020/21 cash receipting transactions that is the cause of the issues has been cleared and the Council has been able to produce draft 2020/21 Accounts. The Council has supplied its External Auditors with take on balance reconciliations and are awaiting approval of these amounts and any adjustments to submit these draft 2020/21 Accounts for Audit.
- 3.11 Rubicon's 2020/21 and 2021/22 Accounts have been delivered, the latter with very heavy qualifications. Rubicon has successfully applied for a 3 month extension in the delivery of their Statutory Accounts for 2022/23 because of these issues with a new due date of the 31<sup>st</sup> March 2024. 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.
- 3.12 Rubicon's External Auditors were on site at the Town Hall on the 12<sup>th</sup> February to undertake compliance checking as part of the 2022/23 Audit process.
- 3.13 VAT returns have now been undertaken up to Q3 2023/4 – based on the HMRC central assessment.
- 3.14 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.

#### **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

# **Redditch Borough Council**

## **Shareholders Committee 27<sup>th</sup> February 2024**

addressed and reviewed through individual reports when relevant by climate change 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**

#### **AUTHOR OF REPORT**

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