

REPORT TO:	Executive Board
DATE:	8 th May 2024
SUBJECT:	London Road Sports Pavilion
PURPOSE:	To agree a London Road Sports Partnership grant award.
KEY DECISION:	Yes
PORTFOLIO HOLDER:	Deputy Leader of the Council and Portfolio Holder for Community Safety, Leisure & Culture and Carbon Reduction.
REPORT OF:	Phil Perry, Assistant Director – Leisure & Culture
REPORT AUTHOR:	Phil Perry, Assistant Director – Leisure & Culture
WARD(S) AFFECTED:	Louth St Mary's
EXEMPT REPORT?	<i>No</i>

SUMMARY

The London Road Sports Partnership was formed by three stakeholders, supported by the Lincolnshire Football Association and the Football Foundation through the Home Advantage scheme. The Partnership has entered a tenancy at will to be replaced by a lease once finalised with the Football Foundation. The Executive Board approved the site's transfer through a long lease, with a Service Level Agreement being prepared to supplement lease terms. The Partnership faces sustainability risks without initial financial support from the Council, needing to generate income to cover costs and establish reserves. Unlike Magna Vitae, the Partnership will have a full repairing lease, resulting in further savings for the Council on repairs and maintenance costs. This report covers the financial support needed to initially sustain the site during Years 1-5.

RECOMMENDATIONS

That Executive Board:

1. Agree in principle to provide grant funding to the new London Road Sports Partnership, subject to the outcome of ongoing legal and financial due diligence.

REASONS FOR RECOMMENDATIONS

Failure to agree to this support would mean that the London Road Sports Partnership would not be able to financial manage the site and the site would close.

OTHER OPTIONS CONSIDERED

N/A

1. BACKGROUND

- 1.1 East Lindsey District Council (the Council), on 1st January 2015, entered into a contractual relationship and long term (25 years) strategic partnership with Magna Vitae, a non-profit distributing organisation and registered charity and the agreement is due to expire on 31st December 2039.
- 1.2 Over the first 6 years of Magna Vitae working in partnership with the Council, significant change has been undertaken to reduce the Magna Vitae management fee and enable the savings agreed within the Council's transformation programme.
- 1.3 Magna Vitae manage a number of core and non-core facilities on behalf of East Lindsey District Council through a Funding Management Agreement, including the London Road Pavilion site, April 2024.
- 1.4 It should be noted that costs to the Council also include the ongoing maintenance and investment requirements of the London Road Pavilion site are managed through the Council's Assets Team.
- 1.5 A report to Council dated 11 October 2017 report entitled, Culture and Leisure Service and Contract Fee Proposals and Associated Magna Vitae Business Plan 18/19 to 2022/23, included Magna Vitae working principles for the duration of its business plan once implemented. In the report, section 4.4 detailed the working principles for Non-Core Services, which included Magna Vitae aiming to develop alternative means by which non-core venues, including the London Road Pavilion site, can continue to contribute to improved health outcomes, whilst requiring no service fee from the Council.
- 1.6 Section 2.1.5 of the 18/19 to 2022/23 Magna Vitae Business Plan, MV stated it would: *'..... seek to secure, over the period 2018-2021, new commissioning and contract opportunities; and alternative delivery and funding means to enable the sustainability. Where such opportunities are not available nor forthcoming the trust will continue to liaise with the Council as to the ultimate decision about future arrangements.'*

2. REPORT

- 2.1 In March 2018, Magna Vitae started the London Road Pavilion Project, on the basis that the existing Astroturf pitch would be refurbished and converted into a 3g pitch. This would be coupled with a declining contribution from the Council annually in the management fee to Magna Vitae, to be replaced by increased income streams that a 3g pitch would generate for Magna Vitae, or an alternative provider. It was also agreed in a side letter that this position would need revisiting should a replacement Astroturf pitch be laid instead, as this surface would generate a lower level of net revenue than would a 3g facility. Following consultation, it was the Astroturf replacement option that was chosen and delivered.
- 2.2 The provision of Leisure services was subsequently severely affected by the COVID 19 Pandemic and cost of living crisis, which both changed the economic landscape nationally and delayed the transfer of the site from Magna Vitae to an alternative community-based delivery model for an additional year. Magna Vitae continued to operate the site at a cost to the Council of £93.5k for the 23/24 financial year.
- 2.3 The decision to replace the Astroturf surface with a like for like option and the change in the economic landscape, meant that Magna Vitae's initial business plan working principles were no longer realisable. Magna Vitae subsequently withdrew from delivering the project, handing the lead to Council Officers to find a management solution for the site from April 2024, when Magna Vitae were to surrender its lease.
- 2.4 The London Road project continued to progress with Officers consulting four stakeholders on a sustainable solution, three of those went forward to form the London Road Sports Partnership.
- 2.5 Officers also worked collaboratively with the newly formed Sports Partnership, Lincolnshire Football Association and the Football Foundation, on a successful bid into the Home Advantage scheme, to support the transfer of the site to the Partnership. The scheme includes elements of capital and revenue funding streams, as well as support for the Partnership in setting up governance and leasing arrangements for the site, to aid its future sustainability.
- 2.6 The Sports Partnership is well on its way to setting up its governance arrangements, it has entered into a tenancy at will from April 2024, which is soon to be replaced with a lease, once arrangements are finalised with the Football Foundation.
- 2.7 The Executive Board approved the disposal of public open space by way of long lease, at its 14 February 2024 meeting, and officers are working with legal colleague on the preparation of a Service Level Agreement, to supplement the lease terms.
- 2.8 Working towards transferring the site to the Partnership following the departure of Magna Vitae, has though raised risks over its future sustainability, without initial financial support from the Council. The new Partnership has the full operating costs for the site, but initially only has limited income streams. Working through its budget, it is clear that it initially needed to generate income in line with the level of funding Magna Vitae received through its funding management agreement, to meet annual costs, plus the opportunity to generate an operating reserve and a sinking fund.

- 2.9 This would equate to a grant to the Partnership of up to £95k in year 1, reducing by at least 25% per annum over years 2-5. The ambition is to taper the grant to zero, working as appropriate with the Sports Partnership to support their journey to sustainability. Discussions as appropriate regarding progress towards this ultimate ambition will take place over the described five-year period.
- 2.10 In line with 1.4 above, unlike Magna Vitae, the Partnership is taking on a full repairing lease, which will result in further savings being realised by the Council. The Council's spend on repairs and maintenance over the past three financial years is as follows:
- 2021/22 = £17,573
 - 2022/23 = £24,096
 - 2023/24 = £84,528 (£51,397 – Proforma B works)

3. CONCLUSION

- 3.1 The transfer of the London Road Pavilion from Magna Vitae to the London Road Sports Partnership progressed well, with the Partnership now working towards acquiring funding through the Home Advantage scheme to improve the site. However, there are risks regarding the sustainability of the site without initial financial support from the Council. It is essential for LRSP to generate additional income, but they will need financial support to the same level that Magna Vitae previously received to cover their annual maintenance costs and build reserves. The Council will realise savings on repairs and maintenance costs with LRSP taking on a full repairing lease. Collaborative efforts between the Council, the Partnership, and funding bodies will be crucial to ensure the long-term success and sustainability of the London Road site.
- 3.2 The report therefore recommends that the Executive Board agree in principle to the provision of grant funding of the new London Road Sports Partnership over 5 years, as detailed in section 2.9 of the report, subject to the outcome of the ongoing legal and financial due diligence.

EXPECTED BENEFITS TO THE PARTNERSHIP

Keeping a busy sports site open offering leisure and wellbeing activities meeting SELCP's sub-regional strategy priorities - Healthy Lives; Environment

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

None

CORPORATE PRIORITIES

Maximise healthy and active lives.

STAFFING

None

WORKFORCE CAPACITY IMPLICATIONS

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

None

DATA PROTECTION

None

FINANCIAL

In 23/24 as part of the contract with Magna Vitae (MV), ELDC paid £93,551 for the operation of The Pavilion, London Rd, Louth.

The proposal to support the Partnership over a 5-year term before negotiating a fixed fee thereafter, creates an increase in overall cost to the Council of £289,850 over the period, offset by a reduction in building maintenance of £93,500 over the same period.

In the 24/25 budget, the MV contract has been reduced accordingly to reflect the cessation of services provided by MV at London Rd. There is budget provision for Building Maintenance, both Programmed and Responsive, totalling £18,700, being £12.0k on the Sports Field and £6.7k on The Pavilion building, London Rd.

It is reported above at paragraph 2.10 that the Partnership is taking on a full repairing lease, which will result in savings being realised by the Council i.e. a budgetary saving of £18.7k in 24/25 with regards to Building Maintenance noted above.

	£ Year 1 2024/25	£ Year 2 2025/26	£ Year 3 2026/27	£ Year 4 2027/28	£ Year 5 2028/29
Revenue					
Facility Management Fee	95,000	71,250	53,450	40,100	30,050
Building Maintenance Savings	(18,700)	(18,700)	(18,700)	(18,700)	(18,700)
Total Revenue Cost	76,300	52,550	34,750	21,400	11,350

Works were undertaken during 23/24 to the value of £51.4k to prepare the site up to an agreed standard ahead of handover to the Partnership, those works will continue into 24/25 due to delays and are expected to total an additional £30.5k, all of which are funded from reserves by way of agreement through the Proforma B process.

RISK MANAGEMENT

There is currently a Tenancy at will in place whilst an application to the Charitable Commission for charitable status is pending.

Removal of grant support to sustain the site in early years is likely to result in site closure, if the Council does not support this decision.

STAKEHOLDER / CONSULTATION / TIMESCALES

Consultation was undertaken with the London Road Pavilion stakeholders, principal users, local Ward members and Louth Town Council.

REPUTATION

Removal of management of the site will result in reputational damage of the council and with limited green spaces in the area will likely attract media attention.

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

Improved access to the local community to play and discover sports and activities to be involved with to include but not limited to football, cricket and hockey. The open green spaces will also be available for local residents to utilise for their daily exercise routines (e.g., walking, running).

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

None

ACRONYMS

None

BACKGROUND PAPERS

Report to East Lindsey District Council, 11 October 2017 - Culture and Leisure Service and Contract Fee Proposals and Associated Magna Vitae Business Plan 18/19 to 2022/23.

CHRONOLOGICAL HISTORY OF THIS REPORT

'A report on this item has not been previously considered by a Council body'.

REPORT APPROVAL

Report author:	Phil Perry – phil.perry@boston.gov.uk
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Approved for publication:	Cllr Graham Marsh – graham.marsh@e-lindsey.gov.uk

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES

(CAPITAL AND REVENUE BUDGETS)

FROM:

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED

REPORT:

REPORT DATE:

OPTION 1	£ Year 1 2024/25	£ Year 2 2025/26	£ Year 3 2026/27	£ Year 4 2027/28	£ Year 5 2028/29
Revenue					
Facility Management Fee	95,000	71,250	53,450	40,100	30,050

Building Maintenance Savings	(18,700)	(18,700)	(18,700)	(18,700)	(18,700)
Total Revenue Cost	76,300	52,550	34,750	21,400	11,350

Funding required:

Total capital cost £

Revenue cost £ 196,350

Considered by:

Enter committee here

Enter Council or
Cabinet/Executive here

Date:

Financial Services Comments

Risk

Procurement

Value for Money Efficiency

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.