

2013/14 – 2014/15 Alternative Budget Proposal

Service: Leisure Facilities

Proposal Number:

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|--------------------------------|
| Description of Proposal |
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| Outsource running of leisure facilities (Council to retain asset ownership) |
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Proposed Saving

| Proposed Saving in 2013/14 £'000s | Proposed Saving in 2013/14 FTE Staff | Proposed Saving in 2014/15 £'000s | Proposed Saving in 2014/15 FTE Staff |
|---|--|---|---|
| | | | |

| | 2013/14 £'000s | 2014/15 £'000s |
|---------------------------|-------------------|-------------------|
| People | | |
| Property | - | - |
| Third Party | - | - |
| Infrastructure/Kit | - | - |

Grays Beach

Base Budget 2012/13

| | £'000s |
|---|-------------|
| Expenditure | |
| Employees | 83 |
| Other Direct Running Costs (Premises, Transport and Supplies) | 60 |
| Third Party Payments | |
| Transfer Payments | |
| Capital Financing Costs | 4 |
| Support Services Costs | 36 |
| Gross Expenditure | 183 |
| Income | |
| Sales, Fees and Charges | (43) |
| Grant and External Contributions | |
| Support Services Income | |
| Gross Income | (43) |
| Net Expenditure | 139 |

Grangewaters

Base Budget 2012/13

| | £'000s |
|---|--------------|
| Expenditure | |
| Employees | 244 |
| Other Direct Running Costs (Premises, Transport and Supplies) | 123 |
| Third Party Payments | |
| Transfer Payments | |
| Capital Financing Costs | |
| Support Services Costs | |
| Gross Expenditure | |
| Income | |
| Sales, Fees and Charges | (367) |
| Grant and External Contributions | |
| Support Services Income | |
| Gross Income | (367) |
| Net Expenditure | 0 |

Thameside

Base Budget 2012/13

| | £'000s |
|---|--------------|
| Expenditure | |
| Employees | 629 |
| Other Direct Running Costs (Premises, Transport and Supplies) | 278 |
| Third Party Payments | |
| Transfer Payments | |
| Capital Financing Costs | |
| Support Services Costs | 720 |
| Gross Expenditure | 1,627 |
| Income | |
| Sales, Fees and Charges | (347) |
| Grant and External Contributions | |
| Support Services Income | |
| Gross Income | (347) |
| Net Expenditure | 1,280 |

Impact of Proposal

The total payments made to Impulse leisure for the previous five years are as follows:

2008/09 £600k
2009/10 £664k
2010/11 £664K
2011/12 £621k
2012/13 £514k

From a general overview, the transfer of the Council's leisure run facilities would involve an element of TUPE transfer of existing staff to the operator. This means that sufficient budget in order to cover these costs would need to be a consideration of an external bid. In addition, there are a number of central support costs associated with the facilities. These would not necessarily reduce as a result of outsourcing and would need to be re-distributed amongst other services within the Council.

The main saving to be achieved would be through the non-staffing running costs, and premises. However, as ownership of the buildings would be retained by the Council, the liability for any major repair works would need to be considered prior to negotiations.

Grangewaters

Grangewaters currently has a budget position set in order to achieve a breakeven position. The fees and charges have been set in accordance with the operating costs, and are reviewed on an annual basis. From a budget perspective, outsourcing of the facilities would not achieve a saving per se, but additional grants or other sources of income could be accessed which are currently not available to a local authority. This could have the advantage of significant capital investment with additional revenue generated as a result of improved facilities.

The operating position in 2012/13 is currently within budget at Period 9, and it is not forecast that there will be an operating deficit at the end of the year.

Grays Beach

The base line budget for Grays Beach includes core funding of £139k. Therefore, the current business model would not achieve a full cost recovery for the service (as is the case with all parks facilities), although the cafeteria operation within the park does broadly break even in terms of running costs. Several attempts, overseen by the Council's Procurement team, have been made in recent years to operate the cafeteria

as a fully externally-managed facility, but there has not been sufficient interest to make this viable. From January to March the cafeteria is run at weekends by the Lightship Cafeteria Community Hub as a community facility.

There are some permanent employees within Grays Beach and a budget for Casual worker, during the higher season demand periods.

The business model for Grays Beach highlights that the service is not fully driven on a financial basis, as the subsidy within the budget supports the benefit to the public.

In the event of outsourcing negotiation, it is unlikely that the service would achieve complete cost recovery, and therefore any budget savings would be minimal.

Thameside

The Thameside complex is home to a variety of services:

- Grays Library
- Thameside Theatre
- Thurrock Museum
- The registry office
- Various Voluntary Organisations

There is also an Archive Service for historical records within the cost centre which is delivered by Essex County Council in Chelmsford against a service Level agreement.

Considerable storage is also provided in the building for the Thurrock collection of local historical artefacts

Facilities management and maintenance are provided by Serco and recharges are made against the individual services on a proportionate basis to cover these costs. Additionally central recharges' are made to cover other support costs. The total budget has been broken down in to fixed costs (those that would still need to be met if the building closed) and variable costs (those that could be offered as savings).

The fixed costs are in the majority of cases part of the Serco contract, therefore if this could be re-negotiated they could be added to the potential savings achievable by closure.