

REPORT TO CABINET
{4th October 2016}

Cabinet Member: Councillor Mandy Williams-Davies / Councillor Mair Rowlands

Subject: Harlech & Ardudwy Leisure Enterprise

Contact Officer: Sioned E. Williams, Head of Economy and Community

The decision sought

Commit to a financial contribution to “Harlech & Ardudwy Leisure” towards the swimming pool by –

- prejudging a successful application for additional permanent funding of £6,000 from 2017/18 onwards as part of the joint financial package with the community councils.
 - ask the Head of Finance to assign £20,000 from the 2016/17 budget, during the second quarter review, so as to release a one off payment in 2016/17 to the enterprise for the period up to 31st of March 2017.
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Local Member’s Opinion

The following is noted as Councillor E. Caerwyn Roberts’ opinion:

“I support the submitted proposal for a one off contribution of £20,000 and an annual contribution of £6,000 to allow this enterprise to establish a financial assistance package with the support of six local community council. The support from the community councils will secure an important asset for the benefit of local residents within the town of Harlech and its surrounding communities.

1. Introduction.

1.1 Presented is an application for a financial contribution for Harlech and Ardudwy Leisure Enterprise towards supporting Harlech Swimming Pool in partnership with six local community councils.

2. Background

2.1 In its meeting of the 16 of December 2008, the Board of Gwynedd Council decided to plan for the transfer of Harlech Swimming Pool to an independent Trust. Between December 2008 and July 2009 work was carried out on an Options Appraisal and Business Plan for the transfer of the pool.

2.2 In its meeting of the 14 July 2009 the Board of Gwynedd Council approved the transfer of Harlech Swimming Pool to The Harlech and Ardudwy Leisure

Trust. In addition to this the Board agreed to undertake emergency work (at a cost of approximately £80,000) to repair pipes and the water filtration system at the pool to facilitate the transfer. The enterprise was finally transferred in December 2010.

2.3 At the meeting of the 14 July 2009 the Board also agreed to approve a financial support package for the Trust until April 2011. The majority of the £220,000 was released and utilised to meet both the running and employment costs during the period between July 2009 and April 2011.

2.4 Since December 2010 – March 2014 the Trust have succeeded in attracting over £1million of capital investment to the enterprise for the upgrading work and for the expansion of the facilities at the pool (café, climbing wall) and Revenue funds of £300,000 from the Big Lottery Fund to contribute towards the running costs of the enterprise.

2.5 The Trust presented an application to Gwynedd Council for financial assistance at the beginning of 2014. It was presented to the Council's cabinet on the 29 of April and at the time it was decided to delegate the authorisation to the Head of Economy and Community to support the enterprise with a payment of £21,094 in the short term in order to allow time and the opportunity for Cabinet Members to receive a written report and to fully consider this matter at its next meeting on the 20th of May 2014.

2.6 Harlech and Ardudwy Leisure's request for financial assistance was discussed by Gwynedd Council's Cabinet at its meeting of the 20th May 2014. It was agreed to support Harlech and Ardudwy Leisure with a contribution of £135,000 over the coming three years:-
£60,000 in 2014-15 (less short term payment in 2.5)
£45,000 in 2015-16
£30,000 in 2016-17

2.7 Over the last 4 years the enterprise has put in place a financial strategy that has reduced costs, mainly through the rationalisation of staffing and energy usage; and also by increasing income through a marketing campaign aimed at attracting more users to the pool/climbing wall and the café including the targeting of the visitor market; expanding the activities that are available at the centre, and constantly reviewing pricing and opening hours. In addition to this the enterprise has also put in place a fund raising initiative which includes a community lottery, contributions from 'friends' of the pool, corporate sponsorship and a programme of community events including Rock Ardudwy and themed evenings in the café.

3. The Present Situation.

- 3.1 The enterprise is now on its 5th year of trading, and by now user patterns and trends for the enterprise are pretty constant. Historical performance and financial forecasts show that the enterprise costs around £300,000 a year to run with employment and energy costs being the main items. Some £200,000 of the income to meet those costs comes from the operational/commercial side of the enterprise, being the swimming pool, climbing wall and café; the remaining £100,000 originates from fund raising activity and grants.
- 3.2 The Council's financial contribution, although reducing annually, has been instrumental to the income that comes from grants and fund raising. The financial assistance package from the Council will come to an end at the same time as the enterprise's financial year end in November 2016.
- 3.3 As part of the regular reviews between the Council and the enterprise it became clear in early 2016 that the enterprise couldn't be self-sustaining on its commercial income alone, and that its dependency on grant funding and fund raising is a risk.
- 3.4 The enterprise has identified the need to raise £106,000 annually through fund raising activity and grants to maintain it. The enterprise's Directors have already committed to raise £50,000 themselves through specific fund raising activities but they do need to secure the remaining £56,000 through a more constant and long term funding stream.
- 3.5 The enterprise is facing closure at the end of November 2016 if there is no way of agreeing a stable arrangement in terms of funding.
- 3.6 If the enterprise were to close it would lead to:-
- The loss of 17 jobs (full time and part time) in an area where there are few employment opportunities
 - Depriving residents of 55,000 user sessions per year
 - The loss of 13,750 user sessions during the six week summer holiday period
 - Depriving users of the climbing wall of 5,000 sessions
 - The loss of swimming lesson provision for the pupils of the five primary schools along the Arduwy coast (Talsarnau to Barmouth)
 - Depriving 13,750 user sessions annually for those aged over 60 years of age
 - The loss of a community resource in the town, which could lead to another derelict building in Harlech
 - The loss of an all-weather attraction in an area that relies on the tourist industry
 - The loss of a healthy living and well-being asset for local residents, in particular older age groups and parents with young children under the age of 5 years

- 3.7 The Enterprise, with the support of Gwynedd Council Officers, has worked on a plan to present to the Community Councils in the area and Gwynedd Council asking them to contribute towards maintaining the enterprise in the long term.

4. The Plan

- 4.1 The enterprise, with the support of Gwynedd Council Officers, has developed a plan that raises £56,000 annually through a package of contributions from the local Community Councils by increasing the precept.
- 4.2 The enterprise has been presenting the proposal, looking at options and conducting local discussions with the following Community Councils Barmouth, Dyffryn Ardudwy and Talybont, Harlech, Llanbedr, Llanfair and Talsarnau between April - August 2016.
- 4.3 The funding model favoured by the Community Councils to date is set out as follows:

Council	Sum
Barmouth	£ 6,711
Dyffryn Ardudwy	£ 9,742
Harlech	£18,424
Llanbedr	£ 3,799
Llanfair	£ 7,544
Talsarnau	£ 3,772
Gwynedd	£ 6,000
Total	£55,992

- 4.4 A breakdown of this increase on the precept is available in appendix 1, and a map of the community councils involved are marked in red on the map in appendix 2.
- 4.5 All six Community Councils have declared willingness to move forward dependent on receiving the same response from the remaining Councils. Each Council will present the item for formal resolution at their meetings in September and October 2016.
- 4.6 The package with the Community Councils is also dependent on a contribution of £6,000 per annum from Gwynedd council to support them.
- 4.7 If the Community Councils are in agreement the arrangements would be operational from the 1st of April 2017.

4.8 With Gwynedd Council's present contribution coming to an end at the end of November 2016, and there being a budget deficit of £20,000. In order to allow the enterprise to trade until the new precept plan comes operational in April 2017 there would be a need for a one off payment of £20,000 for the enterprise to bridge the period from December 2016-March 2017.

5. Conclusions / Recommendation

5.1 Commit to a financial contribution to "Harlech & Arduwy Leisure" towards the swimming pool by –

- prejudging a successful application for additional permanent funding of £6,000 from 2017/18 onwards as part of the joint financial package with the community councils.
- ask the Head of Finance to assign £20,000 from the 2016/17 budget, during the second quarter review, so as to release a one off payment in 2016/17 to the enterprise for the period up to 31st of March 2017.

6. Relevant Considerations.

6.1 Main Risks

The main risk to the success of this scheme is the enterprise's ability to maintain the user level and resultant income streams to ensure its sustainability. The enterprise's Business Plan and forecasts for the period from 2016-17 onward are based on the trends of the last four years. This financial package in partnership with the Community Councils' is critical to realising that Business Plan.

7. Next steps and timetable

The six Community Councils to approve their offers in their September meetings	September 2016
Cabinet / Gwynedd Council Cabinet Member to decide on approving a financial package	October 2016
A one off bridging payment of £20,000 from Gwynedd Council to Harlech and Arduwy Leisure	November 2016
Gwynedd Council is advised of the six Community Councils' increase in the precept	January 2017
First payment of the precept plan made by the Community Councils and Gwynedd Council (50% of the total)	April 2017
Second payment of the precept plan made by the Community Councils and Gwynedd Council	October 2017

Views of the Statutory Officers

The Chief Executive: “This is a good example of a community taking responsibility for a facility where the Council can no longer do so, and obtaining help from local councils in order to fulfil their aim. The Council is trying to encourage such thinking across the county, and the comparatively small contribution being asked for in comparison to other funding streams is a way of showing that we will be flexible in facilitating such schemes. The £20,000 on off contribution is required to ensure that the initiative can get off the ground. I therefore believe that this is a package that we should approve assuming that the cabinet is willing to commit to approve the £6,000 permanent bid as part of next year’s budget setting arrangements.”

The Monitoring Officer: “The report recommends a contribution towards the revenue financial package for Harlech swimming pool for the future. Arrangements must be in place to ensure that this proposal becomes operational, and that the various financial commitments are formalised.”

The Head of Finance: “Subject to the 6 community councils contributing towards the funding model outlined in 4.3 of the report, this proposal will realize the majority of the original efficiency savings identified. Therefore, if the Cabinet are supportive of the proposal, then we will co-operate to contribute in accordance to the decision.”

Appendix 1 - Breakdown of Precept Package

Appendix 2 - Map of participating community councils