1.0 EXECUTIVE SUMMARY

1.1 South Lakeland District Council wishes to operate its leisure facilities through a Trust. The land that the Kendal Leisure Centre is built on is owned by Cumbria County Council. It is leased to South Lakeland District Council and would have to be reassigned from South Lakeland District Council to the Trust. South Lakeland District Council requires Cumbria County Council’s permission to reassign the lease. This report suggests conditions that might be imposed in return for reassigning the lease.

2.0 POLICY POSITION AND BUDGETARY IMPLICATIONS

2.1 In 1978/1979 Cumbria County Council entered into a contract with South Lakeland District Council. It leased the land on which the Leisure Centre is built to South Lakeland District Council at a peppercorn amount for a period of 999 years. Also it agreed to pay a third of the running costs of the Leisure Centre. South Lakeland District Council met the remaining costs and kept the income.

2.2 The current cost to Cumbria County Council is £220,000 pa approximately. The contract is into perpetuity. There is no termination clause in the contract on operating costs but the lease requires South Lakeland District Council to seek permission from Cumbria County Council if it wishes to reassign the lease.

3.0 RECOMMENDATION

3.1 To reassign the lease to a Trust formed by South Lakeland District Council to operate leisure facilities for South Lakeland District Council subject to conditions determined by Cabinet. The following are examples of possible conditions.

1 For the first five years after reassigning the lease Cumbria County Council would continue to pay the current amount increased each year by the retail prices index.

(Members may wish to limit this to a fixed cash amount and not to increase that amount by the RPI).
2 In the second five year period the contribution by Cumbria County Council would be scaled down. *No target has been set at the time reassigned for a future contribution to the operating costs but it would be lower than the current contribution. Members may wish to consider setting a percentage reduction or target of a commercial arrangement where users pay a commercial rate. A further alternative would be for the County Council to subsidise community use at a fixed amount per hour or per person times an agreed number of hours or users*.

3 A review of the County Council contribution would be carried out after fifteen years from reassignment and every five years thereafter.

(Condition number 3 would not be required if the contribution was limited to a commercial relationship for services used).

3.2 Authorise the Director of Education in consultation with the Education Portfolio Holder to seek final agreement with South Lakeland District Council to detail terms in line with any guidelines set by Cabinet.

3.3 The Director of Education to report the outcome to Cabinet.

**4.0 BACKGROUND**

4.1 Cumbria County Council bought the land for the Kendal Leisure Centre from the Kirkbie Kendal School and leased it to South Lakeland District Council. The Leisure Centre was built by South Lakeland District Council and a contribution was made from the school towards the capital costs. All of this was in 1978/79.

4.2 Cumbria County Council agreed to fund a third of the operating costs. South Lakeland District Council would meet the remaining cost and retain the income. The schools in the area had access to the facilities of the Leisure Centre for about 1500 hours per year. The cost to Cumbria County Council is approximately £220,000 pa.

4.3 27 primary schools in the area use the swimming pool in Kendal Leisure Centre for about 400 hours per year for swimming lessons, which are a mandatory requirement of the National Curriculum. The swimming pool is used by schools in the autumn and spring terms but not in the summer term.

4.4 Kirkbie Kendal secondary school uses the sports hall changing rooms and gymnasium at the Leisure Centre for about 500 hours pa but needs to reserve about 1,000 hours pa to allow timetabling changes for bad weather etc.

4.5 The total educational use of the Kendal Leisure Centre is in the order of £45,000 pa. The remaining investment by Cumbria County Council is to support community use of the Leisure Centre.
4.6 In 1978/79 the style of the dual use agreement signed by Cumbria County Council and South Lakeland District Council was common amongst local authorities. This was before the National Curriculum and Local Management of Schools. With hindsight it is not the most suitable form of agreement in today’s environment. The National Curriculum predetermines the time that can be allotted to sport well below the 1,500 hours pa in the Agreement. The high cost of the Agreement is awkward to absorb within a formula budget based on pupil numbers used in Local Management of Schools.

4.7 Community use of the facilities is restricted during the school day where too much time is reserved for school use.

4.8 Officers in South Lakeland District Council recognise the problems and will consider new uses for the Leisure Centre. It is hoped that more community use with more income from users will replace educational use. Consequently it is hoped that it will be possible in time to reduce the financial contribution from Cumbria County Council.

4.9 Kendal Leisure Centre is now over 20 years old and in need of upgrading. A Trust would have more access to capital funds for improvement than an in house contractor. Also with charitable status a Trust would have a substantial discount on the premises rates.

4.10 Subject to a decision by the Cabinet of South Lakeland District Council Officers of South Lakeland District Council have agreed to look at ways of reducing the contribution from Cumbria County Council but they need time to build up new business.

5.0 **Options**

- Either to deny South Lakeland District Council a reassignment of the lease to a Trust

- Or reassign the lease in return for a reduced contribution

6.0 **Conclusion**

If no action is taken the facility could become more unattractive to community users and the unit cost per user to the County Council will rise.

**John Nellist, Director of Education**

*22 August 2002*
APPENDICES
None.

IMPLICATIONS

Staffing: Nil
Financial: Within existing budget
Electoral Division(s): All South Lakeland
Executive Decision: Yes
Key Decision: No
Have the urgency procedures been used: No

N.B. If an executive decision is made, then a decision cannot be implemented until the expiry of the eighth working day after the date of the meeting - unless the decision is urgent and the necessary member approvals have been obtained by the Head of Member Services

BACKGROUND PAPERS
No background papers.

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