



Buckinghamshire County Council
Finance, Performance and Resources
Select Committee

Report

Title:	Bucks Sports and Social Club
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Executive Summary

This paper provides context and rationale for the agreed closure of the Bucks Sports and Social Club. The current arrangements for the club are considered unsustainable for reasons of:

- Financial and commercial viability
- Condition and suitability of facilities
- Health and safety

After considering a range of options and investing significant time and effort in pursuing an alternative arrangement which would transfer management of the club and its facilities to a community organisation, the Council has taken the difficult decision to close the club and site from 31st October 2017.

This paper outlines the factors that have led to this decision, the alternatives considered and why they were ruled out, assesses the impact of the closure on the local community and proposes suitable alternative provision.



Background and Context

Background to the Sports and Social Club

Buckinghamshire County Council originally purchased part of the Sports and Social Club land in 1936, purely as a sports field, with a pavilion, for BCC staff. In 1974, the Council purchased an adjacent piece of land and in 1975 constructed the club building with lounge bar and sports hall. In 1985 the club building was extended to provide a games room. Throughout the 1970s and 1980s, BCC employees were automatically members of the club; this has now changed and BCC employees have the option to opt in to club membership, with their monthly fees deducted from payroll. The club currently has 56 members of a council workforce of 3,000 (13,000, including schools).

Over time the facilities have been increasingly used by local community groups, although this was not the original purpose of the site and there is no obligation to provide them. The usage of the site by these groups amounts to around 28.5 hours per week. Excluding private functions, this means that the club is unused 73% of its normal opening time.

The Council has been unable to invest in the maintenance of the site facilities, which are not used for the provision of any core Council service. In August 2014, the Pavilion building which housed changing room and toilet facilities was closed due to identified health and safety risks including:

- Asbestos in the roof
- The roof being in poor and unsafe condition
- A requirement for electrical re-wiring
- Non-compliance with current standards for the prevention of legionella,
- Degradation of the shower and toilet facilities

In 2016/17, the Council spent £54,000 in supporting the Bucks Sports and Social Club (net of the income raised). Based on current income and costs, this has been projected at £65,500 for 2017/18. This level of subsidy is unsustainable in the current financial climate and, given the very low usage by BCC staff and lack of use of the site for any required public service, does not represent value for money. In autumn 2016, the Council therefore communicated clearly to club users that it would cease to subsidise the club from April 2017.

The Council's Financial Position

The Council has made in excess of £100m of savings over the last 7 years. Members and Chief Officers have had to take increasingly difficult decisions to meet this target and the Council must now focus on its core business if it is to meet its statutory obligations and the priorities of the Strategic Plan while operating within its significantly reduced budget.

Reasons for Change

The current operating arrangements for the club are no longer considered viable for the following reasons:

1. **Financial sustainability** – the current business model for the club is financially unsustainable and it requires subsidy from the Council to maintain its basic operations. This subsidy was £54,000 in 2016/17 and is projected to be £65,500 in 2017/18. This position is after cutting costs and before making the investment needed to repair or replace the deteriorating facilities. The cost of this is estimated in the range of £109,000 to £170,000.
2. **Suitability of facilities** – many of the facilities at the club are no longer fit for purpose and, in some cases, are unsafe. The Pavilion building, which housed changing facilities and toilets, has already been closed due to health and safety risks and its generally unacceptable state of disrepair. This closure has removed the provision of changing facilities for the football team, one of the main groups using the site. The tennis courts have not been used for several years and are not fit for purpose. The car park requires a barrier to prevent fly tipping and unauthorised use of the site. The bar and kitchen areas require significant modernisation and the sports hall requires re-lamping. In addition to the health and safety risks posed by the condition of the site, the lack of available investment for modernisation means that the prospect of making the club commercially viable through additional private functions and increased bar usage is not realistic.
3. **Historic malpractice** – Until 2014 the club had been managed by an independent committee. An audit investigation showed irregularities in the club accounts and its financial processes, including cash handling and book keeping. At this time, management of the club transferred to the Council's Facilities Management team to ensure its compliance and protect both the club and Council from reputational risk. This is an additional activity that the Facilities Management team now performs with no budget and creates a distraction from its core role of ensuring that sites from which vital Council services are delivered (such as the care of vulnerable people) are fit for purpose and well maintained.
4. **Public responsibility** – while the Council will do everything reasonably possible to support resilient and cohesive communities, it has duties to manage public money responsibly, to ensure that services it provides are affordable and fit for purpose and to protect the public from risk of harm when using facilities it provides. The club as it is now does not meet the requirements of these tests and the council has a duty to consider alternatives.

Options Appraisal

The available options for the future of the Sports and Social Club are:

1. Retain as is
2. Close the bar section of the club and retain the sports facilities
3. Consider the creation of an alternative delivery vehicle
4. Close the whole club and all of its facilities

These options were carefully considered with the intention to find the most suitable overall outcome for all stakeholders. Genuine and concerted efforts have been made to pursue options alternative to the closure of the club and, having fully explored and exhausted these, appraisal of the options was as follows:

Option 1 - Retain as is

Option rejected

Under this option, the club and all of its facilities would remain open and would continue to be managed under the existing arrangements. This option is not considered feasible for the following reasons:

- **Lack of commercial viability** - there are too few paying members of the club and too little income from private bookings to render it commercially viable. Fees from the club's current 56 members generate £2,000 p.a., which covers just over 1% of the operating costs of the site. To break-even, the club would need either to:
 - Increase its membership to 1800 people;
 - Raise membership fees by 3000% to £1,169 per member;
 - Generate in excess of an additional £65,000¹ in private bookings. This equates to an additional 6 bookings per week or an increase in price above the current £200 per booking which, given the location and condition of the facilities, would price the club out of the market;
 - Or achieve a combination of the above.
- **Lack of available investment** – the club facilities are not fit for purpose; the sports changing facilities have recently been closed due to their poor condition and prohibitive cost of restoration (around £85,000). Without this investment, the facilities will continue to degrade to a point beyond restoration and to presenting significant health and safety risks.
- **Health and safety** – dangerous levels of asbestos are prevalent in some of the buildings and the structurally unsafe Pavilion building has now been demolished. Continued use of the site represents a significant health and safety risk which could result in severe injury or illness to users of the site, which includes members of the public as well as members of the club.

¹ Note that additional bar staff are required for functions, therefore costs increase with each booking, meaning that more than the current £65,000 deficit would have to be generated in additional income to achieve a break-even position

Option 2 - Close the bar section of the club and retain the sports facilities

Option rejected

Under this option, the bar section of the club – which makes up the highest part of its costs – would be closed but the indoor and outdoor sports facilities would remain open.

This option is not considered feasible for the following reasons:

- **Lack of commercial viability** – although insufficient to cover overall costs, the income generated from private bookings and associated bar takings is by far the club's greatest revenue stream, generating £102,000 p.a. When adjusting for the reduction in costs from closing the bar, the subsidy required by the club would still be in the region of £32,000. This represents only the annual operating deficit and does not allow for investment in facilities.
- **Lack of available investment** – as per option 1, the lack of available investment for the site facilities would result in unrecoverable deterioration. As the main investment and maintenance needs are in the sports facilities, there is no advantage to closing only the bar.
- **Health and safety** – as per option 1, the continued deterioration of the site facilities would create significant health and safety risks.

Option 3 - Consider the creation of an alternative delivery vehicle

Option rejected

Under this option, the management of the club would transfer to an 'alternative delivery vehicle', in this case meaning a community group or company set up for the purpose of running the club such as a Community Interest Company or social enterprise.

This option was given very serious consideration and, following meetings in August 2016 with County Councillors, some club members and representatives from the football group, an agreement was reached that:

- The Council would cease all financial subsidy of the club from April 2017
- The Council would lease the club and site to a new legal entity to be in place from April 2017, governed by a clearly incorporated committee with a key role for County Councillors in its formation and operation
- The lease would be FRI (Fully Repairing and Insuring)
- Under the leadership of the new committee, the club would seek external funding for developing the changing facilities

Since this agreement was reached in September 2016, the Council has followed through on its obligations, including the drafting of the lease agreement. However, the transitional group made up of County Councillors and club members did not reach agreement on the future governance structure of the club; no legal entity or appropriate body has been formed to which the Council can legally or responsibly hand over management of the club and site.

The Council has held numerous meetings and invested a significant amount of time in supporting this process, which has gone beyond the original transition date of April 2017. This has resulted in an increased financial deficit, creating a burden on the public purse and the core business of the County Council.

Therefore, while supportive of this option in principle and hopeful that it would achieve a satisfactory outcome, this option is no longer considered feasible for the following reasons:

- **Lack of proof of concept** – the proposed model, including the new committee structure, could now have been in place for five months or longer, effectively providing a proof of concept. In the absence of the relevant groups having self-organised into a structure able to assume the necessary duties and liabilities, the Council has been unable to transfer management of the site to the community and has justifiable concerns that this cannot be achieved within a reasonable timeframe, given the ongoing financial pressure caused by the site.
- **Lack of available investment** – even with the creation of an eligible community organisation, there is no guarantee that the club would be able to secure the funding required both to invest in the site and to eliminate its financial operating deficit. Even with the leadership of a well organised and experienced community organisation, there is a high risk the levels of funding required will not be secured.
- **Risk of arms-length delivery** – the Council has had a mixed experience with alternative delivery models and, while some have been more successful than others, it is clear that arms-length delivery of services comes with its own set of risks and limitations. The formation of a separate legal entity creates with it additional costs, including the requirement to prepare a separate statement of accounts and additional insurances. An exceptionally strong business case is needed to demonstrate that these risks can be managed and that they are outweighed by the potential return. In this case, it has not been possible to demonstrate this or to show that a community organisation would be better placed to run the club and site.

Option 4 - Close the whole club and all of its facilities

Option recommended

Under this option, the club and all of its facilities would be closed, with the intention to do so from 31st October 2017.

While it has not been easy to reach this decision, this option has been recommended and agreed for the following reasons:

- **Fiscal responsibility** – the current budget pressure of £65,000 p.a. would be alleviated, ensuring that the Council can demonstrate responsible use and appropriate management of public money and that, in a time of extreme financial challenges, funding is channelled to core Council business and services.

- **Strategic investment** – the site is a prime location for long term development, including possible new homes or a facility for adult social care clients. Depending on which option (or mix of options is pursued), this could yield a land value of between £2.7m and £7.5m and improve the Council’s provision of core and statutory services. This is by far the most commercially viable option for the site, aligns to the Council’s financial strategy and supports the priorities of the Strategic Plan.
- **Risk management** – closure of the site in the short term and its sale for development in the long term mitigates the very significant health and safety risks presented by the site. Not only do these risks present real jeopardy to members of the club and of the public but, at their most extreme, could result in charges of corporate manslaughter against the Council or any community group involved in the management of the site.
- **Reasonable alternative provision** – there are suitable alternative sports facilities in close proximity to the site. While it is understandable that members of the club (and the Council) will regret its closure, the fact that there are suitable alternative facilities in the vicinity should mitigate the impact on the local community. Indeed, these facilities are more modern, more fit for purpose and better placed to meet the needs of the various sports groups that currently use the Sports and Social Club.

Decision Making Process

It has not been an easy decision to close the Sports and Social Club but a significant amount of time has been spent by officers and Members in exploring all possible options. It is only after carefully evaluating these options and exhausting the credible alternatives that officers met with the Cabinet Member for Finance and Resources and local Members to discuss the recommendation to close the club. This meeting took place on 17th July 2017.

On 24th July, the Facilities Management team communicated proposals with the BCC staff working at the club, club members and other relevant groups, using the forums most appropriate for each stakeholder group. This provided an opportunity for those individuals and groups affected to comment on the proposals.

On 28th July, the Cabinet Member for Finance and Resources agreed to close the Bucks Sports and Social club and all its facilities. The decision was to defer closure until the end of October 2017 in order to honour bookings and allow time for clubs to transition to new locations. In making this decision, the Cabinet Member took into account the representations that had been received.

Community Impact and Alternative Provision

In taking this difficult decision, officers and Members of the Council are very mindful of the impact this will have on the community groups using the club site. While it is regrettable that members who enjoy the social aspect of the club will no longer have access to the facility, clearly the Council cannot continue to subsidise a members' bar and the main concern has therefore been to identify alternative provision for the various sports groups.

The Sports and Social Club is located in Stoke Mandeville, which has a rich sporting heritage and is home of the Paralympic Legacy. Stoke Mandeville Stadium is less than half a mile from the club and provides sports and leisure facilities of the highest quality for all users, from occasional users to professional sportspeople.

There are also 13 registered football pitches in the local area, most of which have access to changing facilities.

All of these facilities are more modern and fit for purpose than the Sports and Social Club site and represent more sustainable options for the relevant groups.

Appendix 1: Financial Analysis of Options

	Option 1 (Retain as is)	Option 2 (Close the bar section, retain sports facilities)	Option 3 (Consider the creation of an alternative delivery vehicle)	Option 4 (Close whole site)
Expenditure				
Bar staff costs	30,000.00	0.00	0.00	0.00
FM Management	8,000.00	5,000.00	0.00	0.00
Site Manager	32,000.00	0.00	0.00	0.00
Mobile maintenance	0.00	12,000.00	0.00	0.00
Repairs	8,000.00	8,400.00	0.00	0.00
Utilities	10,000.00	7,000.00	0.00	0.00
Security	0.00	0.00	0.00	0.00
Supplies (beer, food)	54,000.00	0.00	0.00	0.00
Grounds maintenance	6,000.00	6,000.00	0.00	0.00
TV screens	1,700.00	0.00	0.00	0.00
Cleaning	4,800.00	3,000.00	0.00	0.00
Insurance	0.00	0.00	0.00	0.00
VAT	16,000.00	0.00	0.00	0.00
Changing rooms	0.00	0.00	0.00	0.00
Total:	170,500.00	41,400.00	0.00	0.00
Projected Income				
Rent/Lettings	0.00	2,000.00	0.00	0.00
Sports	1,000.00	6,000.00	0.00	0.00
Functions (hall hire) and bar takings	102,000.00	0.00	0.00	0.00
Hall activities	0.00	1,000.00	0.00	0.00
Memberships	2,000.00	0.00	0.00	0.00

Total:	105,000.00	9,000.00	0.00	0.00
Total profit or loss	-65,500.00	-32,400.00	0.00*	0.00

* Note that these figures show the cost to the County Council, which would be zero by virtue of having transferred all costs and liabilities to a new, community based organisation. However, these liabilities would be borne by the new organisation and there is significant risk of not being able to secure funding for the needed improvements to the site. The projected loss should therefore, for all practical purposes, be considered as at least equal to option 1 (£65,500).