



Report to Audit & Governance Committee

Date:	6 March 2024
Title:	Farnham Park Sports Fields charitable trust - update
Author:	Sophie Payne
Recommendations:	To note the work to develop recommendations to secure the future sustainability of the Farnham Park Sports Fields charitable trust.

1. Background

- 1.1 At the Audit & Governance Committee meeting on 27 September 2023, when reviewing the Farnham Park Sports Fields charitable trust's 2022/23 annual report and statement of accounts, the Committee raised its ongoing concerns around the declining assets of the charitable trust (the Trust).
- 1.2 The Committee therefore asked Cllr Clive Harriss, Cabinet Member for Culture and Leisure, to provide an update report to its March 2024 meeting on the plans to secure the Trust's future financial sustainability, so that when the subsequent year's accounts were presented there would be clear mitigating actions put forward.
- 1.3 The work to develop the plans for future financial sustainability is progressing well but as further due diligence is required in order to present the Committee with conclusive recommendations, Cllr Harriss wrote to the Audit & Governance Committee Chairman to request that his attendance be deferred to a future meeting when more information could be provided.
- 1.4 This request was agreed by the Chairman, with the proviso that a report and the letter from Cllr Harriss (see Appendix 1) be provided by way of an update for Members. This report sets out the work in progress, including target dates for decision making and implementation, noting that the latter will be determined by the route selected.

2. Progress to date

- 2.1 Given the complexity of VAT treatment, the requirements of charity legislation and the specific Act of Parliament governing the Trust assets – and following discussion

with the Council's s151 Officer and Director of Legal and Democratic Services – officers have commissioned specialist advice to support the development of an appropriate recovery plan. This includes charity law and tax specialists to advise on legal requirements, governance and VAT implications and support from specialist consultants in the sport and leisure market (Max Associates) to help advise on the best model to secure future financial sustainability.

- 2.2 In the immediate term, the Trust's expenditure is being contained wherever possible to support the cashflow position (for example through holding vacancies and all non-essential expenditure; plus further actions which will be completed by the date of the Committee meeting, including implementation of joint employment contracts to support the VAT position and an application for full business rates relief) as well as mitigatory actions taken within Culture and Leisure to assist with cashflow. Additionally, all fees and charges have been reviewed to maximise income whilst ensuring the offering remains accessible and competitive.
- 2.3 In parallel, specialist leisure industry consultants, Max Associates, are working with officers to develop recommendations for a future operating model which will be both financially viable and commensurate with the requirements of the Eton Rural District Council Act which governs the assets.
- 2.4 Max Associates have recently completed a comprehensive review of the existing operating arrangements for the golf course and playing fields and are using this information to develop recommendations for the future, comparing:
 - The level of financial improvement that is achievable through adjustments to the current operating model (such as changes to the Food and Beverage model, staffing structures) – **draft report received; currently under review to confirm short-term actions to be implemented - by w/c 18 March**
 - Outsourcing arrangements to a specialist leisure operator to maintain and manage the facilities – **site visit completed; proposals due w/c 22 February, review/further clarifications if needed - by w/c 11 March**
 - Leasing arrangements i.e. long-term lease of the golf course to a specialist golf operator to deliver an income – **discussions with specialist agents complete and the initial indications are that there would be appetite for such an opportunity;** and the feasibility of securing anchor tenants for the playing fields – **discussions ongoing; expected to complete by w/c 11 March, subject to availability of key stakeholders.**

2.5 For all models there will be consideration of the need to maintain appropriate levels of community access to the facilities; and by necessity, modelling of the associated VAT implications and consideration of the outstanding debt to the Council.

2.6 The above work is being overseen by the Council's Corporate Director – Communities, supported by a Project Team of colleagues from the Council's Leisure, Finance and Legal Services, representatives from Max Associates and external law and tax experts as set out above.

3. Legal and financial implications

3.1 Not applicable (report for information purposes).

4. Next steps and review

4.1 Target dates for next steps:

- Max Associates' review complete and draft recommendations provided - end March 2024
- Implementation of short-term adjustments to current operating model - April 2024 onwards
- Completion of due diligence and decision-making process to agree longer-term recommendations - April-June 2024
- Implementation of recommendations - June 2024 onwards (implementation anticipated to take 3-6 months, dependent on route selected).

4.2 Cllr Harriss has been invited to attend the Audit & Governance Committee on 8 May 2024 to share with the Committee the latest position and way forward.

