



Cabinet Member Culture and Leisure

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Councillor Newcombe
Chairman of Audit & Governance Committee

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Ref:

Dear Councillor Newcombe

Farnham Park Sports Fields Charity

I am writing in response to your letter dated 14 November 2023 inviting me to attend the Audit and Governance Committee meeting on 6 March 2024 to provide an update report on the actions being taken regarding the ongoing sustainability of the Trust.

As you are aware, revised VAT treatment advice coupled with rising staff/supplies costs, have created significant additional pressures which have further impacted the Trust's financial position. I fully understand and appreciate the concerns you raised again at the recent Budget Scrutiny meeting and have set out below an update on the progress being made and the work that is currently being progressed:

- 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 - we 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.
- In the immediate term, we are containing spending wherever possible to address the cashflow position. This includes holding vacancies and all non-essential expenditure; seeking to establish joint contracts of employment to address the VAT issues; an application for full business rate relief for Trust facilities; and exploring options around the clubhouse loan arrangements with the Council.
- All fees and charges have been reviewed to maximise income whilst ensuring the offering remains attractive, accessible and competitive.

- In parallel, Max Associates are working with us 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. This includes reviewing the current governance arrangements with a view to achieving improvements to the financial position.
- 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)
 - Outsourcing arrangements to a specialist leisure operator to maintain and manage the facilities
 - Leasing arrangements i.e. long-term lease of the golf course to a specialist golf operator to deliver an income (initial indications are that there would be strong appetite for such an opportunity); and the feasibility of securing anchor tenants for the playing fields.
- 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.
- The above work is being overseen by Richard Barker, Corporate Director – Communities, supported by a Project Team involving colleagues from the Council’s Leisure, Finance and Legal Services, representatives from Max Associates and external law and tax experts as set out above.

We are expecting Max Associates to report with recommendations in March; however, these will clearly need some further due diligence and discussions to reach an agreed way forward. Therefore, to avoid prejudicing any potential commercial discussions with interested parties, and mindful of the sensitivities of our staff and stakeholders, it would I believe be preferable to avoid discussions in a public forum at that juncture. However, I would welcome being invited to a later meeting when I will be in a position to confirm my recommendation on the best way forward.

I hope the above provides some reassurance to you and the Committee that we absolutely understand the seriousness of the position that the Trust finds itself in and are progressing various options to mitigate the situation and to consider its long-term future.

Please feel free to share this update on the work currently underway with the Committee on 6 March.

Yours sincerely



Councillor Clive Harriss
Cabinet Member for Culture & Leisure

