

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET – 4 OCTOBER 2016  
REPORT OF THE DIRECTOR (FINANCE & OPERATIONS)

**FINESSE LEISURE – MANAGEMENT FEE (2016-17)**

**1 Executive Summary**

- 1.1 This report seeks approval to increase the level of the annual management fee paid to Finesse Leisure by £44,000 from 2016-17 onwards.
- 1.2 In April 2015 Cabinet received a report summarising the savings and efficiencies delivered by Finesse Leisure over and above their annual 2 per cent contractual savings. This report identified that, in 2015-16, £44,000 of the savings were to be taken from their operating surplus. Finesse Leisure would then look for options to deliver this value ongoing.
- 1.3 However as the ongoing savings proposed by Finesse Leisure would lead to unacceptable service reductions which would be unpopular among their customers, and the council would need to provide new funding or take on service responsibilities from them to achieve many of these savings, it is not proposed to progress with them.

**2 Recommendation(s)**

- 2.1 It is recommended that the Cabinet recommends to the Council to approve an increase of £44,000 in the management fee payable to Finesse Leisure from 2016-17. This is to be met from balances and the ongoing impact is to be included as part of the budget process.

**3 Explanation**

- 3.1 Working in partnership with Finesse Leisure, the council agreed year on year savings over and above the contracted 2 per cent savings. These were funded by a combination of agreed efficiency savings, service and staffing reorganisations, and payments made either from their operating surplus or their balances.
- 3.2 The majority of these savings were achieved, but a shortfall of £44,000 remains to be found on an ongoing basis. Finesse Leisure has confirmed it is unsustainable to continue to use its annual operating surplus (which they reinvest in their business) or its balances (which is money they hold on deposit earning interest) as both have reduced over recent years.
- 3.3 The savings options identified would require service reductions and changes and / or additional investment from the council. Increasing their management fee payment by £44,000 eliminates this approach. This position will be reviewed as part of the annual budget process.

**Implications**

**4 Legal Implication(s)**

- 4.1 There are no direct legal implications arising from this report.

## **5 Financial Implication(s)**

- 5.1 Increasing the management fee paid to Finesse Leisure by £44,000 represents revenue growth for the council outside of its agreed budget for 2016-17.

## **6 Risk Management Implications**

- 6.1 There are no direct risk management implications arising from this report.

## **7 Security & Terrorism Implication(s)**

- 7.1 There are no direct security and terrorism implications arising from this report.

## **8 Procurement Implication(s)**

- 8.1 There are no direct procurement implications arising from this report.

## **9 Climate Change Implication(s)**

- 9.1 There are no direct climate change implications arising from this report.

## **10 Link to Corporate Priorities**

- 10.1 This report links to performance under the council's corporate priority to '*Maintain a safe and healthy community*', and specifically to providing for a wide variety of leisure covering arts, culture, fitness and sport.

## **11 Equality and Diversity**

- 11.1 There has been no equalities impact assessment completed in connection with this report.

**Name of Author:** Paul Underwood - 01707 357220  
**Title:** Head of Policy and Culture  
**Date:** September 2016

### Background Paper:

Cabinet Report – April 2015 – Finesse Leisure Revenue Savings.