

**Falkirk  
Community  
Trust**



Enquiries to: Maureen Campbell  
 Direct Dial: 01324 590902  
 Date: 14 January 2020

Bryan Smail  
 Chief Finance Officer  
 Falkirk Council  
 Municipal Buildings  
 Falkirk

Dear Bryan,

### **Falkirk Community Trust Business Plan 2020/21**

The Trust Board met on Wednesday 18<sup>th</sup> December to consider our approach to meeting the £1.25m target for the Trust's Business Plan 2020/21.

The savings proposals are set out in the attached Briefing Report and supporting appendices. The Report highlights the ongoing success of the Trust in reducing reliance on Council funding and securing increased income streams, with a £749k (15%) uplift in income achieved so far this year compared to the same period last year. It also flags the agreed 5 year Business Strategy that has investment in creating service improvement at its core.

The primary driver for developing the Plan is that we await the outcome of the SPR and so we have avoided making any recommendation for full withdrawal from any location or venue. There are three key areas proposed:

- Investment proposals to grow the business and reduce reliance on public subsidy;
- Deliverable savings proposals arising from business efficiency, price increases and service reductions;
- Potential savings for the Council to consider alongside Council service savings proposals.

Some options within this latter category will take time to deliver where contractual changes, employee negotiations and risk management actions would be required.

It is noted that the submission has been updated following discussion with the Council. In particular two proposals that were considered unpalatable by the Board and subsequently by the Council have been removed.

Looking further forward we have been encouraged by the debate and positive discussion achieved at the Joint Working Group. In particular the agreement that the School estate offers greater potential to meet community culture and sport needs, and the recognition that adequate investment in customer management and marketing is needed to continue to grow the customer base.

In accordance with our Funding Agreement please find attached two copies of our Business Plan documentation. I am happy to meet with you and your colleagues to present the plans in more detail and to offer meetings to the political groups to answer any questions they may have in preparation for the Council meeting.

Yours sincerely

Maureen Campbell OBE  
Chief Executive

## Falkirk Community Trust

**Subject: Business Plan 2020/21**  
**Meeting: Falkirk Council**  
**Date: 6 January 2020**  
**Author: Chief Executive**

### 1. Introduction

- 1.1 This paper sets out our approach to the development and delivery of our Business Plan for 2020/21. It outlines the context within which this one year plan has been developed and is presented to the Council for approval.

### 2. Background

- 2.1 The Council will be aware that a Joint Working Group involving FCT Board and Council representation has been meeting regularly throughout 2019. The group is charged with the production of a joint five year savings and investment plan to respond to the 50% reduction in the FCT service payment that has been approved by the Council as part of its medium term financial plan.
- 2.2 The group has received a number of presentations outlining the work of the Trust, sharing information on asset management options and considering how best to develop a plan for the future. The group agreed a framework for the detailed development of the plan and this was presented to the Council at its meeting in June.
- 2.3 The report proposed a range of measures aimed at sustaining and improving culture and sport provision within Falkirk, including a proposed model for improved community leisure provision within a number of secondary schools, investment in core cultural and sporting assets, an increasing community role in the management of assets and asset rationalisation. The intention of the recommendations in the report to Council was to provide a framework for the Joint Working Group to develop a five year investment and savings plan detailing the actions required to complement the Council's 5 year Business Plan and Strategic Property Review (SPR). In response to this report, the decision of Council was to delay any further implementation of the proposals until full engagement and consultation had taken place with communities, stakeholders and national bodies.
- 2.4 The Council therefore asked at its September meeting that our Business Plan for 2020/21 should be a one year plan and that the date for submission should be moved from 15 November 2019 to 6 January 2020. This additional time was to allow us to have regard to the feedback from the consultation exercise in the development of our proposals.

- 2.5 The Consultation has subsequently been completed and reported to the Council at their meeting in December. A summary of the feedback and implications and influences on the plan for 2020/21 is attached at Appendix 1. The report presented in December also noted that future work would be driven through the Council SPR.
- 2.6 The SPR will consider all Council assets in the round and not focus solely on culture and sport provision. There will be workshops with Elected Members in the first instance and the outcome of their deliberations and further community consultation will influence and shape the future options for culture and sport provision in the area. The objectives and principles of the SPR are unchanged.
- 2.7 It is proposed that this next round of consultation would be done on a locality basis:
- to consider the practical application of the SPR principles for each locality;
  - to review the property assets owned and used by the Council (and its partners) to meet future service needs;
  - to give thought, for each locality, to future use, investment and disposal of assets; and
  - consider the way forward to enable the property strategy and its implementation programme to be finalised.
- 2.8 It is hoped that integrating the culture and sport work with the wider review will enable better outcomes at a community level. This means that the five year plan for savings and investment in culture and sport is unable to be developed in detail until the spring/summer of 2020 at the earliest.

### **3. FCT Business Strategy 2019-2024**

- 3.1 Falkirk Council at its meeting on 27<sup>th</sup> February 2019 approved the Trust's 5 year Business Strategy 2019-2024. (<https://www.falkirkcommunitytrust.org/media/2401/01-business-strategy-2019.pdf>). The objectives of the Strategy are:
- Meeting customers' needs
  - Ensuring financial viability
  - Growing Leadership and community development capacity.
- 3.2 The achievement of the Strategy requires a number of shifts in how the Trust delivers services. A focus on the improvement areas listed below is driving the Trusts business planning activity.

#### **Customers**

- improving our understanding of what communities' value
- helping motivate people who will benefit the most to participate
- inspiring and accessible programmes
- welcoming more customers

#### **Viability**

- finding new ways to grow income
- sharing responsibilities with partners
- using smarter contracting methods
- operating high performing assets

## **Leadership**

- inspiring others to work with us
- establishing genuine community partnerships
- equipping employees and volunteers with community development skills
- communicating confidently

3.3 Given the extent of the savings required over the next 5 years, all actions are important but critical are those shown under the objective on Viability. The need for sound investment in a small number of high performing assets is crucial to sustain all the less income generating but vital community services that the Trust delivers.

## **4. Developing the Plan for 2020/21**

4.1 The Council Chief Executive noted in his report to Council on 4 December 2019 that “The Trust will be limited in the savings options it will be able to bring forward without an agreed strategic framework being agreed. This will be particularly so for 2020/21 where the budget timescale is very constrained”.

4.2 In developing the Business Plan for 2020/21, taking cognisance of the context outlined above, it is proposed that there should be no proposals that recommend Trust full withdrawal from any location or venue so as not to conflict with the Council SPR process. Options for reduced opening hours and reduced services are however presented. If the SPR was not such a strong feature of the joint work it may be more prudent in the long run to consider specific venue reduction.

4.3 In developing the one year plan three key areas for consideration have been identified:

- Investment proposals to grow the business and reduce reliance on public subsidy
- **Deliverable savings** proposals arising from business efficiency, price increases and service reductions
- Other considerations / options

Each of these is considered in more detail in the following paragraphs.

### **4.4. Investment Proposals**

**These are areas where investment is intended to reduce the operating subsidy whilst maintaining or improving service provision.**

- A feasibility study for refurbishment of Grangemouth Sports Complex should be available in January 2020. This will outline the investment requirements and headline business proposition for consideration in future capital programme bids. This would require a multi-million pound capital investment. The outcome of the investment would be in the expectation of a lower public subsidy than at present and could be viewed as a ‘spend to save’ type of project for the site in future years once the refurbishment is completed.
- Respond to and deliver on a brief for improving community access to the secondary school estate for community leisure provision. A specific proposal for Braes High that enables increased community participation is being developed ready for consideration in spring 2020.

- Invest in Callendar House and Helix as part of the tourism development strand of the Growth Deal submitted by the Council and partners to the UK and Scottish Governments.

#### 4.4.1 Investment priorities for 2020/21

- Invest in Polmont Sports Centre to remove subsidy. This proposal will see partnership with a commercial leisure provider to increase programme choice at the centre and to introduce new activities on a shared risk basis whilst retaining overall flexibility in the building. The proposal is to introduce an active leisure offer aimed at 10-16 year olds at weekends and school holidays.
- Increase investment in IT, web and customer management systems to improve customer services, increase income and deliver associated efficiencies.
- Increase marketing resources to attract more customers.
- IJB Investment in the appropriate programmes. This work is ongoing with two specific proposals being considered for implementation in 2020/21.
- Deliver the capital programme priorities set out in Appendix 2.

#### 4.5 Deliverable Savings

**These are savings proposals that are generally included in each year's programme and are intended to protect front line service delivery by improving operational effectiveness.**

- Continued reduction in public subsidy across all sites through closely managing expenditure and increasing income from customers.
- Increases to fees and charges where appropriate.
- Savings attributable to the loss of service at Hallglen Sports Centre.
- Remove public subsidy for Polmont Sports Centre.
- Reduce the book fund for new books that are added to the public library lending stock.
- Review and amend the opening hours at Grangemouth Stadium Café to better reflect the seasonal requirements.
- **Total Deliverable Saving £373k**

#### 4.6 Potential Savings

**The options set out in this section have been considered as appropriate for inclusion by the Trust Board recognising that the proposals above are short of the target that the Council has set for 2020/21. These savings are put forward for consideration by the Council in the wider context of the overall budget position. At this stage the overall financial position is highly uncertain and the Council may want to consider these options alongside Council service proposals.**

- Withdrawal from Zetland Park kiosk. The kiosk incurs an operating loss of circa £8k per year. It is now the only loss making site in the trading portfolio. Alternative provision is available nearby at Grangemouth Sport Complex.

- The Trading Company Board also considered Bo'ness Recreation Centre café and Muiravonside café. It is recommended that both are retained meantime. The opening times at Muiravonside will however be significantly reduced and only cover the summer school holiday period pending working in partnership, with others, to secure funding for the training and employment initiative that has currently lost its Council funding support. A briefing note at Appendix 3 gives more information.
- Introduce winter opening hours at Kinneil Museum from October to end of March to open Friday-Sunday only. Retain 6 days opening in April to September.
- Reduce opening hours at Denny Sports Centre to open evening and weekends only when the facility is currently best utilised. This would see a reduction from 100 hours per week to 42 hours per week by removal of day time access Monday to Friday and adjusting opening times.
- Undertake a Voluntary Severance Programme. A letter has been issued to all Trust staff seeking intimation of interest in voluntary severance by 6 January 2020. Careful consideration will be required to develop an appropriate mechanism to fund any requests that are considered for approval. However, over the next five years reducing the size of the workforce will be necessary and enabling voluntary severance requests is an appropriate means to achieve this objective, reducing the likelihood of compulsory redundancies.

## 5. Financial Summary of Savings Proposals and Options

The tables below summarise the options described above showing the financial saving and associated staffing impact.

Area	Saving	Narrative	Staffing Impact
<b>Deliverable Savings</b>			
Efficiency Improvements to deliver reduced public subsidy	£238k	Measures to reduce public subsidy that have no or minimal impact on staff and customers. These are largely business improvements or efficiencies.	Minimal
Reduction to the book fund	£70k	Book circulation and refresh will be less frequent	
Polmont SC develop programme to remove public subsidy	£65k	Subject to partnership with third party.	Potential increased use of casual part time staff at busiest times
<b>Total</b>	<b>£373k</b>		

Area	Saving	Narrative	Staffing Impact
<b>Potential Savings</b>			
Kinneil Museum change in winter opening hours	£3k	Open Friday, Saturday and Sunday October to March Open 6 days (excl Tuesday) April to September	0.2 FTE reduction
Withdraw from Zetland Park Kiosk	£8k	Online booking for tennis courts, toilets and café at Grangemouth Sports Complex	0.5 FTE reduction
Denny SC reduce opening hours	£31k	Open evenings and weekends only	3 FTE, would require reduction to 1.5 FTE
Vol Severance	£235k	The figure here is the assumed level required to meet the £1.25m. More requests than this value have been submitted to date.	All Staff Would likely lose 8-10 FTE posts
<b>Total</b>	<b>£277k</b>		

## Summary

<b>Deliverable Savings</b>	<b>£373k</b>
<b>Potential Savings</b>	<b>£277k</b>
<b>Total</b>	<b>£650k</b>

## 6. Service Level Agreement

- 6.1 Despite the payment from the Council to deliver culture and sport services declining from over £15m to £10m, the Service Level Agreement payment made by the Trust to the Council for their provision of support services has been largely unchanged. As this now represents around 10% of the service payment it is proposed that it would be timely to undertake a review of SLA arrangements and costs. This is unlikely to deliver savings in 2020/21; however it is recommended that discussions are started to enable a review with a view to identifying savings for 2021/22.

## 7. Grangemouth Golf Course

- 7.1 Grangemouth Golf Club has written to the Council to request additional time to develop their Business Plan to enable them to take over the operation and development of Grangemouth Golf Course. The paper attached at Appendix 4 provides an update.

7.2 If approved by the Council, £50k would be provided in the service payment to the Trust to enable us to operate the golf course for another year to allow the club to prepare to take over the operational responsibility from April 2021.

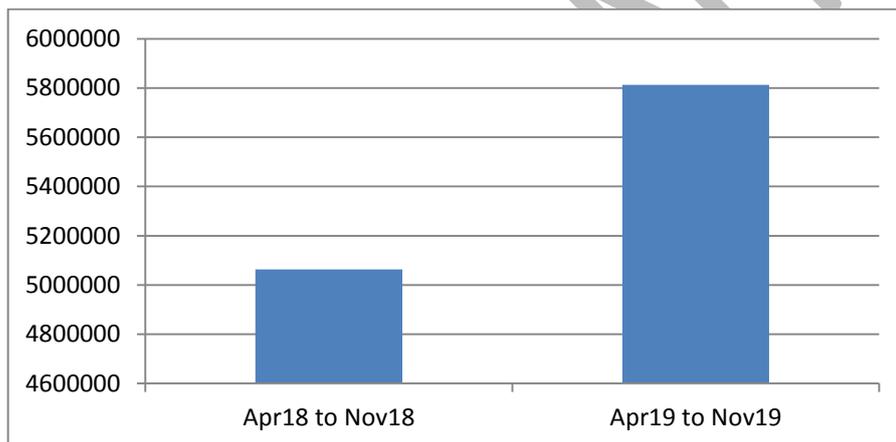
## 8. HR Implications

8.1 The proposals set out in paragraph 4.6 all impact directly on staff.

8.2 Any changes to current opening hours will impact directly on the staff working in the specific location. It is hoped that any changes can be implemented in consultation with the staff affected. We have a good track record in this regard. However, the outcome of any changes will require a high degree of support from staff at all levels.

## 9. Financial Implications

9.1 A key part of the Trust's longer term business approach is to generate increased levels of customer income. The bar chart below demonstrates how successful the Trust has been in the attraction of an additional £749k of income from April 2019 to the end of November 2019, when compared with the income attracted at the same period in the previous year. This represents an increase of approximately 15% as demonstrated below:



9.2 This demonstrates the Trust's ability to continue to grow its business by adapting and improving its customer services.

9.3 However, the scale of such success is unable to match the significant scale of the funding reduction from the Council in accordance with its Medium Term Financial Plan.

9.4 The headline budget below is shown on the basis of two options; these include deliverable savings being incorporated in the 2020/21 budget to require a service payment of £10.996m. If the additional potential savings were to be included then the service payment would reduce to £10.719m. Subject to further dialogue and feedback from the Council's 22 January 2020 meeting an amended service payment request will be incorporated into future updates.

Budget Heading	2019-20 £'000	2020-21 £'000 *	Deliverable Savings £'000	Potential Savings £'000
Employee Expenses	12,742	13,119	13,019	12,742
Property Expenses	2,344	2,456	2,371	2,371
Transport Expenses	187	191	191	191
Supplies & Services	4,350	4,134	3,946	3,946
Third Party Payments	661	661	661	661
Support Services	806	806	806	806
Capital Costs	94	94	94	94
<b>Total Expenditure</b>	<b>21,184</b>	<b>21,462</b>	<b>21,089</b>	<b>20,812</b>
Service Payment	10,853	11,369	10,996	10,719
Other Income	10,178	10,178	10,178	10,178
Contribution from / to Reserves	153	(85)	(85)	(85)
<b>Total Income</b>	<b>21,184</b>	<b>21,462</b>	<b>21,089</b>	<b>20,812</b>
<b>Savings included</b>			<b>373</b>	<b>650</b>

\*Budget 20/21 per MTFP – pre savings

#### 9.5 Fees and Charges Proposals

The intended approach to fees and charges for 2020/21 is set out in Appendix 5 for information.

#### 9.6 Capital Programme 2020/21

Appendix 2 sets out the programme for capital works for the year. It is noted that the lack of investment required to address the backlog maintenance issues remains a concern that both Council and Trust officers monitor at their regular meetings. The risk of an unexpected facility failure therefore remains high.

### 10. Risk Implications

10.1 £373k of the savings is described as deliverable in 2020/21 however the balance is more complex and challenging with consequent risk of delivery failure or significant delay to implement.

10.2 The options concerning the reduction to museum and sports facilities opening hours would affect a number of staff. We expect a significant negative reaction from our users and the wider public to the proposals.

10.4 There are risks to reputation, meeting customer expectations and maintaining good employee relations.

### 11. Conclusion

11.1 The task of developing the Business Plan for 2020/21 has been set in the context of a delay in the development of a joint agreed five-year savings and investment plan for culture and sport assets as well as the Council facing continued financial constraint.

11.2 The approach set out here demonstrates how savings could be achieved. It notes that the total falls short of the indicative figure identified in the Council MTFP for 2020/21. However £373k is considered deliverable. The potential savings totalling £277k would involve a level of change across a number of sites and approving 8-10 posts for voluntary severance.

11.3 The Board has considered some significant impactful reductions that if agreed, will not be well received by staff or public. However as a largely front facing organisation achieving a significant level of savings impacts directly on service delivery. It is noted that if the Board had free reign and no restriction about how the savings were to be achieved it is likely that it would prioritise asset rationalisation over some of the proposals set out here.

Maureen Campbell  
Chief Executive

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**Falkirk Community Trust  
Feedback on Community and Stakeholder Consultation**

**1. Introduction**

- 1.1 This report sets out a summary of the results of a consultation exercise on Transforming Services. Led by the Council, community consultation took the form of an online survey and 3 focus group sessions. Stakeholder consultation led by Falkirk Community Trust comprised an engagement event with local clubs, groups and organisations and dialogue with national organisations.
- 1.2 The consultation sought to gauge opinion on services improvement and (re)design of access to services including culture, sport and leisure. It recognised that there will inevitably be implications for venues whilst not being specific about the impact on individual communities or buildings.

**2. Consultation Findings – Online Survey**

- 2.1 The target audience for the community consultation was those who live or work within the Falkirk Council area. A total of 1,743 responses were received to the online survey. The key findings of this survey are set out below:

- In relation to the statement 'I would be prepared to travel further to use improved leisure and recreational facilities, such as swimming pools and gyms', 63% disagreed or strongly disagreed and 24% agreed or strongly agreed.
- In relation to the statement 'I would be prepared to travel further to attend my local community group or organisation if it was based in a building with better quality facilities', 62% disagreed or strongly disagreed and 18% agreed or strongly agreed.
- In relation to the statement 'The closeness of Council and Community Trust buildings to my home is more important to me than the quality of service/facilities they provide', 52% agreed or strongly agreed and 24% disagreed or strongly disagreed.
- In relation to the statement 'I would rather access Council and Community Trust services and facilities nearer my home even if this meant their quality was poorer', 45% agreed or strongly agreed and 33% disagreed or strongly disagreed.
- In relation to the statement 'The Council and Community Trust should look at how they can make better use of its public buildings', 52% agreed or strongly agreed and 26% disagreed or strongly disagreed.
- In relation to the statement 'People will receive a better service if different Council and Community Trust services share buildings and resources', 48% agreed or strongly agreed and 21% disagreed or strongly disagreed.
- In relation to the statement 'Schools should be the main venues of activities for communities outside school hours', 40% agreed or strongly agreed and 34% disagreed or strongly disagreed.

- In relation to the statement 'The Council and Community Trust should close buildings that are poorly used', 43% agreed or strongly agreed and 33% disagreed or strongly disagreed.
  - In relation to the statement 'The Council and Community Trust should close buildings that are in a poor condition and too expensive to upkeep', 47% agreed or strongly agreed and 30% disagreed or strongly disagreed.
  - In relation to the statement 'The Council and Community Trust should invest in the buildings that can be used for the biggest variety of activities', 70% agreed or strongly agreed and 13% disagreed or strongly disagreed.
  - In relation to the statement 'Communities should be given the opportunity to run and manage Council or Community Trust buildings that are facing closure', 72% agreed or strongly agreed and 12% disagreed or strongly disagreed.
- 2.2 The most notable outcomes relate to the findings that a majority of those completing this survey do not want to have to travel further to access improved facilities and services and that proximity is of greater importance than the quality of the facility. However there was also strong support for investment in buildings that can be used for the biggest variety of activities. Whilst there was strong support for community management of buildings in this survey, concerns were flagged in both the stakeholder meeting and focus groups about community capacity and the complexity associated with asset transfer.

### 3. Consultation Findings – Stakeholder Groups

- 3.1 An engagement event was held with 27 local culture and sport clubs, groups and organisations. There was wide ranging discussion in 6 groups with senior managers of the Trust. Some quite specific operational matters were raised that affected a particular organisation or individual and relevant Trust staff undertook to follow up on these where possible. Key findings are summarised below:
- **Facility provision:** Mixed views on consolidation and geographic spread; views that local facilities should be retained because of concerns about transport to centralised facilities; users of Bo'ness and Grangemouth Town Halls felt strongly about retention of these halls; views that both local and centralised provision is required. A view about lack of clarity on hiring policy and that a mechanism is needed to ensure right hirer is allocated to most suitable venue, more promotion of all the available facilities and a simplified bookings process would be helpful. Investment is needed in sports facilities and especially if facilities are to be reduced; a view that there is no sufficiently large floor space for major events currently and increased pressure on hall time would exacerbate the lack. Widespread concern that reduced funding from Council to Trust will cause price increases for clubs and their members.
  - **Schools development:** Support for improvement of these assets, but concerns about deliverability, suitability and cost. Considerable concern about current limited opening hours, late cancellations, high charges out with Trust operated hours and whether there is capacity across the school estate. Widespread feeling that significant programme, operating and physical changes will be required to improve matters. A point was made that primary schools could also be considered, especially for communities without a high school.

- **Collaboration:** Recognition that what suits one club might not suit another, element of competition between some organisations ie in the arts was flagged. Point made that volunteers are stretched already; concern about the challenge and complexity around asset transfer; some limited support for empowering clubs to manage and operate facilities assuming they were in good condition. A question was raised about potential for regional collaboration.
- **Communications:** Feeling that Trust could communicate more on what matters to clubs around use of venues, improve consistency of communications and assist in promoting clubs. Points made that support to clubs to help prepare external funding applications could be beneficial.

#### 4. Consultation Findings – Focus Groups

4.1 The Council held focus group sessions in 3 areas, Denny, Bo'ness and Grangemouth which were attended by 28 people. The key findings are summarised below:

- **Community activity and access:** Felt that school campuses have facilities that should be better utilised. Proposals should take account facilities already provided in the community. Concerns about access to schools outside school hours and public transport links.
- **Retaining properties:** Felt that buildings should be retained if the properties were well used. Bo'ness felt that libraries are an important resource for local people. Denny participants felt that buildings should be fully accessible. Bo'ness participants suggested that buildings should not be disposed of if there is not an alternative building to provide the same services.
- **Community asset transfer:** Concerns about the timescales to progress as well as level of funding that groups may need to generate. Capacity and support issues raised as a potential barrier. Suggested that long term leases rather than purchase may be more beneficial to community organisations.

#### 5. Implications and Influences

5.1 It is clear from the consultation that there is widespread support for improved community leisure provision within secondary schools. There is support for strategic investment in facilities that are well used and would offer the widest range of activities. Set against this is concern about retaining access to services in communities particularly where transport links may be poor. There was a high level of support through the online survey for the principle of community managed facilities, although engagement with community organisations continues to flag the complexities and timescales required for this.

5.2 In summary the consultation feedback has not given any significant concern for the direction of travel for our business approach. However the detailed issues around facility priorities, retention and needs remain for resolution within the work of the SPR.

## Capital Programme 2020-21

### 1. Introduction

- 1.1 The Council has allocated £508k of funding to the Trust for 2020/21 from its General Capital Programme, whilst referring to the need for projects to acknowledge the Council's 'Council of the Future Framework' and the Council's strategic priorities.
- 1.2 The Audit & Performance Sub Group, who consider the Trust's 'bids', have previously agreed that the Trust's Capital Programme should consist of projects that resulted in one or more of the following outcomes and this approach has been maintained in the 2020/21 process:
- Resolution of appropriate health and safety related matters;
  - Ensure facilities or services continue to operate;
  - Retention of existing levels of usage and/or income.

It was also intended that the delivery of projects that met the aforementioned criteria would also improve the customers' experience and in the attraction of additional income.

### 2. Capital Programme Allocation

- 2.1 The Trust's senior management team collated requests from its wider Team Leader group alongside recommendations from Development Services colleagues and identified and prioritised specific items that were to be included in the Trust's core programme for 2020/21, which were subsequently approved by the Board at their November meeting and these items are shown below:

Facility/Service	Headline Description of item/project	Estimated Costs
Museum Workshop	Replace windows/doors and update fire and intruder alarms	15k
Falkirk Library	Upgrade lift	50k
Callendar House	Improvement of customer toilets and general décor to entrance stairway	90k
Mariner Leisure Centre	Air handling plant improvements to ensure H & F project proceeds	280k
Health & Fitness Improvements	Provision of improvement to customer experience at the Mariner LC & Stenhousemuir Gym	73k
	<b>TOTAL</b>	<b>508k</b>

- 2.2 This total allocation has previously been approved by Falkirk Council as part of their three year programme; however, it is left to the Trust to confirm its intentions as part of its annual Business Plan and the list shown in 2.1 forms part of the Trust's plans that help achieve the three objectives shown in 1.2.
- 2.3 However, in accordance with the Trust's Business Strategy, specific additional bids were also submitted to the Council's Capital Planning Group for their consideration that at the time of their submission in early June, intended to support the Council's report on the wider implications of the future of the Council's Culture and Sport assets. Unfortunately the recommendations within the Council report of the 26<sup>th</sup> of June were not accepted, leading to

some doubt as to the Trust's ability to implement its approved Strategy. The additional items requested are shown below:

<b>Facility/Service</b>	<b>Headline Description of item/project</b>	<b>Estimated Costs</b>
Community Access to Schools	Redesign of Braes HS and Denny HS to accommodate increased usage for local community participation	500k
Mariner Leisure Centre	Refurbishment of changing and activity areas on ground floor	2,000k
Bo'ness HS Recreation Complex	Construction of new recreational facility to be used by both Bo'ness HS and the local community that would 'replace' some of the activity areas currently provided within Bo'ness Recreation Centre	5,000k
Provision of library within new Arts Centre	Initial estimate made of £13m, however if a reduced library provision is made (to replace Falkirk Library) within a new Arts Centre which is being considered by the Council, the latest consultant's estimates suggest a reduced cost	4,400k
Grangemouth Sports Complex	Redesign and refurbishment of Grangemouth Sports Complex	10,000k

- 2.4 In accordance with the ongoing work by the Council, in its consideration of a replacement Municipal Buildings and associated Arts Centre, the external consultants, DCA, has provided a comprehensive report that outlines the potential costs of a new Arts Centre. The main findings of the consultant's report are being considered by the 'Council of the Future Board'. The consultant's report also estimated an additional sum (shown in the table above) should the Council wish to include a library facility within a new Arts Centre.

### **3 Business Income Strategy**

- 3.1 The Council is aware of the projects within the 5 year Business Strategy, set within the significant funding reductions from the Council that focusses on the Trust's need for significant growth from customer income.
- 3.2 The Council had approval an additional allocation of £1.1m of funding from their capital programme that would contribute to the Trust's development of level 1 at the Mariner Leisure Centre and to extend the Stenhousemuir Gym. Work has commenced at the Mariner with the expectation of an 'early in the new year' opening and preparations for the extension to the Stenhousemuir Gym are progressing with the expectation of the contractor being onsite upon completion of the Mariner project, assuming agreement from the adjacent unit's Landlord

### **4. General Issues**

- 4.1 The Trust's existing 'service level agreement' with the Council's Development Services, in relation to design services and procurement processes is not set up to support the Trust and its need for the quick and effective introduction of new activity areas or refurbishment works to existing areas. Costs for such a service are charged at 11.75% of the capital cost of each project. Therefore, alternative providers of specialist external design services support have become vital.

4.2 The Council's Strategic Property Review has been unable to provide the Trust with a steer as to its wishes in relation to its facility provision. In this regard, the Trust's bids that were submitted mid-July, assumed the position that all Trust operated sites would continue to operate in 2020/21. The Council's strategic property review was expected to play a key role in helping inform the Trust as to the number and condition of the facilities that the Trust may be expected to operate in the future, however this has yet to be concluded.

## **5. Conclusions**

5.1 Regular monitoring of the progress being made with the Capital Programme projects occurs both internally and with Council colleagues, on whom the Trust depend for many of the projects' completion.

5.2 Although actions are being taken to progress each of the 2019/20 items, these must remain flexible, as often in the past facility breakdown and plant and machinery failures occur unexpectedly, given the relatively poor condition of the portfolio of facilities currently operated by the Trust.

5.3 The Trust remains concerned about the condition of many of the Council's key facilities, which are operated by the Trust, given the scale of the backlog of maintenance items and the further reduction of its allocation from £522k in 2019/20 to £508k in 2020/21, which had been expected to help support the ongoing operation of many sites in the short to medium term period.

5.4 The Trust operated facilities are being considered as part of the Council's strategic property review, which is currently exploring how best the Council should manage its assets within the context of their need to reduce facility costs. A member/officer working group oversees the Council's strategic property review and senior Trust staff will continue to provide all necessary information requested and provide appropriate advice on all culture and sport matters in this respect.

5.5 Having previously agreed to the Trust's business income growth strategy in November 2018, the Trust have been pleased with the additional capital funding of £1.1m from the Council's capital programme for the purpose of progressing with the income generating projects at the Mariner Leisure Centre and Stenhousemuir Gym, the first of which is currently being refurbished, to maximise the opportunity to grow Trust income.

5.6 The Trust's attempts to grow its income through an investment programme in facilities and services is however not expected to match the level of the ever reducing funding allocation over the next four year period and the recent building failure at Hallglen Sports Centre highlights the precarious position of many Trust operated sites.

## Trading Review

### 1. Introduction

- 1.1. This report provides information on the current operational management and proposed Trading positions at Zetland Park Kiosk, Muiravonside Country Park and Bo'ness Recreation Centre from the 31/3/20.

### 2. Background

- 2.1. Reports have been tabled and discussed at recent Trading Board meetings to discuss the future operation of the named sites above and their ability to trade commercially and to produce a surplus for the purposes of investment in the Trading activities of the Trust.

### 3. Current Position

#### 3.1. Muiravonside Country Park

The café at MCP currently operates for 7 days per week in partnership with the Action Group who provide training and education opportunities for children with learning difficulties. The Action Group are currently funded by Falkirk Council's Children's Services to provide these opportunities at the Café and this arrangement has worked well for both parties over a number of years.

Unfortunately this funding has been significantly reduced this year and it is the intention of Falkirk Council to withdraw this funding entirely as from 31<sup>st</sup> March 2020. It was agreed through the Trading Board that alternative funding sources should be sought. Four separate funding bids have been made, with all four being returned as unsuccessful so far. These were with The Robertson Trust, Peoples Postcode Dream Fund, Esmee Fairbairn Charitable Trust and Awards For All.

#### 3.1.1 Alternative Funding Opportunities

Action Group have started the process of re-engaging with the schools that currently use the facility in the hope of being able to secure additional funding from the schools PEF (Pupil Equity Fund) funding, however it is unlikely that this funding option alone would be able to fund the continued operation.

An approach was made to the National Lottery however this project does not meet with any of their funding objectives at this time.

The Action Group are continuing to look at alternative funding opportunities as they remain keen to continue their current relationship with FCT.

### 3.1.2 Next Steps

Every effort is being made to secure funding to continue the operation of the café as a joint venture and various funding opportunities have been identified, however due to the nature of these opportunities there are no guarantees that these will be successful. Any external funding achieved will need to take full account of the income generation of the venue and how this is reflected in our Trading accounts.

### 3.1.3 Conclusion

In the event that no funding can be found the agreement with the Action Group will come to an end on the 31/3/20 and FCT will resume full operational responsibility. An assessment of opening hours and viability of continuing to operate the Café has been undertaken and a school summer opening option will be implemented should no external funding materialise. There will also be weekend opening considered where this is commercially and operationally appropriate to do so.

## 3.2 Bo'ness Recreation Centre

3.2.1 The café is not in an ideal location for customer access and awareness and customers have to deviate from their journey to the sports facilities, unlike any modern designed leisure facility.

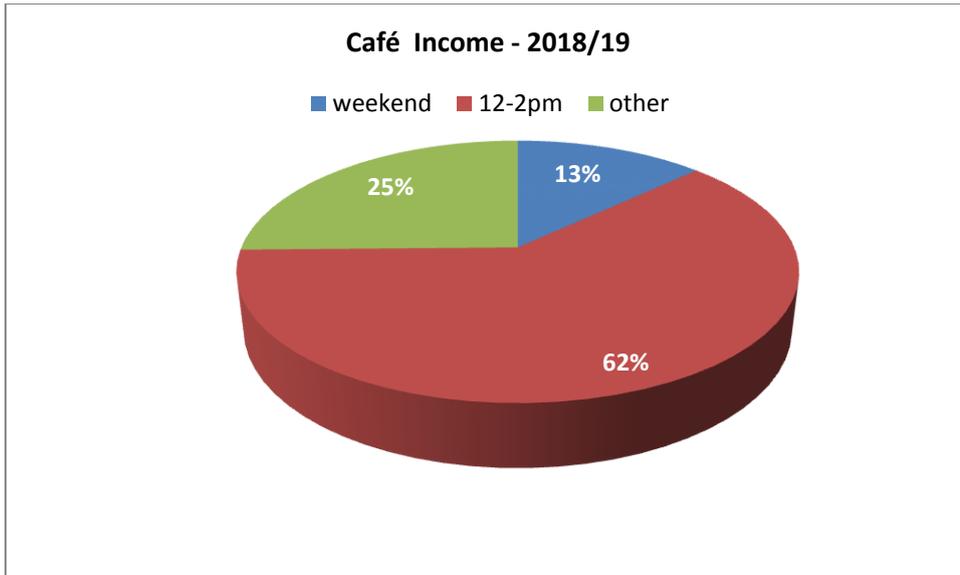
The café area comprises of a kitchen preparation area, with preparation counters, sinks, freezers, fridges and other related equipment. The poor physical layout of the café also creates challenges from a customer service perspective.

The seating area overlooks the sports hall and is connected to a GP Room and is accessed from the reception via a corridor. The area is long and narrow with support pillars running down the spine of the area. There is a breakfast bar running the length of the sports hall viewing window and various styles of tables and chairs throughout. The lighting is of poor quality in comparison to what you would experience in a modern café environment.

The café is currently open 12 noon – 6pm on a Monday, Wednesday, Thursday and Friday, 12 noon – 5pm on a Tuesday and 12 noon – 4pm on Saturday and Sunday.

### 3.2.2 Income

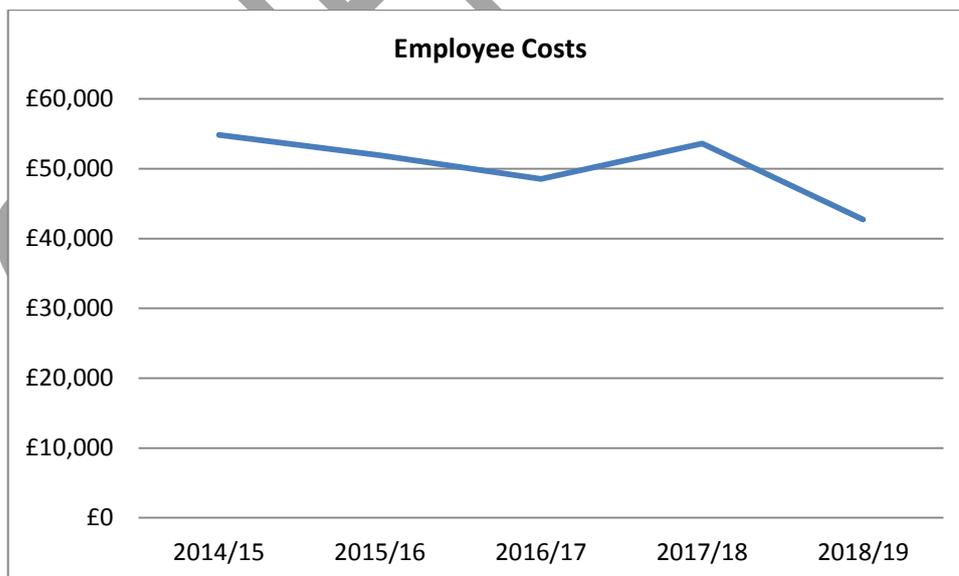
As you can see from the pie chart below, we have also monitored income throughout the opening hours and identified that the majority of the income comes from when the children from Bo'ness Academy access the centre for their lunch break. During other opening hours income is significantly less.



### 3.2.3 Employee Costs

The graph below shows how we have reduced our employee costs over a period of time and now has only two 25 hr posts on the establishment who work during the designated opening hours. This was mainly due to the reduction in staffing from 2.04 FTE to 1.36 FTE in October 2018. The reduction in these staff costs has resulted in the café being operated at a smaller deficit than before.

Expenditure on supplies and services has also been managed robustly in the first quarter with circa £3k less spent than the budget provided and circa £3k less than the first quarter in 2018/19.



### 3.2.4 Conclusion

The Trading Board were asked to consider the closure of the Café facility at BRC due to the difficult trading conditions and the projected increased shortfall in income. Since that report in September of this year there has been an upturn in the income levels at the café. The main reason for this has been an upturn in attendance at our Active Forth sessions and prudent management of stock levels and wastage. We are now in a position to report a slight surplus, and we would ask that the service is continued over a period of time to allow us to continue to assess and review the operational opening of the facility. The existing members of café staff have been involved in exploring redeployment options within the Trust. We will continue with this process for the time being and explain the situation fully to the staff involved.

### 3.3 Zetland Park Kiosk

#### 3.3.1 Background

Zetland Park Kiosk provides a Food and Beverage service to Park users during specific times of the year and mainly during the summer school holiday period, it also provides access to the existing tennis courts and amenities when operational. The kiosk currently operates at a trading loss of £8k per year. These costs are mainly attributed to staffing needs associated with the catering and activity services provided during opening.

5 year Trading performance

	14/15	15/16	16/17	17/18	18/19
Income	£11,981	£11,370	£11,089	£10,059	£10,173
Cost of Sales	43%	44%	34%	41%	34%
Purchases	£6,852	£5,039	£3,795	£5,141	£4,434
Staffing	£4,891	£10,320	£11,718	£12,053	£12,469
Other Costs	£2,123	£576	£1,368	£1,715	£1,546
Profit/Loss	-£1,885	-£4,565	-£5,792	-£8,850	-£8,275

#### 3.3.2 Proposed Changes

It is proposed that FCT cease to operate from the kiosk from the 1<sup>st</sup> April 2020.

Provision of toilet facilities to the public using the Park would continue to be available at Grangemouth Sports Complex with improved signage put in place to communicate this.

This will reduce the “pay and play” element of the tennis court access as customers will not have this available from the kiosk. However arrangements are in hand to allow customers to book the tennis courts in advance in the same manner that we currently operate at Dollar Park. There will also be no paid for summer activities provided during the school summer holidays. Customers will be able to access the playpark, crazy golf and other Park amenities as normal without equipment hire or ticketing being provided.

#### 3.3.3 Conclusion

Closure of this facility would see savings of over £8k per annum. There are no staffing implications resulting from this closure as existing staff are casual only and will be offered alternative hours at other venues.

### Grangemouth Golf Course Update and Info for Inclusion in Business Plan

- 1.1 The Board were advised at their November meeting that the Grangemouth Golf Club was not in a position to have their yet to be completed Business Plan considered and approved by the Trust Board and the Council, that would allow sufficient time to arrange for the transfer of the facility from the Trust to the Club from April 2020.
- 1.2 The Trust remains supportive of transferring the facility to the Club and has previously incurred a loss of approximately £50k in the operation of the course in 2018/19. Similarly, the Council supported the Club by providing an additional £50k to the Trust to help their continued operation of the site throughout 2019/20.
- 1.3 The Trust has improved the financial performance of the facility over a period of years, however without significant savings being made to staffing levels, a break-even position is unable to be achieved, especially whilst avoiding a deterioration in the quality of the course maintenance and its subsequent ability to attract paying golfers.
- 1.4 The Trust understand that the Club members remain willing, in principle, to operate the facility and have made progress on many specific areas over the last several months. However the Club has been unable to prepare a draft Business Plan for consideration.
- 1.5 The Club's membership will of course have to consider and accept the Club Transfer Sub-Group's Business Plan in the first instance.
- 1.6 Additional time would help the Club in their preparation and plans for a smooth transition of responsibilities for their operation and management of the course and in recognition of this the Club wrote to the Council's Chief Executive asking for an extension of time that would allow them to fully consider their future Business Plan in the expectation of their operational management of the full facility from April 2021.
- 1.7 Should the Council agree to an extension of time to the Club, this would require additional funding to be provided to the Trust of over £50k to enable them to continue its operational management of the course throughout the 2020/21 financial year.
- 1.8 The Golf Club's A.G.M. was held on the 4<sup>th</sup> of December, at which time a number of key office bearers were replaced by alternative club members. This has led to the previous members of the Club's Sub-Committee, with whom much time has been spent in preparation for the transfer of the lease, no longer being involved in the Club's plans to takeover the management of the facility. This particular aspect was not expected and the Trust at this time wishes the Council to be aware of the uncertainty this new position presents.
- 1.9 The general uncertainty around the future operation of the facility and indeed the position of the Club, threatens the loss of Club members and annual season ticket holders and led to a significant impact on the morale of Trust staff who work at the facility and the Club staff who work within the Golf Clubhouse.
- 1.10 As the operation of the Grangemouth Golf Course remains uncertain, an early decision by Falkirk Council on an extension of time that would allow the Club to complete its Business Plan and the Trust to continue with the ongoing operation of the facility until the end of March 2021, is therefore necessary to allow the Trust and the Club to advise their staff members that their job remains safe for another year at least and save the course for the benefit of all who currently play on it.

## Fees & Charges 2020/21

### 1. Introduction

- 1.1 Much work has been undertaken in preparation for the implementation of the Trust's fees and charges for 2020/21 and follows the Audit and Performance Sub Group's consideration of early proposals at their meeting on the 15th of August.

### 2. Background

- 2.1 A review of charges is undertaken each year and takes into account consultation with relevant groups of staff, reference to customer feedback and any relevant information from other comparable services however there remains a focus on the generation of additional income.
- 2.2 The charges review process attempts to adhere to the previously adopted 'key principles' from November 2012 as shown below:
- FCT 'charges' should not be seen by potential customers as a 'barrier to their participation'.
  - Concessionary charges should ensure that those who can least afford to pay for our services are supported the most.
  - FCT charges should be easily accessible and simple to understand.
  - The timing of the introduction of any revised charge should consider the impact this will have on customers.
  - Charges can be flexible with the ability to offer promotional discounts at appropriate times to actively promote new services or boost falling attendances.
  - Charges will be levied which fully considers local competitors and neighbouring Trusts' and Local Authorities' charges.
  - Charges will enable improved levels of income generation, where market rates and the ability of our customers to pay, allow.
- 2.3 A key objective of ensuring that customers perceive the services being delivered as representing good 'value for money' remains in place.
- 2.4 To ensure the Trust supports those in the community with the greatest needs, the Trust continues to place a strong emphasis on ensuring that the concessionary charges set out within the Go Card scheme are at realistic and affordable levels.
- 2.5 This review is set against the Trust's 2018/19 performance, the ongoing reduction to the Trust's allocation of funding from the Council, the number of competitors in the marketplace, a desire from the Council to maintain our prices at relatively low levels and of course the current condition of Trust operated facilities.
- 2.6 The 'price point' for Trust services has proved to be a vital part of our marketing strategy and whilst work continues to ensure that prices are not a 'barrier to participation', the Trust continues to strive to increase the amount of income generated to reduce its reliance on Council support, through increased levels of income.
- 2.7 An early review of the Trust's charging proposals is normally considered by the Audit and Performance Sub Group at its August meeting, as part of the Trust's annual business planning process for consideration by the Board at their meeting in November each year and for subsequent agreement by Falkirk Council.

### **3. Review Process**

3.1 The Trust's Charges Working Group, which is made up of front line, supervisory and managerial staff, representing each of the Trust's key service areas, review the current charges in anticipation of implementing new charges in 2020/21.

3.2 The Group referred to the adopted key principles throughout the review process and this year focussed on the following areas which they believed needed specific consideration:

- Appropriate inflationary increases being applied to charges, but only where it is felt appropriate to do so, to reduce the potential risk of a reduction in participation levels.
- Health and Fitness charges, in relation to our need to remain competitive within the marketplace whilst taking into account the drive for increased membership and expected facility and service improvements at some sites.
- An ongoing review of the existing 'Go Card' concessionary categories and charges in relation to the anticipated changes as a result of the introduction of the U.K.'s national 'Universal Credit' scheme. The Council has adopted a 'concessionary charges policy' and the Trust has been asked to consider its implications on the Trust were the Trust to adopt the principles involved, e.g. free use for those in need of financial support. The Trust's Go Card scheme provides support for such customer groups however there will often be a charge, albeit at a significantly discounted rate.
- Increase the opportunity for customers to pay for their activities on a regular monthly direct debit arrangement.
- Considered the timing of the introduction of the annual review process.

3.3 All of the Trust's charges have been circulated to Team Leaders, who provided feedback to the Prices Working Group for 'sense-checking' prior to approval by the Trust's senior management team.

3.4 Revised charges have generally introduced in April of each year; however health and fitness related charges have been introduced in January in recent years, in line with the traditional January membership sales campaigns to ensure the maximisation of income at this particularly busy time of the year for health and fitness services. Similarly, the revised school let prices were introduced at the start of the school term in August of each year and so on.

### **4. General Proposals and Implications**

#### **4.1 Inflationary Increases**

4.1.1 Specific price changes have previously been made which either significantly reduced, or increased, charges where it was felt appropriate to do so given market rates, comparison with others and the need to increase income levels. The Consumer Price Index (CPI) and the Retail Price Index (RPI) have both been referred to in previous reviews, however very often small increases prove difficult to implement as such an increase only represented a very small actual increase, which would prove difficult for both our customers and staff alike. Similarly, to increase some of our smaller charges by small percentage amounts would have little income generating impact for the Trust and be hardly worth introducing. Once again then Trust activity charges will be considered more from a marketing perspective than a general and national economic measure such as the CPI or RPI.

## **4.2 Health and Fitness Charges (current annual income approx. £1.86m)**

- 4.2.1 The revised Health and Fitness related charges are normally implemented in January of each year, to maximise the income generated from our annual January membership sales campaign. Our membership sales in 2019/20 have been the most successful since the Trust's inception and with the expected opening of the refurbished health and fitness facility at the Mariner, to include Scotland's first 'immersive spinning studio' that opens in the new year, then a focus will continue on the attraction of new members.
- 4.2.2 In the years of the Trust, peak membership charges have generally either been frozen, or in some years reduced, as part of a general drive to improve loyalty amongst existing members and to remain competitively priced when compared with others in the marketplace. However, given the previous refurbishment of the Bo'ness gym and the planned improvements to the Mariner and Stenhousemuir health and fitness facilities, it is felt that an increase of £1 per month be made to the standard membership charges. It is proposed that joining fees are however frozen.
- 4.2.3 The Trust also attracts casual customers who may attend the gym or a fitness class session. It is proposed to freeze the gym charge at £6.50, but to increase the fitness class session charge by 50p to £6.50, thereby ensuring these services are charged at the same rate, whilst at levels that encourage monthly memberships.
- 4.2.5 Trust memberships are able to be cancelled at any time, which is an attractive option to potential customers who often have to commit themselves to long periods of time with commercial operators. Normally all health and fitness operators charge a joining fee and the Trust is no different in that such a charge enables a full induction of the gym and the preparation of a 'programme card' that supports the customer as they work towards their 'fitness goals'. The Trust propose to freeze this at a charge of £17.50, with Go Card scheme members being charged £12.50
- 4.2.6 One of the Trust's most successful offers is the Active Forth programme. As this programme is proving so popular for those who are in need of personal support to enable them to return to a position of improved health, the monthly memberships of £21 per month will be frozen as will their joining fees.
- 4.2.7 The promotion of the health and fitness services should ensure that the Trust's unique selling points (USPs) of access to a number of gym facilities along with hundreds of fitness class options, free parking, experienced and qualified instructional staff in attendance at all times, no long term financial commitment style of membership and the additional benefits of our ancillary facilities such as unlimited casual swims and sauna access, is maximised.
- 4.2.8 It is anticipated that by implementing these revised charges that this may result in increased levels of income by approximately £60k.

## **4.3 'Go Card' concessionary scheme in relation to UK Universal Credit Scheme**

- 4.3.1 Trust staff continue to monitor the ongoing implementation of the Universal Credit (UC) scheme throughout the country to ensure that any amendments that need to be considered for the Trust's existing Go Card concessionary scheme can be introduced. However, the introduction of the UC scheme has been patchy and has impacted on our potential customers which has required a review of our Go Card information and promotional material which is currently taking place.
- 4.3.2 The Council's report on its fees and charges for 2020/21, which was considered on the 19<sup>th</sup> of September, presented recommendations for a consistent approach to charging and concessions across the Council, whilst taking into account their Poverty Strategy. The Council recognises that the fees and charges for Trust activities and services are solely a matter for the Trust Board, however the Council report refers to the Funding Agreement that currently exists between both parties and an expectation that because

of this that the services provided by the Trust are consistent with the plans and policies of the Council. However, their report noted that many of the services provided by the Trust may not be suitable for the full cost recovery model within the Council's new policy on fees and charges, e.g. swimming, football pitch use and so on.

4.3.3 The Council intend to ensure that any of their new charges will allow free use for all customers in receipt of means tested income related state benefits. A review is expected to be undertaken on their existing charges with a focus on the eligibility and level of concessions offered.

4.3.4 The Trust acknowledges the Council's 'Concessionary Charges Policy' and its principle of enabling free use of services to those who can least afford such services. However, the Trust currently offers a range of concessionary discounts on its services that ranges from approximately 30% to 75%. Many services are already provided by the Trust on a 'free basis' e.g. library services, museum access and so on, however, few 'paid for' services are offered on a 'free' basis within the more traditional services for which charges have been deemed appropriate such as in sport, recreation, health and fitness, performing arts and so on.

4.3.5 The income generated from the Trust's Go Card scheme is significant in that it attracted income of over £200k in 2018/19. At such levels the Trust would not be in a position to reduce their Go Card activity charges to being free of charge and this is acknowledged by the Council. The Trust has also provided research material that would suggest that offering services free of charge have proved ineffective in increasing attendances or improving the general health and well-being of local communities.

#### **4.4 Increase the opportunity for customers to pay for their activities on a regular monthly direct debit arrangement.**

4.4.1 To support and encourage participation levels, the Trust currently offer 'monthly passes' to several of its sport and leisure related services that assumes that if a customer were to participate in an activity more than seven times per month, then purchasing a monthly pass would be the cheaper option. A review of the take-up of these passes has resulted in a review of this formula and it is now intended to significantly amend this formula, which will have the effect of driving the growth of monthly pass sales and subsequently income levels whilst being seen as a reward for existing loyal customers. Individual activity charges will increase though to encourage further sales of these monthly passes. A specific promotional campaign will also be required to proactively promote these discounted monthly passes. It is intended that this will create the habit of paying for activities on a monthly basis which would enable an easy transition to more of a membership scheme, paid on a direct debit basis in 2020/21. It is difficult to predict what the impact of this might be in terms of a financial gain; however it is hoped that this will also help to improve participation levels. A junior sports and leisure membership will be the first to be considered at the appropriate time in the next financial year.

#### **4.5 Earlier Introduction of the Revised Charges from January 2020**

4.5.1 Given the need for the Trust to maximise its income levels in this current financial year, the Board considered and approved bringing the introduction of the revised prices forward from its previous April implementation to that of being introduced from January 2020. The application of this decision has been carefully considered by the Trust's

Prices Working Group with appropriate guidelines being prepared for all staff that should ensure the introduction of these revised charges through an effective action and communications plan. All of the revised prices will therefore be introduced from January 2020 with the following exceptions:

- Outdoor activities – as the winter programme had already been published showing all of the current prices through to the end of March.
- Long term lets/events – as many regular customers and special event organisers may already have had their let/event confirmed at the existing prices or confirmation that the prices will remain in place until the end of March 2020, all such bookings will be honoured with the revised prices not being introduced until April 2020.
- Football pitches and pavilions – as almost all of the football teams will already have booked and paid for their season let at the current prices
- Golf – as the Golf Course will no longer be transferred to Grangemouth Golf Club from April 2020 revised charges for this facility will now be considered, but the current charges will remain in place until the end of March 2020.

4.5.2 The introduction of the new charges in January was felt to be beneficial to the forward financial planning of those groups who wished to book the FTH one year in advance

## **5. Conclusions**

- 5.1 This report only highlights the significant changes or proposals to Trust charges in 2020/21, as there are many other adjustments which will be made. Following acceptance of these proposals, a full list of the Trust's charges will be prepared and will be made available on request. This information will also be widely distributed to Trust sites and also shown on the Trust's web-site, following the approval of the Trust's Business Plan by the Council.
- 5.2 Any charges for retail and catering items are not reviewed by this annual process. Given the nature of the trading business there is a need to adjust the charges as and when required to ensure appropriate gross profit margins are maintained. The Trading Company Board regularly monitors the performance of retail and catering outlets.
- 5.3 The ever increasing need to quickly amend and introduce new prices to new activity areas and promotions has required a degree of flexibility, to meet the operational and income generating needs of the Trust at times outwith the normal annual review process and such an approach will continue due to the exigencies of the service.
- 5.4 The earlier introduction of the majority of revised charges in January, instead of April, will help generate additional levels of income to support the achievement of the income targets in this financial year.
- 5.5 Once again there is a significant budgetary pressure on the Trust to generate additional income in 2020/21 and in this respect much work has been undertaken to determine the most appropriate activity charge, with the opportunity being taken to maximise income from those areas that are valued by existing customers.
- 5.6 It is expected that the actions proposed in this annual review of fees and charges will deliver additional income in 2020/21, of between £60k to £90k, assuming participation levels are retained at existing levels.

- 5.7 Given the draft nature of the Business Plan, pending Board and subsequent Council approval, this Appendix assumes that the services referred to within will continue to operate beyond the 1<sup>st</sup> of April 2020; however this may not be the case in some activity areas.

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**2020/21 Community Trust Budget****Service - Objective Analysis**

	2019/20 Budget Outturn Prices <hr/> £	2020/21 Budget September 2019 Prices <hr/> £	<b>2020/21 Budget Outturn Prices <hr/>£</b>
Arts	1,012,310	969,080	<b>1,004,010</b>
Business Administration	1,418,370	1,390,790	<b>1,435,190</b>
Helix	785,080	667,410	<b>693,300</b>
Heritage	572,200	562,560	<b>577,240</b>
Libraries	2,505,860	2,408,860	<b>2,468,400</b>
Parks & Recreation	1,477,830	1,477,830	<b>1,521,170</b>
Restricted Funds	146,450	146,320	<b>163,390</b>
Sports & Fitness	2,935,350	2,796,600	<b>3,033,000</b>
Trading	0	(39,000)	<b>0</b>
<b>SERVICE PAYMENT</b>	<hr/> <b>10,853,450</b> <hr/>	<hr/> <b>10,380,450</b> <hr/>	<hr/> <b>10,895,700</b> <hr/>

## 2020/21 Community Trust Budget

### Service - Subjective Analysis

	2019/20 Budget Outturn Prices £	2020/21 Budget September 2019 Prices £	2020/21 Budget Outturn Prices £
<u>EMPLOYEE EXPENSES</u>			
SJC Employees	12,503,540	12,389,160	12,763,250
Indirect Employee Expenses	238,500	237,210	240,450
<b>Total Employee Expenses</b>	<b>12,742,040</b>	<b>12,626,370</b>	<b>13,003,700</b>
<u>PROPERTY EXPENSES</u>			
Repairs and Maintenance	488,750	472,920	479,980
Maintenance of Grounds	10,930	8,930	10,040
Grnds Maint Internal Recharges	183,610	181,610	184,300
Energy Costs	1,008,320	990,560	1,083,610
Rents	74,940	63,640	63,640
Water Services	181,980	177,490	179,230
Fixtures and Fittings	85,130	84,920	84,920
Cleaning & Domestic Supplies	307,160	303,570	309,800
Property Insurance	1,050	0	0
Other Property Expenses	2,480	2,480	2,480
<b>Total Property Expenses</b>	<b>2,344,350</b>	<b>2,286,120</b>	<b>2,398,000</b>
<u>TRANSPORT EXPENSES</u>			
Direct Transport Costs	9,560	9,560	9,560
Transport Recharges	149,340	149,340	153,290
Transport Insurance	27,820	27,820	28,510
<b>Total Transport Expenses</b>	<b>186,720</b>	<b>186,720</b>	<b>191,360</b>
<u>SUPPLIES &amp; SERVICES</u>			
Equip, Furniture and Materials	1,213,860	1,153,220	1,158,730
Training Materials	13,500	13,500	13,500
Services	1,171,160	931,560	933,070
Catering	633,540	605,770	618,600
Clothing, Uniforms & Laundry	34,230	31,560	31,560
Printing, Staty & Gen Off Exps	163,250	148,150	148,380
Communications & Computing	310,120	271,380	272,700
Loans Fund Revenue Expenditure	16,030	16,030	16,030
Miscellaneous Supplies	794,770	926,610	926,610
<b>Total Supplies &amp; Services</b>	<b>4,350,460</b>	<b>4,097,780</b>	<b>4,119,180</b>
<u>THIRD PARTY PAYMENTS</u>			
Internal Recharges	645,670	640,090	640,090
Other Agencies	15,020	15,020	15,020
<b>Total Third Party Payments</b>	<b>660,690</b>	<b>655,110</b>	<b>655,110</b>
<u>SUPPORT SERVICES</u>			
Central Support Recharges	762,130	762,130	762,130
Departmental Recharges	44,010	44,010	44,010
<b>Total Support Services</b>	<b>806,140</b>	<b>806,140</b>	<b>806,140</b>

## 2020/21 Community Trust Budget

### Service - Subjective Analysis

	2019/20 Budget Outturn Prices £	2020/21 Budget September 2019 Prices £	2020/21 Budget Outturn Prices £
<u>CAPITAL COSTS</u>			
Capital Charges to Services	93,690	93,690	<b>93,690</b>
<b>Total Capital Costs</b>	<b>93,690</b>	<b>93,690</b>	<b>93,690</b>
<b>TOTAL EXPENDITURE</b>	<b>21,184,090</b>	<b>20,751,930</b>	<b>21,267,180</b>
<u>INCOME</u>			
Other Grants, Reimburse & Conts	(1,147,990)	(1,298,490)	<b>(1,298,490)</b>
Customer and Client Receipts	(7,045,050)	(7,150,060)	<b>(7,150,060)</b>
Rents Received	(32,800)	(28,300)	<b>(28,300)</b>
Loans Fund Revenue Income	(18,000)	(18,000)	<b>(18,000)</b>
Miscellaneous Income	(1,934,280)	(1,861,710)	<b>(1,861,710)</b>
Net Expenditure in Year	(152,520)	(14,920)	<b>(14,920)</b>
<b>Total Income</b>	<b>(10,330,640)</b>	<b>(10,371,480)</b>	<b>(10,371,480)</b>
<b>SERVICE PAYMENT</b>	<b>10,853,450</b>	<b>10,380,450</b>	<b>10,895,700</b>



Enquiries to: Maureen Campbell  
 Direct Dial: 01324 590902  
 Date: 13 February 2020

Bryan Smail  
 Chief Finance Officer  
 Falkirk Council  
 Municipal Buildings  
 Falkirk  
 FK1 5RS

Dear Bryan

### **Falkirk Community Trust Business Plan 2020/21**

I write to provide an update to the Council in respect of our Business Plan for 2020/21 that was submitted as agreed on 6 January 2020 and considered at the Council meeting on 22 January 2020.

We received notification of the decision of the Council where “The Council noted with disappointment the failure of the Community Trust to meet its requested savings targets; further noted that this was following a trend of previous years, thus putting increased burden on other services; therefore asked the Trust to look again at making savings to be brought forward at the budget meeting.”

The savings proposals and further options were discussed at a meeting of the Joint Working Group on 5 February 2020 to understand the options available and to reiterate the steps that have been taken to date to identify savings for the year ahead. The group also received an update on the savings proposals that had been included in the January submission.

It was acknowledged at the meeting that without a jointly agreed five year Savings and Investment Plan the scope for savings was limited. It was noted that such a Plan will not now be taken forward until the Council has completed its Strategic Property Review and the implications for culture and sport assets are clear.

The joint working group acknowledged that the delay in concluding the Strategic Property Review has severely limited the options available to the Trust Board at this time. However the Trust’s Chairman did express a willingness to ensure that savings of £5m would be delivered over 5 years subject to the development and implementation of the agreed Savings and Investment Plan.

The Trust Board has since considered the Council feedback. This amended proposal offers savings totalling £473k comprising the “Deliverable Savings” from the original submission totalling £373k and £100k to be contributed from Trust Reserves.

In addition it is proposed that, where possible, applications for Voluntary Severance be taken forward. As per the original submission the Council is asked to fund the compensatory lump sum for any employees offered a severance package and to note that the Trust will meet the associated strain payments. This means that any cash savings arising from Voluntary Severance will be carried forward to be included in savings proposals for 21/22.

The Council had asked that further savings options be considered. These fall broadly into two areas, reducing expenditure and/or increasing investment to deliver increased income. The efforts to reduce expenditure while maintaining the current opening hours at all facilities are encompassed in the "Deliverable Savings" outlined in our earlier submission. Without a major shift in the asset base it is difficult to identify where additional savings can be made. The property costs and employee costs are largely fixed. The utility costs are increasing creating an additional burden that has already been incorporated in current plans. Therefore we have concluded that the scope to deliver additional savings while keeping everything open and at their existing hours of operation, is not achievable.

Any proposals to increase investment take time to realise. We have learned in recent years that front loading income targets before investment works commence is placing pressure on the business as projects are often delayed in the development and delivery phase and the expectations around income in year 1 are not achieved creating and adding to an already stressed income target.

Overall income continues to grow year on year. We have grown income by 15% in the first three quarters of 19/20 and hope to maintain this to the year end. The Board has agreed not to include any new income targets as the focus for 20/21 is to close the gap between budgeted income and actual income. This will require income growth of 12.5% for the charity and 8% for trading in the course of next year.

The Board has approved a contribution to the savings target from Reserves of £100k for 20/21. This will increase the savings contribution to £473k for 20/21. This would result in a service payment of £10.896m for the year.

In our earlier submission we made reference to the request from Grangemouth Golf Club to the Council that they be allowed additional time to prepare and submit their Business Plan in the expectation that they would operate the facility from April 2021. Were the Council to agree to the Club's request the Council would require to provide £50k to the Trust to operate Grangemouth Golf Course in 20/21, pending the Council's approval to transfer the operation of the course to the club from April 2021. The club has a new committee taking this work forward and they have provided a draft business plan for discussion and are committed to taking the transfer forward within agreed timescales. It is our recommendation that this additional funding be provided to enable the course to remain operational for the forthcoming season and to enable the Club to continue with their preparation for transfer.

I am happy to meet with you and members to outline our proposals in more detail if that would be helpful.

Please let me know if you require any additional information meantime.

Yours sincerely



Maureen Campbell OBE  
Chief Executive