

MTRP Budget Proposal – 2023/24 to 2025/26

Service Area	Regeneration and Economic Development			
Proposal Title	Newport Live Management Fee			
Summary Description, Delivery Arrangements and Timescales	<p>This proposal centres on a reduction in the annual management fee paid to Newport Live for the operation of leisure services across the city. Separate payments are made towards energy costs and for repairs and maintenance for each of the sites within their estate. The current annual management fee for 2022/23 is £2,170,000.</p> <p>When the trust was incorporated in 2014, a Funding and Management Agreement was put in place to govern the relationship between the Trust and Newport City Council. The Agreement included a commitment to reduce the Management Fee by 2020. This reduction has not been achieved to date, albeit with some justification due to the disruption wrought by the pandemic.</p> <p>In light of the budgetary challenge presenting across public services, and the efficiencies which will be achieved with the Council's significant investment into the proposed new leisure centre, it is appropriate to seek the reduction in this Management Fee. This new facility is intended to deliver a modern, vibrant offer that requires less intensity of management and will potentially be both far more welcoming and commercially viable for the Trust to operate. Delivering this new offer necessitates the closure of the existing Newport Centre and the management fee reduction is linked to the window within which the Newport Centre is closed and the new leisure centre opens on the Expansion Land.</p> <p>It is not possible to disaggregate the Management Fee paid in relation to the operation of the Newport Centre, however the age and configuration of the facility mean that it is intensive to open and manage efficiently. The proposal is therefore to use this closure period to implement a budget reduction of 10% to the forecast Management Fee payable to Newport Live (£217k), in line the budget reduction expectation set forth in the Funding and Management Agreement.</p> <p>Finally, this proposal recommends that further work be undertaken to support Newport Live to implement a more formalised Business Planning process, again in line with the expectations set forth in the Funding and Management Agreement. As part of this process, we will engage with Newport Live to understand what further opportunities exist to reduce the Management Fee and increase revenue into the Trust. The contract between the Council and Newport Live sets out the change process for implementing any permanent change to the Management Fee along with the obligation to engage in this Business Planning process.</p>			
Decision Point (Please tick appropriate box)	Head of Service		Cabinet	✓

Public Consultation Required (Please tick appropriate box)	YES	✓	NO	
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PART ONE

Net Savings (£000's)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
	217	TBC	TBC
One-Off Implementation Costs (£000's)			
	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
Revenue – Redundancy/Pension			
Revenue – Other			
Capital – Building related			
Capital – Other			
Implementation Cost - Total			

Impact on FTE Count	No impact on FTE count
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Does this proposal require an FEIA and/or WFG Act assessment? (Please tick appropriate box)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
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