



Not for Publication: Appendix 1 under Corporate Procedure Rule 10.4 (1) (3)

Report of the Director of Learning and Leisure Services and the Director of Corporate Services

Executive Board

Date: 14th March 2007

Subject: MIDDLETON PARK EQUESTRIAN CENTRE

Electoral Wards Affected:

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

The Council provides significant financial and other support to the Middleton Park Equestrian Centre, which is run by an independent trust. A number of governance issues have been encountered in the Council's relationship with the trust. Various options have been considered to resolve these problems and these are set out in exempt Appendix 1 with a recommendation as to the way forward.

1.0 Purpose of This Report

- 1.1 The City Council provides significant financial and other support to the Middleton Park Equestrian Centre. The purpose of this report is to set out the background to a number of governance issues affecting the centre. The report identifies the efforts which have been made to resolve these difficulties and sets out options as to the way forward.
- 1.2. The Appendix to this report is exempt under Access to information Rules 10.4 (1) (3) because it deals with the financial and business affairs of another body and also publication could prejudice the Council's interest in terms of any on going negotiations. In the opinion of the Director of Corporate Services, the public interest

in maintaining the exemption outweighs the public interest in disclosing the information.

2.0 Background Information

- 2.1. Middleton Park Equestrian Centre is a registered charity and is affiliated to the Riding for the Disabled Association (RDA). It is located near to South Leeds Stadium. The premises consist of an indoor riding school and stabling, two staff bungalows and an outdoor riding arena and are owned by Leeds City Council. The premises are leased to the charity by the City Council. The facilities and activities at the equestrian centre include stabling for 20 horses, an indoor equestrian arena and spectator gallery, tack and facilities for disabled riders, a classroom for equestrian management courses and administration offices.
- 2.2. Further background information is contained in the exempt appendix.
- 2.3. The charity originates from a proposal to the then Leisure Services and Policy & Resources Committees in November 1988 for disabled riding facilities at Middleton Park. The proposal included:
- Riding for the Disabled Association providing the horses and tack
 - Leeds City Council being responsible for keeping, grooming, feeding and stabling of the horses, veterinary and other bills including insurance for both
 - A management committee of Council and RDA nominees running the equestrian centre and operating as a sub-committee of the old Leisure Services Committee.
- 2.4. When Leeds City Council and the RDA decided to extend the equestrian centre, the Council applied for a Lottery grant to the English Sports Council on behalf of the two parties. The grant was £677,800 towards a total cost of £816,600. Fundraising initiatives by RDA raised the balance. It was a condition of the Lottery Grant that the Council would grant the RDA a 25 year lease of the centre at a peppercorn rent. Amongst other things, the lease granted in 1999 provides that the trust will:
- (1) pay all outgoings;
 - (2) keep the centre clean and tidy, and in good and tenantable repair (including making good any malicious damage);
 - (3) redecorate the centre every five years;
 - (4) insure the centre against loss, damage or destruction by the usual insured risks;
 - (5) take out and maintain public liability insurance of at least £5,000,000;
 - (6) make proper and suitable arrangements for the disposal of refuse;
 - (7) comply with all statutory requirements as regards the centre and its use; and
 - (8) ensure that the centre is staffed by appropriately qualified people.
- 2.5. In order to safeguard the Council's VAT "partial exemption" position, it was decided in 1999 to re-establish the equestrian centre as a registered charity with any newly created posts having non-Council contracts of employment. Current staff retained Council contracts of employment. The Council managed the development project and the new facilities were opened by Princess Anne on 3rd November 2000. An important concept for trustees of all charities is that of unlimited liability. The move from a City Council operation to an independent charity exposed the equestrian centre's trustees to this liability. Despite concerns over this new liability, the Management Committee were keen to secure the equestrian centre's proposed future and they agreed to the changes in status being made, and to them becoming the charity's new trustees.

- 2.6. The Council has been providing grant support to the trust since 1999/2000, and the Council's grant for 2006/07 is £130,680. In addition, the Council also provides financial and legal support for which no charge is made to the trust.

3.0 Main Issues

Governance issues

- 3.1. When the riding centre was constituted as a charity, a situation of some administrative confusion developed. Trustees of both the RDA and newly formed Middleton Park Equestrian Centre were of the view that the Council (via the then Leisure Services Department) would continue to operate largely as if the centre remained part of the Council, both in terms of the provision of certain services to the centre and in respect to the financial management and running of the centre. The alternative view was that the Trust was responsible for their financial management and that they should be treated in the same way as any other voluntary body that is supported by the Council. This fundamental issue is at the heart of the many of the problems described in the Appendix in more detail.

Financial administration issues

- 3.2. A number of problems have been encountered since the establishment of the Trust, and which have caused problems for the completion and the audit of the Trust's accounts. These problems have resulted in the late submission of accounts for a number of years. Further details of these matters are set out in the Appendix.

4.0. Recommendations

- 4.1. Executive Board is asked to
- a) note the contents of this report,
 - b) confirm its support to maintaining a riding for the disabled facility at the centre, and
 - c) consider the matters contained in the confidential appendix.