Note of Due Diligence considerations

The discussion and consideration of 'due diligence' elements in relation to the proposal are noted below.

PROJECT NAME:	**Splash Community Trust – Splash Magic Leisure Centre**
PROJECT ADDRESS:	**Splash Magic Leisure Centre Llangollen Road Acrefair Wrexham LL14 3HL**
GRANT REQUESTED:	**Up to £ 500,000 (70%)**
MATCH FUNDING:	**£ 19,440 – Own resources £ 6,000 – Wrexham County Borough Council £ 57,473 – Cory Environmental Trust £ 10,940 – Own resources**
TOTAL PROJECT COST:	**£ 715,695**

THE APPLICANTS

Splash Community Trust is a company limited by guarantee set up to take over the lease of the Plas Madoc leisure centre in 2014 following Wrexham County Borough Council's (WCBC) decision to close the facility. The group holds a 20 year lease on the facility.

They currently have 12 full time staff, 14 part time staff and 16 casual staff. They also have 30 volunteers working in the facility every week.

OPTIONS APPRAISAL

Only urgent works have been included in this bid. Options had been explored for renewing the sports hall floor for an additional £11,695, however this was not deemed urgent therefore it was not included in the CFP bid. The twin boiler system also needs to be replaced at a cost of £84k resulting in a £15k savings per year in energy bills; however this has not been included in the bid as it is not urgent work and will be completed as the next phase of the project.

The proposed funding is for capital facilities costs, specifically focused on certain areas of structural work and maintenance. The organisation were hoping to apply to the Lottery's Asset Transfer Fund, however inquiries have suggested that the 20 year lease that they have from the Council would not constitute as asset transfer.

The organisation was established to take over the facility from the Council therefore no other facility would be considered.

FINANCIAL SUSTAINABILITY

The organisation had hoped for a small surplus in the first year and had budgeted £12k for emergency repairs however actual spend was £32k on exceptional items and repairs resulting in a net loss of £18k.

The facility is sustainable as it stands and the next phase of the project is to replace the twin boiler that will save them £15k in energy bills allowing them to build up their reserves.

Phase one of the project has already been funded by the mentioned match funders. The CFP grant will go towards Phase two of the project which is a total of £532,635 VAT inclusive, the organisation are waiting on advice to determine how much VAT they are able to recover and are expecting this to bring the amount below £500k.

Phase three of the project will be to replace the twin boiler and sports hall floor for £95,695. The project will seek this funding elsewhere.

STATE AID

It should be possible to provide support on a risk-based ‘no aid’ basis on the grounds that this is unlikely to affect trade between Member States. Supporting evidence can be found in the Dorsten Swimming Pool Commission Decision. This is risk-based and open to challenge, any aid given may be subject to repayment.