

## Appendix 11

<b>Project/Item</b>	Ski Rossendale
<b>Date</b>	26 <sup>th</sup> January 2011
	<p><b>1.0 Introduction</b></p> <p>1.1 The following report provides an overview of the work undertaken to date in relation to Ski Rossendale.</p> <p><b>2.0 Background</b></p> <p>2.1 Following the commencement of the Leisure Review in March 2009 an exercise was undertaken to explore the potential for private sector interest for investment into Ski Rossendale as a viable leisure facility. A PIN notice was issued in October 2009 which produced six expressions of interest in both investing in and managing Ski Rossendale.</p> <p>2.2 This was considered by the special Leisure Review Cabinet meeting in November 2009 following which it was decided to put together formal contract documentation and invite those companies who had expressed an interest to tender for the transfer of the facility.</p> <p>2.3 Following this exercise only two submissions were received and these bids were assessed through formal interview in July 2010. The panel were unable to select a preferred bidder as neither of the submissions offered a suitable and sustainable solution and the OJEU process was formally ended.</p> <p><b>3. Future Options</b></p> <p>3.1 A number of options have been explored ranging from the Trust continuing to manage the slope in full, considering a reduced seasonal offer and focusing on profitable activities such as children's parties. All options have been appraised around key criteria pertaining to deliverability; timescale; sustainability; scheme finance and implications on the public purse; community, and social and economic benefits.</p> <p>3.2 None of the options explored are financially sustainable and will require significant ongoing public sector investment and support. Visitor numbers to Ski Rossendale continue to fall with the facility receiving over 108,000 visitors in 2006/07 to just under 43,000 in</p>

2009/10. The facility requires additional financial support of around £100k per annum to keep it running, being a mix of ,in the main, grant paid to Rossendale Leisure Trust and the cost of annual capital works. The investment needs of the facility are significant and it requires further capital investment estimated at £1m with a consultant's report suggesting the investment needs are in the millions.

#### **4. Conclusion/Recommendation**

4.1 Council approved in February 2010 a number of options to mitigate the financial risk associated with leisure and amongst others that "the financial cost relating to supporting Rossendale Ski Slope will cease by March 2011, following the conclusion of the process to appoint a commercial partner," a process which has now ceased, as noted above. A decision to continue supporting Ski Rossendale would need to be supported by a business case identifying how the future capital and revenue needs are to be addressed. Work done to date has failed to identify how a business case can be sustained.

4.2 The recommendation is that Ski Rossendale should close at the end of the 2010/11 winter season whilst a further options review is undertaken.

#### **5. Financial Implications**

5.1 The cost of closing the slope would be £126k redundancy costs plus £10k to secure the site. There would be a continuing revenue cost to ensure the site is secure until such time as a permanent solution is identified. This is estimated to be £20k per annum.

5.2 Should the slope continue to be operated council capital and revenue resources would need to be identified. However, the business case to support this course of action has not been identified.

5.3 Rossendale Leisure Trust has c £111k of its own new assets invested in the Ski Rossendale facility, the largest asset being the Ski Lodge, followed by various fixtures and fittings.

5.4 Ski Rossendale is currently running with one lift. It is understood that this lift will require major refurbishment at the end of March 2011. It is therefore anticipated that c £40k will be required to bring the 2 lifts back to an acceptable standard.

5.5 The site will have some commercial development value, which is yet to be determined.