



moray leisure centre
healthy living centre

Borough Briggs Road

Elgin

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Our Ref: AW/LL/110419

30 April 2019

Appendix 1

Mr Nick Goodchild
Educational Resources Manager
The Moray Council
High Street
ELGIN
IV30 1BX

Dear Mr Goodchild

I write as Chairman of Moray Leisure Limited to request that Moray Leisure's existing Lease, which is due to expire on 30 June, is extended by one year.

This will allow for the partnership between Moray Leisure and The Moray Council to develop, creating a platform for the successful development of Moray Leisure and the planned growth of the Fit Life membership scheme to continue.

I would like to take this opportunity to thank the Moray Council for their ongoing support of Moray Leisure Limited, and in particular the investments that Moray Leisure has benefited from in the last year, including direct financial assistance of £120,000 and the facilitation of £500,000 of capital investment in the new Fitness suite.

I am pleased to say that the fitness suite launch has taken place and that new customers continue to join the Fit Life membership scheme. Throughout 2018/19 Moray Leisure has outperformed its income targets selling 2,500 Fit Life memberships against an initial target of 1,300 (Appendix I). This accelerated membership growth has allowed Moray Leisure to contribute £60,000 towards The Moray Council's saving package in Financial Year 2019/2020. Further growth is planned next year and Moray Leisure would hope to make further contribution towards Moray Council's savings targets if required.

With the existing lease ending on 30 June 2019 and Moray Leisure facing a possible month-by-month lease extension, the facility will not be in a position to operate solvently. As Acting Chairman of Moray Leisure Board I am required, along with other Board Members, to be satisfied that Moray Leisure can trade successfully as a going concern - that is not possible with a month-by-month lease extension for a building turning over £2.3m per annum. Moray Leisure is also required to operate in excess of 80 contracts with external suppliers to deliver its business and those contracts cannot be managed in a building that operates on a month-by-month-lease.

The one year lease extension would allow for the conclusion of our initial discussions concerning the preparation of a 25 year lease and appropriate Service Level Agreement to take place. I also request that discussions on the longer term lease are concluded as early as possible. This will prevent the need for any further short-term lease extensions in the future. It will also allow me to report to the Auditors and OSCR that MLL is a going concern with a planned future.

... / Page 2



"Funded by The Moray Council"

Moray Leisure Limited. A charitable company limited by guarantee.

Registered in Scotland number SC145750

Registered Office: Ledingham Chalmers LLP, Kintail House, Beechwood Business Park,

Inverness, United Kingdom IV2 3BW

Scottish Charity Number SC023033





30 April 2019

Letter to: Mr Nick Goodchild, Educational Resources Manager, The Moray Council, High Street,
ELGIN IV30 1BX

If a successful 25 year lease can be agreed by October 2019 this would provide for the launch of Moray Leisure's Business Plan during the same period, allowing the growing partnership between Moray Leisure and The Moray Council to continue developing (Appendix II).

I trust that you will consider my request, and seek approval from The Moray Council's Elected Members for a one year lease extension, pending further discussions for a more suitable 25 year lease and Service Level Agreement arrangement for Moray Leisure.

Yours sincerely

ANDREW WOOD
Acting Chair
Moray Leisure Ltd