

TITLE OF REPORT: LETCHWORTH LEISURE MANAGEMENT CONTRACT AND DEVELOPMENT OF NORTH HERTS LEISURE CENTRE (NHLC)**DRAFT CABINET MINUTE EXTRACTS – 16 JUNE 2015****17. LETCHWORTH LEISURE MANAGEMENT CONTRACT AND DEVELOPMENT OF NORTH HERTS LEISURE CENTRE (NHLC)**

Prior to the consideration of this item, and at the Chairman's invitation, the Acting Senior Lawyer confirmed that, in accordance with Access to Information Regulations, no filming or recording of the proceedings was permitted for the debate on Part 2 matters. Accordingly, the recording device was switched off.

The Portfolio Holder for Leisure presented a Part 2 report in respect of the Letchworth Leisure Management Contract and Development of North Herts Leisure Centre (NHLC), primarily with regard to the financial aspects of the project. The following appendix was submitted with the report:

Appendix 1 – Stevenage Leisure Limited (SLL) contract variation (finance).

The Portfolio Holder for Leisure stated that she was proud of the leisure facilities in the District, which attracted over 1 million visitors a year. The report dealt with much needed improvements to North Herts Leisure Centre, including a new teaching pool and further refurbishment to extend the useful life of the Centre.

The Portfolio Holder for Leisure advised that the increase in the SLL management fee from £305,000 to £526,000 per annum, which would result should the proposals be approved, should be gauged against the situation in other parts of the country where many Local Authority-controlled leisure centres were being closed.

The Portfolio Holder for Leisure commented that, for the past 10 years, NHDC had developed a very good working relationship with SLL, and that a proven track record could be demonstrated. SLL was a registered charity, with the aims of being self-sufficient and providing the community with high quality leisure facilities.

The Portfolio Holder for Leisure explained that a planning application for the capital improvements was about to be submitted and that tenders had been invited for the works.

In response to the views on the proposal expressed by Councillor Leal-Bennett, the Portfolio Holder for Leisure commented that this was a variation to an existing contract, which was operating well. In addition, the increase in the annual management fee would prove advantageous to the Council for the next 8 years, as well as improving the Centre and extending its useful life.

At the Chairman's invitation, the Head of Performance, Finance and Asset Management advised that the £220,776 would form part of the management fee, which would be updated by RPI each year. SLL would provide the Council with Income and Expenditure accounts for each leisure centre. These were discussed at the contract meeting and SLL were required to explain any variances. The detailed management accounts for the NHLC, prepared quarterly by SLL, were reviewed by both the Service Manager and Group Accountant for Customer Services (in compliance with Internal Audit

recommendations). SLL's external auditors provided an annual letter to confirm the accuracy of the contract income and expenditure accounts. In summary, the Head of Performance, Finance and Asset Management considered that SLL was a known quantity, and had developed a very successful working relationship with the Council for the past 10 years.

The Portfolio Holder for Finance and IT expressed support for the proposals from a financial perspective. He had been convinced that they provided good value for money, and would be carried out in collaboration with a trusted partner.

The Portfolio Holder for Housing and Environmental Health was satisfied that the project was viable. Whilst there were always risks associated with projects of this type, it appeared to him that the majority of the risks would be borne by SLL. Therefore, he saw no reason to delay the project.

The Portfolio Holder for Planning and Enterprise was fully supportive of the proposals. Whilst he had a few concerns over some elements of the financial information provided, he did not wish to delay the works from proceeding.

RESOLVED:

- (1) That the variation to the Letchworth Leisure Management Contract, as set out in Paragraph 8 and Appendix 1 of the report, be agreed; and
- (2) That it be agreed to proceed with the project, subject to tender bids for the build element for all of the agreed capital budgets for the North Herts Leisure Centre (NHLC) coming in within the overall budget allocated.

REASON FOR DECISION: To develop the NHLC to ensure the facility is fit for purpose and to improve the financial and operational performance of the NHLC in line with Cabinet's decision at its meeting held on 16 December 2014.

[Note: At this point in the proceedings, the press and public were re-admitted to the meeting.]

18. LETCHWORTH LEISURE MANAGEMENT CONTRACT AND DEVELOPMENT OF NORTH HERTS LEISURE CENTRE (NHLC)

The Portfolio Holder for Leisure presented a report in respect of the Letchworth Leisure Management Contract and Development of North Herts Leisure Centre (NHLC). The following appendix was submitted with the report:

Appendix 1 – Stevenage Leisure Centre - SLL contract variation (quality).

The Portfolio Holder for Leisure advised that the report primarily dealt with the quality aspects of the proposed contract variation, and provided an overview of the business case for the proposed teaching pool; the need for a downstairs café; the need for greater provision of flexible space; the need for sports hall development, changing rooms and corridor improvements; and parking improvements.

The Strategic Director of Customer Services confirmed that, on completion of the works (more particularly on the opening of the teaching pool for lessons, and provided that the café and dance studio works were progressing reasonably), SLL would pay NHDC an additional £18,398 per month for the entire length of the contract.

In considering the recommendations in the report, it was noted that Recommendation 2.5 was no longer required. The Portfolio Holder for Planning and Enterprise considered that recommendation 2.2 should be amended, to reflect the fact that the variation of the remaining part of the contract would commence at the completion of the project. This was agreed.

RESOLVED:

- (1) That the quality aspects of the variation to the contract, as set out in Paragraph 8 and Appendix 1 to the report, be agreed; and
- (2) That the variation of the remaining part of the contract to commence at the completion of the project, as set out in Paragraph 8 and Appendix 1 of the accompanying Part 2 report, be agreed and, subject to this:
 - (a) it be agreed to proceed with the project subject to tender bids for the build element for all of the agreed Capital budgets for the NHLC coming in within the overall budget allocated; and
 - (b) it be agreed to re-profile the Capital budget and to bring forward £67,000 to enable the Council to complete the 2 stage procurement and gain a full breakdown of the construction costs.

REASON FOR DECISION: To develop the NHLC to ensure the facility is fit for purpose and to improve the financial and operational performance of the NHLC in line with Cabinet's decision at its meeting held on 16 December 2014.

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