

<b>Item No</b>	<b>Referred from:</b>	<b>Overview and Scrutiny Committee</b>
<b>6B</b>	<b>Date:</b>	<b>7 January 2025</b>
	<b>Title of item:</b>	<b>Leisure and Active Communities Agency Model – Part 1</b>
<b>To be considered alongside agenda item:</b>		<b>Agenda Item 9</b>

The report considered by Overview and Scrutiny Committee at the meeting held on 7 January 2025 can be viewed here: [Agenda for Overview and Scrutiny Committee on Tuesday, 7th January, 2025, 7.30 pm | North Herts Council](#)

**RECOMMENDED TO CABINET:** That Overview and Scrutiny recommend to Cabinet that:

- (1) Cabinet agrees in principle to entering into an Agency Agreement with SLM (Everyone Active) for the operation of our leisure facilities, subject to the Council obtaining favourable VAT Tax advice, and varying the Contract in accordance with the external Part 2 Appendix C legal advice and Part 2 legal implications.
- (2) That the final decision on entering into the Agency Agreement be delegated to the Service Director – Place, in consultation with the Executive Member for Leisure, Environment and Green Spaces and Service Directors – Resources and Legal & Community.

**REASON FOR RECOMMENDATION:** To ensure the maximum financial sustainability of our leisure services, in line with our council priorities.

*Audio recording – 50 minutes 09 seconds*

Councillor Mick Debenham, as Executive Member for Environment, Leisure and Green Spaces, presented the report entitled 'Leisure and Active Communities Agency Model – Part 1' and advised that:

- In March 2023, HMRC announced changes to the VAT applicable to leisure services which meant that these could now be treated as non-business.
- Therefore, leisure services sold, for example a gym membership, would no longer need to charge VAT.
- Several leisure providers were now looking at how arrangements could be improved for both operators and authorities.
- A proposal had been received from SLM by the Council following this announcement and this had been discussed in detail in Part 2.

In response to a question from Councillor Ralph Muncer, the Service Director – Place advised that the new proposed scheme would commence from 1 April 2025, subject to legal agreements.

The following Members took part in the debate:

- Councillor Jon Clayden
- Councillor Ralph Muncer

Points raised during the debate included:

- There were clear opportunities presented, and the reasons provided were clear, however there was concern that there were risks involved and would not be able to support this.
- All decisions of the Council have risk, and these must be balanced against the potential benefits.
- If the risks could be managed effectively within contract negotiations, the proposal would lead to a substantial amount of money being available to the Council to invest in services in the district.

Councillor Matt Barnes, as Chair, proposed and Councillor Tina Bhartwas seconded and, following a vote, it was:

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