

## **GENERAL PURPOSES COMMITTEE**

1. This report summarises the business undertaken at the General purposes Committee meeting held on 16 September 2020.

**16 SEPTEMBER 2020**

### **LEISURE CONTRACT**

2. Chris Sinnott, Deputy Chief Executive presented his confidential report which provided an update on recent negotiations with the preferred bidder for the council's leisure contract which was due to commence on 1 October 2020 and sought approval for budget provision to be made for the council to step in and directly manage the leisure centres..
3. We recognised that Covid-19 has had a fundamental impact on leisure operators. The lockdown and subsequent measures needed for social distancing means that the income streams available had all but disappeared for a significant part of the year.
4. As a result, the council's preferred bidder to take over the operation of its leisure centres at the expiry of the current contract at the end of September had very recently withdrawn from the process. This left a small number of options available to provide continuity of employment for the staff and continuity of service for residents. The proposed approach was for the council to take over the management of the centres and the report sought approval for the necessary budget provisions.
5. We considered the options in the report to address this issue in the immediate future and the longer-term options. It was proposed that during the transfer of management, the council should examine its long term options, which included the establishment of a Local Authority Trading Company, or other special purpose vehicle, or going back to the market through an open procurement process.
6. Councillor Bev Murray, as Executive Member for Early Intervention expressed her disappointment at the current situation and urged Members to make a decision which would support the staff currently employed at the leisure centres to ensure they were not affected by this.
7. Councillor Peter Gabbott recognised the council's need to act immediately but queried why the finances in the report only covered 6 months when the council was proposing to run the centres for 18 months. Officers advised that the finances were based on the projections from the preferred contractor and would need to be reviewed over time. It was estimated that the leisure centres would no longer be making losses after 18 months and subsequently move into surplus. Work would commence immediately to examine options for the longer-term management, with subsequent reports presented to Executive Cabinet or Council.
8. Councillor Graham Dunn understood that the current contractor, Active Nation were pursuing the council for the losses accrued as a result of Covid-19 and the closures during lockdown and queried whether other local authorities were in a similar position. We were advised that there were ongoing deliberations with Active Nation in regard to a clause in the contract however this was currently with the council's solicitors who would be responding to this. It was recognised that many other local councils across the country were in similar situations with their leisure contractors and it was agreed that the council would take this into consideration when reviewing the options in future.
9. Following discussion, we approved (unanimously) that up to £450,000 be made available from Government Covid-19 Funding and/or General Reserves to pay for set up costs in the council taking over the running of its leisure centres. As well as approving the use of up to £800,000 from the Government Covid-19 Funding and/or General Reserves to fund the support running

the leisure centres to the end of 2020/21 (including funding expenditure to develop the future options for the delivery of leisure service in the borough).

10. We also noted the intention to explore the potential to establish a Local Authority Trading Company or other special purpose vehicle to manage the council's leisure centres, subject to further agreement and approval from the council.

**Recommendation**

11. To note the report

COUNCILLOR AARON BEAVER  
CHAIR OF THE GENERAL PURPOSES COMMITTEE

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