

Decision Report – Lead Member Decision

Forward Plan Reference: FP/24/04/08

Decision Date – 15 July 2024

Key Decision – yes

Confidential Information – no



Extension of Leisure Contract - West

Executive Member(s): Lead Member for Communities, Housing and Culture

Local Member(s) and Division: Cllr Farbahi and Cllr Johnson

Lead Officer: Chris Hall – Executive Director – Community Services

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Summary / Background

1. Sports & Leisure Management Ltd (SLM) operate the Council's leisure facilities in the west. This report makes no recommendation to change the decision already taken to extend the Lot 1 contract for five years (to 2035). This contract is with SLM to operate the Leisure Centres in the west.

The recommendation omits the option to extend the contract over the same period relating to Vivary Park Golf Course (Lot 2); this is a change from the previously agreed PFH decision made in March 2023.

This change enables the Council to consider all options relating to the Golf and High Ropes facility prior to the contract terminating in 2030.

2. The payment profile received by the Council for Lot 1 (leisure centres) was agreed in the 23/3/2023 decision and remains unchanged and equivalent to the tender sum.

The Council pays SLM c£90,000 p.a. to operate Lot 2 (golf and high ropes)

Recommendations

3. The Lead Member for Communities, Housing and Culture agrees:

- a. To reaffirm a five-year extension to the Sports and Leisure contract between Somerset West and Taunton Council (now Somerset Council) and Sports and Leisure Management Ltd (SLM) in respect of the Lot 1 contract which includes a variation to the management fee profile (payments made to the Council under the contract) for the remaining years of the contract.

The contract for Lot 1 (leisure centres) will end on 31/3/2035.

This element of the decision making was agreed 23/03/2023 and is repeated here for context.

- b. To alter the previous recommendation (23/3/23) relating to Lot 2 only and to revert to the original contractual agreement whereby the contract for the golf course and high ropes ends on 31/3/2030.

Reasons for recommendations

4. A decision was taken on 23/3/2023 to extend the contract relating to both Lots 1 and 2 of the leisure contracts between the Council and SLM and to vary the profile of the management fee for Lot 1. At the time this was felt to be the correct approach.

Since the decision was made the Council has declared a financial emergency and it is now prudent to review the decision and having done so to retain the option to end the Lot 2 contract on the previously agreed termination date as the Council currently pays the Operator to deliver this element of the contract.

The management fee profile for Lot 1 (as previously agreed in March 2023) and the management fee profile for Lot 2 are unchanged as a result of this recommendation.

5. The information relating to the value of the Lot 2 contract is commercially confidential information as it forms the basis of the tender submitted by SLM and accepted by the Council.

Other options considered

6. Initially both contracts were scheduled to end in 2030. In March 2023 it was agreed to extend both contracts to 2035.

The alternative option (to that proposed) is to leave the situation that both contracts are extended to 2035; but due to the financial emergency it is considered prudent to ensure that the Council retains control over the end date of the Lot 2 contract as the Operator requires financial support from the Council to deliver the golf course and high ropes services.

Links to Council Plan and Medium-Term Financial Plan

- 7. The contracts are related to the MTFP as the income from Lot 1 and the costs of Lot 2 form part of the MTFP.
- 8. The decision to end the Lot 2 contract in 2030 has no bearing on the Council priorities as the contract was originally due to end on that date. The decision being sought is to revisit and reverse the decision taken to extend the Lot 2 contract.

When the Lot 2 contract is subject to a scheduled review in 2028 (two years before the end date) Members will have the option to reprocure the contract, devolve the facility or use the land for another purpose.

Financial and Risk Implications

- 9. There are no negative financial implications to this decision. By taking it the Council will not be bound to pay for the operation of the facilities in Lot 2 beyond 2030.

10.

Please enter risk description					
That SLM will not accept one part of a contract that ends in 2030 and another that ends in 2035					
Likelihood	1	Impact	4	Risk Score	4
Please enter mitigation here					
Discussions have already taken place with SLM who approve the approach being recommended as they understand the Council would wish to retain greater control over a contract that requires annual revenue support.					

Legal Implications

11. Legal colleagues are required to finalise the variation agreement with SLM, and this process has been ongoing for some time and was required regardless of the situation regarding Lot 2 of the contract as the extension for Lot 1 requires legal input.

The contract allows for 'variations' hence the previous decision to extend both contracts to 2035. Legal advice has been commissioned to formalise the variation which is now agreed on both sides pending this decision.

12. There are no implications as this is simply seeking to retain the agreed position relating to Lot 2 of the contract arrangements.

HR Implications

13. There are no identified HR implications.

Other Implications:

Equalities Implications

14. As this is a contractual matter which seeks to retain the originally agreed position there are no EIA implications.

Community Safety Implications

15. There are no community safety implications as this is simply seeking to retain the agreed position relating to Lot 2 of the contract arrangements.
16. There will be no effect on the public's perception of crime and disorder and anti-social behaviour rates.

Climate Change and Sustainability Implications

17. In ending the contract as scheduled in 2030 Councillors will be able to consider all options for the future use of the space. There are certain covenants and restrictions on the use of the land which will need to be considered at that time.
18. Please liaise with the Climate Emergency team for more information:
climateemergency@somerset.gov.uk

Health and Safety Implications

19. There are no Health & Safety implications relating to this decision.

Health and Wellbeing Implications

20. There are no Health & Wellbeing implications of this decision.

Social Value

21. Not applicable in this case.

Scrutiny comments / recommendations:

22. This decision has not been considered by a Scrutiny Committee.

Background

23. Sports & Leisure Management Ltd (SLM) won the contract to operate the Council's leisure facilities in the west from 2019 for 10 years and 8 months. This report recommends that a previously agreed extension to the Lot 1 (leisure centres) contract of five years (to 2035) remains in place.

This recommendation removes the option to extend the contract relating to Vivary Park Golf Course (Lot 2) as this element of the contract requires annual revenue support from the Council and given the financial emergency it is prudent to cease this element of the contract as originally envisaged at the end of the 10 year and 8 month contract period.

This change enables the Council to consider all options relating to the Golf and High Ropes facility prior to the contract terminating in 2030.

The payment profiles received by the Council for Lot 1 and paid by the Council for Lot 2 remain unchanged.

Background Papers

24. Below is a link to the relevant background paper:

Decision - 5-year extension of the contracts for the provision of management and operation of sports and leisure facilities (Lot 1 and Lot 2) within the district of Somerset West and Taunton - Modern Council

In March 2023 a decision was made to extend the leisure contract to 2035 for both Lots. This decision paper recommends that Lot 2 is now omitted from the extension for the reason stated.

Assurance checklist

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	17/04/2024
Communications	n/a	
Finance & Procurement	Nicola Hix	16/04/2024
Workforce	n/a	
Asset Management	Oliver Woodhams	16/04/2024
Executive Director / Senior Manager	Chris Hall	26/01/2024
Strategy & Performance	Alyn Jones	17/04/2024
Executive Lead Member	Cllr Smith - Roberts	14/03/2024
Consulted:	Councillor Name	
Local Division Members	Cllr Farbahi and Cllr Johnson	16/04/2024
Opposition Spokesperson	Cllr Dingwall	16/04/2024
Scrutiny Chair	Cllr Wren	16/04/2024