

## LONDON BOROUGH OF HARROW

<b>Meeting:</b>	Overview and Scrutiny Committee
<b>Date:</b>	1 July 2004
<b>Subject:</b>	Contract for Management of the Council's Leisure facilities
<b>Key Decision:</b>	No.
<b>Responsible Chief Officer:</b>	Director of Professional Services Urban Living
<b>Relevant Portfolio Holder:</b>	Portfolio Holder for Education and Lifelong Learning
<b>Status:</b>	Part 1
<b>Ward:</b>	all
<b>Enclosures:</b>	none.

### **1 Summary**

- 1.1 This report gives details of the progress and the content of the agreement with Leisure Connection plc for the management of the Council's Leisure Facilities at Harrow Leisure Centre, Bannister Sports Centre and Hatch End Swimming Pool.

### **2. Recommendations**

- 2.1 That the Committee notes the report on the Contract for the Management of the Council's Leisure facilities.**

### **3. Consultation with Ward Councillors**

- 3.1 Not applicable

### **4. Policy Context (including relevant previous decisions)**

- 4.1 Cabinet agreed, at its meeting on 17 December 2001, to grant a new management agreement to Leisure Connection plc for a term of 8 years from April 2003.

### **5. Relevance to Corporate Priorities**

- 5.1 The agreement will contribute to the Council's corporate priorities of continuing to promote lifelong learning, by providing activities for leisure pursuits. The Leisure Card, which forms part of this agreement, will help to promote social inclusion for disadvantaged groups.

## 6. Background Information and Options considered

- 6.1 Following agreement by Cabinet in December 2001, Leisure Connection took over the management of the Bannister Sports Centre and Hatch End Pool from April 2002 on the basis of a signed Letter of Intent that set out the basics of the agreement between Leisure Connection and the Council. The letter of intent also extended the existing contract with Leisure Connection for the management of the Leisure Centre, whilst the extensive legal documentation forming the agreement was finalised.
- 6.2 The agreement is based on a partnership agreement, with the Council and Leisure Connection working together. The Council will receive a yearly management fee of £200,000 (index linked) from Leisure Connection, together with a percentage of any income above an agreed threshold.
- 6.3 The agreement has taken a significant time to finalise, for the following reasons:
- this is the first partnership agreement of this type that the officers of Urban Living and the management of Leisure Connection had been involved in, and the process was significantly more complex and more time consuming than either party had anticipated
  - the loss of key players on both sides (the Head of Property and Development at Harrow - Geoff Easton, the Council's Arts and Leisure Officer – Carole Stewart, and the Managing Director of Leisure Connection) caused delays at crucial times through the loss of important skills, knowledge and the reconsideration of decisions, and also the time taken by replacements to familiarise themselves with the agreement and objectives.
  - reorganisation of the business structure of both Leisure Connection and their consultant lawyers, together with the prolonged illness of the Harrow lawyer assigned to the project
  - the fire at the Leisure Centre in November 2003 also delayed signature
- 6.4 The documentation has now been finalised and agreed by both parties and the partnership agreement is to be signed by the end of June.
- 6.5 **The Agreement:** The key points of the agreement are as follows:
- 6.5.1 The agreement is for Leisure Connection to manage the Leisure Centre, Bannister Sports Centre and Hatch End Pool for a period of 8 years from April 2003 (extendable by two years by agreement)
- 6.5.2 Leisure Connection agree to invest £1.02m capital into the Council's leisure facilities. This comprises £670k at Bannister Sports Centre to provide a new running track and improvements to the pavilion, up to £350k on the fitness suite at the Leisure Centre and the remainder on improvements to Hatch End Pool. This money has been spent and the works are now complete. Members should note that the first priority was to upgrade the Bannister Sports Centre running track, as it needed capital investment beyond the then resources of the Council if it was to remain open for use. The second priority was the improvement of the facilities at the Leisure Centre. Any balance of the agreed contribution was to be spent on Health and safety improvements at Hatch End Pool. Further works on Hatch End Pool during the period of the agreement will be the responsibility of Leisure Connection – up to a limit of £15,000 on any individual item.

- 6.5.3 Leisure Connection will pay the Council a management fee of £200,000 per annum (index linked).
- 6.5.4 In addition the Council is entitled to a payment of 10% of any income above £2,825,000 total for the three sites.
- 6.5.5 Leisure Connection will, at their own cost, operate the Harrow Leisure Card in conjunction with Harrow Borough Council.
- 6.5.6 Leisure Connection will work together with the Council on Sports Development.
- 6.5.7 The Council and Leisure Connection will set jointly core charges for the cost of individual sports or activities, and for entrance charges.
- 6.5.8 Leisure Connection will be responsible for Hatch End Pool and Bannister Sports Centre on repairing and insuring leases (subject to special arrangements regarding major building elements such as the pool tank at Hatch End).
- 6.5.9 The Council will continue to pay the rates on all three properties, and be responsible for the majority of maintenance on the Leisure Centre.
- 6.6 Leisure Connection have completed their investment of £1.02m into the Council's facilities on the basis of the agreed Letter of Intent. Should the agreement not be signed the Council would be responsible for repayment of all of Leisure Connection's reasonable costs incurred.
- 6.7 Central to the agreement is the partnership basis, with the intention of both parties working together on common aims and producing continuous improvement in the delivery of services through an agreed system of performance indicators. There are several levels of consultation, with the involvement of both officers and members. The agreement incorporates both a Change Mechanism and an Action Plan method of dispute resolution. Although the intention is to remedy failures rather than penalise them, there is a system of financial penalty as a last resort option.

## 7. **Consultation**

- 7.1 Leisure Connection hold regular focus groups and consultation meetings with the users of the facilities. There have been open meetings with regular users of both the Pool and the Sports Centre. As part of the agreement, Leisure Connection will be committed to regular meetings with officers and members, as well as consulting stakeholders in conjunction with the Council.

## 8. **Finance Observations**

- 8.1 The MTBS includes the anticipated costs and income from the contract with Leisure Connection. Should the Council fail to enter into the contract, it is likely that Leisure Connection would seek repayment of the £1.02m capital that they have already invested in the Council's leisure facilities.

## 9. **Legal Observations**

- 9.1 There are no legal observations

## 10. **Conclusion**

- 10.1 The agreement with Leisure Connection has been negotiated and developed over a long period of time, and is considered by officers to address the concerns expressed by District Audit in their inspection of Leisure Services and to represent a good approach to partnership and income sharing. Cabinet has delegated the agreement of the detailed terms of the contract to the relevant Portfolio holder, and the agreement is due to be signed before the end of June.
- 10.2 Although the finalisation of the agreement has been protracted, it has not delayed the total refurbishment of the Bannister Sports Centre running track, and the improvements to the Leisure Centre and Hatch End Pool.
- 10.3 The roll out of the Leisure Card and the consultation on club usage at Hatch End Pool are important issues and integral parts of the agreement which can be progressed when the agreement is signed.

## 11. **Background Papers**

- 11.1 Cabinet report 17/12/2001
- 11.2 Finalised draft agreement

## 12. **Author**

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