

29 November 2017

Policy, Projects and Resources Committee

Leisure Strategy - Community Halls

Report of: *Kim Anderson, Partnership, Leisure and Funding Manager*

Wards Affected: *All Brentwood Borough Wards*

This report is: *Public report*

1. Executive Summary

- 1.1.** As part of the development of the Council's Leisure Strategy a Value for Money Review and options appraisal was undertaken in 2016 and the report and recommendations were circulated to all Members. The Council's six community halls were included in this piece of work and are also included as part of the early successes programme workstream within the Asset Development Programme.
- 1.2.** Officers have undertaken a review of the current arrangements for the Community Halls and have identified four possible courses of action.
- a) Do Nothing, keep the status quo;
 - b) Re-negotiate a new Halls Management Agreement and new leases for the community halls with Brentwood Leisure Trust /Brentwood Leisure Trading;
 - c) Explore the direct management of the community halls by Brentwood Borough Council;
 - d) and explore the possibility of other 3rd party providers managing the community halls. The report before Members tonight outlines the process to date with a preferred recommendation.
- 1.3** At this stage the preferred option gives the opportunity for negotiations to take place that are in the best interests of the Council and Brentwood Leisure Trust.

2. Recommendation

- 2.1 Delegate the Chief Executive in consultation with the Chair of Policy, Projects and Resources Committee to negotiate and agree a new Service Level Agreement and new leases with Brentwood Leisure Trust/Brentwood Leisure Trading.**

3. Introduction and Background

- 3.1.** Brentwood Borough Council has a current Service Level Agreement in place with Brentwood Leisure Trust and Brentwood Leisure Trading to manage the Council's community halls which include: Hutton Poplars Hall, Hutton Poplars Lodge, Nightingale Centre, Bishops Hall, Willowbrook Hall and Merrymeade House.
- 3.2.** In order to ascertain the true running costs of the Council's leisure facilities, the Council commissioned a value for money review and options appraisal of the its leisure facilities in 2016 which included the Brentwood Centre, the community halls, Hartswood Golf Course and the Council's play areas.
- 3.3.** 4Global were appointed to undertake this piece of work and this was completed in November 2016. The subsequent report and recommendations was circulated to all Members in June 2017.
- 3.4.** The 4Global consultant's report put forward some options for the community halls and these have been explored further in this report.
- 3.5.** The Community Halls were also added as part of the early successes programme within the Asset Development Programme in November 2017.
- 3.6.** Under the Council's Asset Management Strategy 2014/15 (Agreed by Members at the Asset and Enterprise Committee on 15 July 2014 (min. ref. 74) the Council has an obligation to obtain best value under section 123 and 127 LGA 1972.
- 3.7.** If the Council were to look at any lease less than the commercial rental value, then Members need to consider the Council's 'Less than Best Consideration Policy (agreed at 27 March 2015 Asset and Enterprise Committee (min. ref.548), if any lease is more than 7 years. There is also a need to assess the social value when considering this type of lease. This was policy was amended at 19 September 2017 Policy, Projects and Resources Committee (min. ref.111)
- 3.8.** An internal Audit review was undertaken of the Community Halls in September 2017 which contained a number of recommendations including

the implementation of more robust contract management and monitoring arrangements.

4. Issues, Options and Analysis of Options

- 4.1.** The Leisure Strategy is one of the key strategies as set out in the Vision for Brentwood 2016-19 document. To deliver a successful Leisure Strategy, Members and Officers need to have a complete picture of the cost of the current provision, how it measures in value for money terms, the future options available to them, together with any risk profiles associated with its leisure facilities.
- 4.2.** The key decision for Brentwood Borough Council is how to best provide the level of leisure provision for both current and future Brentwood residents, bearing in mind that it has existing but ageing facilities and that there will be future development pressures.
- 4.3.** The 4Global report had set out a number of possible options in respect of the community halls.
- 4.4.** All the halls have some degree of operating constraint. Merrymeade has existing tenants, Hutton Poplars Lodge accommodates Hutton Bowls Club and Willowbrook Hall is part of the school and is leased from Essex County Council.
- 4.5.** There are many factors that the Council needs to consider in relation to the future provision of the community halls as identified by 4Global which include:
 - a) The current cost of the service to Brentwood Borough Council
 - b) The objective of the Council to achieve a nil cost leisure service
 - c) Develop a programme of informal physical activity delivered through the halls
 - d) Potential to include community halls in the future operational management arrangement for the Brentwood Centre
 - e) Market test to see if an alternative operator that could manage the community halls
- 4.6.** There are four options that officers have been exploring in respect of the Community Halls.

- a) Option1 – Do nothing, keep the status quo
 - b) Option 2 – Re-negotiate the current lease with Brentwood Leisure Trust and Brentwood Leisure Trading
 - c) Option 3 – Explore whether Brentwood Borough Council could directly manage the community halls
 - d) Option4 – Explore the possibility of other 3rd party providers managing the community halls
- 4.7.** Officers have already issued a Service Level Agreement and subsequent leases for each of the halls with Brentwood Leisure Trust and Brentwood Leisure Trading which will expire on **31 March 2018**. This will enable officers time to implement the recommended option as set out in 2.1 of this report.
- 4.8.** It is assumed that Members will not elect to go with Option 1 – Do nothing, keep the status quo due to the current financial position of the Council.
- 4.9.** If Members approve the preferred option (2.1) to give delegated authority to the Chief Executive in consultation with the Chair of Policy, Projects and Resources Committee, to re-negotiate the Service Level Agreement and leases with Brentwood Leisure Trust and Brentwood Leisure Trading, it is advised that they incorporate the internal audit recommendations.
- 4.10.** If Members were to prefer Option 3 –i.e. for Brentwood Borough Council to directly manage the halls, then Members need to consider the following implications and risks:
- a) The consequential impact on the financial position of the Trust
 - b) Consultation will need to start with any agreed affected staff under the TUPE regulations
 - c) TUPE liability and pension liability also needs to be considered in the future on-going costs for the Council.
 - d) New job descriptions will need to be agreed and there could be an adverse effect on existing roles at Brentwood Borough Council
 - e) There is a general unknown impact on Brentwood Council resources in terms of line managing the community halls operation as staff are already working at full capacity
 - f) Some capital investment will also need to be agreed for a hall booking system
 - g) NNDR/Business Rates will become liable if brought back in house.
 - h) The Council may need to opt to tax the buildings so that any services we supply from them can be charged with VAT rather than exempt income
 - i) To minimize the risk of losing existing users the Council would need to propose that any fees and charges for hall hire are kept the same as the

current Brentwood Leisure Trust charges. These would then be reviewed annually as part of the Council's budget setting process.

- 4.11.** If Members were to decide on Option 4 then the same risks as Option 3 will apply plus the following:
- a) All associated costs with the halls and potential income needs to be identified as part of the information packs which will need to be provided for any prospective organization/s that would be interested in the management of the community halls.
 - b) A condition survey would need to be undertaken so that any potentially interested party is fully aware of the condition of the halls which may result in requests for large rent-free periods as part of any new leases.
 - c) If a 3rd party requires a lease of longer than 7 years, less than the commercial rental value, then under the Council's Less than Best Consideration Policy (agreed 27 March 2015 Asset and Enterprise Committee (min. ref 548) any amended at the Council's Policy, Projects and Resources Committee on 19 September 2017, then any lease will need to come to the relevant Committee for agreement.
- 4.12.** It should be noted that whatever option is taken there will be a need to undertake full internal and external condition surveys so that the Council is aware of the current and future financial implications on the continued maintenance of the buildings. This may also be able to inform a future planned maintenance programme.

5. Reasons for Recommendation

- 5.1 As part of the Council's due diligence in delivering a successful Leisure Strategy, Members and officers need to have a complete picture of the current associated costs, risk profiles of the Borough's Leisure facilities and identify opportunities for income generation.
- 5.2 Comments received from Sport England as part of the Local Development Plan consultation, stated that a Leisure Strategy is required that assesses Council owned sports and leisure facilities in order that the Council can continue to work with partners to ensure that appropriate provision is made for the residents of Brentwood. The strategy should not only consider how the Council can provide services, but also how other partners can.
- 5.3 The preferred option incorporates the implementation of the internal audit recommendations in respect of more robust contract management and monitoring.

6. References to Council Priorities

The Leisure Strategy sits under two main strands of the Vision for Brentwood 2016-19: Environment and Housing Management to develop a Leisure Strategy to provide strong and sustainable leisure facilities for residents and businesses; and Community and Health - to work with community and voluntary organisations to develop the priorities for community development. There are also strong links for the priorities of the Council's Health and Wellbeing Strategy 2014-2017, the Local Development Plan, Active Brentwood/Essex and the Council's Asset Management Strategy 2014/15.

7. Implications

Financial Implications

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7.1 One of the key drivers for the Leisure Strategy is to reduce the Council's current revenue and capital costs on its leisure facilities and ensure that they are affordable, sustainable and fit for purpose for any future requirements.

7.2 At this stage the preferred option gives the opportunity for negotiations to take place that are in the best interests of the Council and Brentwood Leisure Trust.

7.3

Legal Implications

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7.4 Legal Services are on hand to advise on necessary legal processes and requirements in relation to the preparation of acceptable lease terms and the procurement of contracts.

7.5 Risk Implications

The risk implications to both Brentwood Borough Council and Brentwood Leisure Trust and Brentwood Leisure Trading are set out in this report.

8. Appendices: None.

Background documents:

Local Development Plan

National Planning Policy framework

Fields in Trust - Guidance for Outdoor sport Play: Beyond the Six Acre Standard

PLC report

Sport England

Leisure Strategy summary report

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