



## Overview & Scrutiny Board

26 July 2016

## REPORT

**Subject Heading:**

Requisition of a Cabinet decision regarding the Award of the Sport and Leisure Management Contract

**SLT Lead:**

Sarah Homer – Interim Chief Operating Officer

**Report Author and contact details:**

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**Policy context:**

The Council's Culture Strategy 2013-15

**Financial summary:**

There are no significant, immediate additional costs arising from the Cabinet report.

**The subject matter of this report deals with the following Council Objectives**

Havering will be clean and its environment will be cared for

☐

People will be safe, in their homes and in the community

☐

Residents will be proud to live in Havering

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### SUMMARY

In accordance with paragraph 17 of the Overview & Scrutiny Committee Rules, a requisition signed by two Members representing more than one Group (Councillors Ray Morgon & Keith Darvill) have called in the Cabinet decision of 12 July 2016.

## RECOMMENDATION

**That the Board considers the requisition of the decision of the Cabinet Decision and determines whether to uphold it.**

## REPORT DETAIL

At its meeting on 12 July 2016 Cabinet:

- 1 **Awarded** the Sports and Leisure Management Contract for a period of 20 years starting on October 1<sup>st</sup> 2016, to Tenderer A, on the basis that they had submitted the most economically advantageous tender, taking account of all the relevant price and quality evaluation issues identified in the report;
- 2 **Agreed in principle** to the Contract reverting to a 10 year period if Tenderer A was not able to secure planning permission to build the proposed new Hornchurch Sports Centre and to delegate responsibility to the Chief Executive after consultation with the Head of Culture and Community Access to negotiate and agree revised contractual arrangements at the appropriate time should that eventuality arise;
- 3 **Noted** that the award of the Contract to Tenderer A would result in the Council receiving an average annual net payment of £967k through the life of the Contract once the Council's Prudential Borrowing costs had been taken into account and that this would deliver the already agreed MTFS savings of £700k per annum;
- 4 **Agreed** that the Chief Executive after consultation with the Head of Culture and Community Access negotiate and agree a final Contract price with Tenderer A, taking account of any agreed changes to the Contract and any associated agreed Variations to the Contract price;
- 5 **Noted** that the funding required to progress all of the investments proposed by Tenderer A would be arranged and secured by the Council and that the costs associated with securing this funding had been factored into the financial analysis which showed the £700k MTFS savings would be achieved;
- 6 **Delegated** authority to the Head of Culture and Community Access after consultation with the Deputy Director of Legal Services, to negotiate and agree a variation to the Contract which would allow the continued operation of the Chafford Sports Complex from October 1<sup>st</sup> 2016 - subject to any revenue costs to the Council being mitigated as far as possible - the school paying for their use of the facilities, a

break clause being included in the Contract to cover a situation where the Council developed a new sports and leisure facility in the south of the borough and subject to agreement being reached with the Chafford School and Tenderer A;

- 7 **Noted** that as part of their tender submission Tenderer A would build a new Hornchurch Sports Centre on the site of the existing main car park and land to the west of that car park, subject to planning permission being secured;
- 8 **Delegated** authority to the Head of Culture and Community Access after consultation with the Chief Executive and the Cabinet Member Culture and Community Engagement, authority to establish whether there was a strong business case for retaining and converting the existing Hornchurch Sports Centre sports-hall into a multi-purpose entertainment venue, rather than demolishing it;
- 9 **Will Receive** a further report on the potential conversion of the existing Hornchurch Sports Centre sports-hall should there be a strong business case for so doing;
- 10 **Noted** that as part of their tender submission, Tenderer A would improve the health and fitness facilities at Central Park Leisure Centre, subject to planning permission being secured;
- 11 **Delegated** authority to the Head of Culture and Community Access after consultation with the Deputy Director of Legal Services, to agree and sign the final Contract, the Leases and all other documents required to enact the Contract.

#### **Reasons for the requisition:**

A requisition was received on 14 July 2016, signed by Councillors Morgon and Darvill. The reasons for the requisition were as follows:

- 1 Clarity needed on how the final agreed contract and price will be conveyed to members.
- 2 Clarity needed on how the final contract agreed in relation to Chafford Sports Centre will be conveyed to members.
- 3 Clarity needed on how the potential conversion of the sports hall at Hornchurch Sports centre will be conveyed to members.
- 4 Clarity on capital spent on the various sports facilities in the last ten years by SLM and on what the monies were spent.
- 5 Confirmation that all capital works to be carried out by SLM over the past ten years were carried out.
- 6 Clarification needed on the consequences should the contractor not meet their income and expenditure target.
- 7 Clarification needed on the contractor's proposed pricing plan.

- 8 Confirmation needed of what was included in the successful contractors business plan.
- 9 Confirmation needed of the contractor's quality evaluation results.
- 10 Confirmation needed of the full year by year cost of the proposed council borrowing and loan pay back.
- 11 Clarification needed on the financial analysis on both exempt reports.
- 12 Confirmation needed on how the council's quality and performance will be regularly reported to members.
- 13 Confirmation needed of the contractor's most recent NBS and Quest report.

### **Background Papers List**

Appendix A – Cabinet Report 12 July 2016