



## **Notice of KEY Executive Decision containing exempt information**

This Executive Decision Report is part exempt, and Appendices A & B are not available for public inspection as they contain or relates to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to:

**Paragraph 3 - Information relating to the financial or business affairs of any particular person including the authority holding that information; and It is in the public interest to withhold the information as the public interest in maintaining the exemption outweighs the public interest in disclosing the information as disclosing the information could prejudice the Council's position and this is not in the public interest.**

<b>Subject Heading:</b>	Leisure Finance
<b>Decision Maker:</b>	Kathy Freeman, Strategic Director - Resources
<b>Cabinet Member:</b>	Councillor Gillian Ford
<b>ELT Lead:</b>	Patrick Odling-Smee, Director of Living Well
<b>Report Author and contact details:</b>	Manny Manoharan, Head of Culture, Leisure, Heritage and Libraries
<b>Policy context:</b>	People – things that matter to residents
<b>Financial summary:</b>	The financial summary is included within the exempt section of this report.
<b>Reason decision is Key</b>	Indicate grounds for decision being Key: (a) Expenditure or saving (including anticipated income) of £500,000 or more

**Key Executive Decision – Part Exempt Report**

<b>Date notice given of intended decision:</b>	11 August 2025
<b>Relevant Overview &amp; Scrutiny Committee:</b>	Place Overview and Scrutiny Sub-committee
<b>Is it an urgent decision?</b>	No
<b>Is this decision exempt from being called-in?</b>	No

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

People - Supporting our residents to stay safe and Well - X

Place - A great place to live, work and enjoy - X

Resources - Enabling a resident-focused and resilient Council - X

## **Part A – Report seeking decision**

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

For the reasons outlined in this report, it is recommended that the Strategic Director of Resources:

1. agree to enter into a settlement agreement in the terms attached at exempt appendix A

### **AUTHORITY UNDER WHICH DECISION IS MADE**

- 1.1 Cabinet decision of 9 April 2025

### **STATEMENT OF THE REASONS FOR THE DECISION**

The Council's leisure centres are managed and operated by Sport and Leisure Management Limited (SLM) under a long-term concession style leisure management contract which commenced on 1 October 2016 and is due to run until 30 September 2036. Under the terms of this contract, SLM pays the Council to manage and operate the leisure centres on its behalf.

As set out in the part exempt Cabinet report dated 9 April 2025, the contract provides for index-linked price uplifts. The parties have been negotiating to agree the sums resulting from the indexation. In February 2025, the parties undertook mediation to reach a settlement. The mediation agreed a mechanism by which the dispute might be resolved.

On 9 April 2025, Cabinet agreed in principle to conclude the negotiation on the basis set out in the April report and delegated further negotiation and agreement on final terms to the Strategic Director of Resources in consultation with the Leader and Deputy Leader of the Council and Cabinet Member for Adults and Wellbeing.

The further negotiations are ongoing. SLM and the Council have now agreed to enter into a formal settlement agreement reflecting the "in principle" terms approved by Cabinet. Once this agreement is entered into, SLM will provide further detailed settlement related documentation for the Council's consideration. If final terms are not agreed, the settlement agreement will fall away.

It is necessary for the Council to enter into this formal in principle agreement for final negotiations to progress

## **Key Executive Decision – Part Exempt Report**

The Council is also obtaining specialist advice to ensure the agreed position is both legally and financially sound. Should the parties be unable to reach final agreement, or if further advice indicates that the terms are not acceptable, a further report will be presented to Cabinet for consideration. This approach provides a balanced means of protecting the Council's financial interests while maintaining the operational stability of its leisure services.

### **OTHER OPTIONS CONSIDERED AND REJECTED**

The reasons and options are contained within the exempt section of this report.

### **PRE-DECISION CONSULTATION**

No specific consultation has been undertaken in relation to this particular decision.

However, in accordance with the Cabinet decision, the Decision Maker in this matter is the Strategic Director of Resources, who has consulted with the Cabinet Member for Adults and Wellbeing as part of the Cabinet decision-making process to finalise the Settlement Agreement.

### **NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Manny Manoharan

Designation: Head of Culture, Leisure, Heritage and Libraries

Signature:

Date:

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

The Cabinet decision of 9 April 2025 agreed settlement agreed in principle the detail of proposed settlement on contractual uplifts to the leisure management contract. Authority to finalise all documentation to give effect to those terms was delegated to the Strategic Director of Resources in consultation with the Leader and Deputy Leader of the Council and Cabinet Member for Adults and Wellbeing. This settlement agreement reflects the terms approved by Cabinet and facilitates further negotiation on the final detail.

## **Key Executive Decision – Part Exempt Report**

The settlement agreement does not bind the Council to a final decision - if final terms are not agreed, the settlement agreement provides the situation will revert to that pre-settlement agreement.

The specialist legal advice obtained to date indicates the proposed settlement is lawful. Further legal advice will be obtained on an ongoing basis once the further detail is provided.

Entry into the settlement agreement is within the delegation granted.

### **FINANCIAL IMPLICATIONS AND RISKS**

The financial implications and risks are included within the exempt section of this report due to commercial sensitivity.

### **HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no human resource implications or risks associated with the recommendations of this report.

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have “due regard” to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010.
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: “Protected characteristics” are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion is not required.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

### **HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

There are no health and wellbeing implications and risks associated with the recommendations of this report.

However, should the negotiation on contractual uplifts to the leisure management Contract fail, this could have an impact on the services provided by the leisure centres that might have an adverse impact on health and wellbeing.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

There are no environment and climate change implications and risks associated with the recommendations of this report.

### **BACKGROUND PAPERS**

**None Leisure Finance Cabinet report 09.04.2025**

### **APPENDICES**

**Exempt Appendix A    Settlement Agreement**  
**Exempt Appendix B    Financial Implications and Risks**

**Background documentation**

Cabinet Report 9 April 2025 Leisure Finance

## **Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

### **Decision**

Proposal agreed

*Delete as applicable*

Proposal NOT agreed because

### **Details of decision maker**

Signed

Name:

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

### **Lodging this notice**

The signed decision notice must be delivered to Committee Services, in the Town Hall.

#### **For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_