

Forest Heath District Council

(This report is a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

Report of the Leader of the Council, Cabinet Members for Resources, Governance and Performance and for Health, Leisure and Culture

CABINET

15 JULY 2014

CAB14/156

MILDENHALL HUB PROJECT AND ANGLIA COMMUNITY LEISURE MANAGEMENT FEE (Decisions Plan Reference: JUL14/08)

1. Summary and reasons for recommendation(s)

- 1.1 The Council, Mildenhall College Academy (MCA), Anglia Community Leisure (ACL) and Suffolk County Council are implementing a five year exit strategy (to 30 June 2018) for community use of the leisure facilities at the Mildenhall Dome Leisure Centre. This is part of the wider Mildenhall Hub project which aims to replace the Dome and Mildenhall Swimming Pool within a range of new facilities for the town.
- 1.2 Part of the exit strategy will be ensuring a smooth transition between the old and new facilities and this may necessitate operational and financial decisions to be taken at short notice which normally would require Cabinet approval. To avoid delay and any disruption to services, and to maximise the benefits to taxpayers, it is proposed that the officers, in consultation with Portfolio Holders, be authorised in advance to take certain actions under delegated authorities, within an agreed framework. Part of this framework will be the full recovery of any expenditure by the Council on any temporary measures in accordance with the principles of the Medium Term Financial Strategy.

2. Recommendation(s)

- 2.1 **That the Head of Resources and Performance, in consultation with the Leader of the Council and Portfolio Holders for Resources, Governance and Performance and for Health, Leisure and Culture, be given delegated authority to take the following actions in relation to the exit strategy for the Mildenhall Dome Leisure (2013-2018):**
 - (a) **authorise up to £100,000 of reserves funding for any scheme to assist Anglia Community Leisure (ACL) manage the relocation of existing services from the Dome as part of the Mildenhall Hub Project;**
 - (b) **reduce the management fee paid to ACL, at the appropriate time, to allow the full recovery of any such expenditure within three**

years, provided that the level of the reduction is also consistent with the Council's Medium Term Financial Strategy;

- (c) in view of the special circumstances, authorise any exemptions required to the Council's Contract Procedure Rules to ensure that the procurement process followed for any works delivers the maximum financial benefit to taxpayers and minimises the disruption to ACL and its customers;**

2.2 That any interim reductions to the ACL management fee authorised in relation to the Dome exit strategy be permanent, but count towards any long-term reduction of the management fee in relation to the Mildenhall Hub Project.

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3. Strategic priorities

3.1 The recommendation(s) meet the following, as contained within the West Suffolk Strategic Plan:

(a) *Strategic Priority 2: Resilient families and communities that are healthy and active.*

4. Key issues

4.1 See summary and reasons for recommendations, and sections 6-10 below.

5. Other options considered

5.1 This paper outlines a means of funding any costs of change associated with the Dome exit strategy which would require Cabinet approval. This option may not be required, but approval of this paper means that it is available if needed. In terms of alternatives, the Council could ask ACL to self-finance the costs (from its reserves or through a commercial loan), or offer ACL a loan itself. The former would not require Cabinet approval and the latter would require full Council approval, and a separate report to be prepared.

6. Community impact

6.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

6.1.1 Not applicable to this report.

6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

6.2.1 Not applicable to this report.

6.3 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*

6.3.1 Not applicable to this report.

6.4 **Other impact** *(any other impacts affecting this report)*

6.4.1 None.

7. **Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 Consultation with stakeholders, particularly service users, would be required on any service changes proposed, but this paper is about enabling those changes to take place. As such consultation has only taken place with Cabinet Members and ACL. ACL's Board would need to approve any financial arrangements of the nature envisaged. If any service changes required planning consent, consultation would also take place in that regard.

8. Financial and resource implications *(including asset management implications)*

- 8.1 The Council has established, through its Medium Term Financial Strategy, invest to save principles to enable it to react quickly to opportunities to save money and/or generate income, which is consistent with its commitment to act more commercially. The Mildenhall Hub Project is an example of the kind of scheme where this kind of funding would be needed, since there will be costs of change (in this case the transition of leisure services from the Dome to the Hub). Cabinet is authorised to spend up to £100,000 under invest to save principles and, in this instance, the demands of the project require this authority to be in place in advance, to avoid delays, maximise benefits and protect the commercial interests of the Council and ACL.
- 8.2 The Hub is intended to generate long-term savings for the taxpayer. To ensure that this principle is followed throughout the project, the specific delegated authority proposed in this paper can only be exercised in conjunction with permanent reductions in the ACL management fee.
- 8.3 In the short-term, these reductions must be sufficient to repay in full any expenditure by the Council within three years *and* deliver an appropriate return on the investment (ROI). In the long-term, since they would be permanent, these reductions to the ACL management fee would become part of the wider business case for the Hub project. In effect, they would be the first instalment of savings envisaged from the Hub, taken early. These early reductions will not be detrimental to ACL because when the Hub opens their net costs in running leisure facilities will be lower than at present, due to the fact that they will be operating from a single modern building and sharing overheads with other Hub occupiers.
- 8.4 The recommendation also proposes, due to the special circumstances of the project, a delegated authority to make exemptions to contract procedure rules. This would be in relation to procuring any works required to adapt existing buildings or buy new equipment. This delegation may not be required, but there are scenarios in which the Council will need to act quickly in order to protect ACL’s position in a highly competitive market and minimise disruption to services. If such a scenario were to occur, best value would still be secured through obtaining competitive quotations, but within a shorter time-frame and with less rigid structures than the council’s contract procedure rules require.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk <i>(before controls)</i>	Controls	Residual risk <i>(after controls)</i>
Customers are lost to ACL, or services are disrupted, during the transition of services from the Dome to the Hub	Medium	Managed exit strategy with ACL and MCA to ensure a phased transition of services, including the use of temporary facilities as required.	Low
Delays to implementation or opportunities missed due to need to seek	High	Put in place temporary delegations appropriate to the project.	Low

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Cabinet approval			
Council does not achieve aims of MTFS (savings and ROI)	Medium	Delegations can only be exercised in consultation with cabinet members and within a framework which is compliant with MTFS.	Low

10. Legal and policy implications

- 10.1 The delegation proposed is within the existing powers of the Cabinet.
- 10.2 Exemptions to contract procedure rules may be made by Cabinet where it considers that there are special circumstances.

11. Ward(s) affected

- 11.1 All, but principally Mildenhall and surrounding villages.

12. Background papers

- 12.1 Report No CAB14/127 (Mildenhall Dome Leisure Centre) - Cabinet - 7 January 2014.

13. Documents attached

- 13.1 None.