

HEAD OF TERMS

Partnering Arrangement

Parties Forest Heath District Council, St Edmundsbury Borough Council (West Suffolk councils) and Abbeycroft Leisure Ltd (Abbeycroft)

Term 15 years

Note: The Leases and Partnership Agreement will be subject to three yearly reviews. At the ninth, twelfth and fifteenth anniversary there will be a 24 option period during which (i) the parties can mutually agree to extend the arrangement for a further five years beyond the then current expiry date or (ii) the ability for the Council to serve notice to terminate the arrangement at the then current expiry date. This will achieve a potential term of 25 years (ie 15 + 5 + 5).

1. Outcomes (Service Provision)

Abbeycroft will design and deliver services and activities that meet the requirements of the Councils' Promoting Physical Activity Framework, namely

Social and community

- create an environment that provides the opportunity for physical activity for all;
- encourage personal responsibility for wellbeing through education and the development of life skills and healthy habits;
- improve the quality of life and the health and wellbeing of all our communities;
- ensure that physical activity is inclusive by understanding and addressing barriers to participation;
- maximise use of local assets including sharing assets where appropriate;
- make connections between different communities through shared activities

Economic

- ensure we are financially efficient and responsible in a changing financial environment, in line with the councils' Medium-Term Financial Strategy;
- understand how our impact on health and wellbeing will financially benefit the whole public sector;
- target our financial support and subsidies to improve outcomes that support our strategic priorities; and
- create wider value for money.

Personal experience

- Provide opportunities for physical activity that are accessible, inclusive, welcoming, nurturing and convenient;
- acknowledge that there are a range of motivations to participating in physical activity and that some people want to be competitive, whilst others don't; and
- support the provision of facilities (including shared facilities) and opportunities in locations that encourage participation and keep active people active.

Health and wellbeing

- promote initiatives that will support the Suffolk Health and Wellbeing Strategy;
- focus on activity to address preventable health issues by creating local opportunities that address local health needs, using the health data at Appendix A to the framework;
- ensure that active people remain active and that more people become active; and
- encourage natural exercise as a part of daily lives and acknowledge that this may not include traditional sport.

2. Outcomes (Obligations)

Annual Plan

Abbeycroft will produce an annual Sports and Physical Activity Development Plan that identifies a programme that supports the outcomes detailed above having regard to local need and priorities. This will include, but is not limited to Health Initiatives, Events Programme, National Governing Body Partnerships/Initiatives and Physical Activity Initiatives

Abbeycroft will work with West Suffolk in the delivery of Sport England's Programmes and activities and in the production of external funding bids.

Obligations re physical assets

All maintenance obligations for West Suffolk and Abbeycroft will be reviewed and updated. This is also an opportunity to include West Suffolk's and Abbeycroft's maintenance obligations for the new Academy which is currently being constructed off Skyliner Way, Moreton Hall, Bury St Edmunds.

Abbeycroft will manage, promote and develop the range of facilities or similar facilities at the BSE and Haverhill Leisure Centres and will adopt and implement an environmental policy and management controls to deliver continual improvements in environmental performance consistent with West Suffolk's Environmental Policy and aims. Abbeycroft will use its best endeavours to comply with ISO 14001 Standard.

Pitch Booking System

Abbeycroft will operate the pitch booking system and retain the income.

Sports and Leisure Strategic Advice

Abbeycroft will act as the Councils' advisor in relation to issues that affect the provision of sport and physical activity in West Suffolk. Schedule 2 to this agreement details the activities that Abbeycroft will undertake in this role.

Additional Services

West Suffolk may request Abbeycroft to undertake additional services as demand dictates. If Abbeycroft accepts such a request it will prepare a Business Plan to deliver for West Suffolk's approval. If the terms of the Plan are accepted the Management Fee afforded to Abbeycroft will be adjusted accordingly.

Partnership approach

The spirit of partnership will remain the key between the parties for the ultimate benefit of the customer.

Quality Control and Benchmarking

Abbeycroft will maintain a quality control system and Quest accreditation (or equivalent) for the facilities it operates and will engage in the Sport England Benchmarking Surveys every 3 years.

Security

Abbeycroft will be responsible for the security of the facilities and their contents.

Emergency Services/Elections

Abbeycroft will provide, upon request, adequate use of its facilities in cases of emergency and for the provision of administering elections.

3. Financials

Management Fee

For 2017/18 the management fee payable is £172,000 (St Edmundsbury Borough Council) and £414,000 (Forest Heath District Council. Schedule 3 to this agreement details the reduction in management fee that has been agreed with Abbeycroft, subject to investment agreement and planning permissions.

The Councils will not pay a management fee to Abbeycroft beyond 2024. There will be a fundamental review of operational and financial performance in 2022 and this will then profile a transfer of the Councils' repairs and renewals liabilities to Abbeycroft.

Financial management monitoring

Abbeycroft will continue to be obliged to maintain such financial operational service records required and necessary to establish that the terms of the Partnership Arrangement are being fulfilled and shall make such records available to West Suffolk or its representatives (including external and internal audit) on request.

The implementation of improvements by Abbeycroft as referred to within the agreement will result in a reduction in the management fee payable by West Suffolk to Abbeycroft. (Schedule 3)

This will be reviewed on an annual basis.

Funding Purpose

Funding shall only be used towards activities identified within Abbeycroft's Approved Business Plan

Payment arrangements

Funding shall be made in equal instalments quarterly in advance.

Value Added Tax

Payments are exclusive of VAT and VAT will be added where appropriate on receipt of a valid VAT invoice.

Car Parking

Where Abbeycroft customers use Council run car parks designated under a Traffic Regulation Order, Leisure Centre Members will be provided with a parking pass to park free of charge. The passes will be issued to Abbeycroft by the Council. All other users will be refunded for car park charges by Abbeycroft which will be reimbursed from the Council. This arrangement will be reviewed annually by the Council's Car Park's Manager and Corporate Director with Abbeycroft.

4. Business and Financial Plan

Abbeycroft will be required to produce a Five Year Business and Financial Plan which will be the subject of discussion and scrutiny with West Suffolk. It will be a requirement that the Plan will address each leisure facility in the control of Abbeycroft and will be linked to Abbeycroft's Sports and Physical Development Plan. The Plan will contain extensive details and projections for the purposes of the Investment Fund (see definition in next paragraph) for the sites for the forthcoming five year period, subject to review.

West Suffolk has created an investment fund of £5m (split between £3.5M to Forest Heath and £1.5m for St Edmundsbury) created within each Council's capital programmes. This Fund will create a vehicle for Abbeycroft to seek financial support for capital investment from the councils on an "Invest to Save" basis which will, it is anticipated enable the achievement of a zero management fee payable. This Fund would be available for any scheme that would provide new capacity or an upgrade in facilities.

To access this Fund Abbeycroft will need to develop a specific investment proposal detailing the return on investment and how the proposal supports the Council's priorities and the 'Promoting Physical Activity Framework'.

5. Utility provision

Abbeycroft will be responsible for procuring and administering energy supply contracts subject to the obligations below:

- both parties will continue to actively participate in existing energy investment opportunities with the purpose of assuring mutual benefit from these investments;
- both parties will explore and as appropriate deliver further opportunities for realising mutual value from energy supply arrangements, energy efficiency and renewable energy generation to build upon existing arrangements set out above.

6. Insurance

Employer's Liability: £20,000,000 any one event

Public/Third Party Liability: £20,000,000 during any one period of insurance

Third Party Motor: £5,000,000 any one occurrence

Personal Accident: £5 x average earnings or 50%

Any other insurance which is customary or necessary to comply with statutory requirements

7. Personnel

Pension Scheme

West Suffolk will, in relation to those Initial Employees who were members of the Local Government Pension Scheme (LGPS) at the time of the original TUPE transfer of staff from West Suffolk and continue to be employed by the Trust and are members of the LGPS, to make such arrangements as necessary with the administrators of the LGPS to ensure that the accrued benefits (calculated on a past service reserve basis) of the Initial Employees whilst in the service of West Suffolk were treated as fully funded as at the time of transfer and shall indemnify the Trust against all costs proceedings liabilities and claims of whatever nature in respect of the Initial Employees' membership of the Superannuation Scheme whilst in the service of West Suffolk.

West Suffolk shall maintain the existing guarantor arrangements in place for the LGPS.

Future pension provision is at the discretion of Abbeycroft and there is no future obligation to continue to offer the LGPS to new employees.

Personnel

Abbeycroft shall employ suitably qualified personnel for the provision of the Services and West Suffolk will have the right to seek the removal of any personnel who do not meet specific requirements as set out in the agreement.

8. Assets and lease arrangements

A summary of key Assets is included in Schedule 1. Abbeycroft must keep all assets in a good state of repair, and ensure that it sets aside adequate funds to meet its repairs and maintenance obligations and that it provides the information to the Council to enable it to complete its 5/10/25 year asset plan.

Abbeycroft and the Councils will jointly develop a maintenance and investment plan and prioritise spend linking to West Suffolk's 6 year rolling plan and Abbeycroft's 1 year maintenance plan. This will balance protecting the asset with customer service and user attraction and address the legacy latent defect issues.

All leases will be updated to include an annex that clearly sets out both parties' obligations in regard to repairs and maintenance for each building.

9. Pricing Policies

Abbeycroft will promote a concessionary price scheme that contributes to the delivery of West Suffolk's priorities and outcomes.

10. Approach to programming

Each locality to have a locally developed sport and physical activity programme built on the following principles:

- Informed through market data, demographics and trends in sport and physical activity sector.
- The need to develop commercial activities to meet financial objectives
- Providing a value for money service

- Meeting local priorities as identified in the promoting Physical Activity Framework

The programme will be incorporated into the Sport and Physical Activity Development Plan and reviewable annually

11. Growth Opportunities

Abbeycroft will actively look at growth opportunities in order to reduce its core overhead, create economies of scale with suppliers, create new employment opportunities in the sport and physical activity industry and offer more choice to customers. In considering those opportunities it will consider the impact on existing relationships with clients and customers and the ability to meet those obligations and seek opportunities that add value to everyone involved and offer more choice to customers.

12. Monitoring and reporting arrangements

The Councils and Abbeycroft will:

- a. Hold an annual review of management fee reduction plan to include a review of work completed under the maintenance and repairs schedule.
- b. Hold a three yearly review of performance against the requirements of this agreement

Abbeycroft will

- a. Produce an Annual report that summarises its financial performance and delivery against outcomes and confirmation of Statutory compliance in meeting its obligations. This will include delivery against the Quest accreditation and Sport England benchmarking Actions.
- b. Arrange quarterly briefing sessions with the Portfolio Holders for Leisure and Culture, a Council Director and the Leisure & Cultural Service Manager at which performance will be reviewed.
- c. Provide all information required for the 3-year review
- d. Operate an open book approach in regard to all its finances and operations

The Councils will

- a. Schedule a formal review of financial and operational performance at Overview and Scrutiny to take place every 3 years.
- b. Provide officer representation on Abbeycroft's Stakeholder Panel. The Panel's purpose is to focus on how initiatives that are demonstrating strong social outcomes are sustained and embedded within existing systems or continue with a suitable financial model that reduces the need to secure external funding.

Abbeycroft's performance will be measured against the following Key performance Indicators:

Health and Wellbeing Indicators:

- Health improvement initiatives delivered : no. of participants and improvements delivered;
- Retention rates of new participants accessing facilities;
- Barriers to participation addressed;

- New opportunities for physical activity created
- Reduction in percentage of physically inactive adults;
- Increase in number of people using outdoor space for exercise/ health reasons
- Increase in healthy life expectancy

Financial and Operational Performance Indicators:

- Increase in attendance at facilities;
- Increase in income at sites;
- Improvement in benchmarking position for sites performing below industry benchmark;
- Reduction in per head of population cost of operation;
- Meet or exceed forecast reduction in management fee.

Quality Indicator

- Quest Accreditation maintained (independent assessment of facilities and service including customer experience)

13. Terms and Conditions

Definitions

West Suffolk Representative – delegated authority to represent the councils

Force Majeure – services suspended and no payments due in such circumstances. May terminate if continues beyond 1 month

Data Protection

Novation – parties may by consent novate the agreement (e.g. changes in local government)

Dispute Resolution – West Suffolk Representative, Chief Executive, Expert (mediation) and costs borne equally

Rights of Third Parties – no third party rights

Declarations – Agreement shall not prejudice or affect the councils' function as a local authority

Part V Local Government and Housing Act 1989 and the Trust Order

Notices – in writing

Freedom of Information

Variations and Review – regular review meetings

Breach and Material breach – steps to take should either party fail to meet its obligations

Break clause – If a material breach of the Partnering Agreement occurs then the Council will work with Abbeycroft to seek a resolution but if that fails the Council can terminate the agreement implementing the break clause.

Termination – twelve months notice (or 30 business days if £10,000 remains unpaid for 30 days)

Agreement does not constitute a Partnership – a partnering arrangement but not a partnership

General – governed by English Law

Schedule 2

Sports and Leisure Strategic Advice: Abbeycroft's Responsibilities

Advice to the Councils

Abbeycroft will:

- a. Support and advise the Council(s) in the management of local and county agreements and grant payments. This may include undertaking a review of performance (max 1 day per grant) if required by the Council(s).
- b. Act as the contact with county, regional and national agencies and manage those relationships.
- c. Be a consultee in regard to planning applications in regard to their implication on sports and leisure provision and provide feedback on proposals including the use of developer contributions.
- d. Carry out feasibility/planning related to sport and physical activity facilities and services. Any requirement over 5 days would be subject to a separate agreement and payment to Abbeycroft.
- e. Co-ordinate and manage large scale projects associated with Sport and Physical Activity including the development and submission of funding bids – (Up to 5 days officer time. Any requirement over 5 days would be subject to a separate agreement and payment to Abbeycroft).
- f. Manage the Councils' requirements in relation to sport and physical activity development.

Advice to other sports and leisure organisations to support West Suffolk's Promoting Physical Activity Framework

Abbeycroft will:

- a. Act as the first point of contact for enquiries linked to sports and physical activity provision within the borough/district and provide relevant contacts for enquiries
- b. Provide advice or direct local organisations to such advice in relation to advice on sport and physical activity.
- c. Provide generic funding advice to local sports clubs and organisations (Note if support for completing specific grant applications required Abbeycroft may charge for this service).
- d. Provide operational advice to sports clubs and local schools regarding the management of sports and leisure facilities and services within West Suffolk. (Note according to level of advice or support required Abbeycroft may charge for this service).

Events

Abbeycroft will:

- a. Co- ordinate/Facilitate a mass participation events programme linked to sport and physical activity and support the Council in seeking funding for such events
- b. Organise a sports awards event that celebrates local sporting achievement.

Schedule 3

Management Fee Payable to Abbeycroft

Forest Heath District Council

| FHDC | Management fee | Reduction | % reduction | Initiative/Development |
|-------------------------|-----------------------|------------------|--------------------|---------------------------------------|
| 2017/18 Baseline | £414,000 | | | |
| 2018/19 | £353,343 | £60,758 | 15% | Pricing Policy and Efficiency |
| 2019/20 | £282,594 | £70,649 | 20% | Pricing Policy/ Newmarket Development |
| 2020/21 | £194,283 | £88,311 | 31% | Newmarket development/Mildenhall Hub |
| 2021/22 | £123,635 | £70,648 | 36% | Mildenhall Hub |
| 2022/23 | £63,931 | £59,804 | 48% | Brandon Development |
| 2023/24 | £33,760 | £30,071 | 47% | |
| 2024/25 | £0 | £33,760 | 100% | |

St Edmundsbury Borough Council

| SEBC | Management fee | Reduction | % reduction | Initiative/Development |
|-------------------------|-----------------------|------------------|--------------------|--|
| 2017/18 Baseline | £172,000 | | | |
| 2018/19 | £146,757 | £25,242 | 15% | Pricing Policy and Efficiency and Skyliner |
| 2019/20 | £117,406 | £29,352 | 20% | Pricing Policy and Efficiency and Skyliner |
| 2020/21 | £80,717 | £36,689 | 31% | Efficiency savings and Haverhill development |
| 2021/22 | £33,865 | £46,852 | 58% | Haverhill development |
| 2022/23 | £0 | £33,685 | 100% | Haverhill development |