

## CHILTERN DISTRICT COUNCIL

### MINUTES of the Meeting of the CHILTERN LIFESTYLE CENTRE SCRUTINY SUB-COMMITTEE held on 7 AUGUST 2019

**PRESENT:** Councillor N Varley - Chairman

Councillors: J Burton  
J Gladwin  
V Martin  
D Phillips  
N Rose  
L Smith

**APOLOGIES FOR ABSENCE** were received from Councillors C Ford, P Jones and C Rouse

**ALSO IN ATTENDANCE:** Councillors I Darby, M Stannard, E Walsh and J Cook

#### 20 MINUTES

The minutes of the meeting held on 31 July 2019 were noted.

#### 21 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 22 EXCLUSION OF THE PUBLIC

##### **RESOLVED**

**That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item(s) of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act.**

***Paragraph 3 Information relating to the financial or business affairs of any particular persons (including the authority holding that information).***

#### 23 APPOINTMENT OF LEISURE OPERATOR

The Committee received a report which provided an update on the current position regarding the procurement of the Chiltern leisure operator contract and sought approval to amend the capital programme 2020/21 to undertake

the capital investment in the Chesham and Chalfont leisure centres; to enter in to leases with the chosen leisure operator to occupy the Chiltern Lifestyle Centre, Chesham and Chalfont leisure centres and the Chiltern Pools and; for the new leisure operator contract for the operation of the centres to be signed.

The sub-committee was advised that the approach taken was to tender for a Mandatory Solution of operating the Chiltern Lifestyle Centre and the Chesham and Chalfont Leisure Centres for a 15 year period from 1 April 2020 with the option to extend the contract by 5 years. A Mandatory Variant Solution was also sought to enable the Council to appoint a leisure operator to manage the existing leisure centres for a 15 year period from 1 April 2020, should the Chiltern Lifestyle Centre not be developed, however this option would only have been evaluated if the decision was to maintain the continued operation of the Chiltern Pools for 15 years.

Bidders had been instructed to put forward investment proposals for the Chesham and Chalfont Leisure Centres to be delivered within the first year of the contract. This would enable the centres to remain vibrant and continue to attract market share. The Council would pay for the investment, however the fee payable by the operator would repay the cost of the loan to the Council.

Members were advised that the procurement of the Chiltern Leisure Operator contract had reached a satisfactory conclusion with Bidders exceeding the threshold income target of providing the Council with an average guaranteed net income of £1.2M/annum over a 15 year contract to operate the Chiltern Lifestyle Centre, and Chesham and Chalfont Leisure centres. All final tenders were fully compliant with the member policy decisions. If the highest scoring tender was accepted, the management fee to be paid by the leisure operator to the Council would fully fund the cost of borrowing, and lifecycle repairs to external structural elements of the building for which the Council would retain responsibility.

It was clarified that should the selected operator enter liquidation at any point during the term of the contract then either an insurance backed bond or parent company guarantee would be activated by the contract.

The Committee was taken through the key commitments and deliverables from bids received, and how estimated usage figures affected the business case. A detailed presentation was provided to the Committee and contained the proposals from the highest scoring bidder along with the proposed design and layout to each of the Chalfont and Chesham centres.

Members were encouraged by the proposed improvements to the centres at Chesham and Chalfont and recognised that these would help to offset potential customer loss to the proposed Chiltern Lifestyle Centre. With the

improvements proposed an increased throughput to both centres had also been predicted by bidders.

A Member queried whether the interest the balance of the loan would accrue in the Council's deposit accounts had been factored in to the business case. It was said that presently this was around 1% and had not been included at this stage. In addition, whilst the cost of build of the car park had been included in the business case presented, the potential income had not. It was explained that the income could be used to help offset the cost of the car park and the business case would be updated ahead of the Cabinet meeting to reflect this.

In response to a concern raised, it was explained that in the initial years there would be a cost to the Council whilst the proposed Lifestyle Centre was in its development phase; however from year 4 onwards an income was projected.

It was confirmed that an annual amount of £100k had been set aside for any structural maintenance which the Council would remain responsible for. The build would be to a high standard, new build guarantees would be in place and whilst there can be no guarantee there was not a likelihood of structural repairs being required within the first 15 years of the proposed centre's lifespan.

The sub-committee acknowledged that the business case was viable and recognised that as well as improving leisure provision; it would also improve Council finances at no additional cost to the taxpayer and the leisure operator bids received further strengthened the business case.

The sub-committee agreed that the recommendations outlined in the report should go on to Cabinet. Should Cabinet agree the recommendations at its meeting on 20 August 2019, the business case would then be considered by the Shadow Executive of the Shadow Buckinghamshire Council on 10 September 2019.

### **RESOLVED to RECOMMEND to Cabinet**

1. That Cabinet note the current position regarding the procurement of the Chiltern leisure operator contract.
2. That Cabinet agrees that the leisure operator contract for the operation of the Chiltern Lifestyle Centre, Chesham and Chalfont leisure centres and interim operation of the Chiltern Pools can be awarded to the most economically advantageous tender.
3. That Cabinet recommends to Council that a sum to be agreed to be added to the capital programme to enable capital investment in the Chiltern Lifestyle

Centre, Chesham and Chalfont leisure centres to be made by the leisure operator.

4. That Cabinet agrees to enter in to leases with the leisure operator to occupy the Chiltern Lifestyle Centre, Chesham and Chalfont leisure centres and the Chiltern Pools.

5. That delegated authority be given to the Head of Healthy communities to agree the final terms of the leisure operator contract and leases.

**The meeting ended at 7.32 pm**