

<b>Section 1: Background Information</b>	
<b>1.</b>	<p><b>What is the proposal / issue?</b></p> <p>The proposal is to enter into a new lease with Parkwood Leisure for both Torbay Leisure Centre and the adjacent Velopark and loan Parkwood Leisure (via prudential borrowing) the sum of £1.7Million to improve the facilities. Through this arrangement the Council will not pay an annual management fee and will make additional savings to maintenance contracts, and an uplift on the interest on the prudential borrowing (see Appendix 3). There is no cost to the Council of transferring the Velopark in the proposed model.</p> <p>The summary of the proposals are:</p> <ul style="list-style-type: none"> <li>• To enter into a lease for Torbay Leisure Centre and the Velopark until 2029;</li> <li>• The Council to contract with Parkwood Leisure and allow a subcontract to their Trust provides (Lex Leisure);</li> <li>• That there is no management fee payable from the council from the point of transfer to the trust partner to the end of the term (2029). The transfer to the Trust is assumed from October 2017, and this provides a revenue saving from this point and for the remaining period of the contract to 2029.</li> <li>• The operations will include the operation and management of the Velopark (including the TUPE transfer of staff) and the booking processes associated with the grass pitches at Clennon Valley.</li> <li>• That the Council provides £1.7 Million Prudential borrowing for investments projects in the building to improve revenue generation, modernise and improve the building to improve customer satisfaction;</li> <li>• That borrowing will be available from 2018/19 and the payment if the borrowing will commence in 2019/20.</li> <li>• The Prudential Borrowing capital and interest to be paid by Parkwood Leisure.</li> <li>• The car park is excluded from the proposal and will remain with Torbay Council.</li> <li>• The Council's payment to the BCF for the Velopark loan has been included in the proposals.</li> </ul>
<b>2.</b>	<p><b>What is the current situation?</b></p> <p>Torbay Leisure Centre is operated by Parkwood Leisure on behalf of the Council. Parkwood have a protected lease which runs until 2019. The Council currently pays an annual management fee £169,400 per annum for the provision of the facilities. The immediately adjacent Velopark is operated directly by the Council and has an outstanding sum related to prudential borrowing associated with it and currently is a budget pressure to the Council.</p>

	<p>A review of Torbay Leisure Centre was undertaken earlier in the year as part of the Transformation Programme and the report is tabled for information as Appendix 2.</p> <p>Parkwood Leisure have submitted a proposal to operate the Leisure Centre and the adjacent Velopark at a nil cost to the Council from the point of transfer until 2029. This would require the surrender of the existing lease and a new lease issued until 2029 (Appendix 4).</p> <p>The proposal from Parkwood Leisure would secure substantial revenue savings to the Council, and the Council would not require a management agreement from the point of transfer as all requirements would be dealt with under the terms of a new lease.</p>
<p><b>3.</b></p>	<p><b>What options have been considered?</b></p> <p>(i) The Council could offer Torbay Leisure Centre and/or the Velopark as a formal tender to the open market. This would need to be a process compliant with EU OJeU procurement rules. This process would need to commence as soon as reasonably practicable, and would take a minimum of 12 months to conclude and incur a cost the Council of running this process. The anticipated outcome of the process is that a new provider would be secured at a substantially reduced or zero management fee, however, this is not a guaranteed outcome.</p> <p>(ii) The Council could retain the Velopark as a directly managed service. Although theoretically possible, with reducing Council resources this will remain difficult to staff as there were insufficient staff resources allocated to operate this facility at inception and there is no flexibility to cover staff absence in the current model.</p> <p>(iii) The Council could opt to close the Leisure Centre and/or Velopark. This is not considered a viable option as this is the only dedicated leisure facility in Torbay and is well used by residents and visitors. The provision of this type of facility aids the Council's encouragement of participation in activity and contributes to the overall health of the population in Torbay. The Velopark also has an outstanding prudential borrowing sum associated with it.</p>
<p><b>4.</b></p>	<p><b>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</b></p> <p>This proposal supports the ambitions by:-</p> <ul style="list-style-type: none"> <li>• Using reducing resources to best effect;</li> <li>• Working towards a more prosperous Torbay;</li> <li>• Ensuring Torbay remains an attractive and safe place to live, visit and work.</li> </ul>

<p><b>5.</b></p>	<p><b>Who will be affected by this proposal and who do you need to consult with?</b></p> <p>Torbay Council Elected Members need to agree the proposal and recommended direction of travel.</p> <p>Parkwood Leisure have already been consulted as detailed in the report.</p> <p>Torbay Council staff at the Velopark will need to be consulted as part of the TUPE requirements.</p> <p>The British Cycling Federation will need to be consulted and give their consent for the Council to lease to Parkwood for the existing use. Formal permission has already been sought.</p>
<p><b>6.</b></p>	<p><b>How will you propose to consult?</b></p> <p>See above.</p>
<p><b>Section 2: Implications and Impact Assessment</b></p>	
<p><b>7.</b></p>	<p><b>What are the financial and legal implications?</b></p> <p><u>Legal Implications</u></p> <p>There is an existing protected lease and concurrent management agreement with the Torbay Leisure Centre which ceases in April 2019. The proposal is to enter into a new full repairing and insuring lease from the intended date of transfer of 1<sup>st</sup> October 2017 until 2029 for both Torbay Leisure Centre and the Velopark.</p> <p>By offering the Leisure Centre and the Velopark as a lease a formal procurement is not required. The lease will be with the existing provider, Parkwood Leisure, who will then sublease to their Trust provider.</p> <p>This type of arrangement has been undertaken by other local authorities and appropriate due diligence has been undertaken.</p> <p>The Council currently owns and operates the Velopark and can therefore determine how it wishes to operate this facility in the future.</p> <p><u>Financial Implications</u></p> <p>The proposal from Parkwood Leisure offers the Council the opportunity to offer a lease until 2029 at a zero management fee. This would incorporate the Velopark into the same arrangement. The Centre needs investment and the proposal seeks a capital loan from the Council to deliver this investment.</p>

	<p>By combining the Leisure Centre and the Velopark there will be a saving in 2018/19 of £325,400 and thereafter an annual saving of £285,400. If the transfer happens within 2017/18 then additional savings will accrue during the current financial year.</p> <p>Part of the new agreement will be the Council agreeing to loan Parkwood £1.7 Million to secure the upgrade of the facilities. The rate at which the Council will loan the money has been set at a level which does not affect with state aid. Any risk associated with the prudential borrowing will be managed through treasury management processes.</p> <p>The loan being sort is over a 25 year period although the lease being proposed is for 11.5 years. The loan would be secured against the building which remain in the Council's ownership and any repayments renegotiated as part of any ongoing arrangements.</p>
<b>8.</b>	<p><b>What are the risks?</b></p> <p>(i) If the Council fails to make a decision at this meeting and defers, then the timescale for savings to accrue will also slip.</p> <p>(ii) If the Council determines that it does not want to support the recommendation then the alternative is to undertake an OJEU complaint procurement, and tender for a new service provider. Parkwood Leisure may or may not tender for the service, and the financial offer from Parkwood or another provider may not match the proposal which has been currently negotiated.</p>
<b>9.</b>	<p><b>Public Services Value (Social Value) Act 2012</b></p> <p>N/A</p>
<b>10.</b>	<p><b>What evidence / data / research have you gathered in relation to this proposal?</b></p> <p>Appendix 1: Supporting Information and Impact Assessment  Appendix 2: FMG consultant review of Torbay Leisure Centre (exempt)  Appendix 3: Council financial model (exempt)  Appendix 4: Business plan/proposal from Parkwood Leisure (exempt)</p>
<b>11.</b>	<p><b>What are key findings from the consultation you have carried out?</b></p> <p>The findings are detailed throughout this report.</p>
<b>12.</b>	<p><b>Amendments to Proposal / Mitigating Actions</b></p> <p>N/A</p>

## Equality Impacts

13	Identify the potential positive and negative impacts on specific groups		
	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
People with caring Responsibilities			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
People with a disability			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
Women or men			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
Religion or belief (including lack of belief)			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
People who are lesbian, gay or bisexual			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
People who are transgendered			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
People who are in a marriage or civil partnership			The proposal will secure the future of the Leisure Centre and the Velopark until 2029

	Women who are pregnant / on maternity leave			The proposal will secure the future of the Leisure Centre and the Velopark until 2029
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	The proposal will secure the future of the centre until 2029 and improve the facilities on offer through a capital investment		
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	The proposal will secure the future of the centre until 2029 and improve the facilities on offer through a capital investment		
<b>14</b>	<b>Cumulative Impacts – Council wide</b> (proposed changes elsewhere which might worsen the impacts identified above)	None known		
<b>15</b>	<b>Cumulative Impacts – Other public services</b> (proposed changes elsewhere which might worsen the impacts identified above)	None known		