

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

30 June 2020

Report of the Director of Street Scene, Leisure and Technical Services and the Chief Financial Services Officer

Part 1- Public

Matters for Recommendation to Council

1 TONBRIDGE & MALLING LEISURE TRUST

A report seeking approval from Full Council for the establishment of a budget provision in 2020/21 in respect of the Council's Leisure Management Arrangements with the Tonbridge and Malling Leisure Trust.

1.1 Introduction

1.1.1 At the meeting of Cabinet on 3 June under part 2 of the agenda, Members agreed 'in principle' support for the Tonbridge and Malling Leisure Trust (TMLT) during the pandemic. Cabinet resolved under Decision Notice D200036CAB that:

- 1) the potential financial implications for the Tonbridge and Malling Leisure Trust as a result of the government's directions in response to the pandemic be noted;
- 2) the written reassurance of the Management Team, in liaison with the Leader and Deputy Leader, to the Tonbridge and Malling Leisure Trust Board be noted;
- 3) the proposal that Management Team work with the Tonbridge and Malling Leisure Trust to set out potential options to a future meeting of the Communities and Housing Advisory Board be endorsed; and
- 4) the Management Agreement with the Tonbridge and Malling Leisure Trust be reviewed with details presented to a future meeting.

1.1.2 In considering the report, Members acknowledged the significant investment that has been made in the facilities, in particular Larkfield Leisure Centre, and of the importance of the provision of health and leisure services to our residents.

1.1.3 As the country emerges in due course from the pandemic, it is highly likely that services such as these will be essential for general health and wellbeing. Indeed, it is encouraging to note that since its re-opening in mid-May within the tight social distancing and health and safety requirements, Poult Wood Golf

Centre has been fully booked on a daily basis with demand for tee-times exceeding supply.

1.2 Progress

- 1.2.1 Since the meeting of Cabinet on 3 June, work has progressed with TMLT to assess the impacts in the format set out in the previous report. This needs to be undertaken on an incremental basis taking on board the 'moving' situation in terms of re-opening of facilities and any reactive and/or proactive action that might need to be taken in response to further government direction or health and safety issues.
- 1.2.2 It is disappointing that TMLT as a leisure operator is not eligible for government support (other than the job retention scheme) as things currently stand. This is of serious concern and I believe it is essential that in liaison with TMLT the Council lobbies government to address this extreme situation.
- 1.2.3 Given the stark financial challenges that TMLT face in maintaining and planning to re-open the Council's facilities to the public, and the risks to our facilities and services if we do not do this, in line with guidance from the Cabinet Office and the Local Government Association it is important that incremental payments are made to assist TMLT in remaining solvent
- 1.2.4 Members will note from the report of the Director of Finance & Transformation elsewhere on the agenda that the broad assessment in 2020/21 is that a sum of circa £1m may be required to support TMLT in maintaining the Council's own facilities during the pandemic and preparing them for re-opening and operation in the manner required through government direction. It is important to stress that this figure is only a broad estimate, as we will not be able to properly assess the full impact for some time. Nevertheless, a budget does need to be set.
- 1.2.5 Through the 'open book' process we have adopted in liaison with the Trust's senior management, the Chief Financial Services Officer and the Head of Street Scene and Leisure have together assessed the first interim payments that need to be made to TMLT in respect of the months of March and April 2020. This first instalment amounts to a total of £147,334.
- 1.2.6 These figures have been shared with the Leader, Cabinet Member for Finance, Innovation and Property and the Chairman of Overview & Scrutiny in advance of this report for the purposes of transparency and challenge. Payment of the sum detailed above has been made to TMLT with the agreement of the Members listed in advance of this meeting given the imperative of solvency.
- 1.2.7 Cabinet will appreciate there is currently no budget for these payments. Through this report, therefore, it is requested that Cabinet recommend to Full Council that a budget of £1m is set aside against which validated claims from TMLT can be paid. As previously explained, validation through an open book process will be

undertaken by the Chief Financial Services Officer and the Head of Street Scene and Leisure.

1.3 Legal Implications

- 1.3.1 Should the work in progress mentioned in the preceding paragraph result in any changes to the contractual arrangements these must be in accordance with the change mechanisms agreed at the time the contract was formalised and in addition comply with the Public Contracts Regulations 2015 and the Public Concessions Regulations 2016.

1.4 Financial and Value for Money Considerations

- 1.4.1 It is important to stress that it is not in the Council's financial interests, nor that of its taxpayers, for TMLT as the Council's contractor to fail as a consequence of the measures imposed by the government.
- 1.4.2 The Council maintains a prudent level of reserves to provide a safety net for unforeseen or other circumstances. The Robustness of Estimates and Adequacy of Reserves statement that the Council's Chief Financial Officer is required to produce under the local Government Finance Act 2003 to support Members in considering the Budget Setting report, lists as an example of why the Council needs to retain a minimal level of reserves "*closure of major trading area e.g. leisure centre for uninsured works*". The Council has resolved to hold a minimum level of general revenue reserve of £3 million in order to provide for a host of potential financial and operational risks, including the one mentioned.

1.5 Risk Assessment

- 1.5.1 The Council and its contractors must ensure that they follow published guidance and directions from government.
- 1.5.2 If TMLT are unable to continue as a going concern, the financial implications falling to the Council are significant and could put the Council's overall financial position under even greater pressure. In addition, the services to the public will be at risk at a time when health and wellbeing could not be more important.

1.6 Equality Impact Assessment

- 1.6.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.7 Policy Considerations

- 1.7.1 Procurement
- 1.7.2 Community
- 1.7.3 Business Continuity/Resilience

1.7.4 Healthy Lifestyles

1.8 Recommendations

1.8.1 Cabinet is requested to **RECOMMEND** to Full Council that a supplementary budget of £1m is established in 2020/21 in respect of the Council's Leisure Management Arrangements; and

1.8.2 the Council in liaison with the Leisure Trust lobbies Government for direct financial support.

Background papers:

Nil

contact:

Neil Lawley
Darren Lanes

Robert Styles

Director of Street Scene, Leisure and Technical Services

Neil Lawley

Chief Financial Services Officer