

## WRITTEN STATEMENT OF A KEY DECISION CABINET MEMBER CONTRACTS AND ASSETS

<b>ITEM:</b>	<b>NEW LEASE ARRANGEMENTS FOR LEISURE FACILITIES</b>
Date of Decision:	19 July 2017
Exempt:	No
Confidential	No
<p>This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.</p> <p>&amp;</p> <p>This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.</p>	
<p>A notice was served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.</p>	
Urgency/Special Urgency: (As defined in Constitution)	No
Purpose:	To approve the assignment of new longer term lease/s with revised conditions for 7 of the council's leisure facilities to Halo Leisure Ltd.
<b>Decision:</b>	<p><b>THAT:</b></p> <p>(a) the leases Halo Leisure Services Limited (Halo) hold for Hereford Leisure Centre, Hereford Leisure Pool, Leominster Sports Hall, Leominster Leisure Pool, Ross on Wye Swimming Pool, Bromyard Leisure Centre, Ledbury Leisure Pool, and the car parks adjoining Leominster Leisure Pool and Hereford Leisure Centre be terminated by agreement and new 75 year full repairing leases be issued;</p> <p>(b) a 10 year rent free period be granted following which a minimum rent of circa £50K per annum will be charged followed by regular rent reviews: and,</p> <p>(c) authority be delegated to the Director for economy, communities and corporate to finalise lease terms and implement the recommendations above</p>
Reasons for the Decision:	A lease period of 75 years would enable Halo to make more concrete longer term business decisions which would help to ensure a sustainable leisure offer across the county.

	<p>Revised lease conditions would transfer the considerable buildings/grounds maintenance liability to Halo resulting in a significant annual saving for the council.</p> <p>In time Halo would pay an appropriate market rent for the facilities providing the council with a minimum income stream of £50k per annum.</p>
<p>Options Considered:</p>	<p>Shorter term leases including the terms/conditions currently in place could continue. Halo would ideally prefer a 99 year lease but it has been agreed that 75 years would be an appropriate length of time to deal with the backlog of maintenance and successfully compete for outside work. Revised longer term lease conditions would include Halo taking on full repair and maintenance liability for the facilities, which will result in significant savings for the council.</p> <p>When the current leases expire the council could offer for sale the freehold or a leasehold interest in the buildings. Provided that we can illustrate that the best value requirement is met i.e. by adequate marketing, and independent valuation. Selling the freehold would of course result in a one off capital receipt however, even with the inclusion of covenants, if the centres were to underperform the new owner could choose to close one or all of them.</p>
<p>Conflict of Interest ■ (See below):</p>	
<p>Date the key decision is due to take effect:</p>	<p>26 July 2017</p>

<p><b>COUNCILLOR H BRAMER</b> .....Date: 19 July 2017  <b>Cabinet member contracts and assets</b></p>
---

- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

And

- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.