

### Record of operational decision

<b>Decision title:</b>	Decision to supplement the agreement with Halo Leisure Services Ltd for the management of council owned leisure facilities and enter into a new Supplementary Agreement with Halo Leisure Services Ltd for the management, operation and development of The Lady Hawkins Community Leisure Centre in Kington.
<b>Date of decision:</b>	24 April 2025
<b>Decision maker:</b>	Corporate Director Community Wellbeing
<b>Authority for delegated decision:</b>	CW-18 Cultural and Leisure Service - Corporate Director, Community Wellbeing
<b>Ward:</b>	Kington
<b>Consultation:</b>	<p>The following colleagues have been consulted and advice provided has been incorporated into the decision:</p> <ul style="list-style-type: none"> <li>• Cabinet Member Community Services and Assets</li> <li>• Corporate Director Community Wellbeing</li> <li>• Halo Leisure Services Limited</li> <li>• Lady Hawkins School</li> <li>• Commercial Services</li> <li>• Legal Services</li> <li>• Estates Team</li> </ul>
<b>Decision made:</b>	<b>Supplement the 2002 management agreement with Halo Leisure Services Limited by entering into a supplemental agreement under which the council will pay £31,380 management fee per annum up to 31 March 2027 (plus annual percentage CPI increase).</b>
<b>Reasons for decision:</b>	<p>Halo Leisure Services Limited has successfully operated the Lady Hawkins Community Leisure Centre in Kington on behalf of Herefordshire Council since 2016 as part of its wider obligations to manage council owned leisure facilities under the 2002 management agreement and are considered specialists in the field of delivering affordable and accessible public leisure facilities.</p> <p>There is an existing Joint Use Agreement between Halo Leisure Services Limited and Lady Hawkins School in place, which outlines the use of the facilities, and both parties have confirmed that they want the partnership to continue. The Joint Use Agreement will also be extended as part of this decision.</p> <p>Maintaining support for this community-based leisure facility supports the ambitions of the Council's Physical Activity Strategy which aims to increase physical activity levels and build community resilience. It also supports priorities 3 (increase quality of life) and 5 (increase active lifestyle) of the Council's Health and Wellbeing Strategy.</p>

<b>Equality Considerations</b>	There are no equality impacts as the leisure service at Lady Hawkins Community Leisure Centre will remain uninterrupted and unchanged.
<b>Highlight any associated risks/finance/legal/equality considerations:</b>	<p><b>Contractual risk</b> As the contract has been historically managed by annual extensions over a number of years (since 2016), and there is no fundamental issue with the service provided, the risks around extending again (taking into account small uplifts due to NIC/ inflation) are minimal.</p> <p>The council is undertaking a full leisure review in 2025 that may result in a change to the arrangement going forward. This temporary extension would allow this review to take place and a more permanent agreement / or termination be put in place once it is concluded. This would likely be tendered in a fair and transparent way to all suppliers on the market.</p> <p><b>Financial considerations</b> The new Supplementary Agreement outlines a payment of <b>£31,380</b> service management fee per annum for the operation of Lady Hawkins Community Leisure Centre to include:</p> <ul style="list-style-type: none"> <li>• A base service management fee payment - <b>£30,000</b></li> <li>• A CPI top-up to the management fee for the year commencing April 2025, based on the previous September CPI figures (2.6% this year) - <b>£780.00</b></li> <li>• A one-off 2% increase to help offset the impact of NIC changes - <b>£600.00</b></li> </ul> <p>A new clause addition to allow the flexing the management fee by CPI in future years (under the same rules) to mitigate the growing impact of inflation is proposed. The management fee payable by the Council shall be subject to any percentage increase in CPI from the CPI as stated in the previous September to the CPI as stated on 7 April 2026. The new agreement ends on 31 March 2027.</p> <p><b>Legal considerations</b></p> <p>The age of the 2002 management agreement and the complexity of the arrangement with Halo create the following legal uncertainties:</p> <ul style="list-style-type: none"> <li>• The applicable law (concession/service contract)</li> <li>• The applicable law in 2002</li> <li>• The value of the 2002 management agreement</li> <li>• The value of any subsequent modifications to the 2002 management agreement</li> <li>• Subsidy control implications</li> </ul> <p><b>Health and Safety</b> No health and safety implications or other risks have been anticipated.</p>
<b>Details of any alternative options</b>	<b>Lady Hawkins School to solely operate the Community Leisure Centre.</b> Lady Hawkins School would be unable to deliver the leisure facilities

<p><b>considered and rejected:</b></p>	<p>without the expertise of Halo Leisure Services Limited and the service would have to be withdrawn from community use. This would have a negative impact on the community, school and the reputation of Herefordshire Council and would have a detrimental financial impact on the school as they would have to pick up all the costs associated with running and maintaining the buildings.</p> <p><b>Complete a full tender</b>  This option is not recommended. A change in supplier may result in more cost at this stage as the council would have to resource a full retendering process. Halo has also been providing a good service for nine years and absorbing potential price increases that new suppliers are likely to build into their costings.</p>
<p><b>Details of any declarations of interest made:</b></p>	<p>None</p>