



NORTHAMPTON
BOROUGH COUNCIL

CABINET AGENDA

Wednesday, 27 May 2020

This meeting will be held remotely via Zoom:
<https://www.youtube.com/user/northamptonBCTV>
At 6:00 pm

Members of the Cabinet:

Councillor: Jonathan Nunn (Leader of the Council)

Councillor: Phil Larratt (Deputy Leader)

Councillors: Mike Hallam, Tim Hadland, Stephen Hibbert, Brandon Eldred, Anna King and James Hill.

Chief Executive

George Candler

If you have any enquiries about this agenda please contact
democraticservices@northampton.gov.uk or 01604 837722

PORTFOLIOS OF CABINET MEMBERS

CABINET MEMBER	TITLE
Councillor J Nunn	Leader
Councillor P Larratt	Deputy Leader
Councillor M Hallam	Environment
Councillor B Eldred	Finance
Councillor T Hadland	Regeneration and Enterprise
Councillor S Hibbert	Housing and Wellbeing
Councillor A King	Community Engagement and Safety
Councillor J Hill	Planning

SPEAKING AT CABINET MEETINGS

PLEASE BE AWARE THAT THIS MEETING WILL BE TAKING PLACE REMOTELY – SEE BELOW FOR DETAILS OF PUBLIC SPEAKER REGISTRATION/HOW TO VIEW THE MEETING

Persons (other than Members) wishing to address Cabinet must register their intention to do so by 12 noon on the day of the meeting and may speak on any item on that meeting's agenda.

Registration can be by:

Telephone: (01604) 837722
(Fax 01604 837057)

In writing: Democratic and Member Services Manager
The Guildhall, St Giles Square, Northampton NN1 1DE
For the attention of the Democratic Services Officer

By e-mail to democraticservices@northampton.gov.uk

- **Once registered to speak, an invitation will be sent to join the Zoom video conferencing webinar for this meeting.**

Only thirty minutes in total will be allowed for addresses, so that if speakers each take three minutes no more than ten speakers will be heard. Each speaker will be allowed to speak for a maximum of three minutes at each meeting. Speakers will normally be heard in the order in which they registered to speak. However, the Chair of Cabinet may decide to depart from that order in the interest of hearing a greater diversity of views on an item, or hearing views on a greater number of items. The Chair of Cabinet may also decide to allow a greater number of addresses and a greater time slot subject still to the maximum three minutes per address for such addresses for items of special public interest.

Members who wish to address Cabinet shall notify the Chair prior to the commencement of the meeting and may speak on any item on that meeting's agenda. A maximum of thirty minutes in total will be allowed for addresses by Members unless the Chair exercises discretion to allow longer. The time these addresses take will not count towards the thirty minute period referred to above so as to prejudice any other persons who have registered their wish to speak.

KEY DECISIONS

 denotes the issue is a 'Key' decision:

- Any decision in relation to the Executive function* which results in the Council incurring expenditure which is, or the making of saving which are significant having regard to the Council's budget for the service or function to which the decision relates. For these purpose the minimum financial threshold will be £250,000;

- Where decisions are not likely to involve significant expenditure or savings but nevertheless are likely to be significant in terms of their effects on communities in two or more wards or electoral divisions; and
- For the purpose of interpretation a decision, which is ancillary or incidental to a Key decision, which had been previously taken by or on behalf of the Council shall not of itself be further deemed to be significant for the purpose of the definition.

**NORTHAMPTON BOROUGH COUNCIL
SPECIAL CABINET**

Your attendance is requested at a meeting to be held This meeting will be held remotely via Zoom: <https://www.youtube.com/user/northamptonBCTV>

on Wednesday, 27 May 2020

At 6:00 pm.

**George Candler
Chief Executive**

AGENDA

1. **APOLOGIES**
2. **INTENTION TO HOLD PART OF THE MEETING IN PRIVATE IF NECESSARY**
3. **DEPUTATIONS/PUBLIC ADDRESSES**
4. **DECLARATIONS OF INTEREST**
5. **ISSUES ARISING FROM OVERVIEW AND SCRUTINY COMMITTEES**
6. **IMPACT OF COVID-19 ON FINANCIAL BUDGET**
🔗 (Copy herewith)
7. **CAPITAL INVESTMENT - PLANT & MACHINERY**
🔗 (Copy herewith)
8. **EXCLUSION OF PUBLIC AND PRESS**

THE CHAIR TO MOVE:

“THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE REMAINDER OF THE MEETING ON THE GROUNDS THAT THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS LISTED AGAINST SUCH ITEMS OF BUSINESS BY REFERENCE TO THE APPROPRIATE PARAGRAPH OF SCHEDULE 12A TO SUCH ACT.”

SUPPLEMENTARY AGENDA

**Exempted Under Schedule
12A of L.Govt Act 1972
Para No:-**

9. CULTURAL QUARTER FUNDING (3)
🔗 (Copy herewith)
10. CAPITAL INVESTMENT - PLANT & MACHINERY - PRIVATE APPENDIX (3)

Appendices
2



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	FINANCE AND MONITORING - PROVISIONAL IMPACTS - COVID 2020/21
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	27 May 2020
Key Decision:	No
Within Policy:	Yes
Policy Document:	No
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred
Ward(s)	All

1. Purpose

- 1.1 This report sets out the provisional financial implications of the Covid19 Pandemic on the Council's General Fund.

2. Recommendations

- 2.1. That Cabinet note the provisional financial impacts for the General Fund for the financial year 2020-21 as set out at appendix 1 and appendix 2.
- 2.2 That Cabinet notes the risks to the budgets for 2020-21 which may impact on the levels of reserves maintained and/or drive a need to seek additional in year savings measures.
- 2.3 It is recommended that Cabinet approves option 3.3.1c, to reduce the financial risk to the Council and the future West Northants Council

3. Issues and Choices

3.1 Report background

- 3.1.1 The Council's budget is set in February each year, based on known assumptions and risks. Whilst risks around specific services are understood,

the Council was not aware of the risk and impact of Covid19 on Local Authorities or their respective residents and economy.

- 3.1.2 Whilst it is too early to fully understand the full impact of the pandemic on the Council's finances. It is possible to highlight some of the specific costs incurred to date and to outline some of the risks and assumptions on costs and income that are being used to understand and model the full year impact.
- 3.1.3 The Council set a General Fund Reserve of £4M with a minimum safe level of £3M. There are further Reserves which are held but earmarked for specific purposes, if they were to be used it could add costs to future years and impact on the new West Northants Council.
- 3.1.4 Appendix 1 provides information relating to specific service areas, the costs and pressures incurred to date and the assumptions going forward.
- 3.1.5 Appendix 2 provides information on the Govt. funding received to-date both to support the Councils costs and to be administered by the Council to support the Community.

3.2 General fund balances and earmarked reserves

- 3.2.1 The latest risk-based assessment of reserves suggests that, taking all known risks into account along with the Council's gross expenditure requirement, the minimum level of balances should remain in the order of £4.0m.
- 3.2.2 The Council also holds general fund earmarked reserves of just over £25m to mitigate against specific risks to which the Council may be exposed and for investing in service improvement.

3.3 Choices (options)

- 3.3.1 Cabinet is invited to note the report and the risks to the 2020-21 Budget and either:
 - a) Agree to continue without seeking savings and relying on addition Govt. funding and if necessary the review and use of specific earmarked reserves, which may impact on future years funding, or
 - b) Task the Chief Executive and Corporate Management Board to present proposals for cost savings to Cabinet in July 2020, to preserve a revised minimum level of General Fund Reserves.
 - c) Task the Chief Executive and Corporate Management Board to identify and present proposals for cost savings to July Cabinet, which become contingent spend, subject to further Government funding becoming available, or agreed reprioritisation of earmarked reserves.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1. Annual Budget set by Council, including Section 25 statement on the robustness of reserves.

4.2 Resources and risk

- 4.2.1 This report informs Cabinet of the current assumed pressures and risks in respect of the Council's own financial position.
- 4.2.2 The current forecast General Fund pressure after receipt of the Government Grants identified in Appendix 2, is between £2M to £3M.
- 4.2.3 The Council will have more information to base its projection on at the end of June, when detailed costs are known and whether there may be additional Govt. support. Should the assumptions be proven valid and there is no further funding support the Council will need to actively consider additional savings in year or risk breaching its minimum level of safe General Fund Reserves.

4.3 Legal

- 4.3.1 There are no specific legal implications arising from this report.

4.4 Equality and health

- 4.4.1 There are no specific equality and health implications arising from this report.

4.5 Consultees (internal and external)

- 4.5.1 Chief Executive, Service Directors, Partner Organisations, Government Departments and Cabinet

4.6 How the proposals deliver priority outcomes

- 4.6.1 The Council is required to deliver its statutory duties and obligations, it also seeks to deliver its Corporate Plan objectives, but must do so within the resources available.

4.7 Appendices

- 4.7.1 The Appendices are set out as follows:
 - 1. Northampton Borough Council – covid costs/pressures
 - 2. Government Grants

5. Background Papers

- 5.1 Council Report – General Fund Revenue Budget and Capital Programme, 2020/21 and Medium Term Financial Plan 2020/21 – 2023/24 Budget setting and budget monitoring throughout 2019/20. [24 Feb 2020].
- 5.2 Council Report - Report by the Chief Finance Officer on the Robustness of Budget Estimates and Adequacy of Reserves [24 Feb 2020].

Stuart McGregor

Chief Finance Officer (Section 151 Officer)

NORTHAMPTON BOROUGH COUNCIL – COVID COSTS/PRESSURES

1. HOUSING

The Housing Service, along with the Council's ALMO, NPH, had worked hard to alleviate pressures from Temporary Accommodation during 2019-20 to reduce the risk of overspends in 2020-21.

The Government requirement to provide Temporary Accommodation for Rough Sleepers saw the contracting with two hotels to provide 80 rooms for accommodation. As this scheme comes to an end, whilst it has provided positive outcomes for a traditionally hard to reach group of people. It is likely to see a block unanticipated pressure on the Temporary Accommodation budget. The scheme so far has cost in the order of £250K including accommodation, staffing and PPE. A specific Government grant of £21K has been received toward this cost.

There are also unavoidable costs of those who were initially accommodated under Temporary Accommodation legislation, but found not to be entitled going forward, could not be moved on during the 'lockdown'.

Due to a combination of factors from accommodating Rough Sleepers who do not wish to return to their prior position, unavoidable costs and an expectation of an increase in homelessness post lockdown, along with reduced income from enforcement and licensing. It is estimated that there will be pressure (possible overspend) on this Service Area of £750K to £1.5M during the year.

2. ECONOMY ASSETS and CULTURE

The pressures for this service area are primarily income related, from the risk of loss of income from commercial tenants, through to the loss of revenue income from car parking. The Council has a modest commercial property portfolio, primarily to support regeneration and the local economy, however the income is used to support services

The Council as with many businesses is suffering from fixed property costs and a reduction / loss. At present the Council Car Parks have had charges suspended, to assist key workers with free parking in specific areas and to assist those businesses still trading. The Council continues to suffer costs such as Business Rates, Utilities, Insurance and Maintenance. Parking income is considered to be a perishable income, if it is not earned on a specific day / week it cannot be recovered at a future date.

The current assumption is that the Council will have lost already c£700K with an anticipated reduction continuing throughout the year. The Council will also lose income from the lack of 'movements' on which payments are based in respect of the Bus Station. The total pressure therefore could be between £1.5M to £2M dependent on how transition works and no second peak to the pandemic.

As the Market was and continues to be impacted, there is an estimated likely loss of income to the Council of £75K.

Impact on Facilities Team and Museum from loss of income for room hire, wedding and events and paying back deposits, many prospective hirers are also awaiting to understand how the restrictions impact before progressing with future bookings.

3. CORPORATE COSTS

As a result of the Pandemic the Council along with other organisations was obliged to 'disperse' its staff and enable working from home, where practicable. Along with many organisations the Council had a good and robust Business Continuity Plan, however like many at the outset of 'lockdown' the plan assumed that there would be some capability to utilise some office/equipment capacity in another building or via a partner. There were therefore unbudgeted costs in acquiring additional ICT equipment and mobile phones to enable core key services to function whilst alternative solutions were developed and implemented. The Council has also had to acquire commercial versions of Telephone Conferencing and Video Conferencing, the latter and the additional volume working 'off site' also required an upgrade to the Council's IT infrastructure and in particular bandwidth, at speed. The costs of IT, telephony and conference facilities is currently estimated to be £75K. This was lower than anticipated due to innovative and swift work by ICT teams to enable more 'desk based' equipment to become mobile and so avoid the need to procure a large volume of laptops to enable 'home working'.

As some services that cannot function remotely, continue to operate within the Guildhall, additional regular deep cleaning costs are being incurred, along with protective screens being installed in public customer service areas.

There is a general Corporate Cost in respect of the acquisition of the appropriate PPE requirements to enable frontline and core services to operate in an appropriately safe manner for both staff and the public. At present the costs incurred are around £50K.

4. CUSTOMERS & COMMUNITIES

This Service Area has responsibilities for parks and public spaces and has seen material costs in securing childrens play areas and supporting social distancing, as well as direct support to the community. As the Government prepares to ease restrictions, new requirements and proposals are coming forward that are likely to see further cost pressures around public spaces and facilities.

This service is also anticipating a reduction in income through lower licensing activity.

With some additional costs – cleansing and recycling due to additional agency costs, sickness to keep Environmental Services functioning during the pandemic.

5. PLANNING

As a result of the restrictions in place, large new developments are not coming forward, resulting in a reduction in both Development Management and Building Control income from those applications. However, small scale and householder developments are continuing to be submitted, and the return to work on a number of existing building sites has seen a significant increase in the number of discharge of condition and Building Regulations applications needing to be processed. However, as these are lower income activities, the net impact on overall budgets is likely to be in the order of a £200K pressure. Land searches volumes have not seen significant changes.

6. CHIEF FINANCE OFFICER

The CFO area encompasses the corporate finance costs, audit fees etc. Whilst the distribution of over £30M to local businesses of BEIS Grants is very welcome to assist with the local economy, along with the Business Rates reliefs being changed after bills

were issued for 2020-21, providing over £34M of Business Rate Relief to the Retail, Hospitality, Leisure sector and Small Business Rates Relief. There is cost to administering both of these schemes, along with rebilling over 8,500 recipients of the Council Tax Reduction Schemes(CTRS). These costs exist, however additional 'administrative funding' has been proposed by Govt. however until it is provided, the Council has unfunded costs of around £200K.

As the Pandemic struck at the end of March, it will be considered to have had a detrimental impact on asset valuations and other investments which had been valued prior to the Pandemic as part of the Financial Year End routine, there is likely to be cost to revisit those items and the impact on 2020-21, with a probable increase in Audit Fees for these impacts and the grant processes.

Challenges around cashflow could also see reductions in 'interest earned' on deposits and the need to borrow to cover cashflow.

GOVERNMENT GRANTS

The Council has received two forms of funding, grant to support its services and costs and also specific grant to be administered on behalf of Government.

1. Government Administered Grants

The Council has received funding from the Department of Business Economy, Investment and Strategy (BEIS) to distribute to specific business within the Retail Hospitality Leisure (RHL) Sector and businesses in receipt of Small Business Rate Relief (SBRR).

The Council received initially, £37.374M of 'funds', of which it is expected that grants under Scheme One will require £34.550M. Under the new Scheme Two – Discretionary Scheme, the Council has been allocated £1.727M which will be drawn from the initial cash provided of £37.374M.

At the time of this report, the Council will have paid out over 2,400 grants worth over £30M in respect of BEIS Grants Scheme One.

The Council has also received £1.861M to fund the Govt initiative to reduce all residual Council Tax bills for those in receipt of locally funded Council Tax Reduction Scheme (CTRS), by £150.00 at any point during 2020-21.

2. Government Grant Funding to the Council

The Council has received three tranches of funding to support the costs of Covid both on the Council and the delivery of its core services.

Tranche One:	£0.021M toward Rough Sleeper costs
Tranche Two:	£0.120M non ringfenced funding [From Govt. first £1,6Bn]
Tranche Three:	£2.239M non ringfenced funding [From Govt. second £1.6Bn]

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Appendices: 1



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Capital Investment – Plant & Machinery (Leisure)
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	27th May 2020
Key Decision:	YES
Within Policy:	NO
Policy Document:	NO
Service Area:	Regeneration and Enterprise
Accountable Cabinet Member:	Cllr Tim Hadland, Member for Regeneration and Enterprise
Ward(s)	All

1. Purpose

- 1.1 This report considers the condition of fixed plant and machinery at three sites, Upper Mounts Baths, Danes Camp Leisure Centre and Lings Forum, and the Councils responsibilities to renew these fixtures.
- 1.2 Cabinet are asked to approve a Budget of £1.800M and authorise officers to form a project group to identify all of the urgent works, which when completed will result in the Leisure Centres remaining operational and more environmentally and financially efficient.

2. Recommendations

- 2.1 It is recommended that Cabinet agree to:-
 - 2.1.2 The procurement of an energy professional to support the Council to undertake a peer review of the work undertaken by the tenants to ensure we focus on work that will produce the most efficiency savings. The cost of this will be funded through the responsive repairs budget.

- 2.1.3 A capital budget of £1.8 million for the urgent work to be completed. The cost of this work is to be funded partly by capital receipts from internal borrowing or planned capital receipts.
- 2.1.4 Subject to 2.1.2 above, a further report from the project team to Cabinet in July 2020 confirming the scope, priorities and cost of the urgent works including the programme of work.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Council owns Upper Mounts Baths, Danes Camp Leisure Centre and Lings Forum as specialised assets for the purposes of providing leisure facilities, to support health and wellbeing for the community. Recognising that the leisure industry requires specialist management skills, the Council outsourced the management and operations of the leisure centres in 2011 to Unity Leisure (trading as Northampton Leisure Trust and the Tenant), a company limited by guarantee with charitable status set up to provide Leisure Services for the purposes stated above.
- 3.1.2 The Operating Agreement between the Council and Northampton Leisure Trust (NLT) commenced 1st April 2011 and sets out the detailed terms of the services to be provided and each leisure site is subject to a lease. Although various reports have been brought to Cabinet on the lease arrangements with NLT in the years since 2011 the arrangements and lease dated in 2011 are the current arrangements. Appendix A outlines some of the achievements and value that the Trust as tenant deliver for the Council under its healthy lifestyle agenda.
- 3.1.3 The leases require the Council, as landlord, to undertake refurbishments and renewals to much of the fixed plant, mechanical and electrical (M&E) installations. There are caveats on this obligation, which in summary, means that the Council and NLT must act reasonably in assessing when this is necessary. The Landlord has some control over the timing but ultimately both parties have shared responsibilities to ensure a compliant environment with reasonable facilities for the users.
- 3.1.4 Under the terms of the leases the tenant has no liability to carry out repairs to the fixed plant and machinery where objectively the more economical solution would be to replace or renew the item.
- 3.1.5 To help plan for major works the Council has undertaken condition surveys of the fabric and mechanical and electrical (M&E) plant and some of this equipment has reached the end of its economic life, requiring urgent replacement. Added to this, all the boilers at Upper Mounts Baths have failed and a temporary repair has been provided to ensure the site remains operational. This is not sustainable, and delays to major works will result in further plant failures, resulting in the closure of the facilities.
- 3.1.6 The coronavirus (COVID19) pandemic has led to the temporary closure of these facilities. This Government decision to close retail and leisure premises has

resulted in significant reappraisal of business plans with most operators trying to identify funding to support operations until such time that the restrictions are lifted, and footfall returns to a normal pattern.

- 3.1.7 It is acknowledged that some organisations will not be able to survive this difficult time but the demand for leisure will continue with affordable facilities becoming more important as the impact on the coronavirus affects people's income. The tenant has prepared a business plan factoring in realistic expectations that footfall will be reduced when they re-open with a steady move back up to previous levels.
- 3.1.8 The Council is committed to providing leisure facilities that are inclusive and affordable. This is the reason that the Council has granted a long leasehold of these centres, and the tenant and Council continue to work collaboratively to secure grant funding to support investment in the facilities. In 2017 the Council were successful in obtaining lottery grant funding to improve the changing facilities at Mount Baths furthering the commitment to provide modern facilities for all users.
- 3.1.9 The Corporate Plan prioritises facilitating the health and wellbeing of local people, a priority for the Council is to ensure that leisure facilities are accessible, inclusive and affordable. These leisure centres are run on a "not for profit" basis with fees restricted to levels that cover operational costs and with payment concessions for people with qualifying circumstances.
- 3.1.10 The establishment of a project team consisting of officers from assets, legal and finance officers to review and prioritise the urgent works required at the three leisure sites. This group will look at the options to renew or replace the existing equipment, noting that there is a clear priority for the improvements to support the reduction of running costs and reduce carbon emissions. Close liaison with Unity Leisure in these discussions and planning would be maintained.

3.2 Issues

- 3.2.1 The immediate issues are that some of the fixed machinery and plant has failed and professional advisers confirm that other plant failures are imminent.
- 3.2.2 The failing of this equipment would lead to the leisure centres reverting back to the Council, where either a new operator would need to be identified and procured for these centres or the buildings would need to be sold.
- 3.2.3 Unity Leisure have provided evidence of their success to date as documented in Appendix A. The leisure market was relatively strong before Covid19, but the impact of Covid19 has meant that we can attach less weight to market information, we are faced with an unprecedented set of circumstances on which to base judgement as to what the market for leisure will be like when the restrictions lift but we should attach a high degree of caution when considering the option of not fulfilling our repairing obligation.
- 3.2.4 What this means is that the commercial operators are likely to reduce in numbers, they will consolidate and reduce their holdings, focussing on areas where they can achieve the highest return, we will see more sale and leasebacks of property and sadly more insolvencies.

- 3.2.5 Landlords are encouraged by government policy to work with their tenants to benefit from longer term economic and social success. The Council as Landlord would have an even higher responsibility to resist taking any action that would facilitate the demise of a tenant.
- 3.2.6 Should the tenant, Unity Leisure, not be able to operate as a result of our inability to maintain our repairing obligation under the lease, and therefore return the properties to us, the Council will be left with, not only the issues around contractual obligations, but three substantial vacant properties to secure. In the current market we are unlikely to get another operator for the foreseeable future, and the Council would need to offer substantial financial incentives to attract an operator, these incentives are likely to be much more than the cost of repairs currently under consideration.
- 3.2.7 The empty property holding costs would be significant, closed premises being at risk of antisocial behaviour and vandalism. Significant costs would be incurred to secure the site and comply with insurance regulations (likely to include draining the pool(s) with scaffold placed into the drained pool to mitigate injuries from unauthorised access and provide structural stability to the pool), empty property business rates (excepting one is a listed building and therefore subject to concession). Closure would result in no affordable leisure facilities for the community.
- 3.2.8 The loss of the Leisure Centres would have a significant detrimental impact on both adult, children and family's activity levels. The outreach including the street sports project attracts 5000 hard to reach attendees each year. The Health walks attract a similar number of walkers. These activities would be unable to continue and as they are delivered free of charge to the most deprived wards within the Borough and funding depends on overall income levels.
- 3.2.9 The Over 50's health and fitness members benefit from a wide range of activities and classes which are supported and delivered in the Leisure Centres. There is strong evidence that people who are active have a lower risk of heart disease, stroke, type 2 diabetes, some cancers, depression and dementia. In addition, regular exercise can reduce the risk of falling in older adults. Northampton has a very high proportion of active members for the over 50's activities.
- 3.2.10 For the wider Northampton population, taking part in leisure activities supports health, equality and mental wellbeing. Studies have highlighted that the availability of recreational facilities in a location impacts the amount of physical activity in which residents participate.
- 3.2.11 The Council has procured professional advice on the condition of the fabric and M&E in all the premises. A comprehensive survey was completed in 2010 and updated in 2016, both reports highlighted the need to prepare to replace the fixed plant and machinery. The leases require a cooperative approach to resolving major plant replacements and the tenant has identified the areas where replacement will result in savings in running costs and reductions in energy consumption.
- 3.2.12 The capital costs are estimated to be £1.8 million for works to replace boilers, air handling and condition units, pumps and filtration, energy efficient lighting, all

operated by a new building management system to minimise energy consumption and by doing this reduce the properties carbon output. However, these assumptions are a guide and more work is required to establish a phased capital replacement programme of works. The peer review will also help to identify the optimum solution and the most effective way to deliver the plant and machinery requirements for each site. Once the scope of work is determined this work will be tendered following procurement regulations to minimise cost, maximise potential efficiency savings and ensure value for money.

- 3.2.13 In the meantime, all three boilers at Upper Mounts Baths, a Grade II listed premises, have failed, a temporary solution is being provided at a cost of £36,300 ex Vat to cover a six month period of operations, with a weekly cost of £700 ex Vat thereafter until a permanent solution can be found. The temporary solution needs to be installed even with the premises currently closed as if this work was not done it will damage the calorification equipment which would have a cost in excess of £200k to replace. Therefore, it is deemed essential to avoid further repairs, with a greater cost, down the line.
- 3.2.14 In terms of practicality it would be advantageous if some of the major works or at least the intrusive preliminary works could be done during the lockdown closure (and the anticipated slow reintroduction of the business as usual model) to minimise disruption to the tenant and users of the facility.
- 3.2.15 Lings forum is currently being investigated for redevelopment with a feasibility underway to look at developing a shared public sector building for health and leisure in Weston Favell. This will mean that the Lings building has a lower life than the other and so Mounts and Danes Camp will be prioritised with only improvements that have a quicker payback to be investigated for the Lings site.
- 3.2.16 The suggested way forward is to:-
- 3.2.17 Establish a project team to comprise of technical property specialists supported by legal and finance to review and prioritise the urgent works and to prepare a programme for the fixed machinery and plant. This group will look at the options to renew or replace the existing equipment, noting that there is a clear priority for expenditure to support the reduction of running costs and reduce carbon emissions where economically possible to do so.
- 3.2.18 As part of this project, the Council would procure the assistance of an energy professional to complete a peer review of the work completed by the tenant to ensure works will focus in areas that produce the most cost-efficient savings.
- 3.2.19 The Council requires a maximum budget of £1.8 million capital expenditure for the urgent work to be completed. Further analysis will be undertaken to reduce these costs where possible. The work is to be funded by internal borrowing, unless capital receipts from the disposal of surplus property become available.
- 3.2.20 The project team will report back to Cabinet in July 2020 confirming the scope and full cost of the urgent works including the programme of work.

3.4 Choices (Options)

- 3.4.1 The options are to approve a capital budget to undertake the works to keep the centres operational.
- 3.4.2 The Council could choose not to do the works and the centres would remain closed. This would not be support with the Corporate Plan and may expose the Council to legal claims of financial loss from the tenant.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The capital investment plans to focus on measures that reduce energy consumption supports the Council Policy to become Carbon Neutral in 2030, along with the policy for healthy lifestyles and community engagement.

4.2 Resources and Risk

- 4.2.1 The option of doing nothing to undertake the works as provided for in the lease in this instance would expose the Council to significant risks of financial compensation by the Tenant. The council would also suffer reputational risks and the closure of the centres without a longer term solution to provide facilities would not support the Corporate Plan.
- 4.2.2 A robust due diligence process will be carried out to ensure that the optimum solution is found to minimise costs, maximise efficiencies and deliver the Council's contractual obligations to the tenant. This will include a cost/benefit analysis and a value for money assessment.
- 4.2.3 Should the Tenant currently managing these facilities not wish to continue providing the services due to lack of investment by the Council, the services and buildings could be returned to the Council providing an immediate Business Rates Liability of £334K per year in addition to building maintenance and security costs and the loss of community leisure facilities.

4.3 Legal

- 4.3.1 The provisions of each lease are clear that the responsibility for capital works to Fixed Plant and Machinery (as defined therein by each lease) sit with the Council as Landlord, this is in addition to other repair covenants (obligations) which relate to each Building (as defined therein by each lease).
- 4.3.2 With respect to each of the aforementioned provisions the Council reserved the right to decide these issues on an "as and when basis" with respect to any item for which it is responsible under each lease, having due regard to the Tenant's need to trade effectively, (albeit that the Council is not bound by that alone), it is clear each party under the lease is to act in good faith and to mutually assess as and when it appears to be more cost effective to undertake works of replacement, but within a timeline decided by the Council as Landlord.
- 4.3.3 Whilst the Tenant, they may wish to pursue the Council in respect of a breach of its obligations under the lease as noted at paragraph 4.2 above, pursuant to the

liability provisions contained in each lease the Council as Landlord is not liable to the Tenant for any financial loss howsoever it occurs arising from any decision made by the Landlord not to undertake, delay or defer expenditure upon renewals or replacement with respect to the structural parts of the Building or Fixed Plant and Machinery or anything for which is has a responsibility to renew or replace under the lease. The lease identifies there is no liability for the Tenant under the leases to carry out repairs to the Fixed Plant and Machinery where objectively the more economical solution would be to replace or renew the item.

4.3.4 The Operating Agreement sets out the overarching contractual position in respect of obligations, rights and remedies in circumstances arising from the provision of services and would become relevant if the Council chose not to fulfil its obligations under the leases.

4.3.5 The Government has recently issued guidance on the impact of the Corona Virus pandemic on local authority decision making and the guidance suggests that local authorities should consider any decision to be make (which is likely to have a significant impact on its community) from the perspective of whether the decision to be made can still be considered to be the proper utilisation of available Council resources in light of the pandemic.

4.4 Equality and Health

4.4.1 The replacement of fixtures and fittings will ensure that the works improve ongoing servicing access arrangements and that the outputs contribute to providing a better environment for all users.

4.5 Consultees (Internal and External)

4.5.1 Finance, Legal, Assets, Property Maintenance, the Tenant, CMB.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 This capital project supports the Corporate Plan, our vision, mission and values. We want to encourage our community to use affordable leisure facilities for health and wellbeing and support the local economy.

4.7 Environmental Implications (including climate change issues)

4.7.1 The works to replace fixed machinery and plant will support the Climate Emergency motions. Replacement will prevent water leaks and result is energy savings with reduced requirement for electricity and gas. This will be measured and reported back to Cabinet to compare the consumption before the works pre and post completion.

4.8 Other Implications

4.8.1 None

5. Background Papers

- 5.1 Northampton Borough Council Corporate Plan, Northampton Leisure Trust
Corporate Plan. Plant & Machinery condition surveys

6. Next Steps

- 6.1 The project team to review works and in conjunction with the tenant plan a programme of works that minimises disruption but proceeds as quickly as reasonably possible to make the best use of the ability to undertake works during the lockdown period. All works will be undertaken taking account of government guidelines for safe distancing and the method statement will be signed off by the Project Manager.

**Economic, Growth and Regeneration Manager
Kevin Langley**

Northampton Leisure Trust – Outcomes on behalf of Council/Community

Northampton Leisure Trust (NLT) was formed in 2011 to provide leisure facilities and services for the community, initially with Council support of a grant of £1.25 million per year. Over the last five years NLT have successfully reduced funding to zero therefore assisting the Council with the drive to reduce costs.

Northampton Leisure Trust (NLT), operating under the brand of Trilogy Leisure, is a registered charity and all profits are reinvested into its facilities and services for the benefit of Northampton residents. NLT operates several facilities in partnership with NBC, Duston Parish Council, Northampton General Hospital and the University of Northampton to inspire active lifestyles in Northampton.

An overview of some of the achievements are below:

- over 12,500 adult and 6000 junior health and fitness members benefiting from its value for money package;
 - on course for over 13,200 visits to its 50 plus weekly activity days from March 2019-April 2020;
 - 9700 visits to their under 5's activities across their leisure centres in the last 12 months;
 - over 4000 attendances at their Ofsted approved holiday playschemes during 2019;
 - over 4500 children learning to swim with Trilogy Swim school each week;
 - over 20 athletes benefiting from the Trilogy Talented athlete scheme which includes free membership of their facilities;
 - flourishing student membership scheme.
-
- 6,500 Junior Members participating in physical activity every month, developing physical literacy
 - A strong family membership programme at all Trilogy sites, developing family participation in physical activity
 - 11+ Health & Fitness programme at all facilities encouraging healthy lifestyles in young adults
 - Winner of UK Active National Kids Award 2018
 - Northampton Partnership Homes Hero Award (Street Sports)
 - Working in partnership with GP Alliance & NHS Foundation Trust to deliver NHS Health check contracts
 - Trilogy pre-school swim school developing safe swimming for pre-school children
 - Working with University of Northampton to develop Health & Wellbeing and positive activities for students in Northampton
 - Delivery of Children's Weight Management programmes in Northampton focussing on reducing childhood obesity
 - Delivery of Northampton Health walks, with approximately 5,000 participants
 - Supply of Northampton Streets Sports project, with over 11,000 attendances to the street sports programme

- Management and service delivery of the Forum Cinema, offering independent & foreign language film to all communities in Northampton, with approximately 55,000 visits per year, including kid's screens & 50+ screenings
- Delivery of online bookings for all activities and a comprehensive programme of online classes for all ages of the population keeping the community of Northampton physically active at home, with approximately 25,000 views per month

NLT support local communities, in terms of health, equality and mental wellbeing, for example: -

- Contributing in excess of £3.5million economic benefit to the residents of Northampton, through value for money services, innovative diversionary programmes and improving the health of the participants in sport & recreation. These benefits include savings in healthcare costs, social care costs, employment and social security benefits and the criminal justice service.
- Saving the Cripps Recreation Centre located in the grounds of Northampton General Hospital from shutting in 2015. The centre now offers a subsidised health and fitness membership scheme for hospital staff with over a 1/3 of staff benefiting from it.
- Helping to save a local nursery from shutting by providing them with a home in one of their leisure centres and helping them to access funding to bring the space up to Ofsted requirements.
- Working with partners to secure Northampton as a Social Enterprise Place.
- Attracting over half million pounds of external funding into Northampton in the last 2 years to improve facilities and services for the benefit of Northampton residents.
- National recognition and winning awards for their work with adults and juniors across Northampton.
- Delivering the annual Sports Awards event which recognises the sporting talent in Northampton as well as celebrating team and individual successes and acknowledging the work of coaches and volunteers.
- Supporting volunteers in the delivery of numerous activity programmes.
- Overseeing regular free health walks across Northampton and training volunteer health walk leaders.
- Delivering employability programmes and employing several apprentices.
- Supporting local schools, colleges and the University with work placement opportunities.
- Delivering a large scale annual National Playday event in Abington Park providing a free day of facility activities.
- Supporting several Community Safety events.
- Securing funding for Northampton ESCO to enable them to deliver heavily subsidised holiday activity schemes for children across Northampton

Northampton Leisure Trust Corporate Objectives for 2018-2023

- To create and deliver initiatives for the improvement of Health & Wellbeing across the geographical areas we serve.
- To improve the Social Impact and value of our services.

- To continuously improve the customer experience and journey by delivering high quality services and facilities.
- To enhance our skilled and motivated workforce.
- To generate income and surpluses to allow us to invest, improve and increase our leisure offer.

These objectives and the support provided to local communities are synergistic with the Council's vision, mission and values outlined in the Corporate Plan 2019 – 2021. Furthermore, NLT is currently supporting the Council with the development of a Sports Strategy for Northampton.

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Agenda Item 9

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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