

COMMUNITIES, LEISURE AND ARTS POLICY ADVISORY COMMITTEE MEETING

Date: Tuesday 9 January 2024
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Bryant, Eagle, Forecast (Chairman), Fort, Mrs Gooch (Vice-Chairman), Harper, Hinder, Naghi and T Wilkinson

The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.

AGENDA

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| 1. Apologies for Absence | |
| 2. Notification of Substitute Members | |
| 3. Urgent Items | |
| 4. Notification of Visiting Members | |
| 5. Disclosures by Members and Officers | |
| 6. Disclosures of Lobbying | |
| 7. To consider whether any items should be taken in private because of the possible disclosure of exempt information | |
| 8. Minutes of the meeting held on 5 December 2023 - to follow | |
| 9. Forward Plan relating to the Committee's Terms of Reference | 1 - 7 |
| 10. Reference from Council - Notice of Motion - Maidstone Leisure Centre | 8 - 13 |
| 11. Medium Term Financial Strategy 2024 to 2029 - Capital Programme | 14 - 26 |
| 12. Maidstone Leisure Centre Operator Contract | 27 - 38 |

Issued on 21 December 2023

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

PART II

To move that the public be excluded for the items set out in Part II of the Agenda because of the likely disclosure of exempt information for the reasons specified having applied the Public Interest Test.

Head of Schedule 12A and Brief Description

13. Exempt Appendix to Item 12 - Maidstone Leisure Centre Contract Operator	Paragraph 3 – Financial/Business Affairs	39 - 43
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INFORMATION FOR THE PUBLIC

In order to make a statement in relation to an item on the agenda, please call **01622 602899** or email committee@maidstone.gov.uk by 4 p.m. one clear working day before the meeting (i.e. by 4 p.m. on Friday 5 January 2024). You will need to tell us which agenda item you wish to speak on.

If you require this information in an alternative format please contact us, call **01622 602899**.

To find out more about the work of the Committee, please visit the [Council's Website](#).

MAIDSTONE BOROUGH COUNCIL FORWARD PLAN FOR THE FOUR MONTH PERIOD 1 DECEMBER 2023 TO 31 MARCH 2024

This Forward Plan sets out the details of the key and non-key decisions which the Cabinet or Cabinet Members expect to take during the next four-month period.

A Key Decision is defined as one which:

1. Results in the Council incurring expenditure, or making savings, of more than £250,000; or
2. Is significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough

The current Cabinet Members are:

→	 Councillor David Burton Leader of the Council DavidBurton@maidstone.gov.uk 07590 229910	 Councillor Paul Cooper Deputy Leader and Cabinet Member for Planning, Infrastructure and Economic Development PaulCooper@Maidstone.gov.uk 01622 244070	 Councillor John Perry Cabinet Member for Corporate Services JohnPerry@Maidstone.gov.uk 07770 734741
	 Councillor Claudine Russell Cabinet Member for Communities, Leisure and Arts ClaudineRussell@Maidstone.gov.uk	 Councillor Patrik Garten Cabinet Member for Environmental Services PatrikGarten@Maidstone.gov.uk 01622 807907	 Councillor Lottie Parfitt-Reid Cabinet Member for Housing and Health LottieParfittReid@Maidstone.gov.uk 07919 360000

Anyone wishing to make representations about any of the matters listed below may do so by contacting the relevant officer listed against each decision, within the time period indicated.

Under the Access to Information Procedure Rules set out in the Council's Constitution, a Key Decision or a Part II decision may not be taken, unless it has been published on the forward plan for 28 days or it is classified as urgent:

The law and the Council's Constitution provide for urgent key and part II decisions to be made, even though they have not been included in the Forward Plan.

Copies of the Council's constitution, forward plan, reports and decisions may be inspected at Maidstone House, King Street, Maidstone, ME15 6JQ or accessed from the [Council's website](#).

Members of the public are welcome to attend meetings of the Cabinet which are normally held at the Town Hall, High St, Maidstone, ME14 1SY. The dates and times of the meetings are published on the [Council's Website](#), or you may contact the Democratic Services Team on telephone number **01622 602899** for further details.

David Burton
Leader of the Council

Details of the Decision to be taken	Decision to be taken by	Relevant Cabinet Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
2nd Quarter Finance, Performance and Risk Monitoring Report ω	Cabinet	Cabinet Member for Corporate Services.	20 Dec 2023	No	No Open	<p>Planning, Infrastructure and Economic Development Policy Advisory Committee 8 Nov 2023</p> <p>Housing, Health and Environment Policy Advisory Committee 14 Nov 2023</p> <p>Communities, Leisure and Arts Policy Advisory Committee 5 Dec 2023</p> <p>Corporate Services Policy Advisory Committee 13 Dec 2023</p>	2nd Quarter Finance, Performance and Risk Monitoring Report	<p>Paul Holland, Adrian Lovegrove</p> <p>Head of Finance</p> <p>paulholland@maidstone.gov.uk, adrianlovegrove@maidstone.gov.uk</p>
Equality, Diversity and Inclusion - Annual Update	Cabinet	Cabinet Member for Communities, Leisure and Arts	20 Dec 2023	No	No Open	Communities, Leisure and Arts Policy Advisory Committee 5 Dec 2023	Equality, Diversity and Inclusion - Annual Update	<p>Anna Collier, Orla Sweeney</p> <p>annacollier@maidstone.gov.uk, orlasweeney@maidstone.gov.uk</p>

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
<p>Fees and Charges 2024/25</p> <p>F&Cs for the PAC that will be used to charge for services in 24/25</p> <p>4</p>	Cabinet	Cabinet Member for Corporate Services.	20 Dec 2023	Yes	No Open	<p>Communities, Leisure and Arts Policy Advisory Committee 5 Dec 2023</p> <p>Planning, Infrastructure and Economic Development Policy Advisory Committee 7 Dec 2023</p> <p>Housing, Health and Environment Policy Advisory Committee 12 Dec 2023</p> <p>Corporate Services Policy Advisory Committee 13 Dec 2023</p>	Fees and Charges 2024/25 CS PAC	<p>Adrian Lovegrove</p> <p>Head of Finance</p> <p>adrianlovegrove@m aidstone.gov.uk</p>
<p>Maidstone Leisure Centre - Leisure Services Contract</p> <p>A report on the Leisure Services Contract for the council's leisure facilities</p>	Cabinet	Cabinet Member for Communities, Leisure and Arts	24 Jan 2024	Yes	No Part exempt	<p>Communities, Leisure and Arts Policy Advisory Committee 9 Jan 2024</p>	Maidstone Leisure Centre	<p>Mike Evans</p> <p>MikeEvans@Maidstone.gov.uk</p>

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
<p>Medium Term Financial Strategy 2024 to 2029 - Capital Programme</p> <p>Detail of the 10 year capital programme for inclusion in the budget for 2024/25 onwards.</p> <p>5</p>	Cabinet	Cabinet Member for Corporate Services.	24 Jan 2024	Yes	No Open	<p>Corporate Services Policy Advisory Committee 17 Jan 2024</p> <p>Communities, Leisure and Arts Policy Advisory Committee 9 Jan 2024</p> <p>Planning, Infrastructure and Economic Development Policy Advisory Committee 10 Jan 2024</p> <p>Housing, Health and Environment Policy Advisory Committee 16 Jan 2024</p> <p>Overview and Scrutiny Committee 23 Jan 2024</p>	<p>Medium Term Financial Strategy 2024 to 2029 - Capital Programme</p>	<p>Paul Holland, Adrian Lovegrove</p> <p>Head of Finance</p> <p>paulholland@maidstone.gov.uk, adrianlovegrove@maidstone.gov.uk</p>

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3rd Quarter Finance, Performance and Risk Monitoring Report 9	Cabinet	Cabinet Member for Corporate Services.	7 Feb 2024	No	No Open	Corporate Services Policy Advisory Committee 5 Feb 2024 Communities, Leisure and Arts Policy Advisory Committee 6 Feb 2024 Housing, Health and Environment Policy Advisory Committee 30 Jan 2024 Planning, Infrastructure and Economic Development Policy Advisory Committee 29 Jan 2024	3rd Quarter Finance, Performance and Risk Monitoring Report	Paul Holland, Adrian Lovegrove Head of Finance paulholland@maidstone.gov.uk, adrianlovegrove@maidstone.gov.uk
Biodiversity and Climate Change Action Plan Update	Cabinet	Cabinet Member for Corporate Services.	7 Feb 2024	No	No Open	Corporate Services Policy Advisory Committee 5 Feb 2024 Communities,	Biodiversity and Climate Change Action Plan Update	James Wilderspin Biodiversity and Climate Change Manager

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7						Leisure and Arts Policy Advisory Committee 6 Feb 2024 Housing, Health and Environment Policy Advisory Committee 30 Jan 2024 Planning, Infrastructure and Economic Development Policy Advisory Committee 29 Jan 2024		jameswilderspin@maidstone.gov.uk
Parish Charter Review Review of Parish Charter	Cabinet	Cabinet Member for Communities, Leisure and Arts	20 Mar 2024	No	No Open	Communities, Leisure and Arts Policy Advisory Committee 5 Mar 2024	Parish Charter Review	Orla Sweeney orlasweeney@maidstone.gov.uk
Preventing Financial Exclusion	Cabinet	Cabinet Member for Communities, Leisure and Arts	20 Mar 2024	No	No Open	Communities, Leisure and Arts Policy Advisory Committee 5 Mar 2024	Preventing Financial Exclusion	Anna Collier, Orla Sweeney annacollier@maidstone.gov.uk, orlasweeney@maidstone.gov.uk

Agenda Item 10

COMMUNITIES, LEISURE AND ARTS POLICY ADVISORY COMMITTEE

9 JANUARY 2024

Reference from Council – Notice of Motion – Maidstone Leisure Centre

Timetable	
Meeting	Date
Communities, Leisure and Arts Policy Advisory Committee	9 January 2024

Wards Affected	All Wards
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Executive Summary

At the extraordinary meeting of the Council held on 29 November 2023, a motion relating to Maidstone Leisure Centre was moved by Councillor Harper, seconded by Councillor Coates.

In accordance with Council Procedure Rule 12.9.3, at the conclusion of the debate, there being no proposal to refer the matter directly to the Cabinet, the Mayor referred the motion to the Communities, Leisure and Arts Policy Advisory Committee.

This reference makes the following recommendation to the Communities, Leisure and Arts Policy Advisory Committee:

That consideration be given to the motion relating to Maidstone Leisure Centre with a view to making a recommendation to the Cabinet Member for Communities, Leisure and Arts.

Reference from Council – Notice of Motion – Maidstone Leisure Centre

1. REASONS FOR RECOMMENDATION

- 1.1 At the extraordinary meeting of the Council held on 29 November 2023, the following motion was moved by Councillor Harper, seconded by Councillor Coates:

At the Heritage, Culture and Leisure Committee held on 5 March 2019 (minute 146) a report was presented on the Future of Sports and Leisure Provision. This was the start of an active process to look at future options for the Maidstone Leisure Centre in Mote Park. This work was conducted with support from the National Sports Council. Over 2019 into early 2021, it became clear that the options were a major refurbishment or a new build for the leisure centre to have a long-term future. During 2021 site visits were undertaken to other new leisure centres and a consensus was developing towards the need for a new building. Since the move to a Cabinet structure in May 2022 the process has slowed or stopped. There is no clarity now on the way forward and the current management contract is coming to an end with no proposals for the future of the Leisure Centre.

In the 2022/23 budget an additional provision of £1m a year was put into the budget to reflect the aging building and its increasing costs with a view that by 2029/30 there would either have been a major refurbishment of the building, parts of which date to the 1970's or a full rebuild. Despite this issue and a request for an update, there are no proposals for the continuation of a leisure centre into the middle of the century.

In February 2023 the Economic Regeneration and Leisure Policy Advisory Committee received a report on the impact to the Council of the long-term revenue costs of the Leisure Centre, including doing nothing, refurbishment and new build. In revenue terms if there is no refurbishment to the Centre and it remains largely as now the yearly costs to the Council by 2039/40 will be around £2.3/2.4m and increasing yearly, whilst a new build would only cost £0.5m (and reducing yearly), saving £1.8/1.9m every year.

At that meeting it was stated that to do anything would be too costly to the Council, and that there was no provision in the capital programme. All that was agreed was for a minor scheme to improve circulation space and energy efficiency to be implemented next year.

That was 9 months ago, the problem will not go away by simply ignoring it. What we are asking for is that this issue be taken forward by the Council and a full progress report to agree a timetable on the process to when a final decision and either a full refurbishment or new build is proceeded with is submitted to the Communities, Leisure and Arts Policy Advisory Committee.

It is therefore proposed that:

The Cabinet Member for Communities, Leisure and Arts provide a full progress report on the options to the Communities, Leisure and Arts Policy Advisory Committee, no later than its meeting in February 2024, including agreeing a timetable on the process and a key decision-making timeline as to when a final decision is required to ensure that either a full refurbishment or new build is completed by 2031.

- 1.2 In accordance with Council Procedure Rule 12.9.3, at the conclusion of the debate, there being no proposal to refer the matter directly to the Cabinet, the Mayor referred the motion to the Communities, Leisure and Arts Policy Advisory Committee.

2. ALTERNATIVES CONSIDERED AND WHY NOT RECOMMENDED

Not applicable.

3. REPORT APPENDICES

A copy of the Briefing Note which was prepared to assist Members in their consideration of the motion is attached as Appendix A.

4. BACKGROUND PAPERS

Minutes of the extraordinary meeting of the Council held on 29 November 2023.

MAIDSTONE BOROUGH COUNCIL - MEETING 29 NOVEMBER 2023

MOTION FROM COUNCILLOR HARPER - BRIEFING

Wording of motion:

At the Heritage, Culture and Leisure Committee held on 5th March 2019 (minute 146) a report was presented on the Future of Sports and Leisure Provision. This was the start of an active process to look at future options for the Maidstone Leisure Centre in Mote Park. This work was conducted with support from the National Sports Council. Over 2019 into early 2021, it became clear that the options were a major refurbishment or a new build for the leisure centre to have a long-term future. During 2021 site visits were undertaken to other new leisure centres and a consensus was developing towards the need for a new building. Since the move to a Cabinet structure in May 2022 the process has slowed or stopped. There is no clarity now on the way forward and the current management contract is coming to an end with no proposals for the future of the Leisure Centre.

In the 2022/23 budget an additional provision of £1m a year was put into the budget to reflect the aging building and its increasing costs with a view that by 2029/30 there would either have been a major refurbishment of the building, parts of which date to the 1970's or a full rebuild. Despite this issue and a request for an update, there are no proposals for the continuation of a leisure centre into the middle of the century.

In February 2023 the Economic Regeneration and Leisure Policy Advisory Committee received a report on the impact to the Council of the long-term revenue costs of the Leisure Centre, including doing nothing, refurbishment and new build. In revenue terms if there is no refurbishment to the Centre and it remains largely as now the yearly costs to the Council by 2039/40 will be around £2.3/2.4m and increasing yearly, whilst a new build would only cost £0.5m (and reducing yearly), saving £1.8/1.9m every year.

At that meeting it was stated that to do anything would be too costly to the Council, and that there was no provision in the capital programme. All that was agreed was for a minor scheme to improve circulation space and energy efficiency to be implemented next year.

That was 9 months ago, the problem will not go away by simply ignoring it. What we are asking for is that this issue be taken forward by the Council and a full progress report to agree a timetable on the process to when a final decision and either a full refurbishment or new build is proceeded with is submitted to the Communities, Leisure and Arts Policy Advisory Committee.

It is therefore proposed that:

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decision is required to ensure that either a full refurbishment or new build is completed 2031.

Background information

Optimum timing of new investment

The reports cited in the question demonstrate that the condition of the leisure centre and options for the future including its potential refurbishment or replacement have been under active consideration by members for some time. It has always been recognised that a new leisure centre will require very significant capital investment, but over time the condition of the existing leisure centre will itself require investment in order to keep it open. From a financial viewpoint, the decision to be made is therefore at what point the costs of keeping the existing centre open outweigh the costs of a new leisure centre, bearing in mind the lifetime costs of each option.

It must be stressed that the Council has maintained its commitment to providing good quality and affordable leisure facilities to residents throughout. Indeed, by taking over the former David Lloyd Club at Lockmeadow earlier this year, the Council is now providing another leisure facility in the centre of the town, catering to the commercial market, and has significantly improved the quality of the facilities on offer there.

Previous consideration by members

To illustrate the point about active consideration of the timing of new investment, the capital programme for the five years commencing 2024/25 was considered by the former Economic Regeneration and Leisure Policy Advisory Committee at its meeting on 10 January 2023. At that point, no new leisure centre was included in the five-year programme, but it was stated the end of the five year planning period would likely be the optimum time to initiate the construction of a new facility. Work was continuing in the background on the location, design and facilities to be provided.

Current position

More recently, the Communities Leisure and Arts Policy Advisory Committee considered an extension to the existing contract with Maidstone Leisure Trust and Serco Leisure Limited at its meeting on 3 October 2023. A report setting out the details is included on the PAC's agenda for 9 January 2024. If agreed by Cabinet, this extension would run until 2031, being approximately the date which was previously estimated to be the optimum time for the replacement of the existing facilities with a new leisure centre.

The variables affecting timing of investment in a new leisure centre, including the Council's access to capital funding, competing capital expenditure priorities, building costs, and the cost of maintaining the existing facility, will remain under review. The options (refurbishment versus replacement) remain under review and the necessary preparatory steps for the construction of a new leisure centre are being taken. These include monitoring progress with the construction of Passiv Haus style leisure centres elsewhere in the country and taking all available opportunities to bid for grant funding for feasibility and other work, with a view to construction of a new leisure centre at the appropriate time.

In the meantime, as agreed by Cabinet at its meeting on 8 February 2023, a significant interim investment in the leisure centre of £2 million for improvement works will be undertaken over the next 12 months to ensure that the facility remains attractive and up-to-date. This figure has been updated in the MTFS Capital Programme report to be considered by the Community Leisure and Arts PAC on 9 January, along with a provision of £60 million for a new Leisure Centre. The Capital Programme will then be considered in its entirety by Cabinet on 24 January 2024 and by Council in February 2024.

Conclusion

Given the proposed contract extension arrangements and capital expenditure plans, as summarised above and described in more detail in reports on the PAC Agenda for 9 January 2024, the requirement for a progress report (as requested in the motion) has been superseded.

Agenda Item 11

Communities Leisure and Arts Policy Advisory Committee

9 January 2024

Medium Term Financial Strategy – Capital Programme

Timetable	
Meeting	Date
Communities Leisure and Arts Policy Advisory Committee	9 January 2024
Cabinet	24 January 2024
Council	21 February 2024

Will this be a Key Decision?	Yes
Urgency	Not applicable
Final Decision-Maker	Council
Lead Head of Service/Lead Director	Mark Green, Director of Finance, Resources and Business Improvement
Lead Officer and Report Author	Paul Holland, Senior Finance Manager (Client)
Classification	Public
Wards affected	All

Executive Summary

This report forms part of the process of agreeing a budget for 2024/25 and setting next year's Council Tax. It develops the outline of the capital programme and reconfirms the principles behind the Council's capital strategy, explains how the capital programme will be funded, and describes the individual schemes within the remit of this Committee.

The approved capital programme is not approval to spend. Prior to any capital commitment being entered into, a detailed report setting out a full project appraisal and detailed financial projections is considered by the relevant service committee.

Purpose of Report

The report enables the Committee to consider and comment on capital programme schemes within its remit.

This report makes the following recommendations to the Communities Leisure and Arts Policy Advisory Committee:

That the Committee recommends to Cabinet that it:

1. Agrees the capital programme 2024/25 onwards as set out in Appendix B to this report;
2. Notes that agreement to recommendation 1 above will be subject to the prudential borrowing limit which will be recommended to Council as part of the Treasury Management Strategy 2024/25

Medium Term Financial Strategy – Capital Programme

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium-Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. Specifically, the capital programme allows for investment in long term projects that support the strategic plan objectives.	Section 151 Officer & Finance Team
Cross Cutting Objectives	The MTFS supports the cross-cutting objectives in the same way that it supports the Council's other strategic priorities.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 5 of the report.	Section 151 Officer & Finance Team
Financial	Set out in the report.	Section 151 Officer & Finance Team
Staffing	Staffing implications are taken into account when developing individual capital schemes.	Section 151 Officer & Finance Team
Legal	<p>Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.</p> <p>The Medium-Term Financial Strategy demonstrates the Council's commitment to fulfilling its duties under the Act.</p> <p>Approval of the budget is a matter reserved for full Council upon recommendation by the Cabinet.</p>	Team Leader (Contentious and Corporate Governance)
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Senior Information Governance Officer

Equalities	This report sets out the overall capital programme. When an individual capital scheme is developed, changed or reviewed, an evidence-based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations will be identified.	Equalities and Communities Officer
Public Health	The resources to achieve the Council's objectives are allocated through the development of the Medium-Term Financial Strategy which sets the overall priorities for the capital programme.	Section 151 Officer & Finance Team
Crime and Disorder	The resources to achieve the Council's objectives are allocated through the development of the Medium-Term Financial Strategy which sets the overall priorities for the capital programme.	Section 151 Officer & Finance Team
Procurement	Procurement of the capital schemes described in section 2 of this report will be in accordance with the procurement provisions within the Council's constitution.	Section 151 Officer & Finance Team
Biodiversity & Climate Change	The capital programme includes provision for funding to deliver schemes which will help meet the Council's biodiversity and climate change objectives.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

Background

- 2.1 The capital programme plays a vital part in the Council's Strategic Plan, since long term investment is required to deliver many of the objectives of the plan. The capital programme is now a rolling ten-year programme, so sets out over the medium term how the Council will invest its capital resources.
- 2.2 The current capital programme 2023/24 – 2027/28 was approved by Council at its meeting on 22 February 2023 and totals £201.9 million over five years. Details of schemes within the remit of this Committee are set out in Appendix A.
- 2.3 As part of the budget setting process the capital programme has been reviewed to ensure it is affordable and sustainable. To aid this we have increased the period of the capital programme to 10 years so we understand the longer term implications of borrowing. As part of setting the capital programme we have carried out challenge sessions to ensure projects meet the Council's defined core principles for the inclusion of schemes within the capital programme.
- 2.4 The 10 year programme totals £444.5m. Individual items within the programme will be subject to specific reports for approval to spend through relevant governance. Overall, it is considered that the expansion of the programme is affordable and sustainable and is required in order to deliver the Council's strategic objectives.

Capital Strategy

- 2.5 Under CIPFA's updated Prudential Code, the Council is required to produce a Capital Strategy, which is intended to give an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 2.6 The Capital Strategy is being considered by Audit, Governance & Standards Committee at its meeting on 15th January 2024 and will subsequently be agreed by Council at its meeting on 21st February 2024. The Strategy describes how the Capital Programme is developed and the key points are set out below.
- 2.7 The Council has defined certain core principles for the inclusion of schemes within the capital programme. Schemes may be included in the capital programme if they fall within one of the four following categories:
 - (i) Required for statutory reasons, e.g., to ensure that Council property meets health and safety requirements;
 - (ii) Self-funding schemes focused on Strategic Plan priority outcomes;

- (iii) Other schemes focused on Strategic Plan priority outcomes; and
- (iv) Other priority schemes which will attract significant external funding.

2.8 All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code and the following locally set principles:

(a) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, such as the Asset Management Plan, the schemes are also subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant Policy Advisory Committee.

b) Where schemes require the use of prudential borrowing, a business case must first be prepared setting out the viability and justification in terms of necessity or contribution to the delivery of strategic goals.

c) Schemes will be evaluated against Environmental, Social and Governance objectives, within the overall Strategic Plan priorities. Schemes where this might be relevant would include those which offer:

- Greater environmental sustainability
- Local community benefits
- Implementation of ethical sourcing practices.

2.9 Where schemes do not fit within the criteria above, but an appropriate option appraisal has been completed, they may still be included within the programme if they fall within one of the four categories set out above.

2.10 If, following all considerations, there are a number of approved schemes that cannot be accommodated within the current programme, a prioritised list of schemes that can be added to the programme as future resources permit will be created and approved by Cabinet, thus allowing officers to focus funding efforts on delivering schemes that are next in priority order.

2.11 The Medium-Term Financial Strategy (MTFS) requires the Council to identify actual funding before commencement of schemes. Accordingly, while schemes may be prioritised for the programme, ultimately commencement of any individual scheme can only occur once all the necessary resources have been identified and secured.

2.12 The MTFS principles require that the Council will maximise the resources available to finance capital expenditure, in line with the requirements of the Prudential Code, through:

- a) The use of external grants and contributions, subject to maintaining a focus on the priority outcomes of its own strategies;

b) Opportunities to obtain receipts from asset sales as identified in the asset management plan and approved for sale by Cabinet;

c) The approval of prudential borrowing when the following criteria also apply to the schemes funded by this method:

- i. financial viability of the schemes can be clearly evidenced;
- ii. the outcome returns economic value commensurate to the cost incurred by borrowing to fund the schemes;
- iii. after covering the cost of funding, a further benefit accrues to the Council that directly or indirectly supports the objectives of the strategic plan or the medium-term financial strategy.

d) The use of residual New Homes Bonus and Funding Guarantee for capital purposes in line with the Council's strategic plan priorities;

e) The implementation of a community infrastructure levy (CIL) and the management of its use, along with other developer contributions (S106), to deliver the objectives of the infrastructure delivery plan.

2.13 Service managers submit proposals to include projects in the Council's capital programme. Bids are collated by Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). Each Policy Advisory Committee appraises the proposals based on a comparison with corporate priorities. The Cabinet then recommends the capital programme which is then presented to Council in February each year.

2.14 Prior to any capital commitment being entered into, a detailed report setting out a full project appraisal and detailed financial projections is considered by the relevant service committee.

Funding the Capital Programme

2.15 All capital expenditure must be financed, either from external sources (grant funding and other contributions), the Council's own resources (revenue contributions, earmarked reserves, internal borrowing and capital receipts) or debt (external borrowing and other forms of corporate finance).

2.16 The Council currently has external borrowing of £5 million, representing Public Works Loan Board borrowing plus we have also committed to borrow £80 million in advance over the period 2024 to 2026 at an affordable rate. With internal resources expected to be fully utilised in future, the Council will look to increase external borrowing to a maximum of £359.9m over the 10-year lifetime of the capital programme. Over this time the Council will seek a mixture of long term and short-term debt to minimise the risk of refinancing. The Director of Finance, Resources & Business Improvement may look to procure forward borrowing terms ahead of requiring funding for the capital programme. This is to lock into preferential rates in case of future rate rises.

- 2.17 The Council has hitherto used the New Homes Bonus to fund capital expenditure. The allocation for 2024/25 onwards has been reduced to £1.9 million, so to ensure that there is sufficient funding to support the viability of the 1,000 New Homes programme it is envisaged that this will be topped up from the Funding Guarantee that was announced as part of the Local Government Financial Settlement in December 2023.
- 2.18 External funding is sought wherever possible. The Council has received funding from the Government via the UK Shared Prosperity Fund, some of which is allocated to capital schemes, and funding will be sought in particular to support the Affordable Housing Programme.
- 2.19 Funding is also available through developer contributions (S 106) and the Community Infrastructure Levy (CIL).

Capital Programme Proposals

- 2.20 Capital Programme proposals have been developed based on the principles set out above and reflect the strategic priorities agreed by Council when it set the current Strategic Plan.
- 2.21 Appendix B to this report sets out the recommended programme for this Committee. This includes schemes which were programmed for 2024/25 – 2028/29 within the existing capital programme together with new schemes that it is now proposed to include within the capital programme. Further details are set out below.
- 2.22 Museum Development Plan - £180,000

The Maidstone Museums Forward Plan 2022-27 was presented to this Committee's predecessor Committee in July 2022. The Forward Plan set out an ambitious programme, inspired by a mission to inspire, educate and challenge its visitors and users through the use of its collections, staff and buildings. A first step in delivering this plan was a new archaeology gallery, due to open in early Summer 2024. Nearly £700,000, including contributions from external funders, will have been invested in this gallery and this forms part of the existing capital programme.

The immediate next steps in the Development Plan are as follows.

Upgrading Local History Gallery

It is planned to improve the Local History Gallery, which adjoins the new archaeology gallery, to make it more attractive and consistent in standard with the new gallery. A proposal is being developed to an external funder to carry out this work, which is expected to cost £100,000.

Accessibility

It is part of the museum's mission to ensure that its collections are available to all. It is therefore proposed to install a flexi-step and ramp for more inclusive access to the natural history and dinosaur galleries, at an estimated cost of £80,000.

2.23 Existing Leisure Centre – Capital Improvements £2.25 million

This Committee considered proposals for minor capital improvements to the Leisure Centre at its meeting on 7 February 2023. The purpose was to reduce costs and generate increased revenue over the likely extension period of the existing contract. This was agreed by Cabinet and built into the capital programme for 2023/24. As this work has been dependent on decisions about extension of the contract, it has not started as yet and the majority of the expenditure is now likely to slip to 2024/25.

2.24 New Leisure Centre - £60.0 million

The Council is committed to providing leisure services that are accessible to all the borough's residents. This follows from the Council's strategic priorities, and in particular the cross-cutting priority of addressing and reducing health inequalities.

The existing Mote Park Leisure Centre is over 50 years old. It is becoming increasingly expensive to maintain and detracts from the Council's net zero carbon emissions objective. Modelling presented to this Committee's predecessor in February 2023 indicated that the optimum time for a replacement, or at the very least a significantly refurbishment, would be towards the end of the extension period for the existing leisure contract (which is subject to a separate report on this agenda).

It was reported in February 2023 that projected capital costs for a new build leisure centre would be in the region of £40 million. A Passivhaus centre or more sophisticated design would cost in excess of £50m. Owing to the complexity of a major refurbishment, the capital costs arising would be at least £35 million, ie not significantly less than the cost of a complete replacement.

It is proposed to make provision in the capital programme for £60 million, which would offer the opportunity to build a new leisure centre commensurate with the Council's ambitions, given current prices. Expenditure is profiled over the next six years, with some initial investment in design and feasibility in 2024/25 and a build programme extending over the three years 2027/28 to 2028/29.

All opportunities to source external funding to mitigate the cost to the Council will be explored. At this stage the proportion to be externally funded cannot be estimated, so the figure of £60 million represents the gross cost of a new leisure centre.

2.25 Mote Park Kiosk Refurbishment & Extension - £250,000

£200,000 was included for this project in the existing capital programme for 2023/24. The intention was to provide clean and safe facilities to replace the existing toilet block on the northern side of Mote Park Lake, to complement the new café facility on the opposite side. This work has not yet commenced so will slip to 2024/25.

3. AVAILABLE OPTIONS

- 3.1 Recommend the capital programme proposals as presented for approval by the Cabinet and then for consideration by Council.
- 3.2 Recommend amendments or deletion to some or all of the proposals and make any new alternative projects for consideration by the Cabinet.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is that the Committee recommends the proposed capital programme (option 3.1) to the Cabinet.

5. RISKS

Funding

- 5.1 From now on, the capital programme will primarily be funded through prudential borrowing. For the capital programme as a whole, the funding risk has been mitigated by committing to borrow £80 million in advance over the period 2024 to 2026 at an affordable rate. This has given some assurance about delivery of the capital programme in the short term. The main item of expenditure during this period the Affordable Housing Programme, which will therefore benefit from these relatively low borrowing costs. However, it is difficult to predict likely interest rates over the period of peak expenditure on the new leisure centre. With interest rates at their current elevated levels, it is not worth locking in a future borrowing commitment at this stage. We will use our Treasury Management Strategy to manage the cost of subsequent borrowing but there is a risk that funding costs could remain at current levels, thus putting at risk the viability of the scheme.

Delivery

- 5.2 The scale of the capital programme, at £62.7 million for this Committee alone, will require considerable capacity for delivery and project management.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Corporate Services PAC received an initial report on the MTFs at its meeting on 12 July 2023. This Committee was then consulted on the revenue

budget proposals within its remit at its meeting on 5 September 2023 and on Fees and Charges and the budget consultation at its meeting on 5 December 2023. This consultation identified that the most popular area amongst respondents for new investment was infrastructure, with flood prevention and the street scene cited as examples in the survey to illustrate what 'infrastructure' means. The other PACs are considering the budget proposals relating to capital schemes within their portfolios during January 2024.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The timetable for setting the budget for 2023/24 is set out below.

<i>Date</i>	<i>Meeting</i>	<i>Action</i>
24 January 2024	Cabinet	Agree Capital Programme
21 February 2024	Council	Approve Revenue Budget 2024/25 and Capital Programme

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Existing Capital Programme 2023/24 to 2027/28
 - Appendix B: Proposed Capital Programme 2024/25 to 2033/34
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9. BACKGROUND PAPERS

There are no background papers.

**Communities Leisure and Arts
Policy Advisory Committee**

Current Capital Programme 2023/24 - 2027/28

	Five Year Plan					Total £000
	23/24 £000	24/25 £000	25/26 £000	26/27 £000	27/28 £000	
Mote Park Lake - Dam Works	20					20
Museum Development Plan	689					689
Leisure Provision	3,000	1,000	1,000	1,000	1,000	7,000
Tennis Courts Upgrade	20					20
Mote Park Kiosk Refurbishment & Extension	200					200
TOTAL	3,929	1,000	1,000	1,000	1,000	7,929

**Communities Leisure and Arts
Policy Advisory Committee**

Capital Budget Proposals 2024/25 - 2033/34

	24/25	25/26	26/27	27/28	28/29	5-year total	29/30	30/31	31/32	32/33	33/34	10-year total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Museum Development Plan	180					180						180
Leisure Provision	2,250					2,250						2,250
New Leisure Centre	500	500	2,000	15,000	29,000	47,000	13,000					60,000
Mote Park Kiosk	250					250						250
Refurbishment & Extension												
TOTAL	3,180	500	2,000	15,000	29,000	49,680	13,000					62,680

**COMMUNITIES, LEISURE AND
ARTS POLICY ADVISORY
COMMITTEE**

9 January 2023

Maidstone Leisure Centre Operator Contract

Timetable	
Meeting	Date
Communities, Leisure and Arts Policy Advisory Committee	9 January 2024
Cabinet	24 January 2024

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Katie Exon, Head of Property and Leisure
Lead Officer and Report Author	Mike Evans, Leisure Manager
Classification	<p>Public report with exempt appendix</p> <p>Exempt Appendix 1: Maidstone Leisure Centre Contract Extension Proposal</p> <p>This appendix contains exempt information as classified in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>The public interest in maintaining this exemption outweighs the public interest in its disclosure.</p>
Wards affected	All

Executive Summary

Discussions and negotiations with Maidstone Leisure Trust and Serco Leisure have been conducted during 2023 concerning an extension of the contract for operating the Leisure Centre. An update on those discussions was brought to the October CLA PAC meeting, along with a recommendation to Cabinet that, because negotiations had not reached a satisfactory conclusion, proposals for a relet of the contract be put in hand.

Discussions with Maidstone Leisure Trust (MLT) and Serco have continued through October and November and this report includes a final negotiated position. This represents a significant improvement on the position reported in October. The report describes the contract extension terms and weighs them against the other options available to the council.

Purpose of Report

Recommendation to Cabinet

This report asks the Committee to consider the following recommendations to the Cabinet;

1. That it notes the current proposals from Maidstone Leisure Trust and Serco Leisure for a contract extension.
2. That the leisure services contract for Maidstone Leisure Centre, Mote Park Outdoor Adventure and Lockmeadow Health Club for the period August 2024 onwards be extended for a period of five years, with up to three one-year extensions thereafter.
3. That delegated authority is given to the Director of Finance, Resources and Business Improvement, in consultation with the Cabinet Member for Communities, Leisure and Arts, to finalise details of the contract extension.
4. That an additional £250,000 for minor capital improvements be included in the capital programme.
5. That £1,000,000 for bringing forward plans for a new or refurbished leisure centre be included in the capital programme, with a view to a final decision on the way forward by August 2026.

Maidstone Leisure Centre Operator Contract

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>Accepting the recommendations will materially improve the Council’s ability to continue to achieve its Thriving Place objectives. We set out the reasons other choices will be less effective in section 3.</p>	Leisure Contracts Manager
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>The report recommendation(s) supports the achievement(s) of the health inequalities cross cutting objectives by ensuring a continuation of leisure centre services.</p>	Leisure Contracts Manager
Risk Management	Refer to section 5 of the report	Leisure Contracts Manager
Financial	There will be budgetary implications arising from the extension of the current leisure services contract, which are addressed in the report and appendix. These budgetary implications can be accommodated within the current budget and policy framework.	Section 151 Officer & Finance Team

Staffing	We will deliver the recommendations with our current staffing.	Head of Property and Leisure
Legal	Acting on the recommendations is within the Council's powers and ensures that the Council acts in line with its obligations under the Public Contracts Regulations 2015.	Team Leader, Contracts and Commissioning, MKLS
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Senior Information Governance Officer
Equalities	The recommendations will result in a continuation of service. There is no impact on Equalities as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change, should one be identified.	Equalities & Communities Officer
Public Health	The continuation of the current service will ensure residents have consistent access to public leisure facilities.	Leisure Contracts Manager
Crime and Disorder	There are no implications to Crime and Disorder.	Head of Property and Leisure
Procurement	The contract extension follows procurement rules and the council complies with its obligations.	Head of Property and Leisure & Section 151 Officer
Biodiversity and Climate Change	The contract extension includes investment in energy saving measures that will reduce the leisure centre's carbon emissions. This will make a positive impact on biodiversity and climate change in the borough.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

2.1 The Council's Leisure Centre is operated under a contract with Maidstone Leisure Trust, which is an independent not-for-profit community benefit society. By contracting with MLT, Maidstone Borough Council has access to significant tax exemptions and other benefits. The Trust is comprised of several volunteer trustees, all of whom have an active interest in sport and active leisure in the borough of Maidstone. Day-to-day running of the

leisure centre is carried out by Serco Leisure who operate as the agent for MLT to enable the Trust to fulfil the obligations of the leisure centre contract. Beyond the leisure centre, MLT supports sport and active leisure locally with grant funding for sports clubs and individuals. This contract expires in August 2024.

- 2.2 Under the terms of the contract set in 2008, the council pays £630,000 from its annual revenue budget on capital repayments for the 2009 leisure centre enhancements and the ongoing capital renewals at the centre for the period 2010 to 2024. The council receives £200,000 in its annual revenue budget for the management of the leisure centre and £90,000 for Mote Park Outdoor Adventure together with a 33.33% share of the net surplus.
- 2.3 In February 2023 Cabinet resolved that it would advance minor practical improvements to the leisure centre amounting to £2 million and pursue a contract extension with MLT and Serco Leisure Ltd for the continued operation of the leisure centre and Mote Park until 2031.
- 2.4 Since the meetings of the Economic Regeneration and Leisure Committee and Cabinet in February 2023, the council has acquired Lockmeadow Health Club and central Government has announced capital funding for swimming pool upgrades to combat the rising cost of managing public swimming pools. These two new factors have been integrated into the contract extension talks and into the council's plans.
- 2.5 As reported to the Communities Leisure and Arts Policy Advisory Committee in October, discussions and negotiations have been held with MLT and Serco Leisure over the course of 2023 about a contract extension. These included incorporating the delivery of the minor practical improvements aspects as part of the agreed extension. It also builds upon the experience Serco Leisure has of delivering similar cost-saving and income-generating schemes in other leisure centres, and helped the council submit a bid to the Sport England Swimming Pool Support Fund. The outcome of that bid is still unknown at the time of writing.
- 2.6 It is envisaged that the contract, if extended, would continue to include the Lockmeadow Health Club, which has been operated under the leisure services contract, and shares the same termination date as Maidstone Leisure Centre, since June 2023.
- 2.7 Since the previous report to the Policy Advisory Committee in October 2023, significant progress has been made in aligning the offer from MLT/Serco with the Council's budget constraints and capital expenditure plans in order to come with satisfactory terms for the extension. This is demonstrated in Appendix 1. As a result, the option of extending the existing contract has now become significantly more attractive by comparison with the alternative options of bringing the service in-house or going out to tender, and can be accommodated within the existing budget framework.

Contract extension

- 2.8 A contract extension will ensure the continued operation of Maidstone Leisure Centre, Lockmeadow Health Club and Mote Park Outdoor Adventure

on the same current operational terms and agreements. The Council will continue to contract services with Maidstone Leisure Trust who in turn will contract the facility management obligations to Serco Leisure.

- 2.9 The period of the contract extension allows for further development of plans for the re-building or renovation of the existing leisure centre. It is likely that by the end of the proposed extension period, the ongoing cost of maintaining the centre in its existing form will outweigh the annualised cost of a new or significantly refurbished leisure centre. The proposed contract extension therefore incorporates flexibility, in the form of a five-year extension with three additional one-year extensions available from year six onwards. This will enable the contract to be brought to an end at a time convenient with any future leisure centre plans the council has developed beyond 2029.
- 2.10 The details of the final proposal from MLT and Serco are included in the exempt appendix. These need to be considered against the options of tendering the leisure services contract in its entirety to the open market, letting the facilities and opportunities separately, or running them in house.

Fragmented or unified delivery

- 2.11 Lockmeadow Health Club offers the strongest financial return on investment of the three facilities. It was acquired by the council in March 2023 after an extensive marketing process had been conducted in order to let the former David Lloyd site. That search did not bring forward any offers that met the council's objectives. Based on this experience with Lockmeadow, it is likely that separating the facilities out and tendering them individually could lead to unsatisfactory offers for all three. Combining the three leisure venues offers economies of scale to one operator, who can manage operations and finances across all three and use them to cater for the different customer demographics across the borough and beyond.

In-house operation

- 2.12 An in-house operation would involve transferring the staff and operations back under council control. The council would be responsible for all aspects of the daily operation. We have taken advice from Strategic Leisure, a well-established sports consultancy that have advised Maidstone in the past, on the likely impacts of bringing the leisure services in house. They forecast a number of negative impacts:

- Private sector operators tend to generate more income from leisure services because of their more enterprising approach,
- Staffing costs are higher when leisure centre staff are employed directly by the local authority,
- Leisure operators can buy utilities on a national scale and benefit from better unit prices,
- Leisure operators have technical expertise in salaried positions in their business, councils cannot justify these positions for a small number of centres and have to draw upon external technical expertise when needed,

- Business rates become payable when leisure centres are run in house. The business rates at Maidstone Leisure Centre are more than £200k per annum. At Lockmeadow they are more than £120k per annum,
- VAT is treated differently and the council's VAT position would negatively affect the annual outturn.

2.13 These factors have been estimated as equating to additional annual costs in the region of £400,000 for Maidstone Leisure Centre, £30,000 for Mote Park and more than £350,000 at Lockmeadow. The option to bring the leisure services in house would give the council more control over its service, but at the current time it would bring significant additional costs and risks.

2.14 The additional cost would be more than £750,000 per annum and the final annual costs would be subject to high degrees of fluctuation based on the centre's annual profit and loss account. The current workforce across the leisure services contract is 243 employees (full-time and part-time) and absorbing this number of employees into the council's staff base will result in additional costs in HR and other core departments. The nature of the staffing requirements in the leisure venues could also conflict with core council policies.

3. AVAILABLE OPTIONS

3.1 Return the council's leisure services function to an in-house operation.

The analysis from external leisure consultants Strategic Leisure summarised in paragraphs 2.12 to 2.14 identifies that this option comes with significant risk to the council. Commercial partners benefit from economies of scale and buying power when running leisure sites as part of a larger portfolio. With charity dispensation embedded in their structures, leisure operators also qualify for business rate relief. The council does not qualify for such relief when running services directly. The estimated additional cost if the council ran the service in house is more than £750k per annum across all three sites. In addition, taking on this additional workforce would have implications for core council departments and Mid-Kent Services and these costs would need to be budgeted for too. **This option is not recommended.**

3.2 Put the leisure services contract for Maidstone Leisure Centre, Mote Park Outdoor Adventure and Lockmeadow Health Club out to tender.

With a refocused ambition on developing and delivering a new leisure centre, the council must manage the existing centre in as flexible way as possible. A retender would be for a short period on an ageing building. It would not be appealing to operators who would likely want a longer tenure and a commitment to operating the current premises and the new premises. The council does not have sufficient detail to tender the opportunity in this way at present. A tender will require significant capacity which is time that

can be devoted to the development of a new leisure centre. **This option is not recommended.**

3.3 Accept the proposal from MLT and Serco Leisure and extend the existing contract.

The offer includes the council funding the minor practical improvements to the centre in 2024 so that the benefits from reduced costs and increased revenue can materialise as soon as possible. This will maximise the potential of the period 2024 to 2031 for the residents and centre users and provides improved annual return revenues for the council. A contract extension with Maidstone Leisure Trust and Serco can be flexible and include moveable end dates (up to the maximum allowed) to accommodate the transition to a new centre. An extension of the existing contract also enables the council to benefit from its existing arrangements and devote its attention to a new centre. **This option is the recommended option.**

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 The MLT and Serco proposal will deliver minor practical improvements to the leisure centre for customers including:

- New splashpad and upgraded leisure water
- Separation glazing to enclose the pools in discrete zones
- Upgraded air handling and heat recovery to manage the temperature and air quality in those zones and greatly reduce heat loss
- Refurbished café area
- Equipment upgrades in the gym

4.2 These improvements generate a return over the period of five to eight years of the contract extension and contribute to the revenues the council will receive between 2024 and 2031. They incorporate some modifications as compared to the minor practical improvements agreed by Cabinet in March 2023. Tagactive and upgraded reception areas that were included in the minor practical improvements as detailed in March 2023 do not generate a return in seven years and have been removed from the MLT/Serco proposal. They have been replaced with equipment upgrades and energy saving measures which offer a better return but still fall within the scope of minor practical improvements, as shown in the table below:

Capital Improvement Items	Impact
Splash pad	Revenue generation
Soft play	Revenue generation
Fitness pool ventilation system	Cost reduction
Teaching pool ventilation	Cost reduction
Changing village ventilation system	Cost reduction
Fitness and leisure dividing glazing	Cost reduction

Café refurb	Revenue generation
Immersive group exercise	Revenue generation
Poolview system	Cost reduction
Capital Renewal Items – Maidstone LC	Impact
Health & Fitness gym equipment	Protect revenue
Wetside changing room refurbishment	Protect revenue
Replace gas boilers	Cost reduction
Replace domestic hot water system	PPM
Replace building management system	Cost reduction
Replace heating pumps and variable speed drives	PPM
Replace air handling ductwork insulation	PPM
Replace pool heat retention covers	PPM
Replace leisure feature panel	PPM
Fitness Plant Room - Filtration & Electrics	PPM
Refurbish wave machine	Protect revenue
Renew extractor fans	PPM
Reinstate changing room floor	PPM
Capital Renewal Items – Lockmeadow	
Health & Fitness gym equipment (LHC)	Protect revenue
Changing room refurbishment (LHC)	Protect revenue
Thermal pool cover (LHC)	Cost reduction
Building energy management system	Cost reduction
Capital Renewal Items – Mote Park	
Replace astorturf (Mote Park)	PPM
Replace slings and harnesses	PPM
Project manager ¹	
Future contingency (£100k pa years 3-7) ²	

Notes

1. The projects listed above will require significant commissioning and project management effort. Accordingly, a role of project manager has been defined in order to ensure that there is a dedicated resource to carry out this work.
 2. Notwithstanding the work already carried out to define the projects listed above, it remains likely that there will be further work required, in light of the age and condition of the leisure centre, to ensure that it remains fit for purpose. Accordingly, an annual contingency will be set aside. If not used in any period, this will be rolled forward to subsequent years.
- 4.3 Within the extension period the council continues to be responsible for the investment needed in the building plant and the ongoing renewals required to the assets. The cost of these obligations is included in the exempt appendix to show the total cost of council funding needed for the leisure centre, Lockmeadow and Mote Park over the extension period. The sum shown in the exempt appendix is lower than the provision in the 23/24 Medium Term Financial Strategy, however the age of the building does still pose a risk to the council and the assets and associated finances will need close monitoring during future years.
- 4.4 This contract extension will set leisure provision on a sustainable and consistent footing for five to eight years. As described in paragraph 2.9, the variable end date of the extension period allows the council to be flexible and agile in its planning for the future of the leisure centre. Recommendation 5 of this report will enable the council to develop detailed plans and a planning application for a future leisure centre, refurbished or redeveloped, that can be delivered before the end of the contract extension period. In this time the council will also be proactive with other energy saving initiatives and interventions that become deliverable at Mote Park or at Maidstone Leisure Centre, or both. The Biodiversity and Climate Change Manager is developing proposals for renewable energy at Mote Park that could further benefit the leisure centre in the immediate term.

Swimming pool support funding

- 4.5 As described in paragraph 2.2, Sport England made phase II of the Swimming Pool Support Fund available to local authorities in October to combat the rising costs of managing public pools. The council has submitted a bid to that fund and any funding received would supplement the figures shown in the exempt appendix. However, for accounting purposes the council is assuming that zero funding will be received.

5. RISK

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. That consideration is shown in this report at paragraph 4.3 and identifies some risks assessed rated as "RED" because of the possible financial impact. The report details mitigation

strategies for those risks at paragraph 4.6 but they remain assessed as “High”. However, we believe the opportunities outweigh the risks.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Cabinet and the former Economic Regeneration and Leisure Policy Advisory Committee considered the overall approach to the future of Maidstone Leisure Centre, given the impending expiry of the current operator’s contract, the condition of the building and the Council’s commitment to promoting health and wellbeing in February 2023.
- 6.2 The Communities, Leisure and Arts Policy Advisory Committee considered an earlier proposal from MLT and Serco in October 2023 and was not satisfied with its contents to recommend that Cabinet approve it.
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Following the recommendations in this report being recommended to, and approved by, Cabinet the council can work to the following timeline:

Milestone	Action
February 2024	Lease and contract documentation finalised and signed by all parties.
March 2024	Practical improvements works begin at Maidstone Leisure Centre.
April 2024	Contract terms line up with new financial year

- 7.2 The council will continue its work on a new leisure centre in 2024, visiting other new centres and some currently under construction, and master planning what such a centre could deliver for Maidstone. Part of that work includes how sustainable the building can be and how it can maximise the use of renewable energy sources in its operations.
-

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Exempt Appendix 1: Maidstone Leisure Trust and Serco Leisure proposal summary
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9. BACKGROUND PAPERS

- Maidstone Leisure Centre Operator Contract report, considered by the Communities, Leisure and Arts Committee at its 3 October 2023 meeting.
- Maidstone Leisure Centre Report, considered by the Economic Regeneration and Leisure Committee at its 7 February 2023 meeting and by the Cabinet at its 8 February 2023 meeting.

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

Document is Restricted