

THE VALE OF GLAMORGAN COUNCIL

REQUEST FOR THE USE OF EMERGENCY POWERS – CORONAVIRUS PANDEMIC

SUBJECT: Variation Agreement with Parkwood Leisure Limited and Parkwood Holdings Limited

- (1) To authorise the Monitoring Officer/Head of Legal and Democratic Services to execute a Variation Agreement with Parkwood Leisure Limited and Parkwood Holdings Limited in respect of the measures to be taken in accordance with the Agreement to deal with the Covid-19 Pandemic crisis (the 'Covid-19 Crisis') and to conform to the Covid-19 Legislation and Covid-19 Guidance.

1. **Originating / Department / Service –**

Neighbourhood Services - Leisure

2. **Reason for Seeking Emergency Powers –**

PLEASE SPECIFY BELOW ~~and attach appropriate Committee report/ minute/ memo~~ ^{*} (~~* delete as appropriate~~)

To enable the Council to enter into a written agreement for interim payments to be made to Parkwood Leisure during the Coronavirus shutdown of Leisure Centres. Parkwood have worked with their sub-contractor Legacy Leisure Limited who have used furloughing to reduce the majority of staff costs some remain to ensure sites are protected and to check for breakdowns etc. In addition other costs such as utilities, service contracts, rental equipment etc need to be met with no income coming in.

Payments will be capped at £50k per month with payments being made based on an open book arrangement so that the Council can review that all costs have been reasonably incurred – see attached letter from Parkwood.

Currently the Council receive £39k income per month via the contract with Parkwood therefore the potential additional cost up to £89k per month (£39k plus up to £50k capped expenditure)

Failure to provide financial support to Parkwood, and as a consequence their sub-contractors Legacy Leisure Limited ("Legacy"), at this time could have significant cost implications for the service in the future but there is also a degree of risk in making payments.

Should payments not be made it is likely that Parkwood would look to exit the contract immediately as they cannot cover the on-going operating costs. This would likely result in the Council operating the Leisure Centres directly on resumption of services. The costs of this would be significant and staff would need to be employed quickly. They would be subject to Job Evaluation, Council Terms and Conditions that would see staffing costs alone significantly

increase from the current costs paid by the current operators. If the decision was then made to seek another operator the workforce code would apply that would mean that staff would transfer on the new terms and conditions. This would make the new contract significantly more expensive than the existing contract (best guess is that the new contract would be in the region of £1million more expensive per annum based on the other tenders received in 2012).

The risk with making payments is that Parkwood or Legacy cease trading either during this period of interim payments or immediately afterwards. However, whilst at present it is estimated during this period of closure the costs of the Council operating would be about £20k, NNDR is also likely to be payable at a cost of £55k thereby making the monthly cost £75k.

Negotiations have been on-going with Legacy in relation to the agreement and has had considerable input from both Legal and Financial Officers.

It should also be noted that there is no legal duty to enter into the agreement but that it is a commercial decision in the long-term interests of the Council.

All relevant Officers including the Managing Director, Head of Finance / 151 Officer and Director of Environment and Housing Services have been consulted prior to seeking the use of emergency powers. In addition, the Cabinet Member with responsibility for Leisure has been kept fully informed of discussions with Parkwood and Legacy and has the approval of the Leader for interim payments to be made to Parkwood.

To further demonstrate this this form will be approved by the Cabinet Member for Leisure, Arts and Culture, the Director of Environment and Housing Services and the Head of Finance / Section 151 Officer.

The agreed for of Legal agreement negotiated with Parkwood Leisure is attached.

3. **Policy Framework and Budget** –

PLEASE INDICATE as appropriate that the matter that you are seeking the use of Emergency Powers for is a Cabinet or Council function.

Cabinet

Council

4. **Relevant Scrutiny Committee** –

Healthy Living and Social Care

IMPORTANT

The following sections **must** be completed **prior** to the request being submitted to the Democratic and Scrutiny Services Section for processing.

I confirm (delete as appropriate)

~~(a) — That there are no financial implications and the relevant Cabinet Member, Leader and / or the Deputy Leader has been consulted and is in agreement with the use of Emergency Powers; or~~

(b) That, in view of the financial commitments, the Head of Financial Services, the appropriate Chief Officer, the relevant Cabinet Member, Leader and / or Deputy Leader have been consulted and are in agreement with the use of the Emergency Powers and that

~~(c) — For matters relating to the Planning Committee the Chairman of the Planning Committee has also been consulted and is in agreement with the use of Emergency Powers;~~

~~(d) — For matters relating to the Licensing Committee the Chairman of the Licensing Committee has also been consulted and is in agreement with the use of Emergency Powers.~~

~~(e) — For matters relating to the Welsh Church Act Estate Committee the Chairman of the Welsh Church Act Estate Committee has also been consulted and is in agreement with the use of Emergency Powers.~~

~~(f) — For matters relating to policy the relevant Scrutiny Committee Chairman has been consulted and is in agreement with the use of Emergency Powers.~~

Signed: David Knevett
(Instructing Chief Officer)

Date: 17th April 2020

Please print name: ...David Knevett

I hereby approve under my Emergency Powers the attached recommendation(s) on behalf of the Cabinet / Cŏneil (please delete as appropriate).

Signed: D.R. Thomas..... **Date:** 28th April 2020...
Managing Director

NB Should the relevant portfolio Cabinet Member be unable to be consulted only the Leader and / or Deputy Leader be consulted in their absence.

N.B. Cabinet: 23rd March, 2020 Minute No. 295