



Melton Sports Village Tennis Facilities Improvement

Corporate Priority:	Excellent services positively impacting on our communities Connected and led by our community
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	Appendix 2 of this report contains exempt information and is not for publication in accordance with Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
Key Decision:	Yes a) Incurring Expenditure of £50,000 or more
Subject to call-in:	Yes

1 Summary

- 1.1 The Council currently provides tennis court facilities at the Melton Sports Village under a contractual arrangement to its Leisure provider, who in turn leases the courts to Melton Mowbray Tennis Club (MMTC). A report was submitted to Cabinet in September 2019 following receipt of a survey conducted by Sport England Sport Surface Consultants advising that the courts required significant investment to meet a decent standard. Given the level of investment required into this Council asset, Cabinet authorised further actions to provide necessary assurance around the financial sustainability of tennis provision on the site.
- 1.2 This report provides an update in terms of those actions and seeks approval for actions in relation to the contractual arrangements for future management of the tennis courts, and a recommendation to Council in relation to an amendment to the current capital programme, the capital expenditure of £113k (made up of £108k for works and £4.4k for specialist contract management) being funded as follows:
- Sport England grant £38.9k

- MMTC - £35k (own resources)
- MMTC - £30k (loan from the LTA)
- Melton Borough Council £9.4k

1.3 As noted above, MMTC will be the recipient of the loan from the LTA; the Council will be required to formalise the agreement in principal with its leisure provider to remove the tennis courts from the current contractual arrangements. This will enable the Council to establish a longer term partnership with MMTC to secure ongoing usage of the facilities, rental income and further improvements to assets in the future.

2 Recommendation(s)

That Cabinet:

- 2.1 **Recommends to Council that £113,300 is added to the 2020/21 Capital Programme in relation to improvements at the tennis courts.**
- 2.2 **Notes funding total of £103,900 to deliver the required improvements to the tennis courts at the Melton Sports Village as detailed in paragraph 1.2 above.**
- 2.3 **Subject to the Council approving the recommendation at 2.1:**
- 2.3.1 **Recommends to council that £9,400 be provided from capital receipts to support the remaining costs of delivering the project.**
- 2.3.2 **Authorises a variation to the contract with the current Leisure Provider SLM noting the financial impact as outlined in para 8.3 to remove the responsibilities relating to the tennis courts with a delegation to the Director of Housing and Communities to finalise the agreement.**
- 2.3.3 **Authorises the procurement for project works, and delegates to authority to the Director of Housing & Communities the award any subsequent contract.**
- 2.3.4 **Authorises a 24 year lease with MMTC for the tenure of the tennis facilities site, and delegates to the Director for Housing & Communities in consultation with the Director of Corporate Services to negotiate, agree and enter into any such lease agreement.**

3 Reason for Recommendations

- 3.1 An Independent Report from Sport England Consultants - TGMS (Appendix 1) highlighted that the courts require investment and are reaching the end of their lifespan, as the macadam has become weak and is breaking away causing cracking on the surface.
- 3.2 The Council wants to continue to provide tennis facilities at the council owned asset and therefore needs to invest in the facilities to manage this effectively.
- 3.3 The Council, in partnership with the MMTC, has secured £103,900 of funding/partner contribution representing the most cost effective way of improving our asset, together with an additional contribution of £9,400 from the Council.
- 3.4 Working to secure a long term trusted partner on the site will help to generate additional community investment, participation in physical activity, and improve the asset over a 24year period, with rental income and no additional costs to the Council during this period.

4 Background

- 4.1 The Council provides tennis court facilities at the Melton Sports Village site. The courts currently form part of a contractual agreement with the Council's leisure provider.
- 4.2 In May 2018, MMTC agreed a 4-year Service Level Agreement with SLM until March 2022 to use the courts for £5,000 per annum, as SLM have the Tennis Courts included in the contract with the Council.
- 4.3 Despite concerns over the quality of the tennis court surface, the club has grown quickly and as of October 2020 has club membership of 253, with 90% living within a 5 mile radius of the Melton Sports Village. Melton Mowbray Tennis Club has been identified as a trusted partner, who wants to work with the Council. MMTC invited members and officers to visit the club in December 2019 to showcase their club and showcase their plans for developing Tennis in Melton, whilst also encouraging all ages of residents to be physically active for their mental well-being.
- 4.4 In order for the Council to continue to provide tennis court facilities at Melton Sports Village, the courts need to be upgraded. An independent report from Sport England Consultants, and the Lawn Tennis Association, highlighted concerns in May 2018, that the courts were reaching the end of their operational lifespan, as the macadam has become weak and is breaking away causing cracking on the surface. The court surface has likely not been replaced since it was built circa 30/40 years ago.
- 4.5 Without court improvements, it is highly likely that the current £5,000 rent would be unachievable and tennis participation in Melton will reduce.
- 4.6 In September 2019, a report was taken to Cabinet with recommendations to:
- 4.7 **Submit bids to secure funding to deliver improvements to the tennis courts, with the total investment being £120,000, to include principle match funding of £40,000 from the Council and £20,000 from a community partner.**
- 4.8 **That release of £40,000 of Council funding is conditional on:**
- **Identification of and ability to work with a trusted partner;**
 - **Receipt of £20,000 of community funding;**
 - **Receipt of up to £60,000 of grant funding;**
 - **Evidence of a suitable business case showing payback for the Council, inclusive of the potential to lose £5,000 rental; and prior to release of the council funds Cabinet to be satisfied with future arrangements for the tenure of the site, to include future arrangements for maintenance and investment.**
- 4.9 Since the Cabinet report, officers have worked with external partners and organisations to meet recommendations identified. Naturally, Covid-19 has impacted on resource availability and progress but it is felt a positive position has been reached, and can be confirmed as follows:
- 4.9.1 Initial quotes have been obtained for the court replacement, which would cost £108,900 for preparation of the site, new artificial clay based carpet, new fencing and removal of waste from the site; these costs are to be validated through procurement.
- 4.9.2 The Council have received a grant award confirmation letter from Sport England in October 2020 for £38,900 through the Community Asset Fund. MMTC have received

written confirmation of a £30,000 loan through the LTA in October 2020, to be paid back over 6 years. MMTC have fundraised £35,000 to contribute towards the project as a community partner, which surpassed the £20,000 original request from the Council.

- 4.9.3 The Council are therefore now only required to contribute £5,000 towards the works and £4,400 for a consultant to manage the contracted works (this is a specialist area requiring external expertise), totalling £9,400. This is considerably less than the £40,000 previously identified.
- 4.10 MMTC have fostered a positive relationship with Council Officers and worked with officers in providing a development plan and a tenure payment plan (Appendix 2) based on a 24 year lease on the site.
- 4.11 The 24 year tenure payment plan covers a total rental income of £18,000, sinking fund payment from MMTC of £144,000 to cover court surface replacements in Year 12 and Year 24. £86,400 to be kept in a sinking fund by MMTC for ongoing maintenance/utility costs at the site. Review periods to be built into lease negotiations to ensure plan is being met.
- 4.12 MMTC will also fundraise, for future developments of the asset during the lease period including; slabbing area around clubhouse £2,000, installing a shower/toilet facility £15,000, Clubhouse refurbishment £10,000 and floodlight replacement £30,000.
- 4.13 There will be no costs to the Council for the 24 year period. The draft payment plan would see a cash return for the Council on their £9,400 investment in Year 2 via rental income and sinking fund contribution. In addition, the Council asset will be developed throughout the life of the lease period as identified above.
- 4.14 The current tennis court agreement with MMTC & SLM runs until 2022. The Council have agreed with SLM to remove the tennis facilities from within their contractual agreement (subject to Cabinet approval), to enable the Council to agree a lease with MMTC commencing from 1st April 2021. There may be a small financial implication for the Council in removing this source of income for the leisure provider which should not amount to any more than £4,000. The longer term benefits of improving the courts and the opportunities this provides for future income generation outweigh the risk.
- 4.15 Any future lease agreement with MMTC will ensure flexibility for both parties over the term and the heads of terms will include but not be limited to maintenance, rent reviews, continued improvement and future developments of the asset. The lease should contain all such terms to protect the interests of the Council.
- 4.16 Subject to Cabinet and Council approval, the likely procurement timetable and length of the contract works should (subject to weather and Covid impact) allow works to be completed and signed off for the new tennis season in April 2021.

5 Options Considered

- 5.1 Take no action to make the required investment and decommission the courts.
- 5.1.1 This option is not recommended because it will result in a loss of revenue over the short and long term through the loss of rent and reduce the leisure offer to residents.

6 Consultation

- 6.1 The Council has engaged with external organisations including Sport England & LTA; both of whom have offered either grant or loan support.
- 6.2 The Council has engaged with MMTC to develop the project and understand their needs and requirements for Tennis within Melton.
- 6.3 The current leisure provider has been consulted throughout the process and has agreed in principal a variation to the current contract to support the improvements of the Tennis Courts.

7 Next Steps – Implementation and Communication

- 7.1 Subject to Cabinet approval, the following steps will be taken;
- 7.2 Vary the contract with the leisure provider, SLM to remove the Tennis Courts from the existing contract.
- 7.3 Negotiate, agree and enter into lease arrangement with MMTC that provides rental income for the Council, a sinking fund for future works, an appropriate maintenance schedule and rolling review periods.
- 7.4 External Organisations/Community Partner will be informed in writing, to accept grant/loan offers.
- 7.5 Liaise with Welland Procurement, to go out for tender to carry out the contracted works and subsequent award of contract.
- 7.6 Recruit a consultant to manage the contract administration of the project.

8 Financial Implications

- 8.1 The total cost of the scheme is estimated to be in the region of £113,300 which is being funded in the main through external funding as outlined in para 2.1. There is a residual amount of £9,400 to be funded which will be provided from capital receipts. Members should note that funding for the capital programme is limited, after taking into account capital schemes already approved the anticipated balance for Capital Receipts is £145k which would need to fund this project and any future capital bids they will be submitted as part of the 2021/22 capital programme.
- 8.2 The residual costs are broken into project management of the works at a cost of £4,400 and £5,000 contribution towards to project. These costs are much lower than the original £40,000 that was initially envisaged. Subject to approval this will be added to the capital programme for 2020/21.
- 8.3 As part of the proposals to remove the tennis courts from the contract there will be a financial impact on the leisure provider for loss of income net of running costs which will result in a one off additional payment totalling £3,155 which the Council will need cover. This will be met from existing resources.
- 8.4 The financial impact of the new lease arrangements are outlined in Appendix 2. This provides an overview of the Tennis Clubs business plan for the lease term. Broadly income matches expenditure taking into account their liabilities for loan repayments to LTA, contributions to the sinking funds covering future court refurbishment and ongoing

maintenance. There is also a notional annual rent repayment. This totals £18k over the lease term which would cover the council's investment albeit over a long payback period. The sinking funds do reduce the future financial liability on the Council for any improvements and repairs required.

Financial Implications reviewed by: David Scott, Corporate Services Manager

9 Legal and Governance Implications

- 9.1 The Council must ensure all grant conditions are complied with.
- 9.2 A deed of variation will be used to amend/vary the existing contract in place with SLM to remove the tennis courts for the final year of the existing contract. SLM have indicated in writing their support with the project and have agreed to enter into a deed of variation with the Council.
- 9.3 Any lease will be granted pursuant to the Landlord and Tenant Act 1952. Any heads of terms should include all such terms to protect the long term interests of the Council.
- 9.4 The Council has the power to enter into contract in order to discharge its functions (Local Government Act 1972, s111 and the Local Government (Contract) Act 1997, s1. Any contracts should be procured in accordance with the Council Contract Procedure Rules and Financial Procedure rules to ensure compliance with all UK and EU legislation.

Legal Implications reviewed by: Deputy Monitoring Officer- 20.11.20

10 Equality and Safeguarding Implications

- 10.1 As this is an update to an existing facility, an Equality Impact Assessment is not required.

11 Community Safety Implications

- 11.1 Tennis courts have been reported as unsafe and reached the end of their lifespan by the National Governing Body for Tennis (Lawn Tennis Association), Sport England Sport Surface Consultants and Independent Contractors (Euro Clay Contracts Ltd & Court Stall Service Ltd).
- 11.2 Melton Borough Council has a statutory obligation and general duty of care to ensure facilities under our ownership are of acceptable quality and are safe for community engagement.

12 Environmental and Climate Change Implications

- 12.1 Environmental Implications will be built into the specification for successful bidder for works through procurement.

13 Other Implications (where significant)

- 13.1 **Health & Wellbeing Implications:** The recommended options will improve the tennis facilities on offer within the Melton Borough. The improved health and safety of facilities will continue to benefit of residents mental and physical health and wellbeing.

- 13.2 **Procurement Implications:** If Cabinet recommend a formal procurement process, the Council will ensure it complies with the Public Contracts Regulation 2015 and the Contract Procedure Rules in terms of the process will be followed.
- 13.2.1 The Council has a duty under the Public Services (Social Value) Act 2011 to have due regard to economic, social and environmental well-being in connection with public service contracts.

14 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Not recouping costs provided to support the project	Very Low	Marginal	Low Risk
2	No investment – Reputational & Financial impact to the Council	Low	Critical	Medium Risk
3	No investment – MMTC & Community usage decrease	Low	Critical	Medium Risk
4	Lease and/or deed of variation not to be agreed	Low	Critical	Medium Risk
5	Loss of potential rental income through lease arrangements	Low	Marginal	Low Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low		5	2,3,4	
	2 Very Low		1		
	1 Almost impossible				

Risk No	Mitigation
1	Payment Schedule created within lease, to generate income to the Council at the earliest opportunity.
2	The Council invest and accept external funding for the project. Working in partnership to deliver the project.
3	The Council invest and accept external funding for the project, will encourage current users and more users to use the facility as of a higher standard.
4	Discussions with MMTTC already taken place to allow for positive negotiations to take place.
5	Mitigate loss of rental income via inserting terms within the lease for rolling reviews and an open book approach in partnership with MMTTC.

15 Background Papers

15.1 Cabinet Report – September 2019 – Melton Sports Village Tennis Facilities Improvement

16 Appendices

16.1 Appendix 1 – Independent Report from Sport England Surfacing Consultants

16.2 EXEMPT Appendix 2 – Payment Schedule for 24 year lease agreement

Report Author:	Jake Betts , Leisure & Culture Client Manager
Report Author Contact Details:	01664 502397, jbetts@melton.gov.uk
Chief Officer Responsible:	Andrew Cotton , Director for Housing and Communities

Chief Officer Contact Details:

01664 504322
acotton@melton.gov.uk