



DECISION OF DIRECTOR OF DEVELOPMENT AND ENVIRONMENT

DECISION NO. 16/17 DE 226

SUBJECT: Novation of South and East Leisure Contract and associated Transferee Admission Agreement to Greenwich Leisure Limited (GLL)

Background:

Tone Leisure manages Churchill sports centre under the South and East Leisure Contract which runs until 31 March 2021.

Director Decision 15/16 DE23 agreed for a change of control of Tone Leisure (Taunton Deane) Limited to recognise the company becoming a wholly owned subsidiary of Greenwich Leisure Limited (GLL).

From 1 January 2017 Tone will be fully merged into Greenwich Leisure Limited (GLL).

DECISION:

To authorise the Head of Legal and Democratic Services to execute the documentation necessary to novate the following agreements to Greenwich Leisure Limited (GLL) (registration No. 27793R) with effect from 1 January 2017.

- South and East Leisure Contract
- Transferee Admission Agreement

Reasons:

From 1 January 2017 Tone will be fully merged into Greenwich Leisure Limited (GLL) and will cease to exist as a legal entity and consequently the council could be out of contract in respect of the South and East Leisure Contract. GLL have indicated that they are prepared for the contract to be novated across to them in whole with effect from 1 January 2017.

Director Decision 15/16 DE23 considered the relative merits of GLL becoming the controlling party of Tone and these considerations are still relevant in respect of the proposed novation to GLL.

The contract contains provision for its assignment.

Running parallel to the leisure contract is a tripartite agreement between Tone, the council and Bath and North East Somerset to allow Tone to be an Admitted Body under the Local Government Pension Scheme. With the demise of Tone it will also be necessary to novate this agreement to GLL and all parties have agreed to the proposed novation.

Other Alternatives Considered:

The council could not agree to the novation and this would effectively terminate the contract. This would introduce a level of uncertainty with no assurance over the affordability of future management fees or service offering. Given that the contract was extended in July 2016 to finish in 2021 this alternative has not been considered further.

Risk Assessment:

With a change of company there is the risk that there will be change in corporate and business objectives. However GLL are a successful provider of services and the council will continue to monitor the performance of the contractor through its contract monitoring procedures.

Financial Implications:

There are no financial implications associated with this decision.

Implications for Future Years:

None directly occurring as a result of this decision.

Signed..........Director of Development and Environment.

Dated.....8/12/16.....