

RECOMMENDED that: agreement is given for an extended rent free period for Herts Catering Limited to December 2021.

Purpose

To seek agreement to offer Herts Catering Limited (HCL) an extended rent free period to 31 December 2021.

The Proposal

At its meeting on 24 March 2020 Cabinet resolved that the Catering Services at Laura Trott Leisure Centre (LTLC) and John Warner Sports Centre (JWSC) be awarded to HCL. Despite the COVID-19 pandemic and the associated service restrictions HCL took over the service and staff from 1 July 2020 with formal agreement of a rent free period to March 2021 because of the ongoing business uncertainty.

Continued restrictions and service closure have led to HCL making most of the catering staff redundant and therefore bearing the redundancy costs. The catering service has recently re-opened at both sites but to nowhere near the level of business pre COVID. Due to the ongoing uncertainty and lack of business HCL have requested an extended rent free period to December 2021 to allow them time to re-build the business and income levels but with the caveat that if business builds before then the rent free period will be reviewed.

Offering a rent free period to December 2021 still leaves the Council in a better financial position than if the service had been retained in-house and it is important that HCL are supported in terms of trying to re build the catering service.

Financial, Legal and Risk Management Implications

Pre Covid-19 the catering services at the leisure centres were forecasting a joint deficit of £38k for the year 2019/20, HCL were proposing a first year rental of £27,693 which would have given an overall benefit to the Council of £65.7k. It is likely that if the service had been retained in house the deficit would have been far worse and also likely that redundancies would have been made and those costs borne by the Council. Offering an extended rent free period to HCL is in the best interest of the Council. The rental income payable for January to March 2022 is £6,918 – making the revised overall benefit to the Council, for the 2021/22 financial year, £17k.

The risk of not agreeing the extended rent free period is that HCL withdraw from the agreement and the service is brought back in-house along with the operational deficit.

Alternative Options Considered and Rejected

To not agree a rent free period could cause HCL to pull out of the transfer, and revert to the service being operated in-house, which as noted delivered an overall net deficit.

Contribution to the Council's Objectives and Environmental Sustainability Priorities

- Build strong partnerships to deliver more for the Borough of Broxbourne
- Assess the performance of Council services and take action to improve.

Conclusion

To recommend a rent free period to 31 December 2021 with ongoing reviews.

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Action reported to the Cabinet on:
