

RECORD OF DECISION MADE UNDER DELEGATED AUTHORITY

PART 1 – PUBLIC DOCUMENT

Any interest to declare/ or conflict and any dispensation granted [N/A]

SERVICE DIRECTORATE: Place

1. DECISION TAKEN

To approve a pay award for Stevenage Leisure Ltd (SLL) staff employed on the North Herts Council contract.

2. DECISION TAKER

Sarah Kingsley, Service Director – Place

3. DATE DECISION TAKEN:

22 November 2022

4. REASON FOR DECISION

4.1 To provide appropriate reward to SLL staff, ensuring that pay rates are competitive and to assist with recruitment and retention issues.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 To reject the pay offer put forward by SLL. This was not seen as acceptable due to the staff not having had pay increases since prior to the pandemic (except staff at the National Living Wage whose pay has been kept in line with that rate) and due to the pressures of the cost of living crisis.

6. CONSULTATION (INCLUDING THE EFFECT ON STAKEHOLDERS, PARTNERS AND THE PUBLIC)

6.1 The Executive Member for Environment and Leisure and Executive Member for Finance have been consulted on the proposal.

7. FORWARD PLAN

7.1 This decision is not a key Executive decision and has therefore not been referred to in the Forward Plan.

8. BACKGROUND/ RELEVANT CONSIDERATIONS

8.1 In July 2020, Cabinet agreed to support SLL using the Open Book approach as outlined in PPN 02/20 throughout the immediate impacts of Covid-19 and Covid-19 recovery. Since the full reopening of the leisure centres, SLL have implemented their recovery plans and have seen continued progress in their service and financial recovery.

8.2 The leisure centres have shown a steady rate of recovery since reopening, however

there are former participants still choosing not to return to facilities, particularly on the fitness side of the facilities. However, in the current financial year 2022/23 recovery has been much stronger than anticipated.

- 8.2 SLL are now far exceeding their predicted budget surplus for 2022/23, with an estimated management fee to the council expected of just over £700k. This is in comparison to full contractual management fee of £767k.
- 8.3 SLL undertook a business wide pay review six months into the financial year and presented a proposal for all staff to receive a pay increase, with some specific roles receiving a slightly larger uplift. This was due to their additional responsibilities needing to be adequately recognised and maintaining a sufficient gap between their pay and minimum wage. The pay increase also reflects some issues with recruitment and retention of those roles. Staff that had been at the National Living Wage had already received a pay increase in April 2022.
- 4.2 As our leisure contracts are still operating in open book, during Covid Recovery, the decision to approve a pay award is the Council's rather than SLL's, as it will directly affect the income to the council.

9. LEGAL IMPLICATIONS

- 9.1 The Council's Constitution Terms of reference (TOR) 14.6.9 at (a) (i) confirms that the Service Director – Place holds the function to manage, direct and control all resources allocated to the Directorate.
- 9.2 Additionally, at 14.6.9 (b) (v) the TOR confirm that Leisure Management falls within the function of the Service Director for Place, in consultation with the Executive Member, including "sports centres, swimming pools, sports and recreation grounds and leisure strategy development."

10. FINANCIAL IMPLICATIONS

- 10.1. Prior to the pandemic, the council would have expected to receive a management fee from SLL this financial year of £767k. However, as we are still in Open Book due to covid recovery, the amount the council was expecting to receive this year was significantly less than this. At the beginning of the year, SLL were forecasting to pay the council approximately £230k in management fee, this figure is now estimated to be just over £700k.
- 10.2. The pay award is being backdated to 1 October 2022 and will cost approximately £54,000 in 2022/23. However, this will be offset by the significantly higher than expected income SLL are expected to pay the council this year. Therefore, the amount the council can expect to receive in 2022/23 is estimated to be around £650k.

11. RISK IMPLICATIONS

- 11.1 If SLL were not able to offer a pay award to their staff, this could lead to a situation whereby their pay rates are not competitive and exacerbate problems with recruitment and retention.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment,

victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

- 12.2 This Pay Award seeks to address the lack of a pay increase prior to the pandemic and other financial impacts that are currently being experienced. SLL staff may share a protected characteristic. The increase seeks to have a positive impact on all staff.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this decision.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to *this report*.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no human resource implications for North Herts Council staff. The pay award will assist SLL with recruitment and retention of staff and ensure staff are appropriately rewarded.

16. BACKGROUND PAPERS

- 16.1 None

17. APPENDICES

- 17.1 None

NOTIFICATION DATE

2 December 2022

Signature of Executive Member Consulted



Date 02/12/2022

Signature of Decision Taker



Please Note: that *unless urgency provisions apply* EXECUTIVE decisions cannot be implemented until 5 clear working days have elapsed after the decision has been taken to allow for scrutiny call-in.

Call-in does not apply to NON-EXECUTIVE DECISIONS