

## AGENDA

### **CABINET**

**MONDAY, 27 APRIL 2026**

**4.00 PM**

**COUNCIL CHAMBER, FENLAND HALL,  
COUNTY ROAD, MARCH**

Committee Officer: Linda Albon  
Tel: 01354 622424  
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- 1 To receive apologies for absence
- 2 Previous Minutes (Pages 3 - 10)

To confirm and sign the minutes of the meetings held 13 March and 23 March 2026.

- 3 To report additional items for consideration which the Chairman deems urgent by virtue of the special circumstances to be now specified
- 4 To receive members' declaration of any interests under the Local Code of Conduct or any interest under the Code of Conduct on Planning Matters in respect of any item to be discussed at the meeting
- 5 Local Plan Engagement and Governance (Pages 11 - 18)

This report seeks approval for a new governance and delegation pathway to support the preparation of the "Fenland 50" Local Plan (2025–2050).

- 6 Implementation of On and Off-street Parking Enforcement in Fenland (CPE) (Pages 19 - 44)

To provide members with updated implementation and operational running costs for Civil Parking Enforcement along with an updated timeline.

- 7 Acceptance of a Sport England Grant to support the redevelopment of the Manor Leisure Centre if the project proceeds to construction (Pages 45 - 48)

This report seeks approval to accept £2m funding and delegate authority to the

Section 151 and Monitoring Officers to enter into all necessary legal and financial arrangements to secure and manage the funding, subject to the project going ahead.

8 Wisbech High Street Update (Pages 49 - 50)

To provide Cabinet with a monthly update regarding the ongoing construction work at 24 High Street, Wisbech and the pre-construction design and planning work for 11-12 High Street, Wisbech.

9 Draft 6 Month Cabinet Forward Plan (Pages 51 - 52)

For information purposes.

10 Items which the Chairman has under item 3 deemed urgent

11 Change in Freedom Leisure contractual arrangements to an Agency approach (with CONFIDENTIAL appendices) (Pages 53 - 176)

This report covers why a switch in contractual arrangements is possible and the benefits of such a change.

*(This item comprises EXEMPT INFORMATION within Appendices D and E which is not for publication by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).)*

**CONFIDENTIAL - ITEMS COMPRISING EXEMPT INFORMATION**

To exclude the public (including the press) from a meeting of a committee it is necessary for the following proposition to be moved and adopted: "that the public be excluded from the meeting for Items which involve the likely disclosure of exempt information as defined in the paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 (as amended) as indicated."

12 Confidential Minutes (Pages 177 - 180)

To approve the confidential minutes of the meeting held 23 March 2026.

Friday, 17 April 2026

Members: Councillor C Boden (Chairman), Councillor Mrs J French (Vice-Chairman), Councillor G Christy, Councillor S Count, Councillor Miss S Hoy, Councillor S Imafidon, Councillor Mrs D Laws, Councillor C Seaton, Councillor S Tierney and Councillor S Wallwork

## CABINET



**FRIDAY, 13 MARCH 2026 - 4.45 PM**

**PRESENT:** Councillor C Boden (Chairman), Councillor Mrs J French (Vice-Chairman), Councillor G Christy, Councillor Miss S Hoy, Councillor S Imafidon, Councillor Mrs D Laws, Councillor C Seaton, Councillor S Tierney and Councillor S Wallwork

**APOLOGIES:** Councillor S Count

**ALSO IN ATTENDANCE:** Councillor B Rackley

### **CAB61/25 LOCAL GOVERNMENT REORGANISATION - RESPONSE TO STATUTORY CONSULTATION**

Cabinet considered Fenland District Council's response to the statutory consultation regarding Local Government Reorganisation (LGR) following the Full Council meeting.

Members commented as follows:

- Councillor Boden said the discussion at Council had shown a clear majority in favour of making this representation. LGR continues to proceed and Government have now produced a new document outlining the implementation process from the time they decide the boundaries up to vesting day itself. On the assumption that LGR will not be derailed, FDC must get the best deal it can from the bad set of options available.
- Councillor Christy said the case for proposal four has been clearly laid out and the points around geography, rural identity and Fenland's position come across loud and clear. Like many others, he shares concerns about LGR and the impact it will have. He would expect the response to set out concerns for services for vulnerable adults and children, which makes up 65% of Cambridgeshire's budget, and members must ensure those services do not fail. Referring to the document mentioned by Councillor Boden he thought it ludicrous that Government are recommending voluntary joint committees be set up before the Structural Change Order (SCO) and he wonders how these can be set up without knowing what the structure will be.
- Councillor Boden agreed that service levels must be maintained for vulnerable adults and children and his view is that having unitary authorities that better reflect the functional and social geographies of an area can achieve far more than disjointed areas joined together artificially and having their different priorities expected to be satisfied by the new unitary authority. He added that it is not being suggested that any committees be established before Government announces the boundaries but that it is expected that the Secretary of State will ask Chief Executives how they believe the voluntary joint committees could be set up. It will be important that all areas get equal representation.
- Councillor Tierney said he will never vote for this; the Government is choosing to direct the Titanic towards the iceberg. He will go down with it but will not vote to go down with it too.
- Councillor Hoy said FDC should not be spending any money or wasting time on this process; there is so much work that the authority could be getting on with, and she is extremely frustrated by this. She thought FDC should not rule out potentially taking legal action in the future because this is not a good process in any way, shape or form for Fenland. LGR is regrettable and although it will be a good outcome if Government changes its mind, a great deal of time and money will already have been wasted which this council cannot afford.
- Councillor Boden said Councillor Hoy is correct; the time and attention afforded LGR means less attention to other matters as officers' time will be taken up increasingly by the process of

transition to the new unitary authority. A host of things will not be happening and at County Council yesterday there was a discussion in the Assets and Procurement Committee that one of the things that will largely not be happening is any movement to change services. If the authority is only going to exist for another two years, then the idea of transformational change, particularly organisational change, is nonsense. If the Council has a short lifespan, why make organisational transformation changes? When members see the SCO, it may be that change in service areas will not be possible without the agreement of the shadow authority which will exist by that time.

- Councillor Mrs Laws said she also agreed with Councillor Hoy; she is very concerned about officers and members' time and the money thrown at LGR. How can Government support this as a money saving exercise? They are trying to brainwash everyone into thinking that LGR will be better. FDC is now losing good officers with great skills that know the local area; residents know their councillors, councillors know their wards, and she cannot see how the representation will be good for the public in the future. What members are voting for today is purely damage limitation.
- Councillor Boden said Councillor Mrs Laws is correct. He would also add that just about all the government ministers involved do not represent the Shire counties, they represent London with its individual boroughs or metropolitan areas with their own district or city councils. They do not understand the need to balance economies of scale, and the situation will be that the more rural areas of England will have larger local authorities with greater population than those of urban areas. They have not got the experience of what the shire counties are about and do not understand the two-tier system.
- Councillor Seaton said he seemed to remember there had been a request for FDC to participate in a fund for this transitional period which members decided not to get involved in. He certainly did not think FDC should voluntarily contribute to this. Councillor Boden responded that someone has been appointed to coordinate the work across Cambridgeshire and Peterborough in preparation for LGR, however that is being funded by the other local authorities and not Fenland as he had thought it would be difficult to get a proposal through Cabinet to fund the post at this time.
- Councillor Wallwork said she did not think there will be a win on this. She can understand the damage limitation route but cannot get over the fact that members are being coerced into making a bad decision.
- Councillor Hoy queried the number of parishes that could be involved and asked how on earth any local authority could manage the number of parishes that various options are showing. Councillor Boden said the idea has been put forward by people who do not have experience of local government in rural areas.
- Councillor Imafidon said rather than it costing FDC money to be part of the LGR process when it is already costing officer time and resources, could the authority not consider billing the Government and if they do not pay up, then consider taking legal action. Councillor Boden said that was a good point. Government did initially provide some money when members were considering various options, and that was shared between councils in the area and some further funds when they backed down on cancelling elections in areas that were due to hold them. However, in answer to questions concerning the costs of setting up the new unitary authorities and trying to make them work, Government have simply said all this will be funded by the savings created by the whole process. Councillor Boden added that he is not making this up and he is not joking. He liked the idea of billing Government but had a feeling it will go into the Council's list of bad debts.

**Proposed by Councillor Boden, seconded by Councillor Mrs French and AGREED to review the feedback from Full Council and FDC's response to the statutory consultation on Local Government Reorganisation in Cambridgeshire and Peterborough as set out in Appendix 1, and to delegate to the Leader of the Council to make any final amendments prior to the submission date of 26 March 2026.**

# CABINET



**MONDAY, 23 MARCH 2026 - 4.00 PM**

**PRESENT:** Councillor C Boden (Chairman), Councillor Mrs J French (Vice-Chairman), Councillor S Count, Councillor Miss S Hoy, Councillor S Imafidon, Councillor Mrs D Laws, Councillor C Seaton, Councillor S Tierney and Councillor S Wallwork

**APOLOGIES:** Councillor G Christy

## **CAB62/25 PREVIOUS MINUTES**

The minutes of the meeting held 23 February 2026 were approved and signed.

## **CAB63/25 INVESTMENT BOARD UPDATE AND REVIEW OF THE COMMERCIAL AND INVESTMENT STRATEGY**

Members considered the Investment Board Update and Review of the Commercial and Investment Strategy report presented by Councillor Boden.

**Proposed by Boden, seconded by Councillor Mrs French and AGREED to note the report and that the ongoing review of the current Commercial and Investment Strategy as determined by the Constitution and delegated to the S151 Officer is still currently deferred.**

## **CAB64/25 AIR QUALITY REVIEW AND ASSESSMENT STATUTORY REPORTING**

Members considered the Air Quality Review and Assessment Statutory Reporting report presented by Councillor Imafidon.

Members made comments, asked questions and received responses as follows:

- Councillor Hoy said the need for additional monitors was mentioned at the County Council's planning meeting about Saxon Pit. There was also some discussion about costs, presumably to Fenland, so it would be useful to know how monitoring was funded and how additional monitors could be obtained. Also, although she understands why air quality areas are revoked if they do not meet specific criteria, when it was done in Wisbech the process was not communicated in the best way. People thought monitoring was being removed just when an incinerator was coming. Members knew that was not the case and it was a statutory process, but she thought it could have been explained better.
- Councillor Boden said in respect of Saxon Pit, the air quality management area was based on a particular polluting source that no longer exists so should have been revoked. However, there is now another potential source of pollution at the same site which public health are treating seriously. They have set up a new committee which will meet next month to look at sources of pollution particularly, but not exclusively, from Saxon Pit, with representation from himself, Councillor Nawaz and Councillor Branton. Furthermore, the Environment Agency have agreed to move a top-notch monitoring station to the near edge of Saxon Pit to record in more detail what is coming from there. When they produce their report in the summer, he will be keen to see that due attention is paid to what they uncover before firm decisions are made as to how matters proceed, particularly in respect of particulates. Councillor Boden also stated there had been frequent exceedances, especially of sulphur dioxide, at Whittlesey but not frequently

enough to be reportable. So, whilst individual days or hours had seen exceedance take place, they did not pass the threshold for action needing to be taken. He wanted it placed on record that there were no exceedances for which action could be taken, which is an important distinction to make.

- Councillor Imafidon responded to Councillor Hoy's funding question, stating monitors were funded by the contractors and there was no cost to the Council.
- Councillor Count said he was surprised by the levels in Broad Street, March showing an increase, considering the success of the High Street redevelopment and less traffic. However, he believed the reason for this was that the measurements compared 2023, when works were ongoing and there was hardly anything going through, to the reopening in 2024 when there was an uplift in traffic. However, when compared to 20/21, the figures are much lower which shows the project to be a great success in its aims which included air quality improvements in the town centre and congestion reduction.

**Proposed by Councillor Imafidon, seconded by Councillor Hoy and AGREED to note the report, monitoring locations, plans and proposed actions to ensure the Council's statutory obligations under the Environment Act 1995 continue to be met and actions are implemented to further improve air quality.**

### **CAB65/25 FENLAND INSPIRE! PLAY AREAS**

Members considered the Fenland Inspire! Play Areas report presented by Councillor Imafidon.

Councillor Boden said a small amendment was needed because the Whittlesey total was £285,000 rather than £250,000. This was due to a lack of time to examine all opportunities and make recommendations. He proposed removing the roundabout from Teal Road saving £15,000, removing the roundabout from Church Street saving £15,000, and reducing the country park work required by £5,000, reducing Whittlesey by £35,000 to £250,000.

Members accepted the amendment.

Members made comments, asked questions and received responses as follows:

- Councillor Seaton suggested a further amendment. Instead of the installation of a safety fence at Tydd St Giles for £30,000, a much lower fence could be installed for £15,000. He asked who would be responsible for implementation of the work as some parish councils were concerned that it would fall to them.
- Councillor Boden asked members if they agreed to the amendment. Members responded that they agreed.
- Councillor Hoy said as this reduced the villages spend, she wondered whether Tydd St Giles should receive an extra piece of equipment instead. Councillor Seaton responded that decisions on what was included or excluded were for Cabinet and the portfolio holder.
- Councillor Boden said Councillor Hoy's point was that £500,000 had been allocated to the parishes as a whole and she was concerned this may take them under that figure, but this would be covered under the delegations in the recommendations and members would ensure no area goes short.
- Councillor Imafidon responded to Councillor Seaton's question about responsibility for the works and said they would be carried out by contractors, not parish councils and it would not necessarily be the same contractor across the whole district as they would be allocated from a pool.
- Councillor Mrs Laws said she supported open tenders as she felt many contractors tend to increase their prices when they see the council as a guaranteed payer. She asked for reassurance that tendering would go to a variety of contractors.
- Councillor Imafidon said he was also in favour of open tenders. In Wimblington, a contractor has already been identified for two projects, but they have a proven track record, and he does not see this as a problem. Councillor Boden advised that the Monitoring Officer had reminded

him that the FDC procurement policy will be followed in all cases.

- Councillor Mrs French said she noticed an underspend for March of £21,000 and requested a second climbing rock at a cost of £17,000 as there several suitable locations for it. Councillor Boden said that this can also be dealt with under delegation powers with the Portfolio Holder and officer concerned.
- Councillor Count welcomed the funding as a good news story. He asked for clarification on the March narrative at paragraphs 3.1 and 3.2, stating 3.1 named Peas Hill Road open space as the primary area, 3.2 then listed other areas, and it then referred to work after the initial two open spaces had been done, but he could only see one listed and asked which the two were. He also queried the statement that the West End play area could not be extended due to underground services such as gas and water. West End is heavily used and if it could not be extended perhaps a secondary play area is needed. Councillor Boden said decisions were not final and public consultation could lead to further amendments. He asked officers to find the answers to Councillor Count's queries and respond in writing to Councillor Count and the other Cabinet members.
- Councillor Hoy said she was glad the item would come back to Cabinet for further comments, as she had many points. She did not understand why the paper was unclear given members were supposed to be working to discuss town proposals. She did not understand the Tydd St Giles position or where an arbitrary £50,000 per village figure came from and noted Doddington was around three times that. She preferred a ballpark figure per area rather than lists that looked like items picked from a catalogue, and questioned whether children would want the items, noting consultation would inform this. She cautioned that listing many villages raised expectations and that £30,000 in a village would buy very little, referencing a previous experience where £25,000 funding achieved only a swing and a rocker at Burcroft Road which she found embarrassing.
- Councillor Boden responded that the report might not necessarily return to Cabinet and delegations allowed the portfolio holder and officer to make adjustments, with Cabinet only needing to see it again if significant changes arose from public consultation.
- Councillor Seaton clarified the Tydd St Giles position, saying it was not being cut by £15,000 they were only going to have a lower fence. The figure put in came from an audit by FDC, but it was always going to be £15,000.
- Councillor Boden said the need to spend by 31<sup>st</sup> March 2027 required FDC to move with speed, which could be done by making discussions private and avoid raising expectations but that would go against the spirit of the funding, which is meant to consider the views of the public and MP.
- Councillor Hoy returned to the Tydd St Giles point, stating that if the fence cost was £15,000 cheaper, then £15,000 remained in the overall budget and asked why they could not receive an additional piece of play equipment. Councillor Boden replied none of the numbers were likely to be final and the point could be taken into account under delegated powers.
- Councillor Mrs French said the figures were estimates and she hoped they would come under budget, allowing a further look. She expressed her disappointment that a new housing estate off Wisbech Road, Hazelnut Drive, with 118 affordable homes had offered only £20,000 and would not install its own play equipment, which she described as disgraceful given the number of children. This was why she and the mayor had looked at Peas Hill, which was near the site. There was £20,000 in the kitty from Sage Housing which she hoped would be passed over so additional provision could be made.
- Councillor Boden said in addition to the £1.5 million, Government had just announced an additional £270,000 playground fund but with different rules, which must be spent by 31<sup>st</sup> March 2028. It needs to relate to three projects and reflect levels of deprivation and need. It would be sensible to consider this alongside the £1.5 million work to avoid duplication, and that no area would lose out because any project moved to the £270,000 fund would free an equivalent amount from the £1.5 million. Referring to the Index of Multiple Deprivation he anticipated most of the £270,000 would go to Wisbech.
- Councillor Mrs Laws said she would not object if it had to be three projects in Wisbech. Consultation in Whittlesey for play areas had achieved strong engagement, with feedback on

age group, equipment and safety, and correct consultation should yield good responses.

- Councillor Hoy said it would be useful to have maps of the lower super output areas to identify land in those areas and know what was possible and what can be achieved and suggested including a consultation question asking what else people would like to see. Councillor Boden said it was premature until government guidance was received, but agreed maps would be important.
- Councillor Count asked how the new £270,000 grant would be handled alongside the existing plan, to avoid duplication. He would prefer delivery by March 2027 if possible and asked for a steer on whether Cabinet wanted involvement or whether speed was essential. Councillor Boden said that utilising the work already done it may be possible to fast-track one or more of the three projects and if they can be delivered by March 2027 then all the better. However, that the funding has only just been announced so not covered by the delegations in the current report so it will need to come back to Cabinet.
- Councillor Hoy said she did not want officer time or consultation costs charged to the £270,000 unless legally required. She added that although it is a good thing to be given the money, she finds it sad that areas are in the bottom of the league tables for reasons such as lower life expectancy and people living in reduced circumstances and in poorer areas. Councillor Boden said there was no intention to use any of the money on consultants or officer time unless required by Government.
- Councillor Tierney responded that comparisons of life expectancy were complex and often related to personal choices, and it was not the Council's place to control choices but to advise and guide.
- Councillor Wallwork stated that freedom of choice required equal ability to make choices and access to healthcare, education and safer environments, which Fenland was low on, and then added this could link to access to play areas.

**Proposed by Councillor Imafidon, seconded by Councillor Mrs Laws and AGREED:**

- 1. The projects for each of the towns and rural areas as set out within the report.**
- 2. To delegate authority to the Portfolio Holder responsible for the Fenland Inspire! Open Spaces and Play Areas Project to consult with local Elected Members with regard to any necessary adjustments to current expected spend against the budget and adjust the notional budget allocations as necessary and matches these revised budgets with Elected Members' priorities.**
- 3. To instruct officers to inform the local MP of what plans have been approved, pending the necessary community engagement to further shape proposals, as is required by the Government Prospectus for the Pride in Place Impact Fund.**
- 4. To note that community feedback regarding any proposals is a requirement of the Government Grant and that feedback may alter proposals accordingly. Community engagement will take place throughout April based on decisions made by Members in paragraph 3.1.**
- 5. To note that the deadline for committing the Pride in Place Impact Fund which is funding open space and play area improvements is no later than 31 March 2027.**
- 6. To authorise officers, in consultation with the Portfolio Holder responsible for the Fenland Inspire! Open Spaces and Play Area Project and the Portfolio Holder for Open Spaces to deliver the improvements approved by Cabinet in paragraph 3.1. Those improvements will be subject to the MP's feedback and feedback as part of a community engagement process, ensuring compliance with MHCLG's prospectus for this grant funding.**
- 7. To delegate authority to the Portfolio Holder for the Fenland Inspire! Open Spaces and Play Area Project to consult with local elected members regarding alternative projects where, from the options approved by Cabinet, permission to use a third party's land is denied, or including where MHCLG rejects a project as unsuitable for the funding.**
- 8. To authorise the Monitoring Officer to execute and complete all requisite legal documentation in relation to the matters above related to play area and open spaces improvements, procurement and their delivery.**

## **CAB66/25 DRAFT 6 MONTH CABINET FORWARD PLAN**

The draft Cabinet Forward Plan was noted for information.

## **CAB67/25 SALE OF 2 BROAD STREET, MARCH**

Members considered the Sale of 2 Broad Street, March report presented by Councillor Boden.

Members made comments, asked questions and received responses as follows:

- Councillor Count said that this is a hugely successful project, being a combination of the Broad Street project, chaired very well by Councillor Seaton, and March Area Transport Strategy delivery, chaired very well by Councillor Mrs French. Despite initial public scepticism, his experience from living in March is that the vast majority have found this a success. He commented on improved air quality and the enhanced streetscape being used for outside eating. When the area overlooking the river is completed that will be a great boon for March. Due to the good financial management of officers, the town has ended up with a better project than originally envisaged as the area outside Iceland in Station Road was also improved.
- Councillor Mrs French added that the underspend had also enabled additional car parking spaces at City Road.
- Councillor Tierney said sadly there will always be people that do not like the plans members bring forward but down the line when it has all been delivered, it is quite inspiring to see things work out positively and he finds March much improved.

Given the nature of the discussion Members resolved to move to exempt session at this point for discussion involving Appendix 2.


**Proposed by Councillor Seaton, seconded by Councillor Count and AGREED to accept bid 2 based on the responses detailed in the exempt Appendix 2 of the report and approve the disposal of the freehold interest in the property upon the terms reported herein and give delegated authority to the Leader of the Council, in conjunction with the Portfolio Holder for Assets and the S151 Officer, to approve the contractual terms securing the disposal of the property and to enter into all legal documentation required.**

*(Members resolved to exclude the public from part of the meeting for this item of business on the grounds that Appendix 2 involved the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of the Local Government Act 1972).*

5.44 pm

Chairman

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<b>Agenda Item No:</b>	5	
<b>Committee:</b>	Cabinet	
<b>Date:</b>	27 April 2026	
<b>Report Title:</b>	Fenland 50 - Local Plan Engagement & Governance	

## 1 Purpose / Summary

- 1.1 This report seeks approval for a new governance and delegation pathway to support the preparation of the "Fenland 50" Local Plan (2025–2050). Following the Council’s resolution in December 2025 to withdraw the previous draft plan, the Council has transitioned to the "new style" plan-making system introduced by the Town and Country Planning (Local Planning) (England) Regulations 2026.
- 1.2 The 2026 Regulations mandate a strict 30-month preparation "clock" and a digital-first approach. To meet the scheduled submission date prior to March 2028, the Council requires an agile decision-making structure. This report proposes delegating authority for technical milestones to the Portfolio Holder for Planning and senior officers, while reserving major strategic policy decisions for Cabinet and Full Council. This ensures the Council can move at the necessary pace while maintaining effective democratic oversight.

## 2 Key Issues

- 2.1 The Council has a statutory duty to maintain an up-to-date Local Plan. Having formally withdrawn the 2019–2040 draft plan, the Council has reissued its Notice of Commencement under Regulation 19 of the 2026 Regulations. We are currently in a mandatory four-month notice period before the formal 30-month preparation timeline officially begins in July 2026.
- 2.2 Under the new system, the plan-making process is punctuated by three mandatory "Gateways"—checkpoints where an independent Inspector reviews our progress. To avoid procedural delays that could pause the 30-month clock, the Council must be able to update its Local Plan Timetable (Regulation 8) monthly and submit technical readiness assessments promptly. The proposed delegation pathway is designed to prevent committee lead-in times from causing slippage against these national deadlines.
- 2.3 A key requirement for passing Gateway 1 in July 2026 is the submission of a new Local Plan Engagement Strategy. This replaces the previous Statement of Community Involvement (SCI), which is no longer a statutory requirement. This new strategy will be informed by a Statutory Scoping Consultation (Regulation 20) scheduled for May 2026. Delegated authority is required to finalise this strategy following the consultation to ensure it is submitted in time for the July Gateway milestone.
- 2.4 While technical and procedural tasks are delegated to ensure efficiency, the governance pathway protects the role of Elected Members in shaping Fenland’s

future. Major policy documents, including the Initial Proposals (Regulation 23) and the Publication Draft (Regulation 27), will remain subject to Cabinet and Full Council approval. Additionally, Member Seminars will be held after each Gateway to ensure all Councillors are briefed on the Inspector's advice and the next steps in the process.

### 3 Recommendations

#### 3.1 That Cabinet:

- a) Note the progress made in commencing the "Fenland 50" Local Plan under the Town and Country Planning (Local Planning) (England) Regulations 2026 (the "2026 Regulations"), following the publication of the Notice of Intention to Commence (Regulation 19).
- b) Revoke the existing Statement of Community Involvement (SCI) and replace it with a new Local Plan Engagement Strategy and Neighbourhood Planning Protocol. This ensures compliance with the new digital-first participation standards required by the 2026 Regulations and wider national planning reforms.
- c) Delegate authority to the Head of Planning, in consultation with the Portfolio Holder for Planning, to maintain and publish the Local Plan Timetable in accordance with Regulation 8 of the 2026 Regulations.
- d) Delegate authority to the Head of Planning in consultation with the Portfolio Holder for Planning, to approve the consultation materials and launch the Statutory Scoping Consultation in May 2026, as required by Regulation 20 of the 2026 Regulations.
- e) Delegate authority to the Head of Planning in consultation with the Portfolio Holder for Planning to approve and submit all documents required for each Gateway stage, including the Gateway 1 Self-Assessment of Readiness (Regulation 21), responses to official Gateway advice, and any technical data packages needed to progress the 30-month timeline.
- f) Agree the approval route for the mandatory consultation stages:
  - Consultation on Proposed Local Plan Content and Evidence (Regulation 23): Initial proposals (6 weeks) to be approved by Cabinet.
  - Consultation on the Proposed Local Plan (Regulation 27): The Publication Draft Plan (8 weeks) to be approved by Full Council.
- g) Agree that a Member Seminar will be held following each statutory Gateway stage (Regulations 21, 26, and 31) to ensure Members are briefed on the observations and advice received from the appointed person (the Inspector) and the requirements for the subsequent preparation phase.

Wards Affected	All
Forward Plan Reference	KEY/17MAR26/01

Portfolio Holder(s)	Cllr Chris Boden – Leader of the Council Cllr Dee Laws – Portfolio Holder for Building Control, Flooding, IDBs & Planning
Report Originator(s)	Kirsty Paul – Interim Planning Policy and Specialist Services Manager
Contact Officer(s)	Kirsty Paul – Interim Planning Policy and Specialist Services Manager <a href="mailto:kpaul@fenland.gov.uk">kpaul@fenland.gov.uk</a> Matthew Leigh – Head of Planning <a href="mailto:mleigh@fenland.gov.uk">mleigh@fenland.gov.uk</a> Dan Horn – Assistant Director <a href="mailto:dhorn@fenland.gov.uk">dhorn@fenland.gov.uk</a> Carol Pilson – Corporate Director & Monitoring Officer <a href="mailto:cpilson@fenland.gov.uk">cpilson@fenland.gov.uk</a>
Background Papers	Local Plan Update report tabled at Cabinet on 15.12.26. <a href="#">Draft Cabinet Report - Local Plan CP 2.pdf</a>

## **1 BACKGROUND AND INTENDED OUTCOMES**

- 1.1 In December 2025, Fenland District Council resolved to withdraw the emerging Local Plan (2019–2040). This decision followed a period of slower-than-expected progress caused by national policy uncertainty, updated flood-risk data, and the potential for local government reorganisation. The Council determined that the previous draft plan no longer fully aligned with shifting local priorities—such as the nationally significant Fens Reservoir proposal and urgent infrastructure needs for health and education. By transitioning to a "new style" Local Plan, the Council aims to establish a framework that covers the period up to 2050, ensuring Fenland maintains a strong, influential voice in regional planning while proactively addressing local place-based issues.
- 1.2 Following the Council's resolution, the Planning Policy team has focused on this transition by formally withdrawing the 2019–2040 draft plan as permitted under Section 22 of the 2004 Act. During this initial phase, the Council launched a new "Call for Sites" to identify land for homes, jobs, and green spaces through to 2050 and reviewed existing technical work—including a robust 6.6-year housing land supply—to determine what data can be carried forward into the new process.
- 1.3 The Town and Country Planning (Local Planning) (England) Regulations 2026 officially came into effect on 25 March 2026, introducing a standardised, "digital-first" process for plan-making. To ensure full legal compliance, the Council has reissued its formal Notice of Commencement under Regulation 19. These regulations mandate a strict 30-month timetable for preparing Local Plans, structured around three "Gateways" where an independent Inspector assesses progress to ensure the process remains legally sound. Under this system, the Council must observe a four-month "Notice Period" before the formal 30-month preparation clock begins. This includes a Statutory Scoping consultation in May 2026 to meet Regulation 20 requirements and the submission of a "Self-Assessment of Readiness" in July 2026 under Regulation 21, which officially triggers the 30-month timeline. In line with updated spend profiling, the new Local Plan is scheduled for submission by March 2028.
- 1.4 As part of these reforms, the statutory requirement for a Statement of Community Involvement (SCI) has been removed to simplify the process. However, the Council remains committed to clear and inclusive engagement. To ensure stakeholders fully understand when and how they can participate, the Council will adopt a new Local Plan Engagement Strategy. This document is a formal requirement for passing Gateway 1 in July 2026. To ensure the strategy is effective and locally grounded, its final content will be informed by the feedback received during the Statutory Scoping Consultation in May 2026. This ensures that community involvement is integrated directly into the 30-month timeline, making it easier for residents and businesses to see where their input can shape the plan's development.
- 1.5 The intended outcome of this report is to establish a governance pathway that balances the need for speed with effective democratic oversight. Because the Council is essentially on a 30-month "stopwatch," an agile way of working is required to prevent the plan from falling behind. By delegating technical, day-to-day decisions—such as monthly timetable updates under Regulation 8 and

the submission of technical data to the Planning Inspectorate under Regulation 21—the Council can avoid delays caused by waiting for full committee cycles. This allows the Portfolio Holder and senior officers to act quickly on technical advice, keeping the project moving toward the March 2028 deadline.

## **2 REASONS FOR RECOMMENDATIONS**

- 2.1 Following the Council's decision in December 2025 to move to the new plan-making system, these recommendations establish the necessary governance framework to deliver that commitment. The Town and Country Planning (Local Planning) (England) Regulations 2026 require a significantly faster pace of production than previous systems. Establishing a clear delegation pathway is essential to ensure the Council can meet the mandatory 30-month statutory "clock" without procedural delay.
- 2.2 The proposed delegations for technical and administrative tasks—such as monthly updates to the Local Plan Timetable under Regulation 8 and the submission of readiness assessments under Regulation 21—allow the project to maintain momentum. By enabling the Portfolio Holder and senior officers to act on technical requirements in real-time, the Council avoids the risk of the 30-month timeline being paused due to committee scheduling, which is a key requirement for a "digital-first" and streamlined process.
- 2.3 This governance model provides a clear balance between operational efficiency and democratic oversight. While day-to-day procedural milestones are delegated to ensure speed, the most significant strategic decisions remain the responsibility of Elected Members. Major policy stages, including the Initial Proposals (Regulation 23) and the Publication Draft (Regulation 27), will continue to require Cabinet and Full Council approval respectively.
- 2.4 Retiring the Statement of Community Involvement in favour of a modern Local Plan Engagement Strategy is a strategic necessity. This strategy is a core document required for the Gateway 1 Readiness Assessment in July 2026. By using the May scoping consultation to inform this strategy, the Council ensures the document meets the new "digital-first" participation standards while being shaped by actual stakeholder feedback. The proposed delegation allows the strategy to be refined and submitted promptly following the consultation, ensuring the Council meets the strict entry requirements for the 30-month statutory clock.
- 2.5 Implementing this specific delegation pathway minimizes the risk of the plan being found procedurally non-compliant. By building "Member Seminars" into the process following each of the three mandatory Gateways, the Council ensures that all Members are regularly briefed on the independent Inspector's advice. This ensures the plan remains legally robust and locally grounded as it moves toward its scheduled submission in March 2028.

## **3 CONSULTATION**

- 3.1 No formal public consultation has been undertaken specifically regarding the proposed governance and delegation pathway set out in this report. There is no statutory requirement to consult the public on the internal mechanisms the

Council uses to manage its plan-making process or how it delegates authority to meet national deadlines.

- 3.2 However, this report follows a significant period of early engagement since the December 2025 resolution to move to the new system. This includes an initial scoping exercise and a "Call for Sites" which have already begun to shape the evidence base for the "Fenland 50" Local Plan.
- 3.3 Future public participation is centrally embedded within the new 30-month timeline. Following the approval of these recommendations, the Council will launch a statutory scoping consultation in May 2026 to meet the requirements of Regulation 20 of the 2026 Regulations. This will ensure that while the decision-making process is streamlined, the community remains fully involved in the development of the plan's vision and objectives

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The only alternative considered was to maintain a more traditional Member-led governance process for all stages. Under this option, every technical submission, timetable update, and minor procedural step would require approval through the full Committee and Cabinet cycle. While this offers high levels of direct involvement, the significant lead-in times required for committee scheduling would likely cause frequent delays. Given the strict 30-month "stopwatch" introduced by the 2026 Regulations, even minor slippage in the early stages could make the March 2028 submission deadline impossible to achieve. This could lead to wasted resources and potential intervention by the Secretary of State if the Council fails to maintain its statutory plan-making duties.

#### **5 IMPLICATIONS**

##### **5.1 Legal Implications**

- 5.2 The Council has a statutory duty under Section 15 of the Planning and Compulsory Purchase Act 2004 to prepare and maintain an up-to-date Local Plan. Failure to maintain an effective plan can lead to intervention by the Secretary of State under Section 27, which may include directing the preparation of a plan or applying financial sanctions.
- 5.3 The Council exercised its clear legal authority under Section 22 of the 2004 Act to withdraw the emerging 2019–2040 Local Plan in December 2025. Following this, the Council is now bound by the Town and Country Planning (Local Planning) (England) Regulations 2026, which introduced a mandatory "digital-first" framework and a fixed 30-month preparation timetable.
- 5.4 To remain compliant with these new regulations, the Council must adhere to strict procedural milestones. Regulation 19 requires the publication of a Notice of Commencement, which the Council has reissued to align with the March 2026 legal framework. Furthermore, Regulation 21 mandates a four-month notice period before the formal 30-month "clock" begins at Gateway 1. The proposed delegation pathway is essential to ensure these statutory windows are met without procedural delay.

- 5.5 The 2026 Regulations have removed the previous requirement for a Statement of Community Involvement (SCI). The Council's transition to a Local Plan Engagement Strategy ensures continued compliance with the general principles of the 2004 Act regarding public participation, while streamlining the process to fit the accelerated 30-month timeline.
- 5.6 There is a significant legal and practical risk in maintaining a traditional, non-delegated governance structure. If the Council fails to meet the milestones set out in the Local Plan Timetable (Regulation 8) or fails to pass the mandatory Gateway assessments (Regulations 21, 26, and 31), the plan may be delayed or found procedurally non-compliant.
- 5.7 The proposed delegations are legally sound and follow standard local government practice. By reserving major policy decisions (Regulations 23 and 27) for Cabinet and Full Council, the governance pathway ensures that the Council's constitutional role in approving the development plan is protected, while providing the administrative agility required by the 2026 Regulations.

## **5.8 Financial Implications**

- 5.9 Withdrawing the emerging Local Plan and commencing a new one under the forthcoming plan-making system will have financial implications for the Council. The estimated cost of continuing to prepare a plan under the current system is between £682,000 and £850,500 (excluding salaries). These costs will primarily be met through the utilisation of government grants and existing planning reserves.
- 5.10 The General Fund Budget Estimates and Medium-Term Financial Strategy (MTFS) Report, agreed by Cabinet and Council in February, projects a financial shortfall for 2026/27 of £2.856m rising to £2.903 in 2027/28.
- 5.11 Although there are currently many uncertainties regarding the budget for 2026/27 and the MTFS, there remains a significant structural deficit which the Council will need to address.

## **5.12 Equality Implications**

- 5.13 In assessing the implications of withdrawing the emerging Local Plan, the Council has considered its statutory obligations under the Equality Act 2010, including the Public Sector Equality Duty (PSED) in Section 149. As the emerging plan has not been formally adopted, it currently carries limited weight in the determination of planning applications. However, relevant supporting technical evidence, including the recently completed Gypsy and Traveller Accommodation Needs Assessment, remains current and may continue to inform decision making where appropriate.
- 5.14 The draft plan contained policies designed to address the needs of groups with protected characteristics, including measures relating to accessible and affordable housing, provision for Gypsy and Traveller communities, access to rural services, and health and wellbeing infrastructure. The preparation of a new Local Plan will provide an opportunity to review and refine policies to strengthen equality outcomes. Equality Impact Assessments (EqIA) will be undertaken at key stages to identify and address potential impacts on people with protected characteristics and embed equality considerations throughout the plan-making process.

5.15 In conclusion, the withdrawal of the emerging Local Plan does not conflict with the Council's statutory equality duties. Key technical evidence remains valid, the adopted Local Plan provides a positive policy context for planning inclusive communities, and the new plan-making process offers an opportunity to review and enhance equality-related policies.

## **6 SCHEDULES**

None

<b>Agenda Item No:</b>	<b>6</b>	
<b>Committee:</b>	<b>Cabinet</b>	
<b>Date:</b>	<b>27 April 2026</b>	
<b>Report Title:</b>	<b>Property, Assets &amp; Major Projects – Implementation of On and Off-Street Parking Enforcement In Fenland</b>	

## 1 Purpose / Summary

- 1.1 To provide members with updated implementation and operational running costs for Civil Parking Enforcement along with an updated timeline following the previous Cabinet update paper on 21<sup>st</sup> July 2025. It is important to note that the estimated costs contained within this report have been based on the 2021 sign and line survey data with current contract prices used to determine the estimated cost. Prices were obtained at the end of February 2026 and are valid for 90 days following which they would be subject to potential price increases.
- 1.2 To obtain a member steer on whether to proceed with the implementation of CPE having due regard to the updated implementation and running costs and associated go live timeline referenced in schedules 10.3, 10.4 and 10.5 of this report.
- 1.3 To advise members of the CPCA's conditional offer for the CPE funding grant extension.
- 1.4 To provide members with an overview of any known financial and legal implications associated with implementing CPE to enable an informed decision.

## 2 Key Issues

- Traffic Regulation Order Survey, Review and Corrective Works
- CPE Civil/Special Enforcement Area Designation Order
- Agency Agreement and Service Level Agreement
- Off Street Parking Places Regulation Review
- Project Delivery Timeline
- On and Off-Street Enforcement and Administration Costs
- Project Risks and Funding
- Liaison with Key Partners
- SCDC, HDC CPE Progress
- Fenland Sign & Line Corrective Work Estimate - Schedule 10.1
- FDC CPE Funding - Schedule 10.2
- Updated CPE Set-up Costs - Schedule 10.3

- Updated Estimated Operating Costs - Schedule 10.4
- Revised CPE Timetable - Schedule 10.5

### 3 Recommendations

#### 3.1 Members are requested to:

- acknowledge the updated estimated increase in the overall project implementation cost, project delivery timelines and the annual CPE running costs.
- note the CPCA's conditional offer for the revised grant funding extension and financial implications to the project should the Council resolve not to progress with the implementation of CPE.
- provide officers with direction on whether to proceed with the implementation of CPE based on the estimated costs and having considered the financial and legal implications contained within this report. The anticipated Council funding contribution is estimated to be in the region of £865,111 with an overall project cost of £1,225,547 which includes external grant funding.
- Note the cost estimate (received in February 2026) could rise due to international issues and the M Group estimate is only valid for 90 days therefore agree that if costs rise by more than 10% the Leader of the Council to be consulted.
- provide an officer steer on previous Red line areas contained within the draft agency and service level agreement in respect of undertaking the administration of highway related permits, suspensions, dispensations and waivers associated with operational CPE matters.
- delegate authority to the corporate director/section 151 officer to enter into an agency and service level agreement with Cambridgeshire County Council in order to progress the CPE project to implementation. Agreement shall include but not be limited to all procurement, legal, administrative, enforcement and LGR related matters.

Wards Affected	ALL
Forward Plan Reference	KEY/16JAN26/01
Portfolio Holder(s)	Cllr Chris Boden – Leader of the Council Cllr Jan French – Deputy Leader of the Council
Report Originator(s)	Garry Edwards - Engineering Manager <a href="mailto:gedwards@fenland.gov.uk">gedwards@fenland.gov.uk</a>

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Background Papers	Cabinet Paper 21-07-2025, Cabinet Paper 18-12-2023, Cabinet Paper 17-07-2023, Cabinet Paper 13-06-2022, Cabinet Paper 21-10-2021, Cabinet Paper 22-03-2021, Cabinet Paper 21-10-2020.  Background information has also been sourced from 2008 Buchanan parking feasibility study, Overview & Scrutiny report 29-05-2007 & 15,07,2005, Development & Leisure Committee Report 08-05-1997 & 15-07-1993, Car Park survey data 1991

#### **4 BACKGROUND AND INTENDED OUTCOMES**

- 4.1 It has been an aspiration of the Council to implement some form of Parking Enforcement for a great many years with the earliest known feasibility works dating back to 1989 and implementation costs being first calculated in 1993. Several consultants have been appointed over this time to look at decriminalised parking and more recently civil parking enforcement within fenland with various enforcement modelling undertaken.
- 4.2 Feasibility works undertaken between 1989 and 2008 included the introduction of a car park charging strategy which has always been an emotive subject. However, since 2008 feasibility models have focussed on Council car parks remaining free of charge with enforcement and penalties only being applicable for overstaying the maximum permitted stay period.
- 4.3 Car park survey information dating as far back as 1993 indicates there has been parking space capacity issues within some of the Councils off street car parks at peak times. This issue has increased over time despite the Councils best efforts to increase parking provision over the years with capital investment following recommendations made in the 2008 car park feasibility study.
- 4.4 Historically the focus was concentrated on regulation and enforcement of the Councils off-street car parks rather than on-street enforcement. The introduction of the Road Traffic Act 1991 and more recently the Traffic Management Act in 2004 shifted the focus from criminal enforcement action by wardens/police to civil powers that could be used by Councils for enforcement.

- 4.5 The Traffic Management Act 2004 provided highway authorities with the ability to adopt CPE powers and take over the enforcement from the Police. By 2009, 265 local authorities in England (85%) had adopted CPE powers leaving just 62 Councils to adopt such powers including Fenland. The number of Councils in England now remaining without civil enforcement areas in place is believed to be 4.
- 4.6 In 2004 following the introduction of decriminalised parking in Cambridge City, the Council's Overview and Scrutiny panel agreed that parking provision within Fenland should be reviewed and this should include both on and off-street parking, its quality, availability, pricing, regulation and use.
- 4.7 The Council undertook car park user surveys over a number of years between 2004 and 2008 to understand local issues and user behaviour and to inform recommendations that would later be made to the parking review team. The surveys highlighted peak capacity and regulation concerns associated with misuse.
- 4.8 In 2008-09 a full Parking Review was undertaken which included user and capacity surveys and a number of recommendations were presented to Council for consideration. The Council's Overview and Scrutiny panel appointed a parking provision review team which was made up of FDC members and officers with some external advisors. The review looked at both on and off-street parking provision and a number of recommendations were made based on survey data to improve the Council's off-street car parks.
- 4.9 The review once again considered if car park charging should be implemented which was not supported by the review team due to the economic climate at the time. Survey feedback indicated that there was insufficient parking provision within the towns and that enforcement would help to free up parking for shoppers. It was also considered that the existing off-street parking orders should be reviewed and short and long stay car parks allocated within the towns.
- 4.10 Key stakeholders to include Cambridgeshire Police and the County Council were consulted during the parking review and were supportive of introducing Civil Parking Enforcement. The Police recognised that illegal parking was an issue within Fenland and advised that weekly purges were being undertaken mainly in the towns of Wisbech and March to reduce illegal parking.
- 4.11 Following the transition of decriminalised parking to civil parking enforcement in 2008, the County Council consulted the District Councils on the proposal to implement CPE within Fenland. It was at the time proposed for the County Council to take responsibility from the Police to enforce on-street parking with off-street car parks being enforced in a joint operation by the County and Fenland DC. All set up costs were to be met by the County Council with the exception of any items specifically required for the district council such as amendment of the Council's off-street parking places orders, car park signage

and IT systems. All requirements for on-street TRO enforcement to include sign and lines were to rest with the highway authority.

- 4.12 There was no compulsion for FDC to join the proposed County Council scheme, with only the districts that supported this proposal participating in the scheme. There was also no certainty of FDC being able to join at a later if the opportunity was not taken at the time. As Fenland did not support this proposal at the time it would leave Fenland to continue to be reliant on Police enforcement and to provide an appropriate level of service.
- 4.13 Parking enforcement has for a long time been considered a high priority for the community and has in the past regularly featured as one of the key issues at Neighbourhood Police meetings. Effective enforcement on-street is considered to improve road safety and access, and off-street maximizes capacity and safety within the Councils car parks.
- 4.14 It has been recognised for some time that the Police have limited resources available for parking enforcement with most areas of the Country having these resources withdrawn completely where CPE has already been implemented. Statutory consultations undertaken in 2022 by Cambridgeshire County Council for the proposed implementation of CPE reinforced this with the Police response being supportive of CPE implementation within Fenland.
- 4.15 In more recent times on-street parking enforcement within Fenland which currently remains a responsibility of Cambridgeshire Police has been hindered by poor sign and line maintenance. The responsibility for sign and line maintenance rests with the highway authority but limited Police resources has been of equal concern.
- 4.16 The Council has previously looked to fund additional Police resources through Police Community Support Officer schemes; however this resource was not seen by the Council as being purely dedicated to parking enforcement which led in part to funding being withdrawn.
- 4.17 It is understood by council officers and as evidenced in previous reports that illegal on-street parking and mis-use of Council owned public car parks within Fenland has been an ongoing issue since 1993.
- 4.18 The Council currently owns and/or manages 20 public car parks with a further 7 car parks associated with leisure, business or corporate facilities. The public car parks alone provide 1789 parking spaces which are offered free of charge. It has been considered since the 1990's that better regulation and enforcement of the Councils off-street parking facilities would help to reduce on-street illegal parking by creating greater turn over and capacity.

- 4.19 A further 454 parking spaces are provided at other Council owned facilities which would benefit from the implementation of an off-street parking places order.

## **5 CAMBRIDGESHIRE COUNTY COUNCIL & FENLAND DC CPE PROGRESS TO DATE**

- 5.1 A detailed highway site survey was undertaken in November 2021 to capture the condition of all signs and lines associated with traffic regulation orders within Fenland. The survey concluded that approximately 86% of all the signs and lines within Fenland that are associated with TRO's were not deemed to be in a condition suitable for the implementation of CPE. The survey recorded defects that were considered to be in both poor and fair condition with poor defects requiring immediate attention and fair defects rectification within 2 years. Signs and lines that were at the time considered to be in good condition were deemed suitable for a further 5-7 years
- 5.2 With over four years now having passed since the survey work was undertaken it is inevitable that some of the signs and lines deemed to be good will now be in a fair condition. Similarly a considerable percentage of the fair sign and line defects would also be deemed poor and require attention.
- 5.3 The corrective sign and line work costs for all four tranches (one for each town) were previously calculated in November 2023 and the estimated implementation costs included within the previous CPE Cabinet paper dated 18-12-2023.
- 5.4 The sign and line work costs were previously based on the poor defects only identified during the survey which were defects defined as requiring immediate action. Defects that were deemed as being fair (action required within 2 years) were excluded from the cost calculations as these were unlikely to have required action prior to the implementation of CPE.
- 5.5 The corrective sign and line works calculated in 2023 were estimated to cost in the region of £538,539.39. Certainly inflationary construction price increases over the last two years will now apply and in addition the scope of works will have increased due to further sign and line wear and deterioration.
- 5.6 Cambridgeshire County Council and FDC officers have continued to meet regularly to discuss various aspects of the CPE project and an update paper was last presented to Cabinet on 21st July 2025. The report outlined various estimated cost increases and highlighted a considerable budget shortfall for the project. Members resolved for officers to seek up to date cost estimates for the implementation works and to include both the poor and fair work defects. These costs have now been updated and are included within this report.
- 5.7 A draft application to the Department for Transport for a Civil/Special Enforcement Area Designation Order for the introduction of CPE in Fenland

was prepared in February 2023 by Cambridgeshire County Council in partnership with FDC. It is not possible to progress the application further until:

- 5.8 The CPE agency and service level agreements have been agreed and signed off by both authorities.
- 5.9 Additional funding for the CPE project has been approved by the Council.
- 5.10 FDC have indicated who the preferred CPE service provider will be for the provision of enforcement and administrative services. It is likely the provider would be chosen from one of the neighbouring local authorities and that this decision would follow the awaited LGR announcement on the new Unitary Councils.
- 5.11 An updated CPE implementation programme has been approved.
- 5.12 The CPCA granted capital funding in 2021 in the sum of £400,000 under the Market Towns Programme for Fenland District Council to deliver elements of the Fenland Parking Management Project (CPE). The funding was originally due to be spent by March 2024 but was extended until December 2025 whilst additional funding for CPE was being sought. To date £74,229 has so far been drawn down, leaving £325,771 of grant funding allocated by the CPCA.
- 5.13 The CPCA have since granted a further extension of the existing CPE funding contribution, however the offer is conditional on the Council agreeing to fund the remaining project funding shortfall. This could therefore mean the remaining funding contribution is withdrawn if FDC resolve not to proceed with CPE.

## **6 KEY ISSUES**

### **Traffic Regulation Order Survey, Review and Corrective Works**

- 6.1 The design work packages and associated sign and line corrective work costs previously prepared by the County Councils framework contractor Milestone in October 2023 have now been updated. The costs included within this report reflect the current estimated sign and line corrective works required for each of Fenlands four Market Towns and surrounding villages.
- 6.2 The target costs received in February are only valid for a period of 90 days following which the costs would need to be reviewed and updated where necessary with any applicable uplifts applied. Target costs are estimated and could increase or decrease as the works progress.
- 6.3 At the time of the survey being undertaken in 2021, collectively 294 sign defects were found to exist along with 743 lining defects associated with 4,899 LM of poor lining. The design package works and associated costs calculated in 2023 included only for the poor defects which required

immediate attention. Since that time it is inevitable that further lining defects will undoubtedly exist and lining which at the time was considered to be in a fair condition (remedial work action needed within two years) will now need to be included within the scope of works.

- 6.4 The defects noted during the initial TRO survey as being fair (8,897 LM) will now have a high proportion rated as poor and require corrective works. It is predicted that the majority of the additional defects will be lining and that the scope of works will need to increase by approximately 10%. This figure remains estimated and cannot be substantiated without resurveying the fair works defects. The percentage of fair lining defects requiring corrective works has been informed by the County Council following the implementation of CPE in SCDC.
- 6.5 The 2023 target costs for the poor defects have been uplifted to account for any contract and inflationary price increases. In addition the design package works for the fair defects have now been undertaken to enable the fair defect works estimate to be calculated. An allowance for further wear and deterioration has also been added to the implementation works cost.
- 6.6 The costs outlined in Schedule 10.1 represent the highest level of accuracy possible using the survey data available. Further accuracy would only be possible by resurveying the signs and lines which would add both a sizeable cost and timeline to the implementation programme. It is considered at this stage that the CPE project would not be delivered prior to LGR should a resurvey be deemed necessary.
- 6.7 It is important to note that civil parking enforcement relates only to the enforcement of static restrictions e.g. loading bays, double and single yellow lines etc and not moving traffic offences such as speed limit signs, driving in cycle lanes, one way systems and no entry restrictions etc. The enforcement of moving traffic offences would remain a police responsibility following the implementation of CPE.
- 6.8 The corrective sign works could be undertaken during the winter months; however the lining works would need to be undertaken during the spring/summer months. A purchase order for the corrective works would need to be placed with the contractor several months in advance to enable the contractor to plan resources accordingly. Should there be any substantial delay in placing the order for the works, the target cost and project timeline would need to be reviewed.
- 6.9 It is estimated that the corrective sign and line works would take approximately 6 months to complete. This is largely due to the time taken to co-ordinate the works and obtain the necessary street works permits.

## **CPE Civil/Special Enforcement Area Designation Order**

- 6.10 Only the Highway Authority can apply to the Secretary of State for a Civil/Special Enforcement Area Designation Order for the introduction CPE. The Department for Transport only accept applications for CPE once a year for consideration in December due to so few local authorities now remaining to implement CPE. Applications need to be submitted approximately 6 months prior with Parliamentary time being granted upon request. The approval process could take up to 18 months dependant on the time of the application being made.
- 6.11 A draft DfT application was last prepared in 2023 by CCC and FDC officers which would need to be reviewed and completed. A formal submission to the DfT cannot be made until a decision on the enforcement and administrative service provider has been made along with a CPE implementation date.
- 6.12 The highway authority would be unlikely to apply to the DfT for CPE powers until the agency agreement has been agreed between both authorities. Once the highway authority is in receipt of CPE powers, this decision cannot be reversed and the County Council would want to mitigate as much risk as possible to the authority by having an operational agreement in place with FDC prior.

### **Agency Agreement and Service Level Agreement**

- 6.13 The County Council requires sign off on the agency and service level agreements between both authorities prior to the DfT application for the CPE order being made. Both documents were initially drafted in 2023 but a number of concerns deemed to be red flags were raised at the time by the CPE project team. The concerns were mostly associated with various delegation clauses and the Highway Authorities right to implement pay & display to on-street areas if they deemed it necessary in the future.
- 6.14 The format and layout of the agency and service level agreements have recently been updated to replicate that used for the implementation of CPE in Huntingdon. The implications of Local Government Reform will certainly now need to be factored into an FDC agency agreement with the County Councils highway authority functions due to transfer to new Unitary Councils.
- 6.15 The County Council will require FDC as agents to be responsible for the administration of all highway parking suspensions, waivers, dispensations and permits. This would entail all the associated administration, advanced notice signage and enforcement to be undertaken by FDC or their chosen enforcement and administrative service provider. Any income associated with the aforementioned delegated function would be retained by FDC or their chosen enforcement provider to offset costs. The permit fee levels would however be determined by the highway authority.
- 6.16 Members had previously indicated that managing the highway permits would not be deemed acceptable due to the likely resource and cost implications this would place on FDC. This is however seen by the highway authority as being a red line and one that would need to be conceded by FDC in order to

progress with the implementation of CPE within Fenland. Common ground on any red lines will need to be found prior to the agency agreement being established and a member steer on such matters would be essential.

- 6.17 The detail agreed within the agency and service level agreements will directly impact the necessary resources needed to operate CPE and the annual revenue deficit placed on FDC for the term of the agreement. To date the FDC CPE enforcement model has been based on having only two full time CEO's.
- 6.18 FDC as agents for the highway authority under the terms of the agency agreement would need to provide a suitable and sufficient level of enforcement to cover the whole of Fenlands administrative area. This would include enforcing the 329 Traffic Regulation Order's currently in place within Fenland along with 27 Council parking facilities likely to be included within the application.
- 6.19 The cost to staff and resource a parking team internally to administer and enforce CPE has previously been looked at and considered too expensive to operate. Instead entering into a service level agreement with a neighbouring authority that already has the necessary back-office setup and enforcement officers in place is considered best value for money.
- 6.20 The County Council have a designated budget for sign and line maintenance; however it is understood that no increase in this budget has been made following the high level of defects highlighted by the sign and line survey works. Under the terms of the agency agreement the County Council would remain responsible for all on-street sign and line maintenance. Sign and line defects would likely be attended to in the same manner as they are currently within Fenland with defects being prioritised in line with County Council highway budgets and agreed timelines within the CCC/M Group contract.
- 6.21 Poor sign and line maintenance could result in future enforcement challenges for FDC post CPE implementation if PCN's were unable to be issued due to a continued poor signs and line maintenance regime by the County Council.

### **Off Street Parking Places Regulation Review**

- 6.22 In preparation for the implementation of CPE, a new district wide Off Street Parking Places Order will need to be implemented across all FDC parking facilities. It is recommended that the allocation of short and long stay parking periods remain consistent across each of the four Market Towns with 2-3 hours for short stay, and 9-10 hours for long stay parking facilities being recommended. This will reduce the complexity for enforcement officers whilst providing a balance for both short term shopper and business workforce needs. A variation in the maximum stay period would need to be more site specific for car parks located adjacent to essential public transport facilities.
- 6.23 The Council are responsible for twenty public car parks and a further seven parking facilities associated with leisure, business and corporate buildings. All

sites would be brought in under the new OSPPO with each site requiring new or replacement signage and either additional or modified lining. The associated costs have been calculated separately to the TRO signing and lining requirements but have also been included within the costing schedule 10.3.

### **Project Delivery Timeline**

- 6.24 Procurement of the sign and line works through the County Councils highway services contract would be least demanding on FDC resources and advantageous in terms of obtaining and co-ordinating streetworks permits.
- 6.25 An alternative means of procurement remains an option by an open tendered approach. However based on feedback from Huntingdon District Council who opted for this procurement route, it is considered that any saving would likely be cost neutral given the increased staff/consultant/contractor time and cost required to procure and co-ordinate the works on the ground.
- 6.26 Procuring the works via the County Councils contractor would require a purchase order to be placed for the corrective sign and line works once agreement has been reached between both authorities and the agency and service level agreement drafted for sealing. The lining works can only be undertaken during dry weather conditions and would therefore limit the works delivery period to between March and October 2026 or 2027. The County Council's highway services contractor would programme the works and allocate resources following receipt of a purchase order to demonstrate FDC's commitment.
- 6.27 The CPCA grant funding deadline has already been extended several times since the beginning of the CPE project. The CPCA have agreed to extend the grant funding period further until December 2027 to align with the projected project delivery timeline, however this offer is conditional on the Council agreeing to the implementation of CPE and all the associated project costs.
- 6.28 The agreed CPCA grant funding contribution for CPE is £400,000 and to date £91,164 has so far been spent on feasibility and survey works.
- 6.29 The application to the Secretary of State for a CPE CEA/SEA would need to be made in June for Parliament to consider the application in December. It is a requirement to name the enforcement and administrative service provider within the agency and service level agreement. However, it is unlikely that this decision will be made prior to the awaited LGR announcement later this year in relation to the new Unitary Council formation within Cambridgeshire. It is therefore considered that the application to the DfT would be made later this year with receipt of CPE powers being received in December 2027.
- 6.30 The County Council would not be prepared to make such an application to the DfT until the agency and service level agreements have been agreed by both Councils. Therefore the CPE project will be unable to move forward until such

time as the agreements have been agreed meaning this task remains the highest priority following funding approval.

### **On and Off-Street Enforcement and Administration Costs**

- 6.31 Three neighbouring local authorities have previously expressed an interest in providing both the CPE administrative and enforcement services for FDC under a shared service provision contract. No further progress on this aspect of the CPE project has been made since 2023, however LGR could provide enforcement opportunities from neighbouring authorities who already have enforcement capability. Service provision costs have increased since the initial discussions were held due to market increases in fuel, labour and material costs.
- 6.32 The CPE operating costs were last updated in November 2025. Based on two full time civil enforcement officers and using the cheapest external service provision model it is predicted that the FDC operational running costs will be **£149,173 per year**. Taking account of the estimated PCN income based on issuing **1983 PCN's** per year, it is predicted that the FDC running cost deficit will be **-£92,950** per year based on an operational cumulative cost of **£464,750** over the first 5 years. The updated modelling costs have also taken into consideration feedback obtained from South Cambs DC since CPE was implemented in respect of the predicted PCN hit rate.
- 6.33 It is too early to predict what impact the proposed local government reform will have on CPE within Fenland, however three neighbouring local authorities already undertake CPE operations. This provides Fenland with favourable opportunities for the provision of enforcement and administrative services going forward.
- 6.34 The estimated enforcement and administrative modelling costs have been updated using enforcement cost data gained from one of the neighbouring authorities within Cambridgeshire.

### **Project Risks and Funding**

- 6.35 To date the greatest project risk has been affordability in terms of the implementation cost associated with the corrective sign and line works. Due to the exceptionally high number of sign and line defects discovered during the Fenland TRO survey in 2021, the cost of the corrective works was found to be much higher than originally anticipated.
- 6.36 Previously the corrective work costs last estimated in 2023 were based solely on correction of defects rated as poor. The estimated sign and line costs have now been updated to include all poor and fair defects associated with TRO's on the highway network throughout Fenland. Whilst the works estimate has still been based on the 2021 survey data a 10% allowance has been added for further sign and line deterioration. The CPE project is now estimated to have funding shortfall in the region of **£865,111**.

- 6.37 The corrective works costs contained within this report were current as of February 2026 and quotations are valid for 90 days. The implementation works could commence in the summer of 2026, however it is likely that the Council would want to conclude the agency and service level agreements before commencing the corrective works. Should the works be deferred until Spring/Summer 2027, further uplifts may apply.
- 6.38 The recent global conflict in the middle east is likely to create upward pressure on UK construction costs through material supply chain disruptions and increased material costs associated with bitumen reliant products. Similarly the impact of elevated fuel costs could also impact contractor operating and site equipment costs.
- 6.39 Until such time as the agency agreement has been signed off by both authorities, the application to the Secretary of State is unlikely to be made or the corrective sign and line works procured.
- 6.40 The procurement of an external service provider for all enforcement and administrative duties associated with CPE along with the implementation of a shared service provider agreement is estimated to take around 9 months to complete. Liaison with neighbouring authorities who have already implemented CPE has taken place on a number of occasions over the last few years. It is however possible that one of the existing authorities operating CPE may form part of the new Unitary Council within the Fenland area under the LGR proposal.
- 6.41 The application for the CPE order could take up to 18 months to gain approval following the sign off of the agency agreement with parliamentary time only being allocated once a year in December. Applications to the DfT are made in the Summer for making of a designation order in December.
- 6.42 The overall CPE project implementation timeline is estimated to be 2 years with the earliest go live date being January 2028. However the implementation of CPE could well extend into 2028 should the necessary FDC governance and CPE agreements not be concluded in accordance with the project programme.
- 6.43 Whilst the CPCA grant funding deadline has been revised to December 2027, the offer is conditional. Should the Council not agree to meet the project funding shortfall, the remaining CPCA grant would be withdrawn.

### **Liaison with Key Partners**

- 6.44 Cambridgeshire County Council formally consulted all statutory consultees and partner organisations on the implementation of CPE within Fenland in April 2022. No objections were received and the collective feedback was used to form the basis of a draft CEA/SEA DfT application. Nothing has fundamentally changed in terms of key stakeholder governance arrangements

within Fenland since that time and therefore it is considered that no further evidence would be required by DfT to support the CPE application. The highway authority will however seek clarification from the DfT on this.

### **South Cambridgeshire & Huntingdonshire District Council CPE Update SCDC**

- 6.45 The application for a Civil/Special Enforcement Area Designation Order for the introduction of CPE in South Cambridgeshire was made by Cambridgeshire County Council on behalf of SCDC and brought into force in February 2024. A DfT application for bus lane and bus gate enforcement has been considered separately and the powers to implement associated camera enforcement systems was scheduled to come into force by the end of 2025. The same powers would also apply to the HDC administrative area.
- 6.46 Following the initial CPE implementation period in SCDC the number of penalty charge notices issued were as expected higher during the settling in period. The PCN hit rate has since been lower than predicted which correlates to the overall CPE running cost . This data has been used and applied to the updated Fenland CPE model. It should however be noted that SCDC do not have off street car parks which is estimated to account for approximately 40% of the PCN's issued and the associated income in the Fenland model.

### **HDC**

- 6.47 The application for a Civil Enforcement Area and Special Enforcement Area Designation Order for the introduction of CPE in Huntingdonshire was established in 2025 with HDC undertaking enforcement from August 2025.
- 6.48 Warning notices for on-street enforcement were issued for the first 4 weeks of August 2025 with Penalty Charge Notices being issued from the start of September 2025.
- 6.49 HDC and CCC have an agency and service level agreement in place that provides delegated functions to the District Council for both Enforcement & Administration including:
- 6.50 the undertaking of Civil Parking Enforcement of static on-street contraventions in accordance with the relevant Traffic Regulation Orders, and;
- 6.51 the processing and administration of challenges, representations and appeals arising from issuing PCNs, including appeals to the Traffic Penalty Tribunal.
- 6.52 The HDC agency agreement has been used as a template to form the basis of an FDC agreement with the County Council. The HDC agreement is based on an initial 5-year period with the right to withdraw following a 12 month notice period. Any surplus largely to be realised from paid parking will be used initially to offset the associated CPE set up costs with a percentage of any future income being shared with the highway authority. The administration of all highway related TRO permits, waivers, suspensions and dispensations are being undertaken by HDC.

- 6.53 HDC resolved to deliver the corrective sign and line works outside of the CCC framework contract following several rounds of tendering. Whilst it is not known the extent of savings that HDC may have realised by procuring the corrective works externally, it is understood that such savings would largely have been cost neutral due to the increased officer/contractor time required to co-ordinate the works on the ground.

## **7 CONSULTATION**

- 7.1 A comprehensive mandatory consultation exercise was undertaken with stakeholders in April 2022. Little in the way of feedback was received, however all key stakeholders were supportive to include Cambridgeshire Constabulary and the feedback has been used to inform the draft CEA/SEA application. County Council advice indicates that no further evidence would be required by the Dept for Transport to support the CPE application, however advice from the DfT on this is currently being sought by the Highway Authority.
- 7.2 An 8-12 week public advisory exercise would need to be undertaken by the Council providing advanced notice to the public of the CPE implementation date.
- 7.3 Should the CPE application not be considered by Parliament until December 2027, it is unlikely that enforcement will be in operation until February 2028 following a 4-6 week period whereby warning notices would be issued.

## **8 ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 The only current alternative for On-street enforcement is to continue with the police carrying out enforcement duties for parking contraventions, however historically this has not been seen as a priority area of focus for the police. The high level of defective and non-compliant signs and lines on the public highway network throughout the district would certainly make enforcement in any guise challenging at present.
- 8.2 The high cost associated with the implementation of CPE within Fenland is largely associated with the lack of sign and line maintenance over a protracted period of time by the Highway Authority. Three of Fenlands neighbouring local authorities have already introduced CPE, however the CPE models for these areas indicate they will be largely self-financing from paid parking within a 5 year period.
- 8.3 It is likely that following the implementation of the Local Government Reform agenda and the formation of new Unitary Councils within Cambridgeshire existing CEA SEP orders would be amended to include Fenlands administrative area. The cost of implementing and running CPE within Fenland along with all associated corrective sign and line works would transfer to the new authority from April 2028.

- 8.4 In the event the Council resolves not to implement CPE, the Council still has the option of implementing enforcement within its off-street car parks to prevent mis-use of these vital facilities. The implementation of a district wide parking place order and associated enforcement would help to regulate parking which in turn would increase parking bay availability and turnover and contribute to better on-street traffic flow management.

## **9 IMPLICATIONS**

### **Legal Implications**

- 9.1 The County Council is the local traffic authority. It will apply for the designation of the district as a civil enforcement area. It will do this on the basis that it will enter into an agency agreement pursuant to section 101 of the Local Government Act 1972/ Section 9EA of the Local Government Act 2000.
- 9.2 A full legal review of the contractual documentation associated with the Fenland/County agency and service level agreement will need to take place once agreement has been reached in principal by both authorities on any Red line areas.
- 9.3 The County Council will require FDC to accept responsibility for all permits, suspensions, waivers and dispensations associated with the public highway in order for CPE to be implemented within Fenland.
- 9.4 It is inevitable that the highway authority will require the service level agreement to be for a minimum 5 year term in line with other District Council CPE arrangements in Cambridgeshire, however legal advice shall need to be sought in respect of LGR implications.
- 9.5 As part of the implementation the Council is being asked to meet costs which sit within the County Council's responsibilities as highways authority. The Council has power pursuant to section 137 of the Local Government Act 1972 to incur expenditure which in its opinion, "is in the interests of, and will bring direct benefit to," its "area or any part of it or all or some of its inhabitants", This includes the power to do so by "contributing towards the defraying of expenditure by another local authority in or in connection with the exercise of that other authority's functions." Expenditure pursuant to this power is limited in any one financial year to £5.30 multiplied by the population of the Council's area. The Council may also use the general power of competence to do anything which an individual generally may do. T
- 9.6 When the secretary of state wrote to council's affected by LGR in July 2025 the letter included an explanatory note on financial decisions before reorganisation. The note reminded councils of their best value duty. The guidance also reminded councils of the requirement to consider, when making significant decisions with ongoing financial implications, to consider the impact

on the financial sustainability of new councils. The guidance also indicated that directions are likely to be issued pursuant to section 24 of the Local Government and Public Involvement in Health Act 2007 which would require consent of the shadow authority to major transactions and ongoing contractual obligations. The Council will need to consider the impact of the expenditure of this project if it proceeds on the levels of borrowing and financial sustainability of any new unitary authority which assumes the responsibility of the Council following LGR. It is also likely that any contract for the provision of enforcement services will require the consent of the shadow authority.

### **Financial Implications**

- 9.7 The estimated cost for the corrective sign and line works was provisionally calculated in July 2025 based on uplifting costs from the November 2023 implementation costs. The implementation costs have now been recalculated and this has highlighted a significant budget shortfall of £865,111. It is estimated that the total implementation cost including external funding contributions is now likely to be in the region of £1,225, 547.
- 9.8 It is possible that some small saving could be realised by tendering the corrective sign and line works. This approach was adopted by Hunts DC however the initial savings were largely offset by the additional officer and contract management costs associated with the tendered procurement and managing the co-ordination of the works on the ground.
- 9.9 With some parts of the CPE project now becoming time critical, it is highly likely that the agency and service level agreements along with the Councils chosen enforcement and administrative provider will not be in place in time for the submission of the DfT application in June 2026. Whilst the DfT application can be made at a later date and by June 2027 for parliamentary consideration in December 2027, delays forming the required agreements will most certainly delay the commencement of the corrective works which require fair weather conditions. Should the commencement of the sign and line works be deferred until April 2027, further price increases may apply.
- 9.10 Based on current interest rates and MRP over 30 years, for every £1m borrowed, it is estimated that it will cost the Council £95.4k for each year that it is borrowed.
- 9.11 The General Fund Budget Estimates and Medium-Term Financial Strategy (MTFS) Report, agreed by Cabinet and Council in February, projects a financial shortfall for 2026/27 of £2.856m rising to £2.903 in 2027/28.
- 9.12 Although there are currently many uncertainties regarding the budget for 2026/27 and the MTFS, there remains a significant structural deficit which the Council will need to address.

- 9.13 Based on all the above information there is no obvious positive business case to support the implementation of CPE within the district unless car park charging is introduced to fund the service.
- 9.14 UK construction costs are often heavily impacted by global economic factors and certainly this has been evident since 2020 due to material price volatility, and supply chain disruptions associated with energy price rises and geopolitical tensions. The estimated costs contained within this report were last calculated at the end of February just prior to the recent escalation in the middle east which has seen oil and fuel price increases in the UK as a result. It is therefore possible that the corrective works costs could rise if the conflict in the Middle East becomes protracted.

### **Equality Implications**

- 9.15 None

### **Other Implications**

- 9.16 The Council have been considering the implementation of on and off-street parking enforcement in some form since the 1990's. Throughout this period liaison has taken place with both the County Council and Cambridgeshire Police. In more recent years it is understood that Police capacity to actively enforce illegal parking has been limited in Cambridgeshire due to resources being allocated to other priorities. In addition, the high proportion of existing sign and line defects furthermore create enforcement challenges. Should CPE not be implemented within Fenland illegal and inconsiderate parking is expected to continue.
- 9.17 Forthcoming changes in legislation for the proposed implementation of pavement parking restrictions could influence the level of CEO enforcement time required and increase annual operational costs. It is understood that the introduction of the new legislation due to be implemented in 2026 is likely to allow for a more flexible approach. Instead, enforcement of inconsiderate parking will be determined locally rather than a blanket ban being introduced, meaning that in some circumstances pavement parking may still be permitted.

## **10 SCHEDULES**

### 10.1 Predicted FDC Sign & Line Corrective Work Costs (February 2026 with Contract Rate and Increased Work Scope uplift applied)

<b>Fenland Sign &amp; Line Corrective Work Costs</b>				
(Cost produced using CCC NEC framework contract - Option D)				
<b>Tranche One Poor Defects - Whittlesey</b>		<b>Cost per Query</b>	<b>Target Cost £ (not an actual cost and may rise or fall)</b>	<b>Total Estimated Cost for Tranche £</b>
No.of Sign/Post/Foundation Queries	44	£613.69	£27,002.29	-
No. of Lining Queries	150	£594.31	£89,145.79	-
<b>T1 Estimated Cost (cost estimate valid for 90 day period from February 2026)</b>				<b>£ 116,148.08</b>
<b>Tranche Two Poor Defects - Chatteris</b>		<b>Cost per Query</b>	<b>Target Cost £ (not an actual cost and may rise or fall)</b>	<b>Total Estimated Cost for Tranche £</b>
No.of Sign/Post/Foundation Queries	56	£728.61	£40,802.10	-
No. of Lining Queries	89	£798.37	£71,054.51	-
<b>T2 Estimated Cost (cost estimate valid for 90 day period from February 2026)</b>				<b>£ 111,856.61</b>
<b>Tranche Three Poor Defects - March</b>		<b>Cost per Query</b>	<b>Target Cost £ (not an actual cost and may rise or fall)</b>	<b>Total Estimated Cost for Tranche £</b>
No.of Sign/Post/Foundation Queries	55	£816.78	£44,922.74	-
No. of Lining Queries	148	£510.20	£74,509.08	-
<b>T3 Estimated Cost (cost estimate valid for 90 day period from February 2026)</b>				<b>£ 119,431.82</b>
<b>Tranche Four Poor Defects - Wisbech</b>		<b>Cost per Query</b>	<b>Target Cost £ (not an actual cost and may rise or fall)</b>	<b>Total Estimated Cost for Tranche £</b>
No.of Sign/Post/Foundation Queries	139	£525.67	£73,068.50	-
No. of Lining Queries	356	£679.02	£241,730.40	-
<b>T4 Estimated Cost (cost estimate valid for 90 day period from February 2026)</b>				<b>£ 314,798.90</b>
<b>Fair Works Defects Tranches 1 to 4</b>		<b>Cost per Query</b>	<b>Target Cost £ (not an actual cost and may rise or fall)</b>	<b>Total Estimated Cost for Tranche £</b>
No.of Sign/Post/Foundation Queries	Nil	£0.00	£0.00	-
No. of Lining Queries	194	£698.28	£135,466.52	-
<b>(cost estimate valid for 90 day period from February 2026)</b>				<b>£ 135,466.52</b>

2026 CCC Estimated Cost for Signs & Lines Poor Defects Tranches 1 to 4	£ 662,235.41
2026 CCC Estimated Cost for Signs & Lines Fair Defects Tranches 1 to 5	£135,466.52
<b>Sub Total</b>	<b>£ 797,701,93</b>
10% Contingency associated with potential additional defects post 2021 survey	£ 79,770.19
<b>Total Estimated Cost for All Four Tranches</b>	<b>£ 877,472,12</b>

**Notes:**

The County Councils framework contractor (M Group) have updated the target costs for All four Tranches (February 2026). The updated target cost includes for both the poor and estimated fair work defects.

All defect quantities have been based on the 2021 sign and line survey data.

The costs provided are informed but remain estimated. Annual price increases have been applied along with a lump sum associated with additional fair defects that were previously deemed good and may have progressed since the survey was undertaken.

Target costs are generally valid for 90 days following which the contractor may be entitled to reprice.

**10.2 FDC CPE Funding**

<b>Funding Allocation Description</b>	<b>Capital Funding (£)</b>	<b>Project Expenditure</b>	<b>Remaining Funding (£)</b>
CPCA funding from market towns fund	£400,000	£91,164	£308,836
County Council contribution towards FDC CPE implementation (funding retained by CCC)	£50,000	£32,800	£17,200
Greater Cambridge Partnership contribution towards FDC CPE implementation (funding drawn down by CCC)	£50,000	£32,800	£17,200
Additional CPCA contribution towards FDC CPE implementation (funding drawn down by CCC)	£50,000	£32,800	£17,200
<b>Total of project grant funding</b>	<b>£550,000</b>	-	-
<b>Total project expenditure to date</b>	-	<b>£189,564</b>	-
<b>Total grant funding remaining</b>			<b>£360,436</b>

### 10.3 Updated FDC CPE Set-up Costs

Item Description	Capital Set-up Cost (£)	Revenue Shortfall (£)
<b>Feasibility Work Costs Spent to date</b>		
Consultant cost for On-street TRO sign & line survey, mapping and production of query sheets including submission to and liaison with highway authority	£54,269	-
Consultant cost for implementation works to date	£14,295	-
FDC Internal Officer Recharge to Dec 2025	£22,600	-
Sign & Line design package works + Appyway software/licence	£98,400	-
Total of project expenditure to date	<b>£189,564</b>	-
<b>Estimated Implementation Work Costs</b>		
Consultant cost for implementation works	£20,000	-
Legal costs for agency and service level agreements associated with DfT application indicative	£10,000	-
Updated TRO corrective sign and line costs associated with poor defects. CCC target cost based on 2021 survey + Contract & CPI Uplifts from 2023 to 2026	£662,235	-
Estimated lining defects associated with fair lines now predicted to be poor	£135,467	-
Contingency Allowance for increase in scope of works associated with signs & lines 10%	£79,770	-
Consultation costs for FDC Parking Place Orders Review	3,000	-
Legal and Consultation costs for FDC Parking Place Orders (Estimated)	5,000	-
Replacement Signs associated with updated CPE Parking Place Orders for short and long stay car parks (27 signs over 17 sites)	17,550	-

New Signs & Posts associated with CPE Parking Place Orders for short and long stay car parks (13 signs over 11 sites)	22,750	-
Lining costs associated with FDC owned/managed parking facilities (28 sites)	50,000	-
Installation of Solar Powered machines for motorists to record their arrival time (43 no solar machines for 28 car parks 2419 spaces @ £4225 Each) 1 machine per 75 bays	£181,675	-
Permitting set up costs for Off-Street Car Parks Indicative	£10,000	-
Public Consultation/Advisory Advertisement	£5,000	-
FDC Officer Time (Estimated) 2026/2027	£23,100	-
<b>Total Estimated Implementation Costs</b>	<b>£1,225,547</b>	-
<b>Remaining CPE grant funding</b>	<b>£360,436</b>	-
<b>Estimated Project Budget Shortfall for CPE Implementation</b>		<b>£865,111</b>

## 10.4 Updated Estimated CPE Operating Costs

Items	Revenue Cost Per year	Revenue Income per year
Income from PCNs based on issuing 1983 tickets (@ £50-£70) a year using 2 Full Time CEO's		£55,332
County Court Proceeds		£891
Operational Management (External)	£15,943	
On Street Enforcement Cost (External)	£54,126	
Off Street Enforcement Cost (External)	£34,110	
CEO Vehicle Costs 2x £7,500 per year plus running costs	£18,100	
Car Park Machine Vehicle Registration & On-street PCN Processing	£17,006	
Management of Highway Permits, Waivers, Suspensions & Dispensations	£0,000	
Backoffice Machine Software Data Management Licence/4G Sim Data Fees	£9,888	
<b>Average Estimated Annual Income</b>		<b>£56,223</b>
<b>Total Average Annual Operating Costs</b>	<b>£149,173</b>	
<b>Average Annual CPE Operating Deficit</b>	<b>- £92,950 DEFICIT</b>	

### Notes


- The operating costs have been based on 2 full-time enforcement officers. It is considered that 4 FTE CEO's would provide greater cover and resilience but would also further increase the annual revenue running costs. Having less CEO's or using part time CEO's would consequently reduce PCN income by virtue of having less time deployed issuing tickets. CEO's will be required to enforce all on-street areas throughout the district with TRO's and 28 no. Council owned/managed short/long stay parking facilities.

- The annual estimated CPE operating costs have been produced using the updated V3B external enforcement and administration feasibility model (V6) preferred by members. Last updated in November 2025.
- Running Civil Parking Enforcement in a largely rural area with spread out Market Towns, such as those in Fenland, increases Civil Enforcement Officer downtime. CEO's will spend time travelling between the Market Towns and the likelihood of finding parking infringements will be lower than in a busy city centre such as Cambridge. The implementation of CPE in South Cambs DC would support this.
- The estimated CPE income and operational running costs include costs associated with managing On-street parking permits, dispensations, waivers and suspensions. Fee's associated with permit charging would be set and agreed by the County Council and not by the administrator. Income would be used to offset all or part of the administration costs. It is unlikely any surplus will be generated but in such cases this would be used in accordance with the agency agreement and CPE ringfencing rules.

## 10.5 Indicative CPE Timetable

<b>Task Description</b>	<b>Indicative Dates</b>	<b>Individual Task Duration</b>	<b>Risk Associated with Task Time Line</b>
Confirmation of CPCA Project Funding Extension	January 2026	N/A	None
Member decision whether to proceed with the implementation of CPE based on April 2026 Cabinet paper	April 2026		Medium (medium risk of project not being implemented prior to LGR due to overall project delivery period)
Formation and Sign Off of FDC/CCC CPE Agency Agreement and SLA (subject to any Red Flag areas being agreed)	May - October 2026	6 months	Low (low risk of task not being completed for June 2027 submission to DfT)
Submission of CPE Application to DfT between October 2026 and June 2027 for designation order. (Parliament only consider CPE applications now in December which need to be submitted 6 months in advance)	October 2026 for Dec 2027 approval	Up to 14 months	Low (Low risk of CPE application to DfT not being submitted by June 2027. Insufficient time to submit for June 2026.
Undertake a review of all FDC off street parking places orders to include short & long stay parking and permitting	May - November 2026	6 months	Low (task not restricted by external constraints)
External Enforcement & Administration Service Provider needed for DfT application	May 2026 – October 2026	6 months	Low (provider to be determined following LGR announcement for new Unitary Councils within Cambridgeshire.)
Implementation of On-street corrective sign works.	Between Oct 2026 – Oct 2027 (potential rate uplift may apply)	3 months	High (likely corrective works will be delayed pending formation of agreements and submission of DfT application. Rate uplift likely)

			for undertaking works in 2027.
Implementation of On-street corrective line works. (Timeline dependant on DfT application and receipt of CPE powers)	Between October – October 2027  (potential rate uplift may apply)	6 months	High (likely some corrective works will be delayed pending formation of agreements and submission of DfT application. Rate uplift likely for undertaking works in 2027.
Implementation of FDC CPE car park signs and lines (Timeline dependant on receipt of CPE powers)	Aug – Dec 2027	4 months	Low (task within FDC control)
Implementation of solar powered ticketless validation machines for FDC car parks (required for enforcement of maximum stay period)	June – December 2027	6 months	Low (sufficient led in time currently within project programme)
Estimated receipt of CPE powers (Timeline dependant on submission of DfT application)	January 2028	Up to 14 months from application	High (high risk CPE powers will not be received until January 2028)
Public/Partner Notice (mandatory prior to implementation of CPE)	Nov 2027– Jan 2028	3 months	Low (task within FDC control)
Estimated CPE Go Live Date following 4 week warning notice period	Feb 2028	1 month	

<b>Agenda Item No:</b>	7	
<b>Committee:</b>	Cabinet	
<b>Date:</b>	27 April 2026	
<b>Report Title:</b>	Acceptance of £2 million Place Capital Funding from Sport England for the Manor Leisure Centre Redevelopment, subject to the project progressing to construction	

## 1 Purpose / Summary

- 1.1 Fenland District Council has been awarded £2,000,000 from Sport England's Place Capital Fund to support the construction of the redevelopment at the Manor Leisure Centre. This is the maximum sum that Sport England may grant to a project.
- 1.2 This report seeks approval to accept the funding and delegate authority to the Section 151 and Monitoring Officers to enter into all necessary legal and financial arrangements to secure and manage the funding, subject to the project going ahead.

## 2 Key Issues

- 2.1 Following a Place-Based approach to capital investment adopted by Sport England, the Manor Leisure Centre was highlighted as a project that is of significant importance in Fenland and would be suitable to apply for Place Capital funding. Following a submission to the local Place Based process, Manor was identified as a project that should be considered by Sport England.
- 2.2 Subsequently, a discussion with a Sport England officer took place at the Manor Field and leisure facility regarding the project outline, expectations and a review of the existing facilities. The Manor's location, close to the town centre, close to housing and nestled within the town park that is the large Manor Field, alongside other community facilities, makes it an ideal project to further develop the activity hub of facilities within the Manor Field Space.
- 2.3 Sport England asked FDC to submit a formal Expression of Interest for grant funding for the Manor Redevelopment project. A review of this application then led to Sport England asking for a formal main application for grant funding to the Sport England Place Capital Fund.
- 2.4 This formal application process was completed and on 23 March 2026 FDC was informed that it had been successful in its application for £2,000,000.

### 3 Recommendations

Cabinet is asked to:

- 3.1 Approve the acceptance of the £2,000,000 Place Capital grant allocation from Sport England.
- 3.2 Delegate authority to the Section 151 Officer and the Monitoring Officer to enter into all relevant legal and financial arrangements necessary to bring this decision into effect and manage the funding in accordance with grant conditions.
- 3.3 Note that any drawdown of this grant will be subject to construction commencing on the Manor Leisure Centre redevelopment project. A paper is expected before Cabinet in July 2026 where Cabinet will consider the Manor redevelopment project and make a decision whether to construct the new facility or not.

Wards Affected	All	
Forward Plan Reference	KEY/23MAR26/01	
Portfolio Holders	Cllr Steve Count	Portfolio Holder for Fenland Inspire! Leisure Centre projects
	Cllr Chris Boden	Leader of the Council and Portfolio Holder for Finance
Report Originators	Phil Hughes	Head of Leisure Services
Contact Officers	Phil Hughes Carol Pilson	Head of Leisure Services Corporate Director and Monitoring Officer
	Peter Catchpole	Corporate Director and Section 151 Officer
Background Papers		

### 1 BACKGROUND AND INTENDED OUTCOMES

- 1.1 As part of the Fenland Inspire! project, Elected Members have highlighted the redevelopment of the Manor Leisure Centre as a key project. The existing facility is beyond its useful life, is inefficient to manage and run and requires, in its current form, condition survey work costing in the region of £4.5m to maintain the facility.
- 1.2 Further to the Cabinet paper of February 2026, the expected construction cost for the redeveloped facility is currently estimated at £17.67m. Third party support to reduce this cost, alongside an increase in income from the

Council's operating partner, Freedom Leisure will increase the affordability of proceeding to the construction phase.

1.3 Sport England is the national governing body for sport and physical activity in the UK with a Vision and Mission to;

- *We're here to champion the life-changing impact of being active, and ensure everyone across the nation can benefit from it.*
- *We're determined to tackle deep-rooted inequalities and unlock the advantages of sport and physical activity for everyone.*

As the governing body Sport England has the ability to offer significant funding to improve facilities across England ensuring that more people are active, whilst also aiming to decrease inequalities in accessing sport and active leisure.

1.4 Sport England is the first place that a large redevelopment project, such as the Manor, would consider for supportive funding.

1.5 Following a considered process, the Council has been fortunate to be awarded the maximum Place Capital grant available for a project such as the redevelopment of the Manor Leisure Centre.

## **2 REASONS FOR RECOMMENDATIONS**

- 2.1 Acceptance of the funding aligns with the Council's corporate priorities around regeneration, community engagement, and economic development.
- 2.2 Delegating authority to the Section 151 Officer and Monitoring Officer ensures that the funding will be managed efficiently and in compliance with all relevant financial and legal requirements.

## **3 CONSULTATION**

- 3.1 There has been consultation with the public, stakeholders and Sport England on the project which has led to expansion on the original brief and numerous beneficial changes in the draft design. Facilitating improved accessibility, flexibility, and enhancing the project in line with Sport England's, stakeholder's, and the public's preferences, thereby enabling us to attract the funding.

## **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Members could decline the funding and not make the changes requested by Sport England however, this would mean less funding for the project to offset FDC costs and a reduced specification which would disadvantage the general public.

## **5 IMPLICATIONS**

- 5.1 Legal Implications**

5.2 FDC's third-party legal support will assist the Monitoring Officer in reviewing the Sport England legal documentation for this funding ensuring that the Council's interests are protected.

**5.3 Financial Implications**

5.4 Acceptance of this grant will reduce the Council capital costs should a decision to construct the redeveloped facility be made at July 2026 Cabinet.

**5.5 Equality Implications**

5.6 A number of enhancements specified and funded by Sport England will support a number of different members of the community to access the facility.

**5.7 Any Other Relevant Implications**

N/A

<b>Agenda Item No:</b>	8	
<b>Committee:</b>	Cabinet	
<b>Date:</b>	27 April 2026	
<b>Report Title:</b>	Wisbech High Street Update	

## 1 Purpose / Summary

- 1.1 To provide Cabinet with a monthly update regarding the ongoing construction work at 24 High Street, Wisbech and the pre-construction design and planning work for 11-12 High Street, Wisbech.

## 2 24 High Street Construction progress

- 2.1 The building is now structurally complete and the handover process has taken place.
- 2.2 FDC's property team is in the process of finding a tenant for the small ground floor shop area and the flats above that will let at a fair value.
- 2.3 Following a competitive tender process William H Brown of Wisbech (WHB) have been selected to act as managing agents for the residential elements of the site. FDC will secure tenants that comply with the agreed local letting policies and LA rent levels via the HomeLink system. These will then be passed to WHB for completion of checks and tenancy agreement (agreement being supplied via FDC). WHB will then also undertake tenant liaison rent collection and maintenance inspections of the units on our behalf reporting defects to the FDC facilities team for action.

## 3 11-12 High Street, Wisbech

- 3.1 The required detailed design work has now reached an initial conclusion with plans submitted to the FDC Planning Team via the Pre-App process.
- 3.2 This process identified that a full application would be required and additional design documents were requested which including acoustic assessment between commercial and residential areas, BNG reports and updated Heritage Statements amongst others. The process of completing the required documents is now in progress with the final report due w/c 13<sup>th</sup> April allowing submission of the full application shortly thereafter.
- 3.4 The cost estimate at this time has increased slightly from an initial estimate of £3M to a revised figure now of £3.3M. We continue to work with funding providers including but not limited to NHLF and CPCA with additional options also being considered.
- 3.5 CPCA have indicated that their initial offer of monies in the sum of approximately £1.5m towards the project remains a possibility however a business case will be required, and this will need to go through the usual CPCA approval process. To this end a fee quote for the works of preparing the specialist business case is being obtained and will be circulated to members prior to approval. This document is to be drafted in such a way that it will not

only be suitable for submission to the CPCA but to the other identified sources of external funding

- 3.6 The completion of the planning submission then allows the design team to prepare the tender documents for circulation through the spring period. Once both the tenders and planning consent are received members will be asked to agree on the project next steps i.e. do we proceed to construction or not.
- 3.7 The works to date is all being undertaken via different but parallel work streams and therefore the initially suggested target date for completion of the project of Autumn 2027 remains viable.

#### 4 Recommendations

- 4.1 That Cabinet notes the report.

Wards Affected	Medworth ward	
Forward Plan Reference	KEY21APR22/01	
Portfolio Holders	Cllr Chris Seaton	Portfolio Holder for Social Mobility and Heritage
	Cllr Chris Boden	Leader of the Council and Portfolio Holder for Finance
Report Originator	Mark Greenwood	Head of Service
Contact Officers	Phil Hughes	Head of Service
	Mark Greenwood	Head of Service
	Paul Medd	Chief Executive
	Peter Catchpole	Corporate Director and S151 Officer
Background Papers	Previous monthly Cabinet reports regarding Wisbech High Street	
	July 2022 Cabinet and Council reports regarding 24 High Street, Wisbech	
	June 2025 Cabinet papers regarding the Fenland Inspire! project and 11-12 High Street, Wisbech	
	July 2026 Cabinet and Council reports regarding 24 High Street & 11/12 High Street Wisbech	

**DRAFT 6 MONTH CABINET FORWARD PLAN –  
Updated 17 April 2026**


(For any queries, please refer to the published forward plan)

**CABINET**

<b>CABINET DATE</b>	<b>ITEMS</b>	<b>LEAD PORTFOLIO HOLDER</b>
18 May 2026	1. Diesel Fuel Supply Via ESPO Contracts	Cllr Tierney
	2. Cabinet Draft Forward Plan	Cllr Boden
15 June 2026	1. Appointment to Outside Bodes	Cllr Boden
	2. Amendment to the Council's Housing Enforcement Policy	Cllr Christy
	3. Wisbech High Street Update	Cllr Seaton Cllr Hoy Cllr Tierney
	4. Cabinet Draft Forward Plan	Cllr Boden
13 July 2026	1. Annual Report 2025/26	Cllr Boden
	2. Revenue and Capital Outturn 2025/26	Cllr Boden
	3. Development Management Agreement for the Remodelling and Extension Works for the Manor Leisure Centre	Cllr Count Cllr Boden
	4. Procurement of Mains Electrical replacement equipment for Hudson and GCLC	Cllr Wallwork
	5. Acceptance of Government Grant for Playgrounds Improvements	Cllr Imafidon
	6. Cabinet Draft Forward Plan	Cllr Boden
14 September 2026	1. Investment Board Update & review of the Commercial & Investment Strategy	Cllr Boden Cllr Tierney Cllr Imafidon
	2. Wisbech Alcohol PSPO Renewal	Cllr Wallwork
	3. Wisbech High Street Update	Cllr Seaton Cllr Hoy Cllr Tierney
	4. Cabinet Draft Forward Plan	Cllr Boden
19 October 2026	1. Cabinet Draft Forward Plan	Cllr Boden

TBC = To be confirmed

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<b>Agenda Item No:</b>	<b>11</b>	
<b>Committee:</b>	<b>Cabinet</b>	
<b>Date:</b>	<b>27 April 2026</b>	
<b>Report Title:</b>	<b>Change in Freedom Leisure contractual arrangements to an Agency approach</b>	

**This item comprises EXEMPT INFORMATION within Appendices D and E which is not for publication by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).**

## **1 Purpose / Summary**

- 1.1 The existing contractual arrangement with Freedom Leisure for the management of the four leisure centres in Fenland is based on the Sport England template leisure operating contract. Freedom operates the facilities as "principal", meaning that Freedom is the entity that provides leisure services to the public.
- 1.2 Following a legal ruling this approach can be adjusted to an Agency agreement whereby Freedom delivers services as an Agent of the Council, with the Council being the Principal to provide a more VAT efficient way of managing the leisure facilities.
- 1.3 The expected saving for both parties by switching to this approach is in the region of £219,000. Approximately £2,000 each per week, using a 50:50 split of the total savings value.
- 1.4 This report covers why a switch is possible and the benefits of such a change.

## **2 Key Issues**

- 2.1 One of the reasons FDC outsourced leisure services was to deliver a more financially efficient delivery model to the Council. This was partially achieved by a reduction in the level of VAT-exempt activities and, therefore, the potential threat to its VAT recovery under the partial exemption rules. This was based on the understanding that a local authority was seen as making business supplies when providing leisure facilities and that a relatively high proportion of those supplies were exempt from VAT.
- 2.2 Outsourcing eased the threat of non-recoverable 'exempt' input VAT by using a leisure operator to deliver the exempt activities instead.
- 2.3 FDC and Freedom are considering the switch to an Agency agreement to capitalise on the ruling in HMRC v Chelmsford City Council UT-2021-000024 and UT-2021-000076 (the Chelmsford Ruling) in order to deliver benefits to the existing leisure operating arrangements between Freedom and Fenland.
- 2.4 Following the issue of HMRC Brief 3 of 2023 in March 2023 (HMRC Guidance), where a local authority provides leisure services directly to the users, the services can be treated as 'non-business' for VAT purposes. Local

authorities undertaking non-business activities are not required to account for VAT on the associated income but can recover VAT in full on associated costs with no partial exemption implications.

- 2.5 To take full advantage of the Chelmsford Ruling and the HMRC Guidance, a change from the current contractual arrangements where Freedom acts as Principal delivering the services, to one where Freedom would act as an Agent for the council, and the council would become the Principal providing leisure services to the public (the Agency Model) is proposed.

### 3 Recommendations

- 3.1 That Cabinet notes the report and the financial benefits of switching to an Agency Agreement with Freedom Leisure.
- 3.2 That Cabinet delegates authority to the Monitoring Officer, in consultation with the Portfolio Holder for Leisure, to vary the Leisure Management Contract between the Council and Freedom Leisure in order that Freedom will run the leisure centres as an Agent rather than a Principal for the remainder of the contract.
- 3.3 That Cabinet authorises the Monitoring Officer to execute and complete all requisite legal documentation in relation to the matters outlined above.

Wards Affected	All	
Forward Plan Reference	KEY/27NOV25/01	
Portfolio Holders	Cllr Sue Wallwork Cllr Chris Boden	Portfolio Holder for Leisure Leader and Portfolio Holder for Finance
Report Originator	Phil Hughes	Head of Leisure Services
Contact Officers	Sian Warren Carol Pilson	Chief Accountant Corporate Director and Monitoring Officer
Background Papers	<p>PSTax presentation: Pop-up Training – VAT &amp; Leisure Services</p> <p>Trowers and Hamblins LLP briefing paper: HMRC revises treatment of VAT on in house leisure services – welcome news for many local authorities</p> <p>Agency Agreements in Leisure: presentation from MAX Associates, PSTAX, Trowers and Hamblins</p>	

Confidential Background Papers	PS TAX - VAT advice: Management and operation of leisure facilities under an agency model  Freedom Leisure: Briefing paper on Agency Proposals
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**4 This item comprises exempt information within Appendices D and E which is not for publication by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) in that it contains information about the legal advice concerning the proposed variation to an Agency Agreement contract. The public interest test has been applied and it is considered that in order to achieve best value and for members to take an informed decision in relation to this matter that the public interest is best served in maintaining the exemption rather than publicising and openly debating the information contained within Appendices D and E.**

## **5 Background and Intended Outcomes**

### **Summary**

#### **5.1 Leisure Management Contract Agency Model – Concept**

5.2 The Council's Contract with Freedom Leisure is a "traditional" (concession) leisure contract, where the Council leases the leisure facilities to Freedom Leisure for a peppercorn rent, and Freedom Leisure operates the facilities as principal providing the leisure services to the public. Freedom Leisure retains the income from the leisure facilities and pays the Council an agreed annual fee.

5.3 As Freedom Leisure provides the leisure facilities to the public as principal, the VAT liability of the sporting income is defined by Freedom Leisure's status. As a Charitable Trust, some of Freedom Leisure's supplies are exempt from output VAT and some are liable to output VAT at the standard rate. Freedom Leisure is therefore required to undertake a partial exemption calculation to determine how much input VAT it is able to reclaim on the costs incurred in running the services. The irrecoverable portion of input VAT is incurred as a cost and is reflected in the costs of the services between Freedom Leisure and the Council.

5.4 It is believed that up to 2023, the above arrangement represented the most VAT efficient route legally available, with the benefit of VAT exempt income outweighing the irrecoverable portion of input VAT.

5.5 However, following a court ruling in favour of local authorities and the determination that treating leisure services as non-business would not distort competition, HMRC issued Brief 3 in March 2023. The Brief makes it clear that a local authority's income direct from users from the provision of leisure services can be treated as 'non-business' for VAT purposes, rather than 'exempt'. This is the key change of circumstances from which the Agency Model opportunity is derived.

- 5.6 The change to HMRC policy potentially provides the Council, and its current partner Freedom Leisure, with an opportunity to implement an arrangement, the 'Agency Model', with benefits to both parties by way of reduced costs, whilst protecting the Council's risk position.
- 5.7 Under the Agency Model, Freedom Leisure would become the Council's agent for income collection. Freedom Leisure would continue to provide services and staff to run the centres. The Agency Model would result in Freedom Leisure providing a standard rated, taxable service to the Council - that is the combination of the management of the leisure facilities and the provision of staff and services.
- 5.8 This would then allow Freedom Leisure to reclaim all of the input VAT it incurs on attributable expenditure.
- 5.9 Due to the changes in the VAT liability of supplies of leisure services by local authorities, there would be no adverse impact on the Council's VAT recovery position such that VAT should remain recoverable in full and therefore there will be an overall 'saving' on the basis of moving from a position where Freedom Leisure can recover VAT only partially, to one where full VAT recovery is achieved for both parties, with no additional cost for the users.

#### **5.10 Leisure Management Contract Agency Model – In Practice**

- 5.11 Under the Agency Model, the income from the leisure facilities would be income for the Council and any VAT that is due on that income would need to be paid by the Council to HMRC as part of its VAT returns.
- 5.12 As the provision of leisure by a local authority is now considered to be a non-business supply, any VAT charged by Freedom Leisure to the Council for running the leisure facilities, and in relation to the costs of the facilities themselves, should be recoverable.
- 5.13 Under the Agency Model, Freedom Leisure would still collect all customer sales income but will be acting on behalf of the Council. Freedom Leisure would provide a remittance note to the Council for this income.
- 5.14 Freedom Leisure would also invoice the Council for service costs plus Freedom Leisure's margin as per the Contract; adjusted by any income under or over-performance to ensure Freedom Leisure retains this key element of risk. The Council would be able to recover the VAT on this invoice.
- 5.15 The actual movement of funds (cash) will be an off-set between the points made above - whose quantum would be similar to those in the current arrangement, with the added financial benefit of the impact of the Agency Model. The surplus share mechanism would be retained under the Agency Model.

### **6 Consultation**

- 6.1 Not applicable.

### **7 Alternative Options Considered**

- 7.1 Do nothing:

Freedom Leisure would continue to operate the Council's leisure facilities for the remaining term of the current contract. However, the Council would not benefit from the significant financial savings to be achieved from implementing the 'Agency Model'.

## **8 Legal Implications**

- 8.1 Informal legal advice confirms that a move to the Agency Model is legal and would also satisfy the procurement under which Freedom was procured to manage the Council's leisure facilities.
- 8.2 Formal written legal advice is in train. No switch to the Agency Agreement will take place, if agreed by Cabinet under the Recommendations of this Report, until the Monitoring Officer receives written legal advice confirming the informal advice already received regarding both procurement and the legality of a change to an Agency approach.

## **9 Financial Implications**

- 9.1 As detailed above implementing the Agency approach to the Contract with Freedom Leisure will increase revenue income to FDC as part of the contract by approximately £109,500 p.a.
- 9.2 The General Fund Budget Estimates and Medium-Term Financial Strategy (MTFS) Report, agreed by Cabinet and Council in February, projects a financial shortfall for 2026/27 of £2.856m rising to £2.903m in 2027/28.
- 9.3 Although there are currently many uncertainties regarding the budget for 2026/27 and the MTFS, there remains a significant structural deficit which the Council will need to address.

## **10 Equality Implications**

N/A

## **11 Appendices**

- 11.1 Appendix A - PSTax presentation - Pop-up Training –VAT & Leisure Services
- 11.2 Appendix B - Trowers and Hamblins LLP briefing paper:  
HMRC revises treatment of VAT on in house leisure services – welcome news for many local authorities
- 11.3 Appendix C - Agency Agreements in Leisure – presentation from MAX Associates, PSTAX, Trowers and Hamblins

## **12 Confidential Appendices**

- 12.1 Appendix D - Freedom Leisure – briefing paper on Agency Proposals
- 12.2 Appendix E - PS TAX - VAT advice – Management and operation of leisure facilities under an agency model

A photograph of a swimming pool with several lanes. The lane lines are colorful: blue, red, yellow, and black. The water is clear and blue. The perspective is from above, looking down into the pool.

APPENDIX A

# Pop-up Training – VAT & Leisure Services

PRESENTED BY PSTAX

28 NOVEMBER 2023

[www.pstax.co.uk](http://www.pstax.co.uk)



# Questions

- Any queries you have please email the **helpline:**  
[helpline@pstax.co.uk](mailto:helpline@pstax.co.uk)

# Programme

- Brief history of VAT and local authority leisure services
- Recent changes
  - Non-business litigation
  - HMRC Announcement March 2023 and subsequent clarification
  - Where we are now
- In-house leisure: what should you do now?
  - Refund claims – leisure services
  - Refund claims – leisure attractions
- Outsourced leisure arrangements
  - Standard versus agency model
  - Agency model – residual risks?

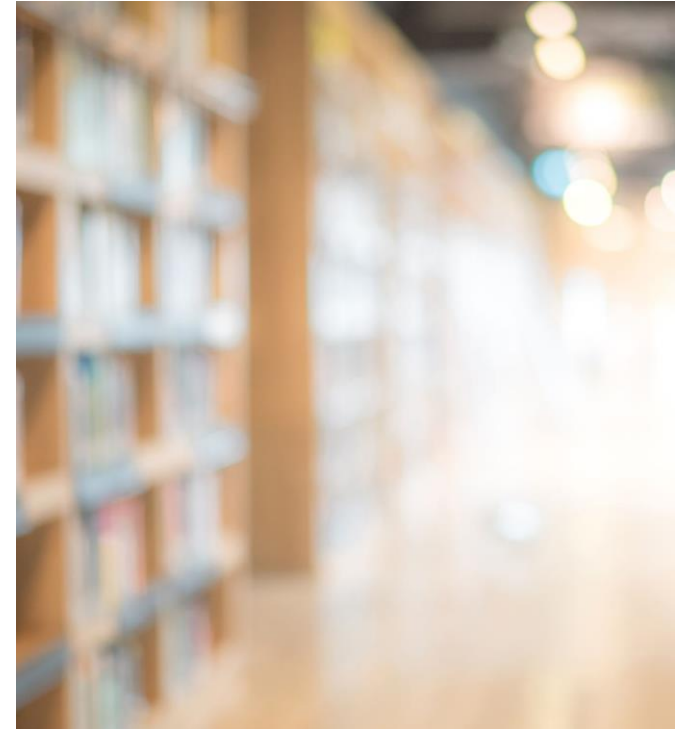


# Local Authority Leisure Services

# History of VAT and Local Authority Leisure

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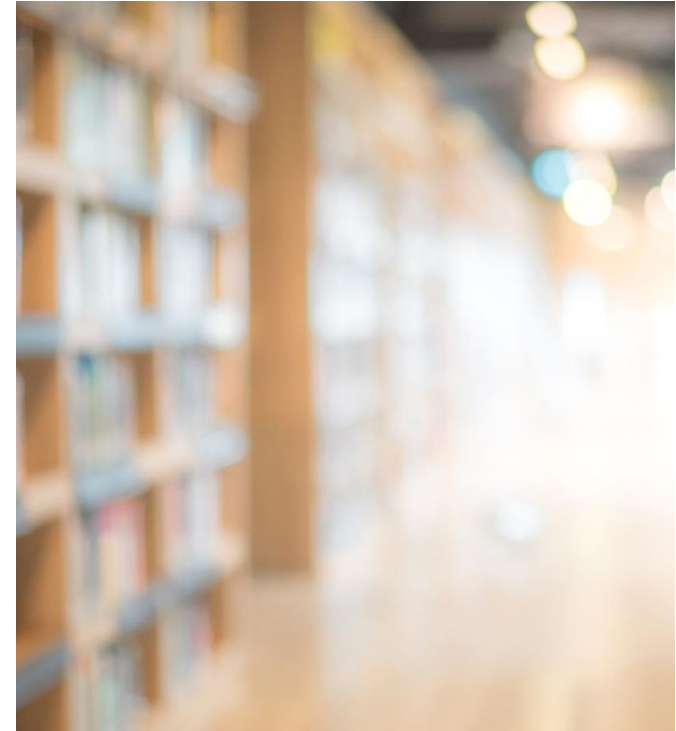
- Historically, leisure services were standard-rated
- Exemption for sporting services (leisure services) was introduced in 1994 for non-profit making bodies (an EU requirement)
- Following representations from local authorities, they were expressly excluded from the exemption



# History of VAT and Local Authority Leisure

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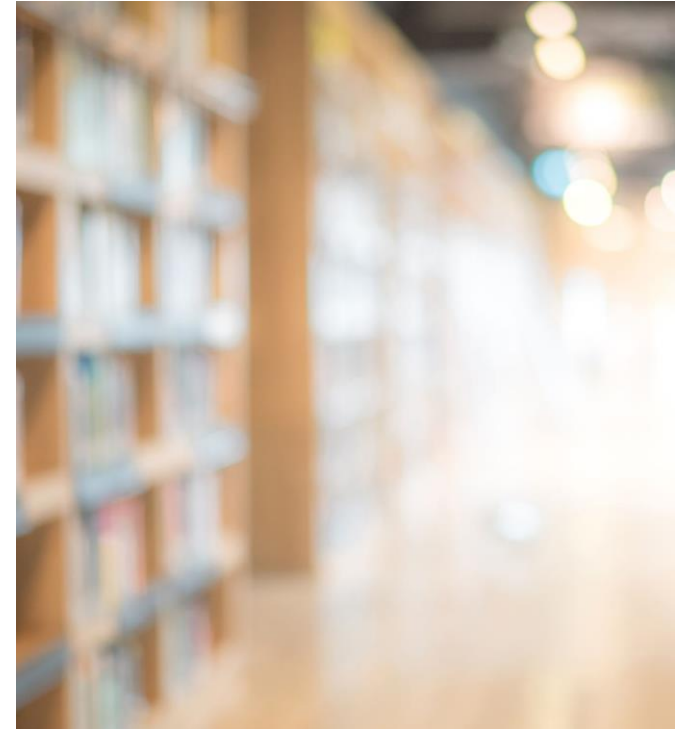
- In July 2017, the CJEU held local authorities must be included in the exemption
- HMRC introduced an “optional” exemption



# History of VAT and Local Authority Leisure

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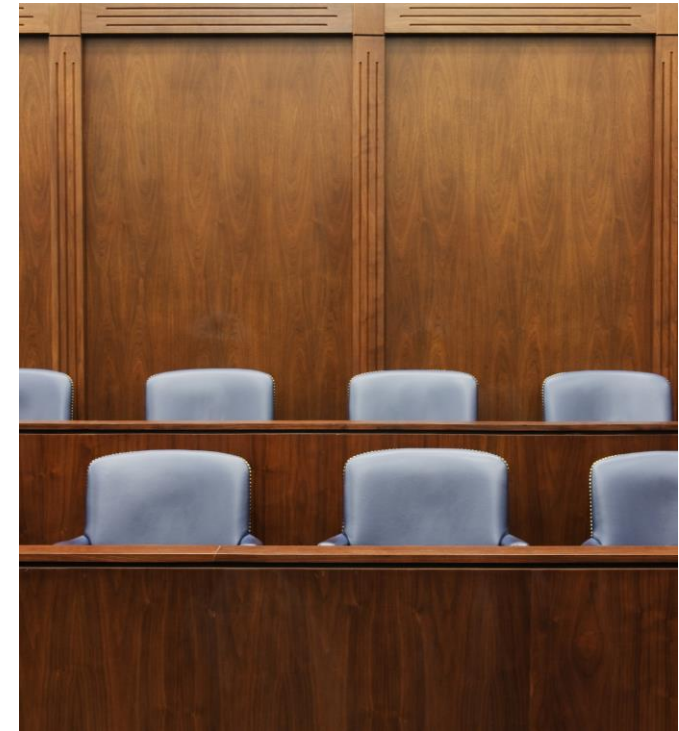
- Following litigation (Chelmsford), HMRC announced in March 2023 non-business treatment for some supplies
- In November 2023, HMRC's guidance changed to include more services as non-business



# City of Chelmsford (and others) Case

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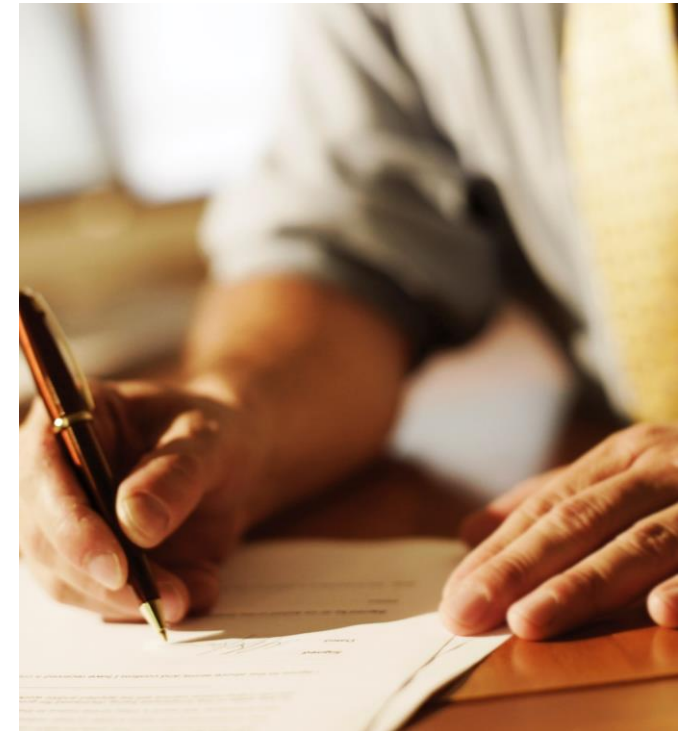
- Three separate special legal regimes
  - Local Government (Miscellaneous Provisions) Act 1976 Section 19
  - Northern Ireland Act 1998 s75 and Recreation and Youth Service (NI) Order 1986 Article 10
  - Local Government and Planning (Scotland) Act 1982 Section 14



# City of Chelmsford Case – Action?

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- Is there anything local authorities should be doing?
  - Have you operated any in-house leisure facilities in the past four years?
  - Have you accounted for output VAT on leisure supplies in the past four years?
  - If yes, then you should submit a claim to HMRC to request a refund



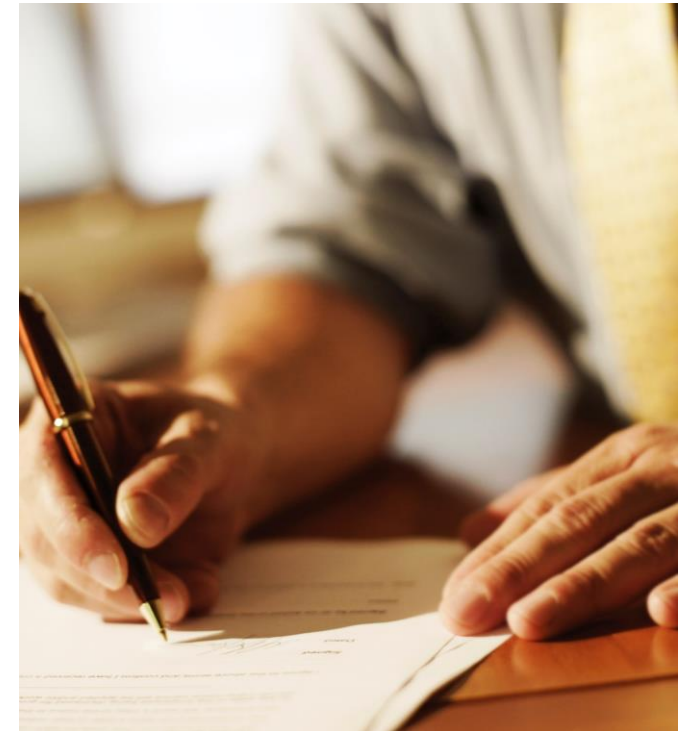
# Local Authority Leisure Services

Common supplies by a local authority	VAT Liability
<i>Ad hoc</i> sessions (swimming, squash, badminton, gymnasium, soft play, etc)	Non-business
<i>Ad hoc</i> pitch/court hire (football, basketball, netball, volleyball)	Non-business
Pool hire	Non-business
Sports hall hire (for sport)	Non-business
Block bookings (sports facility)	Non-business
Party hire (pool or hall)	Standard Rate
Sports tuition (swimming lessons, gym induction, fitness classes etc)	Non-business
Creche	Exempt (Welfare)
Room hire (including catering concession leases and lettings)	Exempt (unless OTT)
Catering and retail sales	Standard/Zero Rate

# Leisure Attractions – Reduced Rate

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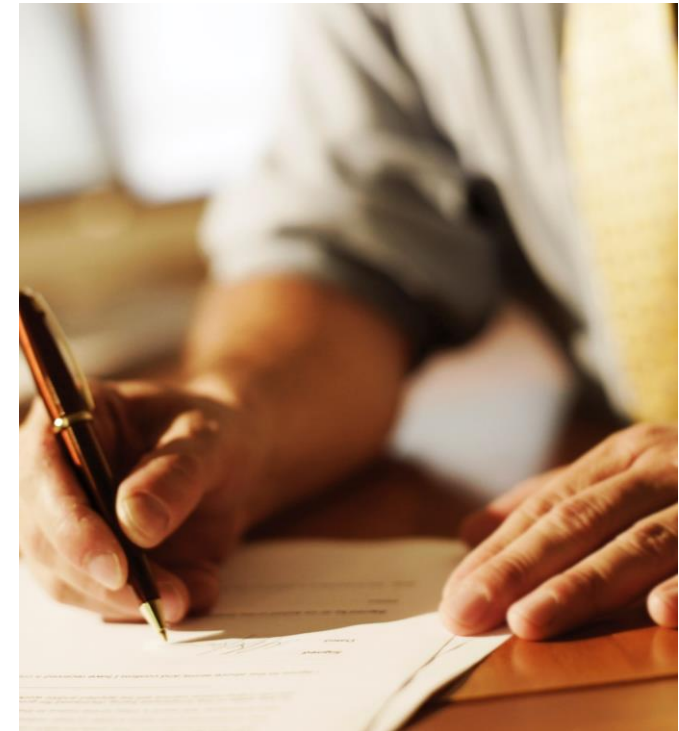
- The temporary reduced rate (TRR) was:
  - 5% from 15 July 2020 to 30 September 2021
  - 12.5% from 1 October 2021 to 31 March 2022
- HMRC only accepted certain attractions qualified



# Leisure Attractions - Reduced Rate

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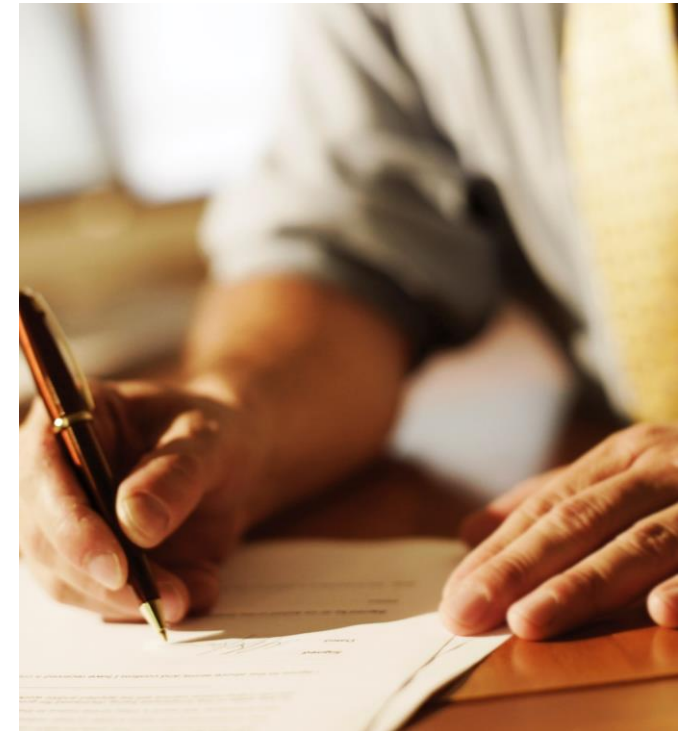
- HMRC now seems to accept TRR also applies to
  - Climbing centres
  - Crazy golf
  - Go-karting
- Refund claims possible



# Leisure Attractions - Reduced Rate

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- HMRC now seems to accept TRR also applies to
  - Soft play
  - Ten pin bowling
  - Trampolining
- Refund claims possible



# Outsourcing



# Outsourcing - History

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- CIPFA/HMRC Memorandum of Understanding (“MoU”)
- TISonline ‘Local Authorities and Similar Bodies VAT’
- Concept is based on putting the right conditions in place





# Outsourcing - Concept

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- The Provider is acting as Principal in making supplies of leisure services
- The Provider's status (type of entity it is) will determine the VAT liability of its supplies



# Outsourcing - Concept

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- Most take the form of Non-Profit Distributing Organisations (“NPDO”)
- An NPDO contractor’s supplies of admission to leisure facilities are generally VAT-exempt (Schedule 9 Group 10)



# Non-profit Providers' Leisure Services

UK Law – Common supplies by an NPDO Provider	VAT Liability
<i>Ad hoc</i> sessions (swimming, squash, badminton, gymnasium, soft play etc)	Exempt
<i>Ad hoc</i> pitch/court hire (football, basketball, netball, volleyball)	Exempt
Pool hire	Exempt
Sports hall hire (for sport)	Exempt
Block bookings (sports facility for sports use by a school or club etc)	Exempt (unless OTT)
Party hire (pool or hall)	Standard Rate
Sports tuition (swimming lessons, gym induction, fitness classes etc)	Exempt (Education)
Creche	Exempt (Welfare supplies by a charity)
Room hire (including catering concession leases and lettings)	Exempt (unless OTT)
Catering and retail sales	Standard/Zero Rate

# Outsourcing

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- A typical outsourcing arrangement will be contained within two documents
  - A premises lease
  - A management contract



# Outsourcing - The Lease

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- The grant of occupational rights under a lease in return for consideration is a VAT-exempt business supply (unless the option to tax applies)



# Outsourcing - The Lease

- All input VAT on the authority's premises-related costs would affect the partial exemption calculation
- To protect the partial exemption position, the grant of the lease must be a non-business or taxable supply



# Outsourcing - The Lease

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- To be a non-business supply, the local authority must not receive consideration in return for the grant of occupational rights
- Consideration means payment in any form and includes monetary payments such as premiums, rent, services charges, and insurance rent



# Outsourcing - The Lease

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- It also includes non-monetary arrangements such as a reciprocated supply of services, or a right to use the premises for a discounted price
- HMRC accepts that a peppercorn or £1 per annum rent can be overlooked



# Outsourcing - Management Contract

- This sets out the service specification and the contract price
- It must also set out the capacity in which the Provider makes services available to the public
- It is vital that the Provider delivers the services to the public in its own name (as principal)



# Outsourcing - Management Contract

- Previously, if the Provider acted as the local authority's agent, outsourcing would not achieve the available VAT efficiency
- The local authority would still be making the VAT-exempt supplies
- Has this changed now?



# Outsourcing - Agency Model

# Agency Model - A Type of Insourcing

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- If a local authority has outsourced, the agency model is a type of insourcing
- The agency model reverses the principles of traditional outsourcing
- The local authority makes the supplies of leisure services



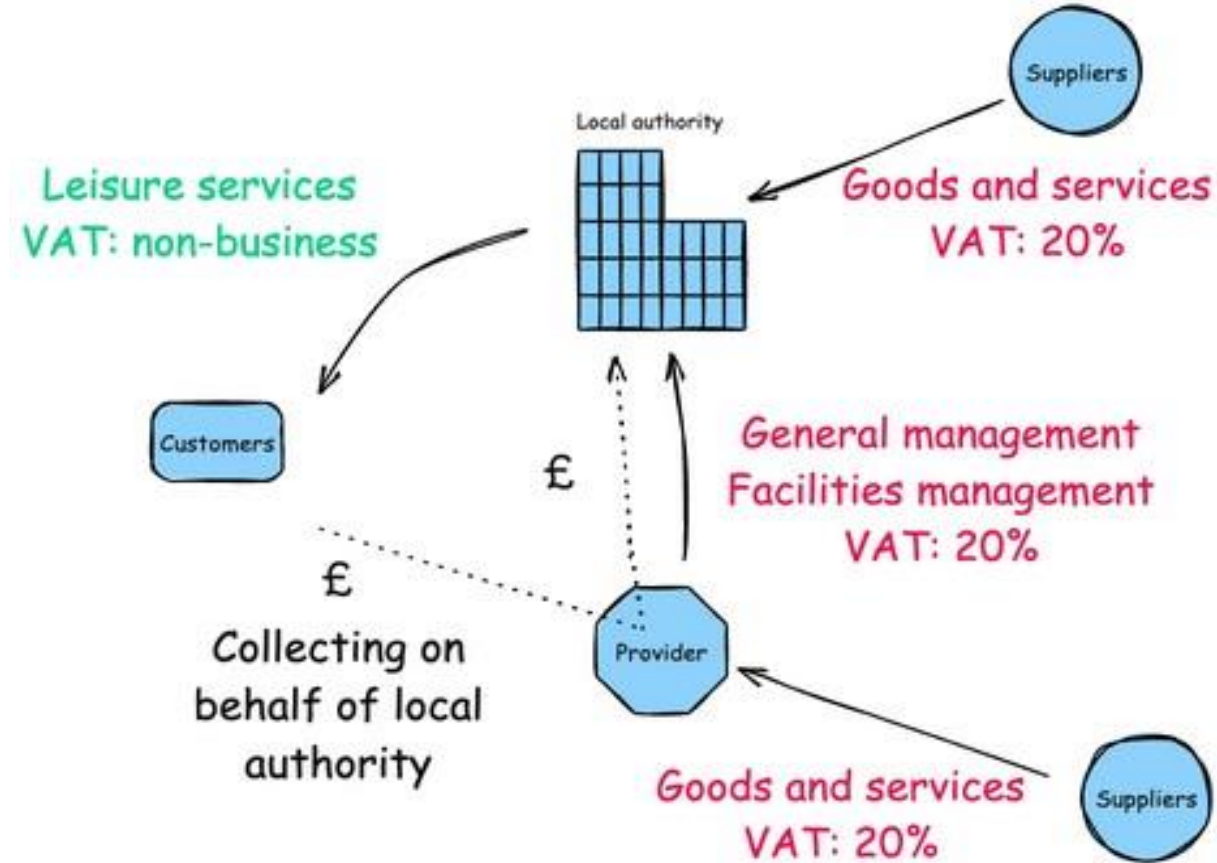
# Agency Model

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- The Provider acts as the local authority's agent
- Is every activity covered by the agency agreement?



# Agency Model



# Agency Model - Concept

- The Provider is local authority's agent for income
- The Provider remains principal for expenditure
- Alternatively, the Provider can run the full leisure service (income and expenditure) as an agent of the local authority



# Agency Model - Concept

- Provider collects customer income on behalf of the local authority
- Income retains non-business treatment
- Provider makes a standard-rated service to the local authority - management of the leisure facilities and services



# Agency Model - Concept

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- Local authority reclaims VAT charged to it by the Provider and suppliers
- The Provider reclaims VAT charged to it by suppliers



# Agency Model - Concept

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- The Agency model already operates in local authorities
  - Outsourced school catering
  - Bulky waste collection
  - Commercial property estate management services



A close-up, slightly blurred photograph of a person's hands and arms. The person is wearing a white long-sleeved shirt and is seated at a desk, writing on a document with a black pen. The lighting is warm and focused on the hands and the document.

# Agency Model – Risks

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## Partial Exemption

- What (if any) exempt supplies will remain?
- What margin does the local authority have under the 5% limit?
- Does the local authority need to take steps to reduce exempt supplies?
- What about the Capital Goods Scheme (“CGS”)?

# Agency Model - Risks

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## Capital Goods Scheme (“CGS”)

- Has the local authority incurred capital expenditure on the facilities in the last ten years?
- Was the capital project value >£250,000 (net of VAT)?



# Agency Model - Risks

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## Capital Goods Scheme (“CGS”)

- Even if this was undertaken during an old outsourced model
- The agency model will create a ‘change of use’ for the purposes of the CGS





# Agency Model - Risks

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## Capital Goods Scheme (continued)

- The input tax on the capital project was recovered, either because it related wholly to an intention to make non-business or taxable supplies, or
- Because the attributed exempt input VAT was contained within the local authority's *de minimis* limit



# Agency Model - Risks

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## Capital Goods Scheme (continued)

- Under the CGS, the VAT recovery was only 'provisional'
- It is potentially subject to repayment to HMRC if the VAT-exempt use of facilities increases

# Agency Model - Due Diligence

- Review proposals from the Provider and take advice
- Analyse remaining VAT-exempt supplies from facilities and the effect on partial exemption and CGS
- Contract and procurement position?

# Agency model - market view

- Suits some operators more than others
- Impact on typical leisure operating contracts
  - Trading risk

# Agency model - market view

- Procurement considerations
  - Existing contracts/agreements
  - New procurements - comparing like-for-like basis



## HMRC revises treatment of VAT on in house leisure services – welcome news for many local authorities

This timely bulletin outlines the changes and how agency arrangements might pass this benefit on to outsourced leisure services.

In March this year, HMRC announced a significant change to the VAT treatment of local authority leisure services that could add hundreds of thousands of pounds onto revenue lines.

Prior to March 2023, local authorities managing in-house leisure centres were required to treat services such as gym memberships and other facility visits as business activities for VAT purposes and pay VAT to HMRC from the income. Now, a revised treatment of VAT states these services are classified as non-business supplies for VAT purposes. This means local authorities pay no VAT on their income, as well as reclaiming all the VAT they incur on the related costs (revenue and capital) unconditionally.

Currently more than 20% of leisure facilities are owned and managed in-house by local authorities across the UK. Qualifying local authorities do not need to take any action; the transfer of VAT payments is automatic, resulting in an immediate financial uplift.

It is estimated there are 2,700 leisure centres in the UK, so roughly 500 are still managed in-house. The potential VAT benefit for each centre (given type of facilities) is in the region of £100,000 – £150,000, so across the sector the savings would be £54 million – £81 million per annum.

In consideration of this change, several operators who manage centres on behalf of local authorities are considering how this VAT ruling could also improve the VAT position between themselves and their local authority clients.

Many are not for profit and therefore gain no further benefit on income, as they account for no VAT on activity income, however, they must pay corresponding irrecoverable VAT on expenditure. Some are considering a new 'agency' model, whereby they collect income on behalf of the local authority so income remains 'non-business', which would mean they too would not have to pay irrecoverable VAT on expenditure.

The sector impact of this would also be significant; it is estimated that circa 780 leisure centres are managed by not-for-profit organisations, (members of Community Leisure UK). If all benefited from an agency agreement model with their local authority client, the financial benefit could be in the region of £50,000 – £100,000 per centre, that equates to circa £39 million – £78 million per annum.

In total, the VAT ruling could improve the public sector leisure centre finances by circa £100 million – £150 million per annum.

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Given the sizable financial benefits of this VAT ruling, Max Associates have posed the question to leading tax advisors and local government lawyers to assess, whether it is likely that these financial benefits can be realised and how an 'agency' agreement would impact a typical leisure management contract held between operators and local authorities?

## VAT analysis

When a local authority carries out a non-business activity, it does not account for VAT on its income and can reclaim all the related VAT costs.

Following the conclusion of long-running litigation, HMRC's March 2023 announcement and subsequent discussions, we understand HMRC now might accept non-business treatment applies to:

- Memberships;
- facility visits (for sport or recreation purposes, e.g., not to visit a catering facility);
- letting of sports facilities;
- lettings of non-sports facilities for sports, such as a community centre in some cases;
- leases of local authority-run sports facilities;
- letting local authority recreation grounds (such as parks) for sports events;
- sports tuition and education.

## Agency model

The concept of principal and agent in VAT is that where an organisation acts as the agent of a principal, the principal is still making and receiving the supplies of goods and services, with the agent arranging them.

For outsourced leisure services, an agency model would mean that as the supplies of the leisure services would still be made by the local authority (as principal), the local authority's favourable VAT status would apply both in terms of the non-business treatment of the income and the ability to recover VAT on the related expenditure.

There are well-established VAT rules determining whether an agency/principal relationship exists. For services, HMRC will start with these tests:

- **Identity** – the services bought or sold by the agent on behalf of the principal must be identifiable.
- **Value** – the principal must know the exact value at which goods or services have been bought or sold on its behalf.
- **Separation** – the value of the agent's service must be separately identifiable from the main supply and should generally be known to the principal
- **No change** – the agent's intervention cannot alter or change the direction of the main supply between buyer and seller.
- **Nature and value** – agents generally cannot alter the nature or value of supplies which they arrange for their principal.

HMRC will look at the written contracts between the parties. However, even after considering these tests, the position can be inconclusive. Here, HMRC will look at the substance and reality of the overall position.

This type of HMRC-sanctioned arrangement for non-business supplies already exists in local authorities. One example is outsourced school catering contracts.

The supply of education is non-business in a local authority school, and the supply of catering to students will also be non-business if it's made at or below cost. Many local authorities outsource their school catering to contractors in arrangements where they act as the school's agent in providing catering.

Simplistically, the contractors provide the catering and collect the income, offsetting the collected income against the charges for their catering services. There are two supplies. First, the local authority's supply of catering to its students, which is non-business. Secondly, the contractor's supply to the local authority of running the catering service, which would be standard rated for VAT.

Significant structural differences might exist between an agent/principal for school catering and leisure services. However, clearly it is feasible that a local authority could appoint a provider to run its leisure centres as its agent.

Therefore, an agent/principal arrangement could maximise the benefits of a local authority's favourable VAT status, i.e., VAT-free income and the full recovery of related VAT costs.

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Implementing an agency model carries risks that HMRC does not accept the agent/principal arrangement. However, with careful planning and advice, the agency model can provide significant VAT benefits for a local authority and the providers.

## Contract issues

The local authority leisure sector has developed a well understood outsourcing model where an Operator provides leisure services to the Authority usually under a Sport England template contract. If an agency model were to apply, the agent would provide services on behalf of the Authority. The local authority leisure sector has become accustomed to this concept for carrying out capital works at the local authority's centres in a VAT-efficient manner.

The Sport England template suite of contracts needs fairly extensive additions to be acceptable to HMRC as a legitimate agency arrangement. This would usually include introducing an Agency Agreement setting out the scope of the agent's role (including what the agent can do in the name of the principal), what the agent will do on the principal's behalf including service standards and an agency fee (including how it is calculated), along with other common risk allocation. If a provider was essentially to provide the full (or majority of the) leisure service specification as an agent, this would require a much broader scope of the agent's role and therefore likely more focus on the Agency Agreement.

In order for an agent to take the benefit of the recent VAT ruling, the local authority would need to be VAT principal for the purpose of providing leisure services. In order to demonstrate that relationship, the main Sport England agreement would reserve that the local authority is responsible for the leisure services.

If the agency arrangement is proven to be an accepted model by HMRC for the broad set of leisure services set out in the VAT-ruling then the contractual arrangements would have to be carefully crafted to ensure a lawful agent/principal relationship is established whilst at the same time importing the right level of risk transfer to the operator (acting as agent).

## Procurement issues

Some leisure operators are already proposing this agency model and local authorities who have run, are running or planning to run procurements for leisure services will be considering whether to accept the model following this VAT ruling. There will also be issues to

work through to ensure bidders are being evaluated on a like for like basis where some operators propose an income agency approach and others don't.

If approached by an incumbent leisure operator wishing to switch from their current contractual arrangement to an income agency model, the authority will need to be satisfied that the requirements of Regulation 72 of the Public Contracts Regulations regarding modifications of contracts during their term are complied with. Regulation 72 provides a number of safe harbours for modifications of existing contracts, and these would need to be worked through to ensure a compliant change to current arrangements.

## Conclusion

An agent/principal arrangement could maximise the benefits of a local authority's favourable VAT status, i.e. VAT-free income and the full recovery of related VAT costs.

Authorities can now expect queries at an early stage of procurements about whether an agency model will be accepted. With that being said, procurement decisions are better made up front rather than in response to a specific bidder's request (to avoid complaints of bias) so the authority's position is best considered and communicated from the outset.

If the agency model proves financially attractive, then ensuring the risk position is not jeopardised by the agency agreement would be well worth the time and resource investment during the procurement.

Local authorities will also carefully need to consider how to respond to incumbents' requests to change existing arrangements to an income agency one or indeed whether the authority might introduce the potential change itself having regard to the financial benefits of doing so in a procurement-compliant way.

The authors of this article are working with operators and local authorities, on individual cases to assess whether an application of an agency agreement could bring savings to the partners in a way which could satisfy HMRC and legal and procurement requirements.

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APPENDIX C

# Agency Agreements in Leisure

22 January 2025



- **Presenting today**

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- Lisa Forsyth - Managing Director, Max Associates

- Richard Strevens – Associate Director, PSTAX

- Louis Sebastian – Partner, Trowers & Hamlins LLP



## Agency model – context and market view



- Context to growth of the agency model in public leisure sector
- What we are seeing happen in the market;
  - Local authorities
    - Existing contacts and new tenders
  - Operators
  - Sport England



## Agency model – context and market view



- Some operators have invested into researching into it more than others
- Impact on typical leisure operating contracts
  - Trading risk / can I still make decision about how to manage the business for example pricing
  - Practical considerations of implementation
  - Who benefits from financial savings
  - What is the sector benefit?



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## Local Authority Leisure Services

Richard Strevens – Associate Director

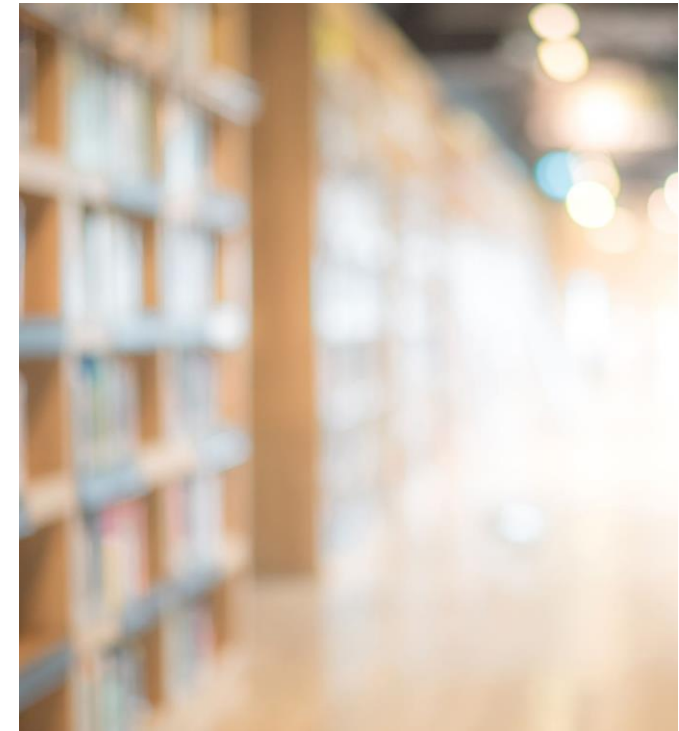
[Richard.strevens@pstax.co.uk](mailto:Richard.strevens@pstax.co.uk)

Tel: 07787 428605



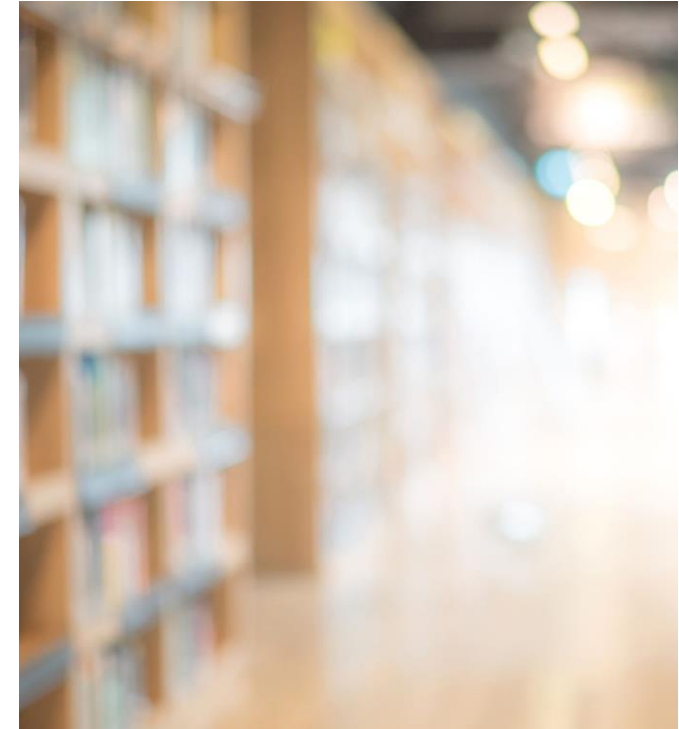
# History of VAT and Local Authority Leisure

- > Historically, leisure services were standard-rated
- > Exemption for sporting services (leisure services) was introduced in 1994 for non-profit making bodies (an EU requirement)
- > Following representations from local authorities, they were expressly excluded from the exemption



# History of VAT and Local Authority Leisure

- Following litigation (Chelmsford), HMRC announced in March 2023 non-business treatment for some supplies
- In November 2023, HMRC's guidance changed to include more services as non-business



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## Outsourcing



# Outsourcing - History

## The VAT reasons for doing it

- > Typical leisure centres had both standard rated leisure services and VAT-exempt services (classes, room hire, block bookings)
- > Local authorities can reclaim
  - > all VAT costs relating to taxable and non business activities
  - > only a limited amount of VAT relating to VAT-exempt activities



# Outsourcing - History

## The VAT reasons for doing it

- > Can outsource VAT-exempt activities to protect the local authority's VAT recovery position
- > Removes the VAT recovery risk for capital investment



# Outsourcing - Concept

- > The Operator is acting as Principal in making supplies of leisure services
- > The Operator's status (type of entity it is) will determine the VAT liability of its supplies



# Outsourcing - Concept

- > Most take the form of Non-Profit Distributing Organisations (“NPDO”)
- > An NPDO contractor’s supplies of admission to leisure facilities are generally VAT-exempt



# Outsourcing

- > A typical outsourcing arrangement will be contained within two documents
  - > A premises lease
  - > A management contract



# Outsourcing - The Lease

- The grant of occupational rights under a lease in return for consideration is a VAT-exempt business supply (unless the option to tax applies)
- All VAT costs on the premises-related costs would affect the VAT recovery position
- To protect the local authority's VAT recovery position, the grant of the lease must be a non-business or taxable supply



# Outsourcing - The Lease

- > To be a non-business supply, the local authority must not receive “consideration” for the grant of occupational rights
- > Consideration means payment in any form and includes monetary payments such as premiums, rent, services charges, and insurance rent
- > HMRC accepts that a peppercorn or £1 per annum rent is not consideration



# Outsourcing - Management Contract

- > This sets out the service specification and the contract price and the capacity in which the Operator makes services available to the public
- > It is vital that the Operator delivers the services to the public in its own name (as principal)
- > HMRC accepted that the Operator could act as agent, but there was no VAT benefit for the local authority



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## Outsourcing - Agency Model



# Agency Model - A Type of Insourcing

- > If a local authority has outsourced, the agency model is a type of insourcing
- > The agency model reverses the principles of traditional outsourcing
- > The local authority continues to makes the supplies of leisure services



# Agency Model

- > The Operator acts as the local authority's agent in delivering the services (and goods)
- > In principle, the agency arrangement can cover all or just some activities



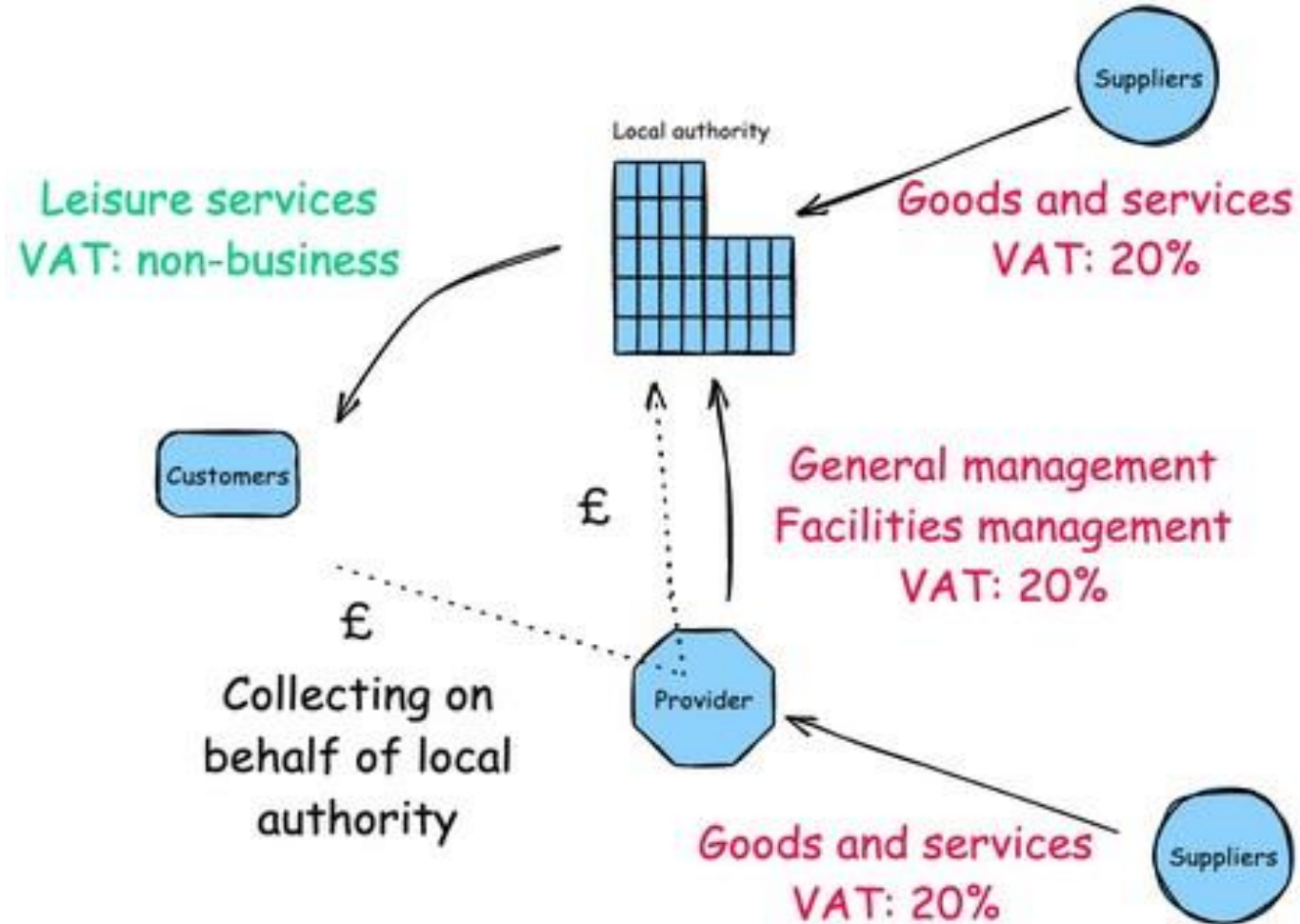
# Agency Model - Concept

- > Operator collects customer income on behalf of the local authority
- > Income retains non-business treatment
- > Operator makes a standard-rated service to the local authority - management of the leisure facilities and services



# Agency Model

- > Local authority reclaims VAT charged to it by the Operator and suppliers
- > The Operator reclaims VAT charged to it by suppliers



# Agency Model - Concept

- > The Agency model already operates in local authorities
  - > Outsourced school catering
  - > Bulky waste collection
  - > Commercial property estate management services



# Agency Model - Risks

## VAT recovery for local authority

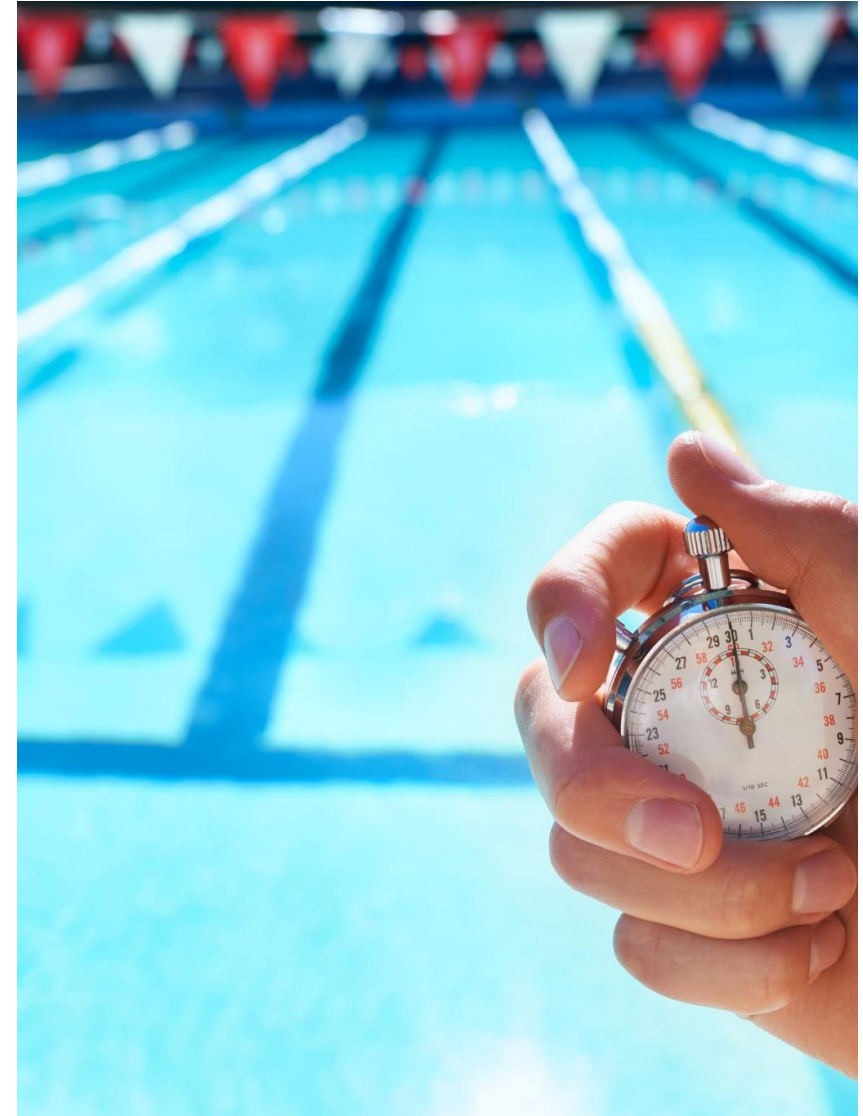
- > What (if any) VAT-exempt supplies will remain?
- > What headroom remains for recovering VAT costs related to VAT-exempt activities
- > Does the local authority need to take steps to reduce VAT-exempt supplies?
- > What about the Capital Goods Scheme ("CGS")?



# Agency Model - Risks

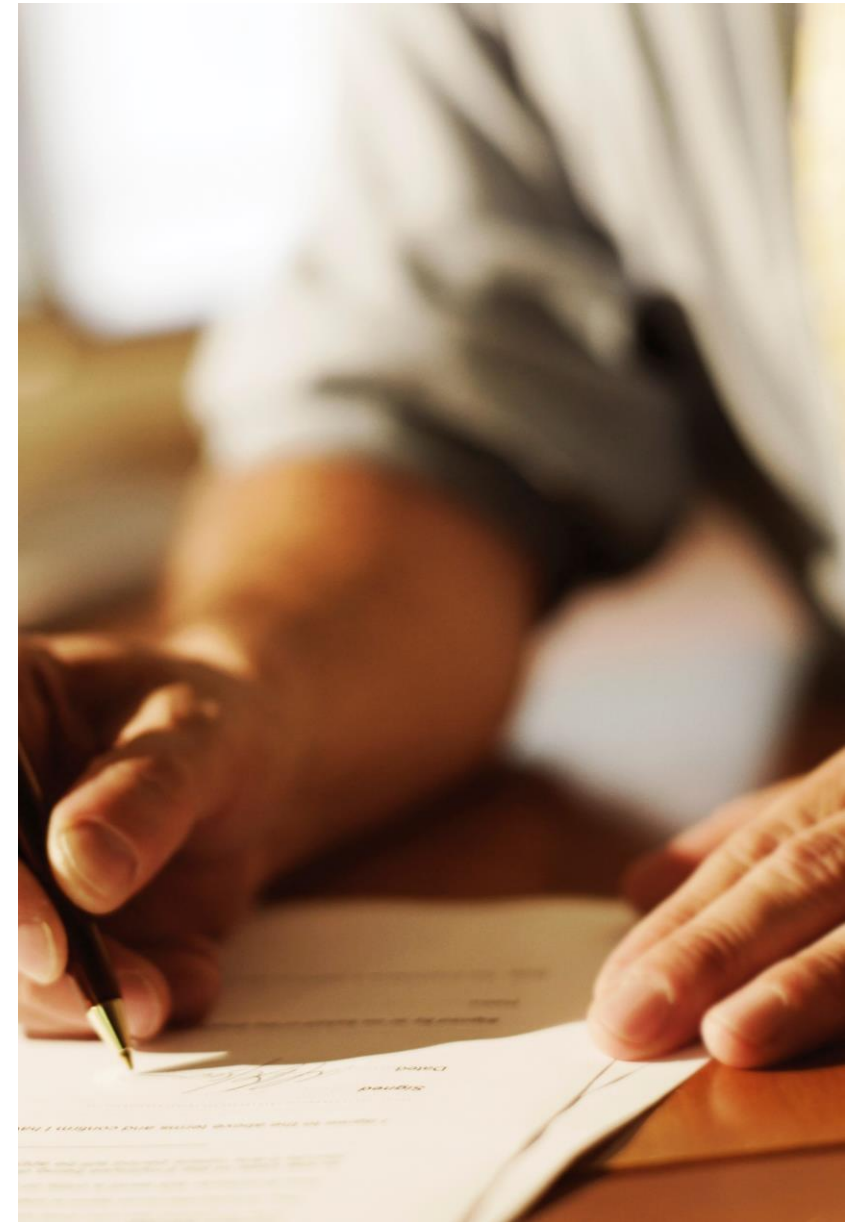
## Capital Goods Scheme

- > Where a local authority
  - > reclaims VAT on capital costs relating to taxable or non-business activities; and
  - > within 10 years the activities change to VAT-exempt, some of the VAT originally reclaimed might need to be repaid



# Agency Model - Due Diligence

- > Review proposals from the Operator
- > Analyse remaining VAT-exempt supplies from facilities and the effect on partial exemption and CGS
- > Verify Operator savings?

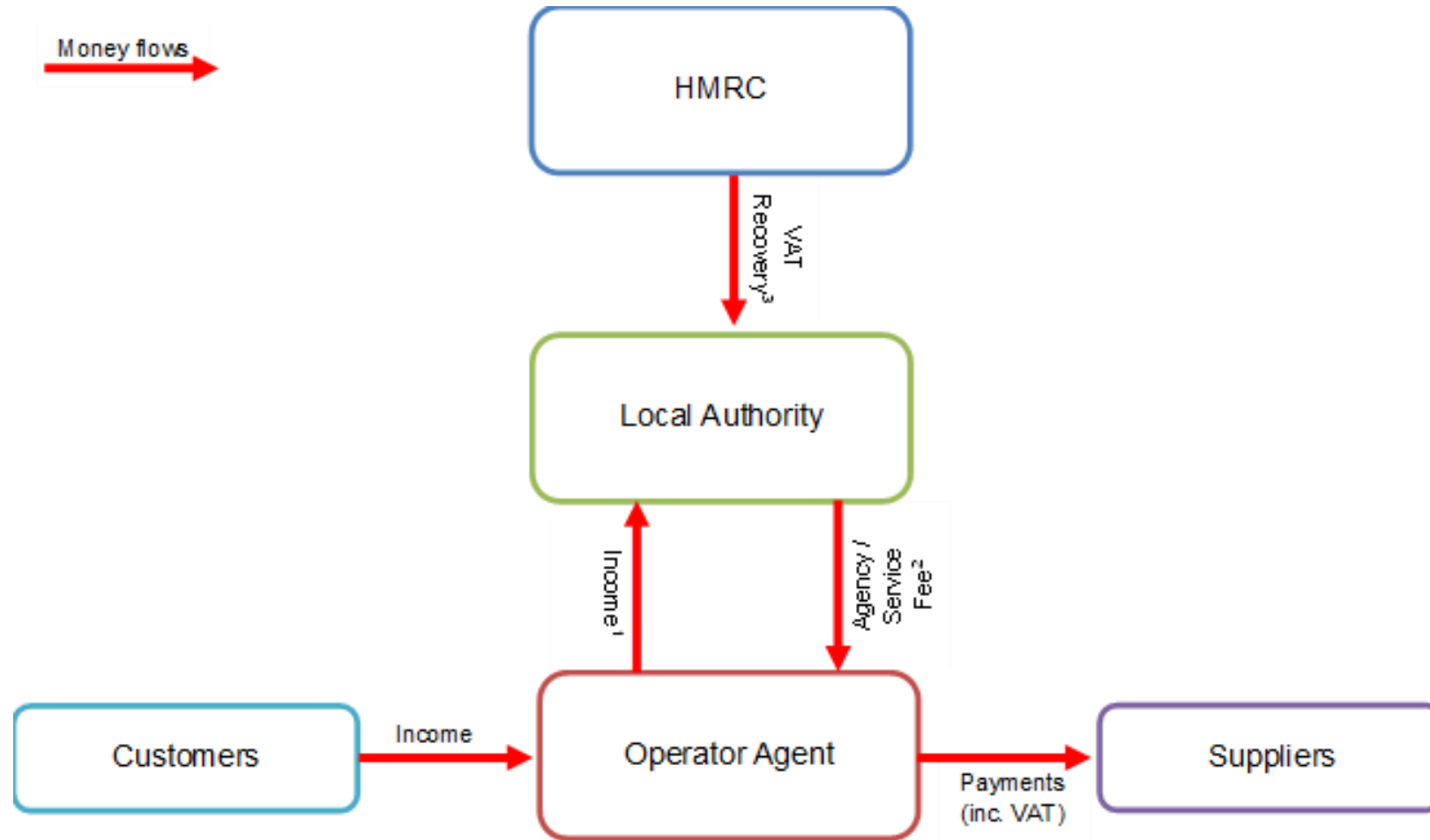


# Legal Issues - Leisure Agency Structure

Louis Sebastian - Partner

22 January 2025

# Legal Issues

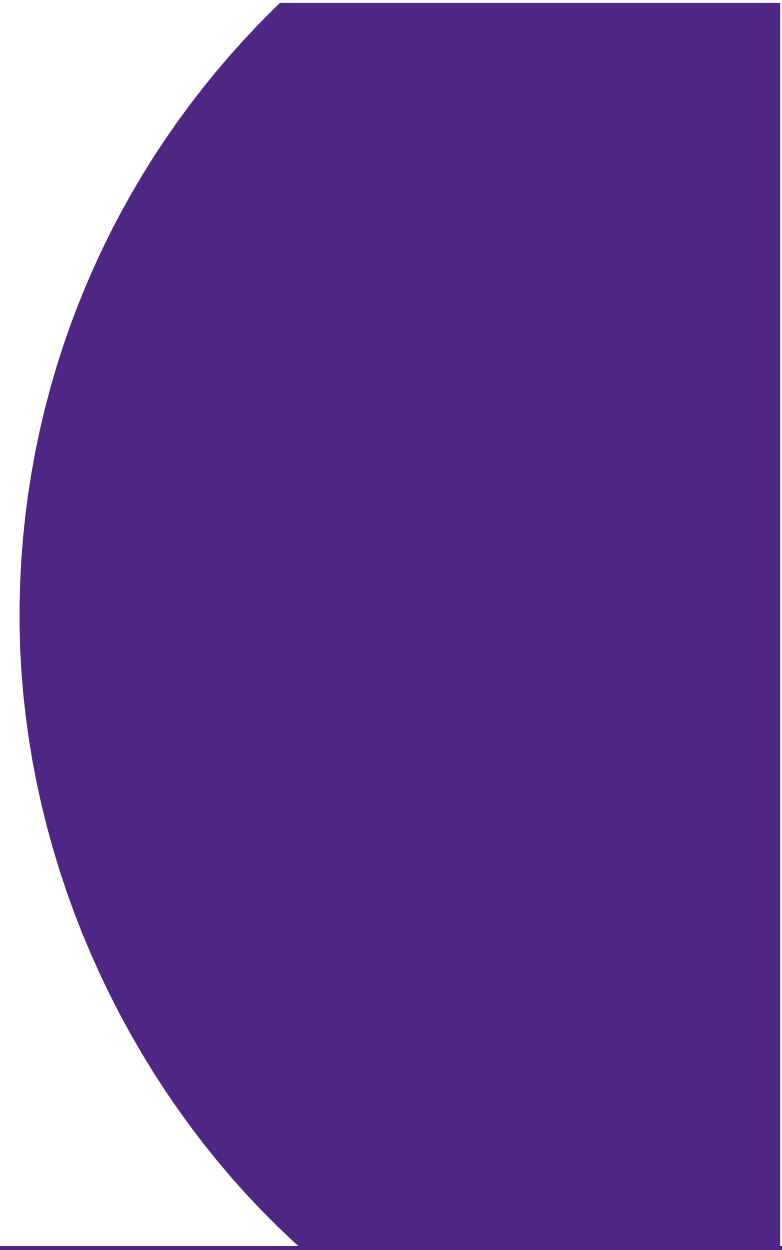


## Notes:

1. All Income belongs to the Local Authority but it is held by the Operator Agent day-to-day.
2. Agency / Service Fee – fee for the management and services provided in running facilities:
  - a. Includes Operator's Margin, Head Office Costs etc.
  - b. Standard rated for VAT
  - c. Adjusted to reflect performance deductions and underperformance or surplus share
3. The income could be made up of Standard Rated Income (e.g. catering); exempt income (e.g. non-sport education/training) and non-business income (e.g. leisure and sport). Local authority will need to consider its partial exemption calculation.

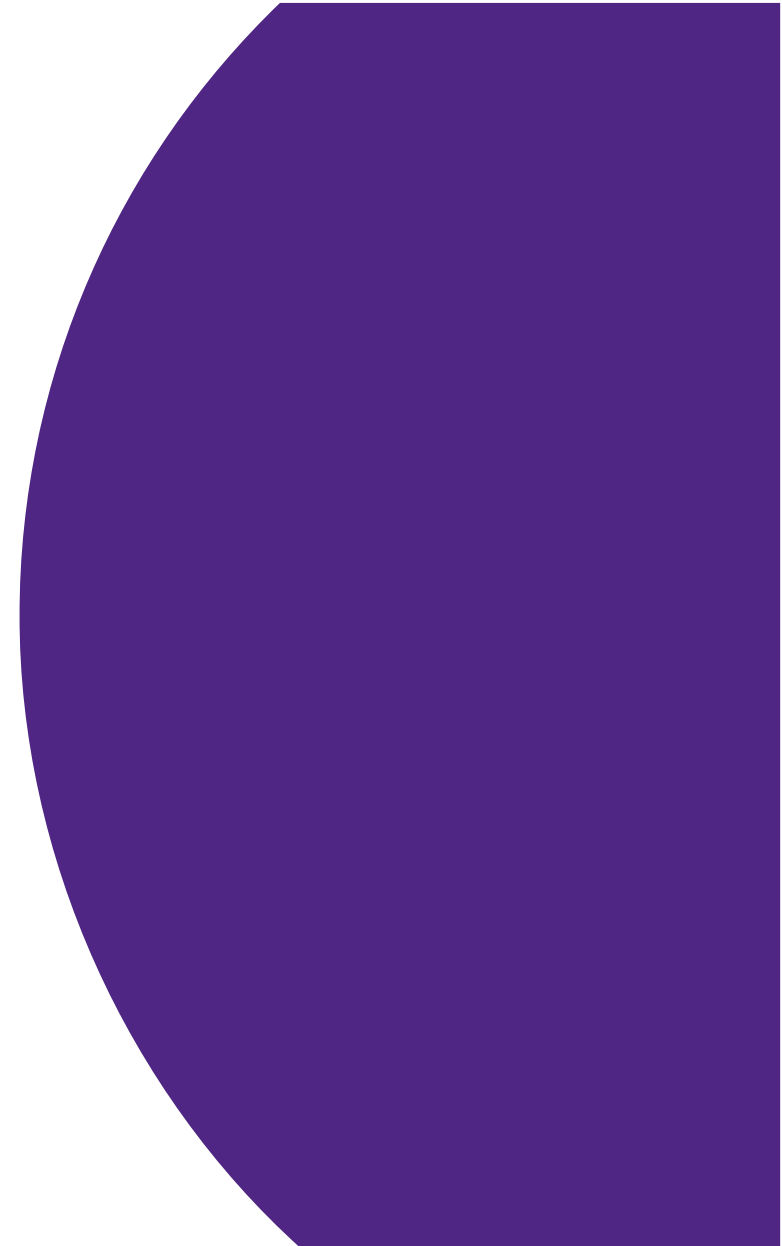
## Legal Issues

- Local Authority Vires
- Procurement
  - Variation of existing contract
  - New contract
- Risk allocation - implementation
  - Procurement challenge
  - HMRC challenge



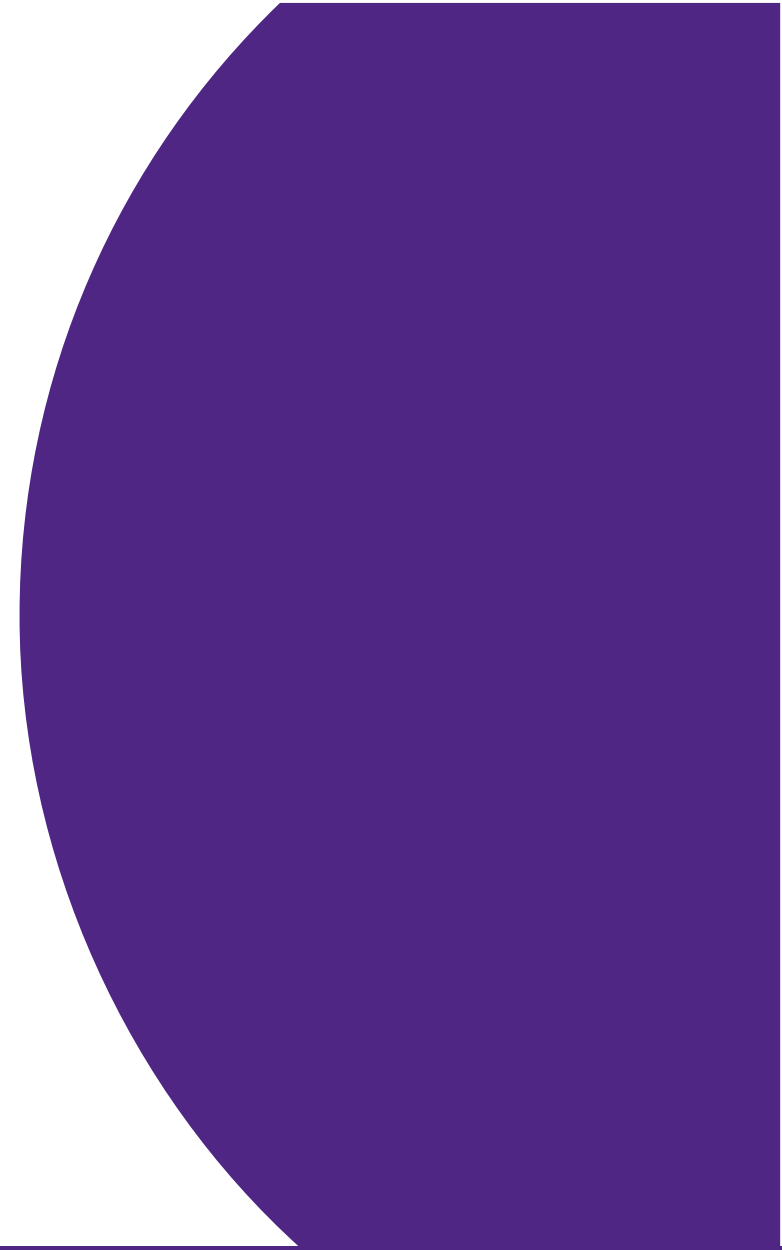
# Legal Issues

- Contract drafting
  - Must clearly describe agency structure
    - Appointment as agent
    - Split of services (contractor agent/principal)
  - Risk allocation by adjusting Agency Fee
  - Payment clauses
  - Reporting rights
  - Pricing
  - "Control" over agency services
  - Revised financial model (LOBTA)



## Legal Issues – common questions

- Lease or Licence?
- How does the Paymech Work?
- Contract amendments in live procurements?
- Do Council's take on additional risk?
  - Contracts with users
  - Employment
  - Liability/Insurance



# Questions and Answers

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