

## **East Herts Council – Decision Record**

Record of executive decision made by an individual under Regulation 13 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

**Decision Title:** Agency Agreement with Everyone Active

**Taken by:** Sara Saunders, Director for Place

### **Decision**

Under 10.6.1.2 b) in the Council's constitution the decision is to move from the lease model to an agency agreement with Everyone Active. This change will secure financial benefits for the Council and improve the long-term financial sustainability of leisure services.

### **Date of Decision**

17 November 2025

### **Reason(s) for decision**

East Herts Council entered into a 15-year contract with Sports Leisure Management (SLM), trading as Everyone Active, on 1 January 2020. SLM has been managing the Council's leisure facilities on a lease basis.

Following recent changes in VAT treatment for local authority leisure services, the Council is proposing to change this contract model from a lease arrangement to an agency agreement.

In March 2023, HMRC announced a significant change to how VAT is applied to leisure services provided by local authorities. Under the revised rules, most leisure services provided by councils can now be classed as 'non-business' activities for VAT purposes. This means the Council is no longer required to charge VAT on sales of leisure services, such as gym memberships, and can now recover VAT on the costs it incurs in providing those services.

The sale of food, beverage and retail will be done as a supplier via SLM Food & Beverage Limited, which it is currently, and will not be VAT recoverable.

The Council is proposing to vary the existing contract with SLM and

move from the current lease model to an agency agreement. Under this new arrangement, SLM will act as an agent of the Council, continuing to deliver all leisure services to customers and managing maintenance services and capital works on the Council's behalf. This approach enables the Council to reclaim VAT on eligible costs, improving the financial sustainability of its leisure services.

This approach has started to become standard practice since the VAT changes in 2023 and a number of authorities in Hertfordshire have already taken this approach forward.

**Details of alternative options considered and rejected**

Option 1: To move from the current lease to an agency agreement. This would enable the Council to recover VAT on costs and achieve financial savings.

Option 2: Continue with the current lease arrangement, giving no financial gain to the Council.

**Does the decision or report contain exempt information?**

No.

**State nature of any declaration of conflict of interest made by any Executive Member who is consulted by the Member taking the decision**

None.

**State, in respect of any declared conflict of interest, whether any dispensation has been granted**

Not applicable.

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