

CABINET

9 December 2009

RIVER PARK AND MEADOWSIDE LEISURE CENTRE MANAGEMENT
CONTRACT

REPORT OF THE HEAD OF ECONOMIC AND CULTURAL SERVICES

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RECENT REFERENCES:

CAB 1801 - River Park and Meadowside Leisure Centres – Management and Maintenance Arrangements, 21 May 2009

EXECUTIVE SUMMARY:

At its meeting of 21 May 2009 (CAB1801 refers), Cabinet approved a proposal to include Meadowside Leisure Centre with River Park Leisure Centre in a single leisure facilities management contract from April 2011, when the existing contract for River Park is due to expire.

Members also approved the commissioning of specialist advice from leisure and legal consultants to determine the relative merits, risks and benefits of either re-tendering the leisure centre management contract or extending the existing one.

Officers have now received and considered the advice, which suggests that the most cost-effective and pragmatic way forward is to extend the current contract, subject to the negotiation of a financial arrangement which will offer best value for the Council. On the strength of negotiations which have already taken place with the current contractors, DC Leisure, officers are in a position to recommend to Members the extension of the management contract and now seek authority to confirm the extension with DC Leisure.

DC Leisure has also offered to take on the management of Meadowside Leisure Centre a year earlier than anticipated, from April 2010. This would form part of the terms of the extended contract and would generate further savings to Winchester City Council. Member approval is requested for the earlier commencement of this arrangement.

RECOMMENDATIONS:

- 1 That Cabinet agrees to the terms of an extended leisure management contract with DC Leisure for the management of River Park Leisure Centre from 1 April 2011 to 31 March 2023 and Meadowside Leisure Centre from 1 April 2010 to 31 March 2023, subject to:-
 - no material issues arising from the staff consultation process currently under way;
 - approval of the capital works needed to refurbish River Park Leisure Centre to ensure the building is fit for purpose throughout the proposed extended contract term (to be considered by Cabinet in January 2010);
 - agreement with DC Leisure on their contribution for improvements to River Park Leisure Centre, as set out in Exempt Appendix 1.
- 2 That the Head of Economic and Cultural Services, in consultation with the Head of Legal Services, Head of Finance and the Portfolio Holder for Heritage, Culture and Sport, be authorised to determine the final detail of the contract terms and conditions, based on the details set out in Exempt Appendix 2 and subject to the considerations set out in Exempt Appendix 1.

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DETAIL:

1 Introduction

- 1.1 DC Leisure currently manages River Park Leisure Centre on behalf of the Council in return for an annual management fee of £92,140. The management contract expires on 31 March 2011. The City Council directly manages Meadowside Leisure Centre at Whiteley. In recent months, officers have reviewed the options for how the two centres should be managed from April 2011.
- 1.2 At its meeting of 21 May 2009 (CAB1801 refers), Cabinet approved a proposal to include Meadowside Leisure Centre with River Park Leisure Centre in a single leisure facilities management contract from April 2011, when the existing contract for River Park is due to expire.
- 1.3 Members also approved the commissioning of specialist advice from leisure and legal consultants to determine the relative merits, risks and benefits of either re-tendering the leisure centre management contract or extending the existing one.
- 1.4 This report sets out the advice which has been obtained. Detailed information on the legal, financial and human resource issues are contained in Exempt Appendix 1.

2 Leisure Consultancy

- 2.1 On 21 May 2009 Cabinet approved the commissioning of an external independent assessment of the relative benefits of either:
 - a) tendering a new ten year management contract; or
 - b) the extension by a further ten years of the existing management contract with DC Leisure Management, under a process referred to as "solo negotiation".

- 2.2 Capita Symonds Consulting were appointed to conduct the review. The key elements of their brief were as follows:
- a) A review of the overall state of the local authority leisure operator market, including an assessment of:
 - the likely level of competition for the contract;
 - the type of the companies currently actively bidding;
 - the relative market penetration of each one.
 - b) A review of the opportunities for cost savings that the Council could realistically expect through a re-tendering process.
 - c) Identification of examples of other local authority contracts that have been extended or let through solo negotiation, including:
 - the justification for using this approach
 - the benefits gained from it.
 - d) Analysis of whether DC Leisure's proposal (Exempt Appendix 1 to CAB 1801) was likely to be advantageous to the Council in financial and customer service terms compared to the alternatives.
- 2.3 The review was completed during the summer. Full details are set out in Exempt Appendix 1. In summary, the review supports the retention of the existing arrangement whereby River Park Leisure Centre is managed by an external operator under a management contract, with the contract incorporating management of the Meadowside Leisure Centre.
- 2.4 The advice contained in the Capita Symonds report has enabled officers to negotiate more advantageous terms for a contract extension with DC Leisure. The terms currently on offer from DC Leisure are set out in Exempt Appendix 2, and include the following main assumptions:
- a) That the contract extension period will be for 12 years from April 2011 to March 2023 for River Park Leisure Centre, and that Meadowside Leisure Centre be included in the contract from April 2010 to March 2023;
 - b) That the management fee be as set out in Exempt Appendix 2;
 - c) That both sites will run under a single Leisure Community Partnership arrangement, generating shared savings on National Non Domestic Rates;
 - d) That Winchester City Council and DC Leisure will work together to minimise the cost of any closure in connection with any future

refurbishment works to River Park Leisure Centre (further details of which will be provided to Cabinet in January);

- e) That the Meadowside Leisure Centre contract specification be based on the current River Park Leisure Centre contract, suitably adapted.
- f) That DC Leisure will make a capital contribution to River Park Leisure Centre in the form of works designed to improve the customer experience, to be incorporated into the planned refurbishment programme in 2010/11.

3 Other Issues

- 3.1 Full details of the other advice obtained, the financial implications, and issues concerning staffing matters, are set out in Exempt Appendix 1.

4 Consultation

- 4.1 Officers undertook to consult with the staff employed at Meadowside Leisure Centre and with Whiteley Parish Council in relation to the proposal to include Meadowside in the leisure management contract.
- 4.2 Details of the consultation exercise with staff are set out in Exempt Appendix 1. Representatives of Whiteley Parish Council have indicated that they see the proposal as one which will benefit the operation of the Centre and develop the services it offers to local people. They are keen to take on the management of the recreation ground adjacent to the leisure centre from April 2011, and will work with officers and with DC Leisure to ensure appropriate access to changing facilities for those using the pitches and also to provide a customer-friendly pitch booking service.

5 Conclusion

- 5.1 Officers have taken detailed advice from leisure and legal experts, and believe that the offer proposed by DC Leisure is financially advantageous, beneficial to the continued service levels at both River Park and Meadowside, and legally acceptable.
- 5.2 The extension arrangements will be based on the terms and conditions set out in Exempt Appendix 2, although the final detail of the arrangements is still to be agreed in line with the considerations expressed in Exempt Appendix 1. It is therefore proposed that the Head of Economic and Cultural Services, in consultation with the Head of Legal Services, Head of Finance and the Portfolio Holder for Heritage, Culture and Sport, be given delegated authority to agree the detailed contract arrangements.

OTHER CONSIDERATIONS:

6 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):

- 6.1 River Park and Meadowside Leisure Centres make an important contribution to delivering on the Health and Wellbeing outcome of the Sustainable Community Strategy.
- 6.2 The improved financial terms proposed for the extended contract with DC Leisure would also support the corporate objective of being an 'efficient and effective council'.

7 RESOURCE IMPLICATIONS:

- 7.1 Full details of the resource implications of the proposed extension are set out in Exempt Appendix 1.

8 RISK MANAGEMENT ISSUES:

- 8.1 Because risk is a significant consideration in awarding any contract, key issues relating to risk are included as they arise in the body of Exempt Appendix 1.

APPENDICES

Exempt Appendix 1 – Financial, Legal and Human Resource Issues

Exempt Appendix 2 – Formal offer and terms of proposed contract extension from DC Leisure