



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET 9TH MAY 2022
Report Number	AGENDA ITEM 10
Subject	OPTIONS APPRAISAL OF LEISURE AND CULTURE MANAGEMENT ARRANGEMENTS
Wards affected	All
Accountable member	Cllr Jenny Forde - Cabinet Member for Health and Wellbeing Email: jenny.forde@cotswold.gov.uk
Accountable officer	Scott Williams – Business Manager (Contracts) Email: scott.williams@publicagroup.uk
Summary/Purpose	<p>The purpose of this Report is to inform Cabinet of the Leisure and Culture Management Options Appraisal outcomes and to seek authority to commence procurement/implementation of the selected management options for the Leisure and Cultural Services.</p> <p>Cabinet's recommendations will be presented to Council to inform the decision for the future operating models to be used for the Leisure and Cultural Services.</p>
Annexes	<p>Annex A (exempt) – Options Appraisal of Leisure and Culture Management Arrangement Executive Summary.</p> <p>Annex B – Phase 1 Evaluation Criteria</p> <p>Annex C – Phase 1 Scoring</p> <p>Annex D (exempt) – Financial summaries</p> <p>Annex E – Phase 2 Evaluation Criteria</p> <p>Annex F – Phase 2 Scoring</p> <p>Annex G – Indicative implementation timescales</p> <p>Annex H – Overview and Scrutiny Committee 26th April 2022 Discussion notes.</p>
Recommendation(s)	<p><i>That Cabinet:</i></p> <p><i>a) Considers the outcomes of the Leisure and Culture Management Option Appraisal;</i></p> <p><i>b) Provides recommendations to be proposed to Council as part of the</i></p>



	<p><i>decision making process.</i></p> <p><i>c) Supports the commencement of a procurement process for the appointment of a leisure management contractor; and following soft market testing for the cultural management, a procurement process or transfer of the service to Publica depending on the outcome be process.</i></p> <p><i>d) Approves a budget of up to £50,000 be set-aside to support the procurement process.</i></p>
Corporate priorities	<ul style="list-style-type: none">● Delivering our services to the highest standards● Helping residents and communities access the support they need for good health and wellbeing
Key Decision	YES
Exempt	YES – Annex A and D.
Consultees/ Consultation	Active Cotswolds Programme Board, Cross Party Members' Working Group, Overview and Scrutiny Committee, Leadership Management Team, Portfolio Holder



1. BACKGROUND

- 1.1 At its meeting in March 2020, Cabinet approved the Strategic Outcomes Planning Model and its associated recommended service and facility interventions. In addition, they gave authority for officers to commission a management options appraisal, to determine the most suitable delivery model for the Council's leisure and culture facilities, in preparation for the expiry of the existing contract with Sport and Leisure Management Ltd (SLM).
- 1.2 The current contract has been in place since 1st August 2013 and expires on 31st July 2023.
- 1.3 In September 2021, the Council appointed Max Associates to undertake an options appraisal on both the Leisure and Culture Management services, with the aim of providing a detailed and rigorous assessment of the available management options for the facilities under the existing leisure contract and to enable the Council to make an informed decision on how to deliver the services moving forward. Listed below are the facilities included in the appraisal scope;
 - Cirencester Leisure Centre;
 - Bourton on the Water Leisure Centre;
 - Chipping Campden Leisure Centre;
 - Corinium Museum in Cirencester; and
 - Museum Resource Centre in Northleach.
- 1.4 As part of this process, a Cross Party Members' Working Group was established. The Group's purpose was to provide governance on the review of the leisure and cultural provision and oversee the strategic planning of the associated services. The Group was also involved in the development of the evaluation criteria, through a paired comparison process and acted as a Consultee Group to support the appraisals.

2. MAIN POINTS

- 2.1 The options appraisal was broken down into two phases, with separate evaluations conducted on the Leisure (Cirencester, Bourton, and Chipping Campden Leisure Centres) and Cultural facilities (Corinium Museum and Northleach Resource Centre).
- 2.2 Phase one evaluated the following management models utilising evaluation criteria detailed in Annex B:
 - a. In-house
 - b. External contractor
 - c. Local authority trading company (LATC)
 - d. Locally established not for profit organisation (NPDO)



- 2.3 This initial evaluation (see Annex C for scoring) indicated that there was a marginal difference between scores with the In-house management option scoring highest, due to its ability to deliver against the Council's identified outcomes. However, financially it would have a significantly higher cost to the council than other options – see Annex D (exempt) Tables D1 and D2.
- 2.4 For leisure management, if we take the external contractor figures as the baseline, there is an estimated extra cost to the Council of £306,812 for the in house option and £350,829 for LATC and NPDO. Similarly, for the cultural management, there is an increased cost of £94,596 for in house and £56,957 for LATC and NPDO, against the baseline cost of an external contractor option. All figures referenced in this point are financial assumptions based on Sport England National median benchmark and include client side management costs and direct service provision.
- 2.5 Consequently, the Members' Working Group agreed with the consultant's recommendation to undertake a second phase of evaluation, with a higher weighting on the Council's overall financial affordability position. This process utilised a refined set of evaluation criteria and weightings, as set out in Annex E.
- 2.6 The option scoring the highest for leisure management in the phase 2 evaluation was External Contractor by a significant margin. Although for the culture management there was only 3% difference between External Contractor and LATC – see table 1 for a summary and Annex F for full phase 2 scoring.

Table 1: Phase 2 Evaluation Scores Summary

	In-House	LATC	External Contractor
Leisure	77%	70%	96%
Culture	77%	86%	89%

3. CONSIDERATIONS TO TAKE FORWARD

- 3.1 Should the Council take the decision to progress with the procurement of a new External Contractor for the Leisure Management Contract, Contractors will be invited to tender for the leisure centres at Cirencester, Bourton on the Water and Chipping Campden. Advice will be sought from the Commissioning and Procurement Board on 4th May 2022 for the best procurement route to take.
- 3.2 The key to success for the Leisure Management Contract is to ensure that the opportunity is tendered with clearly defined Service Specifications, which reflects the Council's priorities and outcomes from the Strategic Outcomes Planning Model. There will also need to be



predetermined, robust monitoring and reporting requirements to ensure the protection of the buildings and services for the contract period.

- 3.3 A soft market test is being undertaken with external contractors for the Leisure and Cultural Management Contract to determine their appetite for managing the Museum and Resource Centre in the post COVID climate. Ultimately, if there is little or no interest from contractors, or if the inclusion of the Cultural element will dissuade Contractors from tendering for the contract, it may be that the Council could consider transferring the Culture Management Contract into Publica, its Local authority trading company. This will enable the Museum to have a more locally focused approach.

4. FINANCIAL IMPLICATIONS

- 4.1 There will also be financial implications stemming from any tender process, for consultancy support cost, therefore a budget of up to **£50,000** is proposed from earmarked reserves.
- 4.2 Following approval, a comprehensive project plan will also be drawn together, setting out timings and associated costs, see Annex G for Indicative implementation timescales.
- 4.3 Ultimately, the Museum service, and therefore, the Cultural element of this work runs at a financial loss, which will be borne by the District Council. Separating the two Contracts could, however, allow either larger gains to be made in the Leisure Contract procurement through a favourable management fee, investment in facilities etc. or savings to be made in the Cultural Contract through local control over income generation, savings in head office costs and other revenue costs, which would be particularly relevant if using an existing LATC.
- 4.4 The impact of the COVID pandemic is still unclear. During 2021 there were limited live procurements to be able to understand external contractors' participation and commercial approach to bidding for Contracts post COVID, which may have a potential impact on the Council's budget.

5. LEGAL IMPLICATION

- 5.1 There are no legal implications arising directly from this Report.

6. RISK ASSESSMENT

- 6.1 A procurement process will enable the Council to transfer a degree of trading risk to the Contractor, however some will remain such as qualifying change in law, this is particularly relevant post COVID. Therefore, whilst there will be some clear benefits and economic



efficiencies, the lasting impact of COVID is likely to lead to a greater sharing of risk between the Council and Contractor.

- 6.2 The typical timescale required for procurement of a Contract is 12-18 month, as the process requires a new contract, leases and services specification being developed. The time frame is also impacted by the complexity of the Contract. The current contract is due to expire 31st July 2023, therefore if there are significant challenges or issues during the procurement process it may not be feasible to complete the process within the given timescales.
- 6.3 Should the procurement and delivery process encounter delays or unprecedented issues there is a risk that a Contract Award may not be in place at the time of the current Contract Expiry. In this scenario a temporary Cover Contract for a short term could be investigated with the other Leisure Operators that are managed by Publica. Contractors would be asked to provide a costed solution to continue to provide the services to residents through the existing contract specification for a short period of time to allow for the implementation of a Contract Award.
- 6.4 The Council also has the option to extend the Contract for up to 3 years, subject to negotiation between the parties, the terms of which would need to be mutually agreed. Any extension would need to be agreed with written notice not less than 12 months before the contract expiry date (31st July 2022). Negotiation of an extension between the parties would likely result in increased management fee payments due to the Contractor at cost to the Council, and will be influenced by the Contractors desire to take on a further short term contract period.
- 6.5 The current status of the market is unclear in terms of Contractors' participation and commercial approach to bidding, in the scenario that we fail to appoint a successful Contractor through a procurement process, it could result in the closure of services. This will be mitigated through soft market testing to determine that there is the appetite for this type of contract.
- 6.6 Should Members decide not to endorse the recommendations of this Report and propose an alternative operating model, further financial implications, risks and issues would need to be assessed and this could affect the deliverability of the new Contracts.

7. EQUALITIES IMPACT

- 7.1 For the procurement of a Contract and establishment of a LATC clearly defined Service Specifications will be required. These will take into consideration all the current equalities requirements along with evidence of accessibility needs as addressed in the strategy consultation process with residents.



- 7.2 The Council's Policies and Procedures would form a schedule of any new Contract, along with a binding agreement for the Contractor to adopt any relevant equalities or legislations moving forwards.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 8.1 There are no climate or ecological emergencies implications arising directly from this Report.

9. ALTERNATIVE OPTIONS

- 9.1 Cabinet's recommendations are to be presented to Council to consider as part of the decision for the future operating models to be used for the Leisure and Cultural Services.
- 9.2 The Council could decide to take the option to explore Contract extension for up to 3 years.

10. BACKGROUND PAPERS

- 10.1 On the 26th April 2022, the outcomes of the Leisure and Culture Options Appraisal were reported to the Overview and Scrutiny Committee in an exempt session. The report provided the Committee with the opportunity to consider the outcomes and to provide feedback for Cabinet and Council to consider, as part of the decision for the future operating models for the Leisure and Cultural Services. Annex H details the discussion points at the meeting.

(END)