

Meeting Executive
Portfolio Area Children, Young People, Leisure and Culture
Date 9 June 2021



LEISURE CONTRACT WORK PROGRAMME

KEY DECISION

1 PURPOSE

- 1.1 This report provides the background to the current Leisure Management contract which is due to finish at the end of March 2023.
- 1.2 This report also outlines a proposed work programme to enable the Council to determine the strategic delivery of its leisure and cultural offer post March 2023.

2 RECOMMENDATIONS

- 2.1 That Executive approves the progression of the Leisure Work Programme as outlined in this report.
- 2.2 That Executive approves the undertaking of an options appraisal to determine future leisure management options when the current leisure contract expires.
- 2.3 That Executive requests a future report outlining leisure management options in order to determine a preferred management model.
- 2.4 That Executive approves the setting up of a Project Team and Programme Board to manage the options appraisal and subsequent procurement process.

3 BACKGROUND

- 3.1 Stevenage Leisure Ltd has, since its formation (by the council) in 1998, delivered leisure services for the Council. The current contract was awarded in 2009 and is due to end in 2023. The contract covers four leisure facilities. These are; Stevenage Arts and Leisure Centre, Stevenage Swimming Centre, Fairlands Valley Sailing Centre, Stevenage Golf and Conference Centre.
- 3.2 The nature of leisure contracts has changed significantly in recent years, with more emphasis on commercial delivery and a focus on revenue generation for local authorities. There is also a growing recognition by Sport England and Public Health, in the role that good quality public leisure provision plays in supporting community wellbeing and the wider determinants of health.
- 3.3 Currently the Council does not receive contract income (as a lot of later leisure procurements do), and instead requires a management fee payable to SLL. In addition the construction of the current contract may no longer deliver the outcomes required in today's leisure market. Industry experts ascertain that a new modern leisure contract could deliver greater value for money for the Council and wider social value for local residents reflecting industry best practice.
- 3.4 The end of the current contract in March 2023 gives the Council an opportunity to define future arrangements that are more closely aligned with the Council's strategic priorities, whilst providing additional flexibility to meet the changing needs of the market and either reduce the costs to the Council or provide a revenue stream for the General Fund.
- 3.5 There is also a linked aspiration to create 21st century leisure and cultural facilities as part of the wider Town Centre regeneration. There are further opportunities for the development of a new wet and dry leisure facility in addition to the relocation of the town's Museum, which both have potentially Towns Fund part funding, subject to business cases being approved and match funding identified.
- 3.6 In spite of the impact on health and wellbeing leisure and cultural provision remains a discretionary service for local councils. The Council will need to ensure that any future service need can be within the financial constraints of the General fund Medium Term Financial Strategy. Future Council leisure and cultural provision will not only need to be sustainable and meet the Council's priorities but also must be affordable.
- 3.7 The Council is not responsible for all elements of culture, leisure and wellbeing service delivery in Stevenage and the wider offer provided by voluntary, private and other government organisations is integral to the wellbeing of the town's residents. The Council does, however, have a unique place-shaping and enabling role to support local delivery and help drive, support and mobilise other providers and stakeholders within the sector.
- 3.8 There is, therefore, a once in a generation opportunity to revisit and reset the wider vision for leisure and culture in Stevenage and progress the Future Town, Future Council ambitions. This will provide a clear policy direction for a number of key work streams linked to this project and will inform the Council's approach to place-shaping and wellbeing.

3.9 The Council acknowledges the benefits of using a clear framework to support its strategic approach and to achieve this it will draw on the Sport England Strategic Outcomes Planning Guidance as a framework.

3.10 The underpinning principles of this project will also support the Council's strategic *Future Town Future Council* objectives:

- *Town Centre Regeneration*
- *Connected to our Customers*
- *Co-operative Neighbourhood Management*
- *Be a financially resilient Council with enough resource to deliver our priorities*
- *Become a smart Council with improved performance*
- *Define Stevenage as a Place of Choice*

In the context of a future leisure programme, the Council's cultural strategy and health and wellbeing strategy within the Future Town, Future Council Place of Choice theme detail the strategic objectives to meet future community needs. It is through this theme that the programme is being framed.

3.11 However there are challenges in the current leisure market and considerations relating to a future leisure and cultural offer for the town are progressing at a time when the leisure and cultural sectors have been significantly impacted by Covid-19. Nationally, bodies such as the District Council Network forecast a net loss across district leisure provision of £325million in 2020/21 compared to 2019/20. This impact has been felt locally by SLL and the Stevenage contract. Whilst the re-opening of facilities over recent months has seen a steady return of customers, the medium to longer-term remains uncertain. Some predications suggest that it may take the sector up to two years to return to pre-Covid usage levels. The ongoing impact of Covid-19 will need to be monitored as part of a future leisure programme and will have some influence on the opportunities available to the Council as the process progresses.

3.12 Stevenage is part of a National Leisure Recovery Fund project called Moving Communities. This is being developed as a data gathering programme to assist recovery across England and will be used to benchmark performance of leisure facilities across different family groups. This will enable the Council to provide robust and validated information during any market engagement and procurement processes. It will also gage market conditions in the leisure sector to assess the strength of the leisure provider market.

3.13 The current context for leisure and culture provides an opportunity to frame both a future vision for the offer the Council and other partners might deliver across the town and the ways in which this offer is delivered.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 The end of the current leisure contract in 2023 means that the Council will need to formulate a plan for the operation of the four existing facilities beyond that point.
- 4.2 Officers consider, given the background and current context that the council should give wider consideration to the mix of facilities that form part of its leisure offer, rather than purely re-tendering on a like for like contract. This may include other leisure assets such as pavilions, Ridlins Athletics Stadium, outdoor sports and open space leisure assets as part of these considerations. Such an approach would support a coherent vision for leisure and could drive best value and further efficiencies.
- 4.3 Despite the difficulties in the current market a contract extension with the current provider is not being recommended at present, as this does not deliver best value given that other options have not been explored.
- 4.4 Given the wider strategic ambitions for health, wellbeing and culture and a vision for new leisure and cultural facilities as part of Town Centre regeneration it is proposed to consider future delivery through a wider focus on place-shaping. A leisure work programme has therefore been devised to enable the Council to determine its future leisure and cultural offer.
- 4.5 Such a programme will give the Council an opportunity to define the long term future service delivery for residents whilst being flexible enough to be able to adapt to future changing demands of the local market.
- 4.6 The programme will work to the following principles:
1. Ensuring the Council has a clear vision for health and wellbeing maximising its delivery of, sports, leisure, arts and culture informed by insight to support its policy position.
 2. Ensuring the Council meets the health and wellbeing needs and the aspirations of the local population.
 3. Ensuring the Council achieves best value for the successful delivery of leisure facilities and services.
 4. Ensuring the Council maximises opportunities to increase income as part of its Co-operative Insourcing and Commercialisation Strategy and deliver an affordable cost envelope for the General Fund.
 5. Ensuring future management arrangements reflect the Co-operative Council ambitions and provide excellent services and social value through their delivery.
- 4.7 The project stages will include the following:
1. Identify a clear, needs led 'vision', priorities and local strategic outcomes for the council's health, wellbeing, sports, leisure, arts culture and community outreach services and the town's physical assets.

2. Consider and define what elements of culture, arts leisure, community, sports and wellbeing should be included within a leisure management contract.
 3. Evaluate opportunity for a new leisure build and the impact this would have on the leisure management contract
 4. Undertake a management options appraisal - Comparing the relative advantages, and disadvantages of management options including; in house, Local Authority Trading Company (and the relevant legal entities that this may form, i.e. CIC, CLG, CLS, Mutual) and open market procurement.
- 4.8 There are a number of established management approaches used for the delivery of sport and leisure services. There are several factors to be considered in assessing the appropriateness of a particular approach (or approaches) to establish the right balance for Stevenage. These will include affordability, deliverability, the level of democratic control and sustainability. All of these factors will form part of an options appraisal.
- 4.9 There are a range of management approaches currently available to councils in England to manage sport, physical activity and leisure services. These include:
1. Competitive procurement – usually resulting in the appointment of a multi-site operator or sometimes a local Not for Profit Distributing Organisation (NPDO) trust where there is one operating in an authority area. This accounts for over 60% of local authorities in England.
 2. Direct commissioning to a Local Charitable NPDO Trust usually serving one authority.
 3. Setting up a Local Authority Trading Company (a company wholly owned by the Council).
 4. Direct commissioning through in-house management.
 5. Through a Joint Venture Company (a formal partnership with a third party).
 6. Through asset transfer (the transfer of a facility to another body or group to deliver the services directly).
- 4.10 As part of such a process the Council should determine what facilities and services should be within the Leisure Management contract and consider and evaluate the best procurement route options and agree a procurement strategy.
- 4.11 In many instances it may be appropriate for a combination of management approaches to deliver a service – for example an outsourced leisure management contract for defined core leisure facilities, in-house direct delivery for particular functions or partnering arrangements for the delivery of community-based provision. These opportunities will need to be fully explored through an options appraisal.

- 4.12 An options appraisal will provide a transparent framework for the Council to select the most appropriate management approach(es), to meet the strategic needs and provide best value on behalf of the town's residents.
- 4.13 Through such an appraisal it is recommended that the Council also determines the time-frame or contract term e.g. 5, 10, 15, 25 years and in addition considers the asset stock condition and any subsequent capital funding requirements. This helps to frame realistic expectations before going out to market or framing internal investment.
- 4.14 In order to progress the work programme effectively it is proposed that an officer project team is established and a programme board is created, chaired by the Portfolio Holder for Children, Young People, Leisure and Culture. This will help to ensure that the leisure programme is delivered on time and within the principles set out in this report. To support this programme, given the size and scope of the project, leisure procurement expertise is being commissioned to provide external support to the process.
- 4.15 It is proposed to launch this process with a wider community and stakeholder visioning exercise to help frame the future aspirations for leisure for the town.
- 4.16 The results from the visioning exercise will help to inform an options appraisal to be considered by members before a commissioning process begins.
- 4.17 A timetable outlining key milestones is outlined below:

PROGRAMME TIMELINE

Appoint project consultants to develop options appraisal	June 2021
Vision and Strategic priorities - Stevenage Sport and Leisure Summit – A stakeholder summit to assess future aspirations for sport and leisure in Stevenage	June 2021
Vision and Strategic Priorities – wider strategic context, stakeholder engagement, development of Vision and strategic priorities	July 2021
Establish Project Board	July 2021
Executive Paper – Options Appraisal and Preferred Management Options	September 2021
Executive- Approval to Proceed	September 2021
Finalise capital investment requirements	November 2021
Pre-procurement Strategy	December 2021
Develop tender documents	February 2022
Write and issue contract specification Executive- Approval to Proceed with Formal Procurement	March 2022
Evaluate submitted tenders completion	October 2022

Award contract	Nov/Dec 2022
Contract mobilisation December 2022 to April 2023	

- 4.18 Subject to Executive approval the visioning exercise and options appraisal will commence over the summer period with an Executive report outlining management options presented at the September 2021 meeting.

5 IMPLICATIONS

Financial Implications

- 5.1.1 The options appraisal process will identify and forecast future revenue implications and capital costs for the Council's leisure assets linked to the options outlined in the report. This will result in a core element of the viability of leisure options considered. Any future leisure provision will need to be delivered within the constraints of the Council's Medium Term Financial Strategy and any options recommended will need to be affordable in the longer term.
- 5.2.1 The options appraisal will also help to provide business modelling for any new facilities developed as part of the Town Centre regeneration programme. This will form a core element of the viability assessment of leisure options considered.

Legal Implications

- 5.3.1 There are no direct legal implications as a consequence of this report. Detailed consideration of the legal implications will be required in due course once the options appraisal has been completed and options for future service delivery identified.
- 5.4.1 Future management options will need to be considered with due regard to procurement legislation relating to local authority leisure provision.

Risk Implications

- 5.5.1 A risk register is being developed as part of the programme. Resources have been identified to provide the capacity to support the options appraisal process in accordance with the programme timeline. The delivery of the work programme will need to be adequately managed to ensure key milestones are met in order to meet the overall ambition to implement a future operating model from April 2023. This will be monitored through the programme board.
- 5.6.1 The impact of Covid-19 on the existing leisure contract and the future leisure market will continue to be monitored as there remains some uncertainty of the timescale for the full recovery of the leisure and cultural sector. Further outbreaks or lockdowns could further jeopardise the sector and the range of options available to the Council in the timeframe. This will be built into the options appraisal.

Planning Implications

- 5.7.1 The options appraisal may identify planning implications regarding current facilities usage and planning conditions. These issues will be fully identified as part of this process.

Climate Change Implications

- 5.8.1 Future leisure management options will need to take into account climate change implications and should positively contribute to meeting the Council's climate change strategy. A more co-ordinated leisure offer across the town, including the use of open space assets will help to encourage physical activity and encourage walking and cycling and reduce carbon emissions.
- 5.9.1 Capital investment in any existing and new facilities will also consider energy efficiency, reducing carbon emissions and more environmentally friendly design.

Human Resources Implications

- 5.10.1 Human resource considerations will need to be considered depending on the options appraisal developed and whether preferred options have a direct impact on Council staff or take into account TUPE arrangements for staff employed via the existing leisure contract.

Equalities and Diversity Implications

- 5.11.1 A full Equality Impact Assessment will accompany the options appraisal to ensure that protected characteristic groups are not disproportionately impacted by any proposed operating models and that health inequalities are further tackled through a future leisure offer.
- 5.12.1 The visioning and stakeholder engagement exercise will be developed in a way that will capture a range of resident voices, from existing sport and leisure stakeholders but also from residents who may or may not use existing facilities. Data and insight from current operations will also help to identify lower levels of engagement from particular sections of the community.

Service Delivery Implications

- 5.13.1 The process will identify the future options for the delivery of the Council's leisure and cultural offer. This will span services in Communities and Neighbourhoods and Stevenage Direct Services. The engagement of both of these service areas in the project team will be key to aligning service planning and future service design.

Safeguarding Children Implications

- 5.14.1 The voice of children and young people will be captured as part of this process. This will be led by the Council's play and wellbeing service and the community development team utilising existing safeguarding procedures and engagement methodology.

Other Corporate Implications

- 5.15.1 The Council has already defined key ambitions relating to health and wellbeing in the production of the Healthy Stevenage Strategy 2018-22. The Council's future leisure arrangements will relate to these ambitions to improve community health and wellbeing and reduce health inequalities.
- 5.16.1 The Council has also outlined cultural ambitions in the Stevenage Re-imagined Cultural Strategy 2018-2028. These ambitions relate to an improved Theatre and Museum offer and further cultural development throughout the town. Future management arrangements will also reflect these ambitions.
- 5.17.1 The announcement of the £37.5million Towns Fund for Stevenage in March 2021 means that future leisure management arrangements will need to reflect the opportunity to create new town centre leisure and cultural facilities. The alignment of these programmes will be critical as part of these overarching considerations.

BACKGROUND DOCUMENTS

- 1.1 **All documents that have been used in compiling this report, that may be available to the public, i.e. they do not contain exempt information, should be listed here:**

None

APPENDICES

None