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**REPORT TO THE MEETING OF THE EXECUTIVE 5 DECEMBER 2018****PORTFOLIO: COMMUNITY****REPORT FROM: ASSISTANT DIRECTOR, COMMERCIAL SERVICES****SUBJECT: LEISURE SERVICE PROVISION****1 DECISION BEING RECOMMENDED**

- 1.1 That, in consultation with the Portfolio Holder for Community and the Portfolio Holder for Enterprise, further work is undertaken by officers to explore options for future leisure service provision, following the expiration of the contract with Fusion Lifestyle (the 'Leisure Contract').

**2 REASON FOR RECOMMENDATION**

- 2.1 The Leisure Contract for the management of the Council's leisure sites expires on 31 March 2022 which means that the Council must review and appraise the various options that exist for the future delivery of leisure provision. This will ensure value for money and that the Council's strategic objectives and Business Plan priorities are delivered.

**3 SALIENT INFORMATION**

- 3.1 The Leisure Contract commenced on 1 April 2002 (for a period of 20 years) and currently includes the following facilities:
- Castle Hall;
  - Clements Hall Leisure Centre;
  - The Freight House;
  - The Mill Arts & Events Centre; and
  - Rayleigh Leisure Centre.
- 3.2 The current service provider is Fusion Lifestyle (the 'Contractor'). The unitary charge paid to the contractor for 2018-19 is £156,500.
- 3.3 In consultation with the Portfolio Holder for Community, and working closely with colleagues in the Council's Procurement Team, officers from the Leisure and Cultural Services Team have put together a timeline of actions to be carried out between now and March 2022 to ensure a timely and seamless transition to a new service when the Leisure Contract comes to an end.
- 4 SOFT MARKET TESTING**
- 4.1 Officers will undertake an options appraisal and as part of this process a Soft Market Testing (SMT) exercise will be completed. This will allow officers to

assess the options available and test market interest. Once this has been completed the outcomes and recommendations for next steps will be brought back to the Executive for discussion and consideration.

- 4.2 Soft Market Testing is an informal, and confidential, conversation with sections of the market during which the Council would test market appetite and understand any innovation which the market could bring to the discussion.
- 4.3 This informal dialogue takes place before formal procurement and so the rules around how it is carried out and with whom are more relaxed. Invited participants are interviewed and questions asked to help shape any potential scheme and ensure it would be deliverable. Through this Soft Market Testing exercise officers will explore and test various options for the sites, subject to the priorities for future service delivery. These priorities will be developed in consultation with the Portfolio Holder for Community and the Portfolio Holder for Enterprise.
- 4.4 In line with the Council's Asset Strategy alternative uses are being considered for the Freight House and The Mill Arts & Events Centre.

## **5 DRAFT PRIORITIES FOR FUTURE SERVICE DELIVERY**

- 5.1 In consultation with the Portfolio Holder for Community and the Portfolio Holder for Enterprise, and following a review of the Council's Business Plan, Asset Strategy and Castle Point & Rochford Health & Wellbeing Strategy and other key strategies, the following draft priorities will form the objectives for future service provision and the basis for the options analysis. These will be reviewed and revised following further consultation with the Portfolio Holder for Community and the Portfolio Holder for Enterprise, service users and other stakeholders.

### **Resident (User) Focus**

- Implement clear benefits for local residents e.g. reduced fees and charges.
- Provide a Concessions Card for identified groups.
- Pay and play provision.
- Innovative use of technology to improve the Customer experience and responding to new industry trends.
- Effective community engagement.

### **Commercial Performance**

- Provide significant capital investment in the leisure sites.
- Removal of the unitary charge currently paid to the Contractor.
- Links to the Council's Asset Strategy.

### **Leisure & Wellbeing**

- Reduce levels of obesity in children and adults by increasing participation in sport and physical activity.

- Increase participation in under-represented groups.
- Improve mental health and wellbeing.

## **6 POTENTIAL SERVICE DELIVERY OPTIONS**

- 6.1 As part of the next phase of work officers will undertake an appraisal of each of the following delivery options:

### **A: In House Management ('In-sourced')**

The Council has direct responsibility for the management and operation of the facilities and services.

### **B: Outsourced Management (current delivery model)**

The Council is the client and manages operations under a contract agreed by both parties.

### **C: New organisation (Local Authority Trading Company – LATCo)**

Service delivery is through a new subsidiary company of Green Gateway Trading Ltd.

### **D: Asset Transfer**

An operator takes over the facilities and the delivery of services from them under a long term lease.

## **7 ALTERNATIVE OPTIONS CONSIDERED**

- 7.1 None

## **8 RISK IMPLICATIONS**

- 8.1 For an informed decision to be made on the future of leisure service delivery an options appraisal must be carried out. This ensures the desired priority outcomes for the service are identified; an understanding of the risks of the different operating models is known; and the best value option to meet the needs of the District is identified.

## **9 RESOURCE IMPLICATIONS**

- 9.1 There are no direct resource implications arising from the soft market testing phase. The wider resource implications of any change in the future delivery of Leisure Services will be assessed as part of the overall options appraisal and decision making process, to ensure the services continue to represent value for money.

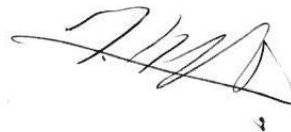
**10 LEGAL IMPLICATIONS**

- 10.1 Regulation 40 of the Public Contracts Regulations 2015 (PCR 2015) allows for the contracting authority to use SMT to engage and talk with the suppliers before starting the formal procurement process. The Council 'may conduct market consultations with a view to preparing the procurement and informing economic operators of their procurement plans and requirements'. Provided the SMT does not 'have the effect of distorting competition and does not result in a violation of the principle of non- discrimination and transparency', the Council has flexibility in who and how it consults and when it consults.
- 10.2 Potential bidders will not be prejudiced by any response or failure to respond to the SMT. Any response does not guarantee an invitation to participate in the formal procurement that the Council may conduct.

**11 EQUALITY AND DIVERSITY IMPLICATIONS**

- 11.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups as defined under the Equality Act 2010.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.



LT Lead Officer Signature: \_\_\_\_\_

**Matt Harwood-White**  
**Assistant Director – Commercial Services**

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**Background Papers:-**

None.

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