



Rochford District  
Council

<b>REPORT TITLE:</b>	<b>In House Leisure Procurement</b>
<b>REPORT OF:</b>	<b>Cllr J Gooding Lead Member Leisure Tourism &amp; Wellbeing</b>

### REPORT SUMMARY

The executive are asked to consider a recommendation from the Leisure Working Group to allocate a budget for the current leisure consultants SLC to review whether the Council should consider operating its leisure services in house.

This external report would then be presented to the Leisure Working Group to consider its findings alongside the current procurement of a new operator and findings and any recommendations, would be presented back to the relevant committee following elections.

The working group consideration regarding reviewing in house leisure is to understand the implications of operating an in house service. Allowing members to make an informed decision should the current leisure operator procurement be unsuccessful.

### RECOMMENDATIONS

- R1 -** The Executive are to determine whether they wish the Leisure Working Group to consider reviewing an in house leisure service.
- R2 -** Following agreement of R1, that a budget of £6,175 is allocated from working balance to fund the in house review by SLC.

### SUPPORTING INFORMATION

#### **1.0 REASON/S FOR RECOMMENDATIONS**

- 1.1** The Leisure working group would like to consider the implications on Rochford District Council regarding providing it's leisure services in house.

## 2.0 BACKGROUND INFORMATION

- 2.1 At the executive 6th December 2022 it was agreed that the Council would procure a leisure operator partner to deliver the Council's leisure facility provision from 1st April 2025.
- 2.2 The Leisure working group is a working group of the executive function. The lead member for Leisure, Tourism and Wellbeing formed the working group to support the Council regarding the procuring of a new leisure operator. The working group have met and discussed the following

**8th November 2023** - to agree the terms of reference of the group, overview of timescales and milestones presented by SLC, presentation regarding key purpose of procurement strategy, developing strategic objectives and reviewing the key themes from stakeholder and public engagement.

**28th November 2023** – The draft procurement strategy was presented to the working group with recommendations for them to consider, agree or propose amendments.

**3rd January 2023** – the leisure group agreed the final draft to the Procurement strategy and recommended this to Executive for approval. The Executive also discussed whether the Council should reconsider an in house leisure operator, and would like to see a high level business case on this option. The purpose of this is to understand all the implications of providing an in house leisure provision as an alternative arrangement should the procuring of a new operator be unsuccessful and interim measures where required. The review is to ensure the Council has a contingency plan.

- 2.3 The working group has been established and its terms of reference supports the decision made on the 6th December 2022, to procure a new operator for leisure services. Therefore the working group currently does not have the ability to review in house options, without the Executive approving to this.
- 2.4 The Council does not have the internal resources to carry out such a review. Therefore the Council's current consultants supporting on the current leisure procurement, SLC are able to provide a robust review of the alternative management options. This review presented as a report would include the following

- Agree with client the financial and non-financial evaluation criteria for management options appraisal (criteria and weightings)
- Consultation with Finance/HR on key assumptions linked to pensions and central support costs
- Undertake financial evaluation of three primary management model options (external operator, in-house and Local Authority Trading Company)
- Undertake non-financial evaluation of three primary management model approaches based on agreed criteria
- Briefing paper on SLC's independent appraisal of management options

- Meeting with client to present outputs and agree scoring of options
- Final briefing paper for issue to Members

2.4 The cost of this work will be £6,175 and can be completed within a period of 4 weeks. There is no budget available for this work therefore it will need to be funded from the Council's general balances.

### **3.0 OTHER OPTIONS CONSIDERED**

3.1 The Executive on 6th December 2022 were presented with other options. These were:

- Local Charitable Not for Profit Distributing Organisation (NPDO) / Community Interest Company (CIC), this was discounted as it would lead to the Council potentially retaining the financial risk and few leisure service operations are run through CICs.
- Delivering services via a separate LATCO would involve significant additional resource to set up and provide appropriate oversight, which the Council does not have currently to deliver.
- Similarly the Council does not have the capacity to take on in-house management of its leisure centre services and associated staff. If it were to do so, this would also significantly increase the financial and other risks the Council would be exposed to; for these reasons this option is not recommended for the Council.
- Asset transfer would relinquish the Council of any direct control of its leisure services and would severely limit the influence the Council has over the delivery of services and associated outcomes, and therefore this option is not preferred.

### **4.0 RELEVANT RISKS**

- 4.1 Financial Risk, the current cost of the work does not have a budget. The Council has allocated budgets to support the procurement of a new leisure operator.
- 4.2 An in house operator carries additional financial risk which will be captured as part of the review report.
- 4.3 Currently the Council is working towards procuring a new operator when the contract ends on 31<sup>st</sup> March 2025. Therefore members need to be mindful of the implications of this procurement when consider an future in house report.

**5.0 ENGAGEMENT/CONSULTATION**

5.1 There has been no engagement or consultation.

**6.0 FINANCIAL IMPLICATIONS**

6.1 On 6 December 2022, the Executive agreed that £105,000 to be allocated from General Balances to fund external advice required to inform the future operating model for the Council's leisure facilities. This money will be transferred to an earmarked reserve and drawn down as required for the purposes, therefore the allocation of this report will be funded from this earmark reserve.

**7.0 LEGAL/GOVERNANCE IMPLICATIONS**

7.1 A working group of the Executive is established by the decision of the Executive. On 6 December 2022, the Executive agreed to procure a leisure operator to deliver the Council's Leisure Facility provision from 1 April 2025, when the current contract ends. The Leisure Working Group terms of reference have been established off this resolved recommendation, therefore to look at alternative options requires the Executive to approve this.

**8.0 EQUALITY & HEALTH IMPLICATIONS**

8.1 None directly attributed to this report.

**9.0 ENVIRONMENT & CLIMATE IMPLICATIONS**

9.1 None directly attributed to this report.

**10.0 ECONOMIC IMPLICATIONS**

10.1 None directly attributed to this report.

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**APPENDICES**

None.

**BACKGROUND PAPERS**

None.