

**SHEFFIELD CITY COUNCIL**  
**OFFICER DECISION RECORD**

The following decision was taken on 20 June 2023 by the Director of Parks, Leisure and Libraries.

Date notified to all members: 22 <sup>nd</sup> June 2023
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1. **TITLE**

Leisure and Entertainment Procurement

2. **DECISION TAKEN**

That:

1. In accordance with authority delegated by the Co-operative Executive on 17 November 2021, it is recommended that the Director of Parks, Leisure and Libraries, in consultation with the Leader of the Council, the Director of Finance and Commercial Services and General Counsel & Monitoring Officer, approves the procurement strategies to appoint an external provider(s) to deliver sport, leisure and entertainment services in the city as outlined in the report;
2. Note the information in (the closed) Appendix 1 and the financial assumptions that have been made in forming this decision;
3. The Council and its Consultants have undertaken market engagement and analysis to determine the most appropriate route to market to procure the services for the facilities in scope. The market research sought to establish an approach that achieves the best way to; make it attractive to the market and encourage engagement, allows an element of negotiation or dialogue with bidders to optimise the offer for the Council, fits within the overall timescales for the project and is likely to achieve successful outcomes for the council, customers and communities; and
4. As a result of the market assessment the procurement will be structured in to 3 packages:
  1. The services for the Sport and Leisure (including golf facilities).  
The entertainment facilities will be split and procured as separate packages:
  2. Arena
  3. The City Hall

3. **Reasons For Decision**

The Council has a portfolio of leisure and entertainment facilities across the city. Some, such as Graves and Thorncliffe are delivered under a commissioned model where we have appointed Places Leisure partner to run the facilities.

The longest standing arrangements are those with Sheffield City Trust (SCT). SCT was set up in 1987 as an independent charity to oversee the running of the City's sport, leisure and entertainment facilities, linked to the Major Sporting Facilities (MSF) which includes Ponds Forge, Hillsborough and the Arena.

Since 1987 additional facilities have been added to Sheffield City Trust portfolio, the Trust currently operate the following facilities:

- Ponds Forge International Sports Centre
- Hillsborough Leisure Centre
- The Arena
- Concord Sports Centre
- Beauchief Golf Course
- Tinsley Golf Course
- Birley Golf Course
- Heeley Pool and Gym
- Springs Leisure Centre
- English Institute of Sport Sheffield
- Ice Sheffield
- Sheffield City Hall

SCT operates these facilities for its own charitable purposes under long leases with funding support from the Council. The Council does not control what is delivered from these facilities and there is no service specification in place to determine how the facilities are currently run.

The funding arrangements in place for the MSF facilities means that part of the SCT managed portfolio (Ponds Forge, Hillsborough and the Arena) must be returned to the Council in 2024.

Procurement and subsidy regulations mean that the Council cannot simply enter into a further agreement with SCT when the existing arrangements come to an end, so the Council has explored options to either bring the services back in-house, establish a Local Authority Trading Company (LATC) to operate the services or appoint an external partner.

Complementing the SCT facilities, Places Leisure currently have a contract to operate Graves, Thorncliffe and Wisewood leisure centres. This contract is due for review in 2026 and therefore this procurement strategy has been designed to consider these facilities through a competitive process to ensure the Council continues to achieve best value. Including Places Leisure facilities will also eliminate the need to undertake a further procurement process shortly after concluding the process for the wider estate.

#### 4. Alternatives Considered And Rejected

Option Considered	Reason for not progressing as the preferred option
Keeping all facilities together under a single contract	The Arena and City Hall are specialist event spaces requiring

	an experienced operator. Soft Market Testing responses from both Sport and Leisure Operators and Entertainment Operators was to separate out leisure and entertainment.
Keep sport and leisure together and have a separate lot for golf	Larger providers all have experience of golf or are able to partner with specialists where needed therefore there is no requirement to run golf as a separate lot. Maintaining within the overall Sport and Leisure contract makes it easier to co-ordinate activity between facilities and also provides the opportunity for a more extensive package of membership offers
Keeping the Arena and City Hall together under one package for Entertainment	Soft Market Testing showed that there is a different operator market for the Arena and City Hall. If we were to package the venues together, we would limit the number of interested bidders.
Put the Arena and Ice Sheffield in one package, creating a package with all ice facilities together.	Soft Market Testing showed that there is a different operator market for the Arena and Ice Sheffield with minimal interest in this combination of facilities. If we were to package the venues together, we would limit the number of interested bidders for both the Arena and Ice Sheffield.

#### Alternative Operator Models Considered

The Council has reviewed three possible options for the future management of facilities. This included in house, a Local Authority Trading Company (LATC) and appointment of an external partner. The in house and LATC options were not selected as they are more expensive and present a greater level of financial uncertainty and risk to the Council. They would not allow for the level of investment needed for the Council to offer significantly improved leisure facilities.

#### Do Nothing

Doing nothing is not an option. The current arrangement with Sheffield City Trust come to an end in 2024 and the facilities themselves require significant investment just to remain open and functioning. Without investment facilities will continue to decline and eventually close.

#### 5. **Documents used in making decision:**

1. Officer Decision Report: Leisure and Entertainment Procurement 20/06/2023

2. Cooperative Executive Decision Report: Leisure and Entertainment Facility and Services Review 17/11/2021

6 **Any dispensation granted by the Head of Paid Service**

None

7. **Respective Director Responsible for Implementation**

Executive Director, Operational Services