



Report to Policy Committee

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Report of: Ajman Ali

Report to: Community Parks and Leisure Policy Committee

Date of Decision: 14th November 2022

Subject: Leisure and Entertainment Procurement Update

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 981				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Purpose of Report:

To provide an update to members of the Communities, Parks and Leisure Committee on progress made towards implementing the outcomes of the Leisure Review Report which was approved by the Co-operative Executive in November 2021. Including progress towards appointing a new operator for Sport, Leisure and Entertainment Venues from September 2024.

Recommendations:

That members of the Communities, Parks and Leisure Committee note the content of the report, including the envisaged approach to procurement and the inclusion of social outcome requirements within the Specification for Services.

Background Papers:

Leisure and Entertainment Services Review approved by Co-operative Executive
17th November 2021

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: /Jonny McQuillin
		Legal: Richard Marik
		Equalities & Consultation: Louise Nunn
		Climate: Jessica Rick
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	SLB member who approved submission:	Ajman Ali
3	Committee Chair consulted:	Richard Williams
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Tammy Barrass	Job Title: Head of Sport Leisure and Health
	Date: 03/11/2022	

1. PROPOSAL

1.1 In November 2021 the Co-operative Executive approved a programme of investment into the Councils' Leisure and Entertainment facilities. This was coupled with approval for the Council to undertake a competitive procurement process to appoint an external partner to run our sport, leisure and entertainment facilities from September 2024 onwards.

1.2 This report provides an update on this work and outlines our approach to selecting an external partner/s from September 2024 onwards.

1.3 **We have started conversations with providers to help inform our Procurement Strategy** We have spoken to several sport and leisure operators in recent months to help us shape the development of our procurement strategy and understand the appetite within the market to operate our sport and leisure venues.
We are confident that there is an appetite in the market for the management of Sheffield's facilities.
Further soft market testing is planned, working with specialist consultants, the outcome of this will be used to develop our procurement strategy.

1.4 **The facilities will be broken down into separate lots** Following feedback from the market we expect that the tender will be put out two separate lots, one Sport/Leisure (including golf) and a further lot for Entertainment (Arena and City Hall).
The breakdown of the lots will be explored further as the procurement strategy is developed to ensure that we get an operator with the appropriate skills and expertise to run each part of the estate.

1.5 **We have appointed specialist advice to help support the procurement process.** We have appointed IPW to support the process to select an operator for our entertainment venues (Arena and City Hall). Specialist advice is required to ensure we get the best possible commercial deal for the operation of these venues.
We are in the process of appointing additional support from SLC, the Sport and Leisure Consultancy, who worked with the Council on the original review of facilities. SLC will support the procurement of an operator/s for the Sport, Leisure and Golf estate.
In addition, we are also commissioning external legal advice to support the wind down of the existing Trust and transition to a new operator.

1.6 **The Sport and Leisure contract will be based on Sport England model form of contract** The Sport England Procurement Toolkit provides model forms of contract, which are seen as the standard within the sport and leisure industry. There are various model contracts (DBOM - Design Build Operate Maintain, LOC - Leisure Operating Contract) within the Toolkit which includes a standard set of Leisure Operating Contract terms and conditions.

It is the Council's intention to use this model form as the basis for the new contract(s) incorporating the Council's specific requirements and including any relevant experience learnt from the Places Leisure contract which includes Graves, Thorncliffe and Wisewood Leisure Centres.

1.7 **The Specification for Services will be based on current leisure contract with Places Leisure updated to reflect current requirements** It is the Council's intention that the Specification for Services, which supports the operation and management of the Sport and Leisure facilities, is based on the existing arrangements with Places Leisure, updated to take into account the latest Sport England guidance and any additional requirements.

1.8 **Work is taking place to test our financial assumptions** Work is being undertaken to review the business case and financial modelling that was agreed by the Co-operative Executive in November 2021, this will take into account recent financial challenges including increasing energy costs, Real Living Wage increases and inflation. This review will inform the scheduling of future developments to ensure that they remain affordable in the current financial climate. This work is not expected to impact on the decision to procure a new operator from September 2024 but it may have implications for the timings of investment. A further report will be presented to the Finance Sub Committee once this work is concluded.

1.9 **Specification Development/Social Outcomes**

In order to support the selection of a new operator/s, work has begun to develop the Specification for Services for the Sport, Leisure and Golf Contract. Alongside the standard requirements included in the Sport England template documentation we plan to include the following social outcome requirements:

1.9.1 **Concessionary Pricing** Bidders for Sport and Leisure venues will be expected to offer a concessionary pricing scheme as part of their offer. The Council will require a

reduction of at least 30% against headline prices for all membership types and pay and play activities. The reduced prices will be available to anyone in receipt of in work and out of work benefits (further details of the proposed eligibility are provided in Appendix 1).

A bench marking exercise has taken place with other core cities and it was noted that there are currently a wide range of varying discount and concessionary schemes being offered. Active Nottingham offer up to 50% concessions for certain activities, whereas, Leeds offer between 20% and 40% dependant on the activity.

Manchester’s “Better” scheme, which is a charitable social enterprise offering a wide range of active memberships in Leisure Centres. Concessionary members are offered off peak access at a discounted rate and up to 30% off other activities and services. Whereas, Bristol have different charges depending which centre the customer visits.

Sheffield Places Leisure concession prices are discounted at 30% and Sheffield City Trust currently offer 40%, therefore, it is considered that Sheffield offers competitive rates and the evaluation of the procurement exercise will seek inclusion of a concessionary pricing scheme with a simple application process.

Bidders will also be asked to tell us about their experience and success to date when offering concessionary schemes and how they plan to advertise and promote the scheme to ensure maximum take up.

1.9.2

**Sustainability/
Environmental
improvements**

Reduction in the production of waste

- Commitment to work towards Zero to Landfill waste contract
- Production and implementation of an agreed annual Waste Management Strategy
- Annual reduction in waste produced and increase in recycling

Increased water and energy efficiency through reductions in water, electricity and gas consumption

- Reduce carbon footprint and annual CO2 emissions, measured through;

-reduction in annual gas consumption each year
-reduction in annual electricity consumption each year

- -reduction in annual water consumption each year

Increase the number of people utilising green forms of travel that have minimal impact on the environment and reduction in car journeys

- Produce and implement a Green Travel Plan
- Ensure the development of secure cycle parking at each Facility

1.9.3 **Support local people to have the skills to prosper**

Increase number of school leavers in employment

- Develop links with schools, special schools, further and higher education establishments and offer apprenticeships each year
- Support young people into work by delivering employability support (e.g. mock interviews, careers guidance) to school leavers and college students each year
- Provide work experience places each year for local school children
- Provide work experience places each year for Young People Not in Education, Employment or Training (NEETs)

Provide work experience places each year for adults with disabilities

Help local people develop the skills to access new job opportunities

- Actively promote training courses such as life-guarding and coaching qualifications to the local community to encourage the up-skilling and potential employment of local residents

1.9.4 **Support safe and inclusive neighbourhoods**

Support a reduction in youth anti-social behaviour

- Work with Youth Services to develop and deliver an annual Physical Activity Development Plan and associated marketing campaigns with specific activities targeted at teenagers, including those from vulnerable groups
- Undertake annual user and non-user surveys, including in accessible formats, to identify diversionary activities that will encourage increased participation in sport and physical activity by teenagers, including those from vulnerable groups
- Annual increases in the number of young people

aged 10-24 participating in regular activities

1.9.5 **Community Outreach**

Agree and implement a community outreach programme

- provide sports activities/ sessions in wider community settings that are accessible and familiar e.g. parks, housing estates, adventure playgrounds and community centres to improve activity accessibility and build community cohesion
- Deliver a programme of community open day events (at least one per year per facility).
- Engage with local partnerships and community groups/organisations.
- Target non-user groups in the community
- Agree and implement a programme of non-user consultation to include vulnerable groups,
- Develop an annual customer user/nonuser forums to involve people of different backgrounds and different communities

2.

HOW DOES THIS DECISION CONTRIBUTE ?

2.1

It is expected that development of a detailed Specification for Services will help enhance the offer to customers and communities. An improved offer will attract and retain increased participation and usage of venues. The identified investment will support improvements to facilities to better meet customer expectations of a modern and welcoming leisure and entertainment offer. This will help to reduce inequalities, increase access and remove barriers to participation and encourage more people to be more active, more often. This will contribute to our Public Health objectives and the City's Move More outcomes

3.

HAS THERE BEEN ANY CONSULTATION?

3.1

A significant consultation exercise was carried out in December 2021/January 2022 which captured the views of over 2000 residents. This consultation has helped to shape a Sport and Leisure Strategy for the city and will help to inform the future priorities for the procurement of a new operator for the Council's Sport, Leisure and Entertainment estate

4.

RISK ANALYSIS AND IMPLICATIONS OF THE

DECISION

4.1 Equality Implications

4.1.1 The proposals identified within this report are expected to have positive equality of opportunity impacts. A detailed Specification for Services and investment in facilities will help to reduce barriers to participation and encourage more people to be more active, more often, especially those who don't currently use the facilities. Investment in facilities will improve equality of access ensuring that facilities are designed to be fully accessible and inclusive.

4.2 Financial and Commercial Implications

4.2.1 The Council will develop a Procurement Strategy with a detailed specification to support the appointment of an external partner/s to operate facilities from 2024. The approach identified in the report including the suggested social outcome measures will be used to shape the Specification for Services and Procurement strategy.

Work is being undertaken to review the business case and financial modelling that was agreed by the Co-operative Executive in November 2021, this will take into account recent financial challenges including increasing energy costs, Real Living Wage increases and inflation. This review will inform the scheduling of future developments to ensure that they remain affordable in the current financial climate. This work is not expected to impact on the decision to procure a new operator from September 2024 but it may have implications for the recovery rate of the investment. A further report will be presented to the Finance Sub Committee once this work is concluded.

4.3 Legal Implications

4.3.1 The Council has the power under the Local Government Miscellaneous Provisions Act 1976 to provide recreational facilities inside or outside its area as it thinks fit including premises for the use of clubs or societies having athletic, social or recreational objects; staff, including instructors, in connection with any facilities and facilities by way of parking spaces and places at which food and drink

may be bought from the authority or another person and the power to provide buildings, equipment, supplies and assistance of any kind.

The Council must ensure that any future contracting complies with the Public Contracts Regulations 2015, the Concession Contracts Regulations 2016, the Contract Standing Orders and the Constitution.

4.4

Climate Implications

4.4.1

Sheffield has an ambition to be a net zero carbon city by 2030 and commercial operators will be supported to work in partnership ensuring this target is reached. However, the aging facilities are hampering our efforts to meet net zero targets. The Council's Delivery Plan 2022/23 supports that this must be addressed as part of the Council's efforts to tackle the climate emergency.

Further work is being commissioned to identify opportunities to decarbonise our leisure buildings and this will shape how we progress development of the proposed new builds for Springs, Concord and Hillsborough as well as identifying areas for further decarbonisation improvements at the other sport and leisure sites.

A detailed Climate Impact Assessment will be developed to help shape the requirements of the Services Specification.

5.

ALTERNATIVE OPTIONS CONSIDERED

5.1

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.

6.

REASONS FOR RECOMMENDATIONS

6.1

It is expected that development of the Procurement Strategy and detailed Specification for Services will help to enhance the offer to customers and communities. An improved offer will attract and retain increased participation and usage of venues.

The Leisure Review approved in November 2021 has shown that the procurement of an external partner from 2024 is the most financially advantageous and returns the highest level of income to the Council.

The external procurement exercise will also provide a greater level of financial certainty as a management fee will be set as part of the contract procurement and financial risk can be transferred to the external partner.

APPENDIX 1

Concessionary Discount Eligibility

Discount will apply to household unless otherwise stated below

Income Related Benefits

- ✓ Income Support
- ✓ Income based Job Seeker
- ✓ Income related Employment Support Allowance (ESA)
- ✓ Pension Credit (Only applicable to adult receiving benefit)
- ✓ Working Tax Credit
- ✓ Child Tax Credit
- ✓ Universal Credit
- ✓ Housing Benefit
- ✓ Children under 17 of families qualifying for the above means tested benefits should also be entitled to the discount

Qualifying Disability Entitlement

- ✓ Disability Living Allowance (DLA) (Only applicable to adult or child receiving allowance)
- ✓ Personal Independent Payment (PIP) (Only applicable to adult or child receiving PIP)
- ✓ Blue badge holders (Only applicable to adult or child who is a blue badge holder)
- ✓ Attendance allowance (Only applicable to adult receiving allowance)
- ✓ War disablement pension (Only applicable to adult receiving pension)
- ✓ Disabled person bus pass (Only applicable to adult or child receiving allowance)
- ✓ Severe disablement allowance (Only applicable to adult or child receiving allowance)

Other Qualifying Entitlement

- ✓ Children who are looked after by the local authority
- ✓ Young carers (if they have a [Young Carers Assessment](#) or a letter from their school, GP, MAST /social worker or from [Sheffield Young Carers](#) as evidence that they are a young carer. (Only applicable to young carer)
- ✓ Care Leavers (a letter must be provided from the Leaving Care Service to qualify) (Only applicable to adult or child who is a care leaver)
- ✓ Carers, unpaid adult carers with a '[Sheffield Carers Centre Carer Card](#)' as explained on their website (Carers Card must be shown to qualify) (Only applicable to adult carer)

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