



14 November 2006

Report to
Cabinet

Report of
Director of Community Services

Title
Coventry Sports Trust Facility Portfolio – Operational Management/or Business Plan Review

Ward
City-Wide

1 Purpose of the Report

- 1.1 This report considers the findings of the recent review of business planning, and development of future management options and business plan for Coventry Sports Trust (CST).

2 Recommendations

Cabinet is recommended to:

- 2.1 Support the project to procure management/test the market under a 7 year agreement.
2.2 Approve that, following a tender process, the City Council deliver the management of this portfolio of facilities through the CST Board and the successful contractor.
2.3 Approve that this process should be included in the scope for the Cabinet Member advisory panel, which has been established to oversee the development at Foleshill baths.
2.4 Approve that the results of the tender procurement be reported to Cabinet.

3 Information/Background

- 3.1 CST, established by the Council in 2000, currently manages the following facilities:

- Coventry Sports and Leisure Centre
- Foleshill Sports Centre
- Brandon Wood Golf Course
- Ricoh Arena Fitness Centre
- Four Educational sites (dual use) – Ernesford Grange/Foxford/Sidney Stringer and Tile Hill

- 3.2 Coventry Sports Trust Ltd. was formed in 1999 as a company limited by guarantee as a separate entity from the City Council with a Board of Directors to run the sports business transferred from the City Council. The City Council granted leases to the Trust in relation to the premises it occupied and has supported it through annual grant support agreements. The CST subsequently gained charitable status. Since its formation, the Trust has

expanded its operations in schools and taken over the running of the Memorial Park Water Feature, and the Ricoh Arena Fitness Centre.

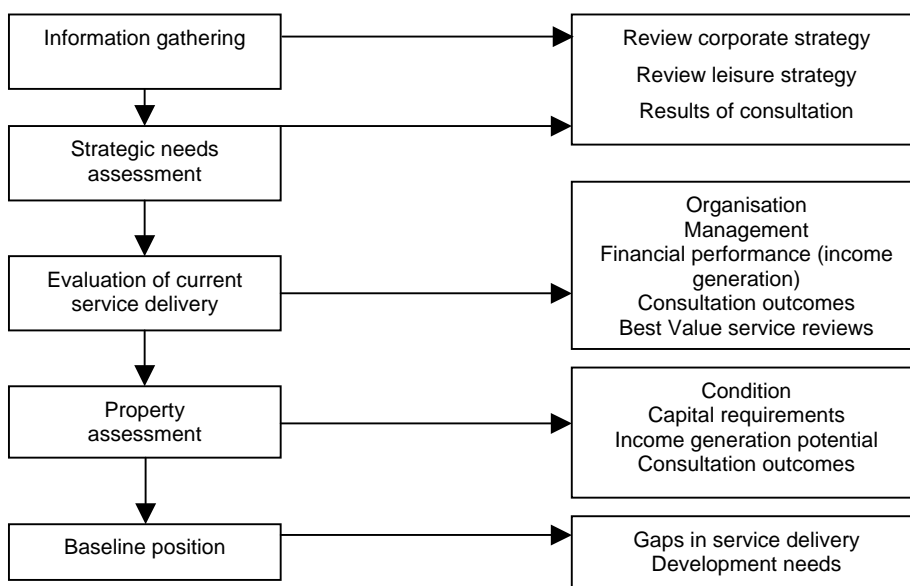
- 3.3 Following requests for increased levels of revenue finance to the City Council from the CST¹, coupled with the ending of the business plan that ran from 2000 to 2005, CST was asked to produce a new business plan for the next five years in line with the grant support agreement. The CST was unable to produce a robust business plan, so a review of the previous business plan and development of a new business plan for the period 2006 to 11 was commissioned, jointly with Coventry City Council and the CST, financed by the City Council.
- 3.4 This work was tendered with the full co-operation and input from CST officers.
- 3.5 Capita Symonds was appointed to complete the review and worked up a new business plan. The key findings of this process and report are listed in 3.6 and have led to the need to recommend the changes in the operation of this service.
- 3.6 The key findings of the review and business plan are:
- That the CST is in crisis management mode.
 - There has been an historic lack of engagement between the Council and the Trust
 - The Trust faces significant risks
 - The facilities are aging
 - The senior management and Board require additional skills and support to run the business
 - The Trust has taken some opportunities to reduce expenditure
 - There is a need for investment in a new management structure
 - The Trust needs to become more commercially aware
 - Information systems are currently inadequate
 - The Trust needs to focus on quality management scheme achievement
 - There is a serious decline in income in the majority of business units
- 3.7 The findings of this report were considered by the CST Board in September 2006. The CST Board has agreed that they would like to work with the City Council to tender the management operation of the facilities for a seven year contract (likely period from 2007 to 2014).
- 3.8 Legal advice has also been sought externally to clarify the position in relation to potentially tendering the management of this service, this is covered in paragraph 5.6.

4 Proposal and Other Options to be Considered

- 4.1 The CST Board has considered its position in relation to liability, service quality and net budget, and reached a conclusion that it would like to tender the service with support from the City Council in order to better control its net budget position, and allow the Board to focus on its social objectives.
- 4.2 The City Council has the following options:
- Bring the management of the service back in house
 - Procure management through a contract with open competition with the CST Board

¹ £108,000 in 2005/6 above base grant, and £256,000 in 2006/7 requested above base grant to date

4.3 Option appraisal for public leisure usually² follows the route outlined below:



4.4 The strategic aims for the service are established at a high level within the community plan:

"more adults and young people are taking part in active sport and engaging in regular exercise."

4.5 The service delivered through public leisure centres in Coventry is striving to achieve the following objectives:

- Raising standards of service provision
- Meeting Corporate Value for Money requirements
- Valuing staff
- Securing a deliverable service
- Narrowing the gap of participation in priority neighbourhoods, through Passport to Leisure and Learning and targeted intervention programmes.

4.6 A Leisure Facilities Strategy has been completed (agreed by Cabinet in July 2006), and supports this portfolio of facilities.

4.7 An evaluation of the current service delivery has been completed, through the business plan, and a variety of audits of the service. The CST Board has used this data to inform their decision.

4.8 In terms of consultation, satisfaction with public leisure services is low 53% in 2003/4 (BVPI 119).

4.9 The condition survey recently completed indicates that there is a need for ongoing repair and maintenance of the facility portfolio, and this is planned within capital budgets.

4.10 The City Council should therefore continue to operate these facilities while capital schemes are brought forward for replacement centres, as outlined within the Leisure Facilities Strategy.

² Source 4Ps consultation 2006

- 4.11 The appraisal completed above supports the procurement of management through a contract with open competition, with the support of the CST Board.
- 4.12 The member advisory panel (already established to oversee the development of Foleshill Baths) will be able to recommend contract specification, and payment mechanism, and oversee the tender process, and associated change communication and consultation to the CST Board, and the CST Board subgroup.
- 4.13 The likely timeframes for the transition are outlined in the table below:

| | Responsibility | Timescale |
|--|--|----------------------|
| Political support to outsourcing | Head of Culture, Leisure and Libraries | Nov 2006 |
| Alter scope of Member Advisory Group for Foleshill capital scheme to oversee this work in addition to the Foleshill capital scheme | City Sports and Physical Activity Officer | Nov 2006 |
| Prepare background data room for contract | Internal project group, Sports Trust Staff, Sports Trust Board sub group | Up to March 2007 |
| Prepare OJEU expression of interest notice | Internal Project Group | Jan 2007 |
| OJEU response period Pre-qualification questionnaire | Contractors | 37 days |
| Prepare contract specification | Internal Project Group | Up to Feb 2007 |
| Contract specification sign off | Internal Project Group, Member Advisory Group, Sports Trust Board subgroup | Up to March 2007 |
| OJEU short listing from expression of interest | Joint project teams | March 2007 |
| Invitation to tender | Coventry City Council project team (includes cross project team agreement) | April 2007 |
| Tender period | Contractors | April, May June 2007 |
| Tender assessment | Coventry City Council project team & cross project teams | July 2007 |
| Report to Cabinet | City Sports and Physical Activity Officer | August 2007 |

5 Other specific implications

| | Implications (See below) | No Implications |
|---------------------------|--------------------------|-----------------|
| Best Value | | |
| Children and Young People | | |
| Comparable Benchmark Data | | |
| Corporate Parenting | | |
| Coventry Community Plan | | |
| Crime and Disorder | | |
| Equal Opportunities | | |
| Finance | | |

| | Implications (See below) | No Implications |
|---|-----------------------------|--------------------|
| Health and Safety | | |
| Human Resources | | |
| Human Rights Act | | |
| Impact on Partner Organisations | | |
| Information and Communications Technology | | |
| Legal Implications | | |
| Neighbourhood Management | | |
| Property Implications | | |
| Race Equality Scheme | | |
| Risk Management | | |
| Sustainable Development | | |
| Trade Union Consultation | | |
| Voluntary Sector – The Coventry Compact | | |

5.1. **Best Value**

- 5.1.1. The procurement process delivers the requirements of Best Value in terms of competition.
- 5.1.2. The review of management options meets Best Value requirements.
- 5.1.3. The contract specification will use APSE benchmarking service to meet the comparison requirements of Best Value. This will also comply with the CPA changes in 2008 for Cultural Services.

5.2. **Children and Young People**

- 5.2.1. The Trust delivers considerable facilities and services for young people and it is essential that these services are maintained.

5.3. **Coventry Community Plan**

- 5.3.1. The participation in sport and physical activity inputs into one of the participation targets within the Culture theme within the Community plan.
- 5.3.2. The contract specification will set and agree participation targets.

5.4. **Equal Opportunities**

- 5.4.1. The Trust portfolio of facilities deliver passport to leisure services, and it is essential that these services are maintained.

5.5. **Finance**

- 5.5.1. Implications in terms of specialist advice, and potential risk of interim management requirements, this is met from within existing culture, leisure and libraries budgets.
- 5.5.2. It should be noted that there will be a requirement for joint working with the City Council, and monitoring will be required.
- 5.5.3. Tenders will be sought based on current net revenue budget, and consideration given to potential savings.
- 5.5.4. This action provides a greater level of certainty to the level of risk exposure for the Council.

5.6. Health and Safety

- 5.6.1. The Trust has recently received a health and safety audit, and the resultant action plan must be delivered within the facilities.

5.7. Human Resources

- 5.7.1. It is anticipated that employees who are currently employed by the CST will transfer to the contracting organisation in accordance with Transfer of Undertakings (Protection of Employment) Regulations.
- 5.7.2. The Human Resources implications will be addressed by the project team (with appropriate advice from Human Resources).
- 5.7.3. There will be full consultation on the proposals with the employees and their representatives.

5.8. Impact on Partner Organisations

- 5.8.1. Within the terms of the contract and beyond it will be necessary to ensure that services are as seamless across the City for sport and physical activity.
- 5.8.2. Coventry Sports Trust Board will require support in relation to the revised role, and a new legal agreement to encompass this.

5.9. Legal Implications

- 5.9.1. The proposal to procure the service through a contract raises substantial number of legal issues. Detailed specialist legal advice will be required as the project progresses, to ensure that the City Council's legal interests are protected. The Director of Legal and Democratic Services has pointed out that it may well be necessary to commission external legal advice to deal with such a complex project.
- 5.9.2. A revised legal agreement with the Trust Board will be required.

5.10. Property Implications

- 5.10.1. The trust portfolio of facilities are leased, and will remain so, with a lease review in relation to proposed developments.

5.11. Risk Management

- 5.11.1. This is mitigating action in relation to financial risks in the Culture, Leisure and Libraries Service area.

5.12. Trade Union Consultation

- 5.12.1. Trade Unions will be consulted during the process as appropriate.

5.13. Voluntary Sector – The Coventry Compact

- 5.13.1. Delivers point 3 – creating stable and well planned services.

6. Monitoring

- 6.1. A monitoring regime will be established as part of the contract specification and payment mechanism and will be managed through the CST Board with support from the City Sport and Physical Activity Officer, and monitoring officer within Culture, Leisure and Libraries.

7. Timescale and expected outcomes

- 7.1. It is anticipated that this project will report back over the next 18 months, as required within the project plan, and agreed by the Cabinet Member working group.

| | Yes | No |
|---|-----|----|
| Key Decision | | |
| Scrutiny Consideration (if yes, which Scrutiny meeting and date) | | |
| Council Consideration (if yes, date of Council meeting) | | |

List of background papers

Proper officer: John Bolton, Director of Community Services

Author: Telephone 7683 2380
 Alice Davey, Head of Culture, Leisure and Libraries, Community Services
 (Any enquiries should be directed to the above)

Other contributors:

Carl Bainbridge, Culture, Leisure and Libraries, 7683 2466
 Tam McPadden, Special Projects Finance, 7683 3800
 Tom Webster, Special Projects Finance, 7683 3770
 Kathryn Sutherland, Finance and ICT, 7683 3937
 Mary Summers, Human Resources, 7683 3438
 Carol Williams, Human Resources, 7683 3444
 Chris Hinde, Legal and Democratic Services, 7683 3020
 Richard Brankowski, Legal and Democratic Services, 7683 3077
 Nigel Clews, Head of Property Management, 7683 2620

Papers open to Public Inspection

| Description of paper | Location |
|---|---|
| Capita Symonds Business Plan Review Report 2006 | 2 nd Floor, West Orchard House |
| Capita Symonds High Level Options Appraisal | 2 nd Floor, West Orchard House |