

Policy Group – 18 October 2017

Purbeck Sports Centre lease renewal and future service delivery

1. Purpose of report

To report on the work of the Policy Development Panel (PDP) and seek approval of their proposal for the renewal of the Purbeck Sports Centre lease and future management.

2. Key issues

- 2.1 This Council leases the Purbeck Sports Centre from Dorset County Council (DCC) to provide sporting and leisure facilities to the residents of Purbeck. The lease agreement also includes the Purbeck School who have exclusive use of certain facilities during term time in order to meet their statutory obligations to provide sport to their pupils. The lease expires on the 31 March 2019.
- 2.2 Policy Group considered a report at their 17 August 2016 meeting in respect of the lease renewal. Discussion took place regarding the Council’s future involvement with the Sports Centre and whether the Council should continue to run the Sports Centre once the current lease expired. It was agreed that the ideal mechanism for exploring this would be a PDP which would enable Councillors to look at the detail, strategic implications and options.
- 2.3 The PDP has met four times. At one meeting the PDP listened to feedback and evidence from a wide range of users including customers, students, teachers, businesses and clubs, who all conveyed to the panel the high regard they hold the Centre and the value and service it provides to everyone in the community. The panel were in agreement that the Council should continue to support the provision of sporting facilities to the community through the Purbeck Sports Centre and that the Centre should be safeguarded for future use.
- 2.4 Once the PDP had agreed in principle that they wanted the Council to continue running the Sports Centre discussion turned to the options for future management. Three options were identified by the PDP for further investigation. These were;

Option	
1	Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years), to enable the Council to apply for grant funding from bodies such as Sport England and the Council continue to run and manage the Sports Centre.
2	Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years) and then go out to tender for the management of the centre.
3	Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years) and then go out to tender for the management of the centre in partnership with neighbouring councils.

- 2.5 In order to make a decision as to the preferred option the PDP were provided with an options appraisal which can be found in **Appendix 1**. Following a review of the options appraisal the PDP agreed that option 3 was their preferred option.
- 2.6 If Policy Group agree with the PDP's preferred option negotiations with Dorset County Council would need to commence to secure the initial lease. The next stage would be to secure the future management arrangement.

3. **Recommendation**

Policy Group recommend to council that;

- (1) the PDP be thanked for their work and note their conclusion;
- (2) the General Manager for Public Health and Housing begin negotiations for the renewal of the lease for Purbeck Sports Centre along the same lines as the existing lease but for a longer term (20-25 years);
- (3) the General Manager for Public Health and Housing enter into discussions with DCP and DCC to initiate a combined tender for management arrangements of sports centres in Dorset including Purbeck;
- (4) a further report be considered by Policy Group and Council once the costs of appointing a specialist company to run the procurement process is known.

4. **Policy issues**

4.1 **How will this affect the environment, social issues and the local economy?**

4.1.1 The Council has a target in the corporate strategy that "promotes active participation in sport and active recreation for all age groups." The option to outsource the management of the Sports Centre will contribute to the delivery of this target as it will safeguard the Sports Centre for future use by the community.

4.2 **Implications**

4.2.1 **Resources**

The options appraisal provides relevant financial information.

4.2.2 **Equalities**

There are no equalities implications as a result of renewing the lease. Any other equalities issues will be considered as part of the procurement process.

5. Further information

- 5.1 As part of their discussions the PDP were mindful of the potential implications of Local Government Reorganisation (LGR). Option 3, was viewed as presenting the safest, and most cost effective, option to secure the long-term provision of community sporting facilities in Purbeck, as it would be based on a third party contractual arrangement. Whilst option 1 would still be based on a contractual arrangement between the Council and DCC, under LGR the contract would cease to exist as both councils would be subsumed into the new unitary council, so there would be no long-term contractual obligation to provide a community facility. If LGR does not progress there is still a possibility the debate could reoccur during the course of the lease, therefore options 2 and 3 provide the greatest opportunity to safeguard the Sports Centre for community use.
- 5.2 As part of the negotiations to secure a new lease it will be necessary to carry out a structural survey of the Sports Centre and produce a 25 year asset management plan with estimated capital costs.
- 5.3 It will also be necessary to procure a specialist company to write the relevant business case and prepare documentation for the tender process. There will be a cost associated with appointing a specialist company but the amount is not yet known, however it would be shared with partners. Once an appropriate company has been procured a further report will be brought to Council detailing the amounts and seeking approval for the relevant funding.

Appendices:

1 - Purbeck Sports Centre Options Appraisal

Background papers:

There are none.

For further information contact:-

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Options appraisal – Purbeck Sports Centre



September 2017



1. Introduction

Purbeck District Council (PDC) leases the Sports Centre from Dorset County Council (DCC) who own the land and building.

The current lease expires on 31 March 2019 and there is now an opportunity to evaluate the current management arrangements and service delivery.

As well as a lease from DCC there is also joint use agreement between Purbeck District Council, DCC and Purbeck School. This agreement allows the School to have priority use of the Facilities during term time on Monday to Friday between 8.00am and 17.00pm subject to the provisions set out below.

The School will have shared use of the gym during term time on Monday to Friday between 9.00am and 15.30pm.

The School will have priority use of two appropriate changing rooms and the grass pitches as required on Saturdays during term time between 8.00am and 12.00pm as agreed between the Head Teacher and the Sports Centre Manager.

The remainder of the facilities are available for community use at all times and the community can use all the facilities outside the times of the agreement.

The Council also has a memorandum of understanding with the Purbeck Youth and Community Foundation to ensure the effective and safe use of the Youth Centre Building which shares certain services and facilities with the Sports Centre.

The centre opening times are as follows;

Day	Opening times
Monday	7am - 10pm
Tuesday	7am - 10pm
Wednesday	7am - 10pm
Thursday	7am - 10pm
Friday	7am - 9pm
Saturday	8am - 9pm
Sunday	8am - 9pm

2. Objectives

The Council's corporate strategy has 5 priorities and each priority has a number of targets.

Purbeck Sports Centre can align itself with the overall corporate priority of *enhancing local communities and involvement*, by promoting active participation in sport and active recreation for all age groups.

Purbeck Sports Centre Mission statement is to:

Provide a wide range of safe and affordable sport, recreation and leisure opportunities for all sections of the local community, in recognition of the health and social benefits of an active life, demonstrating that value for money (Economy, Efficiency and Effectiveness) is embedded as part of the culture.

It delivers this aim by providing a wide range of activities that improve the health and wellbeing of the community through a comprehensive sports programme aimed at a wide variety of groups.

The Council are keen to ensure that in the future there is a Sports Centre in Purbeck that is available for use by the local community.

The Council's corporate strategy also has an objective to be an *efficient and effective council* which will:

- Achieve high levels of customer satisfaction with the services it delivers
- Spend taxes wisely
- Works in partnership where it benefits local people

3. Current service performance

The Sports Centre undertakes 6 monthly customer satisfaction surveys.

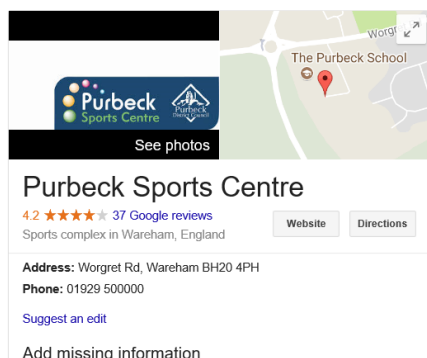
The most recent survey (second half year 2016/17) found that 83.33% of respondents were satisfied with the Sports Centre.

Only 17% were fairly or very dissatisfied. While this appears a high figure the survey response rates were low and this relates to one respondent.

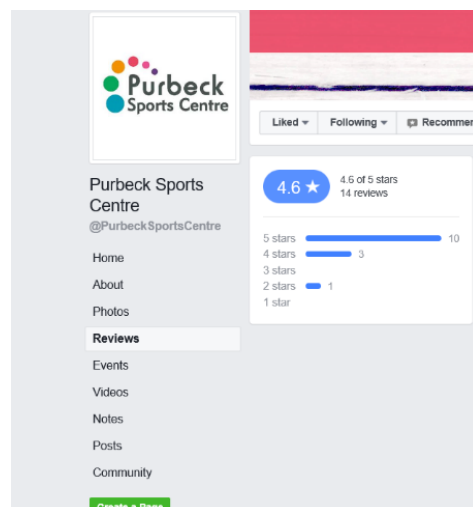
In addition the centre has a customer feedback box where compliments and suggestions for improvements can be posted. In the past 12 months 20 compliments have been recorded and 3 complaints made via the Council's formal complaints process.

On-line the Sports Centre attracts positive reviews. Google reviews give the centre 4.2 / 5 and Facebook users give it 4.6 / 5. Below are screen shots of the ratings including a Facebook review.

Google rating



Facebook rating



Facebook comment.



The Council offers various membership packages to centre users.

- Gold Card members pay a monthly fee, peak or off peak, that allows access to the gym, pool and sauna as well as attendance at exercise classes.
- Diamond Card members purchase a card annually that then gives access to facilities and classes at a discounted rate.
- It is also possible to participate in activities without being a member.

The table below shows the current membership of the Sports Centre at August 2017. Membership does fluctuate over the course of the year and tends to peak in January and drop slightly in the summer months.

Gold Card Membership	782
Diamond Card Membership	798

There are also a number of clubs that use the centre and rent the facilities on a regular basis these include; Wareham Rangers, Wessex Warriors Powerchair Football, Wareham Swimming Club, Bere Regis Swimming Club, Swanage Hockey Club, Wareham Badminton Club, Purbeck Triathlon Club, Bowman of Lytchett Archery Club, Purbeck Allstars Football Club and Bere Regis Football Club.

4. Financial Information

The following table provides the published estimated budget position for the Sports Centre.

Description	Estimate 2017/2018
	£
Employee related costs	547,000
Premises related costs	437,000
Transport related costs	1,000
Supplies and services costs	97,000
Contractor payments	22,000
Establishment costs and overheads	177,000
Revenue expenditure funded from capital	310,000
Total Expenditure	1,591,000
Fees, charges and sale of goods	(832,000)
Grants and contributions	(318,000)
Total Income	(1,150,000)
Overall Net Expenditure / (Income)	441,000

DCC contribute towards the running costs of the centre. This is for the school's use of the centre, including a share of: the Asset Management Plan (AMP) costs; building running costs, such as response maintenance and utility costs; plus a contribution to this Council's cost of running the centre, e.g. centre management, maintenance and office staff. DCC's costs are fixed for the life of the lease at an annual contribution, increased by inflation each year, plus a share of any above inflation utility costs.

In 2017/18, DCC's contribution is £316,000, which includes £156,000 in respect of the PDC's centre running costs. Having allowed for DCC's contribution and community use income, the net cost of the centre is met by this Council. The net subsidy in 2017/18, is shown in the table above at £441,000.

The current lease agreement places responsibility for the delivery of the 10 year AMP on the Council. Risks around increased costs have been limited by the inclusion of a ten year financial limit on this Council's contribution to the AMP.

Unexpected repair and maintenance costs are initially met by this Council unless the cost exceeds £15,000, when costs in excess of this figure are shared with DCC.

It will be necessary to develop another AMP for the next 20 years in order to determine the anticipated capital cost for maintaining the Sports Centre. Over the past 10 years in order to deliver the works identified in the AMP there has been a capital spend of £1.9m this has been for works such as replacement of roofs, retiling and cleaning of the pool, new pool lighting, refurbishment of the dry-side changing areas and corridors, re-wiring and replacement of tennis court lights.

The Council has also used its own capital resources (without DCC contribution) to purchase all the equipment in the gym which is now fully depreciated. This equipment is now 10 years old and reaching the end of its life. It is highly likely in the next few years a capital investment programme will be required to update and replace some of the existing equipment in order to maintain membership.

The Council has also identified the Sports Centre as its disaster recovery location. The Council invested in the installation of back-up computer servers within an office at the Sports Centre. In the event of a failure at Westport House these servers will be used to recreate the network and retrieve lost information, forming part of the Council's Business Continuity Plan. The back-up equipment is portable and can be relocated elsewhere should a new location be needed but the investment in the connections between the two sites will be lost if this happens. The cost of the work was £50,000 of which £43,000 was the cost of the equipment.

5. Options

A number of options have been discussed with the Policy Development Panel, resulting in the following three options for evaluation:

Option	
1	Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years), to enable the Council to apply for grant funding from bodies such as Sport England and the Council continue to run and manage the Sports Centre.
2	Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years) and then go out to tender for the management of the centre.
3	Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years) and then go out to tender for the management of the centre in partnership with neighbouring councils.

These are explored in more detail below;

<p>Option 1 - Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years), to enable the Council to apply for grant funding from bodies such as Sport England and the Council continue to run and manage the Sports Centre.</p>	
<p>Details</p>	<p>This option would result in an agreement between PDC, DCC and Purbeck School. As before, it will be necessary to agree the school's access to the Sports Centre and DCC's contribution. This would result in no change to the current management arrangements. It is assumed for the purposes of this paper that Purbeck School will not become an Academy for the foreseeable future (as indicated by the school) but if this did happen during the lifetime of the lease then a further renegotiation would be required, which is an additional risk.</p>
<p>Strengths, Opportunities, and Benefits</p>	<p><u>Strategic</u></p> <p>The Council retains the centre's contribution to delivering one of the Council's corporate priorities - improving the wellbeing of the community and has the ability to work in partnership with organisations such as Public Health and the NHS, tackling obesity, diabetes and mental health.</p> <p>Good working relationship with Purbeck School who promote the centre's sports facilities on their website and offer apprenticeships and BTEC in sport.</p> <p><u>Operational</u></p> <p>The management and running of the Sports Centre is controlled by the Council.</p> <p>Staff have a pride in the Sports Centre and go the extra mile as they feel they are contributing to the wellbeing of the community.</p> <p>Control over when repair and maintenance (R&M) is undertaken is retained.</p> <p>Maintenance standards maintained, which is good for PDC income generation.</p> <p>The AMP plan has been followed in a programmed manner so the building is in a good condition therefore reducing any unexpected maintenance costs.</p> <p>Continued investment from PDC and DCC has ensured the facilities are comparable to privately run gyms e.g. Virgin Active, David Lloyd, although continued investment under a new lease is not guaranteed.</p>

	<p>Excellent customer feedback. Clubs also hold the management team and staff at the Sports Centre in high regard.</p> <p>The Sports Centre is used to house the Council's back up computer servers and studio 2 is also the designated area for the Council to run its services from as part of the business continuity planning, should Westport House become unavailable to staff and the public.</p> <p>Establishment costs and overheads for the whole organisation are shared proportionally to all services including the Sports Centre.</p> <p>No additional costs to the Council for the procurement of a provider.</p>
<p>Weaknesses, Threats and Risk</p>	<p><u>Strategic</u></p> <p>Continued uncertainty regarding LGR makes the timeline for lease renegotiation difficult.</p> <p>If LGR proceeds then it won't be necessary to renegotiate the lease as the Sports centre would be under the control of the new unitary authority. However there is no guarantee community sports facilities will continue after LGR.</p> <p>If LGR doesn't happen a new lease may have less favourable terms than the existing, increasing the Council's costs and/or risks.</p> <p><u>Operational</u></p> <p>If LGR doesn't happen then the risks around R&M costs including funding and the lumpy nature of managing will be retained and may be increased by a new lease.</p> <p>If cosmetic type maintenance is not included in the new AMP, over time the facility will stop meeting customer expectations and PDC income may fall. Future costs dependent on the new AMP and the terms of the new lease and are difficult to quantify.</p> <p>Governance restrictions on the local authority such as IR35 regulations result in less flexibility within the workforce and ability for the Centre to use self-employed instructors on an ad-hoc basis resulting in higher staff on-costs and inability to cover classes at mid to short notice.</p> <p>If membership or class costs increase and with less money in residents pockets to spend on leisure facilities it will result in a loss of income.</p>

	<p>Continued reduction in funding from government requires the Council to make further savings including the Sports Centre.</p>
Costs	<p>In 2017/18 it is anticipated the Council will subsidise the Sports Centre by £441,000.</p> <p>The DCC contribution to the AMP was agreed as part of the lease negotiation. An initial 1st payment was agreed increasing annually in April in line with the Retail Price Index figure for the December of the preceding year. For 2017/18 DCC's contribution was £316,000.</p> <p>As part of the lease negotiations it will be necessary to create a new costed AMP for the duration of the new lease. It is assumed that some works undertaken at the beginning of the lease in 2008 will be required again at some point in the next 20 years, for example repair and cleaning of the swimming pool tiles. It is difficult to predict both PDC and DCC future capital spend but taking the previous 10 years as a benchmark it would be fair to assume a minimum spend of £1.9m, shared on a 50/50 basis.</p> <p>PDC own the gym equipment. This equipment was purchased in 2008 and has a lifecycle of 10-12 years, so may need replacing once the new lease is in place. A quote from the current supplier to replace all the equipment in the gym with similar machines is £185,000.</p> <p>The Astro Turf Pitch (ATP) was replaced by the Council in 2015 at a cost of £116,000. This was funded by the Council and has a recommended life span of 10 years. The initial ATP was built 17 years ago using a Sport England grant on the condition the 1st re-carpeting was funded from the council's capital programme. It may be possible to secure funding for future refurbishment but this cannot be guaranteed.</p> <p>The soft play area was installed in 2008. The capital cost for the purchase of the play equipment was £25,000. It is likely this will need replacing in the next 8 years, however decisions would need to be made as to whether the space could be utilised for more profitable purposes which in itself carries a capital investment cost that is unknown.</p> <p>A long lease increases the ability to apply for grant funding from organisations such as Sport England, usually a minimum of ten years' tenure is required.</p>

<p>Option 2 - Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years) and then go out to tender for the management of the centre.</p>	
<p>Details</p>	<p>The management of the Sports Centre could be delivered by a sports and leisure trust which are normally not for profit organisations or social enterprises, limited by guarantee and have charitable status. Alternatively it could be delivered by a private sector operator that reports to shareholders. There are also hybrid models of delivery that are a mixture of private and social enterprises. The Council will need to consider as part of the procurement strategy if they wish to be specific in the type of operator they would like to see running the Sports Centre.</p> <p>If LGR does not happen then it will still be necessary for the Council to renegotiate a lease with Dorset County Council (DCC), before a tender process can begin. However this negotiation would be undertaken knowing that the management would be outsourced. All the risks identified above regarding the renegotiation of the lease would still be applicable under this option. Early discussions with officers at DCC indicate there would not be a problem with the Council pursuing this option as it is similar to models operate elsewhere in Dorset.</p> <p>It would be important to ensure any contract requires any provider to ensure the health and wellbeing of community in future service delivery. There would also be a requirement to include provision for business continuity arrangements.</p>
<p>Strengths, Opportunities, and Benefits</p>	<p><u>Strategic</u></p> <p>If LGR does happen then it wouldn't be necessary to renegotiate the lease as the Sports Centre would be under the control of the new unitary authority and DCC could begin procurement process without the need to renegotiate a new lease</p> <p>Provision of community sports facilities guaranteed for the life of the agreement.</p> <p>Costs to the Council are fixed and may go down.</p> <p><u>Operational</u></p> <p>As part of a wider / larger organisation the new provider will have access to the latest marketing opportunities and trends and offer them quickly to the community.</p> <p>More entrepreneurial approach to service delivery, with broader expertise and experience.</p>

	<p>Total autonomy with regard to running a business. For example less restriction in areas of procurement, staffing and additional controls and procedures around stewardship of public funds.</p> <p>More flexibility to make commercial decisions quickly to increase income or decrease costs.</p> <p>TUPE transfer to new organisation will protect staff who work more than 50% of their time on the Sports Centre.</p> <p>Some potential savings in establishment costs and overheads in service areas that support the Sports Centre.</p> <p>An operator seeking a profit is likely to invest in the facility.</p>
<p>Weaknesses, Threats and Risk</p>	<p><u>Strategic</u></p> <p>It will still be necessary to renegotiate a lease agreement with DCC before beginning any tender process. Continued uncertainty regarding LGR makes the timeline for lease renegotiation difficult, which will impact on the procurement process.</p> <p>If LGR happens then it would be unnecessary to renegotiate the lease as the Sports centre would be under the control of the new unitary authority however, there is no guarantee community sports facilities will continue after LGR.</p> <p>If LGR doesn't happen a new lease may have less favourable terms than the existing, increasing the Council's costs and/or risks, which would be passed on to any company tendering for the management.</p> <p>The Council will need to consider the implications of any procurement process (e.g. capacity of officers to run complex tender) and the likely need for external leisure, property and legal advice. Therefore, it will be likely that a specialist company will need to be appointed to run the procurement process on behalf of the Council which will result in an additional one-off cost. The appointment of such a company will ensure the best possible outcome for the community as they specialise in this area of work.</p> <p>Operators may not decide to tender for the management of the Centre as it is seen as too small and not a financially viable option, or the management fee might be more expensive than the current cost to the Council.</p> <p>Loss of control of the facility.</p>

	<p>Provision of community sports facilities guaranteed for the life of the agreement.</p> <p>Towards the end of the agreement investment in the facility is likely to lessen unless required by the specification, but this may be at a cost to the Council.</p> <p><u>Operational</u></p> <p>Perception that private sector operators do not invest directly back into the facility, the profits do not necessarily go back into the community they can be injected in other facilities that they manage.</p> <p>The Council will need to specify continued use of the Centre as a disaster recovery facility for the Council. This would make the cost to the Council higher, or an alternative location would need to be sought.</p>
<p>Costs</p>	<p>The potential savings in establishment costs and overheads for service areas that support the Sports Centre are unlikely to be saved immediately, with some unlikely to save at all, as the loss of staff/resource would impact on the resilience of the residual services.</p> <p>The estimated cost of obtaining specialist support to run the procurement process is in the region of £40,000.</p> <p>It is likely that an operator would expect the Council to contribute a management fee towards the running of the centre. This cost is unknown as for example in Weymouth the swimming pool is run at zero subsidy to the Council. However the management fees paid by neighbouring councils where centres are already in the control of trusts or charities is around £150,000. It is not known how typical this cost might be. As a dual use centre, it would be anticipated that DCC would contribute towards the management fee (as is the case in some other centres) to reflect the loss of income generating opportunities due to most of the centre being unavailable during school hours in term time.</p> <p>Any potential operator will need to consider the anticipated capital spend outlined in option 1 above.</p> <p>The business rates are £90,000 p.a. and the Government offers 80% business rate relief to charitable organisations. The Government compensates councils for this loss of business rate</p>

	<p>income. However, it is likely that under this Council's discretionary rate relief policy that discretionary relief would be awarded for the 20% balance. This loss of business rate income is borne by the public sector organisations which benefit from business rate income. The sharing is in the proportions: Government 50%, this Council 40%, DCC 9% and the Fire and Rescue authority 1%. The Council's share of the loss of income from the discretionary award would be £7,000.</p> <p>Any operator might expect an additional contribution in order to accommodate the Council's business continuity arrangements, which could be an additional revenue cost. This cost is unknown.</p>
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<p>Option 3 - Negotiate a new lease along the same lines as the existing lease but for a longer term (20-25 years) and then go out to tender for the management of the centre in partnership with neighbouring councils.</p>	
<p>Details</p>	<p>This option follows the same principle as outlined in option 2. However, the Dorset Councils' Partnership (DCP) are keen to move all their sports centres, with the exception of Bridport, under one single leisure contract for a trust to manage on behalf of all three councils. They have indicated they would be willing to work with this Council in partnership to include Purbeck in any future contract offer. Christchurch and East Dorset have indicated that they wish to maintain their current arrangements and have no desire to outsource the running of their centres.</p> <p>Although the current contracts for the DCP have different expiry dates it would be possible to offer all the Sports Centres as one lot and have staggered start dates with them all ending at the same time.</p>
<p>Strengths, Opportunities, and Benefits</p>	<p><u>Strategic</u></p> <p>A 'package' comprising a number of centres in Dorset would be more attractive to any potential leisure trust tendering for the contract, as they can realise greater economies of scale.</p> <p>Larger contract may result in reduced subsidy from this Council.</p> <p>The cost of using a specialist company for the procurement process would be shared.</p> <p>Overall costs are fixed and there may be greater savings, as management fees are shared across a number of centres rather than one.</p> <p>Provision of community sports facilities guaranteed for the life of the agreement.</p> <p><u>Operational</u></p> <p>As part of a wider / larger organisation it will be possible to access the latest marketing opportunities and trends and offer them quickly to the community.</p> <p>More entrepreneurial approach to service delivery, with broader expertise and experience.</p> <p>Total autonomy with regard to running a business. For example less restriction in areas of procurement staffing and additional controls and procedures due to stewardship of public funds.</p>

	<p>More flexibility to make commercial decisions quickly to increase income or decrease costs.</p> <p>TUPE transfer to new organisation will protect staff who work more than 50% of their time on the sports centre.</p> <p>Some potential savings in establishment costs and overheads in service areas that support the Sports Centre.</p>
<p>Weaknesses, Threats and Risk</p>	<p><u>Strategic</u></p> <p>Adding Purbeck to a 'package' of centres might result in an increased subsidy from the Council, while DCP benefits from a saving.</p> <p>A potential bidder might see there is less profit to be made from the Purbeck Centre due to some of the restrictions around school use in the day time in comparison to the centre in Dorchester. As a result the management fee for Purbeck could be significantly higher than other centres in Dorset resulting in a better deal for partner authorities.</p> <p>Loss of control of the facility.</p> <p>Potential difficulty in negotiating a way forward with partners as the 'junior' partner.</p> <p>Potential loss of voice on service delivery issues.</p> <p>Operators may not decide to tender for the management of the Centre as it is seen as too small and not a financially viable option, or the management fee might be more expensive than the current cost to the Council.</p> <p><u>Operational</u></p> <p>Perception that private sector operators do not invest directly back into the facility, the profits do not necessarily go back into the community they can be injected in other facilities that they manage.</p> <p>The potential savings in establishment costs and overheads for service areas that support the Sports Centre are unlikely to be saved immediately, with some unlikely to save at all, as the loss of staff/resource would impact on the resilience of the residual services.</p> <p>The Council may will need to specify continued use of the Centre as a disaster recovery centre facility for the Council. This would make the cost to the Council higher, or an alternative location would need to be sought.</p>

Costs	<p>The estimated cost of obtaining specialist support to run the procurement process is in the region of £40,000, however this would be shared with the DCP.</p> <p>It is likely that an operator would expect the Council to contribute a management fee towards the running of the centre. This cost is unknown as for example in Weymouth the swimming pool is run at zero subsidy to the Council. However the management fees paid by neighbouring councils where centres are already in the control of trusts or charities is around £150,000. It is not known at how typical this cost might be. As a dual use centre, it would be anticipated that DCC would contribute towards the management fee (as is the case in some other centres) to reflect the loss of income generating opportunities due to most of the centre being unavailable during school hours in term time.</p> <p>Any potential operator will need to consider the anticipated capital spend outlined in option 1 above. It is highly likely the management fee will need to ensure the capital spend is covered so could be higher than the £150,000 estimate.</p> <p>The business rates are £90,000 p.a. and the Government offers 80% business rate relief to charitable organisations. The Government compensates councils for this loss of business rate income. However, it is likely that under this Council's discretionary rate relief policy that discretionary relief would be awarded for the 20% balance. This loss of business rate income is borne by the public sector organisations which benefit from business rate income. The sharing is in the proportions: Government 50%, this Council 40%, DCC 9% and the Fire and Rescue authority 1%. The Council's share of the loss of income from the discretionary award would be £7,000.</p> <p>Any operator might expect an additional contribution in order to accommodate the Council's business continuity arrangements, which could be an additional revenue cost. This cost is unknown</p>

Evaluation of each option.

Instructions

Looking at each of the criteria / objectives rank them in order of importance to the Council.
8 = most important through to 1 = least important

Considering each option and taking into account the information provided above add a score of 1 – 5 against of the criteria / objective.

Scoring Criteria

1 = Option does not meet the criteria.

5 = Option exceeds normal expectations would be seen as offering value added solutions.

Multiplying the rank by the score will give the weighted score to carry to the final columns.

Criteria / Objective	Rank	Score out of 5			Weighted score		
		Option 1	Option 2	Option 3	Option 1	Option 2	Option 3
1. Level of Council strategic influence over the running of the centre.							
2. Community involvement.							
3. Operational influence over centre and activities							
4. Financial impact							
5. Flexibility for future asset management plans.							
6. Ability to transfer risk							
7. Impact on staff							
8. Legal / Procurement issues							
Total Score							