

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet</b>	<b>Date:</b>	<b>4 May 2022</b>
<b>Subject:</b>	<b>Leisure and Culture options appraisal, contract extension and interim arrangements</b>		
<b>Report Of:</b>	<b>Cabinet Member for Culture and Leisure</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Philip Walker, Head of Culture</b>		
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<b>Appendices:</b>	<b>A. Exec Summary – management options appraisal</b>		
	<b>B. High Level Resource Plan</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To provide a summary of the position of the existing culture and leisure provision
- 1.2 To present the key findings from an options appraisal and make recommendations on the future provision of leisure and culture.
- 1.3 To present the interim arrangements for the existing leisure contract with Aspire until new arrangements are finalised.
- 1.4 To present a High-Level Resource plan outlining the next steps and indicative costs to implement the reports recommendations.

### 2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE** that;

- (1) The report is accepted and the actions noted.
- (2) The contract period with Aspire Leisure and Culture trust be extended by a further 12 months on the condition that a Partnership Development Plan is agreed for the duration of this extension.
- (3) Agreement is given to follow the recommended route to procure a new leisure contract from an external provider
- (4) In-house service is retained for Cultural services, whilst services are transformed in line with the council plan and options for future delivery of cultural provision are explored.
- (5) Delegated authority to implement these recommendations is given to the Head of Culture in consultation with the Director of Policy & Resources and Cabinet Member for Leisure and Culture.

### 3.0 Background and Key Issues

#### 3.1 Background

- 3.1.1 Gloucester City Council commissioned The Sport, Leisure and Culture Consultancy (SLC) to complete an independent leisure services assessment and management options appraisal (Appendix A – Exec Summary) to understand the Council's options for future delivery of the services. The Council owns two leisure centres, GL1 Leisure Centre and Oxstalls Sports Park that are managed by Aspire Sports and Cultural Trust. The contract is primarily based on a lease with the Council holding landlord responsibilities. The lease is scheduled to end in September 2023.
- 3.1.2 In addition to exploring the options for Leisure, the options appraisal included looking at the council's own in-house Cultural provision to explore whether there might be efficiencies or advantages through combining both these areas under one arrangement in future.
- 3.1.3 For each service, future delivery options of in-house management, Local Authority Trading Company (LATC), or tendering to an external operator were explored in depth. Financial models were analysed, including an assessment of risk exposure, risk transferability and access to external funding. In addition, a non-financial appraisal was conducted that assessed the benefits and drawbacks of each in relation to Climate Change, Wider Social Value, Reducing Inequality, Increasing inclusion and participation, Social responsibility, Empowering Communities and Innovation.
- 3.1.4 The report concludes that there is no particular advantage to be gained from combining Cultural and Leisure provision under one contract. Whilst there are examples of some operators that combine these at a local level, there are very few leisure operators that operate cultural venues and vice-versa.
- 3.1.5 An assessment of the council's current strategic framework for leisure shows that there is currently a gap between the Council's ambitions in the Gloucester City Plans and service delivery in the two leisure centres. The new Gloucester City Plan (2021 - 2024) represents a significant opportunity to re-position leisure services, so they contribute towards the new priority of addressing inequality, specifically health inequalities. At present the Council does not have a strategic approach to leisure, sport and physical activity which informs its commissioning arrangements with Aspire, nor does it have clear performance indicators (KPIs) that would help manage such a contract.

## **3.2 Leisure options appraisal conclusion**

- 3.2.1 The report makes the strongest case for procurement to a third-party leisure operator. Overall, where the procurement of a multi-site trust operator is considered the most advantageous management option for the Council's Leisure services. However, SLC suggest that there is significant work to be done to make the service 'procurement ready'.
- 3.2.2 The report identifies challenges for leisure and recommends addressing some of the service weaknesses. For example, undertaking asset condition surveys to help understand the whole life costs and developing a strategic approach to leisure. Other improvements suggested include developing a service specification that is focused on narrowing health inequalities in the city. The council's facilities have ageing

buildings, a lack of on-site car-parking at GL1 and there is the need for an improved offer of services and activity at the sports and leisure sites.

- 3.2.3 The council is advised to extend the current contract with Aspire by at least 12 months to Sept 2024 in conjunction with an interim Partnership Delivery Plan – to be agreed with Aspire board and management team. Thereafter a series of additional areas of work are identified as being advantageous to conduct before the procurement exercise is started. These include the steps identified in Appendix B of the report to ensure that the council is 'procurement ready'. In this way the council will be procuring from a position of strength and reducing the risk to procurement of a suitable operator.

### **3.3 Cultural Services appraisal conclusion**

- 3.3.1 The report identifies challenges with ageing buildings and limited capacity that make the financial model for the cultural buildings a challenge. The report identified opportunities for growing the festivals and events offer for the city and recommended a strategic review of cultural provision to see where best the city should invest its resources for greatest impact.
- 3.3.2 The report concludes that whilst there are challenges with the current operating model of the cultural services, there were no significant advantages to out-sourcing or changing the existing delivery model for Cultural Services.
- 3.3.3 There are 7 recommendations for the area of Cultural services to explore, beginning with a strategic review of the current investment, impact and offer.

### **4.0 Social Value Considerations**

- 4.1 Sports and Leisure activity is closely linked to health and well-being. The Council's new priority focused on inequality presents a significant opportunity to re-focus leisure services on contributing towards narrowing health inequalities in the City. This will require a clear strategic approach to raising physical activity levels, particularly for those groups that are inactive or have underlying health issues.

### **5.0 Environmental Implications**

- 5.1 Leisure services, as one of the Council's major contributors of carbon can play a significant role in the Council's climate emergency agenda. Coupled with rising energy prices there is a major incentive for both the Council and its leisure operator to invest in technology to reduce emissions. Investment would need to be driven by the Council although an external leisure operator may invest if it can gain return over the life of the contract.
- 5.2 Cultural venues are expecting investment through recent successful capital bids and other schemes implemented by the council. Investment into the Museum of Gloucester and Gloucester Guildhall energy efficiency measures will reduce energy consumption and lower carbon impact of these services.

### **6.0 Alternative Options Considered**

- 6.1 **Combine Culture and Leisure contract** – not recommended, as efficiencies would not outweigh the risk to quality of provision.
- 6.2 **Local Authority Trading Company** – not recommended for either Leisure or Culture as it was assessed as the second most-costly option and a time-consuming process.

## **Leisure**

- 6.3 **Procure a leisure management provider** to operate from October 2023. This is considered a risky option without a clear strategy for Sport and Leisure provision, up to date condition surveys, or a clear investment strategy being in place at the point of commencement. Timescales are tight and the council may be at a disadvantage in relation to the market by going ahead whilst the leisure sector is still recovering from the pandemic and while there is a lack of certainty over inflation and fuel price fluctuations. Not recommended.
- 6.4 **Bring the leisure contract in-house from Sept 2023.** The report demonstrates that this is the most costly option for the council and is therefore not recommended.
- 6.5 **Continue with current arrangements and extend lease with Aspire** – not recommended. The council wishes to procure a new arrangement rather than to continue as currently in order to have a clearer distinct relationship with the provider in future contract, without council dependency.

## **Culture**

- 6.6 **Create an out-sourced Trust model for Culture** - Not recommended currently. Whilst a trust model could have some advantages in terms of eligibility for funding from trusts and foundations, it was not considered to be optimal at this stage but remains a viable option for future delivery.

## **7.0 Reasons for Recommendations**

- 7.1 The options appraisal makes the strongest case for procurement of a leisure operator to be procured through a market procurement exercise.
- 7.2 The timeframe to ensure that the city council gets the best results from such a procurement exercise is recommended to be extended by 12 months with an interim plan to support the existing contract and create a smooth transition to a new contract.
- 7.3 Cultural provision can be improved through efficiencies and careful planning, programming and investment with the correct business planning and focus. Gloucester is identified as a priority place for culture by Arts Council England, so is in a strong position to make the case for further investment into cultural services in the coming 3 years.
- 7.4 This options appraisal makes clear that there are no significant advantages to outsourcing deliver of Cultural services and to maintain in-house service delivery for the time being.

## **8.0 Future Work and Conclusions**

- 8.1 Explore and implement the recommendations of the report for Leisure including;
- Agreed extension of contract with Aspire subject to agreement of the implementation of the Partnership Development Plan
  - Development of a Sports and Leisure Strategy
  - Completion of condition surveys of leisure assets
  - Review council resources required to manage the Partnership Development Plan
  - Consider joint procurement approach with University of Gloucestershire for Oxstalls Park management
  - Production of specification of services for procurement
  - Conduct procurement exercise for Leisure
- 8.2 Explore and implement where possible the recommendations for Culture including;
- Retaining in-house provision
  - Conducting a strategic review for Culture
  - Condition surveying of cultural assets to understand whole-life costs
  - Developing a suite of KPIs for Cultural services
  - Options for Guildhall business model and partners
  - Explore ways to grow its successful festivals and events programme
  - Development of a fundraising trust for Museum of Gloucester

## **9.0 Financial Implications**

- 9.1 The costs to implement the recommendations are outlined in Appendix C.
- 9.2 Costs will be required for the following;
- Condition survey of the city's leisure buildings and assets
  - Creation of a Sports and Leisure strategy for Gloucester, linked to health and well-being and the council plan
  - Development of a Capital Investment Plan into the leisure facilities to maintain, upgrade facilities in the city.
  - Development of a specification for future leisure service provision
  - Procurement of a leisure delivery partner for Sept 2024 and beyond
- 9.3 Costs for the above amount to circa £104k as described in Appendix B.
- 9.4 The costs identified at 9.3 above will be either be managed from existing budgets or taken from an appropriate earmarked reserve.

## **10.0 Legal Implications**

- 10.1 The Council has powers to provide such recreational facilities as it sees fit pursuant to Section 19 of the Local Government (Miscellaneous Provisions) Act 1976.
- 10.2 The Council must observe the requirements of its contract procedure rules and the applicable provisions of the Public Contracts Regulations 2015 in conducting the procurement exercise.

10.3 The Council will also need to comply with other legislative requirements such as the Transfer of Undertakings (Protection of Employment) Regulations 2006 (in respect of staff) and Data Protection legislation (in respect of personal data/customers).

10.4 One Legal can provide procurement advice as the project progresses.

### **11.0 Risk & Opportunity Management Implications**

11.1 None

### **12.0 People Impact Assessment (PIA) and Safeguarding:**

12.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

### **13.0 Community Safety Implications**

13.1 None

### **14.0 Staffing & Trade Union Implications**

14.1 None

**Background Documents:** Update to Gloucester's Cultural Vision and Strategy 2021-26  
[gloucester-cultural-vision-and-strategy-gct-gcc-min.pdf](#)