



Oxford City Council

Leisure Service Management Options Review

FINAL REPORT

10th July 2006

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Introduction (1)

Background

KPMG LLP ('KPMG') has been commissioned by Oxford City Council ('the Council') to conduct a review of possible management options for their leisure facilities.

The leisure facilities in question are Oxford Ice Rink, Ferry Sports Centre, Temple Cowley Pools and Sports Centre, Hinksey Pools, Blackbird Leys Sports Centre, Blackbird Leys Swimming Pool, Barton Swimming Pool, and Peers Sports Centre. Over recent years, some members of the Council have questioned whether Council management of the facilities is the most effective way to achieve value for money for this service and meet the objectives of the Council and the residents of Oxford. This is the impetus behind this review of other management options.

In 2001, the Council commissioned Deloitte & Touche to conduct an options appraisal for the management of the Council's leisure facilities which concluded that the Council should investigate further the possibility of setting up a trust. At the time of making this recommendation there was insufficient political support to pursue this option. However, a recent review (by the Council) of the declining financial performance of the leisure facilities in Oxford under the Council's management and further pressure from certain members of the Council to consider alternative options for delivery has encouraged the Council to re-evaluate its alternatives.

Purpose of this study

This report summarises the findings of KPMG's review of the possible management options for the Council's leisure facilities. The objective is to identify the most appropriate option for the future delivery of the service. The Council has also indicated that other services that it delivers may also be incorporated at a later date into any new management solution (if appropriate). However, the focus of this review is on the future delivery of leisure services.

As required by the Council, our work at this stage does not include a detailed financial evaluation of the preferred option.

This report should be read in conjunction with the Council's 'Leisure Best Value Review – Baseline Statement – Indoor Facilities (April 2006)' which provides a comprehensive review of the performance and key challenges / issues of the respective leisure facilities under consideration, and KPMG's Benchmarking Study which compares the performance of the Council's leisure facilities against five other comparable local authorities against certain key performance indicators.

Work Undertaken

In completing this review, KPMG undertook the following research and analysis during April and May 2006:

- reviewed the Council's 'Leisure Best Value Review – Baseline Statement – Indoor Facilities (April 2006)' report;
- held consultations with Council staff including Mags Mernagh (Leisure and Cultural Services Business Manager), Sharon Cosgrove (Strategic Director – Physical Environment) and Jon Ray (Project Manager);
- considered the relative performance of the Council's facilities against five other local authorities (which were discussed and agreed with the Council) and identified key challenges and operational issues;
- undertaken an options review of the various management options available to the Council highlighting the pros and cons of each;
- conducted an initial assessment of operator interest in managing the facilities in Oxford; and
- highlighted the key next steps that the Council might consider following the completion of this options review.

Introduction (2)

Structure of this Report

Following this introductory section, this report is structured as follows:

- **Section 2 – Baseline Review – A Summary.** This Section provides context to the current provision of leisure services in Oxford and identifies operational strengths and weaknesses as well as an overview of the financial and operating performance of the Council's leisure facilities. A comparison to the performance of Oxford's leisure facilities is also made to five other local authorities.
- **Section 3 – Review of Management Options.** Within this Section we identify the long-list of potential options that the Council could consider with regards to delivering a leisure service in Oxford. Each option is discussed in terms of advantages and disadvantages as well as possible implications to the Council in pursuing this option. The Section concludes with recommendations on which option/options the Council should take to the next for further financial evaluation.
- **Section 4 – Operator Consultation.** To gauge the initial level of operator interest in Oxford's leisure facilities and to test the market for the recommended option/options identified in Section 3, we summarise the results of our discussions with leisure operators in this Section.
- **Section 5 – Conclusions and Next Steps.** This Section draws together the key conclusions of this options review and identifies the next steps that we recommend the Council to take.

Limitations of this Report

In reading this report, please note the following:

- This document has been produced to assist Oxford City Council (our client on this engagement) in their deliberations over possible future delivery arrangements for their leisure service. It has not been written for any other purpose and is not intended for use by any third party.
- This report is in no way comprehensive, as we may not have become aware of all of the facts or information that you may regard as relevant. Our work should not be considered an adequate substitute for the sort of comprehensive investigation on which reliance could properly be placed as part of the process in making an investment decision.
- The contents or findings from this report should not be quoted or referred to in whole or in part without our prior written consent. KPMG LLP will accordingly accept no responsibility or liability in respect of this report to persons other than the client. Should any party other than the client choose to rely on the report, or any portion of it, it does so entirely at its own risk.
- KPMG has not performed an audit or carried out any tests, checks or verification work on the financial information provided to us, except where indicated to the contrary, other than confirming the arithmetical accuracy of the figures where we have deemed it necessary to do so.

Baseline Review (1)

Background

In this section, we provide a summary of the key findings from the Council's 'Leisure Best Value Review – Baseline Statement – Indoor Facilities (April 2006)' report in order to inform the options review . The purpose of the report was to provide a comprehensive summary of the performance of indoor leisure facilities under Council ownership. Achieving the 'baseline statement' included undertaking a review of the following:

- the financial profile of facilities including a review of the past three years income and operating costs against budgets;
- annual usage levels at each facility including a breakdown of the profile of users (including Slice Card users – the Council's leisure card discount scheme);
- customer satisfaction levels based on a Talkback survey;
- management/staffing levels and structures;
- information management including data management and performance management;
- maintenance schedules and capex requirements;
- key stakeholder consultations; and
- the role of sports development at the Council.

The eight facilities that were included in the review (and that form the basis for this options review) are shown in the table below.

Facility	Description	Gross Internal Floor Area (Sq.m)
Blackbird Leys Pool	18m x 8m swimming pool	460
Blackbird Leys Leisure Centre	Aspires fitness suite, sports hall, meeting and conference facilities, and family room	3,400
Ferry Sports Centre	Two pools – learner pool and main pool (25m, 6 lanes), Aspires fitness suite, sports hall, dance studio and three squash courts	3,200
Oxford Ice Rink	Indoor ice rink	3,500
Peers Sports Centre	Sports hall, squash courts, swimming pool, tennis courts and function room	2,365
Temple Cowley Pool	Two swimming pools (11m x 11m and 25m x 18m), gym, function room and sauna	2,600
Hinksey Pool	33m pool with beach style slope entry	55 (office space only)
Barton Pool	25m pool with 4 lanes	1,300

Source: Oxford City Council

Baseline Review (2)

Summary of baseline review

Summary of the Baseline Review Key Findings

Below we highlight the key findings from the Council's Baseline Review. Supporting information on the attendance levels and financial performance of the facilities is provided in Appendix I.

- **Usage of the Council's leisure facilities has remained constant** – analysis of usage over the past nine years¹ shows consistent annual usage figures (analysis that is matched by the Audit Commission's recent report on English leisure services). It is hoped (by the Council) that the renovation of Ferry Sports Centre and Blackbird Leys Leisure Centre and the opening of Barton Pool will reinvestigate the attendance figures.
- **Customer satisfaction is high** – results from a Talkback satisfaction survey recorded an overall customer satisfaction level of 65% across the Council's leisure facilities. This compares favourably to satisfaction levels at other Oxfordshire district councils. There are issues with the perception of non-users of Council facilities which need to be tackled.
- **The cost of provision is high in comparison to other local authorities** – the Council is the second highest spending local authority (out of 238 non-metropolitan Councils) in terms of its expenditure on leisure.
- **Overspends for 2005/06** – the cost of providing the leisure facility services for 2005/06 exceeded the budget by three per cent (or £90,487). A significant proportion of this overspend is attributed (by the Council) to a failing at Ferry Sports Centre to hit its income target.
- **Annual income level at budget** – annual income levels for 2005/06 were at budget.
- **Poor strategic direction** – up until May 2006, the Council did not have a leisure services strategy in place. As a result, clear vision for the service has been missing.
- **Lack of co-ordination of facilities** – central management (within the business unit) of the service has been poor with a lack of consistency across the sites. Each centre was run as a separate entity with no joined up working of staffing, marketing, maintenance, suppliers and best practices.
- **Significant capital expenditure / maintenance requirements** – It is estimated by the Council that a further £3.6m will be required to meet the maintenance programme over the next four years. According to information in the Baseline Review, the capital programme will have a shortfall of at least £1.5million. Furthermore recent work has put maintenance costs for Temple Cowley pools at 300% higher than expected².
- **Absence of performance measurement framework** – individual centres are not set key performance indicators to monitor performance (other than budgets).
- **Service driven by budgetary aims not strategic objectives** – Historically, the delivery of the Council's leisure services has been driven by budgets without setting targets that align to the Council's strategic objectives.
- **No formal agreed pricing policy** – as a result of the poor strategic co-ordination in the past, there is no centralised pricing policy across the Council's leisure facilities. Pricing has historically been agreed by the Council's Executive Board, but the justification for pricing is not set within a clear framework.
- **Limited information on the profile of users** – the Council does obtain user information from its Slice Card scheme but there is limited information on the other users who make up the majority of users.
- **Increased competition from private sector health and fitness providers** – the Council's facilities are facing direct and increased competition from high quality and high profile private sector health and fitness providers including David Lloyd and Esporta. There is an increasing requirement at the Council's facilities to provide high quality equipment and classes but at value for money.
 - 1 – The exception to this was 2004/05 when Ferry Sports Centre underwent a major refurbishment
 - 2 – The maintenance programme estimates are considerably out of date. Estimates for Temple Cowley Pool were £351,000 which have recently been revised to £1.2m.

Baseline Review (3)

Strengths and weaknesses of current leisure service

The Baseline Review included consultations with key stakeholders regarding the provision of leisure facilities in Oxford. The table below summarises the Project Team's and the consultees' views on the various strengths and weaknesses of the Council's provision. Further detail on these can be found in the Council's Baseline Review.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Varied sports facility infrastructure in place. • Cost effective leisure card schemes (Slice Cards – value for money). • Recently appointed leisure management team at Council – fresh perspective. • Experienced staff. • Staff within the leisure services team are willing to consider new options. • Significant re-investment in facilities (e.g. Ferry Sports Centre) over last two years. • Strong political support for leisure provision in Oxford. • Strong local stakeholder interest in service provision. • Recent Leisure Strategies have provided the service with increased focus. • Non-statutory service allowing Council flexibility to set vision and deliver service in most appropriate way. 	<ul style="list-style-type: none"> • Lack of bold vision and clarity of objectives for leisure in Oxford in the future. • Staffing and working practices need to be reviewed. • Performance management and data collection is poor. Current IT system, Leisureflex, is not connected or utilised in all facilities leading to inaccurate picture of usage. • Poor co-ordination of the management of facilities. • Inability to identify if current provision is best at meeting the needs of the population, or if the provision is in the most appropriate location given population changes. • Fragmented delivery, inconsistent policy, and unclear division of responsibilities in the Council in terms of Sports Development. • Sports Development function is under resourced and under funded. • Lack of stability in the leisure management team at the Council leading to staff morale issues. • Council has avoided difficult decisions on the provision of leisure services in the past (e.g., trust option presented in 2001). • No Council strategy for target markets or target sports. • Unable to demonstrate value for money because of insufficient information. • Poor communication and marketing of the Council's services. • Poor user group / community involvement by the Council. • Delivery of leisure services not aligned to Council's strategic objectives. • Intensive scrutiny of services impacting upon ability to deliver services.

Source: Oxford City Council

Baseline Review (4)

Summary and implications of KPMG benchmarking review

Summary of KPMG's Benchmarking Review

The Baseline Review highlighted a number of issues with regards to the current state of the Council's leisure service. In order to place the service into a wider context, we investigated the performance of the service against five comparable authorities. The five authorities included Cambridge, Durham, Preston, Northampton and Guildford. The output of this benchmarking exercise was a report entitled 'Oxford City Council – Leisure Services Review – Benchmarking Performance'. For the purpose of this options review, the key findings of the benchmarking work and implications for this review are summarised below:

- The results of the benchmarking were dominated by Guildford and in particular the success of its Spectrum Complex. The Spectrum Complex is the largest facility among the survey sample, and is the only facility to generate an operating surplus and attracted by far the most users. Notably, this complex had a very high Quest score;
- The pricing of the Council's leisure services across the board is within the range of other authorities but towards the top-end of charges;
- There is a general trend of reduced annual visitation across all authorities analysed and this trend is most evident in Oxford (comparing 02/03 to 04/05 data – during this period the Council had closed Ferry Sports Centre for refurbishment);
- Compared to other authorities in this benchmarking review, the Council achieves relatively low levels of annual visitation, particularly when analysing visits per sq..m.
- The number of leisure staff employed by the Council and the proportion of total spend on staff was at the top of the range compared to the other authorities analysed;
- Based on CIPFA statistics, Oxford has a small proportion of its low income householders as members of its leisure facilities relative to other authorities;
- In terms of the operating subsidies of the leisure facilities, the Council has one of the highest net costs per visit and per resident of the comparator set. This is a reflection of the scale of facility provision by the Council and the relatively low levels of visitation at the Council's facilities in comparison to the other authorities compared; and
- Based on the Council's self-assessment Quest ratings (undertaken in January 2006), the Council's facilities are of much lower quality than the comparable authorities who provided Quest data. The Blackbird Leys Pool and Leisure Centre are particularly below the performance of other comparable facilities with ratings of 45% and 53%.

Implications of the Benchmarking Review for the Council

Given the discretionary nature of leisure provision and the pressures on the Council's budget, it is possible that the Authority may need to scale back its leisure provision to reduce expenditure on this service. This is likely to be very difficult to achieve, but needs to be considered. However, we believe there may be scope to reduce the net cost of the existing level of provision, and our benchmarking review has identified a number of possibilities:

- There may be an opportunity to review the pricing policy at the Council's leisure facilities and identify areas where charges can be brought in-line with those of comparable authorities (as identified in this report). Our review of the facilities in Oxford indicate that there is no central pricing policy for leisure services and this could be a contributing factor to the variances in pricing of particular sports (i.e., badminton).
- Improvements in the level of annual visitation at the Council's leisure facilities are likely to be required in order to justify the existing level of staffing and sustain the existing provision of facilities. Annual visitation levels have fallen significantly since 2002/03 across Oxford's facilities, partly because of the refurbishment programme, but also because of increased competition from private sector operators.
- Increasing annual visitation levels would reduce the net cost per visit and increase the level of admissions per staff member (which are among the lowest of the five authorities compared within this report). It may be possible to increase annual visitation levels through a combination of marketing campaigns to raise the awareness of the range of facilities provided by the Council (particularly among low income groups) and by investing capital to improve the quality of provision.

Baseline Review (5)

Summary and implications of KPMG benchmarking review

Implications (continued)

- There may be opportunities to reduce staffing costs. Oxford has the highest staffing levels, staffing costs and lowest admissions per staff member of the five authorities compared in this study. While it is acknowledged that the staffing benchmarks provided may not be directly comparable in all cases, the staffing costs would appear to be high based on this review.
- The Sports Development function could continue to focus its targeting of low income users as one of its core activities. In doing so this could contribute to increase annual admission levels as well as increasing the proportion of low income users at Oxford's facilities (a core strategic aim of the Council).
- Appropriate capital budgets should be made available and concentrated on areas requiring quality improvements. Improvements in the quality of provision may help the facilities to compete more effectively against the threat of private sector operators and could boost visitor and operating performance levels. It is however recognised that capital investment alone will not necessarily deliver sustained improvements at the Council's facilities.

Review of Management Options (1)

Background

The purpose of this section is to present, discuss and review the possible management options for Oxford's leisure facilities.

However, prior to reviewing the various options, it is important to provide further context on the Council's Sport and Leisure Strategy. The ability of the management options considered within this review to deliver the Council's strategic objectives is critical to identifying a viable option. The Council's Sport and Leisure Strategy is summarised below. The need for such a strategic framework was identified via the Baseline Review (as discussed previously in this report).

Oxford City Council's Sport and Leisure Strategy 2006

The Sport and Leisure Strategy is one of four 'thematic' strategies under the 'Overarching Leisure Strategy' for Oxford (the others include Green Spaces Strategy, Tourism and Heritage Strategy, and Arts Development Strategy).

The ambition of the Council (as stated within the Strategy) is to ensure that the cultural, sporting and leisure opportunities of Oxford enhance the lives of all people in the city. To achieve this ambition, the Council has identified and adopted a number of strategic aims, as follows:

- to ensure equity of access and diversity of provision;
- to encourage participation in healthier lifestyles;
- to advance lifelong learning;
- to protect and enhance the natural and built environment;
- to enhance the recognition of Oxford through the pursuit of excellence, both locally and internationally; and
- to nurture and encourage community spirit and well-being.

The Strategy identifies specific drivers for the development of sports and leisure provision in Oxford and priorities include the following:

- improving the quality and increasing investment in sports facilities;
- increasing the range of activities that are provided;
- increasing the awareness if the Slice card; and
- integrating and automating the performance and management systems at the Council's facilities to benchmark the performance more effectively in the future

Many of the strategic objectives relate directly to the activities of the Council's Sports Development function (i.e., participation and awareness of facilities). However, as discussed over the following pages, many others can be influenced by the management option adopted by the Council for its leisure facilities.

On the following page, the 'long list' of options are shown along with a brief definition of each one. This list has been discussed and agreed with the Council. Under all options, the ownership of the leisure facilities would remain with the Council, but under some options the operator would be granted a lease to operate the facilities. The Council would therefore retain the ability to invest capital resources to fund improvement works (but this could be augmented by external funding under some of the options).

Review of Management Options (2)

Long-list of available management options

There are many alternative options available to the Council for the delivery of its leisure facilities. The management options that are considered over the following pages are as follows:

Option	Description
Direct management (the 'status quo')	<ul style="list-style-type: none"> The Council continues to manage the service directly.
In-sourcing (i.e. bringing in external management)	<ul style="list-style-type: none"> This could take a number of forms including bringing in external managers to run the service, or appointing a performance partner to support the existing management team at the Council. Under both forms, staff responsible for delivering the leisure service (i.e., not the external management) would remain employed by the Council. Contractors could include both the private sector, or possibly another local authority that has the necessary skills, capacity and experience.
Joint arrangements with other authorities	<ul style="list-style-type: none"> Two or more local authorities combine certain services to benefit from operating synergies and economies of scale (and hopefully efficiency savings). There are a variety of possibilities from informal arrangements where certain aspects of the service are shared through to the entire leisure services of two or more local authorities being jointly managed (under a single management team comprised of representatives of each authority),
Transfer the service into an existing leisure Non Profit Distributing Organisation (or 'Trust')	<ul style="list-style-type: none"> Where an existing trust manages the service (along with others it is already managing) under a management contract. Sometimes called 'hosting'.
Establishment of a new leisure trust	<ul style="list-style-type: none"> Independent bodies that generally have charitable objectives. Different legal forms include Company Limited by Guarantee, and Industrial and Provident Society.
Procuring a leisure management contractor	<ul style="list-style-type: none"> Traditionally, a private sector operator is contracted to manage the service to a certain specification (under a management contract with a period of c. 5 - 10 years). Longer contracts (10 – 15 years) may include some investment in the facilities by the contractors. There are also other possibilities such as partnering (two parties working collaboratively), and PPP/PFI (which may be appropriate if a major investment is required).
Procuring a 'hybrid' solution delivered by a leisure management contractor	<ul style="list-style-type: none"> This could include various options. The most common is where the local authority contracts with a commercial operator to deliver the leisure service. The commercial operator establishes a trust in which to deliver the service to receive the tax and other financial benefits that a trust can offer.

Review of Management Options (3)

Long-list of available management options

Now that the various options have been highlighted, the following pages provide a 'snapshot' of each one by detailing the following:

- the 'strengths' and 'risks' from the point of view of the Council;
- relevant points from the Baseline Review and the benchmarking exercise undertaken by KPMG as part of this review process; and
- the implications to the Council for possible delivery arrangements.

This information is required for the evaluation of each option, which follows from Page 20 of this report.

It should be noted that for most of the management options reviewed over the following pages, the relevant points from the Baseline review and the benchmarking exercise are similar. This is not surprising given that the core issues relate to the management and performance of the Council's leisure facilities – all of which would be relevant to external operators if the Council deemed such a route to be appropriate.

Review of Management Options (4)

Direct Management (*the 'status quo'*)

Definition

The Council continues to manage the leisure services directly.

'Strengths'

- Consistency of delivery / limited disruption. This approach could be adopted very quickly (because there would be no change to the current approach)
- The Council will be able to retain complete control and influence over the management and delivery of leisure services
- The management team (appointed in the last few months) is currently investigating potential areas for improvement (under direct management) and is committed to improving current service levels

'Risks'

- Capital budget constraints due to the existing limitations of available funding/capital controls as identified in the Baseline Statement
- By not putting the management options of the leisure services through a competitive process, it may not be seen as delivering 'Best Value'
- The Council retains full operational and financial risk
- This option fails to access the potential financial benefits of trust status (NNDR and/or VAT) and there is therefore a risk of not achieving the same level of financial benefits of other options discussed
- Little scope to lever in external sources of funding (e.g. Lottery)
- Would be unable to clearly demonstrate Best Value because of the lack of competition

Relevant points from the Baseline Review and the Benchmarking

- Usage of the Council's facilities has remained constant
- Customer satisfaction is high according to Talkback survey but Quest ratings indicate poorer performance compared to certain comparators (i.e., Guildford and Preston)
- Financial performance of facilities (05/06) is below expectations – subsidy costs higher than budgeted and may not be sustainable in long term
- Capital expenditure programmes may be underestimated
- Poor co-ordination of facilities and absence of performance monitoring framework
- Possible inefficiencies in staffing

Implications to the Council for possible future delivery arrangements

- Retaining the existing management and delivery structure (with no changes to the operation) is unlikely to address the current weaknesses and challenges facing the Council.
- It is likely that other management options considered within this report will enable the Council to meet its strategic objectives for leisure in a more cost-effective and efficient manner.
- The Council will have to draw upon its own capital expenditure budgets (which are already stretched) or use prudential borrowing to re-invest in the facilities. This may prove restrictive in terms of meeting the Council's aspirations for leisure services.
- This option is likely to be most favoured by staff employed within the leisure team at the Council.

Review of Management Options (5)

In-sourcing (i.e., bringing in external management)

Definition

This could take a number of forms including bringing in external managers to run the service, or appointing a performance partner to support the existing management team at the Council. Under both forms, staff responsible for delivering the leisure service would remain employed by the Council. Contractors could include both the private sector, or possibly another local authority that has the necessary skills, capacity and experience.

'Strengths'

- The Council has the opportunity to ensure its staff within leisure services benefit from the knowledge transfer from the experienced external management team
- Where there are skills gaps in the Leisure Team, bringing in an experienced external management team can 'plug' the gaps
- The management contractor may be prepared to receive payment based on results
- There would appear to be some appetite for performance partners (as discussed later in this report) to work in partnership with the council (as part of a longer term contract) to improve the delivery of the service

'Risks'

- Even if the management contractor put the whole of their fee at risk, this would represent a relatively small proportion of total expenditure
- There are a limited number of precedents of this type of options within the leisure sector
- Retaining the assistance of an external management team under the consultancy route is unlikely to allow for any risk transfer of the facilities away from the Council

Relevant points from the Baseline Review and the Benchmarking

- Financial performance of facilities (05/06) is below expectations – subsidy costs higher than budgeted and may not be sustainable in long term
- Facilities are in need of capital investment and budgeted spend for future years may need to be brought forward to attract an operator
- Poor co-ordination of facilities and absence of performance monitoring framework
- Recently appointed management team with the ability to bring a fresh perspective
- Possible in-efficiencies in staffing including overspends within central management

Implications to the Council for possible future delivery arrangements

- Retaining a conventional management contractor may lead to some redundancies in the Council's Leisure Services Team. However, if the option included retaining a consultancy company over a longer-term period to work in partnership with the Council's Leisure Services Team, this could avoid any redundancy implications (at least in the short term).
- During the period of the contract, the Council's staff will be able to benefit from the knowledge of the external management. This may provide new skills for the Council's team to bring the management in-house after the contract period.
- The terms and conditions within the management contract will be critical to the success of this option, particularly in terms of transferring as much of the risk of under-performance as possible away from the Council.

Review of Management Options (6)

Joint arrangements with other local authorities

Definition

Two or more local authorities combine certain services to benefit from operating synergies and economies of scale (and hopefully efficiency savings). There are a variety of possibilities from informal collaborations where certain aspects of the service are shared through to the entire leisure services of two or more local authorities being jointly-managed (under a single management team comprised of representatives of each authority) (e.g., Oxford City Council could work jointly with Vale of White Horse District Council to deliver leisure services).

'Strengths'

- Cost efficiencies could be generated under this option – there could be a greater economy of scale
- The Council would have the opportunity to pool experience and knowledge and retain best practice from the partnering authority
- Such an option could engender cross-border Council partnership working in other areas of delivery
- Joint arrangements could create cross-border marketing opportunities (e.g., price promotions)

'Risks'

- Such an option is susceptible to changes in political control among the partnering authorities and therefore could have a high risk of failing
- It can be difficult to assimilate the partners' objectives, procedures, branding of facilities, and systems and the Council may incur costs in doing so
- Under this option there is likely to be virtually no risk transfer away from the Council
- There would be a need to review the existing service, following which some service redesign may be necessary – this would have time and cost implications
- Oxford's position as a large-scale provider could mean that smaller, high-performing authorities are unlikely to be interested in this opportunity

Relevant points from the Baseline Review and the Benchmarking

- Financial performance of facilities (05/06) is below expectations – subsidy costs higher than budgeted and may not be sustainable in long term
- Facilities are in need of capital investment and budgeted spend for future years may need to be brought forward to attract an operator
- Poor co-ordination of facilities and absence of performance monitoring framework
- Recently appointed management team with the ability to bring a fresh perspective
- Possible in-efficiencies in staffing including overspends within central management

Implications to the Council for possible future delivery arrangements

- Sharing corporate and transactional services with other Councils is a 'hot topic' in local government due to the potential efficiency savings that could be created. Although joint arrangements of this type are not common with respect to leisure services, there are examples in relation to other services. For example, the Museum, Libraries and Archives Council-led 'Renaissance in the Regions' involves various museums and galleries working in partnership to share budgets, skills, knowledge and staff.
- As mentioned, there are alternative arrangements possible within the broad heading of 'joint arrangements' ranging from informal arrangements to more formal approaches. This may require redesigning of the existing service, which would take some time to determine and implement. In all cases, there is likely to be an impact on staff which will need to be considered carefully.

Review of Management Options (7)

Transfer service into an existing leisure trust

Definition

An existing trust manages the Council's leisure services (along with others already managed under a management contract). This is sometimes called 'hosting'.

'Strengths'

- One of the main advantages under this option is the ability to achieve savings with the mandatory national non-domestic rate relief (80% mandatory) and the discretionary element granted by the Council (20%)
- The trust would be exempt from charging VAT on the provision of sporting facilities
- Using an existing leisure trust could enable the Council to benefit from that trust's experience and knowledge from operations elsewhere
- Combining services into a larger organisation may achieve economies of scale

'Risks'

- There is a risk that the existing trust identified to deliver the Council's leisure services would not be completely focused on delivering the objectives of the Council (as it has other clients' interests to meet)
- The trust would be unable to reclaim VAT on any expenditure so there is a risk that the financial benefits under this option may not be as high as others
- A trust of sufficient scale would be required to ensure that the management of the Council's facilities does not overwhelm the operations of the existing trust. This may restrict the number of trusts capable of taking on this opportunity

Relevant points from the Baseline Review and the Benchmarking

- Financial performance of facilities (05/06) is below expectations – subsidy costs higher than budgeted and may not be sustainable in long term
- Facilities are in need of capital investment and budgeted spend for future years may need to be brought forward to attract an operator
- Poor co-ordination of facilities and absence of performance monitoring framework
- Recently appointed management team with the ability to bring a fresh perspective
- Possible in-efficiencies in staffing including overspends within central management

Implications to the Council for possible future delivery arrangements

- There is not a precedent for the Council to grant the discretionary element of national non-domestic rate relief to charitable organisations (other than to the Council's Community Centres). This may impact adversely on the attractiveness of this option to an existing trust operator.
- There are a number of existing leisure trusts in nearby authorities (e.g., Wychavon Leisure and SOLL Leisure) that could meet the Council's requirements and enable a quick transition to a trust, as well as having some local area knowledge.
- The service would need to be "ready for transfer". This may have immediate financial implications for the Council.
- Should this approach generate financial savings then it would be up to the Council to decide whether to reinvest them, divert them to other services, or use them to reduce its overall budget.

Review of Management Options (8)

Establishment of a new leisure trust

Definition

Creating an independent body that generally has charitable objectives. There are a number of different legal forms including a Company Limited by Guarantee, and an Industrial and Provident Society (IPS).

'Strengths'

- Opportunity to achieve savings associated with the mandatory and discretionary national non-domestic rate relief charges
- Exempt from charging VAT on provision of sporting facilities
- The trust could be 'tailor-made' by being set up as 'fit-for-purpose' with regards to its objectives. The Council would have the opportunity to ensure that these objectives are aligned with those identified in the Sports and Leisure Strategy
- The Council would retain significant influence over the trust – perhaps greater than under any of the "external" options

'Risks'

- There are costs associated with the setting up of the trust (which are typically in excess of £150,000) which could increase the risk of not delivering as substantial financial savings as other options discussed
- There may be a need for additional revenue expenditure to run the trust (e.g., is there a need for a new Chief Executive or Director of Finance)
- The trust would be unable to re-claim VAT on expenditure
- There is a risk that the trust is unable to attract a suitable range and quality of trustees
- There is very little real risk transfer under this option
- Would be unable to clearly demonstrate Best Value because of the lack of competition

Relevant points from the Baseline Review and the Benchmarking

- Financial performance of facilities (05/06) is below expectations – subsidy costs higher than budgeted and may not be sustainable in long term
- Facilities are in need of capital investment and budgeted spend for future years may need to be brought forward to attract an operator
- Poor co-ordination of facilities and absence of performance monitoring framework
- Recently appointed management team with the ability to bring a fresh perspective
- Possible in-efficiencies in staffing including overspends within central management

Implications to the Council for possible future delivery arrangements

- There is not a precedent for the Council to grant the discretionary element of national non-domestic rate relief. This may impact adversely on the attractiveness of this option to an existing trust operator.
- The time and cost implications of setting up a trust would need to be considered further by the Council to ensure the benefits outweigh the costs.
- To retain appropriate influence over the activities of the trust, it is essential that the Council identify suitably skilled and interested Councillors to sit on the Board.
- The service would need to be "ready for transfer". This may have financial implications for the Council.
- Should this approach generate financial savings then it would be up to the Council to decide whether to reinvest them, divert them to other services, or use them to reduce its overall budget.

Review of Management Options (9)

Procuring a leisure management contractor

Definition

Traditionally, a private sector operator is contracted to manage the service to a certain specification (under a management contract with a period of c. 5 – 10 years). Longer contracts (10 – 15 years) may involve some investment in the facilities by the contractors. There are also other possibilities such as partnering (two parties working collaboratively), and PPP/PFI.

'Strengths'

- This option can create cost savings (particularly if long-term arrangements considered)
- The Council will have direct access to specialist experience and knowledge which could be retained
- It is possible (as part of some management contracts) to get direct investment in to the facilities from the contractor
- The risk of under performance is transferred away from the Council to the operator
- There is an established market of contractors looking for suitable opportunities

'Risks'

- The Council would have limited control over the operation and management of facilities (as this will be a responsibility of the contractor)
- The contractor will require a profit and therefore there is a risk that financial savings may not be as great under this option as others discussed
- This option may prove inflexible should the Council wish to redevelop any of its facilities (due to specific terms and conditions of the contract agreed) which could impact upon meeting the Council's strategic objectives
- Unable to access VAT/NNDR benefits which increases the risk of not achieving financial savings
- There would be a cost for the procurement process

Relevant points from the Baseline Review and the Benchmarking

- Financial performance of facilities (05/06) is below expectations – subsidy costs higher than budgeted and may not be sustainable in long term
- Facilities are in need of capital investment and budgeted spend for future years may need to be brought forward to attract an operator
- Poor co-ordination of facilities and absence of performance monitoring framework
- Recently appointed management team with the ability to bring a fresh perspective
- Possible in-efficiencies in staffing including overspends within central management

Implications to the Council for possible future delivery arrangements

- The Council's interest in possibly incorporating other services into such a management contract with an operator (such as playing fields or other cultural services) may not be achievable as most contractors (e.g., DC Leisure, Leisure Connections and SLM) typically operate indoor leisure facilities only.
- As identified in the Baseline Review, a long-term contract could be negotiated in such a way that the management contractor contributes towards the capital investment requirements of the facilities. This could be attractive to the Council although any capital investment contributions by the contractor are likely to be reflected in their management fee / profit share agreement.
- The element of risk transfer under this option could be attractive to the Council. The degree of risk transfer would need to be explored and would be subject to negotiations with the appropriate contractor.

Review of Management Options (10)

Procuring a 'hybrid' solution

Definition

This could include various options. The most common is where the local authority contracts with a commercial operator to deliver the leisure service. The commercial operator establishes a trust in which to deliver the service to receive the tax and other financial benefits that a trust can offer.

'Strengths'

- Would achieve the NNDR benefit and under some arrangements it could also achieve the VAT benefit
- The private sector operator appointed may enhance the operating performance of the facilities (as they bring with them proven commercial experience and marketing expertise/branding)
- With a private sector partner, this could enable access to capital investment should this be required
- Access economies of scale through the parent company (e.g., marketing)
- There would be significant transfer of risk from the Council

'Risks'

- There is a risk that some hybrid options may not achieve the VAT benefit and therefore the potential financial savings identified under other options (this would depend on how the hybrid is structured)
- The provider will require a profit which will impact on any financial savings under this option
- There would be a cost for the procurement process

Relevant points from the Baseline Review and the Benchmarking

- Financial performance of facilities (05/06) is below expectations – subsidy costs higher than budgeted and may not be sustainable in long term
- Facilities are in need of capital investment and budgeted spend for future years may need to be brought forward to attract an operator
- Poor co-ordination of facilities and absence of performance monitoring framework
- Recently appointed management team with the ability to bring a fresh perspective
- Possible in-efficiencies in staffing including overspends within central management

Implications to the Council for possible future delivery arrangements

- This option could be attractive to the Council because it couples the potential financial savings³ that could be achieved under trust status with the experience of a large-scale leisure provider.
- Should this approach generate financial savings then it would be up to the Council to decide whether to reinvest them, divert them to other services, or use them to reduce its overall budget.
- There seems to be operator interest currently in 'hybrid' arrangements for appropriate opportunities.

³ Findings from the Audit Commission (Public Sports and Recreation Services – Making them fit for the future 2006) indicates that only 9 per cent of local authorities with a hybrid option re-invested savings back in to their leisure facilities. While this could be a risk for the Council, it would be within their control to stipulate that the savings be re-invested and therefore maximise the benefits under this option.

Review of Management Options (11)

Evaluation of available options

It is evident from the previous pages that there are a host of 'pros' and 'cons' associated with each of the possible delivery options available to the Council. There are also a wide range of criteria that could be used to evaluate the various options. For the purposes of this analysis, we have evaluated the various options against the following criteria:

- **potential to raise service quality levels** (i.e., *what is the potential for the option to improve the quality of the service?*);
- **Council control / influence** (i.e., *what would be the impact of the option on Council control or influence over the service?*);
- **potential cost savings** (i.e., *what is the potential for the option to generate cost savings?*);
- **potential for capital investment** (i.e., *what is the potential for investment in existing facilities?*);
- **potential to reduce Council's financial risk exposure** (e.g., *what is the opportunity for the option to reduce the Council's risk exposure including underwriting operating deficits, on-going facility refurbishment, etc.*); and
- **speed of implementation** (i.e., *how quickly could the option be implemented?*).

There are of course many other possible criteria that could be considered. For example, the corporate effect of each option (e.g., Council's support services)

The following matrix cross-tabulates the evaluation criteria against the various delivery options. In each case, a simple classification has been used where each option has been awarded a score of '1' to '5' against each criterion, as follows:

- '1' has been awarded to those options which strongly fail to meet a particular criterion;
- '2' has been awarded to those options which fail to meet a particular criterion;
- '3' has been awarded to those which would go some way to meeting a particular criterion;
- '4' has been awarded to those which meet particular criterion; and
- Those which have been awarded '5' are regarded as strongly meeting the evaluation criteria.

These classifications are, in themselves, subjective and open to discussion and debate. Nevertheless, they provide an indication – based on the evaluation criteria used - of those options that appear to be most appropriate for further detailed consideration by the Council. Supporting discussion on the choice of points awarded is provided in Appendix II.

It is important to highlight that for this evaluation, it has been assumed that each criterion has equal weighting. It may be that the Council regards certain criteria to be of more importance than others. If this is the case, a weighting should be introduced by the Council to investigate the impact on overall scores.

Review of Management Options (12)

Evaluation of available options

Option	Potential to raise service quality levels	Council control / influence in-line with strategic objectives	Potential Cost savings	Potential for increased capital investment	Potential to reduce Council's financial risk exposure	Speed of implementation	TOTAL
In-house delivery (the 'status quo')	2	5	1	1	1	5	15
In-sourcing (i.e. bringing in external management)	3	4	2	1	1	4	15
Joint arrangements with other authorities	2	3	2	1	1	3	12
Amalgamation into an existing leisure Non Profit Distributing Organisation (or 'Trust')	4	3	4	2	2	3	18
Establishment of a new leisure trust	2	4	3	2	1	2	14
Procuring a leisure management contractor	5	3	4	3	5	3	23
Procuring a 'hybrid' solution delivered by a leisure management contractor	5	4	5	3	5	3	25

Review of Management Options (13)

Evaluation of available options

Whilst we would not claim precision in the scoring approach adopted to undertake the options appraisal, a common theme emerges; that the “external” options (merging with an existing trust, contracting with a leisure management operator, or a hybrid) seem to offer a better fit with the objectives than the “internal” options (status quo, in-sourcing and an in-house leisure trust).

However, as mentioned previously, the Council may regard certain criteria to be more important to them than others. For example:

- *should the Council regard the ability to continue to have control and influence over the service to be paramount, continuing to manage the service ‘in house’ would clearly be the most appropriate option. However, if this option is taken forward, significant improvements to the existing performance of the delivery of the service would be required, given the issues and areas for improvement identified in the Baseline Review and the benchmarking exercise.*
- *should the Council consider the potential to raise the quality of the service as paramount, given current budgetary constraints within the Council it would seem that either procuring a leisure management contractor, or procuring a ‘hybrid’ solution would be appropriate.*

In addition, in considering the relative merits of each option and prior to making a decision, the Council should also consider the impact of each of the above in relation to other services that the Council delivers. This includes other cultural services as well as support services including ICT, legal, finance and other central services.

In terms of how the Council should proceed, we would argue that there is no need to distinguish at this stage between the different “external” options; all involve the selection of a partner organisation, and the Council would therefore need to follow a procurement process. In our view there is no reason why this procurement process cannot be structured to involve expressions of interest (or bids) from existing trusts, commercial operators and hybrids. The Council could therefore consider each of the bids on its merits rather than constraining competition by making an early judgement on which of the service delivery options it thinks will be best.

Operator Consultation (1)

Introduction and methodology

The purpose of this Section is to present the key findings from our discussions with leisure facility operators on their general level of interest in managing the Council's facilities.

The objective of having these discussions with the operators was to test the market in terms of the appeal of the Council's facilities in Oxford to a private sector / trust operator. The discussions also enabled us to confirm the viability of several options identified (where a private sector operator was required) in the previous Section and the initial appetite from the private sector for these options.

In completing these discussions with the operators KPMG emphasised that the expressions of interest were only initial and that the process did not constitute a formal tendering competition on behalf of the Council. As a result, the views of the operators expressed over the following pages should be viewed as preliminary only and are not bound by any commitment. Should the Council decide to procure a private sector leisure operator / trust, it will be necessary to go through a full competitive tendering process in order to demonstrate value for money and to identify a contractor that best meets the Council's objectives and requirements.

Methodology

As identified in our proposal to the Council (agreed by the Council on 7th April 2006), the method of identifying operator interest levels was:

- identifying and agreeing with the Council a list of 18 leisure operators / trusts to contact (identified in Appendix III);
- sending each operator a brief information pack outlining the opportunity of the leisure facilities in Oxford along with a short questionnaire for them to register levels of interest (see Appendix IV for an example); and
- following up by telephone with those operators that expressed some interest in the opportunity to understand more about the company and their preferences for engagement with the Council (i.e., management contract, trust, hosting and such like).

Operator Response and Key Findings

Of the 18 companies contacted, 13 responses were received. Based on our experience of undertaking this exercise for other local authorities, such a response rate is very positive and indicative of good operator interest in the market opportunity in Oxford. The responses were as follows:

- 11 were interested in operating ALL of the facilities;
- One operator was interested in working in partnership with the Council (over a period of 12 months or more) to identify areas of improvement, and through the use of specialist advisors who would work with the Leisure Services Team, implement changes; and
- One operator felt that this opportunity was not for them at this time, and were not therefore interested in operating any of the facilities.

On the next page we identify the operators who expressed an initial level of interest in the opportunity. Relevant discussion points from each operator (in particular with regards to their preferences for engagement with the Council) are presented over the following pages.

Operator Consultation (2)

Responses

The operators who expressed a positive level of interest in the opportunity are as follows:

Commercial Companies

- DC Leisure Management;
- Leisure Connection plc;
- Parkwood Leisure;
- Sports and Leisure Management; and
- Pro Leisure.

Trust Management Companies

- Aquaterra Leisure;
- CLS;
- Greenwich Leisure Limited;
- Hertsmere Leisure;
- Hounslow Sport and Recreation Services;
- SOLL Leisure; and
- Wychavon Leisure.

The reasons for interest, preferred working arrangements, examples of similar work, and preferred next steps of each of these operators are provided over the following pages.

Operator Consultation (3)

DC Leisure

DC Leisure Management	Response
Key Reasons for Interest	<p>DC Leisure Management ('DC Leisure') currently manages 118 leisure facilities in England, on behalf of 29 local authorities. Oxford would be a welcome addition to the DC Leisure portfolio.</p> <p>They view the location as fitting well with their strategic development plans. In particular, Oxford is less than an hour away from the DC Leisure head office in Birmingham. Oxford is also an area which the company are familiar with. For example, they operate facilities in the Vale of Whitehorse, a nearby authority.</p>
Possible Working Arrangements	<p>DC Leisure work in a number of different management arrangements so they are willing to be relatively flexible to meet the needs of the Council.</p> <p>DC Leisure would wish to manage any contract with the Council through a Not for Profit Distributing Organisation, called the Leisure and Community Partnership (LCP), which currently manages more than 50% of their existing contracts. With this model, the LCP would qualify for up to 100% NNDR relief which would be reflected in a lower management fee to the Council.</p> <p>The length of the contract would depend on the extent of capital being invested by DC Leisure as well as other typical contractual terms (which should be explored further with discussions between the Council DC Leisure). For a low capital, high risk contract DC Leisure would propose a period of 5 years. With up to £3m investment, DC Leisure would suggest 10 to 15 years for the contract period. For anything more than £3m DC Leisure would suggest a contract period of between 15 and 25 years. This would make it more affordable for the Council according to the operator.</p>
Examples of Work	<p>A facility which can be made available for viewing and that is nearby to Oxford is the Farnborough Recreation Centre. Other facilities include Fleming Park in Eastleigh - an example of a site which DC Leisure has invested heavily into. DC Leisure is also building new facilities in Elmbridge (a design, build, operate, and maintain arrangement) and in Wolverhampton (a PFI arrangement to develop a large aquatics centre).</p> <p>Any of the facilities in the DC Leisure portfolio can be made available to the Council for site visits.</p>
Possible Next Steps	<p>D C Leisure are very keen to talk about the opportunity further. This can be done informally if that would be preferable to the Council. They have stated that they have a very open and honest communication process and would be keen to talk through their portfolio in more detail to help the Council make informed decisions.</p>

Operator Consultation (4)

Leisure Connection plc

Leisure Connection plc	Response
Key Reasons for Interest	<p>The size and diversity of the project are the primary reasons for the interest of Leisure Connection. Oxford is also a geographical location where Leisure Connection are looking to re-establish a strong presence.</p>
Possible Working Arrangements	<p>Leisure Connection would prefer a 10 to 15 year contract depending on the amount of capital investment required.</p> <p>They would like to develop a 'true partnership approach' with a move away from traditional CCT contracts into one which has more split responsibilities for insurance, and maintenance of the pool and plant. The details of such arrangements would need to be discussed in more detail with the Council.</p> <p>Leisure Connection stated that they would also prefer a threshold to be agreed with the Council in terms of the value of replacement of items covered under the contract. For example, Leisure Connection would pay for the replacement of items up to an agreed value, with the Council taking responsibility for any replacement costs above the threshold.</p> <p>The terms identified above are a preferred working method, but Leisure Connection emphasise that they have worked under a number of different arrangements and would be happy to discuss arrangements further with the Council.</p>
Examples of Work	<p>Examples of facilities that Leisure Connection operate can be provided on request if that would be of interest to the Council.</p>
Possible Next Steps	<p>They are very keen to discuss with the Council the working arrangements and the next steps in more detail. Further detail about the facilities would need to be provided to inform the discussions.</p> <p>Leisure Connection is willing to arrange a site visit to the facilities which they currently operate to help the Council understand more detail about the operating arrangements that they already have in place.</p>

Operator Consultation (5)

Parkwood Leisure

Parkwood Leisure	Response
Key Reasons for Interest	<p>Parkwood Leisure view this opportunity as an attractive package in terms of the physical size of the facilities, the number of facilities involved, and the variety of services that are provided.</p> <p>The location of Oxford is also an attractive feature.</p> <p>Parkwood Leisure were also interested in the opportunity because it would be relatively straight forward to develop a contractual agreement given that the facilities are currently managed 'in-house' by the same entity – the Council.</p>
Possible Working Arrangements	<p>Whilst Parkwood Leisure stated that they would like to operate all of the facilities, they would also consider arrangements which allowed them to operate some of the facilities if the Council wanted to explore such an option.</p> <p>Based on the information available, Parkwood Leisure would envisage a standard management contract operating arrangement with the possibility of Parkwood making a provision for capital investment to be made in the facilities.</p> <p>Further detailed assessments would be required in terms of the operation of the facilities and discussions around contract terms with the Council but Parkwood Leisure would expect the arrangements to involve a 10 to 15 year contract.</p>
Examples of Work	<p>Parkwood Leisure operate five centres in Lewisham (London) which offer a mix of facilities. Some are 'wet' centres and some are 'dry' centres. They also vary in age and feature a new PFI building. The closest facility to Oxford would be the North Croft Leisure Centre.</p>
Possible Next Steps	<p>Parkwood are happy to discuss any elements of the working arrangements further with the Council. This can be done either formally or informally. Site visits to facilities in the Parkwood Leisure portfolio can be arranged on request.</p> <p>Further information about the facilities would be needed to allow for discussions to be taken further.</p>

Operator Consultation (6)

Sports and Leisure Management

Sports and Leisure Management	Response
Key Reasons for Interest	<p>SLM view Oxford as a good city location which has a good range of leisure facilities.</p> <p>SLM also worked with the Council several years ago regarding their leisure facilities and were impressed with the opportunity then. They are keen to invest in new opportunities and feel there could be a mutually beneficial arrangement to be made with the Council.</p>
Possible Working Arrangements	<p>SLM would want a partnership arrangement with services delivered by SLM operating subsidiaries and their charitable trust. SLM are willing to consider all arrangements for risk transfer and would anticipate incorporating an element of capital expenditure within their contractual agreement with the Council.</p> <p>SLM are willing to consider any length of contract but would expect to be able to deliver the best financial solution for the Council over a 10 year term.</p> <p>At this stage SLM highlight the need for more information about the facilities but stated that they are flexible in terms of the working arrangements and would welcome further discussion with the Council.</p>
Examples of Work	<p>Similar contracts to the Oxford opportunity include North East Lincolnshire and Ashfield, both of which include seven sites. These sites include a mix of facilities with 'wet' and 'dry' centres and an ice rink. Site visits for the Council can be arranged if requested.</p>
Possible Next Steps	<p>SLM would need to view the sites in Oxford and would then be keen to meet with the Council, either formally or informally. They would like to discuss the objectives of the Council in more detail and would then structure their tender / working arrangements accordingly.</p>

Operator Consultation (7)

Pro Leisure

Sports and Leisure Management	Response
Key Reasons for Interest	Pro Leisure were aware of the scale of operation at Oxford and viewed the opportunity as potentially attractive subject to further discussions with the Council.
Possible Working Arrangements	<p>Pro Leisure are a commercial company set up to provide management consultancy assistance to local authorities or trusts that operate leisure facilities. Their operating model takes a different form to most other consultancies as they offer longer term partnership working on-site with the client's leisure management team.</p> <p>Contracts are typically for a minimum of 12 months and Pro Leisure work closely with the client to identify areas of improvement, and then develop viable solutions that can be implemented with their assistance. Their approach is similar to the management contractor model discussed within this report as they work with the client and upskill members of the client's team by transferring knowledge and best practice.</p> <p>The first stage of Pro Leisure's work would be to run a 'diagnostic' test to compare the performance of the Council's facilities against a minimum of 50 key performance indicators. Once completed, Pro Leisure would advise the Council on areas for improvement and develop a transformation programme that they would help implement. The period of the contract would depend upon the output of the diagnostic test and the requirements of the Council.</p>
Examples of Work	Pro Leisure is a new company and was only established within the last 12 months. They are currently working with Sutton Community Leisure (set up to deliver leisure services on behalf of the London Borough of Sutton).
Possible Next Steps	Pro Leisure would be interested in discussing the operations of the Council's leisure facilities in more detail and would welcome a meeting to discuss the Council's objectives and requirements.

Operator Consultation (8)

Aquaterra Leisure

Aquaterra Leisure	Response
Key Reasons for Interest	Oxford is an attractive location in terms of accessibility. The facility mix on offer fits well with the core areas of expertise of Aquaterra Leisure.
Possible Working Arrangements	<p>Aquaterra Leisure foresees an increasing separation between the businesses of asset management, on one hand, and service delivery on the other. As a modestly-sized charitable trust, with limited capacity to carry significant building maintenance risk, the primary strategy of Aquaterra is to develop further as a service delivery business.</p> <p>They would be interested in managing the centres and also implementing core back-office / support services. Aquaterra see their key competencies as including for example, running membership services, managing gym-based fitness programmes, football development, IT systems for leisure, the back office functions of marketing, HR and finance, and outreach services within the community. These are likely to be key features of the working arrangements with the Council.</p> <p>Aquaterra would be very interested to talk to the Council about potentially more innovative ways of delivering the services, perhaps in partnership with a more assets-oriented company (or the Council itself), and based across the community as a whole rather than exclusively within the leisure centres.</p> <p>Aquaterra would not rule out a standard approach to working arrangements but think the Council may wish to consider light-touch contracts with Aquaterra to undertake specific objectives, working with existing staff (who would be TUPE transferred under a 'classic' leisure contract anyway) or another provider, rather than a large and expensive full-risk contract subject to months of negotiation and extensive legal costs on both sides.</p>
Examples of Work	Examples of Aquaterra Leisure's current contracts include Bath and North East Somerset (10 year contract) and Islington Leisure (15 year contract). Facilities operated under this contracts include wet and dry centres, golf courses, football pitches, and a concert venue. Sites can be viewed on request.
Possible Next Steps	Enter into further discussions to see how Aquaterra Leisure and the Council could form a working partnership.

Operator Consultation (9)

CLS

CLS	Response
Key Reasons for Interest	The primary reason for interest in the opportunity at Oxford is the mix of facilities involved. It would represent a large contract which CLS has experience in managing. CLS stated that these large contracts provide them with the greatest opportunity to add value.
Possible Working Arrangements	<p>CLS is experienced in a variety of contractual relationships and would consider any one of the following arrangements when entering into a working partnership with the Council:</p> <p>A) Full Repairing and Insuring Lease – Full responsibilities costed on the basis of a full condition survey identifying costs at current prices and planned implementation dates;</p> <p>B) Part Repairing and Insuring Lease – Agreed level of responsibility which is usually limited to items / works under an agreed price;</p> <p>C) Standard Landlord / Tenant Contract and Lease – Essentially, the Council retains responsibility for all major items of plant and equipment and structural matters;</p> <p>D) Standard Landlord / Tenant Contract and Lease with Council Repair and Maintenance Responsibilities Managed by CLS;</p> <p>E) Cost Plus Contract – The net cost of service is calculated after accounting for income and expenditure. The Charity's Central Support Fee and CLS contingency/surplus are calculated as a percentage of turnover and risks / rewards can be agreed and shared between the partners; and</p> <p>F) Management Partnership – CLS provide management expertise to Council staff for a fixed fee. The Council retain all the income but also pay all the expenditure. CLS receive a percentage of additional income or surplus above an agreed level.</p>
Examples of Work	Whitehorse Tennis and Leisure Centre in Abingdon – it is a mix use facility with indoor tennis, two pools, and sports halls. CLS will arrange site visits if that would be of interest to the Council.
Possible Next Steps	CLS are very open in their negotiations and are keen to discuss working arrangements further with the Council, on either a formal or an informal basis.

Operator Consultation (10)

Greenwich Leisure Ltd (GLL)

Greenwich Leisure Ltd	Response
Key Reasons for Interest	GLL operates exclusively within the M25 area. However, they have developed an operating model with Sutton Community Leisure Limited (SCLL) which they believe enables Councils within the South East region of England the opportunity to benefit from their combined expertise. GLL and SCLL have successfully used the model for the recent award of a 15 year contract to manage Rivermead Leisure Centre in Reading. There may be suitable opportunities to implement this model in Oxford.
Possible Working Arrangements	<p>GLL report that the model provides the local authority with the contractual / financial assurances and experience of the UK's largest not for profit organisation with the operational capacity of a locally focused partner.</p> <p>GLL would suggest an open book account with surplus share within a 10 to 15 year contract.</p> <p>Where capital investment is required, GLL suggest that the most cost effective route is for the Council to enact its Prudential borrowing powers, with repayments underwritten through a contract fee reduction.</p> <p>Either a full repairing or land lord tenant lease is workable. The possible working arrangements are something which GLL will be keen to discuss further.</p>
Examples of Work	Facilities which are operated by GLL can be discussed in more detail if that would be beneficial to the Council. The key contact is Chris Symons (contact details are provided in Appendix III)
Possible Next Steps	GLL have indicated that they are keen to be involved in the opportunity at this stage but they would need more information about the facilities involved.

Operator Consultation (11)

Hertsmere Leisure

Hertsmere Leisure	Response
Key Reasons for Interest	Hertsmere Leisure have successfully bid to operate facilities in Three Rivers, and Milton Keynes. This opportunity would allow them to further develop their portfolio within a similar geographical area.
Possible Working Arrangements	<p>Hertsmere would be happy to respond to any tender specification prepared by the Council as part of exposing the existing leisure services to competition. Alternatively Hertsmere Leisure, as a registered charity, is looking to work in partnership with organisations on an 'open book' accounting basis.</p> <p>Hertsmere currently manage three contracts, two in response to a tender specification including a management fee. The arrangements with these Councils are currently between 7 and 10 years in duration. At this stage Hertsmere would be seeking a similar length of contract for any new arrangements with the Council.</p> <p>Alternatively, if the Council were considering the creation of a trust to manage the services, Hertsmere have stated that they would welcome the opportunity to be involved in the process as well.</p>
Examples of Work	<p>The facilities in Hertsmere provide a good representation of the way in which Hertsmere Leisure operates facilities. The sites can be viewed on request.</p> <p>The centres in both the Three Rivers and Milton Keynes locations can also be visited by the Council if requested.</p>
Possible Next Steps	Hertsmere would be keen to enter into discussions with the Council to review the preferred working arrangements.

Operator Consultation (12)

Hounslow Sport and Recreation Services (CIP Group)

CIP Group	Response
Key Reasons for Interest	<p>The trust was set up in 1998 and this opportunity fits well with their strategic objectives to explore expansion opportunities.</p> <p>CIP Group do not have experience of operating an ice rink but they seen this as an opportunity to broaden their portfolio of facilities.</p> <p>Hounslow are only just beginning to look at expansion projects in other locations but have stated that they would be able to provide cost savings to the Council based on their experience to date.</p>
Possible Working Arrangements	<p>CIP group would create a separate company to deliver leisure services on behalf of the Council. This company would take the form of a Non-Profit Distributing Organisation (NPDO), with charitable intent and be limited by guarantee. It would also have the option to secure charitable status. The new company would have its own Board sourced from the local community, CIP and/or if required, a nominee from the Council. It is envisaged by the operator that the new company would also have the potential to deliver other services to Oxford in the future.</p> <p>CIP uses a charitable trust model as a method of delivering leisure services to local authorities. The CIP group structure is designed to allow for the creation of a free standing trust in any other local authority as part of the CIP group. As identified within the previous Section, the following benefits can be achieved:</p> <ul style="list-style-type: none"> • Taxation savings on non-domestic rates and potential VAT savings; • External funding opportunities; • Operating on a fully commercial basis with a non-profit distributing ethos; • Delivering a local strategic partnership for service delivery; and • Economies of scale – a low corporate overhead.
Examples of Work	<p>Hounslow has a selection of 'wet' and 'dry' centres as well as a golf course and dual use facilities. Site visits can be arranged to any of the facilities on request.</p>
Possible Next Steps	<p>CIP Group are happy to meet either formally or informally with the Council to discuss the opportunity further and understand more about the individual facilities.</p>

Operator Consultation (13)

SOLL Leisure

SOLL	Response
Key Reasons for Interest	<p>SOLL are familiar with the Oxford area and also with the facilities described in the opportunity as they currently manage facilities in South Oxfordshire. SOLL are also locally based.</p> <p>SOLL have charitable aims. This opportunity would fit well with the strategic objective of expanding the charitable provision to a greater proportion of the population in and around Oxfordshire.</p>
Possible Working Arrangements	<p>The SOLL Leisure Group is able to provide a unique proposition to local authority partners. In the first instance SOLL would envisage that a subsidiary of the SOLL Leisure Group would be established to operate the leisure facilities owned by the Council.</p> <p>This trading subsidiary would be a private limited company and a registered charity. All surpluses created within the facilities would be available for investment in the administrative area of the Council.</p> <p>One possibility to explore may be the option of bringing the brands together of current SOLL facilities and those owned by the Council. This would need to be discussed further with the Council.</p> <p>SOLL would prefer a management agreement which would be for a period of at least ten years.</p>
Examples of Work	<p>In South Oxfordshire there are eight facilities which are dual use and operated by SOLL. Guided visits to any of the sites can be arranged on request.</p>
Possible Next Steps	<p>SOLL would like to see negotiated procurement with the Council selecting a partner based on their principles and strategic alignment. More detailed discussions would need to take place about the facilities and the objectives of the Council. SOLL are keen to meet (either formally or informally) to discuss the opportunity.</p>

Operator Consultation (14)

Wychavon Leisure Ltd

Wychavon Leisure Ltd	Response
Key Reasons for Interest	<p>As part of its own business strategy, Wychavon Leisure Ltd ('Wychavon') is keen to identify other opportunities at local authorities to expand its portfolio.</p> <p>Wychavon view Oxford as being a good geographical location for them as it is close enough to Wychavon to be effectively managed yet far enough away to ensure the facilities do not compete for the same catchment market.</p>
Possible Working Arrangements	<p>Wychavon have stated that they are open to discussions with the Council on the possible working arrangements. At this stage, their preference is to operate under a partnership framework. The partnership framework which they employ is flexible to meet the particular needs of the partners. However, Wychavon has stated that the pre-requisites of the agreement require:</p> <ul style="list-style-type: none"> • A realistic expectation of the costs of operating the service; • A commitment to both continuous improvement and sector leading quality of service; • A genuine desire to work with a partner rather than a contractor; • The flexibility to maximise the tax based advantages available to a genuine not for profit operator and the Council to improve the portfolio; • A commitment to investing in the building stock either through the Council's own resources or alternative funding approaches; • Realistic time scales to properly investigate the opportunities presented; • A minimum of a five year term, with a preference for ten to fifteen years with the Council retaining responsibility as landlords for the structure of the buildings and replacement of major plant thereby maximising tax advantages and reducing the costs of services; • Realistic risks and rewards; and • A commitment to making decisions locally which reflect local priorities.
Examples of Work	<p>The three core sites in Wychavon would be the most suitable but they are happy to arrange site visits to any facility in their portfolio. Council member representation at site visits can also be arranged if requested.</p>
Possible Next Steps	<p>More detail about the facilities and their operating performance would be needed. Further detail would also be required about the objectives that the Council would like to achieve from this exercise.</p> <p>Wychavon would like the opportunity to tour the facilities, and perhaps meet Council representatives to enter into further discussions.</p>

Operator Consultation (15)

Observations

A number of observations can be made in relation to the review of operator Consultation, including the following:

- Based on the information distributed to potential operators to date, 11 positive responses (from 17 operators) were returned. This illustrates a very high level of interest in this opportunity from operators;
- The reasons for interest in the opportunity primarily included the scale of the opportunity and the diverse portfolio of facilities. Oxford also appears to be an attractive geographical location to operators and is viewed as being a high profile area and accessible;
- A wide range of management arrangements have been put forward by operators, including a standard management contract agreement between the Council and an operator (or a charitable trading arm of an operator to receive tax benefits) through to various trust options including an amalgamation into an existing NPDO, the establishment of a new trust, and various hybrid solutions. Clearly there are a range of potentially viable options available to the Council that operators are willing to consider further. Whilst operators will often provide a preferred working model, they have all indicated flexibility in their approach to meet the needs of the Council;
- Operators are keen to see a strategic fit between themselves and the Council. As a result, the Council need to be very clear about the strategic objectives they have for the management and delivery of their leisure facilities. This requires consideration over the medium to long-term as well as the short term as certain operators favoured contracts of a minimum of 10 years;
- Operators were prepared (in principle) to enter into an agreement with the Council to fund some of the capital expenditure requirements. This was however on the condition that contracts were long-term (10 years plus) rather than short-term;
- All operators are willing to offer site visits to the Council staff / members to show how the management arrangements at their facilities work in practice. These site visits may help to provide further useful information to the Council in selecting the management model which would be most appropriate;
- Given the early stage of discussions around this opportunity, operators would like more information around key aspects such as likely levels of capital investment required. This will then influence their considerations of the key components of any arrangements, most notably contract length and degree of risk transfer;
- In a number of cases, operators are keen to discuss the opportunity informally to talk about possible working relationships.

Conclusions

By way of conclusion, we make the following comments:

- The Council has expressed an interest in investigating the range of options available to it for the delivery of its leisure service. In this report, the current performance and status of the Council's leisure service has been reviewed to provide an understanding of the 'baseline' position. This has been based on (1) a review of the Council's Leisure Best Value Review' of its indoor facilities (dated April 2006), and (2) KPMG's benchmarking review of comparator leisure services (which was undertaken in May 2006 in parallel to this review of management options).
- There are a host of options available for the management of the Council's leisure service, as follows: continuing with in house delivery; in-sourcing; joint arrangements with other local authorities; transferring the service into an existing leisure trust; establishing a new leisure trust; procuring a leisure management contractor to operate the facilities; and procuring a 'hybrid' solution. There are clearly 'pros' and 'cons' - from the perspective of the Council - associated with each option.
- In order to identify those options which appear to be most appropriate for further detailed analysis (including analysing financial implications), a set of evaluation criteria were developed. These were as follows: the potential of the option to raise service quality levels; Council control / influence; potential for cost savings; potential for capital investment; potential to reduce the Council's financial risk exposure; and speed of implementation.
- Based on evaluating the various options against these criteria, it seems that the options which offer the most potential are as follows:
 - procuring a 'hybrid' solution delivered by a leisure management contractor;
 - procuring a leisure management contractor;
 - amalgamation into an existing leisure Non Profit Distributing Organisation (or 'Trust'); and
 - in-house delivery (the 'status quo').
- However, the Council may consider certain criteria to be more important than others. Given this, a variety of different outcomes may be found. For example:
 - *should the Council regard the ability to continue to have control and influence over the service to be paramount, continuing to manage the service 'in house' would clearly be the most appropriate option. However, if this option is taken forward, significant improvements to the existing performance of the delivery of the service would be required (given the issues and areas for improvement identified in the Baseline Review and the benchmarking exercise);*
 - *should the Council consider the potential to raise the quality of the service as paramount, given current budgetary constraints within the Council it would seem that either procuring a leisure management contractor, or procuring a 'hybrid' solution delivered by a leisure management contractor would be appropriate; or*
 - *should cost savings be the primary objective, this would suggest either the amalgamation into an existing leisure, or procuring a 'hybrid' solution delivered by a leisure management contractor to be preferable.*

Next Steps

This review of the management options open to the Council has highlighted a number of potentially viable solutions that could be taken forward. Those that registered the highest scores (following the evaluation matrix exercise) can be classified as follows:

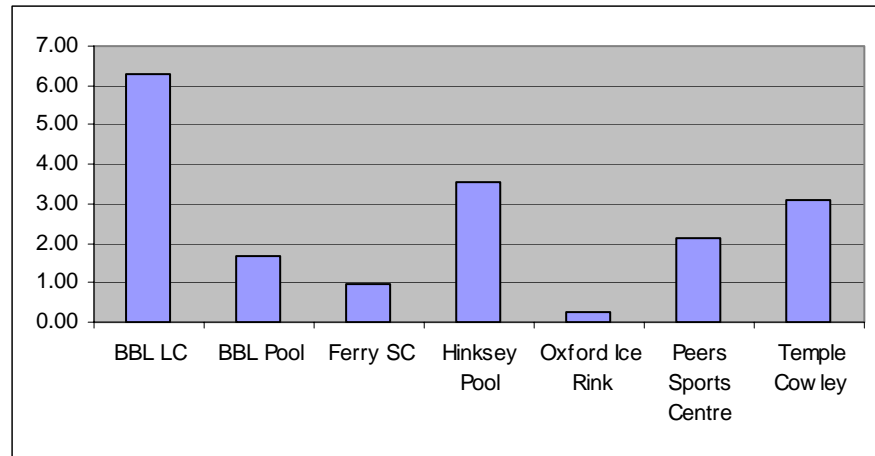
- those that involve procuring a partner, namely:
 - procuring a 'hybrid' solution delivered by a leisure management contractor;
 - procuring a leisure management contractor; and
 - amalgamation into an existing leisure Non Profit Distributing Organisation (or 'Trust')
- the in-house option

The preliminary market testing indicates a significant interest from third parties. As discussed, a variety of possible working arrangements have been put forward by the operators. In light of this, and given that three third party procurement options, scored so highly during the options appraisal, we recommend that the Council explores third party procurement options in more detail. Should the Council agree with this view, we recommend the following:

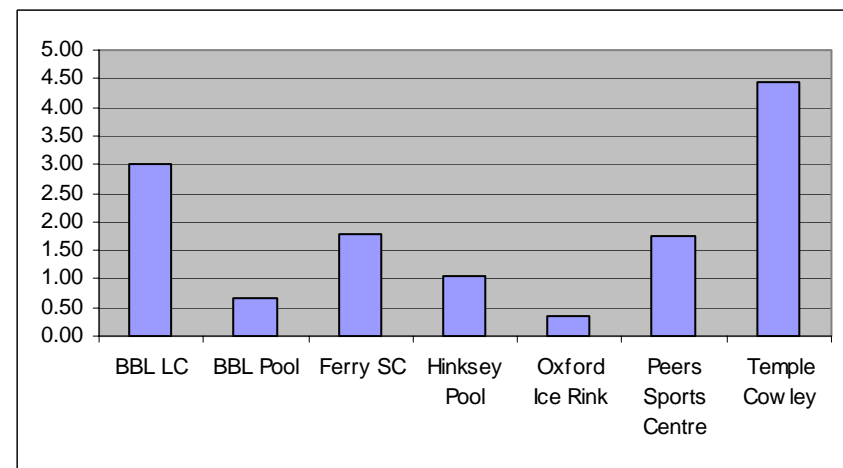
- The Council agrees its objectives and priorities for the leisure service, and confirms the facilities that constitute the opportunity (from the perspective of third parties);
- The Council develops a formal opportunity prospectus (i.e., a document that summarises the key physical, market, operational and financial characteristics of the opportunity); and
- The opportunity should then be put out to the market (through normal procurement routes). Clearly, this should include those operators that have already expressed an interest in the opportunity. The purpose of this would be to enter into dialogue with interested parties, and investigate those that offer most potential (against the Council's objectives and priorities for the service).

Appendix I – Facility Performance Information

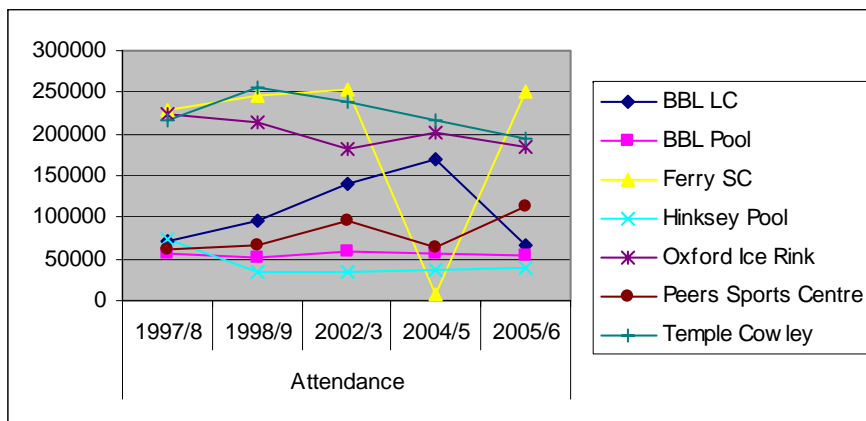
Net Cost Per Attendee by Facility



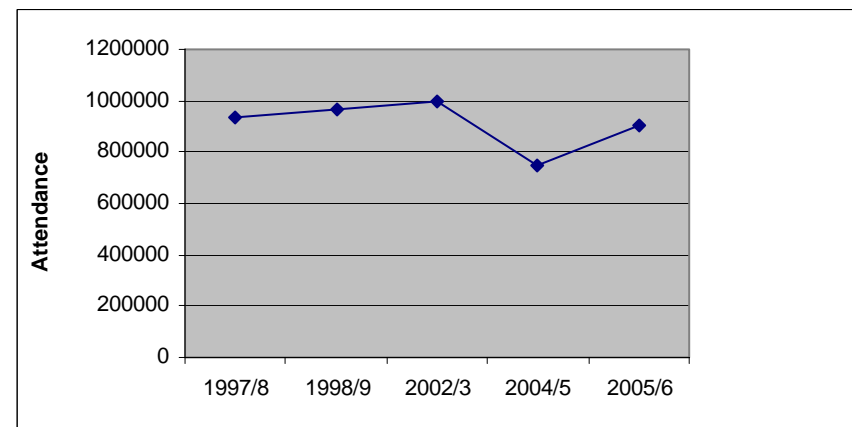
Net Cost Per Head of Population by Facility



Total Attendance by Facility (1997-06)



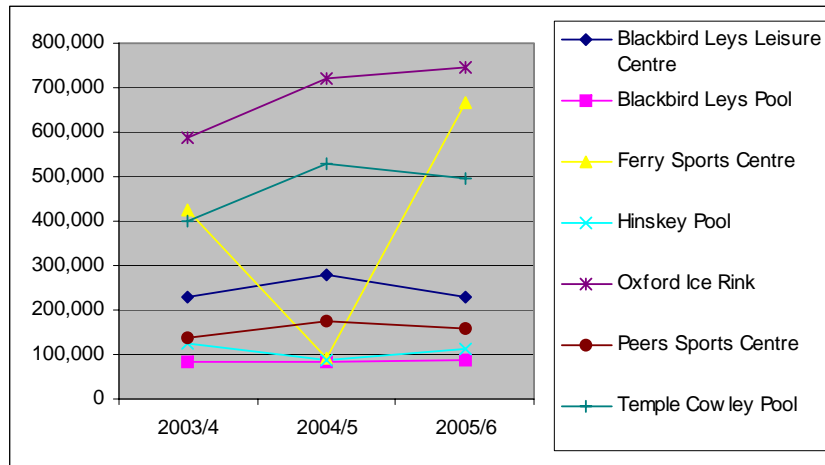
Total Attendance at all Facilities (1997-06)



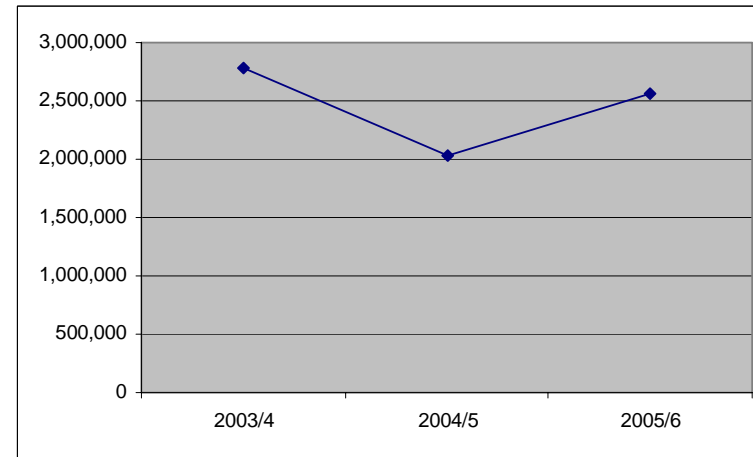
Source: Oxford City Council

Appendix I – Facility Performance Information

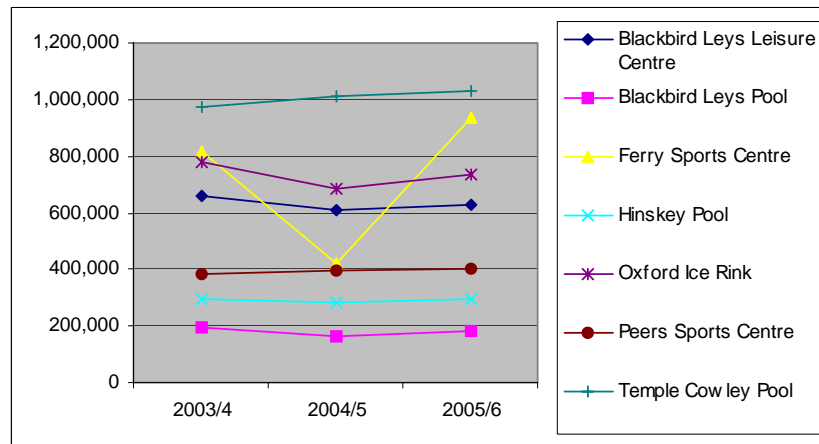
Annual Income by Facility (2003-06)



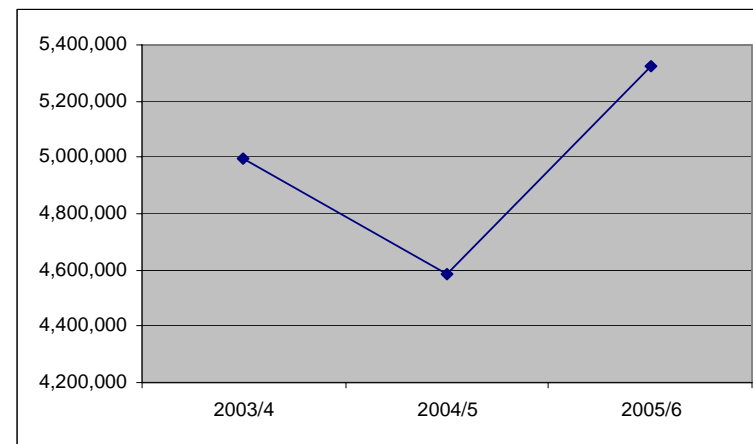
Total Income of all Facilities (2003-06)



Total Annual Expenditure by Facility (2003-06)



Total Annual Expenditure at all Facilities (2003-06)



Source: Oxford City Council



Appendix II – Options Evaluation Matrix – Supporting Discussion

The following table provides further discussion on the points awarded in the options evaluation matrix contained within this report. It should be noted that the approach adopted for the options evaluation is subjective and therefore open to interpretation by different persons reading this report.

Option	Potential to raise service quality levels	Council control / influence in line with strategic objectives	Potential Cost savings	Potential for increased capital investment	Potential to reduce Council's financial risk exposure	Speed of implementation
In-house delivery (the 'status quo')	2 <ul style="list-style-type: none"> Based on historic performance to-date Recognition that new leisure strategy could deliver improvements 	5 <ul style="list-style-type: none"> Council would maintain complete control 	1 <ul style="list-style-type: none"> Based on historic performance, least likely of all options to deliver cost savings 	1 <ul style="list-style-type: none"> Unlikely that capex budgets will increase given current financial pressures on Council spending 	1 <ul style="list-style-type: none"> No change in risk profile 	5 <ul style="list-style-type: none"> No requirement for change – therefore no time delays
In-sourcing (i.e. bringing in external management)	3 <ul style="list-style-type: none"> Opportunity to bring in senior staff with proven expertise – upskill workforce and deliver improved service 	4 <ul style="list-style-type: none"> Council would retain a high element of control through the management contract but the contractor would want some flexibility 	2 <ul style="list-style-type: none"> Expertise of external management could deliver greater cost savings than under 'in-house' option. The cost of this option would impact on the true cost saving potential for the Council 	1 <ul style="list-style-type: none"> Limited appetite among private sector to include capital investment in a local authority's facilities under this option 	1 <ul style="list-style-type: none"> No transfer of risk in terms of the operation of the facilities. Council still retains all risk 	4 <ul style="list-style-type: none"> Procurement option still required but it is assumed at this stage that the size of this contract would be below OJEU threshold and could therefore be done quicker than some of the other options presented
Joint arrangements with other authorities	2 <ul style="list-style-type: none"> Some opportunity to pool knowledge and learn from best practice with other authority but unlikely to be as effective as some of the other options considered 	3 <ul style="list-style-type: none"> Council would retain input (as joint arrangement) in to control of facilities but different objectives, procedures etc could present risk 	2 <ul style="list-style-type: none"> Limited cost efficiencies (no NNDR, VAT savings) under this option and cost savings would be dependent upon quality and ability of partner authority 	1 <ul style="list-style-type: none"> Unlikely that partner authority would be willing to invest additional capex in to the Council's facilities – given its own financial pressures 	1 <ul style="list-style-type: none"> Likely to be virtually no risk transfer away from Council 	3 <ul style="list-style-type: none"> Identifying a suitable partner authority and assimilating the partner's procedures, objectives, branding etc may take time but is likely to be quicker than establishing a new trust

Appendix II – Options Evaluation Matrix – Supporting Discussion

Option	Potential to raise service quality levels	Council control / influence in line with strategic objectives	Potential Cost savings	Potential for increased capital investment	Potential to reduce Council's financial risk exposure	Speed of implementation
Amalgamation into an existing leisure Non Profit Distributing Organisation (or 'Trust')	4 <ul style="list-style-type: none"> The Council would benefit from trust's experience and knowledge from operations elsewhere 	3 <ul style="list-style-type: none"> The Council would still retain an element of control over trust but is unlikely to be as high as under in-sourcing or in-house 	4 <ul style="list-style-type: none"> Would access VAT/NNDR benefits and offer some potential for economies of scale 	2 <ul style="list-style-type: none"> Some potential for capital investment but existing commitments to other operations may limit capex contributions 	2 <ul style="list-style-type: none"> Likely that new agreement would be setup as subsidiary of existing trust in order to protect against risk. Therefore, risk transfer away from Council may be limited. 	3 <ul style="list-style-type: none"> Entering in to an existing trust would be quicker than the Council establishing a new leisure trust
Establishment of a new leisure trust	2 <ul style="list-style-type: none"> Same as in-house delivery 	4 <ul style="list-style-type: none"> Council would retain close control over the activities of the trust 	3 <ul style="list-style-type: none"> Would access VAT/NNDR benefits, but these would be offset (at least in part) by higher implementation costs and some increased running costs (e.g., new CEO, Director of Finance etc) 	2 <ul style="list-style-type: none"> Some opportunities to increase capex by accessing funding sources that are not available to the Council 	1 <ul style="list-style-type: none"> Likely to be virtually no risk transfer away from Council under this option 	2 <ul style="list-style-type: none"> Time delays under this option are likely to be the greatest of the options considered (up to 12 months)
Procuring a leisure management contractor	5 <ul style="list-style-type: none"> Significant long-term improvements can be realised though the operators wider experience and expertise 	3 <ul style="list-style-type: none"> Council control maybe lower in this instance than under in-sourcing as operators seeking long-term contracts could require greater input into the operation of the facilities to maximise their returns 	4 <ul style="list-style-type: none"> Cost savings are likely to be high (particularly if agreed over a long-term period). However, procuring a management contractor, and the profits required by the contractor impact on the overall cost savings 	3 <ul style="list-style-type: none"> The longer the term of contract the greater the opportunity to benefit from the contractors capex budgets. 	5 <ul style="list-style-type: none"> Risk transfer is potentially greatest under this option but details of the management contract would need to be explored and negotiated with the appropriate contractor 	3 <ul style="list-style-type: none"> The procurement process could take several months but would not be as time intensive as establishing a new leisure trust

Appendix II – Options Evaluation Matrix – Supporting Discussion

Option	Potential to raise service quality levels	Council control / influence in line with strategic objectives	Potential Cost savings	Potential for increased capital investment	Potential to reduce Council's financial risk exposure	Speed of implementation
Procuring a 'hybrid' solution delivered by a leisure management contractor	5 <ul style="list-style-type: none"> • Same as for leisure management contractor option 	4 <ul style="list-style-type: none"> • The Council would be able to retain a high degree of control under this option and would be able to stipulate, through a contract, the specific requirements of the operator • The Council would also be able to nominate Members to sit on the trust board (as with the new trust option) 	5 <ul style="list-style-type: none"> • This option potentially delivers the highest potential cost savings through the appointment of an experienced leisure operator (with a commercial approach and economies of scale) which then establishes a trust to achieve the NDR savings and VAT benefits. 	3 <ul style="list-style-type: none"> • Could access sources of funding not available to the Council and would have greater expertise to bid. • May get some investment from the parent company 	5 <ul style="list-style-type: none"> • Financial risks could be transferred to the leisure management contractor under this options which could prove attractive to the Council 	3 <ul style="list-style-type: none"> • As with the previous option, the procurement process could take several months but would not be as time intensive as establishing a new leisure trust

Appendix III – Operator Contact Details

The following list of fitness companies / trust management companies were contacted as part of this review to discuss their interest (in-principle) in the opportunity of managing the leisure facilities on behalf of the Council.

Company Name	Contact Name	Telephone	Fax	Email
Fitness Companies				
DC Leisure Management	Ian Morey	01276 853 700	01276 853 729	ianmorey@dcleisure.co.uk
Leisure Connection plc	Lisa Harrison	01908 335 170	01908 368 052	Lisa.harrison@leisureconnection.co.uk
Parkwood Leisure	Kirsty Rose	01299 253 400	01299 253 444	Kirsty.rose@parkwood-leisure.co.uk
Serco	Ian Phelps	0116 240 7500	0116 240 7555	Not available
Sports and Leisure Management	Andy Howarth	01455 890 512	01455 890 512	andyhowarth@slm-ltd.co.uk
Pro Leisure	Nick Mason	0845 603 5029	-	Nick.mason@proleisure.org
Trust Management Companies				
Aquaterra Leisure	Jonathan Gibbs	020 7689 9841	020 7689 9848	Jonathan.gibbs@aquaterra.org
Basingstoke and District Sports Trust Ltd	Steve Combes	01256 326 331	01256302 223	Not available
CLS	Kate Flynn	01252 532 020	01252 511 508	Kate.flynn@communityleisure.co.uk
Freedom Leisure	Ivan Horsfall Turner	01825 747 710	01825 747 710	ivan.horsfallturner@freedom-leisure.co.uk
Greenwich Leisure Limited	Chris Symons	020 8317 5037	020 8317 5021	Chris.symons@gll.org
Hertsmere Leisure	Ian Pluck	020 8386 4044	020 8286 9806	ian.pluck@kertsmereleisure.co.uk
Hounslow Sport and Recreation Services	Keith Newton	020 8898 1380	020 8898 1380	Keith.newton@cip.org.uk
Impulse Leisure	Mike Baden	01375 375 533	01375 375 533	Not available
SOLL Leisure	Mark Jagers	01865 408 380	01865 408 388	mjagers@soll-leisure.co.uk
South Gloucestershire Leisure	Peter Williams (Interim)	01454 865 798	01454 867 048	Not available
Wychavon Leisure Community Associates Ltd	Peter Williams	01386 562 931	01386 562 948	Not available
Wycombe Leisure	Rick Durrant	01628 405 200	01494 784 936	Not available

Appendix IV – Feedback Form and Opportunity Description

LEISURE FACILITY MANAGEMENT OPPORTUNITY
OXFORD CITY COUNCIL
FEEDBACK FORM

Thank you for completing this two-page feedback form.

Please complete each of the following questions as fully as possible in the spaces provided. Please feel free to use additional sheets of paper if required.

Please return this form by Thursday 25th May 2006 to Adam Caldwell of KPMG by fax or email - contact details are at the end of the feedback form.

Name: _____ **Company:** _____

1) Based on the information provided to date, are you interested in managing/operating all, some, or none of the Council's leisure facilities?

(Please tick box and add further details where appropriate in the space provided)

All:

Some: (if 'some', which ones?)

None: (if 'none', why not?)

2) If you are interested in managing/operating all or some of the Council's leisure facilities what type of arrangements would you consider? (Please answer in the space provided)

3) Would you like to be contacted about this opportunity at a later date? (Please tick box)

Yes:

No:

Once you have completed this form, please return it to Adam Caldwell of KPMG by fax or email:

Fax:

Adam Caldwell, KPMG - 0161 838 4040

Email:

Adam.Caldwell@kpmg.co.uk

Thank you once again for your time

Appendix IV (2)

LEISURE MANAGEMENT OPPORTUNITY – OXFORD CITY COUNCIL

KEY INFORMATION

Background

Oxford City Council is keen to explore opportunities to provide the highest quality leisure facilities to the community. In order to do this, the Council is considering alternative management options to the current 'in-house' approach for the leisure facilities described in this document.

The Council have appointed KPMG to contact operators who may have an interest in this opportunity.

Below, we summarise the Council's portfolio of leisure facilities to assist you in forming an initial view as to whether this opportunity is of interest to you or not.

If you choose to state an interest in the opportunity there are no legal obligations to deliver a scheme at this time. We are simply seeking to assess initial levels of interest.

Facilities

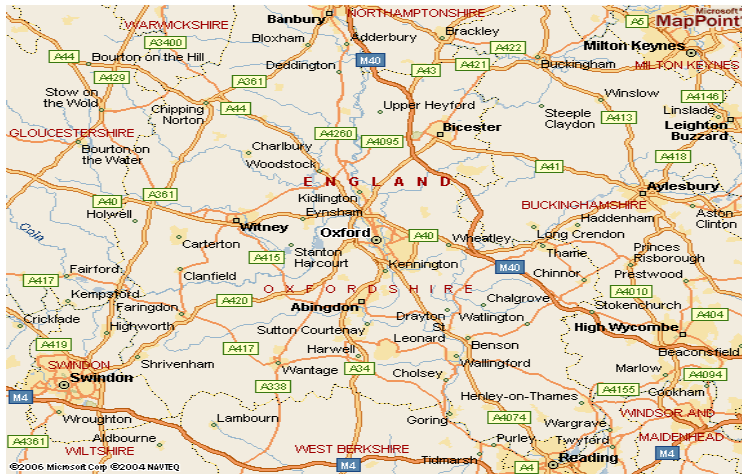
Facility	Gross Internal Floor Area (m2)	Details
Ice Rink, Oxpens Road (A)	3,500	The ice rink is located approximately 10 minutes walk away from the city centre and the railway station. The ice rink currently offers public skating, lessons, and is available for private hire.
Ferry Sports Centre (B)	3,200	The sports centre has two swimming pools – a learner pool and a main pool (6 lanes x 25m). The centre offers an 'Aspires' fitness facility (Aspires is the brand for Oxford City Council health and fitness) which includes 50 cardio vascular and resistance stations (supplied by Precor), as well as free weights facilities and an area for fitness classes. Additional sports facilities include a sports hall, a dance studio, and 3 squash courts.
Temple Cowley Sports Centre (C)	2,600	The sports centre is located approximately 2.5 miles South East of Oxford city centre. The fitness suite includes 20 stations (cardio vascular and resistance). Fitness classes are provided and there are also sauna and steam room facilities available. There are two swimming pools – a learner pool (11m x 11m) and a main pool (25m x 18m). The swimming pools currently offer general swimming, lessons, and water workout classes.

Hinksey Pools (D)	55 (office space)	Hinksey Pools is located approximately 1 mile South of the city centre. The facility provides a heated outdoor pool with a beach style slope entry making it accessible for wheelchair users. The length of the pool is 33m at the widest point of the pool.
Blackbird Leys Leisure Centre (E)	3,400	The leisure centre is approximately 5 miles away from the city centre. There is an 'Aspires' fitness suite located on the site which is a newly built facility. The sports hall has also been built recently. The Centre offers meeting and conference facilities on-site and a family room and multi activity hub are due to be completed within the next few weeks.
Blackbird Leys Swimming Pool (As above – E)	460	The swimming pool is located closely to the Blackbird Leys Leisure Centre, and is only a few minutes walk away. The pool (18m x 8m) is currently used for general swimming, lessons, private hire, and water workout classes. The pool is also DDA compliant.
Barton Swimming Pool (F)	1,300	Located in East Oxford, the facility provides a new swimming pool and a multi activity room. The swimming pool is 25m long and has 4 lanes. The facility is currently used for general swimming, private parties, and fitness classes.
Peers Sports Centre (G)	2,365	The facility is a multi use centre which provides a swimming pool and a sports hall. The swimming pool is 20m long x 8m in width. The facility also provides tennis courts and three squash courts (two of which are glass backed). The sports centre is also DDA compliant.

Appendix IV (3)

Location

The following maps displays the location of Oxford and the location of the City Council's indoor leisure facilities (the letters relate to the key in the table above).



The Opportunity

In summary, the key attributes of the opportunity are:

- A range of leisure facilities which include fitness suites, swimming pools, sports halls, multi activity facilities, and an ice rink;
- Facilities in a variety of locations and within a large potential catchment market;
- 'Aspires' fitness suites which offer modern fitness equipment;
- The Council flexibility to consider all possible operating / managing options; and
- A Council who are highly receptive to new ideas.

Next Steps

Please complete the feedback form (on the first two pages of this document) and return it to Adam Caldwell of KPMG.

KPMG will then contact you to discuss the opportunity and your operating preferences in more detail.

Oxford City Council will then decide how they would like to take the opportunity forward and agree working arrangements with the chosen partner.