

Report of: Interim Executive Director, City Services
To: Executive Board
Date: 17th March 2008 **Item No.**
Title of Report : Market Testing Leisure Facilities

Summary and Recommendations

Purpose of report: To grant project approval for the commencement of a market testing exercise in respect of leisure facilities

Key decision: No

Portfolio Holder: Councillor David Rundle

Scrutiny Responsibility: Environment

Ward(s) affected: All

Report Approved by: Councillor Rundle, Portfolio Holder
Jeremy Thomas, Legal,
Sue Shutter, Human Resources
Christopher Kaye, Finance
Jane Lubbock Procurement

Policy Framework: n/a

Recommendation(s):

- That project approval be granted to commence the market testing of leisure facilities
- That the Director City Services be given delegated authority in line with the Constitution to appoint consultants to support the project
- That £75,000 is allocated from the Invest to Save Fund to support the project
- That a cross party member advisory group of Portfolio Holder and Leader or Leader's nominee from the Liberal Democrat, Labour and Green Groups be formed to support the officers in the implementation of the project.

Body of report

1. In setting the 2008/09 budget Council included savings to be achieved entitled "Introduce Leisure Charitable Trust in 3rd Quarter." With savings targets as follows:-

£	£	£
2008/2009	2009/2010	2010/2011
(30,000)	(700,000)	(700,000)

2. These are substantial savings and much needs to be achieved to realise them. It is therefore crucial to make an early start on the market testing exercise.
3. It is your officer's advice that the Council should move directly to "firm" market testing, meaning that there will be formal invitations, specification, draft contract, identification of preferred contractor and a firm price on offer should the Council choose to accept it.
4. This advice is based on the timescales set to achieve the savings and the need to have a firm proposal to compare with the cost of the in house alternative.
5. Whilst the market testing exercise is being conducted the Leisure Services Steering Group will continue its work to improve the value for money achieved by the in house service in order that it will be in its best position for comparison.
6. At this stage the outline project plan suggests that the market testing could be completed by October 2008 – this is a tight and demanding timetable.
7. This is a significant piece of work requiring rigorous and detailed work around current costs and potential future changes. An internal project team with a full time project manager will be formed.
8. It is intended to keep members informed about progress on the project through a cross party advisory group and that key decision points for example, selection of shortlist for potential tenderers, will be brought to the Executive. Other matters will require member decisions, particularly around issues such as the level of member involvement on the board of any local trust arrangement, how fees and changes would be set and concessions policy.
9. The market testing exercise could lead to a major transaction involving financial, property and human resource issues.

10. It is therefore proposed to secure specialist external support particularly in respect of legal, financial and private sector leisure expertise. It is estimated that £75,000 would be required to complete this market testing. If the Council then decided to transfer the service further costs would be incurred.
11. A business case supporting the need for this project in the Council's revised standard format is attached as an appendix.

Recommendations

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Report Author:

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Background papers: None