

**Report of the Director of Services**

**Redwell and Waendel Leisure Centres: Contract Extension to 31.03.14**

**1 Purpose of report**

To seek authority to extend the current contact between the council and DC Leisure Limited for the management and operation of the Waendel and Redwell Leisure Centres.

**2 Executive summary**

The council's contract with DC Leisure Limited (DCLL) for the management and operation of the Waendel and Redwell Leisure Centres ends on 30 September 2013. Members are requested to extend the contract by a further six months to afford time to complete negotiations for a new contract to commence in April 2014.

**3 Appendices  
None**

**4 Proposed action:**

**4.1 The committee is invited to RESOLVE that a six month extension until 31 March 2014 be agreed for the leisure centres management contract on current terms to afford time to complete negotiations between the council and DC Leisure Limited.**

**5 Background**

- 5.1 On 30 May 2012 Resources Committee established a working party to explore the options for the management arrangements for the leisure centres subsequent to the expiry of the contract with DCLL.
- 5.2 On 26 February 2013 the contact between the parties was extended by six months to terminate on 30 September 2013.

**6 Discussion**

- 6.1 Since February negotiations between the council and DCLL have been proceeding in accordance with the instructions of the member working party. The basis of an agreement for a new contract that delivers savings on the council's management fee has been reached.
- 6.2 However, the outlook for the council's financial position has prompted consideration of how to achieve a greater level of saving from leisure services. Advice has been sought from the Welland Procurement Partnership as to how this might be achieved
- 6.3 Working party members consider that pursuing the opportunity for greater savings merits further examination and are therefore seeking more time to explore alternative options.
- 6.4 DCLL have been advised of the working party's position and are agreeable to an extension of the existing contract on the same terms until 31 March 2014.

## 7 Legal Powers

- 7.1 Provision of leisure facilities is a discretionary service (except in relation to the Children's Act 2004, Section 11 of which places a statutory duty on district councils to make arrangements to ensure that in discharging their functions they have regard to the need to safeguard and promote the welfare of children) and is subject to powers primarily available under section 19 of the Local Government (Miscellaneous Provisions) Act 1976 and the Local Government Act 1972. This power is complemented by the general power of competence given to the Council by section 1 of the Localism Act 2011.
- 7.2 Section 3 of the Local Government Act 1999, as amended by s137 of the Local Government and Public Involvement in Health Act 2007 puts the Council under a general duty of best value to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."
- 7.3 The most recent statutory guidance on the duty (September 2011) draws particular attention to the broad range of matters it is necessary to have regard to when considering the duty and states that "(local) authorities should consider overall value, including economic, environmental and social value, when reviewing service provision. As a concept, social value is about seeking to maximise the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves".
- 7.4 The EU Procurement Directive covering public services contracts (implemented in the UK by the Public Contracts Regulations 2006) classes recreational and sporting services as part B services. There is no requirement for part B services to be subject to competition. However even where a contract is outside the core scope of the Directive and the 2006 Regulations, a contracting authority remains obliged to comply with fundamental principles of non-discrimination and transparency.

## 8 Financial and value for money implications

- 8.1 The present annum management fee the council pays to DCLL is £413,935.20.

## 9 Risk analysis

<b>Nature of risk</b>	<b>Consequences if realised</b>	<b>Likelihood of occurrence</b>	<b>Control measures</b>
Contractual arrangements with DCLL expire before a new arrangement is made for the supply of leisure services.	Loss of Council reputation.  Loss of opportunity to improve and develop services and/or generate income.	Low.	Six month contract extension on existing terms to afford time for finalisation of terms and conditions.
Legal challenge to contract by third party	Loss of Council reputation.  Cost of re-tendering	Low	The services are not required by law to be re-tendered provided that the Council can demonstrate that

			reasonable steps have been taken to secure value for money.
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- 10 Implications for resources**  
None directly arising from this report.
- 11 Implications for stronger and safer communities**  
None directly arising from this report.
- 12 Implications for equalities**  
None directly arising from this report.
- 13 Author and contact officer**  
Terry Wright, Director of Services
- 14 Consultees**  
Richard Micklewright, Director of Resources  
Liz Elliott, Head of Finance  
Chris Pittman, Head of Community.

