

Community Committee	
Meeting Date	21 January 2025
Report Title	Swale Leisure Contract
EMT Lead	Emma Wiggins, Director of Regeneration and Neighbourhoods
Head of Service	Martyn Cassell, Head of Environment and Leisure
Lead Officer	Jay Jenkins, Leisure & Technical Services Manager
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. Members are asked to agree with the Member Working Group's recommendation to proceed with a procurement process for delivery of an outsourced leisure contract on a 10 plus 5-year basis. 2. Members are asked to agree that the Member Working Group continues in order to oversee specification development ahead of tender. 3. Officers continue to work with the Members Working Group in finalising the tender specification and documentation and proceed with the tender.

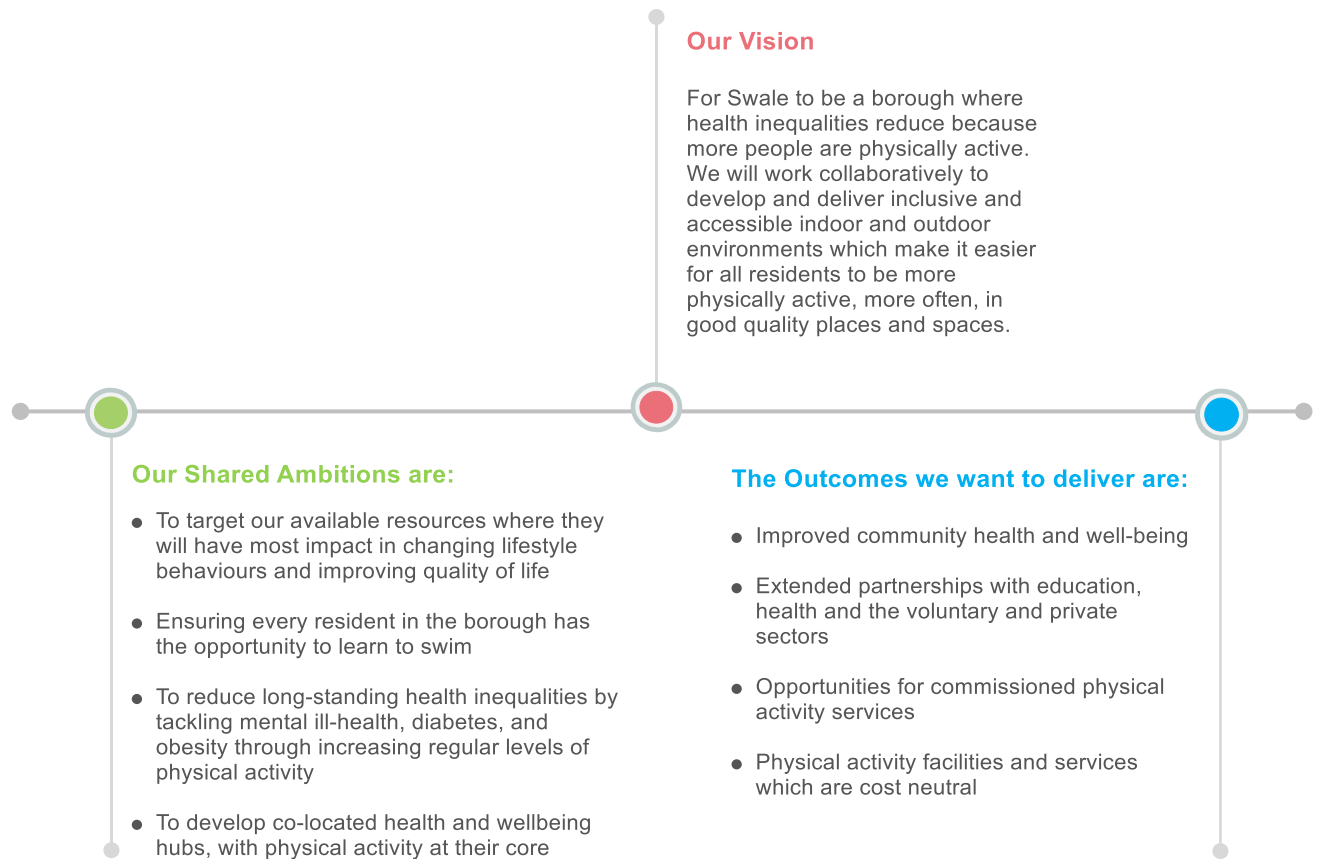
1 Purpose of Report and Executive Summary

- 1.1 This report details the progress made by the Member Working Group for future leisure services and asks the Committee to agree with the Working Group's recommendation to proceed with an external procurement process for the Swale Leisure contract from April 2027.

2 Background

- 2.1 The existing leisure contract (covering Swallows & Sheppey sites) is due to expire on 31 March 2027.
- 2.2 The initial fifteen-year Leisure Centre management contract with Swale Community Leisure (SCL) & Serco Leisure Ltd (Serco) was extended due to uncertainty in the leisure market and further investigations needed on facility investments. Since that time the impact of the Covid 19 pandemic and continued facility issues have presented further considerations.
- 2.3 A cross party Working Group was established at the outset of the extension project and was agreed to continue for the long-term project. The Working Group have met on four occasions since the last update and a summary of agenda items is attached at **Appendix I**.

- 2.4 Leisure Consultants were appointed and have been working with the Member Working Group and will continue to support officers throughout the procurement process.
- 2.5 This committee previously agreed the Leisure Service Vision, Aims and Outcomes and these have been used as the basis for the meetings.



- 2.6 Members have considered a range of information on the advantages and disadvantages of insourcing the service compared with outsourcing such as higher staffing costs, less commerciality and loss of rebate on business rates. The working group are therefore recommending an external procurement process be undertaken for an external operator. More detail of the pros and cons can be found at **Appendix 2**.
- 2.7 Members have reviewed the financial variances between insourcing compared with outsourcing and the financial modelling of two facilities compared with three. As the recommendation is to go to market, in order to protect the Council's commercial sensitivity, details of this can be found in the exempt **Appendix 3**.

- 2.8 Contract length has been a key consideration of the Member Working Group. The length needs to be long enough to allow bidders to invest and engage in the development of the service, but not too long to tie us into a position of having outdated requirements. Industry norms suggest a 10-year contract, with an option to extend for a further 5 years would achieve this.
- 2.9 The specification will include a range of headings/requirements for bidders to comment on such as statutory legislation compliance, health & safety, programming, pricing, maintenance & repairs, and investment. Not only does this new contract give us the ability to update what we want from the service, it also allows us to add more relevant performance mechanisms to help us manage the service delivery of the contractor and contract clauses to enable flexibility in offer to meet changing industry trends.
- 2.10 Faversham Pools Trust is currently not a party to the Leisure Centre management contract, as it has a separate long-term lease supplemented by an annual grant agreement. Several meetings have taken place with the Co-Chairs of Faversham Pools Trust with support from the consultant team. The meetings have explored the opportunity of including the Faversham facility in the new contract. Final decisions will be subject to the Pools Trust board, followed by a further report to this committee in March.

3 Proposals

- 3.1 Members are asked to agree with the Member Working Group's recommendation to proceed with a procurement process for delivery of an outsourced leisure contract on a 10 plus 5-year basis.
- 3.2 Members are asked to agree that the Member Working Group continues in order to oversee specification development ahead of tender.
- 3.3 Officers continue to work with the Members Working Group in finalising the tender specification and documentation and proceed with the tender.

4 Alternative Options Considered and Rejected

- 4.1 Not agreeing to outsourcing the Leisure Centre management contract. This is not recommended, due to the limited timeframe, resource and the financial implications of bringing the service in house.
- 4.2 Not continuing with the Member Working Group. This is not recommended as it is a key service for the community and there needs to be engagement by Members in the procurement process.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has taken place with a range of key leisure stakeholders, including existing operators Swale Community Leisure, Serco Leisure Ltd & Faversham Pools Trust.
- 5.2 The Member Working Group has ensured cross party involvement in this project.
- 5.3 Soft market testing has been advertised on the UK procurement portal and has resulted in 10 operators viewing the proposals and 6 operators responding to date. A summary of formal responses will be tabled on 18 January. Informal discussions have suggested that all operators would have greater interest in a 3-site procurement process.

6 Implications

Issue	Implications
Corporate Plan	Community, to enable our residents to live, work and enjoy their leisure time safely in our borough and to support community resilience.
Financial, Resource and Property	<p>The leisure service remains a considerable cost to the overall Council budget. The Member Working Group has been discussing which options can contribute to reducing the cost of the service. The estimated cost for the current financial year is £911,543 (Including an £80,000 grant to Faversham Pools)</p> <ul style="list-style-type: none"> • Repairs & Maintenance - £276,079 • Subsidy - £20,464 (Oct 24 to Mar 25 adjustment) • Utilities - £250,000 (Projected) • Car Parking Refunds - £285,000 (Projected) • Faversham Pools - £80,000 <p>As well as annual running costs, the future investment requirements are a key consideration as the buildings are all circa 30 years old. Initial discussions have been held with Active Kent and Medway and Sport England on potential external funding routes.</p> <p>Recent lifecycle reviews of Swallows and Sheppey Leisure Complex have estimated that the following costs are likely to be incurred through to end of 2027:</p> <p>Sheppey:</p> <ul style="list-style-type: none"> • £148,500 • Mechanical & Electrical <p>Swallows:</p> <ul style="list-style-type: none"> • £698,500

	<ul style="list-style-type: none"> • £97k Energy saving initiatives • £343 Mechanical & Electrical • £258.5k Building Fabric <p>Some of the ‘big-ticket’ investment items that need more feasibility work include:</p> <p>Swallows</p> <ul style="list-style-type: none"> • Air handling (Circa £60k) • New boilers (Circa £140k) • Boiler control panel (Circa £60k) • Pool plant (Circa £100k) • Ventilation in health & fitness areas (Circa £97k) • Wet side changing village (Circa £80k) • Wyvern hall lift (Circa £30k) <p>Sheppey</p> <ul style="list-style-type: none"> • A replacement Sheppey pool (Circa £12m) • Existing Pools require replacement filters on both pools (Circa £64k) <p>An intrusive condition survey is being considered at Swallows Leisure centre which will form detailed requirements as part of the new contract.</p>
Legal, Statutory and Procurement	<p>The route to delivery of the leisure service is dependent upon the decisions of the Committee, guided by the Member Working Group.</p> <p>Procurement/Legal assistance will be required throughout the procurement process for either insourcing or outsourcing options.</p>
Crime and Disorder	<p>The provisions delivered by the leisure centres act as diversionary activities for young people, likely contributing to reducing crime and/or ASB. Many activities for younger people are greatly being reduced due to funding issues by other agencies and therefore those that can be delivered by leisure centres are an important requirement.</p>
Environment and Climate/Ecological Emergency	<p>Any investment in the buildings needs to consider reducing the carbon footprint of the service, due to their high energy usage.</p>
Health and Wellbeing	<p>Health & Wellbeing is a key output of any leisure contract. Social impact outcomes are directly linked to the Council’s ability to offer a suitable and easily assessable leisure offering.</p>

	The agreed Leisure Service Vision, Aims and Outcomes are detailed in the report.
Safeguarding of Children, Young People and Vulnerable Adults	All target groups will be considered as part of the tender process.
Risk Management and Health and Safety	<p>The short procurement period from February 2025 to commencement in March 2027 with a targeted contract award in December 2026, which would enable a minimum of a 3-month mobilisation period.</p> <p>The financial sustainability of Faversham Pools if not included into the contract from 2027. The current Grant agreement is subject to SBC budget review and as such is not guaranteed going forward.</p> <p>There are several risks associated with the 3 facilities, namely condition of plant and fabric of all 4 buildings.</p>
Equality and Diversity	A full equalities impact assessment will be presented with the award of contract report following the tender process. The tender process will follow standard Sport England recommended processes which ensure equality of access/opportunity is at the heart of the decision.
Privacy and Data Protection	None identified.

7 Appendices

- 7.1 Appendix 1 - Members Working Group, Summary of Meetings
- 7.2 Appendix 2 - Advantages and Disadvantages of insourcing v outsourcing
- 7.3 Appendix 3 - Financial Variances between insourcing v outsourcing
(Exempt)

8 Background Papers

- 8.1 [Printed minutes 09012024 1900 Community and Leisure Committee](#)
- 8.2 [Printed minutes 04092024 1900 Community and Leisure Committee](#)