

REPORT OF THE SERVICE DIRECTOR, YOUTH, FAMILIES AND CULTURE**NATIONAL WATER SPORTS CENTRE – FUTURE MANAGEMENT
ARRANGEMENTS****Purpose of the Report**

1. The purpose of this report is to provide Members with background and an update on the current position with regard to work to secure an operating partner to manage, operate and develop the National Water Sports Centre on behalf of the Council.

Information and Advice

2. The National Water Sports Centre is unique in the UK in that it has a mix of world-class water sports facilities alongside a country park and community facilities on a single site. The site is made up of the following elements:-
 - a 270 acre Country Park
 - a 2000m international standard regatta lake
 - a world class canoe slalom and rafting course
 - a 130 pitch camp site
 - a newly refurbished and extended ski tow
 - a 60 bed accommodation block (currently 1*)
 - meeting and conference rooms
 - a range of catering facilities
 - a sports hall and fitness studio
 - a young people's adventure base
3. This mix of facilities drives current business at the Centre, which can be summarised as follows:-
 - general 'pay and play' water based activities for groups and individuals. These include:-
 - water skiing and knee boarding
 - commercial rafting
 - support for the water based clubs that use the Centre's facilities for canoeing and rowing
 - hosting major sports events and elite training
 - managing the Centre's green space (entry to the site is free)
 - hosting meetings and conferences

- providing camping and accommodation services
 - providing indoor sports and fitness services
 - delivering corporate team building events.
4. The Centre is owned by the County Council. Members will recall that the County Council took back responsibility for its operational management in April 2009. Prior to this, the Centre had been leased to Sport England, which in turn sub-contracted Leisure Connections, a private sector leisure operator, to manage the site.
 5. When the Council re-assumed operational responsibility for the Centre, it negotiated a legally binding settlement agreement with Sport England for the period to April 2021. This provided:-
 - an annual revenue contribution of £500,000 from Sport England towards the running of the Centre for the financial years 2009/10 to 2012/13 inclusive
 - a one off capital contribution of £2 million from Sport England.
 6. In return, the Council was required to deliver a range of sporting outcomes and usage requirements for Centre users, elite athletes and National Governing Body activities.
 7. In recent discussions with officers, Sport England has confirmed that it will not extend its revenue support for the Centre beyond 2012/13.
 8. In the 2010/11 financial year, the operating cost of the Centre to the Council was approximately £300,000. Without the Sport England revenue contribution, the net revenue cost to the Council would have been approximately £800,000.

The case for change

9. The National Water Sports Centre offers a range of high quality, largely unique facilities that cater for local, regional and national users at both community and elite levels. From an events perspective, the Centre is also well respected internationally.
10. That said, in view of the current total revenue cost of the Centre (and the anticipated increase in this to the Council from 2013 onwards) it is clear that the current business and operational model employed at the Centre is not sustainable in the medium or long term. Other significant factors also impact upon the viability of the current operating model; these include:-
 - the rising costs of maintaining the Centre's current building and facilities mix, specifically the original main building, which is not fit for purpose
 - the current major retraction in the meetings and conferencing market
 - the location of the current catering facilities - a significant distance away from the areas of highest footfall (the white water course)

- the increasing cost of managing the capital and operational risks involved with the Centre.

Approval of a new ambition for the Centre

11. Following discussion with key stakeholders, including Sport England, and in the light of the operating context for the Centre set out above, on 14 September 2011 Cabinet approved a new ambition for the Centre:

“An accessible, high quality family activity and sporting centre with an adventurous flavour set in stunning green space”

12. Cabinet further agreed that the Council would seek an operating partner to manage and operate the Centre on the Council’s behalf, with partner selection undertaken through a ‘competitive dialogue’ procurement process. The cost of the required capital works would ideally be shared by the Council and its partner. **Appendix 1** to this report, which is the Information Memorandum circulated to all interested parties at the beginning of the procurement process, provides further detail about the procurement process.
13. To ensure the delivery of the above ambition, the Council’s procurement process is based upon the following principles:-
 - the continuing operation, at the current site, of high quality leisure provision for local community and elite use; this includes maintaining the core water based provision at the Centre
 - the retention of the overall ownership of the Centre site by the Council, but with operational management undertaken by an organisation with a proven ability to manage the Centre effectively and sustainably, so as to achieve the Council’s ambitions for it
 - the Centre’s site being retained and promoted as a community open/green space with free access
 - the future facilities and customer offer for the Centre being based upon a financially sustainable long term operational model
 - in the medium to long term, the Centre becoming revenue cost neutral to the Council.

Procurement Process

14. The competitive dialogue procurement process is being used as it is designed to allow for innovation from the commercial market within a broad set of parameters. However, competitive dialogue is intensive in the time it takes for detailed dialogue with potential bidders.
15. The process followed to date includes:

- a Bidders Day in November 2011 where organisations came to listen to the Council's ambition for the National Water Sports Centre
 - submissions of pre-qualification questionnaires to ensure bidders meet the minimum financial and technical requirements of the Council
 - the establishment of a shortlist of bidders and the receipt/evaluation of Outline Solution bids.
16. The Council is currently at the Detailed Solutions stage of the procurement process. This involves extensive discussions and negotiations around financial, planning, legal and technical matters with bidders.
17. Following this stage there will be further dialogue with shortlisted bidders before they are asked to submit Final Tenders. These will be evaluated from commercial, technical and service delivery perspectives. Formal award of contract is expected in December 2012.

Other Options Considered

18. As this is an information report, it is not necessary to consider other options.

Reason/s for Recommendation/s

19. Procuring a third party operating partner for the Centre through the competitive dialogue process is the most cost effective and lowest risk option facing the Council in terms of achieving its ambition.

Statutory and Policy Implications

20. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Implications for Service Users

21. The delivery of the Council's vision for the Centre will improve customer numbers and the customer experience significantly, through the establishment of a range of new and enhanced facilities.

Financial Implications

22. The estimated costs of the procurement process are set out below:

| Item | Cost £ |
|---|-------------------|
| Warranted property packs | 80,000 |
| Internal & external legal advice | 75,000 |
| External consultant support (leisure sector specialist) | 35,000 |

| | |
|--|----------------|
| Consultation/preparation and publication of tender materials | 10,000 |
| Total | 200,000 |

23. In addition, it is anticipated that significant further external commercial legal advice will be required as the procurement process goes through the dialogue and best and final offer stages in early-mid 2012. This advice will be key to ensuring that the final contract agreed between the Council and the successful bidder ensures best value. The maximum estimated cost of this advice will be £150,000. At the outset of the procurement process it was agreed that external legal advice and sector specialist consultancy costs will be met from the Council's Transformation Programme budget. Other costs will be met from within the Culture and Community portfolio revenue budget.
24. In capital terms, the Council has identified a sum of £1.6million (drawn from a £2million capital fund provided by Sport England in 2009) as a potential capital contribution to the redevelopment of the Centre by a third party partner. At the current stage in the procurement process, however, it is not possible to identify how much of this funding will be required, as bidders have yet to finalise their redevelopment proposals.

Equalities Implications

25. The delivery of the Council's vision for the Centre will improve current levels of access for those with disabilities. In addition, should the Council procure a managing partner for the Centre, the resultant management contract would require the partner to comply with all current equal opportunities related statute.

Human Resources Implications

26. In the event of the Council procuring a managing partner for the Centre, all staff at the Centre would be subject to TUPE considerations. The Council would comply with statute and its Human Resource policy framework in dealing with these considerations.

RECOMMENDATION/S

- 1) That the Committee notes and comments upon the contents of this report.

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Constitutional Comments

27. As this report is for noting only, no Constitutional Comments are required.

Financial Comments (NDR 11/06/12)

28. The financial implications are set out in paragraphs 22 to 24 of the report

Background Papers

Cabinet Report 14 September 2011: Future Management Arrangements for the National Water Sports Centre

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Division(s) and Member(s) Affected

All.

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