

## **APPENDIX 4**

### **MANAGEMENT OPTIONS CASE STUDIES**

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## MANAGEMENT OPTIONS CASE STUDIES

### ***Case Studies***

The case studies described below illustrate some of the management opportunities discussed in Section 5 and are intended to provide applicants with examples of developments that are either currently in procurement or have been successfully completed.

#### **1. Public Private Partnerships**

##### **Croydon Council**

- 1.1 Croydon Council is close to completing a Public Private Partnership deal to provide long term management and maintenance of four leisure centres, one of which will be a new build as part of the contract. The Council is working with Parkwood PFI Projects, which is providing a design, build, finance and operate solution over a 30 year period.
- 1.2 The private partner is providing the majority of the capital investment required through bank debt funding, and in return the Council is paying an annual unitary charge which covers the operation of the centres, the debt repayment and long term maintenance of the facilities. The use of alternative management arrangements is allowing surpluses to be generated on operation, which are helping to reduce the overall cost to the Council.
- 1.3 The development has taken longer than more straight-forward deals due to issues with use of Metropolitan Open Land, but the scheme provides a good example of where both the Council and the bidder have worked together to find the best solution within the bounds of statutory planning restrictions.
- 1.4 The Council has followed a traditional procurement route, as outlined earlier in this section, and this has allowed it to comply with the various UK and EU procurement rules.

##### **Indoor Arena – Southampton City Council**

- 1.5 Southampton City Council is currently negotiating a deal with Bravo to provide a multi-purpose indoor arena facility close to the city centre.
- 1.6 The new facility will provide a flexible 5,000 seat main arena, with the capability of hosting competitive sports events/community iceskating/concerts and conferences. The City Council is contributing the land, whilst the private partner, Bravo, is financing the capital build costs through debt financing, equity partners, enabling development of hotel and residential accommodation and long term naming rights and food & beverage deals with major international suppliers.
- 1.7 The programme for the new arena includes the opportunity to host resident sports teams, such as professional ice hockey, as well as the potential to cover the ice pad for 'dry' sports events and concert/conference use.
- 1.8 The Council commenced the procurement process in late 2001 and is looking to complete the deal by the end of 2003, with a new facility open by late 2005.

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### 2. Traditional management outsourcing

- 2.1 In 2002, Easington District Council entered into a medium-term management contract with Leisure Connection for the management of the Authority's leisure centres at Peterlee and Seaham.
- 2.2 The key objective of the Council was to ensure that the leisure services provided better value for money by attracting greater numbers of users and reducing operational subsidies.
- 2.3 The Council initiated a soft market process in 1999 and developed good working relationships with a number of potential management partners. In the formal procurement process, the Council short listed three possible operators and, in the first case, invited each to submit their proposals to meet the Council's financial and social objectives. Having selected Leisure Connection, the Council negotiated the details of a ten-year contract.
- 2.4 As part of the arrangement, the management company invested approximately £650K into the leisure centres. This investment was used to enhance income-generating health and fitness areas, and also to address improvements in reception and changing areas.
- 2.5 The Council has further developed a positive partnership with Leisure Connection and has worked particularly closely in the areas of sports development, brands development and planned maintenance regimes.

### 3. Trust / NPDO delivery

- 3.1 The following two examples are examples of Trust management that have been able to consolidate and then considerably improve the development and deliver of leisure facilities in two local authorities.

#### (a) Tees Valley Leisure Ltd (TVLL)

- 3.2 Since its creation in May 1999, TVLL has established itself as one of the leading leisure NPDOs in the UIK. TVLL was formerly Redcar and Cleveland DSO. It manages six centres for Redcar and Cleveland Borough Council and operates as an IPS.
- 3.3 After three years of trading as a leisure NPDO, TVLL is able to demonstrate a strong financial position and have significantly reduced the council's contribution to the management fee for the operation of five leisure centres and four swimming pools by £185,000. This figure has been achieved by generating higher levels of income, an increase of over 17%.
- 3.4 TVLL has consistently returned a trading surplus and the NPDO has invested over £500,000 in facility improvements in three years, including the refurbishment of several fitness suites.
- 3.5 The trusts key business objectives for the next 5 years are:
  - to manage more public sector sites and contracts
  - to improve existing service delivery and performance
  - establish a leisure consultancy

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- expand our core business operations.
- 3.6 TVLL are actively bidding for the management contracts for a number of local authority contracts but the improvements to the existing contract are self-evident. In addition, the NPDO has secured a UK Online Centre Contract, worth a total of £148,775 for the purchase of ICT equipment, which would not have been possible under local authority control.

### **(b) Valley Leisure Ltd**

- 3.7 Valley Leisure Ltd operates four facilities on behalf of Test Valley Borough Council, and is currently investing circa £5 million in redeveloping the facilities at Romsey and Andover.
- 3.8 Valley Leisure commenced in 1989 to manage one facility, Romsey Rapids. It now manages five facilities, including a County Council facility and four Borough Council facilities. The annual fee/subsidy paid by the Council for the five facilities is now lower than the original fee agreed with Valley Leisure Ltd to manage a single site.
- 3.9 Valley Leisure Ltd is a company limited by guarantee and is a registered charity. It is currently in the process of altering its articles of association and memorandum in order to enable it to manage leisure facilities outside the boundaries of the Borough of Test Valley.
- 3.10 There are currently 10 people on the board of the trust, of whom four are Councillors.