LEISURE CENTRES MANAGEMENT CONTRACTS

Cabinet Member:  Cllr Miss Katrina Wood

Ward(s) Affected:  All wards

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PROPOSED DECISION

That the Head of Community Services, in consultation with the Cabinet Member for Community, the Executive Deputy Leader responsible for Property Services and the Major Projects and Property Executive, be given delegated authority to negotiate with Parkwood Leisure Limited a rolling one year extension to the three leisure management contracts and leases to end no later than 31 March 2015, the outcome to be reported to Cabinet for approval.

Reason for Decision

The current management contracts expire on 31 March 2013. Each of the current contracts allows the Council to extend the contract for a period of two years. Parkwood Leisure Limited ("Parkwood") has indicated a willingness to consider a rolling one year extension to give the Council maximum flexibility with any new arrangement it may enter into with regard to the future of Wycombe Sports Centre, in particular.

Corporate Implications


2. For the purposes of the Public Contracts Regulations 2006 (the EU procurement regulations), the Leisure Centres management contracts are contracts for Part B services and so exempt from the main provisions of the regulations. However the contracts were tendered in accordance with these regulations on a voluntary basis as the process provides a robust tendering structure.

Executive Summary

3. The management contracts for Wycombe Sports Centre, Court Garden Leisure Complex and Risborough Springs Sports Centre with Parkwood started on 1 April 2009 and are due to terminate on 31 March 2013. Each of the current contracts allows the Council to extend the contract for a period of two years. This report requests approval to negotiate a rolling one year contract extension with Parkwood which could continue for up to a maximum of two years.

Sustainable Community Strategy/Council Priorities - Implications

4. The Council’s leisure centres contribute directly to the Sustainable Communities Strategy and especially the Health & Wellbeing theme.
Background and Issues

5. The current three leisure centre management contracts were awarded to Parkwood in February 2009 following a fully compliant OJEU tendering process. The contracts expire on 31 March 2013. The current contracts allow the Council to extend the contracts for a period of two years provided that at any time during this further period of two years the whole contract may be terminated by the Council by giving not less than six months prior notice in writing to the Contractor. Parkwood has indicated a willingness to consider a rolling one year extension which would provide additional flexibility for the Council.

6. The current contract for Wycombe Sports Centre allows for the potential construction and management of a new sports centre, as this contract may be terminated by the Council by giving not less than six months prior notice in writing to the Contractor. In the event that the Council terminates the contract for this reason it is required to pay to the Contractor the Agreed Profit Loss.

7. The current contract provides the option to either partially or completely refurbish Wycombe Sports Centre. In this case, the Council would have the right to negotiate contract variations based on actual costs and loss of profit in the event that it needs to close areas of the Sports Centre for significant periods for refurbishment purposes.

8. With regard to the athletics track and synthetic turf pitch at Wycombe Sports Centre, the Council agreed terms which enables the relocation of these facilities with 3 months rolling notice, after the first 12 months of the original contract.

9. All the above conditions provide the Council with the flexibility it requires to develop the Handy Cross site and these conditions would be included in the extended contracts. Parkwood has indicated a willingness to consider a rolling one year extension of all three contracts which would provide additional flexibility for the Council.

10. The main reason for considering this extension now is that, if following the discussions between the two parties, Cabinet is not prepared to accept the proposals in October 2011, time will exist to complete a fully compliant tender process prior to 31 March 2013. A tender process will take 12 months to complete and will require a large amount of officer resource. Another benefit of the extension is that it will allow the Council time to determine the way forward for Wycombe Sports Centre and allow time to consider future procurement routes for the three leisure centres.

Consultation

11. Officers in Financial Services, Property Services and Legal Services will be involved in the negotiations.
Options
12. The following options exist:
   Option One – Negotiate a rolling one year contract extension of each contract with Parkwood which could continue for up to a maximum of two years. This option would allow the Council to progress the Handy Cross site proposals, while allowing the current management contractor to operate the Council’s leisure centres. This would save the cost of a full procurement process, and will allow the current management to look at development opportunities over the extended contract.
   
   Option Two – Re-tender the management of the leisure centres. This process would result in a lengthy and costly procurement process for a short contract. Officers are concerned that the contract value would be influenced by the Council’s desire to have flexibility on the development of the Handy Cross site.

Conclusions
13. The Head of Community Services, in consultation with the Cabinet Member for Community, Executive Deputy Leader responsible for Property Services and Major Projects and Property Executive should be authorised to hold discussions with Parkwood Leisure Limited to negotiate a rolling one year extension for the three leisure management contracts which could continue for up to a maximum of two years.

Next Steps
14. Following the conclusion of the discussions with Parkwood, it is intended to submit a report with the outcomes of the negotiation to Cabinet for approval.

Background Papers
All papers are kept in Community Services.