

Executive

Wednesday 4 November 2015

A meeting of the Executive will be held at the Town Hall, Royal Leamington Spa on Wednesday 4 November 2015 at 6.00pm.

Membership:

Councillor A Mobbs (Chairman)	
Councillor M Coker	Councillor P Phillips
Councillor S Cross	Councillor D Shilton
Councillor Mrs S Gallagher	Councillor P Whiting
Councillor Mrs M Grainger	

Also attending (but not members of the Executive):

Whitnash Residents Association (Independent) Group Observer	Councillor Mrs Falp
Labour Group Observer	
Liberal Democrat Group Observer	
Chair of the Overview & Scrutiny Committee	Councillor Boad
Chair of the Finance & Audit Scrutiny Committee	Councillor Barrott

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

1. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

2. **Minutes**

To confirm the minutes of the meeting held on 30 September 2015
(Item 2/Page 1)

Part 1

(Items upon which a decision by Council is required)

3. **Leisure Options – Part A**

To consider a report from Cultural Services **(Item 3/Page 1)**

Part 2

(Items upon which the approval of the Council is not required)

4. **Budget Review to 30 September 2015**

To consider a report from Finance **(Item 4/Page 1)**

5. **Leamington Creative Quarter**

To consider a report from the Deputy Chief Executive (BH) **(Item 5/Page 1)**

6. **Tenants Incentive Grant Scheme**

To consider a report from Housing and Property Services **(Item 6/Page 1)**

7. **Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Item Nos.	Para Nos.	Reason
9	1	Information relating to an Individual
9	2	Information which is likely to reveal the identity of an individual
5 (Appendix 2, 5, 6, & 7) 8 & 9	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

8. **Leisure Options – Part B**

To consider the confidential appendices to Item 3 from Cultural Services
(Part B/Page 1)
(Not for Publication)

9. **Minutes**

To consider the confidential minutes of 30 September 2015 **(Item 9/Page 1)**
(Not for Publication)

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For enquiries about specific reports, please contact the officers named in the reports You
can e-mail the members of the Executive at executive@warwickdc.gov.uk

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353362.

Executive

Minutes of the meeting held on Thursday 30 September 2015 at the Town Hall, Royal Leamington Spa at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Coker, Cross, Mrs Gallagher, Mrs Grainger, Shilton and Whiting.

Also present: Councillor Boad, Chair of Overview & Scrutiny Committee and Councillor Quinney (Labour Group Observer and representing Finance & Audit Scrutiny Committee).

Apologies for absence were received from Councillor Quinney.

45. **Declarations of interest**

There were no declarations of interest.

46. **Minutes**

The minutes of the meeting held on 3 September 2015 were agreed as written and signed by the Chairman as a correct record.

Part 1

(Items on which a decision by Council is required)

47. **Fees and Charges 2016/17**

The Executive considered a report from Finance that detailed the proposed Fees and Charges in respect of the 2016 calendar year. It also showed the latest Fees and Charges income budgets for 2015/16 and the actual out-turn for 2014/15.

The Council was required to update its Fees and Charges in order that the impact of any changes can be fed into the setting of the budget for 2016/17. Discretionary Fees and Charges for the forthcoming calendar year had to be approved by Members.

In the current financial climate, it was important that the Council maximised income and therefore minimises the forecast future deficit.

The Contract Services Manager was in the process of formally consulting local Chambers' of Trade as part of reviewing the current parking charges. The proposed changes for 2016/17 reflected early customer feedback.

The fees charged under the new Building Control Shared Service arrangement that commenced on 1 April 2015 had been amended to ensure consistency of charging amongst the partners, these current charges were proposed to remain unchanged. To ensure consistency with previous years, only the Warwick District Building control fees had been shown in this report. Next year's report, which would have the benefit of

more than one year's operating of the service, would provide the full picture of income and expenditure for all the areas involved.

There had been further work carried out by the Regulatory Manager on licensing fees due to reflect the current legislation. The fees charged should only reflect the amount of officer time and associated costs needed to generate them. There would now be a two stage process of getting certain licences from this Council. The first stage was paying for an application fee (non refundable), the second was paying for the actual licence itself, which if refused, was refunded. Details of these changes were shown in Appendix A, to the report

Some additional fees had been created to generate additional income for the service areas concerned and others in response to new legislation. These were highlighted in Appendix A to the report. Other charges had been deleted due to legislation changes or changes in the way the service was provided.

Members agreed in July 2015 to the introduction of Pre-Application Advice charging for Development Control. The report detailed the proposed charges. It was likely that this would happen later this year as it was dependent on the fees being approved by Council, which should happen as part of Council approving this report. Initially it was projected that the income generated would cover the additional post agreed to assist with the operation of the scheme. No additional income for this had been included in the report.

CCTV and the Police were working together to prevent crime and increase community safety throughout the district. The police had agreed to pay for certain services.

The various options affecting individual charges were outlined in the main body of the report, in sections 8 to 16.

Alternatively the Fees and Charges for 2016/17 could remain static i.e. remain at the same level as for 2015/16, which would substantially increase the savings that needed to be found over the next five years unless additional activity could be generated to offset this.

In addition to the report a table was circulated, at the meeting setting out the correct all day charging rate for Covent Garden Car Park £3.50, and not £4.50 which had been incorrectly stated out in the report.

The Finance & Audit Scrutiny Committee endorsed the report. However, concerns were raised by them about the car parking charges in Kenilworth not being comparable to the other towns and whether there was scope for overall charges to be raised but Members were satisfied that a balanced approach was preferable and the priority was attracting shoppers to the District.

The Overview & Scrutiny Committee noted the report.

The Portfolio Holder for Neighbourhood Services explained that there was a need to recognise the individual towns circumstances and competition but at the same time there was a need to bring income from these sites. Therefore charges were increasing and there was variation in charges but at the same time Kenilworth was coming into line with Old Town Leamington and charges in Warwick were now cheaper.

The Executive therefore

Resolved that

- (1) the detailed exercises undertaken by Service Areas when determining the Council's income levels and fees for next year, be noted
- (2) proposed changes to Parking Fees for 2016/17, the first change for a while, due to the need to fund car park repairs, as well as a result of customer feedback, be noted;
- (3) the significant changes to some licensing fees due to changes in legislation, as well as the new charges created for Pre-Application planning advice and for CCTV services, be noted; and
- (4) Executive notes that the income generated by the proposed fees and charges operating from 2 January 2016 will generate income of £67,000 above the target set in the Medium Term Financial Strategy.

Recommended that the Fees and Charges identified in Appendix 'A', to the report operate from 2nd January 2016 unless stated.

(The Portfolio Holder for this item was Councillor Whiting)
(Forward Plan reference number 697)

Part 2

(Items on which a decision by Council is not required)

48. Review of WDC/WCC Customer Service Centre & Digital Transformation Initiatives

The Executive considered a report from the Deputy Chief Executive (AJ) that sought approval to end the joint Customer Service Centre arrangement with Warwickshire County Council (WCC) and return the handling of customer telephone enquiries to Riverside House.

The report also sought approval for officers to complete the business case for further investment in the digitisation of Council services, thereby

improving the customer experience and reducing costs, so that a further report can be submitted to the Executive for its consideration

In 2009, Warwick District Council (WDC) moved its Customer Service Centre (CSC) operation (handling the vast majority of this Council's phone calls) to WCC's headquarters at Shire Hall, Warwick where a joint team of relocated WDC, and WCC staff had been set-up to handle the phone calls of customers making enquiries in respect of either or both of the Council's services. This initiative was on the back of a customer service programme of improvement taking place across all of the Council's in Warwickshire and underpinned by joint Customer Relationship Management and phone ICT systems overseen by the Warwickshire Direct Partnership (a Councillor/ Officer Forum made up of all the Councils in Warwickshire).

At the vanguard of this customer service programme was the "partnership" between WDC and WCC which by the time joint CSC was established had delivered four joint one stop shops enabling customers to make Council enquiries (of both District and County tier-level) in a single visit. Therefore the decision to move WDC's phone operation to WCC premises was a natural progression in the programme of work.

For a four-year period the joined-up phone service operated reasonably successfully, although not to the levels that had originally been anticipated, but over the course of the last two years, service could at best be described as poor with complaints from both customers and elected Members. Details of the performance was detailed at Appendix A.

Throughout the period of co-location both Councils had worked very hard to make the arrangement a success. Many initiatives had been tried including investment in training, workforce planning, resource planning and ICT development. Many of the staff at the CSC had been there since the operation's inception and their dedication and efforts must be recognised.

With both WDC and WCC being dissatisfied with the levels of CSC performance, officers at WCC undertook work to establish what investment in the CSC would be necessary to significantly improve customer service response times. In tandem with this, officers at WDC undertook an options appraisal of different phone service delivery models so that they could be compared against the findings of the WCC study.

Details of the options appraisal was detailed at Appendix B, to the report, and it was officers' recommendation that WDC repatriates its phone service to Riverside House but rather than re-establishing a WDC-only CSC, it created phone services that were managed by the individual service areas. Officers anticipated that by handling calls in this fashion they would be able to redesign the Council's services so that the work of customer service, business support and administration staff was looked at in a joined-up fashion, thereby cutting out inefficiencies and providing an improved customer experience.

Should Members agree with the recommended approach then Deputy Chief Executive (AJ) would write to WCC giving the required 12 months'

notice under the licence agreement to vacate the Shire Hall premises. However, it was anticipated that this would be the maximum period of time to relocate WDC's phone service and it was hoped that the necessary changes could commence soon after the necessary staffing approvals had been received from Employment Committee.

WDC has 11 staff employed at the joint CSC or in its supporting infrastructure team (Members should be aware that ICT arrangements enabled three of these staff to operate out of a WCC-run CSC in Bedworth but for the purposes of this report, they were treated as part of the Shire Hall operation) and so if Members agreed officers would work with the affected staff and recognised Trade Unions in accordance with agreed consultation and redeployment agreements. At this point it was not possible to say what the individual outcomes would be for the staff affected but a future report to Employment Committee would make the position clearer.

Members should be aware that successful redeployment might not be possible in every case and if necessary a future report would be submitted to Executive to seek the funding for any redundancy payment.

The approach recommended by officers would mean that the current annual staffing budget for the CSC arrangements of £526k could reduce by £170k. Members would recall that a review of the CSC was an element of the *Sustainable Community Strategy & Fit For the Future Update* report agreed by the Executive at its meeting of 3 September 2015. That report explained how the Council would realise the necessary savings/ increased income to set a balanced budget whilst protecting services to the customer.

Members should note that in contrast to the recommendation in this report, the option proposed by WCC would have required extra investment of £162.5k this year and a further £100-150k in 2016/2017. The impact on the Council's Medium Term Financial Strategy would be an extra £200-250k to find each year.

In order to implement the project it was estimated that a budget of £50k would be required. It was recommended that this budget was made available from the Service Transformation Reserve.

Officers did not consider that simply re-establishing a CSC at Riverside House was the way forward for WDC. The CSC was originally established at Riverside House over ten years ago for good reasons: the default channel for contacting the Council was via the phone service but increasingly customers would prefer to transact with the Council via the website (whether this be through a pc or smart phone). This change could be demonstrated by the tremendous growth in WDC website visits over the last 10 years from approx. 15,000 visits per month in 2005 to over 150,000 visits per month in 2015.

As WDC has invested further in its website then usage has continued to grow. In 2013, the Council improved and upgraded its Content Management System. Whilst this was primarily a necessary upgrade to

back office software it allowed WDC to significantly improve how the site appeared and works on mobile phones for our customers. As a consequence usage on mobiles has increased by 41% between 2014 and 2015 and overall usage by 10%. In addition the WDC website was ranked in the top 10 council websites for customer success rates (i.e. customers can find/do what they want to) and in the top 3 councils for customer satisfaction and success rates on mobile devices (SOCITM Better Connected 2015).

Therefore, as well as redesigning processes to reduce the number of staff a customer needs to interact with, officers were undertaking work to determine what further investment could be made in the website to improve the customer experience and reduce costs whilst at the same time recognising that some of our customers would always need to speak with or visit a member of staff. Consequently, officers propose to bring a report to the 2 December 2015 Executive setting out a full business case for what is being described as the *Digital Transformation* agenda.

Should Members agree to the submission of a full business case for further investment in a *Digital Transformation* agenda then officers believed that there were some key areas that should be covered by the business case which required Members' explicit approval for consideration. These areas were:

- a. in conjunction with WCC, officers review the joint One Stop Shop Service;
- b. a review of the Council's cash handling service and customer payment options is undertaken; and
- c. a review of the Council's approach to e-mail is undertaken.

WDC and WCC currently provided five joint one stop shops throughout the District based in Kenilworth, Leamington Spa, Lillington, Warwick and Whitnash respectively. The customer numbers and demand for types of service varies significantly by location and officers consider it appropriate that each of these operations was reviewed to ensure that they were meeting customer expectations and providing value for money.

Customers were able to make payments to the Council in a variety of ways, for example by direct debit, phone, on-line or via Allpay. However, the Council still receives a significant number of cheque and cash payments which were resource intensive to process. With the number of alternative payment options available to the customer, it was considered appropriate that officers review the full suite of payment facilities to determine whether they were all still appropriate.

WDC has an approach to e-mail that was very inefficient when it comes to dealing with customer enquiries. The system did not enable work to be managed in a structured fashion and it provided the customer with a number of e-mail addresses to register a query. Officers consider that WDC's whole approach to e-mail should be examined to ensure it was fit for purpose.

Officers have started to develop a Customer Access Strategy based on the recommendations in this report and the following set of principles:

- Digitisation of services would be prioritised based on transaction data and customer feedback. The Council should not seek to deliver 100% of services electronically. Digital services would only be implemented where the benefits outweigh the development, support and maintenance costs. Resources should be focused on services with high transaction volumes, high delivery costs and/or customer demand.
- The 80/20 rule would be applied to all digital services to reduce delivery times and improve benefits realisation. If the solution is appropriate for 80% of the target audience and/or would deal with 80% of the anticipated transactions, the service would be considered fit for initial deployment.
- The entire transaction would form part of the service scope from the digital interaction to service fulfilment. For transactions with lengthy fulfilment periods, notifications and self-service status checking will be included by default. Where possible, market leading best practice would be used to benchmark our approach to keeping the customer informed.
- All designs must be user tested prior to launch. This means testing real tasks with real citizens. Customers would not use solutions that are not usable/user-friendly - leading to more complaints and failure demand.
- With all solutions we would adopt an approach of continuous improvement, not launch and leave. We would use data, testing and feedback to fine-tune solutions.
- Off-the-shelf solutions which meet the 80/20 rule will be utilised where possible, providing a suitable business case could be provided.
- All solutions must be responsive so that they detect the user's screen size and orientation, changing the solution's layout accordingly.
- Services must be designed to reduce paper handling at inception, processing and fulfilment.
- Further work would be carried out to understand the impact and opportunities afforded by social media to inform, transact and comment on council services.
- All digital services must maintain the confidentiality and integrity of the data, with design decisions based on data classification. Risk and security controls should be balanced according to business objectives – security controls should be proportionate to risk. In addition, security should be user transparent and not cause users undue extra effort.

Subject to Members agreeing the principles and recommendations contained in this report it was proposed that a Customer Access Strategy is submitted to 2 December 2015 Executive in tandem with the business case for investment in a *Digital Transformation* agenda.

A number of phone service delivery options were considered and can be seen at Appendix B.

A further recommendation to the report was circulated at the meeting that addressed concerns raised regarding the redeployment process of staff and any redundancies that could arise from that.

The additional recommendation stated:

"That Executive agrees that following a comprehensive redeployment process at both WDC and WCC, should there be any WCC staff, funded by WDC, who were in a redundancy situation, this Council agrees to meet 50% of the redundancy costs noting that the maximum liability at this point is c£68k."

Paragraph 5.3 of the report explains the position with regard to the 11.3 Full Time Equivalent staff that are employed by WCC but funded by WDC. Whilst it was hoped that these staff would secure alternative employment with WDC or WCC, there could be a situation whereby staff were made redundant. If this proves to be the case, then it was reasonable that this Council should meet 50% of any redundancy costs. At the time of writing the maximum liability for this Council would be c£68k but this would only be the case if none of the staff were able to find alternative employment.

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Resolved that

- (1) the service delivery performance over the last two years of the Customer Service Centre (CSC) (based at Warwickshire County Council, Shire Hall), be noted;
- (2) the options appraisal of different phone service delivery models, be noted and in accordance with the licence agreement between Warwick District Council and Warwickshire County Council dated 6 January 2010, 12 months' notice of WDC's intention to vacate Shire Hall and establish a headquarters phone service based at Riverside House, be approved;
- (3) officers work with staff and the recognised Trade Unions to ensure that Warwick District Council staff affected by the change to service delivery are managed in accordance with the Fit For the Future Employment Procedures with a report being submitted to Employment Committee at the appropriate time;
- (4) potential ongoing revenue savings of c£170k (as opposed to a potential c£250k increase under the current model) by financial year 2018/19 through the phone service changes, be noted; and agrees to release £50k from the Service Transformation Reserve to implement the project;
- (5) a further report is submitted to 2 December 2015 Executive Committee which will provide a full business case for investment in *Digital*

Transformation technology to deliver further substantial ongoing revenue savings both as a consequence of the proposed phone service changes but also due to other business design and process changes;

- (6) in conjunction with WCC, officers review the joint One Stop Shop Service; a review of the Council's cash handling service and customer payment options; and a review of the Council's approach to e-mail is undertaken with any recommendations for service changes being submitted to a future Executive;
- (7) a Customer Access Strategy for Warwick District Council be submitted be brought to the Executive on 2 December 2015 based upon the principles described in paragraph, of the report;
- (8) that following a comprehensive redeployment process at both WDC and WCC, should there be any WCC staff funded by WDC who are in a redundancy situation, this Council agrees to meet 50% of the redundancy costs noting that the maximum liability at this point is c£68k

(The Portfolio Holders for this item were Councillors Coker, Mobbs and Shilton)

49. **Air Quality Action Plan**

The Executive considered a report from Health & Community Protection that invites the Executive to adopt an updated Air Quality Action Plan which will replace the original document published in 2008

An Air Quality Action Plan was required to be prepared as part of every local authority's statutory duties as defined within Part IV of the Environment Act 1995. Whilst there did not appear to be any obligation to update a plan, it was considered that locally this was an appropriate time to produce a new plan to reflect current policies and strategies.

As local air quality was chiefly influenced by vehicle emissions, the 2008 Plan was written with reference to the first Warwickshire Local Transport Plan (LTP). The third LTP (LTP3) came into effect in 2011 covering the period 2011-2026. Since then, the County had also produced the Warwick and Leamington Spa Transport Strategy and this Council had undertaken a Low Emission Zone Feasibility Study. The draft Local Plan made reference to air quality and the Arden Health Protection Strategy for Coventry & Warwickshire has identified air quality as a priority.

The Air Quality Action Plan 2015 reflects the current priorities of partner agencies and therefore no alternative was proposed

The Overview & Scrutiny Committee noted the report and thanked the Portfolio Holder for agreeing to some changes.

The Portfolio Holder for Health & Community Protection, thanked the Scrutiny Committee for their advice and suggestions on this matter, the previous evening particularly Councillor Davison.

It was recognised that the Council was reliant on partners with delivering improvements but we needed to make every efforts that we could which for example included modal shift for encouraging people to cycle/walk to work.

The Portfolio Holder for Health & Community Protection explained that as a result of the feedback from the Scrutiny Committee the table on page 46 of the agenda would included an additional column to show who the lead authority was for delivering the action.

The Executive recognised that this was an important plan and looked forward to regular work on this between the Portfolio Holder and the Health Overview & Scrutiny Sub-Committee

Resolved that Air Quality Action Plan 2015 as contained in Annex 2, be approved.

(The Portfolio Holder for this item was Councillor Mrs Grainger)
(Forward Plan reference 716)

50. **Council HQ Relocation Project – Part A**

The Executive considered a report from the Deputy Chief Executive (BH) recommended that the Council commits to a detailed feasibility study of the preferred option, a comprehensive development of the current site of the Council's Covent Garden car parks (surface and multi-storey), which would include the Council's new HQ offices and new car parking in lieu of the existing provision.

There was a separate Part B report on the agenda that contained further information that was commercially confidential, although all the recommendations were within this Part A report, the two reports should be read in conjunction to enable members to form a balanced view of the recommendations.

The Executive meeting of 3 December 2014 approved a shortlist of potential sites for new or refurbished Council HQ offices for further assessment: Court Street; Spa Centre site; Riverside House (refurbishment); and Covent Garden.

Officers had continued discussions with the previously selected developer partner, Wilson Bowden, in respect of the option to bring forward retail-led development on the site of the Chandos Street car park site. These discussions had considered the potential for an office component to any future scheme. Consequently, and for completeness, this fifth potential site option had also been assessed.

Details of the outcomes of the assessment of these five options were set out at Appendix One, to the report, with further commercially sensitive cost analysis information appearing in the confidential Part B report.

The Council had been considering site options since December 2012 and has had differing 'preferred options' at different points in the intervening period. An exhaustive search for potential sites led to the production of the 'longlist' considered in December 2014 and a further iterative assessment had now concluded that of the 'shortlist' options it was Covent Garden should be investigated in detail. It was, therefore, recommended that the Council made a final decision on a preferred site option and discontinues any further assessment work on alternatives, freeing up the resources that had been devoted to the task. Alternative site options would, therefore, only be considered in the future if the detailed feasibility and viability appraisals that would now be undertaken conclude that the Covent Garden option should be discounted rather than the project moving from its current feasibility phase to a future delivery phase.

A Limited Liability Partnership (LLP) was created in 2012 as a vehicle to specifically advance and unlock complex development projects such as this one and to identify innovative ways to create added value to ensure their delivery. Integral to its establishment was the core principle that any project that was to be delivered through the LLP vehicle had to demonstrate, through independent validation, that it was better than any other potential delivery options open to the Council. The LLP had undertaken, and funded, all the site option feasibility work undertaken to date at its own risk. As risk funder it now required clarity on our preferred site before it invested further time and energy in taking forward the next stages of the project feasibility and evaluation processes.

Subject to approval of recommendation 2.2, in the report, the LLP would now undertake detailed feasibility and viability assessments of the Covent Garden site, currently occupied by a surface car park and a multi-storey car park (MSCP). Officers had full confidence that the LLP's credentials to undertake this work had been previously proven. This view had been further endorsed by the Executive's decisions in November 2014 and September 2015 that they be authorised to look at the Council's non-operational property assets and assess how these could potentially be used to drive and capture added value to support future revenue expenditure and service provision.

The LLP had already undertaken site feasibility appraisal work for previous preferred options, including a range of financial feasibility and development modelling work, and some of these detailed assessments could be used, with appropriate updating, to ensure the proposed assessments for the Covent Garden site were completed as quickly as possible. Ensuring that this process was undertaken speedily was important given that the previously agreed £300,000 per annum revenue savings attributable to this project had already been included within the Medium Term Financial Strategy (MTFS) as being deliverable from April 2018 onwards.

The viability appraisals would include the development of a funding strategy for the project, critical to achievement of the principle, integral to all previous decisions made on this project, that it should be broadly capital cost neutral. Delivery of this principle was increasingly important to the overall finances of the Council given the potential future calls on capital expenditure and/or borrowing and consequent revenue saving pressures that were explored in more detail in Section 5 of the report.

It was clear that the sale of the Riverside House site would not generate sufficient capital to cover the costs of construction of a new HQ office building and the re-provision of sufficient new car parking on the Covent Garden site to ensure that the overall car parking capacity needs of the town centre were met, now and in the future. Further information was provided within the Part B report.

Consequently, the Council either had to abandon the principle of the project being broadly capital cost neutral and accept that borrowing would be required, (the costs of which would eat into the planned £300,000 per annum revenue savings that the new HQ would generate) or it had to develop a wider funding strategy to close the gap between the Riverside House site receipt and the cost of the project. Officers would continue to work closely with the LLP on this issue and the outcomes of this work would be reported back as part of the overall feasibility and viability studies.

The emerging funding strategy had a number of components that were set out within the detail of the report.

Recommendation 2.5 sought approval for the LLP to be instructed to consider the potential disposal or alternative use of other WDC assets within this overall funding strategy. No firm decisions would need to be made on any proposals for such alternative uses or disposals at this stage, as it would not be known until the next stage feasibility and viability options were completed what the size of any potential funding gap would be and therefore whether or not this option needed to be exercised. Consequently, the January 2016 report would address whether the funding gap could be addressed or if consideration of other approaches was required.

At this stage it was envisaged that the LLP consideration of other assets would only extend to other WDC owned car parks in Leamington town centre. Such an examination would explore the potential contribution their alternative use could contribute to this project and/or the overall financial position of the Council. This work would be informed by a separate examination of the car parking capacity needs of the town centre. This work would not impact on the decision making as to whether or not they could be decommissioned as car parks but also inform the decision as to what level of car parking re-provision is required on a redeveloped Covent Garden site.

Subject to approval of the recommendations in this report the next stage would be the completion of detailed feasibility and viability appraisals. This work would comprise of:; An evaluation of a comprehensive development

scheme on the Covent Garden site that included, the Council's new HQ offices; including a new Council Chamber and CCTV control room, relocated from the Town Hall, Sufficient car parking re-provision in lieu of the current surface car park and MSCP, and further appropriate commercial and/or residential elements to 'add value' to the project.; A review of the anticipated revenue savings; Scheme deliverability and risk assessments; and an updated programme timetable.

As with all LLP projects there would need to be a formal 'sign-off' of a viable scheme from both Executive and the LLP Members' Board, on which Warwick District Council had 50% representation. There would, therefore, also be a need to prepare; a provisional Heads of Terms agreement (between the Council and the LLP) for a scheme and its delivery; the formal independent evaluation of the project, necessary to demonstrate that the LLP's proposition was better than any other option open to the Council; and these elements of the project would require the approval of the LLP's Operations and Member Boards prior to their formal sign-off by Executive. However, the final decision on moving from this current evaluation stage to a delivery project would be made by the January 2016 Executive.

The current outline timetable for the project was set out below. This was designed to enable the Council to take up occupation of the new HQ offices by March 2018, assuring delivery of the planned revenue savings on the timetable already built into the Medium Term Financial Strategy.

This was clearly an ambitious timetable. Its deliverability would be carefully reviewed as part of the proposed feasibility and viability appraisals and the conclusions reported back in the January report. If, for any reason, it was felt that this timetable might not be deliverable any ensuing consequences for the Medium Term Financial Strategy will be considered within that report

The Executive could choose not to progress the recommended approach and select an alternative site. This option had been discounted because the summary of the site appraisal work, set out in Appendix One, showed that the Covent Garden site was the best option available to the Council. Selection of a sub-optimal site would require further work, worsen the potential viability of the scheme and compromise the Council's ability to deliver the required revenue savings on schedule.

The Executive could decide not to progress the project and remain in occupation of Riverside House. This option had been discounted as this would add c£1.5m to the currently unfunded assets maintenance liability and could compromise the delivery of the required revenue savings.

The Executive could decide to undertake the next-stage feasibility work in-house rather than through the LLP. This option had been discounted as it would place all the risk onto the Council, have a significant cost and resourcing impact and would be likely to delay the completion of the next stage, compromising the ability to deliver the required savings on schedule. The LLP was established for exactly this purpose and has the necessary expertise and resource to undertake the required work on the

timescale envisaged. Not utilising the LLP would also fundamentally undermine the proposed funding strategy as it would effectively rule out the ability to capture 'value added' capital receipts from other assets

The Overview & Scrutiny Committee noted the report.

The Leader explained that he recognised concerns about ensuring the future viability and protection of the Town Hall as a prominent feature of town centre and these would be addressed.

Resolved that

- (1) the outcome of the site option feasibility work as set out at Appendix One, be noted;
- (2) the Covent Garden site is the preferred location of its new HQ offices and agrees that no further work will be undertaken on any other site options at this stage;
- (3) the LLP is instructed to undertake a full feasibility and viability assessment of a comprehensive redevelopment of the Covent Garden site, to include new HQ offices and new car parking in lieu of the current provision;
- (4) officers work with the LLP to develop a funding strategy for the relocation project, based on the principle of the development scheme being broadly capital cost neutral;
- (5) the LLP is instructed to investigate the potential for disposal/alternative use of other WDC owned assets to generate value added capital receipts to support the funding strategy; and
- (6) a further report be presented to the January 2016 meeting allowing a decision to be made on whether the project should progress to the delivery phase.

(The Portfolio Holder for this item were Councillor Cross, Mobbs and Whiting)
(Forward Plan reference 719)

51. Additional Temporary Staffing Resource - Housing and Property Services

The Executive considered a report from the Deputy Chief Executive (BH) that set out proposals to address capacity issues within the Assets Team of Housing & Property Services that were currently impacting on service delivery and workforce development

On 27 January 2015 the previous Employment Committee approved a significant redesign of the Asset Management Team within Housing & Property Services.

On 11 March 2015 the Executive considered the budgetary issues arising from the redesign proposals and the outcome of the internal matching process which required further provision to be made for redundancy costs. Their approval of the proposals in this report enabled an external recruitment process to commence. The staffing structure approved as a result of these two reports was attached at Appendix One, to the report.

Overall, the recruitment process, both internal and external had proved to be more protracted than anticipated, with the final vacant post due to be filled this month, subject to satisfactory interviews. Whilst the process had been underway there had been significant internal staff movement which has proved disruptive, particularly in respect of the Energy and Plant Management Team, where the two staff previously undertaking the Contract Administrator roles secured new positions within the Housing and Void Repairs Team.

The internal staff movements and the successful completion of the external recruitment process had meant that the objectives of the redesign had been met and staff appointed to the new structure with the appropriate skills to deliver an enhanced service. However, there were now a large number of new starters within each of the three teams.

The protracted and disruptive recruitment process and the relatively high proportion of new starters within the teams had had several consequences, including; planned work has needed to be rescheduled; managers had been unable to delegate work until staff have been appointed and settled into their (new) role; managers had been unable to progress staff training and development as quickly as desirable as they have lacked the resources to do so.

Each of these issues impacted adversely on the other issues and all had been compounded by long term sickness issues within the Building Surveying Team affecting 4 staff, 1 of whom remains on long term sick leave and another had returned to work but awaited surgery and a three week recovery period.

The net result had been the build-up of a backlog of work, delays to the commencement of projects and an inability for the teams to effectively support colleagues working on key corporate and strategic initiatives. The latter issue, in particular, had been aired at recent Asset Strategy Group and Senior Management Team meetings and the Corporate Management Team (CMT) was consequently bringing forward these proposals to address the current capacity issues.

These capacity issues had resulted in key initiatives to review the effectiveness of the current Open Book contracting arrangements for housing and void repairs, update HRA stock condition information, introduce a new strategic approach to planning Housing Investment Programme expenditure and introduce a comprehensive corporate asset

management strategy all being delayed, in addition to the procurement and mobilisation of specific contracts and/or framework agreements for both Housing Revenue Account and corporate properties. Resource had been redirected to other key corporate projects, for example the Leisure Options Review and St. Marys Lands at short notice and the lack of capacity has meant that these contributions have been less efficient and effective than if they had been planned.

It was therefore proposed to recruit a Project Manager for 24 months, working direct to the Asset Manager, to concentrate on the Open Book contracts review, process changes to the existing contract in advance of the review's completion and to assist with the co-ordination of a new approach to corporate asset management. This would free up the Asset Manager to focus on strategic issues and team leadership and development and free up the Housing and Void Repairs Manager to concentrate on operational issues and the effective integration and personal development of the new starters within their team.

An additional Property Maintenance Officer (PMO) was also proposed for the period ending 31 March 2017. This post would enable additional operational capacity to be deployed to increase the level of pre and post-inspections on existing contracts while the strategic review is underway. The capacity would also enable the Housing Repairs and Voids Manager to focus on revised operational arrangements for repair reporting. The fixed timescale was proposed to tie in with the likely timescales relating to the proposed review of the Customer Service Centre which was the subject of a report being presented to Executive on 30 September 2015.

The proposed posts would slot into the current structure shown at Appendix One. The Project Manager post would report direct to the Asset Manager and the Property Maintenance Officer would report to the Housing and Void Repairs Manager.

Members would recall that the Executive of 3 September 2015 note approved the recruitment of a temporary Building Surveyor for a period of up to two years. This post was separate to the proposals set out in this report and was needed to provide the necessary capacity to ensure that the full stock condition survey of the HRA stock and subsequent transition to a strategic asset management process designed to ensure that the survey data is used effectively. There was no duplication between the capacity released by this post and the proposals in this report as it was for an entirely discrete new initiative.

Despite this planned new post the existing resources within the Building Surveying team would continue to be stretched in the short to medium term. Some project work, e.g. the Oakley Wood improvement scheme, would come to a natural end in the next few weeks which would release capacity and the Building Surveying Manager had also undertaken a thorough review of current and future work allocations to ensure that existing capacity was being utilised in the most effective way. This would, in turn, free up the Building Surveying Manager and allow the Asset Manager to delegate additional operational issues to them.

The additional resource now available within the Procurement Team would also assist the backlog issues within the Building Surveying Team allowing tender specifications to be agreed so that contracts for work such as door entry system maintenance, engineering works and fire risk assessments can be procured and the necessary contractor mobilisation subsequently put in place. However, there were still likely to be resource bottlenecks within this team, partly as a result of work backlogs, partly as a result of the need to develop the new starters and to address this it would be recommended to Executive that budget was made available to allow specific tasks to be undertaken by deploying resources secured through a 'call-off' mechanism with contractor(s) selected through a procurement compliant framework agreement(s). After careful consideration it had been assessed that this arrangement would provide the team with optimum flexibility, allowing resources to be drawn down on a 'as and when needed' basis, a more cost effective solution than tying up cost in temporary staff resource which was likely to be under-utilised as a result of the 'lumpy' profile of the work programme in the coming months.

One option would be not to put additional temporary resource into the Housing & Property Services area. This 'do nothing' option had been discounted as it would not address the current backlogs and capacity issues compromising the service area's ability to deliver an effective service on all corporate priorities.

Another option would be to recruit two additional temporary staff into the Building Surveying Team rather than use the recommended funding allocation to establish the proposed 'call-off' arrangements. This had been discounted as the additional management responsibilities falling on the team manager would not result in any additional capacity being released, compromising both the ability of the Asset Manager to delegate work and free up their capacity and the Building Surveying Manager's ability to develop the existing new starters within their team.

Resolved that

- (1) funding of a maximum of £33,999, is approved, from the Service Transformation Reserve and a reallocation of the existing Housing Revenue Account (HRA) budget that will reduce the current contribution to the HRA Capital Investment Reserve by a maximum of £71,129, to cover the costs of
 - (i) 1 temporary Project Manager post at salary grade E1 for 24 months
 - (ii) 1 temporary Property Maintenance Officer at salary grade F for the period ending March 31st 2017; and
- (2) a maximum budget allocation of £100,000, is approved, to cover the costs of deploying

resource procured via a 'call-off' arrangement through a procurement compliant framework agreement, to be funded by a £70,000 allocation from the Service Transformation Reserve and a reallocation of the existing Housing Revenue Account (HRA) budget, that will reduce the current contribution to the HRA Capital Investment Reserve by a maximum of £30,000.

(The Portfolio Holder for this item were Councillor Phillips)

52. **Significant Business Risk Register**

The Executive considered a report from Finance that set out the latest version of the Council's Significant Business Risk Register for review by the Executive. It had been drafted following a review by the Council's Senior Management Team and then the Leader of the Council in consultation with the Corporate Management Team, the Section 151 Officer, and the Audit & Risk Manager.

This report was not concerned with recommending a particular option in preference to others but was submitted to assist members in fulfilling their role in overseeing the organisation's risk management framework .

The Finance & Audit Scrutiny Committee noted the report but queried why the risk relating to the Local Plan had been placed in a different position from that in its own Development Services risk register and whether an additional significant medium-term risk was emerging of funding for major projects being identified.

The Leader of the Executive explained that the importance was not the scoring but ensuring we were recording and mitigating the risks, which the Executive would continue to manage.

Councillor Mobbs endorsed the report and the Executive therefore

Resolved that the Significant Business Risk Register, attached at Appendix 1 to the report, be noted.

(The Portfolio Holder for this item was Councillor Mobbs)

53. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following three items by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minute No.	Para Nos.	Reason
54 & 56	1	Information relating to an Individual
54 & 56	2	Information which is likely to reveal the identity of an individual
55 & 56	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The full minutes for the following items would be set out in the confidential minutes of the meeting.

54. Extension of Sustainability Officer's Contract Period

The Executive approved the recommendations in the report.

(The Portfolio Holder for this item was Councillor Mrs Grainger)

55. Council HQ Relocation Project - Part B

The Executive approved the recommendations in the report.


(The Portfolio Holder for this item were Councillor Cross, Mobbs, Shilton and Whiting)

(Forward Plan reference 719)

56. Minutes

The confidential minutes of the meetings held on 3 September 2015 were agreed as written and signed by the Chairman as a correct record.

(The meeting ended at 6.35 pm)

 EXECUTIVE 4th November 2015		Agenda Item No. 3
Title	Leisure Development Programme	
For further information about this report please contact	Rose Winship 01926 456223 Rose.winship@warwickdc.gov.uk Paddy Herlihy 01926 456228 Padraig.herlihy@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	The report is not private but confidential Appendices are included as a Part B report	
Date and meeting when issue was last considered and relevant minute number	Executive, 9th October, 2013 Finance & Audit Scrutiny Committee, 1st September, 2014 Overview and Scrutiny Committee, 1st September, 2014 Executive, 5th November, 2014	
Background Papers	Visions and Principles – Oct 2013 Sport and Indoor Facilities Strategy – April 2015 Playing Pitch and Outdoor Sports Strategy – April 2015 Neil Allen Associates Facilities Audit - 2013	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes (688)
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive	16/10/15	Chris Elliott
CMT	16/10/15	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	16/10/15	Mike Snow
Finance	16/10/15	Maqsood Ahmed, Andy Crump, Sue Simmonds
Monitoring Officer	16/10/15	Andrew Jones
Heads of Service	16/10/15	Rose Winship, Mike Snow, Andy Thompson, Tracy Darke, Rob Hoof, Richard Hall
Legal Services	21/10/15	Victoria Newbold, Kate Hiller (WCC)

Portfolio Holder(s)	14/10/15	Councillor Mrs Sue Gallagher
Consultation & Community Engagement		
Community Consultation on leisure provision – May 2015		
Community consultation on leisure centre activity programme – Spring/Summer 2014		
Final Decision?	No	
The next steps will be that, should the Executive agree to the procurement of an external provider of the Leisure Service (Recommendation 2.6), the recommended procurement process will be overseen by way of the delegations sought and on the outline programme set out in this Report.		
Further reports to follow re: investment in facilities and car parking arrangements at relevant facilities (Recommendations 2.1 and 2.4).		

1 SUMMARY

- 1.1 This report asks Executive to approve a series of recommendations following completion of the initial phase of the Leisure Development Programme. The programme was established in November 2014 to formulate options for the future provision and management of the Council's leisure centres and dual-use sites. The recommendations are based on strengthening the Council's facilities, service offering and income. The report addresses two significant issues that Members will need to determine.
- 1.2 Firstly, whether the Council should invest significant capital sums in two of its existing leisure centres (Newbold Comyn and St Nicholas Park) to make them fit for purpose for the next 20/30 years. The investment proposals at these two leisure centres include: the creation of state of the art health and fitness facilities; remodelling and updating of reception areas; and at Newbold Comyn, the construction of a new sports hall. Without this investment, there is a significant risk that these major leisure facilities will no longer be fit for purpose, resulting in a reduction in usage and a potential increase in public subsidy. There is also robust evidence supported by the Sport England Facilities Planning Model to support the view that without this investment the facilities will be insufficient for the growing population of the District.
- 1.3 Secondly, deciding what is the best model for managing the Council's leisure facilities in the future – keeping the management of the Leisure Service in-house or management via an external partner. Such a decision needs to be made in the context of the continuing reductions in local authority funding and take account of the need to secure best value for money without compromising the aim of securing the best outcome for the District in terms of providing quality leisure facilities and services.

2 RECOMMENDATIONS

That the Executive:

- 2.1 Agrees to the refurbishment and expansion of the Newbold Comyn and St Nicholas Park Leisure Centres at a cost in the region of £12 million, subject to a further report to the Executive in June/July 2016 detailing the final cost model and the sources of funding for the investment.
- 2.2 Subject to agreement of recommendation 2.1, the Executive recommends to Council that it approves the funding of £550,000 (included in the £12m referred

to in 2.1) from Section 106 payments (c£170,000) already received and internal borrowing (c£380,000) managed by the Head of Finance, to allow the design proposals for Newbold Comyn and St Nicholas Park Leisure Centres to be developed up to and including the end of RIBA Stage 4, thereby enabling appropriate planning applications to be submitted, a preferred developer to be selected and a provisional contract price to be established.

- 2.3 Subject to agreement of recommendations 2.1 and 2.2, delegate authority to the Head of Cultural Services, in consultation with the Portfolio Holder for Culture to seek planning permission and such other necessary statutory consents that would enable the proposed improvements to Newbold Comyn and St Nicholas Park Leisure Centres to be implemented.
- 2.4 Delegate authority to the Head of Cultural Services, in consultation with the Portfolio Holder for Culture, to work with Sport England to seek funding from Sport England's Strategic Facilities Fund (SFF) as a contribution to the costs of the capital investment referred to in recommendation 2.1.
- 2.5 Note that the further report referred to in recommendation 2.1 will also provide details of further mitigation of car parking constraints at St Nicholas Park and note that the mitigation may involve:
 - i) Improved signage directing traffic to Myton Fields
 - ii) Remodelling of some areas of St Nicholas Park car park
 - iii) Reviewing the relative charges at St Nicholas Park and Myton Fields car parks.
- 2.6 Agree that:
 - i) procurement of a partner to manage all of the Council's leisure centres and dual-use operations (subject to necessary consents by dual use partners) is undertaken on a timeline that marries-up with the refurbishment programme, should Recommendation 2.1 be agreed; and
 - ii) a budget of £30,000 is allocated from the Contingency Budget to fund the cost of the procurement exercise.
- 2.7 Subject to Executive agreeing recommendation 2.6, to:
 - (i) note the principles of the draft Service Specification at Appendix 1 which details the future service standards that will be delivered at the Council's leisure centres and dual-use facilities (subject to necessary consents by dual-use partners); and
 - (ii) delegate authority to the Head of Cultural Services, in consultation with the Portfolio Holder for Culture, to finalise the Service Specification, to undertake the procurement process to select one partner, and to enter into the necessary legal agreements with that partner including arrangements in relation to staffing, pensions and assets.
- 2.8 Subject to agreeing recommendation 2.6, to agree that the current Members' Working Group that has been overseeing the Leisure Development Programme to date extend its role to provide oversight of the procurement process and risk logs.

- 2.9 Subject to agreeing recommendation 2.6, that the current level and process of liaison and consultation with staff and their representative bodies continue.

3 REASONS FOR THE RECOMMENDATIONS

A *First Issue*

3.1 Investment

- 3.1.1 The Council has 4 main leisure centres, all of which were built 20 – 30 years ago, which for many years have provided the District with a range of modern and varied facilities. The Council also manage dual use centres at Kenilworth School and Myton School which are available for community-use outside of school hours. Over time investment has been made in the centres, adding new elements and updating the internal finishes, ensuring that the facilities have remained in good condition and are structurally sound. This ongoing investment was justified when in 2013 a condition survey of all the Council's assets found the leisure centres to be in good structural condition, but crucially also found them to be in need of modernisation and requiring the establishment of a programme of planned preventative maintenance including the replacement of significant elements of mechanical and electrical plant and building fabric.
- 3.1.2 In parallel with the condition survey, a facility audit (available on the Council website) was undertaken by Neil Allen Associates (NAA) to establish whether the range of leisure facilities was appropriate for the District, and if this provision would be able to meet the future needs and demands of the local community. The audit concluded that when using the Sport England Facility Planning Model (FPM), the existing provision was largely in the right place and was providing a suitable range of activities and facilities for the people of Warwick District. There was no evidence to suggest that any of the facilities was under-used nor that there were parts of the District that did not have reasonable access to facilities. The model also took account of the anticipated growth of population in the District and at the time of assessment in 2014, used the then Local Plan figures to calculate demand. Based on the figures at that time, the audit recommended that the present facilities were retained, but that investment was made to bring the facilities up to modern standards and extended to provide additional health and fitness provision and an additional sports hall (located in Leamington).
- 3.1.3 However, following receipt of the Planning Inspector's Local Plan letter early this summer and the subsequent development of the sub regional Memorandum of Understanding about housing numbers, officers have liaised with Sport England on the potential implications for sports facilities. Officers have been advised that the FPM should be re-run in the next 12 months to take into account the additional houses that are now required in the District. However, having undertaken an initial desk-top exercise using the model, the data suggest that the additional houses will not change the outcome of the FPM significantly and that the approach of extending and refurbishing current facilities remains valid.
- 3.1.4 The NAA report strongly supports the proposals for significant expansion of the health and fitness element of the facilities (gyms and studios). It is acknowledged that this is a strong and commercially significant element of the leisure sector and one which is a key source of income for any operator. A soft market testing exercise was undertaken by Strategic Leisure (consultants commissioned by the Council to support on the Programme) in Spring 2014 to

examine the appetite and interest of the private sector in partnering with the Council to manage its leisure centres. The respondents confirmed that they would see the expansion of health and fitness facilities as a priority in the event that they were offered the opportunity to manage the Council's leisure centres.

- 3.1.5 Aware of the levels of potential investment being proposed, set against the volatile nature of the health and fitness sector, officers have undertaken a review of the status of health and fitness provision locally (Appendix 2). It has concluded that, whilst there are some local gyms that were not identified in the NAA report, there remains a strong case for expansion of the Council's facilities to offer a modern and accessible health and fitness product that will have the capacity to attract new members and increase levels of physical activity across all sectors of the community.
- 3.1.6 The investment recommendations in this report relate only to the leisure centres in Leamington and Warwick. The situation in Kenilworth is significantly different for two reasons. Firstly, the proposed relocation of Kenilworth School and the Kenilworth Wardens sports club from land allocated as strategic housing development sites within the Submission Draft Local Plan could directly impact on the existing Council facilities. Secondly, unlike Leamington and Warwick, there is a potential impact on the Council's leisure facilities in Kenilworth from planned future facility development in neighbouring areas and, in particular, the emerging plans that Coventry City Council and the University of Warwick have for their leisure provision. Discussions have been held, and continue, with both bodies. Coventry's plans relating to the replacement of the Fairfax Street 50m pool and sports centre are acknowledged but due to the travel time from the District are not considered relevant to Warwick District's facility planning exercise. However, Warwick University are reviewing their campus master-plan and this process includes a review of sports and leisure provision. Whilst any changes made at the University site have a broad relevance to the whole District they are not considered to be in conflict with the proposals for St Nicholas Park and Newbold Comyn but, due to the proximity of the University to Kenilworth, they would potentially have a direct impact on the Council's facilities in Kenilworth.
- 3.1.7 In the light of these issues officers have consulted with Kenilworth Councillors on the recommendations of the NAA report and the feedback from Strategic Leisure in respect of the leisure facilities in the town. The conclusion of these discussions is that it would be premature to recommend an investment programme for the Kenilworth facilities until the Local Plan has been adopted, the funding issues around the relevant site developments clarified and the potential impact of facility development in neighbouring areas confirmed. Future plans for the Kenilworth facilities should, therefore, be viewed as a second phase to a programme of investment and development with the current proposals for Newbold Comyn and St. Nicholas Leisure Centres forming Phase I. Members should note that, if recommendation 2.6 is approved and a procurement process undertaken to identify an external operator for the Council's leisure facilities, any future contract would include the current Kenilworth sites. Any contract would need to be structured in a way that would allow for variation in the event of significant changes to the facilities in Kenilworth in the future.
- 3.1.8 In developing the investment proposals to RIBA Stage 2 (Appendix 3), project managers, Mace Ltd, and their professional colleagues such as architects and Mechanical & Electrical (M&E) consultants have produced a cost model (see Appendix 1 in the Part B report elsewhere on the Agenda). The model includes

construction costs, M&E costs and an allowance for professional fees, which total £11,984,698. Initial fees to the total of £171,400 was approved previously by the Executive and has already been spent in reaching RIBA Stage 2. Should the Executive approve Recommendations 2.1 – 2.5 which enable the project to progress to RIBA Stage 4, the design plans will be refined and a comprehensive cost model developed. Invasive surveys of the existing buildings will be carried out in order to provide certainty that the designs being prepared can be successfully built. The designs will be prepared for a planning application and the application will be submitted towards the end of RIBA Stage 4 as can be seen in Table 1 below:

Table 1: Milestones for Investment Proposals

ID	Task Name	Start	Finish	01 July 08/06	21 November 17/08	11 April 26/10	01 September 04/01	21 January 14/03	11 June 23/05	01 November 01/08	21 February 10/10	11 September 19/12	01 December 27/02	11 March 08/05	01 November 17/07	21 April 25/09	11 July 04/12	01 December 12/02
0	Leisure Development Programme	Wed 04/11/15	Fri 26/05/17															
1	1 RIBA Stage 2 Sign Off	Wed 04/11/15	Wed 04/11/15															
2	2 RIBA Stage 3	Wed 11/11/15	Fri 04/03/16															
3	3 Planning	Mon 08/02/16	Fri 12/08/16															
4	4 RIBA Stage 4	Mon 07/03/16	Fri 27/05/16															
5	5 Council Decision on Investment	Mon 30/05/16	Mon 13/06/16															
6	6 Two Stage Tender Process (OJEU)	Mon 23/11/15	Fri 24/06/16															
7	7 St Nicholas Park Construction	Mon 27/06/16	Fri 03/02/17															
8	8 Newbold Comyn Construction	Mon 27/06/16	Fri 26/05/17															

3.1.9 It should be noted that the investment proposals have subsumed some of the leisure centre elements of the Council's Planned Preventative Maintenance Programme (PPM). These elements were estimated to cost in the region of £3m over a period of 30 years. The first 5 years of the leisure centre PPM Programme had an estimated cost of £836,000. Further detail on the financial implications of the PPM Programme is included in paragraph 5.7 of this report.

3.2 RIBA Plan of Work

3.2.1 The plans and costs included in this report in respect of Newbold Comyn and St Nicholas Park Leisure Centres represent Stage 2, the "Concept Design" phase of the RIBA framework. In Stages 3 and 4, the project progresses with updated proposals for structural design, building service systems, outline specifications, and fully detailed cost projections and Risk Assessments. At the end of this phase, the Council has the opportunity to continue with the proposals or halt the project. In order to achieve this, £550,000 is required to fund the Project and Programme Management, planning applications and surveys.

3.2.2 To progress the investment proposals to RIBA Stage 2, the Council engaged Mace Ltd as project managers through the NHS Shared Business Services Framework. In doing so the project has benefited from the services of a range of professions including architects and M&E consultants, all of whom have been sub contracted by Mace Ltd on competitive rates. If the Executive approves Recommendations 2.1 and 2.2 and authorises officers to produce detailed proposals for the investment and thereby progress the scheme to RIBA Stage 4, consideration needs to be given to the most appropriate way of procuring the relevant services.

3.2.3 Officers have sought advice from the Procurement Manager and Head of Finance on the most appropriate approach to this next stage that minimises costs and ensures continuity of the project to RIBA Stage 4. Officers will therefore continue to work with Mace Ltd as project managers under the NHS Shared Business Services Framework to complete this next phase of work and,

subject to the decision to progress to construction, Mace Ltd will continue as project managers until the end of the construction phase.

- 3.2.4 It is proposed that an application for planning permission should be made towards the end of RIBA Stage 4, using the information prepared as part of the RIBA Stage 4 process. This will ensure that the planning process can be undertaken in time to begin work on site in accordance with the agreed programme, subject to permission being granted. Delegated authority is also sought to apply for planning permission and for any other necessary and statutory consents to allow the project to proceed to the next stage of proceedings (Recommendation 2.3).

3.3 Sources of Funding

- 3.3.1 It is anticipated that the investment proposals will be funded from a number of sources, some of which are already secured, and others which have yet to be confirmed. Further details are included in 5.2.4.
- 3.3.2 It is proposed that officers seek to access funding from the Sport England Strategic Facilities Fund (SFF). Due to the way in which Sport England manage this fund, there is no indication at this stage as to whether an application would be successful. Recommendation 2.4 seeks the relevant delegation to the appropriate officer and Member to progress any application.
- 3.3.3 The Sport England SFF is designed to direct capital investment to local authority projects that have been identified through a strategic needs assessment and that have a maximum impact on growing and sustaining community sport participation. Projects that are funded from this source are promoted as best practice in the delivery of quality and affordable facilities and are able to demonstrate long term efficiencies. Projects also need to be able to demonstrate that they are bringing together a number of partners, with input from public and private sectors, and have the support of national governing bodies of sport.
- 3.3.4 Applications to this fund are on a "solicited-only" basis, meaning that the Council has to be invited by Sport England to make an application. Consequently, officers have been working closely over the last 12 months with Sport England, and with the County Sports Partnership who has an overview of the regional strategic picture of facility provision, to get to a point where Sport England will hopefully invite an application for the improvements at Newbold Comyn and St Nicholas Park Leisure centres.
- 3.3.5 In the event that the Executive approve Recommendations 2.1 – 2.5, officers will confirm to Sport England the Council's commitment to the investment proposals and will look to work with the relevant Sport England officers to secure funding from this source in order to improve the affordability of the schemes. The modelling explained in Section 5 of this report and Appendix Z of the Part B report shows the impact of the Council being unsuccessful in securing Sport England funding.

3.4 Car Parking considerations

- 3.4.1 A fundamental consideration in finalising the detail of the investment proposals for Newbold Comyn and St Nicholas Park Leisure Centres is the impact of increased customer visits to these sites and the additional pressure that this will place on the car parking provision. If facilities are expanded and insufficient

parking provision is made, business models will not be deliverable and customer satisfaction levels will be reduced.

3.4.2 Recognising the challenges that this could pose, consultants Atkins were commissioned to assess the current level of car park usage, to consider the future pressures on parking provision at these sites as a result of the investment proposals and to make recommendations on how car parking provision could be managed in future to minimise the impact on customers of the leisure centres and other car park users (see Appendix 4).

3.4.3 In summary, the surveys came to the following high level conclusions:

3.4.4 St Nicholas Park Leisure Centre:

- This site has historically experienced issues with car parking provision which has had an impact on leisure centre users.
- The car park currently operates at capacity late morning/early afternoon on a weekday and a Saturday in summer but demand exceeds capacity at certain times within this range.
- The expansion of the leisure centre would lead to a peak shortfall in parking of around 44 spaces. Shortages would occur between 11am – 3pm Monday to Friday in the summer and 11am - 4pm on Saturdays in the summer.
- The report recommends that further work is undertaken to consider the opportunities of a revised layout, and revised charging strategies for this car park and Myton Fields (summer only) which could reduce or alleviate the pressure at key times.

3.4.5 Newbold Comyn Leisure Centre:

- Spare capacity currently exists even at peak times of the week/year
- Taking into account the loss of the car park closest to the current facilities (for the construction of the sports hall) alongside lining of parking bays in the car parks to the north of the road onto the Comyn, there would be a net gain of 44 spaces available for leisure centre users, thus ensuring sufficient capacity for the increased visitor numbers.

3.4.6 Officers of Cultural Services and Neighbourhood Services have considered the findings and recommendations of the Atkins surveys and have concluded that car parking provision at Newbold Comyn is satisfactory for the extended facilities proposed for this site. In respect of St Nicholas Park it is clear that, whilst the current parking provision could meet demand at most times of the day/week, there are some times when demand would exceed capacity. Officers have considered a range of mitigation measures that could be put in place in future to address these shortfalls, but also taking into account the emerging findings of an investigation into car parking throughout Warwick town centre currently being undertaken. It is proposed that the outcome of this work is reported to the Executive alongside the further report referred to in Recommendation 2.1. It is believed that the car parking issues at St Nicholas Park Leisure Centre are not severe enough to question the decision to invest in the facilities. Nonetheless, any mitigation will be advantageous to the future performance of the Centre and the user experience more broadly.

3.4.7 As part of the planning process Green Travel Plans will be developed for both facilities and this will help to alleviate pressure on car parking.

B Second Issue

3.5 Management Options

- 3.5.1 The recommendation that tenders should be invited for the management of all the Council's leisure and dual use facilities (subject to agreement by dual use partners), takes into consideration the Business Plan (Appendix 2 in Part B of the Agenda) and the confidential Prospectus (Appendix 3 in Part B of the Agenda and circulated prior to the meeting) submitted by the in-house team. It also considers the report from Strategic Leisure (Appendix 4 in Part B of the Agenda) comparing the relative merits of the in-house model and potential external operators (based on industry benchmarks for external operators).
- 3.5.2 Due to the commercial sensitivity of this information, the full details of the in-house proposal is included in Part B of the Agenda. The proposal is considered to be a robust and comprehensive Business Plan and Prospectus that has been developed from first principles and has included forensic challenge of all aspects of the business.
- 3.5.3 The Business Plan has been written to address two scenarios. Firstly, and referred to hereafter as **Option 1**, there is an assumption that the Executive decides not to invest in the enhancement and extension of Newbold Comyn and St Nicholas Park Leisure Centres (other than essential £3.9m of works referred to in paragraph 5.7), and so relies on the in-house team delivering the service in a more commercial manner with a clear focus on the areas of greatest potential for income generation i.e. swimming lessons and health and fitness.
- 3.5.4 The alternative, **Option 2**, is based on Executive agreeing to invest in the region of £12m in the Newbold Comyn and St Nicholas Park Leisure Centres, and so relies on significant increase in the income generated by the expanded health & fitness provision, the expansion of the swimming lesson programme (as in Option 1), the installation of a "Clip and Climb" facility and a new sports hall at Newbold Comyn, and a consequent uplift in income from a number of areas as a result of the improved changing provision, refurbished reception areas and general service improvement.
- 3.5.5 The Prospectus describes in detail how the in-house team intends to approach the service improvement that is essential for both Option 1 & 2 to be successful. It highlights the many benefits that would be optimised by retaining the service in-house, focuses on the Principles that would underpin the new-look "Warwick District Sports & Leisure" team going forward, and describes the areas that the team intends to focus on in order to develop the service.
- 3.5.6 In order to get an independent assessment of the in-house proposals, Strategic Leisure was asked to produce an evaluation report which is included in full as Appendix 4 on Part B of the Agenda. Strategic Leisure highlighted a number of areas which they believe warrant detailed consideration when comparing the in-house v external model for both Options 1 & 2. A financial analysis of the two models is included at section 5 of this report and in all scenarios Strategic Leisure considers that an external provider would out-perform the in-house model, albeit by a margin that requires careful consideration.
- 3.5.7 However, when considering the in-house bid against what an external operator might be able to provide in the context of the separate decision on investment, the Council needs to consider a wider number of issues, not all of which are financial. These are set out in Table 2 below:

Table Two - Leisure Development Programme Scenarios

INVESTMENT - £4m investment (maintenance and services only)	
Advantages	Disadvantages
Less borrowing requirement on the Council leading to lower repayment charges	Buildings remain old-fashioned and inefficient, leading to loss of income and increase in public subsidy
Less disruption to service as no major refurbishment or new facilities	Insufficient indoor sports provision for growing population
No teething or snagging problems as no new buildings	Lost opportunity to capture the income from new health and fitness facilities
	Runs risk of creating an opportunity for a major new operator to set up in the District with its own modern facilities that takes customers and income
	Doesn't achieve Medium Term Financial Strategy savings if operated in-house

INVESTMENT - £12m investment – (refurbishment and significant extension)	
Advantages	Disadvantages
Significantly enhanced buildings will increase income and thus reduce subsidy in the medium term	Increased borrowing requirement leads to higher repayment charges and more pressures on budgets initially
Provides sufficient indoor sports provision for growing population	Disruption to service whilst work is carried out (although neither centre will close completely at any time)
Captures income from health and fitness market	Potential risk that costs may rise if project risks are realised
Dissuades commercial operators from setting-up in opposition	Teething or snagging problems possible with new buildings
Refurbished buildings are cheaper to run as more efficient	

MANAGEMENT – In-house option	
Advantages	Disadvantages
Leisure staff remain part of the District Council team and the Council is better able to retain its operational capacity	Modelling suggests that the in-house option does not achieve the Medium Term Financial Strategy savings
Retains greater flexibility over management of the facilities by the Council	Budgets suffer if the significant income increases are not achieved when resources are already under pressure
The Council receives positive comments due to the success of the service	External management offers a better financial situation at less risk
No costly and time-consuming procurement exercise for an external contractor	No opportunity to produce further savings through addressing support service costs

MANAGEMENT – External operator option	
Advantages	Disadvantages
Achieves Medium Term Financial Strategy savings and more	Requires a robust client-side role to ensure relationship with contractor remains strong
Less risk to Council if income targets not met or costs rise	Council may get less credit for investment in the new facilities as linked to contractor
Council does not bear the cost if income figures not achieved	Loses some flexibility over management of the facilities by the Council
Further savings may be achieved if WDC addresses support service costs	Procurement exercise takes time and money

3.5.8 This assessment brings out the following issues:

a. Track record of the in-house offer

It is acknowledged that over the course of the last two years, and more particularly the last six months, the in-house operation has improved significantly, with income projected to be circa £50k above the 2015/16 budget at year end. However, the increased income detailed in the business plan, whilst being cautious, is a major step-change on what has previously been delivered by the in-house team. Consequently, the Option 2 business plan which increases income by some £2m could be a major challenge for the Council in-house team to sustain. The contrast with a commercial operator is that driving income is its day-to-day business. The recent improvement coincides with the appointment of the current Sports & Leisure Manager and other operational management changes. It is the case, though, that if the current position has largely been driven by one individual there is a significant risk to the business if that individual leaves the organisation, or falls ill or is otherwise prevented from performing as now.

b. Financial Impact

Strategic Leisure's view is that an external operator would be able to deliver a financial benefit at least as good as the in-house offer, indeed surpassing it. If this was not the case and the operator was unable to deliver to its business plan it would still be liable to pay the agreed contractual fee to the Council. However, should the in-house bid not deliver in accordance with the business plan, it would lie with the Council to make good any deficit.

c. Impact on staff

This is more difficult to estimate but feedback from Strategic Leisure's experience in similar leisure service outsourcing projects elsewhere suggests that the overwhelming majority of staff who work within the current service is likely to continue to do so. This is of course subject to the Council's compliance with the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) and the Government's Fair Deal pension policy.

d. Impact of procuring an external provider on the rest of the Council

No modelling has been done so far on what other savings could be made from "back-office" changes should Executive decide to externalise the service. However, should Executive make this decision then the next report will detail the areas where it is considered that further savings could be made and will also address any other possible consequences.

e. Certainty of benefit of procuring an external provider

Strategic Leisure states, *"Without formal procurement of the service it is difficult to confirm definitively the difference between an in-house operation and an external operator."* The whole tenor of Strategic Leisure's appraisal is that an external operator could deliver a greater financial advantage than the in-house provider and deliver the same service, but the only way to determine this is by going to the market.

f. Best Value

The Public Services (Social Value) Act 2012 places a requirement on the Council to consider overall value, including economic, environmental and social value, when reviewing service provision. These elements will be integrated into the evaluation methodology for the tenders for both the management and the construction and refurbishment projects.

Procurement

3.5.9 Taking into careful consideration the recommendations from Strategic Leisure, it is recommended that:

- a. The Council procure a partner to manage its leisure centres on a long-term basis through a competitive process in compliance with the Public Contract Regulations 2015. The specific procurement procedure likely to be used is the Competitive Procedure with Negotiation, as this would enable the Council to specify its minimum requirements and then to negotiate with bidders on their proposals with a view to refining and improving the proposals, ultimately to arrive at a preferred bidder and a preferred arrangement;
- b. As part of the procurement process, the Council would set down minimum requirements which it is seeking from any proposal in the Service Specification. Bidders will be invited to submit proposals which, amongst other things, are deliverable, financially acceptable to the Council and best fit with the Council's requirements.
- c. The timing of the procurement process will be heavily influenced by the construction programme should this be approved and it is proposed that the two processes dovetail to cause minimum interruption for service users, staff and management. Accordingly, the provisional procurement timetable would be as follows:

Activity	Target Date
Procurement process commences	1 st July 2016
Selection of preferred partner	1 st October 2016
Negotiation with preferred partner	1 st October 2016–1 st February 2017
Contract award	1 st February 2017
Mobilisation phase	1 st February 2017 – 1 st May 2017
Contract commences	1 st May 2017

3.5.10 The decision by the Executive to undertake a procurement to seek tenders from the external market must be a considered one. Members will need to balance a number of factors when reaching their decision, including:

- a. The financial and other benefits of what the market can offer compared to an in-house model, which is capable of being clearly articulated to all interested parties,
- b. That Council officer time and costs will be incurred in undertaking the procurement process, as well as increased costs of contract monitoring and risk of contract failure,
- c. That the procurement procedure will need to be planned in such a way as to avoid the need for cancellations and avoid the risk of challenge from prospective partners, and
- d. To mitigate (but not remove) this risk, it is recommended that the Council, in the procurement documents, reserves the right not to award any contracts as a result of the procurement process, and that the Council will not be liable for any of the bidders' costs in submitting a bid.

3.5.11 If the decision is made by the Executive to procure a provider to manage the Council's leisure centre management service, it is recommended that the Executive delegate authority to the Head of Cultural Services, in consultation with the Portfolio Holder for Culture, to finalise the Service Specification (see paragraph 3.6 below), to undertake the procurement process through to one preferred party, and to complete the necessary legal documentation with this party. In the event that a significant risk or change to the proposed project emerges through the procurement process, then a full report will be brought back to the Executive before any decision is made.

3.6 Service Specification

3.6.1 The Service Specification is a detailed document which lays out the parameters within which the service will be delivered, and at the same time is the document by which the performance of any operator, be it the in-house team or an external contractor, can be monitored and managed. The successful delivery of the service will rely on the development of a "partnership approach" between Council and operator, subject to the terms and conditions agreed in the contract.

3.6.2 For example, the Service Specification includes minimum standards in respect of opening hours, cleanliness and maintenance, health and safety management, customer service, staff training and qualifications, and how the facilities are programmed to accommodate a wide range of users.

3.6.3 The Service Specification will also include a list of index-linked key charges and concessionary rates that any operator will be required to adhere to as maximum charges. It will be left to the discretion of the operator should they wish to lower the key charges. In this way the Council is able to protect certain user groups and ensure that they are not disadvantaged or discouraged from using the facilities.

3.6.4 The Specification will also include a performance management framework which again will be an essential tool in the Council managing the performance of the operator.

3.6.5 The draft Service Specification is attached as Appendix 1. The Council must recognise that there are many variables in the provision of leisure services which officers will need to work through in more detail should the Executive agree Recommendation 2.6. This will enable officers to finalise the Service Specification prior to the commencement of the tender process and then to enter into the necessary legal agreements with the chosen partner in order to best protect the Council's and the customers' interests.

3.7 Members' Working Group

3.7.1 The cross-party Members' Working Group has played a crucial role in steering the Programme to date. As the Programme enters the new phase it is considered appropriate for the Group to continue to provide oversight of the procurement and contract award process, and the investment work as it progresses to RIBA Stage 4. Members of the Group are also able to feed-back to their political Groups to ensure that Councillors remain up to date as the programme develops.

3.8 Staff Implications

- 3.8.1 Throughout the course of the programme, sports and leisure staff and Unison representatives have been engaged in the process through regular briefing notes, and by the Unison Secretary being a member of the Programme Board. Staff from the leisure centres were also involved in the development of the in-house Prospectus and Business Plan and took part in a design workshop for the refurbishment work.
- 3.8.2 If the management of the service is externalised pursuant to Recommendation 2.6 all operational staff will automatically transfer to the new operator under the terms of the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). HR and other relevant officers will work closely with the Programme Manager to ensure that appropriate pension arrangements are in place. They will also identify other support staff that may be subject to TUPE by virtue of their duties as they relate to the Leisure Service. This will ensure the necessary work in this area is progressed in line with Council policies, and that staff are fully consulted at the appropriate times.

4 **POLICY FRAMEWORK**

4.1 Fit for the Future (FFF)

- 4.1.1 The FFF Programme is designed to help deliver the Sustainable Community Strategy (SCS) for Warwick District and to that end it contains a number of significant projects one of which is the Leisure Development Programme.
- 4.1.2 The FFF Programme has 3 strands and the impact of this report's proposals in relation to each of them is as set out below:

Maintain or Improve Services – the recommendations will see two leisure centres significantly extended and enhanced in Phase I, which will in turn lead to a better quality of service for customers. There is recognition that proposals for facility enhancement in Kenilworth will be brought forward as Phase II of the project.

Achieve and maintain a sustainable balanced budget – the recommendations will help the Council address its financial revenue situation by making better use of its physical assets and reducing the level of subsidy for these discretionary services.

Engage and Empower staff: The development of the "in-house proposal" has been underpinned by input from staff across all sites. Each leisure centre now has its own Improvement Action Plan which identifies the contribution made by staff to achieving the aims of the service. Whether or not the service remains in-house, this process will have empowered staff and prepared them for a more competitive approach to the delivery of the service in the future.

4.2 Sustainable Community Strategy (SCS)

- 4.2.1 The Council has approved a Sustainable Community Strategy for Warwick District (SCS) which has 5 key objectives. The programme contributes to these in the following ways:
- 4.2.2 Health & Wellbeing
- Increasing opportunities for all to engage in sports and physical activity

- Contribution to reducing levels of obesity in the local community
- Increasing opportunities for people to learn new skills

Successful delivery of the programme will also allow the Council to contribute to the Warwickshire Health & Wellbeing Board's Strategy by ensuring that appropriate facilities exist to serve the District, and that these facilities are managed in a way that allows all sectors of the community access to the activities on offer.

4.2.3 Prosperity

- Ensuring that the right infrastructure is available
 - Making best use of public sector assets
- Attracting visitors to spend within the district

The delivery of the new facilities in accordance with the Indoor Facilities Strategy will ensure that the right infrastructure is available in Leamington and Warwick and fit for purpose for the next 30 years. Phase II of the work will provide the same service for Kenilworth.

4.2.4 Sustainability

- Our community has actively minimised environmental impacts

The design of the new works at Newbold Comyn and St Nicholas Park Leisure Centres has been rigorously scrutinised in order to minimise the environmental negative impact. The fuels to be used in the new boiler plant have been selected on both environmental and practical grounds.

4.3 Local Plan

4.3.1 The Council has agreed a strategy statement "The future and sustainable prosperity for Warwick District" which amongst other things seeks to:

- Support the growth and development of the local economy
- - providing for the growth of, and changes within, the local population
- - a strong development management framework including high quality of design

This project will support the growth of the leisure market within the local economy, provide new sports and leisure facilities for the growing size of the population and contribute to strong development through producing two significant extensions to two important local buildings using high quality design.

4.4 Corporate Asset Management Plan

4.4.1 The investment proposals described in this report are aligned to the Corporate Asset Management Plan in that they look to make best use of Council assets and do so in such a way that reduces cost. The proposals also take account of the current and anticipated future maintenance liabilities of these facilities.

4.5 Indoor Sports Strategy

4.5.1 This strategy guides the future provision and management of built sporting facilities in the District. The relationship between the Indoor Sports and Leisure Strategy and the proposed developments has been demonstrated elsewhere in this report and in previous reports.

5 BUDGETARY FRAMEWORK

5.1 The structure of this section

- 5.1.1 This section of the report examines in detail the financial aspects of the proposals for the investment in the improvements at Newbold Comyn and St Nicholas Park Leisure Centres and the recommendation to procure an operator for the Council's leisure facilities. The section is divided into three sub-sections. The first part covers the decision as to whether or not to invest in the refurbishment and extension of two leisure centres. The second part considers the financial aspects of the decision as to whether the leisure centres should be operated in-house or externally. These are two separate decisions. However, the third section considers both decisions and their influence on each other.

SECTION ONE

5.2 Investment proposals

- 5.2.1 The proposed investment in the two leisure centres is estimated to cost £12m in total (including fees and the feasibility work to date). This cost has been prepared by Mace Ltd, the project management company that has been appointed by the Council to get the project to this point i.e. end of RIBA Stage 2.
- 5.2.2 The Cost Estimate (Appendix 1 Part B report) provides a detailed breakdown of the costs of the proposals, including construction, professional fees for further design work, an estimate for inflation, and an allowance for further surveys that may be required.
- 5.2.3 The Cost Estimate and RIBA Stage 2 report have been considered by officers in Housing and Property Services who have confirmed that these documents are robust and reflect a realistic approach to the investment.
- 5.2.4 The works would be funded from a variety of sources:-
- i. s106 funding
The s106 agreements in place provide for a total of £2.7m payable by developers towards indoor sports facilities. Confirmation has been provided by officers in Development Services that the contributions are eligible for the works proposed. To date, £172k of this income has been received by the Council. The receipt of the remainder of this money is dependent on the speed with which the developments are constructed. A likely profile of this income is shown at Appendix 6 of this report. There is a risk that some income will not be forthcoming if the developments do not proceed. Within the modelling discussed below, just over £1.3m s106 income has been assumed in the "central case", received over the next eight years. No allowance has been made at this stage for any Community Infrastructure Levy contributions that the Council will receive for future developments.
 - ii. Sport England Funding
As discussed in paragraphs 3.3.2 to 3.3.5 of this report, it is possible that Sport England funding may be available for the project. The fund in question is a solicited fund, and therefore the Council will work with Sport England to attempt to persuade them to solicit an application. The cost model assumes £2m will be available, due in 2017/18, which is the maximum funding that Sport England will make available. Alternative scenarios are also considered

below. The outcome of the application for Sport England funding will be known before Members are asked to commit to the borrowing needed to progress the capital works in 2016.

iii. Borrowing.

Given the limited resources available to the Council for investment in capital schemes, it would be necessary to borrow to pay for the bulk of the works. Given the nature of the works, and the likely life thereof (for example, the plant usually has a shorter life than the buildings), the borrowing has been based on a mix of 25 and 40 year annuity borrowing. The base modelling assumes that long term interest rates for borrowing from the Public Works Loans Board will be 4.25%, having factored in increases that are anticipated over the course of the project. Alternative interest rates have been modelled below.

iv. Temporary funding.

Given the timing of the receipt of the s106 and the Sport England funding, it will be necessary to make use of temporary funding. This may be the use of Council internal balances/reserves or temporary borrowing. Either way, this funding will have a cost attached to it which, based on projected interest rates, is estimated at 1.5%.

5.2.5 The estimated cost of the works at £12m excludes the cost of the new gym equipment which will be required for the extended gym facilities. The modelling within the in-house Business Plan allows for the cost of gym equipment by way of the inclusion of leasing costs. If the management is externalised, the contractor will be instructed to include the cost of leasing or buying this equipment within their tender price. The costs for these works were included in the in-house and external models considered by Strategic Leisure.

5.2.6 The estimated cost of the capital works is £12m. The net cost to the Council will depend on whether the gross cost varies from this figure and the s106 and Sport England funding available. At best, the net cost could reduce to £5.5m, or at worst increase to £13.5m. The "central case" being worked on is £8.5m with £2m Sport England funding, and £10.5m if the Sport England bid is unsuccessful. This net cost to the Council would be funded by borrowing.

5.2.7 Just as the net cost of the works to the Council may vary, the cost of borrowing may vary. Based on a "central case" of a net cost of £8.5m, the annual borrowing costs would amount to £486k per annum based on currently projected interest rates. If there is no funding from Sport England and the net cost to the Council amounts to £10.5m, the annual borrowing costs will be £600k per annum. The table below shows how these projected borrowing costs may vary. All borrowing costs are based on "annuity" costs.

Table 3: Potential Borrowing Costs

		£m	£m	£m	£m	£m	£m	£m	Yearly Repayment Amount
		5.5	7.5	8.5	9.5	10.5	11.5	13.5	
Net Cost									
% Rate Cost of Borrowing Net Cost	3.75%	0.295	0.402	0.455	0.509	0.563	0.616	0.723	Yearly Repayment Amount
	4.00%	0.305	0.415	0.471	0.526	0.581	0.637	0.748	

	4.25%	0.315	0.429	0.486	0.543	0.601	0.658	0.772	
	4.50%	0.325	0.443	0.502	0.561	0.620	0.679	0.797	
	4.75%	0.335	0.457	0.518	0.579	0.640	0.701	0.823	

5.2.8 Depending on the timing of the receipt of the external funding, there will be additional short term borrowing costs. Each £1m funding that is delayed for a year will present the Council with an additional borrowing cost estimated at £15,000 (based on projected interest rates).

5.2.9 Modelling has been carried out to bring together the anticipated capital expenditure and funding receipts profiled over the expected time profile for the "central case" of net expenditure of £8.5m. On the basis of this, it has been possible to calculate the net revenue cost to the Council relating to the borrowing. Based on the assumptions used, the total revenue funding costs would peak in 2018/19 at £501k, and flatten out to £486k per annum from 2023/24.

5.2.10 This modelling has also been carried out on the basis of the net cost to the Council being £10.5, with no Sport England funding. In this scenario the on-going revenue cost relating to the borrowing is £600k.

5.2.11 Should the capital works not proceed beyond RIBA Stage 4, for whatever reason, it is likely that the costs currently proposed for this stage of the works will need to be written-off to revenue which will present an additional cost to the Council's limited revenue resources.

5.3 Additional Operating Income

5.3.1 The Management options are considered in the second section of this Budgetary Framework. It is considered that both options would produce an increase in the net income received by the Council.

5.4 Net Funding and Operating costs

5.4.1 For the investment in the leisure centres to break even, the net additional income must exceed the funding costs discussed in section 5.2.7. Appendix Z shows that the central case assumptions represent an additional cost to the General Fund in the short term. With Sport England funding, if the service is operated externally, from 2018/19 the service will represent a saving against the planned budget as reflected in the Medium Term Financial Strategy. Conversely, if operated internally, savings would accrue from 2020/21. The on-going net saving to the General Fund from the external model would give savings of £200,000 from 2020/21, over and above the £500,000 saving assumed by the Medium Term Financial Strategy. Based on net investment of £8.5m, this additional annual income represents a return of 2% per annum.

5.5. Sensitivity analysis

5.5.1 As stated in section 5.2.9, the above figures are based on the “central case” assumptions. The best case and worse case scenarios would represent a very different picture.

5.5.2 The best case scenario would include the following changes:-

- Reduced cost of the capital investment
- Increased funding from s106 or Community Infrastructure Levy
- s106 and Sport England funding received earlier
- Reduced borrowing costs from lower interest rates

Modelling these scenarios suggests that the annual funding costs would in this case reduce by £190k per annum. In addition, in the best case scenario, the income from the leisure centres would also increase. This could give a significant improvement on the trading position of the centres, with substantial additional net income to the General Fund.

5.5.3 Conversely, the worst case scenario would present additional net funding costs of £330,000 per annum, and income reducing substantially. This would mean the General Fund would have to find a significant additional sum per annum.

5.5.4 Given the overall funding position of the Council, it is not in a position to take on any increased revenue expenditure without commensurate reductions elsewhere. If the decision is taken to invest in the leisure centres, Members will need to be confident that all measures are taken to avoid the costs increasing from the “central case” position. This is discussed further in Section 6 – Risks.

SECTION TWO

5.6 Management Options

5.6.1 A key element of the Leisure Development Programme was the development of an in-house Business Plan (Appendix 2 of Part B report). It was acknowledged in the early phase of the Programme that an independent appraisal of the in-house proposals would be essential when Members were asked to consider the best option for the management of the Council’s leisure centres in the future. Strategic Leisure was appointed to undertake this appraisal.

5.6.2 The in-house Business Plan presented the **2 options** discussed at paragraphs 3.5.3 and 3.5.4. The In-House team undertook a thorough exercise in working up income and expenditure budgets from first principles, seeking to strike a balance between a new approach to delivering the service and optimising the opportunities presented by the investment proposals in Option 2, whilst ensuring that both options were modelled from a position of reality and deliverability. Both options see a significant reduction in the subsidy for the service by the end of Year 5 (2020/21). In Option 1 the subsidy reduces by £397,000 (from 2015/16, including PPM) and Option 2 by £1,118,000 (2020/21) although this is before the borrowing cost of the improvement works is factored in.

5.6.3 The Strategic Leisure appraisal (Appendix 4 of Part B report) took the in-house Business Plan and Prospectus and compared it with industry benchmarks to come to a series of conclusions of how the in-house model compares with what would be expected of a commercial/private sector operator.

- 5.6.4 The Strategic Leisure appraisal summarises each option, benchmarks the proposal against industry standards and challenges assumptions made by the in-house proposals. The report also highlights the comparative position of the in-house and externalised models in respect of NNDR and VAT, compares the risks of each model and comments on the deliverability of each model.
- 5.6.5 Strategic Leisure has summarised the comparison of the in-house and externalised options as follows. "Without a formal procurement of the service it is difficult to confirm definitively the difference between an in-house operation and an external operator. SLL's comments and observations are based on the numerous bids we have seen from the operator market, our own in-house database, and industry benchmarks. Based on the information presented in the in-house Option 2 Facility and Service Improvement figures, and what we would expect to see from the market, there is a financial differential, although this is reduced substantially from Option 1. Of this financial differential over two-thirds relates to VAT and NNDR savings, which are not available to an in-house operator."
- 5.6.6 Officers have considered the Strategic Leisure appraisal and would ask Members to consider the comments made in Appendix 5 of this report when assessing all the information.
- 5.7 Pre-planned maintenance
- 5.7.1 A survey conducted by EH Harris in 2011 identified that the leisure centres were in a good condition for their age and use. However, they also identified a range of works that would be required in order to maintain the buildings in at least their current state of repair. This work would be scheduled throughout a 30 year period as part of the Council's PPM Programme. The total cost over the 30 years, for the 4 leisure centres owned by the Council, was estimated to be around £3 million.
- 5.7.2 The first 5 years of this PPM has been scoped in detail. The total cost of the PPM for the 4 leisure centres for the next 5 years has been established as £836,000. The PPM is not currently funded.
- 5.7.3 As discussed at paragraph 3.1.9 of this report, the design team have identified a further range of works that need to be completed at Newbold Comyn and St Nicholas Park Leisure Centres in order to ensure that the facilities are fit for purpose and ready for their next period of use. The cost of these necessary works has been calculated as £3.9 million. To reiterate, if the Leisure Development Programme does not go ahead, these works will still need to be funded in order that the buildings can remain open and remain fit for purpose.
- 5.7.4 There are works totalling £397,000 that are common to the PPM and the Leisure Development Programme. If the Leisure Development Programme works do go ahead, this work will therefore be removed from the PPM.
- 5.7.5 There are also works totalling £439,000 that are included within the first five years of the PPM for the four leisure centres owned by the Council that are not included in the work proposed under the Leisure Development Programme. The cost of this work has been included in the in-house Business Plan. If the management process is externalised, the contract would require the contractor to carry out these works on the Council's behalf. The potential contractors would price for this when submitting their tender. The costs for these works

were included in the in-house and external options considered by Strategic Leisure.

- 5.7.6 To ensure comparability in considering the investment opportunity, the cost of the PPM needed at Newbold Comyn and St Nicholas Park that is not included within the Business Plan or Strategic Leisure report has been assessed at £3.5m. This is the value of the additional work that would need to be carried out at these leisure centres if the investment does not progress. If the cost of this work is spread over 25 years, this would amount to an additional annual cost of £230,000. This cost has been factored in to the comparison of the options within Appendix Z.

5.8. Support Service costs and overheads

- 5.8.1 It will be noted from the Business Plan that the Council's support service costs have been excluded on the basis that these would apply to the in-house and external models, as support service costs would not automatically fall if the contract was externalised.
- 5.8.2 The Strategic Leisure modelling has made an allowance for "overheads" of an external contractor at 3% of income. These are significantly below the support service costs charged to the current leisure service, largely reflecting how an external operator would seek to "absorb" the extra leisure centres without having to increase their central overheads through economies of scale. As will have been noted above, even with the inclusion of the overheads, the external provider still provides improved financial performance when compared to the in-house model where the support service costs have not been included.
- 5.8.3 If the service is to be operated by an external provider, the Council should seek to reduce its support service costs. In the event of externalisation, all staff directly employed on providing the service at the centres automatically transfer to the new provider under TUPE. Whilst this will apply to all staff directly involved in the provision of the service, it may also apply to some staff indirectly supporting the service. In this respect there should be some reduction in the Council's support service costs, but this is not likely to be significant compared to the overall support service cost currently charged to the leisure centres.
- 5.8.4 Beyond the TUPE transfers, Service Areas should seek to reduce their cost, ideally proportionally, through natural wastage or potentially through staff restructures, which would generate further savings for the Council. If restructures are implemented there may, in due course, be an additional cost in terms of early retirement/redundancy costs. However, it is unlikely that it will be possible to reduce these support service costs by the amount that is currently charged to the leisure centres. This is because there will always be an element of our central costs that are relatively fixed. The fixed elements may include, for example, the need to maintain central ICT systems, the need to produce annual accounts and the management of required HR policies. As a minimum, the Council should seek to reduce its support service costs by at least the central overheads that would be assumed to be paid by the external operator otherwise the Council will in effect be paying twice for these services.

5.9 Comparison to external provider

- 5.9.1 The report from Strategic Leisure compares the in-house model to the potential performance of an external provider as discussed earlier. This analysis did not

model the potential cost/income profile by year, and did not explicitly quantify some of the potential income sources, notably the health and fitness income. Officers have attempted to do this, as shown within Appendix Y on part B of this report.

- 5.9.2 It will be noted that the external operator should benefit from 80% mandatory relief for business rates, which has been factored into the projections. However, under the Business Rate Retention Scheme, the Council receives 20% of any change in business rate income due, and similarly bares the cost of 20% of any reduction. This has already been discussed and factored into the analysis by Strategic Leisure.

SECTION THREE

5.10 Overall Financial position

- 5.10.1 Appendix Z of this report sets out to compare the revenue cost of the current service provision, as reflected within the Council's Medium Term Financial Strategy, with the projected costs of the service being provided in-house or externally, with and without the capital investment in the facilities. The analysis also shows the net costs if the Sport England bid is unsuccessful and brings in the capital financing costs that are discussed in Section 5.2.

- 5.10.2 Compared to the Council's Medium Term Financial Strategy (MTFS), it will be noted that the projections under Option 1 (no capital investment) in-house team, will present an additional cost to the Council in future years. However, in making this comparison to the MTFS, it should be noted, as discussed in Section 5.7, that the Pre-Planned Maintenance is not currently fully budgeted for, and as such, presents an additional cost on the MTFS.

- 5.10.3 As discussed elsewhere within the report, there are obviously risks attached to the projections, hence the various modelling that has been carried out. In terms of the management of the centres, as discussed in the Strategic Leisure report, the operation by an external provider should present less risk in terms of achieving the projected increased income and cost savings.

- 5.10.4 Members will note that, should they agree to the recommendations to invest in the two leisure centres and externalise the operation of the service, there will be an increased cost in the first three years. The options for meeting this include, in no particular order, use of expected New Homes Bonus funding (should the scheme continue), a review of the current capital programme or one-off savings from elsewhere. Should Members agree to proceed with the recommendations then the future report referenced in recommendation 2.1 will advise how this shortfall will be met.

5.11 MTFS and FFF

- 5.11.1 Members will be aware from the Fit For the Future report considered in September, that the Council needs to secure savings approaching £1m for 2016/17, increasing to £1.1m by 2020/21. A programme of projects to secure the necessary savings was agreed by Members. This programme included £500,000 savings from Leisure Option work, with £250,000 per annum from 2018/19 increasing by a further £250,000 per annum from 2019/20.

5.11.2 The above analysis shows that under the external model, the investment in the leisure centres could generate £200,000 extra savings from 2020/21, in addition to the £500,000 savings described in 5.11.1 above.

5.11.3 Should Members agree to recommendation 2.5 then £30,000 from the Contingency Budget will be required to undertake the procurement of an external management operator. Members should also be aware that a further funding request is likely to come forward in the next report to provide programme management for Phase II of the Leisure Development Programme.

6 RISKS

6.1 The table below summarises the key risks and mitigations relating to the proposals set out in this report. Members should note that the Programme Board has been using a comprehensive Risk Log to help guide its work which is included as Appendix 7 to this report.

Table 4: Risk and Mitigation

Risk (not in priority order)	Mitigation
Reduction in demand through competing new provision	Strong marketing by operator; good initial design and sound management
Depressed market	Demand report predicts stable demand
Insufficient resource to complete tendering process	Staff resource in place
That the market does not respond to the procurement opportunity	This was the reason for carrying out the soft market testing which confirmed that the market will respond positively to the procurement opportunity
That, as a consequence of the Council undertaking a procurement exercise, it decides not to award a contract to an external provider	The Council plans a procurement procedure in such a way as to avoid the need for cancellations and avoid the risk of challenge from prospective suppliers
The appointed partner will not enter into a contract on satisfactory terms to the Council at the conclusion of the procurement process	A contract, with KPIs, will need to be drafted to ensure that the partner is fully bound at law to deliver what has been agreed. The contract will be included in the procurement documentation, and the risk will be minimised by ensuring (a) that the contract is very specific on the Council's requirements and (b) any issues or areas of concern are address during the negotiation stage of the procurement process.
Car parking at St Nicholas is inadequate for new business	Further report to Executive
Modifications become necessary to the design due to unavailable utilities, existing but latent structural and filtration problems, or flood alleviation	RIBA Stage 3 and 4 will carry out more intensive surveys to identify and cost any additional issues before a final decision to go ahead is made.

s106 Developer contributions do not materialise as anticipated	Calculations in section 5.2 are based on a suppressed figure of £1.3m rather than the full £2.7m
Sport England Strategic Facilities funding application is unsuccessful	Officers continue work with Sport England and information will be available before any final decision is made
Costs of new facilities higher than anticipated	Robust project management using RIBA framework and regular value engineering
Works do not proceed beyond RIBA Stage 4, so project costs incurred need to be written off to revenue.	Council maintaining adequate reserves.
Delay in the decision-making process significantly impacts on the deliverability of the programme	Ensure that reports are timely and comprehensive and officers fully engage with the Members' Working Group
Delay to Planning process	Ensure Planning Applications are thorough and work closely with Planning colleagues to resolve issues promptly

- 6.2 In view of the above mitigations, officers believe that the risks to the Council can be managed and should not prevent the Council from proceeding with this project. Any significant risk will be reported back to Executive for action.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 The report details the reasons why investment in Newbold Comyn and St Nicholas Park Leisure Centres is considered necessary (Section 3.1). However, a decision could be taken not to make the significant investment outlined in the report. If this were the decision, there would be some substantial essential maintenance required to the structure of the facilities, and some significant replacement of plant. Without these items, the leisure centres would become "not fit for purpose", attendances would fall, and the subsidy required to operate the facilities would increase. There would also be a shortfall in sports and leisure provision in the District which would have a detrimental effect on the health and well-being of current and future residents of the area.
- 7.2 A decision could be taken to invest on one but not both of the above venues. In this case some of the additional demand on sporting provision would be met by the additional provision made, but the District would face a shortfall in terms of the levels of provision that has been modelled by the Sport England Facilities Planning Model, and again risk not meeting the demands of a growing population. There would also remain a need to undertake essential maintenance/replacement at the venue that was not refurbished.

Appendices:

1. Draft Service Specification
2. Health & fitness – update on local provision
3. Investment proposals – extracts from RIBA Stage 2 report
4. Summary of parking surveys (SNPLC & NCLC)
5. Issues to consider when externalising the operation of WDC leisure centres
6. Phasing of s106 developer contributions
7. Risk Log

Appendices in Part B report i.e. Confidential:

1. Investment proposals – RIBA Stage 2 Cost Estimate
2. In-house Business Plan
3. In-house Prospectus – circulated separately
4. Strategic Leisure appraisal of in-house model
5. Commentary on Strategic Leisure appraisal
- Y. Potential operator comparisons
- Z. Costs and income - summary

Background Papers to go on Council Website:

1. Atkins parking report
2. Clip and Climb product
3. NAA Facility Audit



WARWICK DISTRICT COUNCIL

MINIMUM OPERATING STANDARDS (SPECIFICATION)

For

**A Contract with Warwick District Council for the Management of the
Council's Leisure Centres**

**From 1 May 2017 to 31 March 2027 (with a possible extension to 31
March 2032)**

Volume 2

**Prepared for Warwick District Council by
Strategic Leisure Limited ©**

VERSION – Draft 1

Issued by:
Warwick District Council
Civic Offices
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APPENDIX 2	INFORMATION ON EXISTING LEISURE CENTRE PROGRAMMES AND OPENING HOURS
APPENDIX 3	DUAL USE AGREEMENTS
APPENDIX 4	LIST OF CLUBS
APPENDIX 5	EXAMPLE FEES AND CHARGES
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APPENDIX 8	WDC GP REFERRAL SCHEME
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1. BACKGROUND

INTRODUCTION

- 1.1 Warwick District Council (WDC) (the Council) has decided to review its existing leisure management arrangements and develop a modern, best practice partnership for the management, operation and development of the Council's leisure facilities.
- 1.2 Seven main documents underpin the overall WDC Strategic Vision. These are:
- **Fit for the Future (Corporate Vision/Strategy) 2013;**
 - **WDC Financial Review and Context 2014;**
 - **WDC Sustainable Community Strategy 2013;**
 - **Draft New Local Plan (in the process of being developed);**
 - **WDC Indoor Leisure Facility Strategy, Needs and Evidence base 2013;**
 - **WDC Sports and Leisure Vision and Principles 2013;**
 - **WDC Leisure Options Appraisal – August 2014.**
- 1.3 Local demographic factors and planning proposals have also been reflected in developing this Strategic Vision.

THE EXISTING WDC FACILITIES

- 1.4 WDC currently operate facilities and services in the towns of Royal Leamington Spa, Warwick and Kenilworth, which comprise the following facilities:

ROYAL LEAMINGTON SPA FACILITIES:

NEWBOLD COMYN LEISURE CENTRE

- 1.5 The Centre was opened in 1990 with a Gym and Health Facilities being added in 1998 & 2011 with a new flume being installed in 2013
- 1.6 Newbold Comyn Leisure Centre comprises the following facilities:
- **6 lane x 25m pool**
 - **Leisure Pool with Flume**
 - **40 station fitness suite**
 - **1 Studio**
 - **Vending area**
 - **Reception**
 - **Changing rooms and toilets**
- 1.7 The centre has 216,615 visitors per annum; a sample programme is included at Appendix 2.

WARWICK FACILITIES:

ST NICHOLAS PARK LEISURE CENTRE

- 1.8 Opened in 1983, with the all-weather pitch added in 1990 (resurfaced in 2004) and a sports hall refurbishment in 1993, St. Nicholas Park Leisure Centre comprises the following facilities:
- **6 lane x 25m pool**
 - **6 badminton court sports hall**
 - **Climbing wall**
 - **28 station fitness suite**
 - **1 studio**
 - **1 x full-size All-Weather Pitch, floodlit (sand-dressed)**
 - **Vending area**
 - **Reception**
 - **Changing rooms and toilets**
- 1.9 The centre has 122,041 visitors per annum; a sample programme is included at Appendix 2.

JOHN ATKINSON SPORTS CENTRE

- 1.10 Opened in 2007, John Atkinson Sports Centre is a dual-use site; there is an existing dual use agreement with Myton School (See appendices 5 and 5a) and the Centre comprises the following facilities:
- **4 badminton court sports hall**
 - **1 studio**
 - **1 x full-size All-Weather Pitch, floodlit (3G)**
- 1.11 The centre has 44,132 visitors per annum; a sample programme is included at Appendix 2.

KENILWORTH FACILITIES

ABBEY FIELDS SWIMMING POOL

- 1.12 The Centre opened in 1986, with various refurbishments and improvements made throughout the 90's and 00's and a full changing room refurbishment & poolside retiling in 2012.
- 1.13 Abbey Fields Swimming Pool comprises the following facilities:
- **4 lane x 25m pool**
 - **Outdoor lido**
 - **5 tennis courts**
 - **Vending area**
 - **Reception**
 - **Changing rooms and toilets**
- 1.14 The centre has 91,183 visitors per annum; a sample programme is included at Appendix 2.

MEADOW COMMUNITY SPORTS CENTRE

1.15 The Meadow Community Sports Centre is a dual-use site, which opened in 2000. There is an existing dual-use agreement with Kenilworth School (See Appendix 3). The Centre comprises the following facilities:

- **4 badminton court sports hall**
- **1 x full-size All-Weather Pitch, floodlit (3G)**

1.16 The Centre has a throughput of 33,625 visits per annum; a sample programme is included at Appendix 2.

CASTLE FARM RECREATION CENTRE

1.17 Castle Farm Recreation Centre opened in 1985 with an extended 4 court sports hall and gym being added in 1995 and it comprises the following facilities:

- **4 badminton court sports hall**
- **18 station fitness suite**
- **Multi-purpose room**

1.18 The Centre has 42,242 visits per annum; a sample programme is included at Appendix 2.

1.19 All facilities are currently managed in-house. Two of the facilities, John Atkinson Sports Centre & Meadow Community Sports Centre each have a dual-use arrangement. These dual-use agreements are included in Appendix 3. Tenderers should note that it is likely that both the existing agreements will be re-negotiated during this procurement period, to reflect current operational practices. Tenderers will be advised of any changes to be made to these agreements during the tender process, and the final basis on which their financial offer should be made.

1.20 For all facilities the contract excludes all landscaping, exterior planting, irrigation, drainage, exterior lighting, street furniture and perimeter fencing. The contract **includes** litter picking of some car parks, plus the management of all-weather pitches where specified.

1.21 The Council's intention is that the leisure facilities covered by this contract will deliver high quality services to the local community at an affordable price and is therefore seeking a 'true' partner for the future development and delivery of leisure provision in the District. For the avoidance of doubt, this specification applies to the facilities located in Royal Leamington Spa, Warwick and Kenilworth as listed in the detailed descriptions in Paragraphs 1.5 to 1.18 above.

1.22 The recent Leisure Facilities Options Appraisal (now the Leisure Development Programme) identifies a series of opportunities to extend and re-model the main leisure facilities – specifically at Newbold Comyn and St Nicholas Park Leisure Centres.

1.23 These opportunities inform the facility development options not just in terms of the individual sites, but across the overall facility portfolio. In other words, each development option addresses the specific needs of each individual facility, but also links to, and complements, the other developments, to improve indoor leisure facility provision as a whole across the district.

1.24 The changes set out below would create critical income generating opportunities which mean that not only would provision be updated to meet modern-day user expectations, but it would deliver improved quality and enhanced value for money.

- **Newbold Comyn Leisure Centre**
Relocation of wet-side changing room to create new village changing with pool level access
100 station fitness suite to include male and female change, sauna, and steam
New 2 x studios and 1 dedicated spinning studio
New 4 court sports hall
New entrance extension to include 50 seat café, servery and kitchen; new reception desk
Clip and Climb climbing facility
- **St Nicholas Park Leisure Centre**
New entrance/reception area
New wet-side village changing
80 station fitness suite
New 2 x studios and 1 dedicated spinning studio
Creation of 1 additional outdoor changing room to serve outdoor pitches

- 1.25 These development options to improve and enhance the existing facilities are recommended (indicative total project cost £11,981,000). The Council's intention is that these works will be completed prior to/on occupation of, the facilities by the Contractor.
- 1.26 The identified opportunities reflect the agreed priorities for investment and development in the 2014 Indoor Leisure Facility Strategy. It is anticipated that significant investment will occur in the Kenilworth area as a Phase 2 to the currently planned developments.

PROPOSED FACILITY DEVELOPMENTS

KEY DATES SCHEDULE

- 1.27 Key dates the Tenderer should be aware of in relation to this procurement process are:

Activity	Target Date
Procurement process commences	1 st July 2016
Selection of preferred partner	1 st October 2016
Negotiation with preferred partner	1 st October 2016–1 st February 2017
Contract award	1 st February 2017
Mobilisation phase	1 st February 2017 – 1 st May 2017
Contract commences	1 st May 2017

SUMMARY

- 1.28 This Services Specification outlines the minimum standards by which the Contractor will deliver the Services. The submitted Method Statements to be provided by the successful Tenderer are included in the Contract and supplement the Services Specification. These are detailed in the ITT, Volume 1.

2. SPECIFICATION OF SERVICES

PART 1 - INTRODUCTION

- 2.1.1. The Contractor will work in partnership with the Council's designated officer at all times, to ensure that the Council's services meet community need and contribute to achievement of the Council's corporate priorities.
- 2.1.2. The Contractor will co-ordinate the provision of the Services with those being provided by local, regional and national partners.
- 2.1.3. This Specification makes reference to other complementary documents including;
- **The Contract**
 - **The Lease**
 - **Associated Appendices and Schedules**
- 2.1.4. The Contractor must adhere to the minimum operational standards at all times during the Contract Period.
- 2.1.5. The Contractor shall inform the Council's designated officer of any recommendations that the Contractor may have for improving, amending or modifying the Services and any such improvements, amendments or modifications will be dealt with in accordance with the Specification and the Contract.
- 2.1.6. The Contractor shall manage and carry out all operational aspects of the Facilities and Services in accordance with this Services Specification and the Agreement [and other associated documentation identified and/or referred to in either document].
- 2.1.7. For many of the minimum requirements detailed below there is a specific reference to Quest and the relevant criteria. For the avoidance of doubt the definition of "Quest" means the UK Quality Scheme for Sport and Leisure of the same name (supported by, inter alia, Sport England) or any successor scheme thereto that is supported by Sport England (or its successors) and recognised as a satisfactory replacement by WDC.
- 2.1.8. Without prejudice to the express requirements in this Service Specification and as an independent and additional obligation, it is expected that the Contractor will work to the best practice principles outlined in the Quest framework and it will be a contractual requirement to achieve Quest Accreditation (Facility Management model) at the Quest Plus level within 24 months of the operational Commencement Date, and to maintain this throughout the Contract Period for all facilities. The National Benchmarking Service will be implemented in the first instance within 36 months of the commencement of the contract and at 2 yearly intervals thereafter at no additional cost to the Council.

PART 2 - CUSTOMER RELATIONSHIP MANAGEMENT

DEFINITIONS

“User Satisfaction Survey” means a survey of all groups/individuals/clubs using the facilities, to gauge their satisfaction with the services, facilities and programmes provided.

“User Satisfaction Survey Date” means the date the survey will be undertaken in the first year of operation, and each and every anniversary of such date during the Contract Period.

BACKGROUND

- 2.2.1. The Contractor shall implement customer relationship management processes, techniques and standards based on the Quest Management Core Issue People 1, Quest Plus 6, or a recognised similar process such as loyalty metrics e.g. Net Promoter survey and customer expectations.

SERVICE REQUIREMENTS

- 2.2.2. The Contractor shall implement the Plan as submitted in their **Method Statement 3 – Customer Care and Customer Engagement**. This plan will demonstrate that customer care and knowledge and awareness of equality and diversity issues will be a key element of the personal development for all Staff.
- 2.2.3. The Contractor shall undertake a User Satisfaction Survey across the whole of the activity spectrum covering all activity groupings during a rolling 12 month period. The results will be part of the annual WDC Contractor performance review
- 2.2.4. The User Satisfaction Survey results for the relevant year shall be provided to the Council's designated officer not less than one month prior to each Annual Review. The Contractor shall ensure that a copy of the results is displayed within each of the Facilities comprising this contract, where they are reasonably visible by Users.
- 2.2.5. The Contractor shall implement a User Forum at each of the Facilities comprising the contract by selecting a sample of those people responding to the survey and representatives of Clubs to form a User Forum.
- 2.2.6. This Forum shall be held at least twice a year. The Forum will be used to discuss service improvement issues. The Council reserves the right to have a representative at these meetings.
- 2.2.7. The Contractor shall ensure that User feedback, performance trends and planned service improvement activity will be clearly displayed in User areas within each of the Facilities comprising the contract.
- 2.2.8. The Contractor will work with any consultative/user groups as set out in **Method Statement 3 – Customer Care & Customer Engagement**.
- 2.2.9. The Contractor shall include within its **Method Statement 3 – Customer Care & Customer Engagement** details of customer relationship management proposals and terms of reference of the User Forum identifying as a minimum;
- **The review process of the performance of the Agreement against targets**
 - **Summary of User comments/complaints**
 - **Review of the activity programmes**

- **Operational remit of the User Forum**
- **User Board representation proposals**
- **Frequency of meetings at least twice a year.**

2.2.10. The Contractor will implement and maintain a documented system for receiving and recording written and oral User comments, based on the Quest Management Core Issue People 1, Quest Plus 6 and customer expectations.

2.2.11. This User comment system will include the provision of user-friendly customer comment cards, pens and boxes clearly available in appropriate locations at the Facility and email/internet facility for transmission of comments.

2.2.12. The Contractor will report customer comment trends and other customer feedback to the Council's designated officer on a six monthly basis, which will then be reviewed as part of the annual contractor review.

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PART 3 - FACILITY OPENING HOURS

- 2.3.1. The Contractor will ensure that the existing WDC facilities listed above should be available for use by Users according to the **minimum** opening hours set out below:

NEWBOLD COMYN, ABBEY FIELDS, ST. NICHOLAS PARK	
DAY	MINIMUM OPENING HOURS (I.E.: PUBLIC ACCESS)
Monday	06.30am – 21.30pm
Tuesday	06.30am – 21.30pm
Wednesday	06.30am – 21.30pm
Thursday	06.30am – 21.30pm
Friday	06.30am – 21.30pm
Saturday	07.00am – 18.00pm (later if / when events are held)
Sunday	07.00am – 20.30pm - NC (later if / when events are held)
	07.00am – 17.00pm – AF (later if / when events are held)
	07.30am – 19.30pm – SN (later if / when events are held)
Bank Holidays	0700 - 1700
Closed – Christmas Day, Boxing Day and New Year's Day	
NEWBOLD COMYN CORE LEISURE POOL OPENING TIMES:	
8am – 8pm (7 days a week)	

CASTLE FARM RECREATION CENTRE	
DAY	MINIMUM OPENING HOURS (IE: PUBLIC ACCESS)
Monday	09.00am – 22.00pm
Tuesday	09.00am – 22.00pm
Wednesday	09.00am – 22.00pm
Thursday	09.00am – 22.00pm
Friday	09.00am – 21.00pm
Saturday	09.00am – 17.00pm (later if / when events are held)
Sunday	09.00am – 17.00pm (later if / when events are held)
Bank Holidays	9am-5pm
Closed – Christmas Day, Boxing Day and New Year's Day	

JOHN ATKINSON SPORTS CENTRE & MEADOW COMMUNITY SPORTS CENTRE	
DAY	MINIMUM OPENING HOURS (I.E.: PUBLIC ACCESS)
Monday	18.00pm – 22.00pm
Tuesday	18.00pm – 22.00pm
Wednesday	18.00pm – 22.00pm
Thursday	18.00pm – 22.00pm
Friday	18.00pm – 22.00pm
Saturday	10.00am – 15.00pm (later if / when events are held) – JA 09.00am – 18.00pm - MC
Sunday	10.00am – 15.00pm (later if / when events are held) – JA 09.00am – 18.00pm - MC
Bank Holidays	Closed
Closed – Christmas Day, Boxing Day and New Year's Day	

N.B The Consortium times at John Atkinson are subject to renegotiation of Dual-use agreements at Meadow Community Centre and John Atkinson Sports Centre.

2.3.2. Specific facility operational opening times are:

FITNESS SUITE/ STUDIOS: MINIMUM OPERATIONAL OPENING HOURS:

- **Newbold Comyn & St.Nicholas:**

Monday – Friday	07.00am – 21.00pm
Saturday	08.00am – 18.00pm
Sunday	08.00am – 20.00pm
Bank Holidays	08.00am – 17.00pm
- **John Atkinson (Studio Only)**

Monday – Friday	18.00pm – 21.30pm
Sat & Sun	10.00am – 14.30pm
Bank Holidays	Closed
- **Castle Farm**

Monday – Friday	09.00am – 21.30pm
Saturday	08.00am – 16.30pm
Sunday	08.00am – 19.30pm
Bank Holidays	Closed

ALL WEATHER PITCHES: MINIMUM OPERATIONAL OPENING HOURS:

- **John Atkinson**

Monday – Friday	17.30pm – 21.30pm
Sat & Sun	10.00am – 15.00pm
Bank Holidays	Closed
- **Meadow Community**

Monday – Friday	18.00pm – 21.00pm
Sat & Sun	09.00am – 18.00pm
Bank Holidays	Closed
- **St. Nicholas (including Tennis)**

Monday – Friday	09.00am – 22.00pm
Saturday	09.00am – 18.00pm
Sunday	09.00am – 20.00pm
Bank Holidays	09.00am – 17.00pm

VARIATIONS TO THE OPENING HOURS

2.3.3. Variations to the opening hours will be considered either planned or unplanned.

PLANNED VARIATIONS

2.3.4. Planned variations may be made to the opening hours stated above provided that:

- **prior written permission has been granted by the Council's designated officer; and**
- **the Contractor has notified Users at least 28 days before the variation is introduced.**

UNPLANNED VARIATIONS

- 2.3.5. Unplanned variations to the opening hours may occur due to an emergency situation, the breakdown of equipment or other unforeseen circumstances. These shall be reported to the Council's designated officer within 12 hours of the incident. Users shall be notified as soon as is practically possible. This will normally be on the actual date of occurrence. Unplanned variations may be subject to Service Improvement Notices and or Default points.

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PART 4 - PROGRAMMING

DEFINITION

“Activity Programme” means the activities included within the example document entitled “Current Programme and Regular Bookings” set out in Appendix 1 to this Service Level Specification, as amended from time to time in accordance with this Service Level Specification, and the Contractor’s **Method Statement 4 - Programming and Sports Development**.

“GP Referral Scheme” means a partnership scheme operated with local GPs and/or the Clinical Commissioning Groups (CCGs). (See Appendix 8 for details of the WDC Scheme, operated in partnership with Warwickshire County Council, and Nuneaton and Bedworth Leisure Trust).

BACKGROUND

- 2.4.1. The Contractor will maintain a balance between casual bookings, pay and play activities, programmed courses, club use, school use and events in accordance with the Quest Management Core Issues Plus 1, 2, 4, 5 and 10. A minimum 10% of courts between 6 – 10pm Monday to Friday should be available for casual use. There is no restriction at other hours.
- 2.4.2. It is WDC’s expectation that the contractor will accommodate the current clubs and regular bookings at the Facilities for the first 12 months following Contract commencement but following this period it is not a mandatory requirement (See Appendix 4 for current list)). If the current clubs and regular bookings are retained, the Contractor should note that it is permissible to change the time of existing bookings as part of the new programme to be delivered. Where possible outdoor artificial pitches should be used to accommodate 5 a side football and/or Hockey, which should enable the sports hall to be used for other sports and physical activity.

SERVICE REQUIREMENTS

- 2.4.3. The Contractor shall develop and implement an Activity Programme at all the facilities covered by this contract in line with the requirements of 2.4.8 to 2.4.13 below, and review annually with the Council’s designated officer. The Activity Programme provided in Appendix 2 is an example of the current activities provided, and should be used as a guide only.
- 2.4.4. Negotiation over future hiring periods may take effect at any time during the initial twelve-month period and changes may be agreed and introduced where physical changes to the buildings agreed upon with the Council’s designated officer result in enforced changes to the programme.
- 2.4.5. No bookings will be contracted for a period of more than 12 months, except where specified.
- 2.4.6. The exception is that if for operational reasons the specific activity (e.g. a programmed activity) is being substituted for an alternative programmed activity (e.g. step aerobics to body pump) then prior written approval is not required. However, the change in the activity should be reported to the Council’s designated officer as part of monthly, six monthly and annual Programmes of Use reports.
- 2.4.7. The bookings for the Disability swimming club must be protected beyond the 12 months; no change to this booking to be imposed on the club without Council permission.
- 2.4.8. The Contractor must store equipment for fencing and climbing and swimming club(s) (within reason).

SWIMMING PROGRAMME

- 2.4.9. The Contractor will operate the learn-to-swim programme, which will complement swimming club activities. The learn-to-swim programme will adhere to the requirements of the ASA National Plan for Teaching Swimming and the standards outlined in the ASA's Aquamark Award or, as a minimum, follow a similar framework such as STA or a Contractor's ASA/STA accredited scheme. The Contractor's swimming programme should seek to achieve a balance between increasing income, development of swimming ability in children and adults, casual aquatic activities and optimising pool space.
1. Junior Lessons will be restricted to Mon – Fri 4 – 6pm and Sat 9 – 12noon
 2. Any proposals to add junior lessons outside of these hours must be agreed with the Council
- 2.4.1. Swimming Clubs will be permitted to deliver any learn to swim lessons targeted at non swimmers, beginners and improvers and will be allowed to provide developmental lessons for intermediate to advanced level swimmers, by prior arrangement with the Contractor and the Council.
- 2.4.2. The Contractor's programme shall include the provision of a balanced programme of coached sessions, co-ordination and links with sport development programmes, and links with local clubs and schools. One to one lessons cannot take place in the protected "public" water space (see 2.4.3 below).
- 2.4.3. The Swimming Programme developed must allow for public access to the main pool, so that at least half the pool (lengthways) is available for at least 7hrs a day Monday to Friday, at least 4hrs on a Saturday and at least 7hrs on a Sunday.

SCHOOL SWIMMING

- 2.4.4. Specific usage periods are currently made available in the pools for school swimming sessions. These times are protected. If the number of schools using the Facilities changes significantly from one term to another then the Contractor may amend these times and cater for other Users for that term only, with the prior approval of the Council's designated officer.
- 2.4.5. All existing school swimming lesson bookings for the next academic year from the start of the Contract will be honoured. Beyond that all primary schools in the district are offered the opportunity to have water space at a time to be negotiated with the Contractor. School swimming lesson bookings are invoiced termly, in advance.
- 2.4.6. All schools using the Facilities for swimming lessons must use the centre swimming teachers or their own teachers who hold at least ASA Level to deliver swimming lessons. Centre Lifeguards must be used and will be charged. Schools will only be permitted to use their own lifeguards if qualified to a minimum of Level 1 RLSS Rescue Test certificate

HOLIDAY PROGRAMMES

- 2.4.7. The Contractor shall provide a range of 'taster/introduction to sport' sessions, comprising as a minimum football, basketball, multi-sports, and swimming, and fun holiday activities for children during all major school holiday periods, with the exception of Christmas periods, and link in with WDC's Get Active programme. Where necessary, the Facility shall be OfSTED registered with appropriately qualified staff. The Council runs a Get Active programme of activities and currently there are programmed holiday activities for young people at the Facilities. Holiday activities will be delivered across the District and will promote sport and physical activity as their core objective.

OTHER PROGRAMMING

- 2.4.8. The Contractor is required to create a balanced activity offer that will address the needs of the Equalities Act and all communities:
- 2.4.9. The Contractor will be required where possible to provide sports and leisure activities, which the Council's designated officer considers address the needs of minority communities in the District, to encourage and facilitate participation.
- 2.4.10. The Contractor will be expected to implement, as part of their programme, sports development initiatives, which will comprise programmes for basic skills development (especially for young people), promoting participation, improving performance and developing excellence, and with delivery specifically targeted towards young people and adults with disabilities.
- 2.4.11. The Contractor should also reflect the following principals in the programming of the facility:
- **The use of the sports hall is to be predominantly for indoor activities other than football, which should take place on the outdoor pitches**
 - **Use by schools should be encouraged;**
- 2.4.12. The Contractor should also note the following programming requirements of the Council:
- **Free use of Castle Farm Sports Centre, if required for the purposes of acting as a Polling Station including overnight Election counting.**
 - **Freedom to operate and develop the WDC GP Referral scheme (provision of individual/group fitness, swimming and other sessions)**
- 2.4.13. The Contractor shall support the existing GP Referral Scheme which takes place at the Centres and is run under contract by Nuneaton & Bedworth Leisure Trust who run a Warwickshire-wide scheme which has seen 501 attendances at the Centres (up until March 2015). (See Appendix 8)

FITNESS SUITE

- 2.4.14. Tenderers should ensure that the fitness suite equipment provides the capability for personal fitness programme development and recording, to enable individuals to set and monitor their fitness levels and achievements. The Contractor should, in addition, provide accessible gyms and aim to achieve the minimum level of Inclusive Fitness Initiative (IFI) accreditation within 1 year of contract start in agreement with WDC. This level should be maintained as a minimum throughout the Contract period.

CLIMBING WALL

- 2.4.15. St. Nicholas Park Leisure Centre provides a climbing wall facility, and this will be operated by the Contractor, or a Contractor-proposed sub-contractor approved by WDC prior to commencement of arrangements. The Contractor will be required to ensure that suitability qualified staff are in attendance at all times during instruction. The overall maintenance of the climbing wall will be agreed by the Contractor with WDC, and together with any warranties, will be paid for by the Contractor. The Contractor should allow the Club bookings for the 12 months shown elsewhere. They may run courses or pay and play climbing sessions, but all staff should be suitably qualified.
- 2.4.16. It is anticipated that a climbing wall facility will be provided at Newbold Comyn Leisure Centre as

part of the planned refurbishment programme for which the above will apply. This will be a 'Clip and Climb' facility, and should be operated to the guidance and regulations provided with this product, including the required number of suitably qualified staff.

COMMUNITY/SPORTS DEVELOPMENT

- 2.4.17. The Contractor will be expected to work in conjunction with the Council's designated officer to assist the achievement of WDC set targets for sport development and should submit an annual Community/Sports Development plan to WDC for information.
- 2.4.18. The Contractor should designate an officer to be its representative for sports development and notify the Council in writing at the commencement of the Contract, the name of this person and thereafter any changes.
- 2.4.19. The Contractor will meet with the Council's designated officer to discuss the Contractor's and Council's further proposals, actions and staff coaching/training initiatives for sports development and sports equity. Where appropriate, other agencies should also be present at these meetings. This will ensure that a co-ordinated approach can be maintained. It is envisaged that representation at the Coventry, Solihull & Warwick Sports Partnership (CSP) meetings, County Sports Development Officer forum and Coventry, Solihull and Warwickshire Association of Leisure Officers by the Contractor could be required.
- 2.4.20. The Contractor will be expected to co-operate and work in partnership, where reasonable, with the Council's designated officer, in carrying out projects and initiatives of the Council and/or other key partners.
- 2.4.21. The Contractor is also expected to work with the Council's designated officer to address identified health inequalities in the District, and contribute to reducing obesity, and increasing levels of physical activity.
- 2.4.22. There is no requirement from the Council for regular free or subsidised use for Council initiatives but the Contractor is expected to support and honour current arrangements for the WDC Sporting Stars talented athletes programmes and the Sport Development – "Learn to" programmes, which deliver Junior Sports Coaching across a range of sporting activities.
- 2.4.23. The Tenderer should set out in **Method Statement 4 - Programming and Sports Development** his detailed proposals for Junior Coaching Programmes, Sporting Stars, holiday programmes, day to day programmes in all facilities, sports development programmes and courses.

EVENTS

- 2.4.24. There are a number of existing events held at the Centres, which will continue to be organised:
- **Midland Masters Swimming Gala**
 - **NASCH (National Association of Swimming Clubs for the Handicapped) gala**
 - **Regional Tennis and Badminton events**
 - **Regional Table Tennis events**
 - **KHALSA Club National League and Cup Hockey matches (these will be protected as for any other Club for 12 months but after that matches need to be booked to suit Club requirements)**

2.4.27 The Contractor will be required to arrange to host and staff these events in consultation with the Council's designated officer. All income (minus the costs of booking the venue and staffing the event which will go to the Contractor), will be allocated to the Event Organiser in accordance with their agreement with the Contractor.

2.4.28 The Contractor should note that the following should not be held/allowed or promoted in any of the leisure centre facilities without the explicit agreement of the Council's designated officer:

- **Animal shows**
- **Sexually explicit entertainment**
- **Alcohol, Tobacco or Adult products**
- **Political events/products**
- **Racism related events**

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PART 5 - FEES AND CHARGES

DEFINITIONS

“CPI” has the meaning given in Schedule xxx of the Draft Contract;

“**Fees and Charges**” means fees and charges as illustrated in Appendix 2 to this Specification, as adjusted from time to time in accordance with paragraphs 2.5.5 to 2.5.7 inclusive of this Specification.

SERVICE REQUIREMENTS

- 2.5.1. The Contractor shall review the example provided of the Council's existing Fees and Charges at Appendix 5, implemented since 1st January 2015 in developing their **Method Statement 5 – Fees and Charges**. The Council wishes the Contractor to set Fees and Charges for all activities provided, on the basis of local market forces with the exception of those that the Council will approve in 2.5.6 below; Appendix 5 provides an illustration of current prices as a guide only.
- 2.5.2. In **Method Statement 5 - Fees and Charges**, the Contractor should ensure the following is submitted:
- 2.5.3. Fees and charges proposals based on 2016 plus CPI allowing for CPI from January 2017 and increasing concurrently, year on year. The Contractor shall implement the agreed Fees and Charges for each Contract Year of the Contract Period (these will include the fees agreed with the Council)
- 2.5.4. The Contractor shall operate the booking system agreed with WDC and must participate in the concessionary pricing schemes. Any other scheme that WDC intends to introduce will be discussed with the Contractor prior to implementation.
- 2.5.5. The Contractor shall offer the following discount or concessionary schemes at the Facilities from the commencement of the Contract, and during the Contract Period. [The extent of the discount/concession will form part of the Contractor's annual proposals]:
- **Those with a Disability**
 - **Those in receipt of state benefit**
 - **GP Referral clients (based on scheme)**
 - **Junior (5 – 16yrs)**
 - **Seniors (of state pension age)**
 - **Students – Full time of any age; any student under 25yrs**
 - **Sporting Stars scheme – 8 to 18 year olds who have represented county in last 12 months**
- Free
- **Carers**
 - **Children under 4yrs**
-
- **A Facility Membership Scheme, available to the public**
 - **Reduced rates for club block bookings**
- 2.5.6. Contractors should note that the following **core products and prices** are to be reviewed in

September annually for Council approval and implementation from the following January: these prices will be linked to CPI each year from the start of the contract:

- **Adult Swim**
- **Concessionary Swim**
- **Badminton Court per hour**
- **Half AWP per hour (including floodlights when necessary)**
- **GP Referral session**

2.5.7. Any other prices and products may be reviewed and prices changed at any time of the year by the Contractor and these do not need WDC approval.

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PART 6– CATERING, VENDING AND RETAIL

- 2.6.1. The Contractor shall implement their proposals for the delivery of a catering and vending service for the Facilities, based on the requirements below, and as detailed in their **Method Statement 6 – Catering, Retail and Vending Services**.
- 2.6.2. The Contractor should note the following catering services are required:
- **Maintain as a minimum provision of hot drinks, cold drinks and snacks at St Nicholas Park and Newbold Comyn Leisure Centres; cold drinks and snacks at Castle Farm. Minimum provision should comprise one healthy option in each product category**
 - **Provision of further catering at Newbold Comyn is optional; the Contractor may submit proposals if he so wishes**
 - **Appropriately located water fountains in all facilities.**
 - **There is no catering service required at Abbey Farm, where an existing contract for the provision of cafeteria services will be novated to the Contractor.**
- 2.6.3. All tea and coffee served should include a Fairtrade, or Fairtrade equivalent, option.
- 2.6.4. Any catering service provided at Newbold Comyn Leisure Centre will offer a service for centre users, children's parties held at the centre and all events. The catering service will also be accessible to users of the adjacent Park.
- 2.6.5. The Contractor must ensure the catering service is open during the minimum opening hours as per their **Method Statement 6 – Catering, Retail and Vending Services**, to support the centre's activity programme offered.
- 2.6.6. The Contractor will not sell tobacco or nicotine-based products, alcoholic beverages, products or material likely to cause offence to Users (such as, but not limited to, pornographic or racist material) or products and material of a political nature.

VENDING

- 2.6.7. The Council currently has an agreement with a local Vending company for the provision of vending services at the Centres (machines and stock/retail) and although this agreement runs until 30/6/2018 it is expected that the Council will terminate this agreement prior to contract commencement to enable the Contractor to make their own arrangements to meet Council requirements.
- 2.6.8. The following Vending provision is currently provided at the Facilities:
- **Newbold Comyn Leisure Centre - 1 x Hot drinks; 1 x Cold Drinks (cans & bottles); 1 x Snack**
 - **St. Nicholas Park Leisure Centre – 1 x Hot drinks; 1 x Cold Drinks (cans & bottles); 1 x Snack**
 - **Castle Farm Sports Centre – 1 x Hot drinks; 1 x Cold Drinks (cans & bottles); 1 x Snack**
- 2.6.9. There is no vending provision at the other Facility sites.
- 2.6.10. No vending provision is allowed at the Dual-Use sites unless agreed by the Council's designated officer following discussion with the school

2.6.11. The Contractor will comply with all relevant Legislation and Guidance relating to the provision of vending services.

2.6.12. The Contractor is responsible for establishing a new vending contract(s) at the Facilities. The vending offer (3 vending machines) per centre should include healthy eating options, drinks and snacks. Where possible vending services will offer a range of healthy food and drink options and/or items permitted to be contained in vending machines; there should be at least one healthy option included in each category.

2.6.13. The Contractor should note there is no designated on-site storage for vending supplies.

RETAIL

2.6.14. The Contractor shall provide retail opportunities in each facility comprising the contract, for the purposes of selling/hiring a range of sports equipment/clothing/accessories. The Contractor shall detail their proposals for the location, and the scope of this service in their **Method Statement 6 – Catering, Retail and Vending Services**.

PART 7 – RECEPTION AND BOOKINGS

DEFINITIONS

“**Block Booking**” means more than one hire or recurring hire of the specific activity area within any of the Facilities comprising the contract

“**Booking System**” means the system used by the Contractor to allocate the use of an area or zone of the Facilities or the allocation for an individual Customer for an activity within the Facilities

“**One-Off Special Event**” means a booking of part or all of the Facilities for a one-off event for a sporting or recreational activity

“**Pricing Policy**” means the arrangements in Appendix 5 - Fees and Charges

SERVICE REQUIREMENTS

- 2.7.1. The Contractor will operate all reception services based on the Quest Management Core Issue People 1, Quest Plus 6 and customer expectations.
- 2.7.2. The Contractor shall ensure that there is in place a clear and easily understood Booking System for all relevant activities at the Facilities comprising the contract.
- 2.7.3. The Booking System will incorporate comprehensive terms and conditions for hire, advance booking arrangements (currently 7 days in advance), cancellation and non-attendance policies, customer information, casual booking arrangements, effective administration systems and operational information systems to record and effectively deliver all bookings. The Booking System should be the same at all facilities comprising the contract, although special arrangements may be made at the two dual-use sites if necessary.
- 2.7.4. The Contractor shall provide an online and interactive booking system with a link to the WDC website.
- 2.7.5. The Contractor will ensure that the Booking System requires the hirer to provide a safe environment for the activity and to comply with the normal operating procedures of the hired area and any relevant codes of practice and or Legislation.
- 2.7.6. The Contractor will ensure that a Club pricing policy is developed and implemented at the Facilities; this should be detailed in **Method Statement 5 – Fees and Charges**. The Club pricing policy should ensure that Clubs’ use is not unfairly subsidised in comparison to other group usage.
- 2.7.7. The Contractor shall ensure that the Booking System requires hirers to comply with the following minimum conditions for Block Bookings and One-Off Special Events:
 - **The hirer shall effect, before the date of hiring, public liability insurance cover in the name of the organisation against the organisation’s liability for a minimum of £5m and shall produce evidence of such insurance cover to the Contractor once each Contract Year or more frequently if requested by the Council’s designated officer (acting reasonably).**
 - **The hirer shall employ sufficient officials to maintain good order during the hiring.**
 - **The hirer shall comply with any licensing relating to or affecting the hiring or the use of the Facilities.**
 - **The hirer shall not use the activity area and /or the Facilities for any purpose other than**

the purpose for which such activity area and/or the Facility was hired.

- **Organisations/individuals hiring any of the swimming pool(s) will be required to use the Contractor's lifeguards.**
- **Organisations/individuals hiring the activity areas shall at all times operate and use the activity areas in accordance with best practice and National Governing Body (NGB) guidelines. Hirers shall provide evidence of relevant professional or other qualifications at the time of the booking where relevant.**
- **Hire of activity areas by organisations/individuals involving access to children, young or vulnerable persons shall be subject to the requirements of this Agreement, the Contractor's child protection policies, best practice and legislative requirements.**

2.7.8. The Contractor will ensure that at the Facilities bookings are only taken for events which are sports-related and that any commercial hires are only for sports activities and not any other commercial activity unless agreed with the Council's designated officer prior to the booking being accepted.

2.7.9. The Contractor shall include within their Method Statements their approach for the reporting and recording of faults, Service Failures or other Events which may impact on bookings and/or casual use.

PART 9 - CO-OPERATION WITH PARTNERS

- 2.9.1. The Contractor will co-operate fully with the designated officer to ensure that the Council's and Contractor's services are provided for the community in a joined-up manner. The Contractor will co-operate and co-ordinate the provision of the Services with the services being provided by local, regional and national external and internal partners (see paragraph 2.4.19 above).

PART 10 – HUMAN RESOURCES

DEFINITIONS

“**Contract Manager**” means the member of Staff appointed by the Contractor satisfying the criteria set out in clause xx of the Contract. The Contract Manager is responsible for the overall management of the Facilities and the Services comprising the contract.

“**Duty Manager**” means the person or persons appointed as such by the Contractor for the management of the Facilities. The Duty Manager will be the senior member of staff on duty, responsible for the health and safety of staff and customers. He/She should be a suitably qualified and experienced person ie holding appropriate managerial and health and safety qualifications – degree or equivalent, IOSH (Institution of Occupational Safety and Health) Competent Person Training certification, Pool Plant Operator training certification, DBS certification.

BACKGROUND

- 2.10.1. The Contractor shall plan, manage and develop staff based on the Quest Management Issue STAF 1, 2, 3, the Investors in People Standard (Bronze or above in line with Council practice); IQL, industry-recognised fitness qualifications and any other relevant industry qualifications.

SERVICE REQUIREMENTS

- 2.10.2. The Contractor shall ensure that all Facilities are staffed with a suitable level of competent Staff during the Opening Hours of public use and at all times in accordance with **Method Statement 1 – Staffing**, the requirements of National Governing Bodies (NGB's), the management of Health and Safety in Swimming Pools and relevant industry best practice.
- 2.10.3. The Contractor shall, at all times, operate an effective management structure with clear responsibilities and lines of communication.
- 2.10.4. The Contractor shall appoint and maintain at all times a Contract Manager to manage the Facilities and the Services and who shall be in overall control and responsible for the operation of the Facilities comprising the contract and provision of the required Services.
- 2.10.5. The Contractor shall ensure that the Contract Manager shall attend such meetings with the Council's designated officer as the Council's designated officer may request from time to time; this will be monthly meetings as a minimum.
- 2.10.6. The Contractor shall ensure that, during all Opening Hours, a Duty Manager shall be present at the Facilities. The Duty Manager shall be readily identifiable and be responsible for the management and operation of the Facilities during his/her designated duty period. The Duty Manager shall be empowered to make such decisions as may be necessary to ensure the safety of the Users and protect the condition of the Facilities.
- a) The Contractor shall comply with their **Method Statement 1 - Staffing**, which details the Management Structure, staff responsibilities and lines of communication that will be put in place by the Contractor in respect of each of the activity areas.
- b) Any changes to the Management Structure shall be communicated to the Council's designated officer at least 4 weeks before implementation.

- c) The Contractor should develop a staffing structure, (appropriately qualified and certified), as part of their Method Statement submission, as set out in **Method Statement 1 - Staffing** for the leisure facilities to ensure they can deliver the minimum opening hours and operating requirements.

2.10.7. The Contractor shall ensure that Staff at all times abide by the Staff Code of Conduct which is to be set out in **Method Statement 1 – Staffing** and to ensure that, inter alia, staff:

- a) are professional, polite, pleasant, courteous and responsive to Users;
- b) wear the uniform required by the Contractor with the Contractor's logo clearly visible;
- c) are accredited and authorised for any training and/or supervision of activities which they perform;
- d) respond to enquiries in an informed manner, by telephone, fax, email, post, text, social media, and face to face;
- e) positively respond to enquiries and are empowered to deal with difficult Users and resolve User concerns and complaints and
- f) are not overly tired, or suffering the effects of non-prescribed drugs or under the influence of alcohol.

2.10.8. Staffing levels and competencies will be based on customer needs and expectations, the organisation's risk assessment, Normal Operating Procedures (NOP), Pool Safety Operating Procedures (PSOP), the Emergency Action Plan (EAP), Occupational Standards, Management of Health and Safety in Swimming Pools, NPLQ standards, National Governing Body standards and recognised best practice. Staffing deployment charts will identify how the organisation intends to fulfil the operational and health and safety requirements of the Services. The training records of all Staff shall be available to the Council's designated officer for inspection on request.

2.10.9. The Contractor should encourage use of the facilities by its own employees as part of a staff incentive scheme and to encourage a healthy workforce.

2.10.10. The Contractor will implement the national initiative entitled the Living Wage and any similar successor schemes as agreed with the Council. This will apply to all staff, even those under 25 years of age. If at any time the Government's National Living Wage achieves parity with the Living Wage the Contractor will, following agreement from the Council, be permitted to pay the National Living Wage.

2.10.11. The Contractor will be expected to recognise Warwick Unison as a bona fide trade union.

2.10.12. The Contractor will encourage and enable learning and development opportunities for all staff, to support strategic outcomes and objectives based on staff needs.

PART 11 – QUALITY SYSTEMS

DEFINITIONS

“Duty Log” means the method and written location of recording Events, Major Incidents, Service Failures and other reportable incidents

“Major Incident” means an incident that is sufficient in nature to be recorded in the Duty Log and has a significant impact on operations (ie: cessation) and could endanger or has endangered the safety of Users

“Quest Accreditation” has the meaning given in Schedule XX of the Draft Contract

SERVICE REQUIREMENTS

- 2.11.1. The Contractor shall implement a system to ensure continuous improvement at the Facilities and in the Services throughout the Contract. The Contractor shall cooperate and assist the Council in any assessment and/or reporting scheme required.

USER SATISFACTION SURVEY

- 2.11.2. The Contractor shall carry out a User Satisfaction Survey which will seek to:
- a) assess the level of satisfaction among Users with the Facilities and the Services (including the way in which the Services are provided, performed and delivered) and, in particular, with the quality, efficiency and effectiveness of the Services;
 - b) assist in the preparation of the Annual Service Report;
 - c) monitor the compliance by the Contractor with the Services Specification and the other provisions of this Agreement; and
 - d) assist the Council in the preparation of any Assessment Scheme where relevant.
- 2.11.3. The User Satisfaction Survey results for the relevant year shall be provided to the Council's designated officer not less than one month prior to each Annual Review. The Contractor shall ensure that a copy of the results is displayed within the Facilities, where they are reasonably visible to Users.
- 2.11.4. The surveys will be conducted using questionnaires and face-to-face interviews. The quantitative results of this survey will be part of the performance measurement system. Qualitative information (strengths and areas for improvement) obtained from the surveys will also be reported to the Council, and should also be posted on the facilities' web sites. The surveys should include as a minimum the Net Promoter assessment process as well as any other satisfaction surveys agreed with the Council's designated officer. Any surveys should be approved by the Council's designated officer in advance of them taking place.
- 2.11.5. The Contractor acknowledges that the Quest performance trends and quarterly performance reviews will be fundamental parts of the Council's approach to managing the Contractor's performance.

GENERAL PERFORMANCE MANAGEMENT, MONITORING AND REPORTING

- 2.11.6. The Council has identified a series of Performance Management measures (minimum contract requirements) for this contract, to assess whether the required contract outcomes are consistently being met.

- 2.11.7. These Performance Management measures are set out in full in Appendix 13 ITT Volume 3, and relate to:
- **the outcomes required from this Contract; and**
 - **the Method Statements to be submitted by the Tenderer, which will set out how they intend to meet and deliver the operational specification for the new facility.**
- 2.11.8. The Tenderer should develop and implement a system of self-monitoring, to ensure full compliance with the Performance Management measures (minimum contract requirements).
- 2.11.9. The Tenderer should ensure that written records are maintained of all Performance Management checks and assessments; these should be regularly updated to inform reporting timelines.
- 2.11.10. The Tenderer should ensure that all written records are available for viewing by the Council's designated officer at any time, and are submitted to the Council's designated officer as part of the reporting framework – monthly, quarterly and annually.
- 2.11.11. The Contractor should discuss and agree any amendments to the identified Performance Standards prior to the commencement of the Contract.
- 2.11.12. The **Method Statement 11 – Performance Management and Reporting** should set out as a minimum:
- **The Contractor's proposals for managing the self-monitoring of their performance against the contract minimum requirements; and**
 - **The Contractor's proposals for reporting contract performance.**
- 2.11.13. The Contractor shall maintain an up to date log of all Major Incidents and its response to them.
- 2.11.14. Within three days following any Major Incident a full account of the actions taken in respect of such Major Incident, and the implications for future training, will be provided by the Contractor to the Council's designated officer. The Council's designated officer must be informed of a Major Incident immediately where possible and within a MAXIMUM OF 2 HOURS following the incident's occurrence.
- 2.11.15. In the event of the Council or its insurers wishing to undertake an investigation, then the Contractor will fully comply with any reasonable requests for information and/or for Staff attendance at such an investigation.
- 2.11.16. The Contractor shall provide a summary of all accidents and incidents occurring at the Facilities as part of the monthly Major Accidents and Incidents Report.
- 2.11.17. A summary of this report (referred to in paragraph 2.11.19 below) should be included as part of the monthly Performance Monitoring Report.
- 2.11.18. The Contractor shall attend meetings with the Council's designated officer monthly in order to discuss the reports submitted in accordance with 2.11.19 below and to discuss the key issues affecting the Service.

REPORTS TO BE SUBMITTED TO THE COUNCIL

2.11.19. Without prejudice to any other reporting requirements specified within this Agreement, the following reports are to be submitted to the Council at the following frequency or such other date agreed in writing between the Council and the Contractor.

REPORT TITLE	FREQUENCY	SUBMISSION DATE
Maintenance Programme Progress Update	Quarterly	Within 10 Business Days following each monthly anniversary of the Services Commencement Date (*)
Schedule of Programmed Maintenance	Annual	In accordance with clause xx of the Draft Contract (**)
Pricing Schedule	Annual	By the end of September in the Contract Year immediately before the implementation of the revised prices in January of the Contract Year to which the Pricing Schedule relates (**)
Programmes of Use for the forthcoming year	Annual	By the end of September prior to the commencement of the relevant Contract Year to which the plan relates. (**)
Equipment Inventory	Annual	Within 1 month following the Services Commencement Date and within 1 month following each subsequent Contract Year (**)
Environmental Management Plan	Annual	3 months prior to the Services Commencement Date and to the commencement of each subsequent anniversary of the Services Commencement Date (**)
Lightning Conductor Report	Annual	Within the first month following each anniversary of the Services Commencement Date or such date so as to comply with Legislation (***)
Fire Certificate	Annual	Within 10 Business Days following each yearly anniversary of the Services Commencement Date (***)
Electrical Certificates	Annual	Within 10 Business Days following each yearly anniversary of the Services Commencement Date (***)
Customer Complaints and Feedback Report	Monthly	Within 10 Business Days following each monthly anniversary of the Services Commencement Date (*)
Major Accidents and Incidents Report	Monthly	Within 10 Business Days following each monthly anniversary of the Services Commencement Date (*)
Asbestos and Legionella	Annual	Within the first month following each anniversary of the Services Commencement Date or such date so as to comply with Legislation (***)
Cleaning Report	Monthly	Within 10 Business Days following each monthly anniversary of the Services Commencement Date (*)

REPORT TITLE	FREQUENCY	SUBMISSION DATE
Membership and Utilisation Data Report (for the month prior to the previous Contract Month)	Monthly	Within 10 Business Days following each monthly anniversary of the Services Commencement Date (*)
Operational Expenditure and Income Report	Quarterly	Within 30 Business Days following each quarterly anniversary of the Services Commencement Date. (*)
Annual financial report	Annual	Within 30 days of year end following each anniversary of the commencement of the contract (**)
Performance Monitoring Report	Monthly	Within 10 Business Days following each monthly anniversary of the Services Commencement Date (*)
Environmental Management Report	Annual	Within 20 Business Days following each yearly anniversary of the Services Commencement Date. (***)
Programmes of Use Progress Update	Monthly	Within 10 Business Days following each monthly anniversary of the Services Commencement Date (*)
Annual Services Report	Annually	Within 3 months of the start of the second Contract Year and annually thereafter (***)
Final Services Report		Immediately prior to the Termination Date (*)

(*) These reports are to be compiled into one monthly report to feature in Client/ Contractor meetings. Each report is to form a sub item on the agenda. Quarterly items are to be added as appropriate.

(**) These reports are to be included in a single Annual Operational Plan to be submitted by the Contractor setting out proposals for approval for the coming year.

(***) These items are the responsibility of the Contractor and could be covered by the Council having sight of the Contractor's insurance cover for the year.

QUEST REGISTRATION

- 2.11.20. The Contractor will be expected to implement and retain the Quality Assurance system Quest Plus or any appropriate successor that is approved by WDC. The annual performance figures should be reported to WDC annually.
- 2.11.21. The Council considers that registration to Quest is an essential element of this Contract. However, it is recognised that the Contractor may require some time to fully integrate the systems and processes that result in a successful Quest registration.
- 2.11.22. The Contractor is required to achieve Quest Accreditation (Facility Management model) at the Quest Plus level within 24 months of the Services Commencement Date and shall operate and maintain such accreditation throughout the Contract Period.
- 2.11.23. The Council aspires that the Facility will achieve registration to Quest in the top quartile of similar facilities nationally by the second time assessment period i.e. by the fourth anniversary

of the Commencement Date.

2.11.24. The Contractor shall inform the Council of:

- a) the date the Quest Accreditation is achieved within five (5) Business Days of receiving notification; and**
- b) any subsequent visits made to confirm the continuation of the Quest Accreditation within five (5) Business Days of notification of such visit.**
- c) The Contractor also needs to advise the Council if it fails to achieve accreditation.**

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PART 12 - HEALTH AND SAFETY

BACKGROUND

- 2.12.1. Without prejudice to Clause **x** (Health and Safety) of Schedule **xxx** of the Draft Contract, the Contractor will adopt health and safety policy and practices, which meet legal requirements and are in line with the requirements of the Quest Management Core Issue OPS 4, Quest Plus Gplus 7, OHSAH 18001 and the Council's Corporate Occupational Health and Safety Policy.

SERVICE REQUIREMENTS

- 2.12.2. The Contractor shall ensure the following documents are in place throughout the Contract Period as part of their **Method Statement 8 - Health & Safety, Environmental Management, Waste Management & Pest Control** and should demonstrate within their tender documents that they comply with all relevant guidance and meet national best practice and that these will remain effective throughout the Contract. The Contractor shall make available to the Council's designated officer upon request the following documents at the Facility:

- **Contractor's Health and Safety Policy and related procedures**
- **Normal Operating Procedure (NOP)**
- **Emergency Action Plan (EAP)**
- **Comprehensive Risk Assessments**
- **Record of reportable and other injuries that require treatment to Staff and / or Users**
- **Detailed training records and plans**

- 2.12.3. The Facilities shall conform to the highest possible standards of health and safety and comply with all relevant Legislation and Guidance so as to maximise safety and security for Users, other visitors and staff, including but not limited to:

- **The most recent edition of the Health & Safety Executive's publication "(HS (G) 179) Management of Health and Safety in Swimming Pools";**
- **The Occupiers Liability Acts, 1957 & 1984;**
- **Health & Safety at Work, etc Act 1974;**
- **The Management of Health & Safety at Work Regulations 1999;**
- **Fire Precautions Act 1971 and the Workplace Fire Precaution Regulations 1997;**
- **The Fire Precautions (Workplace) Regulations 1997 and the Fire Precautions (Workplace) (Amendment) Regulations 1999;**
- **The Regulatory Reform (Fire Safety) Order 2005;**
- **Governing Body of Sport Guidelines on health and safety;**
- **Reporting of Injuries, Dangerous Diseases and Occurrences Regulations 2013;**
- **Control of Substances Hazardous to Health Regulations 2002;**
- **Control of Asbestos Regulations 2006;**
- **Manual Handling Operations Regulations 2004;**
- **Provision and Use of Work Equipment Regulations 1998;**
- **The Workplace (Health, Safety & Welfare) Regulations 1992;**
- **First Aid Regulations 1981;**
- **PAS 65 – Management of Public Swimming Pools – General Code of Practice – 2004;**
- **PAS 39 – Management of Public Swimming Pools – Water Treatment Systems, Water Treatment Plant and Heating and Ventilation Systems – Code of Practice – 2003;**

- **Management of Spa Pools, Controlling the Risk of Infection – HPA/HSE 2006;**
- **The Control of Legionella Bacteria in Water Systems - Approved Code of Practice & Guidance - L8 – 2000;**
- **Swimming Pool Water Treatment and Quality Standards for Pools & Spas 2009 – PWTAG; and**
- **The Fitness Industry Association guidance.**

- 2.12.4. Leisure Centres are potentially high-risk environments. The Contractor will maximise awareness and understanding of the risks and adopt and sustain an attitude of relentless diligence and robust and reliable management and control systems. The health and safety risks shall be known, understood and mitigated to ensure the highest possible standards of safety for users, other visitors and staff.
- 2.12.5. The outside environment, including all weather sports pitches, where they are the responsibility of the Contractor, are also potentially high risk areas. The Contractor will maximise awareness and understanding of the risks and adopt and sustain an attitude of relentless diligence and robust and reliable management and control systems. The health and safety risks shall be known, understood and mitigated to ensure the highest possible standards of safety for users, other visitors and staff.
- 2.12.6. The Contractor will produce, maintain, manage and review a comprehensive Health and Safety Manual. The Health and Safety Manual for each leisure centre comprising this Contract will be available for inspection by the Council's designated officer and the Council's Health and Safety Officer or other authorised persons at any time.
- 2.12.7. The Contractor will implement a formal Risk Assessment process covering staff and customers, including formal Risk Reduction Action Plans. The contractor will monitor the effectiveness of all risk control systems.
- 2.12.8. The Contractor will comply with the requirements of the Control of Substances Hazardous to Health Regulations (COSHH) in respect of all chemical substances used on the premises. COSHH assessments will be produced in accordance with the regulations. The Contractor will ensure that any subcontractor meets all the requirements of COSHH. The Contractor will give written instructions and provide proper training for the safe use, handling and storage of each chemical as appropriate to the hazard. A copy of this information will be made available to the Council's designated officer.
- 2.12.9. The Contractor will provide such items of safety equipment and / or protective clothing as identified in their COSHH assessments. This must include provision of a defibrillator.
- 2.12.10. The Contractor will provide all staff with a comprehensive induction that equips all employees with the competencies necessary to undertake their given roles. The Contractor will routinely check that appropriate inductions are undertaken for all roles.
- 2.12.11. The Contractor will provide all supervisors/duty managers with clear and defined roles and monitor the effectiveness of the supervision.
- 2.12.12. The Contractor will ensure that all Contractor-related parties (contractors) are subject to appropriate selection and vetting to ensure an appropriate standard of competence. The Contractor will monitor and manage its own contractors in accordance with Legislation and provide them with the necessary local information to complete tasks safely ensuring that they comply with all relevant legislation.
- 2.12.13. The Contractor will ensure that those who enter the Facilities are fully aware of all relevant

Legislation, Guidance, Council's Policies, and all rules and procedures concerning health and safety and fire risk.

- 2.12.14. First aid equipment and supplies will be physically checked on a regular and systematic basis and a record made of inspections will be available for inspection by the Council's designated officer.
- 2.12.15. Safety equipment will be checked on a regular and systematic basis in accordance with the manufacturer's recommendations and a record of inspections will be available for inspection by the Council's designated officer.
- 2.12.16. The Contractor will ensure fire and evacuation systems and equipment are maintained to relevant standards and regulations and that annual fire training is arranged for staff as a minimum. The Contractor shall also undertake fire evacuation drills at least once every 6 months, which must be recorded and shall be available for inspection by the Council's designated officer.
- 2.12.17. The Contractor shall procure an independent audit of health and safety procedures and systems at the Facilities at the times reasonably required by the Council's designated officer and the Contractor shall make the findings available to the Council. This shall be as a minimum of one audit of each facility within the entire Facilities portfolio every year.
- 2.12.18. The Contractor shall comply with the provisions of Clause **xx** (Health and Safety) of Schedule **xxx** of the Draft Contract in relation to hazardous materials used and stored at the Facilities.
- 2.12.19. The Contractor shall provide to the Council:
 - a) a report of all recorded incidents and accidents in the Facilities on a weekly basis (broken down by month); and
 - b) a report of any RIDDOR classified incidents/accidents immediately they occur and in any event **no later than 24 hours after the occurrence.**

PART 13 - CLEANING AND HOUSEKEEPING

DEFINITIONS

“Cleaning Schedule” means the Cleaning Schedules included in **Method Statement 7 - Cleaning**

“Cleaning Standards” means the cleaning standards set out in Table xxx in Appendix 16 to this Specification

“Routine Cleaning” means the cleaning of the Facility or any Activity Area, Fixture or Fitting (and Equipment and Sports Equipment) to the Cleaning Standards set out in Table xxx in Appendix 16 of this Specification

“Continual cleaning tasks” means those tasks addressed throughout the day in high traffic or problem areas

“Daily cleaning tasks” means regular daily major cleaning of areas

“Weekly, monthly and quarterly cleaning” means the cleaning of locker fronts/tiling/scale removal and similar tasks performed regularly at a given time period

“Poolside cleaning” means a daily schedule of cleaning in the pool areas that will be implemented for all aspects of these activity areas to ensure that high standards of cleanliness and hygiene are maintained at all times

“Deep Cleaning” means periodic intensive cleaning of specified items which will include (in the case of fabrics) any dry cleaning and (in the case of flooring) stripping off all polish and re-polishing in accordance with the manufacturer’s instructions.

“Major deep cleaning” means specific additional periodic cleaning of ‘high traffic’ and problem areas

“Equipment” has the meaning given in the Contract, Schedule xxx, Definitions and Glossary of Terms (Equipment)

“Reactive Cleaning 1” means cleaning of the Facility or any Activity Area, Fixture or Fitting or any plant or equipment as and when required that if not rectified could lead to a breach of health and safety, could be a risk which could result in injury or death or could lead to immediate damage to the facility; such cleaning tasks will be completed within the timescales identified within the Method Statements to ensure the standards prescribed within the Services Specification are achieved and maintained.

“Reactive Cleaning 2” means cleaning of the Facility or any Activity Area, Fixture or Fitting or any plant or equipment as and when required that if not rectified would not lead to a breach of health and safety, nor could be a risk which could result in injury or death nor could lead to immediate damage to the facility; such cleaning tasks will be completed within the timescales identified within the Method Statements to ensure the standards prescribed within the Services Specification are achieved and maintained.

“Specialist cleaning” means cleaning high level areas, areas with specific finishes or areas requiring specialist cleaning materials

“Cleaning of external areas” means the collection and removal of detritus and general clearing of areas within 10 metres of the facility following events booked at the leisure facilities and at other times as required

“Sports Equipment” has the meaning given in paragraph **xx**, Definitions and Interpretations (Assets) of the Draft Contract

BACKGROUND

- 2.13.1. The Contractor will implement cleaning and housekeeping approaches and processes based on the Quest Management Core Issue Module OPS1, as a minimum.
- 2.13.2. All cleaning and housekeeping is currently delivered by the leisure team, except for responsive maintenance and Planned Preventative Maintenance. The Contractor is therefore required to deliver all cleaning and housekeeping services.
- 2.13.3. Cleaning is currently undertaken at the two dual use sites by a third party cleaner employed by the schools with WDC having to currently provide supplementary cleaning prior to public use
- 2.13.4. An example cleaning schedule for the Facilities is provided at Appendix 16.

PRINCIPAL CLEANING REQUIREMENTS

- 2.13.5. The Council gives the highest priority to the Cleaning and Maintenance functions at the Facilities – internal and also external areas. It is expected that the on-going cleanliness of the Facilities will be addressed by the Contractor as detailed in the definitions above, in each case so as to achieve the required Cleaning Standards at the Facilities.
- 2.13.6. The Contractor shall undertake Deep Cleaning of the following items at the frequency set out in the Contractor’s **Method Statement 7 - Cleaning** (but which shall not be less than every twelve (12) months):
 - **Soft floor finishes;**
 - **Soft furnishings;**
 - **Windows; and**
 - **Blinds and or window shades / screens;**
- 2.13.7. The Contractor shall undertake Reactive Cleaning 1 or 2 as required, which may require the containment due to a health and safety risk and the rectification of the cleaning issue. The Contractor shall identify in their **Method Statement 7 - Cleaning** the process for containing and rectifying of cleaning incidents and the time period targets for each type of incident. Failure to achieve the stated targets and standard of cleanliness may be subject to Service Improvement Notices and or Default points.
- 2.13.8. The Contractor shall, wherever possible, avoid the use of harmful substances or ingredients in cleaning products that have a negative impact on either the occupational health of employees or the natural environment including air quality, aquatic organisms and/or the food chain.

FURTHER REQUIREMENTS

- 2.13.9. The minimum standards of cleanliness and housekeeping will be informed by customers’ expectations, identified through customer surveys, formal customer comments and other forms of customer feedback.

- 2.13.10. The Contractor's **Method Statement 7 – Cleaning** submission in relation to cleaning standards, target containment and rectification times, training of staff, cleaning programmes and review processes will be used as the basis for delivering the Specification's outputs.
- 2.13.11. The Contractor shall provide all equipment necessary for the provision of the cleaning services set out in their **Method Statement 7 – Cleaning**.
- 2.13.12. The Contractor shall maintain and keep in good working order all cleaning equipment necessary for the provision of the cleaning services set out in this Specification.
- 2.13.13. Where a spillage occurs the Contractor shall remove the spillage within 10 minutes of notification to Reception/the Duty Manager or (if earlier) when any member of Staff notices or reports the spillage, provided that where it is not practicable for the Contractor to remove the spillage within this time period, the Contractor may contain the spillage (by erection of a barrier or closure of the Activity Area) and the spillage shall be removed within the stated rectification time included in the Contractor's Method Statements.
- 2.13.14. Where any graffiti on any internal or external surface is reported to Reception/the Duty Manager or in any other way comes to the attention of the Contractor or any member of Staff then the Contractor shall within 2 hours of notification cover up the graffiti.
- 2.13.15. When the graffiti has been covered up the rectification time to remove the graffiti shall be 4 days.
- 2.13.16. Rectification of any incident will be the responsibility of the Contractor, within the parameters set out in this Specification and the Contractor's Method Statements; any failure to comply with these parameters shall be reported to the Authorising Officer for action. Persistent failure to deal with non-compliance will be penalised through the issuing of Service Improvement Notices and or Default Points.

EXTERNAL AREAS

- 2.13.17. The Contractor will be expected to keep all surrounding external areas free of litter and detritus. Cleaning requirements include a minimum of one daily removal of litter and debris from external walkways and access routes, additional reactive cleaning after major events, dealing with any major incidents and maintaining clean and properly located signage, etc.

PART 14 - SWIMMING POOL WATER AND ENVIRONMENTAL MANAGEMENT SYSTEM

DEFINITIONS

“**Swimming Pool Water**” means all water used in the swimming pools, including footbaths

“**Environmental Management**” means the safe and effective provision of all environments within and external to, the leisure facilities including aspects such as water temperature, purity and clarity, sanitation, air temperature and purity, cleanliness

SWIMMING POOL WATER

- 2.14.1. The Contractor shall ensure at all times that the swimming pool water within the Premises is of good clarity, appearance and at all times must be rendered safe for customer use.
- 2.14.2. The Contractor will maintain safe and suitable swimming pool water based on relevant industry (e.g. PWTAG and CIMSPA or any subsequent organisation nationally recognised) standards and guidelines, and those that link to Environmental Management best practice. In particular the Contractor will adhere to the standards detailed in BS EN 15288-1 & 2 2008 Swimming Pools – Safety requirements for design and Swimming Pools – Safety requirements for operation.
- 2.14.3. The Contractor shall undertake water quality tests on site for all pools every 2 hours on a daily basis when there are no problems.
- 2.14.4. This is the minimum standard when open to the public. When problems arise, or the Council’s designated officer so requests, the frequency of testing should be increased until consistent levels are regained.
- 2.14.5. The Contractor shall maintain records of water quality tests and retain such records on site for a minimum of 6 months for inspection by the Council’s designated officer.
- 2.14.6. In the event of more stringent standards than those set out above, or referred to in this Specification or associated documents, being set by Sport England and/or the Health and Safety Executive during the Contract Period, the Contractor shall adhere to these more stringent standards and references to “standards” in these paragraphs shall be deemed to be references to such more stringent standards.
- 2.14.7. The Contractor shall not use chemical constituents to maintain the above standards without the prior approval in writing of the Council’s designated officer and the Council’s Environmental Health Officer.
- 2.14.8. The Contractor shall detail in their **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control** their approach to delivering the Council’s requirements and the treatment of Swimming Pool Water.
- 2.14.9. The Contractor’s **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control** submission in relation to delivering the Council’s requirements and the treatment of Swimming Pool Water will be used as the basis for delivering the Specification’s outputs.
- 2.14.10. The temperatures listed below shall be maintained within the permitted range as follows:

	AREAS	MINIMUM TEMPERATURE RANGE
Newbold Comyn, Abbey Fields and St.Nicholas Park	Main Pool 6 lane x 25m	27 - 30 degrees C, or appropriate to the activity taking place
	Main Pool 4 lane x 25m	27 - 30 degrees C, or appropriate to the activity taking place
	Teaching/ Learner Pool	30 - 32 degrees C
	Leisure Pool	30 – 32 degrees C

- 2.14.11. The Contractor shall at all times ensure that the air temperature is adjusted where necessary to ensure that the pool water temperature is less than the air temperature (one degree differential) in the pool hall to minimise evaporation and building fabric/plant deterioration.

ENVIRONMENTAL MANAGEMENT

- 2.14.12. The Contractor will adopt an environmental management system to ensure that it operates all the premises to ensure that it meets the requirements of the Quest Management Core OPS 3, and ISO14001 (the international standard for environmental management systems).
- 2.14.13. The Contractor shall implement measures within their normal operation for energy efficiency, the ongoing management of energy conservation, water conservation, the reduction of noise nuisance, the reduction of the number of chemicals used and the promotion of reduced car use and resulting reduction of exhaust emissions.
- 2.14.14. The Contractor shall report to the Council annually as part of the performance management process on changes to environmental practices to show where improvements are being made, making best use of the energy efficient measures built into the Facility. The Contractor shall be required to highlight where new initiatives could be adopted and to advise the Council of the benefits of such initiatives.
- 2.14.15. The Contractor shall detail in their **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control** their approach to delivering the Council's requirements and identify the specific standards they intend to adopt.
- 2.14.16. The Contractor shall include in its **Method Statement 8 - Health & Safety, Environmental Management, Waste Management & Pest Control** the standards for each area of the Facilities during the Opening Hours which shall include air temperature, water temperature, humidity and where relevant air changes per hour. This shall include the methodology for measuring and checking the temperatures at regular intervals. The details of actual results shall be kept for a minimum of three months.
- 2.14.17. Reference shall be made in **Method Statement 8 - Health & Safety, Environmental Management, Waste Management & Pest Control** to any national standards, the PWTAG, the CIMSPA and National Governing Bodies for Sport (where applicable).
- 2.14.18. The Contractor shall comply with the following documents:

- **Handbook of Sports and Recreational Building Design Volumes 1 – 3 1996;**

- **BR264 Thermal Comfort: Past, Present and Future 1994;**
- **BR266 Trends in Thermal Comfort;**
- **BRECSU GIR 30- Performance Requirements for the Energy Efficient Office of the Future;**
- **Sport England Design Guidance Notes;**
- **Swimming Pools , May revision 004 (2013), plus Appendices (2013);**
- **Sports Hall Design & Layouts, Updated and Combined Guidance, February Revision 005 (2012);**
- **Fitness and Exercise Spaces, March Revision 002 (2008;)**
- **Accessible Sports Facilities, Sport England, April revision 003 (2010) and Approved Document M(2013) for DDA;**
- **Affordable Sports Centre, Sport England, July revision 001 (2013), for changing spaces calculation; and**
- **BS9999 (2008) and Building Regulation Approved Document Part B(2013) for Fire and Safety.**

ENVIRONMENTAL SUSTAINABILITY

- 2.14.19. Tenderers should note that whilst they are expected to contribute to the Council's targets for environmental sustainability and implement appropriate measures for carbon emission reduction, they are not responsible alone for these targets, as they also relate to Landlord responsibilities.
- 2.14.20. The Contractor will be totally responsible for energy and water costs throughout the length of the contract. The Council will discuss with the Contractor the most efficient and effective way to procure the supply of energy.
- 2.14.21. The Contractor will be expected to actively adopt a procurement approach that ensures it operates the facilities in accordance with the Council's Corporate Procurement Strategy.
- 2.14.22. The Contractor will:
- **promote the use of environmentally-friendly products, which often have lower whole life costs; and**
 - **consider opportunities for sourcing goods and materials locally wherever possible to support the local economy and to help reduce the Council's overall carbon footprint.**
- 2.14.23. The Tenderer will detail in their **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control** their approach to delivering the Council's requirements and identify the specific standards that they intend to adopt.
- 2.14.24. The Tenderer must produce a statement to include targets for waste minimisation, reduction in water, energy use and packaging, and agreed biodiversity responsibilities. Tenderers should provide details of their Environmental Policy, including their approach to waste management, energy efficiency and biodiversity, and copies of any supporting Accreditation Certificates if applicable. Tenderers should reference in their **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control** as a minimum their approach to:
- **Waste Management and Disposal Service**
 - **Energy Management**

- **Approach to Environmental Management**
- **Relevant standards**
- **Training and health and safety**
- **Proposals for Carbon Efficiency**

2.14.25. The following Carbon Trust guidance may be of use in relation to the above:

http://www.carbontrust.com/media/39352/ctv006_sports_and_leisure_sector_overview.pdf

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PART 15 - WASTE MANAGEMENT AND PEST CONTROL

DEFINITIONS

"Pest" means rats, mice, cockroaches, ants, moles, pigeons, woodlice, flies, millipedes, wasps, bees, lice and mites, silverfish, fleas and other species of pest and/or vermin which carry a risk to public and/or nuisance value

"Preventative Pest Control Service" shall have the meaning of preventing infestation of any of the Facilities with Pests

"Reactive Pest Control Service" shall have the meaning of reacting to any infestation of any of the Facilities with Pests

"Reactive Waste Management" means the provision of waste management services to the Facilities or any Activity Area as and when required (including as a result of a request by a User and/or the Council's designated officer)

"Routine Waste Management Service" means the provisions at the Facilities to manage waste in accordance with the Contractor's Method Statements

"Waste" means waste which is generated from the normal use of the Facilities which shall include but not be limited to kitchen waste, newspapers, office waste, cardboard and other packaging, paper towels, glass, plastic containers and aerosols

"Waste Management Schedule" means the schedule developed by the Contractor, which identifies the standard and frequency of the process of dealing with Waste in accordance with local and regulatory requirements

- 2.15.1. The Contractor's **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control** submission in relation to waste management and pest control and review processes will be used as the basis for delivering the Specification's outputs.

WASTE MANAGEMENT

- 2.15.2. The Contractor shall provide a comprehensive waste management and disposal service so as to meet the service standards set out in the Contractor's Methods Statements and shall:
- a) Provide Routine Waste Management Services in accordance with the Waste Management Schedule; and
 - b) Provide Reactive Waste Management Services, which shall require the collection and disposal of waste in accordance with this Specification and the Contractor's target containment and rectification times as included in the **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control**
- 2.15.3. The Contractor shall ensure the safe and legal disposal of all generated Waste products from the Facilities and maintain a sanitary environment for all Users.
- 2.15.4. The Council is committed to efficient waste management through reducing consumption of materials, encouraging re-use and recycling. We expect that all sites operated on behalf of the Council will as a minimum provide for the recycling of office waste paper, cardboard, plastic bottles, glass and cans.

- 2.15.5. The Contractor is required to dispose of all non-recyclable waste, including proper disposal of controlled waste and take measures to re-use these resources wherever possible.
- 2.15.6. The Contractor should note that no bins for bulk storage of litter or skips are to be kept outside any Facilities, but all waste is to be transferred on a regular basis to the separate bin compounds, located on sites. **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control** should include proposals for the rubbish removal schedule planned between the centre and the compound.
- 2.15.7. All site Contractors must also be able to demonstrate to the satisfaction of the Council full compliance with statutory waste duties (such as The Hazardous Waste Regulations, Waste Electrical and Electronic Equipment WEEE] Directive, and particularly section 34 of the Environmental Protection Act 1990 - the waste duty of care).
- 2.15.8. All site Contractors will be expected to keep records of waste transfers and to co-operate in full with environmental audits.
- 2.15.9. In accordance with the Council's policy all contractors will be expected to:
- **provide facilities for customers to recycle plastic bottles and cans at each site.**
 - **provide guidance and information to staff and customers to facilitate their participation in recycling.**
 - **monitor the quantities of waste sent to landfill and recycled, and report progress.**

PEST CONTROL

- 2.15.10. The Contractor shall provide a Preventative Pest Control Service and a Reactive Pest Control Service to eradicate any Pests within the Facilities and to ensure that the Facilities remain free of Pests.
- 2.15.11. The Contractor in line with its provided Preventative Pest Control Service will ensure that:
- a) the Facilities are at all times free of all Pests;
 - b) any Pests discovered within the Facilities are dealt with in such a manner as to minimise the risk to public health/ any nuisance to Users/ disruption to the operation of the Facility;
 - c) that safe, efficient and humane methods and procedures for catching, destroying and safely disposing of any Pest discovered within the Facilities shall be adopted; and
 - d) all such measures are carried out which are required to ensure that the Facilities at all times remains free of Pests in accordance with the timing and frequency outlined in the **Method Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control**.
- 2.15.12. The Reactive Pest Control Service shall include:
- a) investigating and responding appropriately to every occasion where Pests are identified within the Facilities (whether by Contractor or otherwise); and
 - b) monitoring the effects of any measures taken by the Contractor against identified Pests to ensure that such Pests are fully and promptly caught, destroyed and safely removed from the Facilities,
 - c) and in providing the Reactive Pest Control Service, the Contractor shall contain (where necessary) any infestation of Pests within the relevant containment time and rectify such infestation within the relevant rectification time as detailed in the Contractor's **Method**

Statement 8 – Health & Safety, Environmental Management, Waste Management & Pest Control.

- 2.15.13. The Contractor shall at all times comply with all relevant Legislation, including (without limit) those relating to health and safety, when providing the Preventative Pest Control Service and the Reactive Pest Control Service.
- 2.15.14. The Contractor shall compile and maintain records of surveys and treatments used (including materials used) for the removal and eradication of Pests.

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PART 16 – SECURITY AND INFORMATION TECHNOLOGY

SERVICE REQUIREMENTS

- 2.16.1. The Contractor shall maintain a secure environment at all the Facilities comprising this contract to protect:
- **Users of, and visitors to, the Facilities;**
 - **Staff; and**
 - **the Equipment and Sports Equipment,**
- in a manner which does not compromise the personal privacy of Users.
- 2.16.2. Individual CCTV systems covering indoor and outdoor areas are currently installed and in use at all facilities. The Contractor is required to maintain the existing system as a minimum (see paragraph 2.16.3 below).
- 2.16.3. The facilities' CCTV is not monitored in any formal way; screens are set to display in the Reception area, but with no specific monitoring. Images are recorded straight to hard drive. Records are kept for 28 days before being wiped. This system should be retained by the Contractor as a minimum.
- 2.16.4. The CCTV over the park from St Nicholas Leisure Centre is monitored by Central Control. This arrangement should be maintained by the Contractor.
- 2.16.5. The Contractor shall operate a Controlled Access System, which shall ensure that all Users, Spectators and any other persons attending the Facilities comprising this contract, report to Reception.
- 2.16.6. The Contractor is required to manage the recording of attendances for each individual activity including clubs.
- 2.16.7. The Contractor shall ensure that those attending swimming lessons shall report to poolside at their pre-designated registration point and club members should report to their club organisers.
- 2.16.8. The Contractor shall advise the Council's designated officer as soon as reasonably possible of any breaches of security at the Facilities that impact on the service, buildings, plant fixtures and fittings. Reportable incidents include vandalism, unauthorised access, damage to or loss of Council property and damage to User's or third party property.

CAR PARK AND PATH MAINTENANCE

- 2.16.9 The Contractor is only responsible for treatment of ice on paths and access/entrance to the Centres. Full details of the Contractor and WDC responsibilities are set out in Schedule xx (Repair and Maintenance of Premises) and Appendix xx (Agreed form of Lease) of the Draft Contract.
- 2.16.10 WDC is responsible at all Facilities for the maintenance of the car parks, all hard and soft landscaping, and drivable areas, and the lighting of the same. Full details of the Contractor and WDC responsibilities are set out in Schedule xx (Repair and Maintenance of Premises) and Appendix XX (Agreed form of Lease) of the Draft Contract.

CAR PARKING AND TRAVEL PLANS

- 2.16.11 Three of the Facilities are located within public parks and as such the car parking provision is shared by park and facility Users. There are no designated car park spaces for leisure centre Users and therefore during times of heavy park usage these areas are busy, particularly during school summer holiday periods. The current arrangements at the three facilities that are based within parks are as follows:
- **Newbold Comyn** – currently free parking but proposals are being discussed with regards the first 2 hours being free with a charge thereafter.
 - **Abbey Fields** - first 2 hours being free with a charge thereafter – no refund policy for facility users.
 - **St.Nicholas** – Linear charging – 6 minute intervals – no refund policy for facility users.
- 2.16.12 The Contractor shall encourage less car usage by people visiting the Facilities as part of an active travel plan. This can be supported by extensive storage for cycles (currently bike stands & D rings only at the Facilities) and promotion of use of public transport (Some located considerable distance away due to the nature of park locations). The output of this will be measured by annual reporting within the performance management monitoring.

INFORMATION TECHNOLOGY

- 2.16.13 The Tenderer will be responsible for all Information Technology hardware and software in the Facilities.
- 2.16.14 The tenderer will be responsible for the wifi system in the Facilities, which will provide coverage across all internal public areas, and administrative areas. It is anticipated that the tenderer will provide one system for the tenderer's business operation and employed staff. The other system will be password operated for public use. The latter arrangement must extend to cover the Reception, Gym, Cafés, Sports Halls and Viewing Areas only. It must not be available in changing rooms. It is anticipated that no arrangements for public access will apply to dual use facilities.
- 2.16.15 The tenderer should include ethernet (POE) routers within their contract price.
- 2.16.16 There is currently one incoming telephone line per centre all of which are part of the Council's phone system. The PDQ's are all ANOG lines. It is expected that the Contractor will establish a new system including all hardware and independent telephone lines for each centre and put in

place a call management/waiting system for customers calling the Centres.

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PART 17 - MAINTENANCE

DEFINITIONS

“Authorised Persons” means those members of the Contractor’s Employees, Sub-Contractors or other persons authorised by the Contractor to enter a restricted area of the Facility

“Competent Persons” means those members of the Contractor’s Employees, Sub-Contractors or other persons authorised by the Contractor to undertake relevant maintenance activities

“Emergency Fault” shall have the meaning of a fault that needs immediate rectification and could result in injury to Users or Staff

“Maintenance Service Standards” means the maintenance standards set out in the Table in Appendix 20 to this Specification

“Reactive Maintenance Protocol” means the protocol included in the **Method Statement 2 - Maintenance of the Buildings, Plant, Equipment, Fixtures and Fittings**

“Routine Fault” shall have the meaning of a fault that has occurred as a result of regular use and will not immediately endanger Users or Staff unless not rectified with regular maintenance programmes

“Suitably Qualified Persons” means those members of the Contractor’s Employees, Sub Contractors or other persons authorised by the Contractor to undertake relevant specialist maintenance activities;

“Urgent Fault” shall have the meaning of a fault that is not an emergency fault but could become one unless rectified within a shorter period of time than that for a routine fault i.e.: not immediate, but unable to be left for routine rectification

PLANNED MAINTENANCE

- 2.17.1. The Contractor will be granted a Full Repairing Lease (FRL) for the Facilities from the completion of the planned refurbishment programme and for the duration of the Contract with the exception of dual use facilities. The Contractor shall develop and implement planned, preventative maintenance schedules for all aspects of the buildings, plant, fixtures, fittings and fixed and portable equipment used specifically for an activity, based on customer needs and expectations, technical knowledge, manufacturers’ guidance and the Quest Management Core Issue Ops 2. The Contractor’s fully funded 10-year maintenance plan included in the **Method Statement 2 – Maintenance of the Buildings, Plant, Equipment, Fixtures and Fittings**, will be annually updated in association with the Council’s designated officer. The Council has already prepared a Planned Preventative Maintenance programme for all the Facilities contained within the Contract, and the Contractor will be expected to reflect this programme within their **Method Statement 2 – Maintenance of the Buildings, Plant, Equipment, Fixtures and Fittings**.
- 2.17.2. For any extension to the Contract Period the Contractor will be required to submit, before any extension period is granted, a maintenance plan covering all aspects of the Facility for the agreed extended period.
- 2.17.3. The Contractor will plan and implement lifecycle renewal programmes for plant, fixtures, fittings and fixed, portable and activity equipment. The Contractor’s lifecycle replacement programme

for buildings and equipment included in their **Method Statement 2 – Maintenance of the Buildings, Plant, Equipment, Fixtures and Fittings** will be used as the basis of any review of the implementation by the Council.

- 2.17.4. In accordance with part **xx** of Schedule **xx** of the Draft Contract, the Contractor shall provide:
- a) a Five Year Maintenance Plan (on a rolling basis) in sufficient detail to enable the Council to plan to minimise disruption to its activities/Users' activities within the Centres; and
 - b) an annual Schedule of Programmed Maintenance, which:
 - details the **Facility Areas affected (all Facilities)**, the extent of any impact on the availability of the Facilities and/or the provision of the Services and the proposed start and end dates for each item of work;
 - details the activities planned to be undertaken to ensure that the Facilities and the Equipment/Sports Equipment are maintained to meet the Maintenance Service Standards, the Facilities' Requirements and the requirements of manufacturer's original and subsequently amended specifications and warranties; and
 - such Schedule of Programmed Maintenance to be agreed or determined in accordance with Part **xx** of Schedule **xx** of the Draft Contract.
- 2.17.5. The Contractor shall implement and comply with the agreed Schedule of Programmed Maintenance for the relevant Contract Year.
- REACTIVE MAINTENANCE**
- 2.17.6. The Contractor will ensure that damaged equipment is isolated and stored appropriately where necessary, so that Users and Staff cannot use it.
- 2.17.7. The Contractor shall implement and comply with the Reactive Maintenance Protocol to categorise all Events arising in connection with the Maintenance Service Standards as either Emergency Faults, Urgent Faults or Routine Faults according to their level of priority.
- 2.17.8. The Contractor shall:
- a) contain and rectify all emergency faults within 24 hours (maximum);
 - b) contain and rectify all urgent faults within 7 days (maximum); and
 - c) contain and rectify all routine faults within 28 days (maximum).
- 2.17.9. The Contractor will ensure in each case that the Facility and the Equipment/Sports Equipment shall meet the Maintenance Service Standards, the Facilities Requirements and the requirements of manufacturer's original and subsequently amended specifications and warranties.
- 2.17.10. In order that defects are dealt with efficiently and effectively, a systematic process of reporting and prioritising defects shall be developed and implemented by the Contractor. Such a defect report must contain a minimum of the following and be available for inspection by the Council's designated officer at any time:

- a) **Date and time of defect report**
- b) **The area of the facility (refers to all Facilities comprising the contract) in which the defect has occurred**
- c) **Details of the particular item/equipment**

- d) Details of the defect
- e) Level of priority
- f) Name (not signature or initials) of member of staff reporting
- g) Date and time of completion
- h) Name of Technician achieving completion.

OTHER MAINTENANCE PROVISIONS

- 2.17.11. The Contractor shall undertake all actions, including Rectification, arising from planned test and inspections including insurance inspections. All such actions shall be deemed to be Routine Faults unless the circumstances are such that they constitute an Emergency Fault.
- 2.17.12. The Contractor shall ensure that employees undertake all relevant training in the commissioning of Plant and Equipment, and that the individual Staff member's training record reflects the training undertaken.
- 2.17.13. The Contractor shall comply with the requirements of paragraph xx of Schedule XX of the Contract in relation to necessary consents.
- 2.17.14. Test certificates and appropriate documentation and records relating to the operation and maintenance of the Facilities (in particular those relating to any aspects of safety or statutory compliance) shall be maintained by the Contractor and shall be made available for inspection by the Council's designated officer or any other relevant party.
- 2.17.15. The Contractor shall, in carrying out the maintenance services, comply with the applicable Legislation and Guidance.
- 2.17.16. In the case of snow and ice or other adverse weather conditions, the Contractor shall ensure that the immediate entrance area and public paths leading to the Facilities are kept safe and clear of snow and ice for customers and staff. The Contractor's risk assessments shall detail the processes and procedures to be followed during any adverse conditions.

LOCKERS

- 2.17.17. Lockers are provided at all Facilities. The Contractor is responsible on commencement of the Contract for maintaining all lockers currently provided with the exception of lockers located at dual use sites.

GROUNDS MAINTENANCE

- 2.17.18. The Contractor will be responsible for maintenance of the Artificial Pitches at the Facilities and will maintain them to a schedule to be agreed with the Council's designated officer. The standard will be based upon best practice and current guidance and the pitches will be subject to regular inspections and an annual review.
- 2.17.19. The Contractor is not responsible for the management and maintenance of the two grass pitches at St Nicholas Leisure Centre.
- 2.17.20. The Contractor's approach detailed in **Method Statement 15 - Management of The Outdoor Areas** shall include all maintenance of outdoor areas including the nature, frequency, cleaning and safety issues concerning the all-weather pitches. A detailed programme for the maintenance, management and testing of floodlit all-weather pitches should be provided by the Contractor as part of **Method Statement 15 - Management of The Outdoor Areas**, the

Contractor should refer to Appendix 15 for the FA guidance on testing and maintenance.

- 2.17.21. To ensure that the pitch meets the contract specification and the required playing standards it will be tested a number of times, and the test programme will be carried out in accordance with the standards of The FA. The exact test will vary depending on the size of the pitch, but will be to either FIFA/IATS standards or the relevant British Standards and will take place every three years at least. The Contractor is to absorb the costs of such inspections.

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PART 18 - EQUIPMENT

DEFINITIONS

“Sports Activity” means all forms of physical activity whether casual or organised participation which is aimed at expressing or improving physical fitness and mental wellbeing;

BACKGROUND

- 2.18.1. The Contractor shall implement systems for the purchase, supply, maintenance and use of all equipment based on the requirements of Quest Management Core Issues OPS 1, 2, 3, 4 and Gplus7.

SERVICE REQUIREMENTS

- 2.18.2. The Contractor shall implement their **Method Statement 2– Maintenance of the Buildings, Plant, Equipment, Fixtures and Fittings** for the provision, replacement, repair and control of all equipment to be used within the Facilities. This shall include;
- a) what equipment will be provided by the contractor on a daily basis for customer use; and
 - b) details of how the Contractor will ensure that equipment is set-up and taken down accurately, on time and safely, meeting customers' expectations.
- 2.18.3. The Contractor shall ensure that the correct equipment is made available for Users to carry out the programmed Sports Activity. Where a particular Sports Activity has established equipment standards of design or materials, the Contractor shall ensure that such equipment is used for that Sports Activity in the Facilities.
- 2.18.4. The Contractor shall ensure an appropriate range of good quality equipment is available for loan / hire / items for sale, and that these arrangements are adequately promoted within the reception area.
- 2.18.5. Sports equipment should be set up in accordance with safe working practices and stored safely and logically after use.
- 2.18.6. The Contractor shall be responsible for the maintenance and replacement of all equipment. The Contractor shall ensure that items of equipment that are subject to a manufacturer's or supplier's maintenance standards are to be maintained or replaced accordingly and copies of certificates held at each Facility.
- 2.18.7. The Contractor shall ensure that records of the maintenance of equipment are maintained at the Facility and shall make available such records to the Council's designated officer on request.
- 2.18.8. The Contractor shall not, without the prior written permission of the Council's designated officer, introduce coin-operated equipment to the Facilities (other than agreed food/drink vending machines) and shall not permit any video or gaming machines.
- 2.18.9. The Contractor will maintain an inventory of all items of equipment at the Facilities, such inventory to identify the following as a minimum:
- a) **description of the item including reference number, type, model and manufacturer;**
 - b) **location of the item;**
 - c) **age of the item;**

- d) general condition of the item (based on a scale of condition);**
- e) date when replaced or disposed of; and**
- f) any other relevant comments or observations**

2.18.10. Such inventory to be updated not less than twice annually, and shall be made available to the Council's designated officer upon request.

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PART 19 - GENERAL CONTRACTOR REQUIREMENTS

(NOT REQUIRED TO BE ADDRESSED IN SUBMITTED METHOD STATEMENTS)

DIRECTIONAL AND REQUIRED SIGNS

- 2.19.1. In accordance with Quest Management Core Issues Ops 1 and Ops 4, the Contractor shall ensure that directional signage and signage required by Legislation to and around the Facilities is visible, clear and accurate and, where applicable, is in accordance with Legislation and Guidance based on customer perception and any regulatory requirements.
- 2.19.2. The Contractor's Inventory shall include reference to mandatory and advisory signage within the Facilities, including but not limited to signage listed in Sport England's Way-finding and Signage for Sports Facilities Design Guidance Note. The Contractor shall ensure that accessible signs are provided. The records shall include type and location of each individual sign.

PROTECTION OF CHILDREN, YOUNG PEOPLE AND VULNERABLE ADULTS

- 2.19.3. The Contractor shall implement, produce and submit to the Council a policy and practices for ensuring the protection of children, young people and vulnerable adults, including appropriate screening of staff at all times in line with the Council's Policy as shown in Appendix 9 and any relevant policy of any legislative or regulatory bodies.
- 2.19.4. The Contractor shall ensure that all persons (including Sub-Contractors) who have regular, one-to-one access to minors and vulnerable adults and who are to be employed or to work within the Facilities have a Disclosure and Barring Service ("DBS") check at Enhanced Level **before** commencing employment or work and this shall be maintained in accordance with the scheme guidelines. Evidence of how this will be checked and verified should be detailed in the submitted Training Programme, as part of **Method Statement 1 - Staffing**.
- 2.19.5. The Contractor shall provide (and shall ensure that all sub-contractors provide) on request evidence of the DBS application process and records held that demonstrate that all Staff and persons that work within the Facility have been subject to the DBS process and that the Council's requirements have been met.

SMOKING

- 2.19.6. The Contractor shall implement a no smoking policy throughout the Facility and in the vicinity of the all-weather turf pitches, to include the use of e-cigarettes.

EXTERNAL COMMUNICATION

- 2.19.7. The Contractor will produce and implement an annual schedule of external communication activity, including a mix of advertising, promotional and public relations activities, based on the shared strategic outcomes and objectives and the identified needs of the various parts of the community. All communications and promotions where the Council is mentioned will be subject to the Council's designated officer's prior approval.
- 2.19.8. The Contractor will not promote or advertise tobacco or nicotine-based products, alcoholic beverages, products or material reasonably likely to cause offence to Users (such as, but not limited to, pornographic or racist material) or products and material of a political nature.
- 2.19.9. The Contractor will not enter into any promotional or sponsorship agreements with any

companies involved in any activity likely to cause offence to Users (such as, but not limited to, pornographic, nicotine and tobacco related products, alcohol related products or racist activity).

- 2.19.10. The Contractor shall ensure that contact with the media shall be through the Contract Manager, and in accordance with Clause xx (Media and Publicity) of the Draft Contract. Any variation to this requirement will be via instruction from the Council's designated officer. The Council will also require the Contractor to work with it where required to enhance the Contractor's and the Council's reputation. All joint communications and promotions with the media will be subject to the Council's prior approval.
- 2.19.11. The WDC logo must be shown on all promotional material, to include: all printed leaflets and promotional materials; all promotional materials in electronic form; and all advertising, both for external and internal use.

EQUAL OPPORTUNITIES AND DIVERSITY

- 2.19.12. The Contractor will implement equal opportunities and diversity policy and practices, which meet legal requirements and best practice and that are in line with the Council's own policy on these matters.

BRIBERY ACT 2010

- 2.19.13. The Contractor shall ensure that at all times their processes, procedures and method of operation comply with the requirements of the Bribery Act 2010. This shall include the steps they have taken in terms of having adequate procedures in place to preclude bribery.

APPENDIX 1: PROGRAMMING

Appendix 1 - Warwick DC Leisure Facilities Current Programme and Regular Bookings 2015/2016

TO FOLLOW

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APPENDIX 2: LEISURE CENTRE CHARGES 2015/2016

WARWICK LEISURE FACILITIES CHARGES 2016/2017

TO FOLLOW

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APPENDIX 3 AND SUBSEQUENT APPENDICES

THESE DOCUMENTS ARE IN THE PROCESS OF BEING PREPARED, AND THEY WILL BE ATTACHED AS APPENDICES TO THE SPECIFICATION (SEE DRAFT LIST AT THE BEGINNING OF THE SPECIFICATION)

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A strategic review of participation and latent demand for health and fitness in Warwick District

Executive Summary

As part of the Leisure Development Programme, officers have been progressing plans to invest in the region of £12 million at Newbold Comyn Leisure Centre and St. Nicholas Park Leisure Centre, with a significant proportion of this investment directed to increasing health & fitness provision in the form of extended gyms and fitness studios.

In considering such investment, it was felt vital that the Council should understand the current state of the local health and fitness market and identify the levels of latent demand that exist. To do so, officers have referred to a range of audits, reports and sources of data, and commissioned a residents' survey to understand the specific local perspective in respect of health and fitness participation and use of local facilities.

This report reviews 'The Indoor Sports and Leisure Strategy Needs and Evidence Report' published by Neil Allen Associates (NAA) in March 2014 and the subsequent Indoor Sports and Leisure Strategy. These two reports both highlight the opportunities for Warwick District Council (WDC) to increase the health and fitness provision in its facilities. It also considers the latest results from the Sport England Active People Survey which measures local participation in physical activity, and the updated Sport England Market Segmentation Model which identifies sporting behaviours in the local population by identifying 19 market types and allocates typical activity profiles to each type. In addition to Sport England evidence, officers have also considered research published by the Fitness Industry Association (FIA) which allows operators to calculate the anticipated demand for fitness provision from the local community.

Key findings from these sources can be summarised as follows:

- Warwick District residents are becoming more active over time, with those participating in activity on 3 or more occasions a week rising from 25.7% in 2005/6 to 29.8% in 2013/14. (Active People Survey)
- 58% of the local adult population fall into "types" that would engage in health and fitness activities if their personal requirements were met (Sport England Market Segmentation)

This review also revisited existing health and fitness provision in the District. Whilst the audit shows some growth in more specialised facilities providing a niche service there has been no significant additional provision in the local area. Officers are confident that the additional small facilities do not represent direct competition to the type of facilities that are planned for the Council's venues,

which would be designed to offer a value product to a wide range of the community.

It should also be noted that the population of Warwick District is growing and is likely to expand by 13,200 in the 10 years between 2015 and 2025. The capacity of the current health & fitness provision would not be sufficient to accommodate this increasing demand.

The final element of this review focussed on gathering views from residents in respect of their current levels of physical activity, barriers to participation, and the type of fitness provision that they would like to see in the future. The survey, undertaken in April 2015, confirmed that local people considered exercise to be of high importance. Furthermore, there appeared to be a desire to increase participation in exercise by most of those who responded. Of those who chose to conduct their exercise at leisure facilities a significant number used WDC facilities as their preferred venue and there was a suggestion that more would be inclined to do so if the investment went ahead.

In conclusion, the review has confirmed that the recommendations from the Neil Allen audit are still relevant and that, based on participation levels and existing provision, there remains a case for significant investment in expanding and improving the health and fitness provision at St Nicholas Park and Newbold Comyn Leisure Centres.

Introduction

As part of the Leisure Development Programme, which is reviewing the Council provision of sport and leisure and considering options for future management of these facilities, officers have been working with project managers Mace and architects B3 to develop a series of plans to invest in the region of £12 million at Newbold Comyn Leisure Centre and St. Nicholas Park Leisure Centre. A significant proportion of this investment is intended to be directed to increasing health & fitness provision in the form of extended gyms and fitness studios in these two facilities.

The investment proposal at Newbold Comyn Leisure Centre includes the introduction of a 100 station gym, 3 fitness studios (including a dedicated spin studio), plus new changing rooms for health & fitness customers. The refurbishment of St. Nicholas Park, includes the introduction of an 80 station gym with 2 new fitness studios and new changing rooms.

In considering such investment, it was important to give the Council assurance that there is a market for such extended facilities and that appropriate and significant levels of latent demand exist. To assess this situation, officers have referred to a range of audits, reports and sources of data, and commissioned a residents' survey to record the specific local view in respect of health and fitness participation and use of local facilities.

This report reviews the following documents and seeks to validate that the conclusions reached by each remain valid in 2015:

- The Indoor Sports and Leisure Strategy Needs and Evidence Report published by Neil Allen Associates in March 2014 and the subsequent Indoor Sports and Leisure Strategy.
- Strategic Leisure Options Appraisal – June 2014

This report also appraises the latest results from the Sport England Active People Survey. The Active People Survey measures local participation in physical activity. This report also considers the updated Sport England Market Segmentation Model, which classifies sporting preferences in the local population by identifying 19 market types and allocating typical activity profiles to each type. Officers have also considered research generated by the Fitness Industry Association (FIA) which allows operators to calculate the anticipated demand that can be expected for fitness provision by the local community.

Evidence

The Indoor Sports and Leisure Strategy Needs and Evidence Report - Neil Allen Associates (March 2014)

Neil Allen Associates (NAA) were commissioned to undertake an audit and needs assessment of indoor sports in the District in 2014. It was intended that the

outcomes of this audit would inform the Council's strategic planning in terms of leisure provision.

A full copy of the Indoor Sports and Leisure Strategy Needs and Evidence Report is available from officers. The report refers to the FIA's demand assessment which concludes that there was, at that time, a shortfall of between 61-138 stations (dependant on whether private health and fitness centres were excluded from the analysis). The report went on to recommend that an increase in health and fitness provision should be included as part of any future refurbishment programme in WDC facilities.

Updated position:

2015 research shows 8 facilities that were not included in the NAA audit. These facilities are either very small facilities with 15/20 stations specialising in personal fitness, nutritional-based fitness, or ladies only sessions, or in the case of 2 of the venues (Urban Fitness and Stoneleigh Performance Fitness), specialised facilities which cater for a niche market of Cross fit and strength and conditioning facilities.

The total provision in the district (2015) is described in the table below:

Leisure Facilities (ownership type)	Number of facilities	Number of Stations
Local Authority	4	100
Commercial	19	726
School/college/university	6	78
Total	29	904

In assessing the current level of provision and whether there is sufficient across the district, we have used the figures above, but excluded the provision made in educational establishments as this is rarely available for members of the public, leaving a total number of 826 stations.

The NAA report recommends that a successful local model would be one where the public sector percentage of stations should equal 50% of the total amount. With the inclusion of the 8 additional new facilities and the existing total of 826 stations, the current percentage is 26%. This would suggest that the public sector element of provision could be expanded to take a more appropriate share of the market, to help accommodate the latent demand and to provide additional facilities for the growth of the population of the District.

A further check is to look at the percentage of the population who can be accommodated by the current 826 stations.

Number of Stations	Average number of members per station	Total Number of Members	Percentage of the population
826	20 (industry standard indicator)	16520	14%
826	27 (current average in WDC facilities)	22302	19%

The table suggests that currently Warwick District has a membership base which could be between 14% and 19% of the overall population. Given that the UK average is 8%, the information suggests that the adult community in Warwick District experiences more provision of health and fitness facilities per head of population than the national average. This suggests a higher than average demand for health and fitness provision in the area.

Sport England Active People Survey

Sport England's Active People Survey provides the most comprehensive assessment of levels of adult sport across the country at a local authority, regional and national level.

The table below compares data at a local authority, regional and national level for 2005/6 and 2012/13 for three key indicators:

- Members of the population who currently are not participating in any activity
- Participation in sport and active recreation (adult populations 16+) for at least 30 minutes on at least 4 days over a month or 1 active session per week.
- Participation in sport and active recreation (adult populations 16+) for at least 30 minutes on at least 12 days over a month or 3 active sessions per week

Indicator:	Year:	Warwick			West Midlands			England		
		All	Male	Female	All	Male	Female	All	Male	Female
0x30	2005/06	44.0 %	40.1 %	47.8 %	53.3 %	48.7 %	57.6 %	50.0 %	45.1 %	54.6 %
	2012/13	41.5 %	38.2 %	44.7 %	50.0 %	45.3 %	54.4 %	47.0 %	41.9 %	51.9 %
1x30	2005/06	30.3 %	33.3 %	27.5 %	27.5 %	27.2 %	28.9 %	28.8 %	30.9 %	26.7 %
	2012/13	28.7 %	29.5 %	27.8 %	26.8 %	28.0 %	25.6 %	28.3 %	29.8 %	26.8 %
3x30	2005/06	25.7 %	26.7 %	24.7 %	19.5 %	22.3 %	16.8 %	21.3 %	24.0 %	18.7 %
	2012/13	29.8 %	32.3 %	27.5 %	23.2 %	26.7 %	20.0 %	24.7 %	28.3 %	21.3 %

The table indicates that **inactivity** has fallen in Warwick district by 3.5% over a period of six years. This is equivalent to 4,116 individuals. Assuming that this trend continues, along with the projected population growth of 13,200 in 10 years, this represents a growing customer base for health and fitness facilities and is evidence in support of the proposed investment in the Council's leisure facilities.

The indicator showing the trend for people participating once a week shows a very slight decline which Sport England consider to be insignificant and unlikely to influence the latent demand for health and fitness. It may also have been created by people increasing their frequency of exercise from 1x30 to 3x30. This supposition is supported by the overall reduction in inactivity.

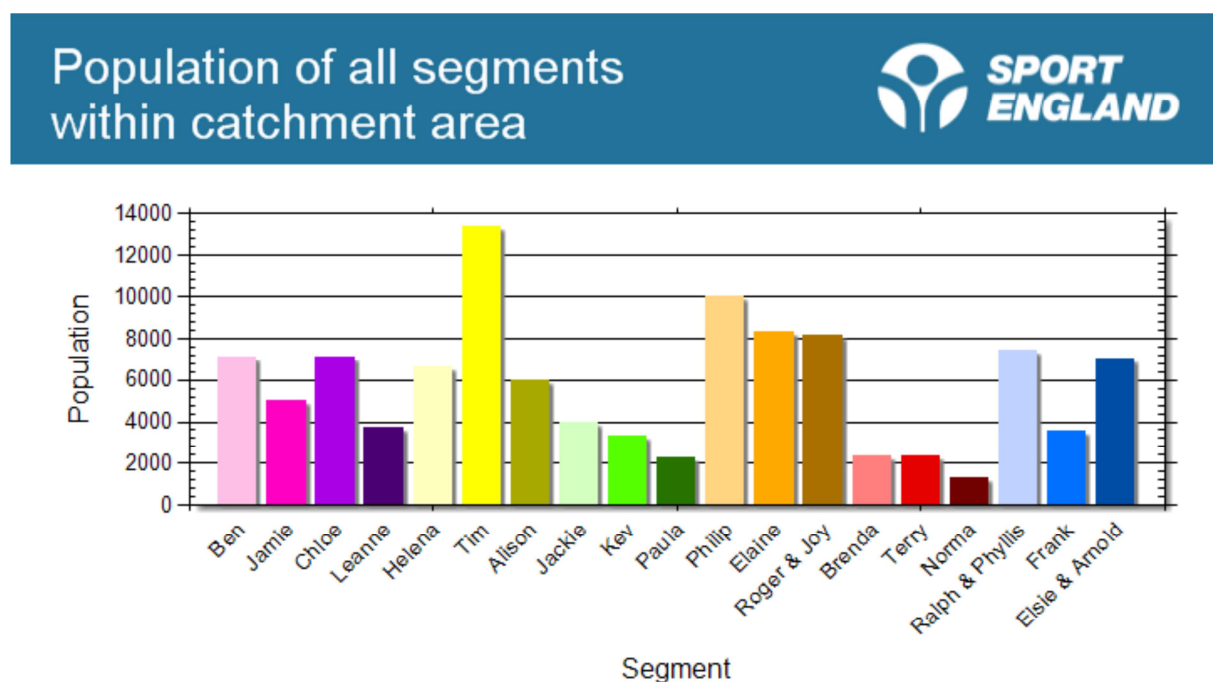
The final indicator shows that there is an increase of 4.1 % of the adult population (4,821 individuals) in Warwick District who are exercising on at least three occasions per week. This again supports the argument for increasing the provision of facilities at the leisure centres as the growing population is more likely to visit more often, which will require more space and equipment to accommodate the additional demand.

Sport England Market Segmentation

Sport England's Market Segmentation is a powerful tool, which identifies sporting behaviours in the local population by identifying 19 market segments by defining typical characteristics of people within each group. It is most useful in helping us to understand the general public's attitude to sport, their motivations and barriers to participation.

On reviewing the market segmentation data it appears that there have been no significant changes to the model since Neil Allen Associates conducted their research.

The table below reveals the Market Segments relevant to Warwick District.



The Market Segmentation information reveals that out of the above identified segments, 14 out of the 19 would participate in activity which would be related to health and fitness. When the segments are added together this gives a figure of 68,200 (58%) of the local adult population who would engage in activity related to the health and fitness facilities in the proposed investment.

It is acknowledged that whilst the Sport England market segmentation information suggests that 58% of the adult population would engage in health and fitness activity, it does not claim that they would become gym members nor does it indicate the frequency of usage. However, it seems reasonable to conclude that this data backs up data referred to above that the residents of Warwick District have a higher than average propensity to participate in health and fitness activity and therefore provision of such facilities should be a priority for the District if this demand is to be met.

It therefore appears relevant to explore average current levels of gym memberships in the UK and apply this information to Warwick District.

Fitness Industry Benchmarking

The Fitness Industry Association (FIA) publishes guidance which allows operators to estimate the number of gym members who would join a facility based on the amount of gym equipment provided. This suggests that the industry average is that a gym will attract 20 members for each piece of equipment provided.

In comparison, each piece of equipment at WDC facilities is generating 27 members. This suggests that demand for health and fitness in Warwick District is higher than the industry average.

Competitor Analysis

As described above, there is a broad range of health and fitness provision in the District. What is equally evident is that within the provision are some very distinct types of health and fitness facilities which each attract a specific type of user. NAA concluded that this is not uncommon, and that there is a place for such a mixed economy of provision.

It is concluded that the main competition for Newbold Comyn and St. Nicholas Park appears to be Warwickshire Golf and Country Club, Nuffield Health and Fitness and to a lesser degree, Pure Health Club who have a similar mix of facilities.

The Warwickshire and Nuffield Health and Fitness could be described as premium facilities, which offer high quality facilities at a premium rate. In addition, it appears that both these facilities have a range of added products as part of the membership, for example a broad range of fitness classes, a significant relaxation and spa offering and premium catering facilities in addition to the core gym offering.

Pure Health is a more specialized facility offering free weights as its core product, but it is in small premises and is more typical of the other smaller operators in the 5km radius of Newbold.

St. Nicholas Park and Newbold Comyn currently offer a more affordable membership option, and both have the benefit of having a 25m pool on site for those wishing to combine gym activities with swimming. The Council facilities have operated for many years on the basis that they would offer quality gym facilities at an affordable price, and would promote the facilities as being accessible for all sectors of the community. This strategy has been successful and memberships have grown steadily over many years, to the current position where there is little capacity for further growth in members or expansion of the offering available. With the proposed investment, it is envisaged that the Council facilities could not only increase the capacity of the gym, but benefit from a more modern approach to exercise provision, a significantly increased range of

group exercise classes and provide modern, dedicated changing facilities. All of these developments would place the Council facilities in a position where they could realistically achieve significant growth in membership numbers and provide opportunities for a wide range of customers.

Residents Survey

In April 2015 a residents' survey was conducted across the District. A postal survey was sent to a random selection of 5,000 residents living within 5 km of Newbold Comyn Leisure Centre, St. Nicholas Park Leisure Centre and Abbey Fields Swimming Pool. In addition, residents could also access the survey on line via the WDC website. Finally, surveys were available at WDC leisure facilities for customers to complete. In total 934 surveys were completed and analysed and provided data that was then compared against the data from Sport England.

Key results from the Survey:

- The postal survey generated a response rate of 13%. It is usually expected that a postal survey to residents of a specific area or a specified group will generate a response rate of 11%. The higher figure generated here demonstrates that health and fitness is an important matter to the local population.
- 98% of all respondents said that exercise/activity was very important or important to them. This is to be expected in a survey asking questions about this subject, as one may presume that people who are not interested in exercise will not complete the survey.
- 48% said they probably or definitely don't do as much exercise as they would like to.
- 18% thought it very likely and 46% thought it quite likely, that they would increase the amount of exercise in the near future. This indicates the likely latent demand for health and fitness in this sample.
- 53% of the sample group uses a leisure facility or health club for at least some of their activity. Over half of the respondents who use a leisure facility use a WDC facility for their exercise. The figure suggests that the community is supportive of WDC Leisure facilities and are active users, although this will be slightly skewed by the fact that the survey was available in hard copy in WDC centres and not in others.
- Out of the 53% who said that they used a leisure facility, 41% indicated that they used a gym and 26% said that they attended group fitness classes.

- 88% of those who expressed a preference wanted either more specific group exercise classes or generally a greater range of classes at identified times.
- 14% of those surveyed who don't currently participate in fitness classes, said they would start if there was a greater range of classes that they enjoyed. This also indicates an unmet and latent demand.
- When asked about what improvements they would like to see at their chosen gym 44% of those who expressed an opinion wanted more gym equipment, more space or improved quality of equipment.
- When asked what would encourage those who do not currently use the Leisure Centres to do so, 30% would be strongly encouraged by an improved class programme, 37% would be strongly encouraged by improved buildings and 27% would be strongly encouraged by a better range of facilities and equipment.

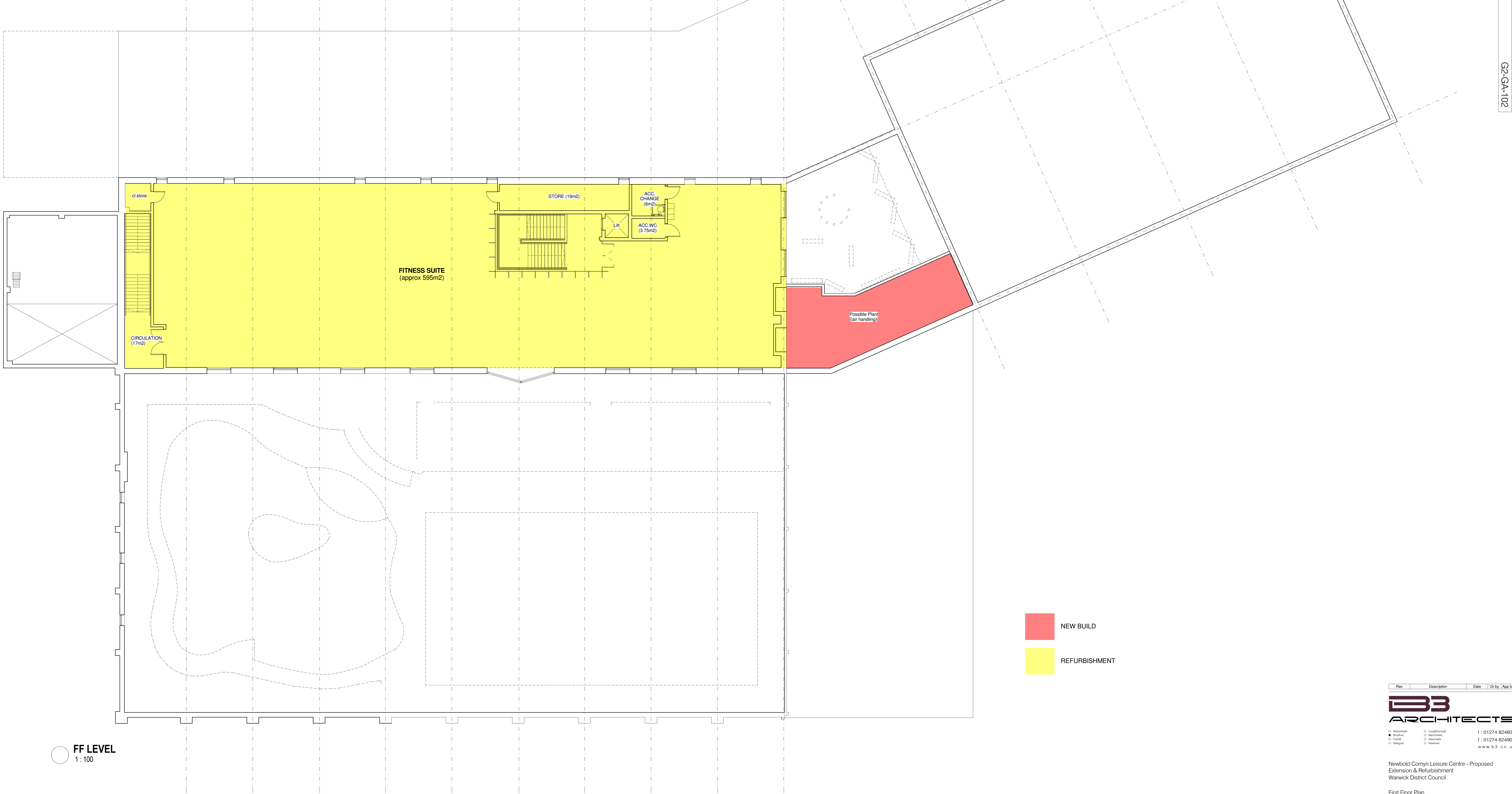
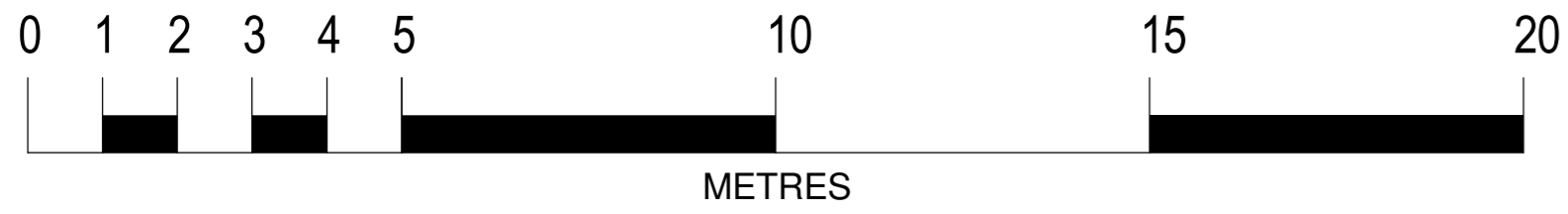
From the survey, it has been concluded that by offering more equipment of a higher quality and greater variety in more appropriate buildings there could be a positive response from the community of Warwick District. Given the comments made, it could be argued that the proposed investment would encourage a significant percentage of the sample group to start engaging in activity at WDC leisure facilities, with current gym users potentially migrating to the WDC facilities from other gyms and non-users deciding to start using the facilities once the investment has taken place.

Conclusions

From the work described above, the following conclusions have been reached:

- The recommendations from the NAA Audit and Needs Assessment remain valid, including the need for significant increase in the provision for health and fitness in the Council-owned leisure centres.
- There remains a strong propensity for residents of the District to engage in physical activity and in particular in "health and fitness" related activities. These activities would include gym based fitness together with indoor and outdoor fitness classes.
- There is a wide range of health and fitness provision which caters for a diverse range of demand. The current market is strong but there is evidence that there remains latent demand which would be addressed through the proposed investment at Newbold Comyn and St Nicholas Park leisure centres.

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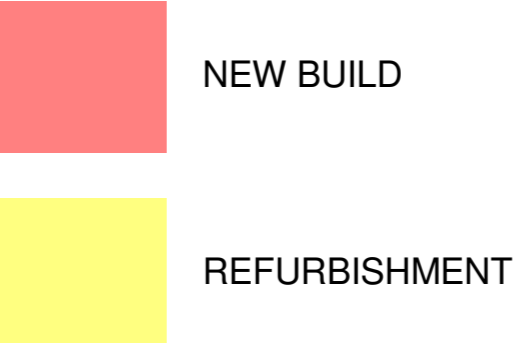
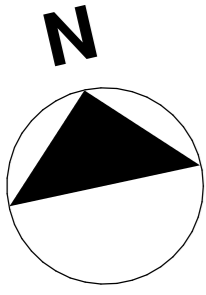


FF LEVEL
1: 100

Rev	Description	Date	Dr by	App by
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2	Revised	01/01/15	JM	
3	Revised	01/01/15	JM	
4	Revised	01/01/15	JM	
5	Revised	01/01/15	JM	
6	Revised	01/01/15	JM	
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10	Revised	01/01/15	JM	

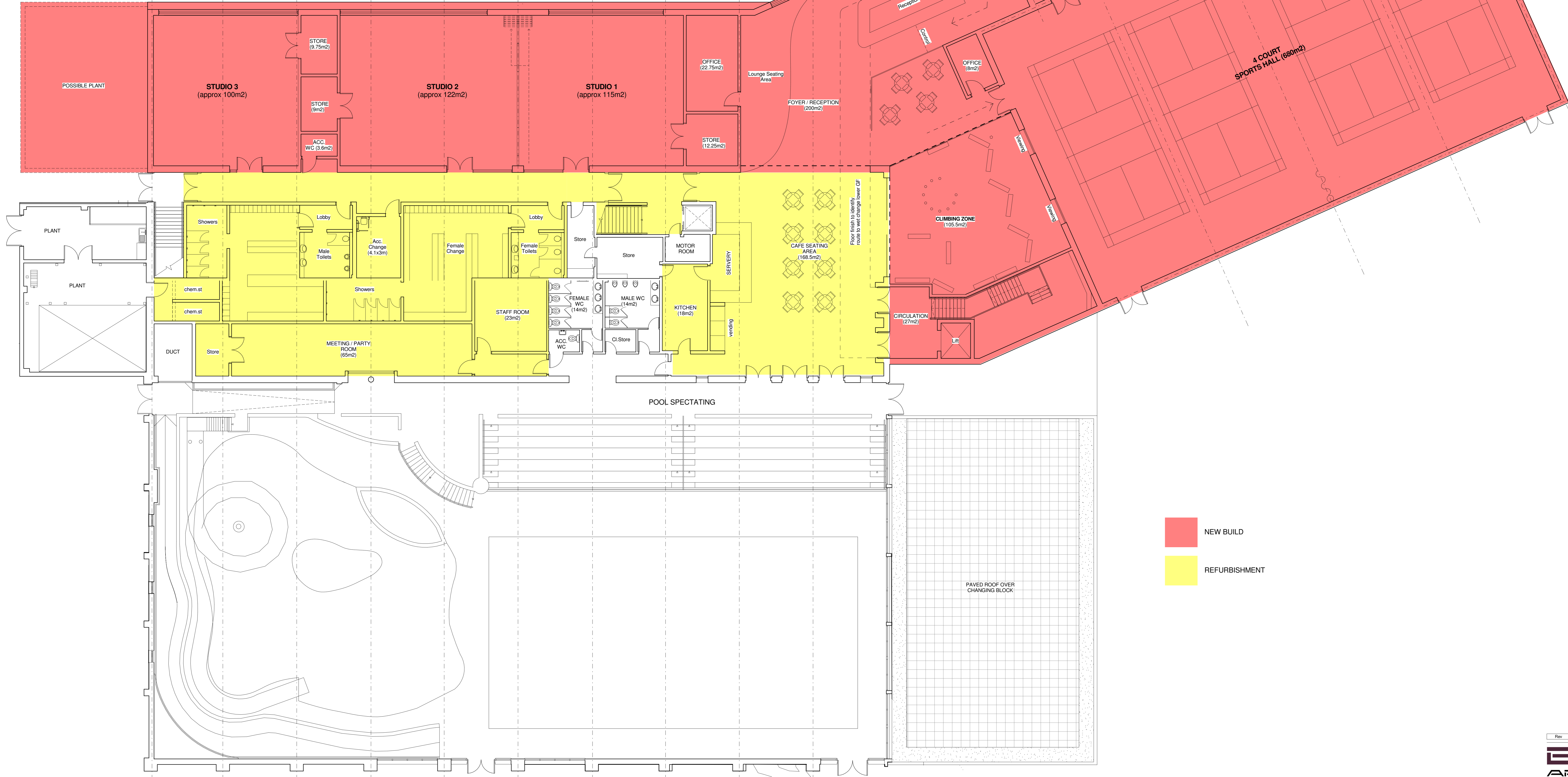
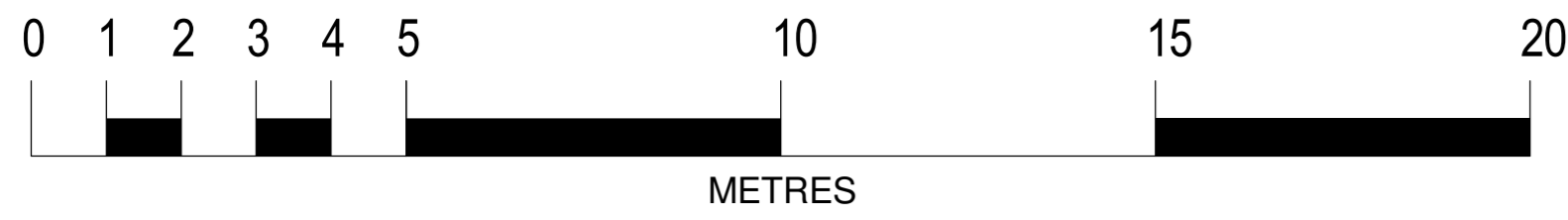
Newbold Comyn Leisure Centre - Proposed
Extension & Refurbishment
Warwick District Council

First Floor Plan
91381 G2-GA-102
Drawn: DH Checked: JM 1: @ A0 07/01/15
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91381 G2-GA-100
Drawn: DH Checked: JM 1: @ AD 06/28/13
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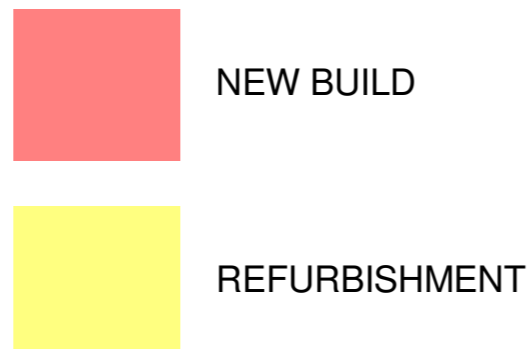
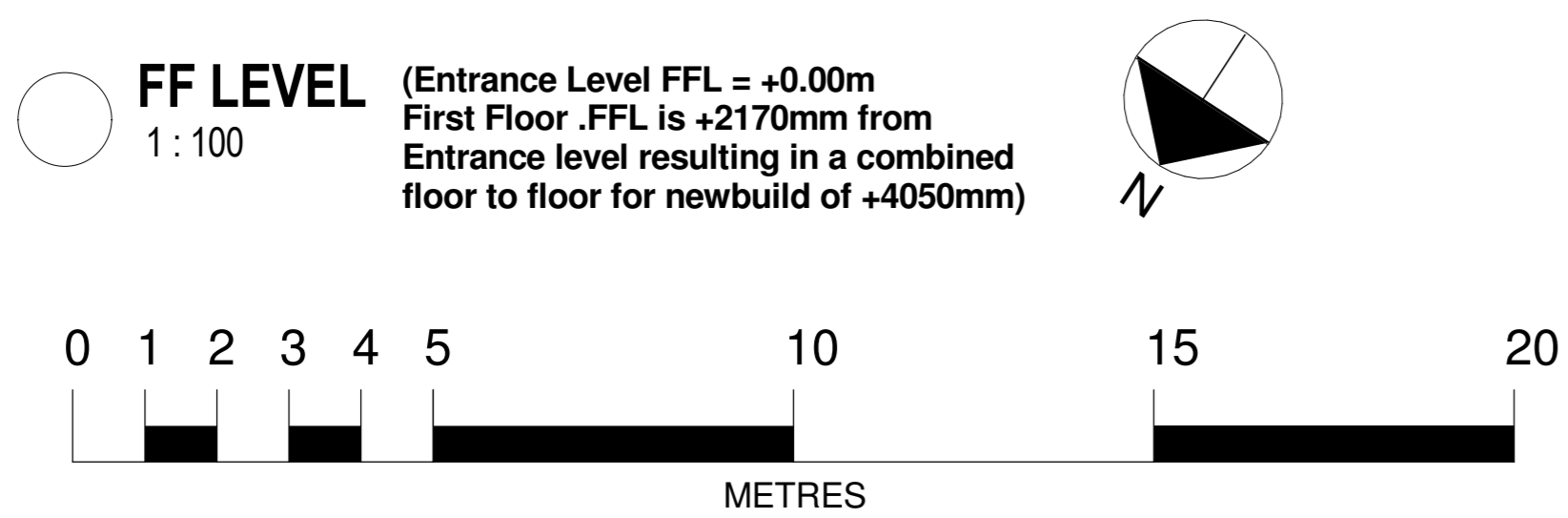
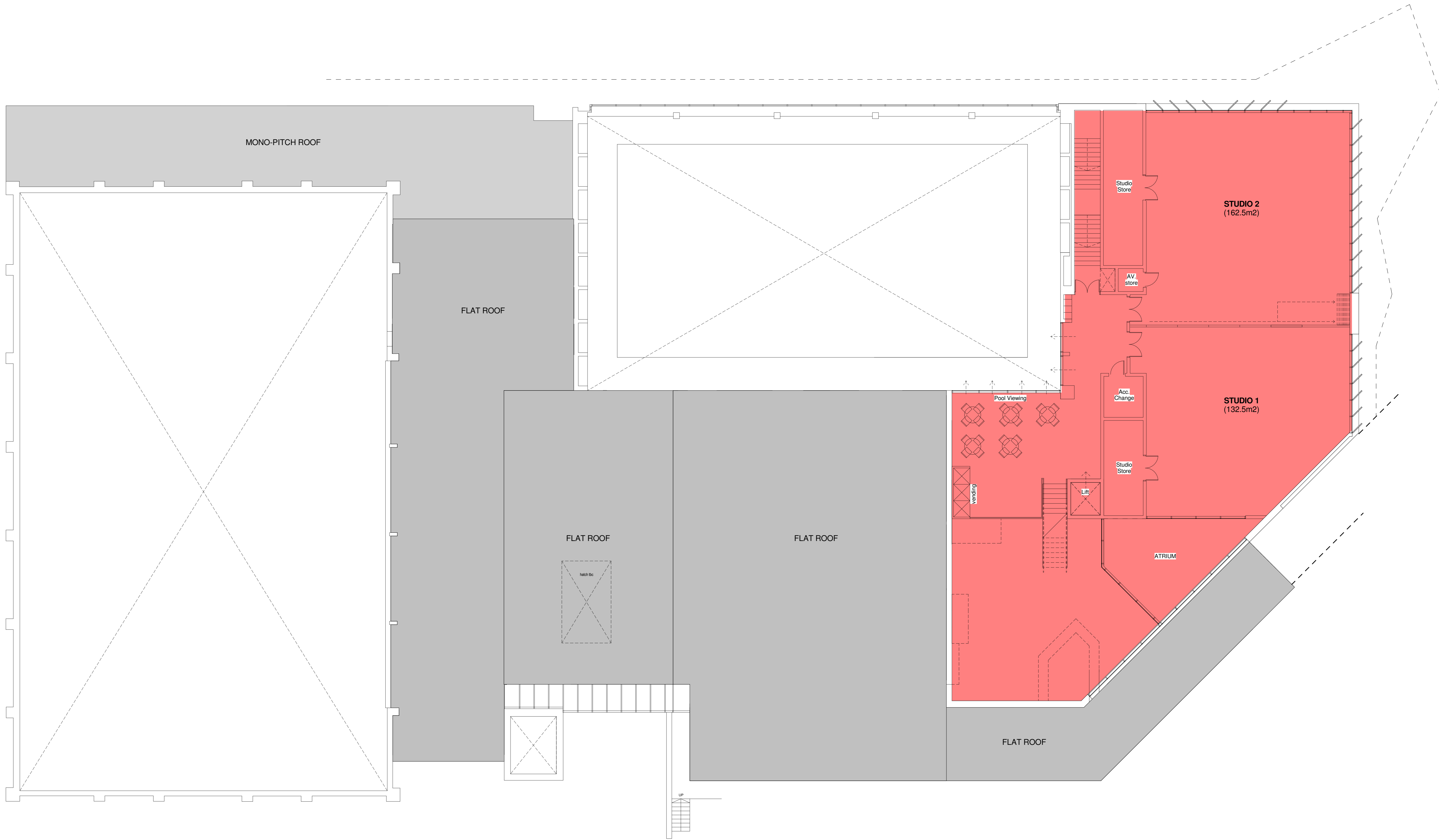
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Rev	Description	Date	Dr by	App by
1	Issue for tender	05/06/15	JM	
2	Issue for construction	06/06/15	JM	

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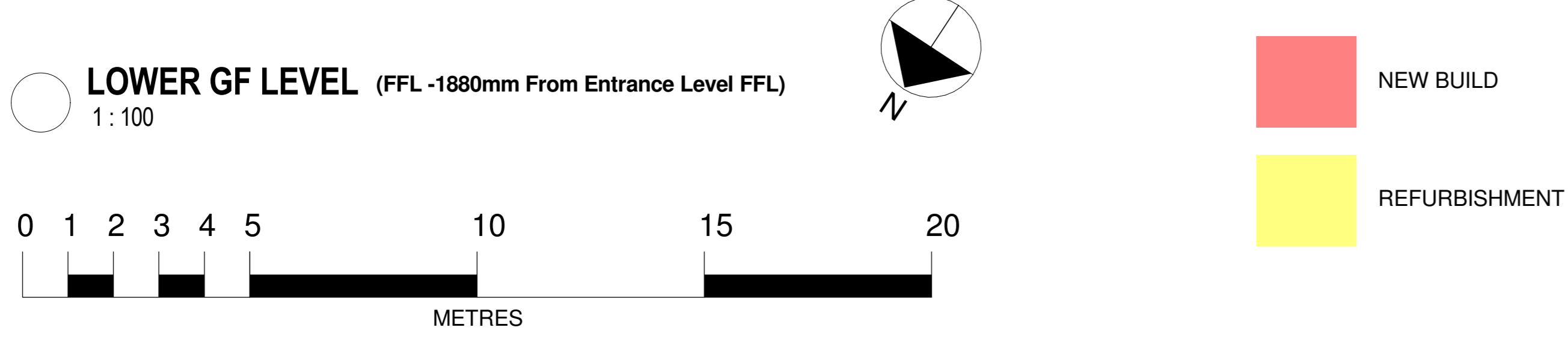
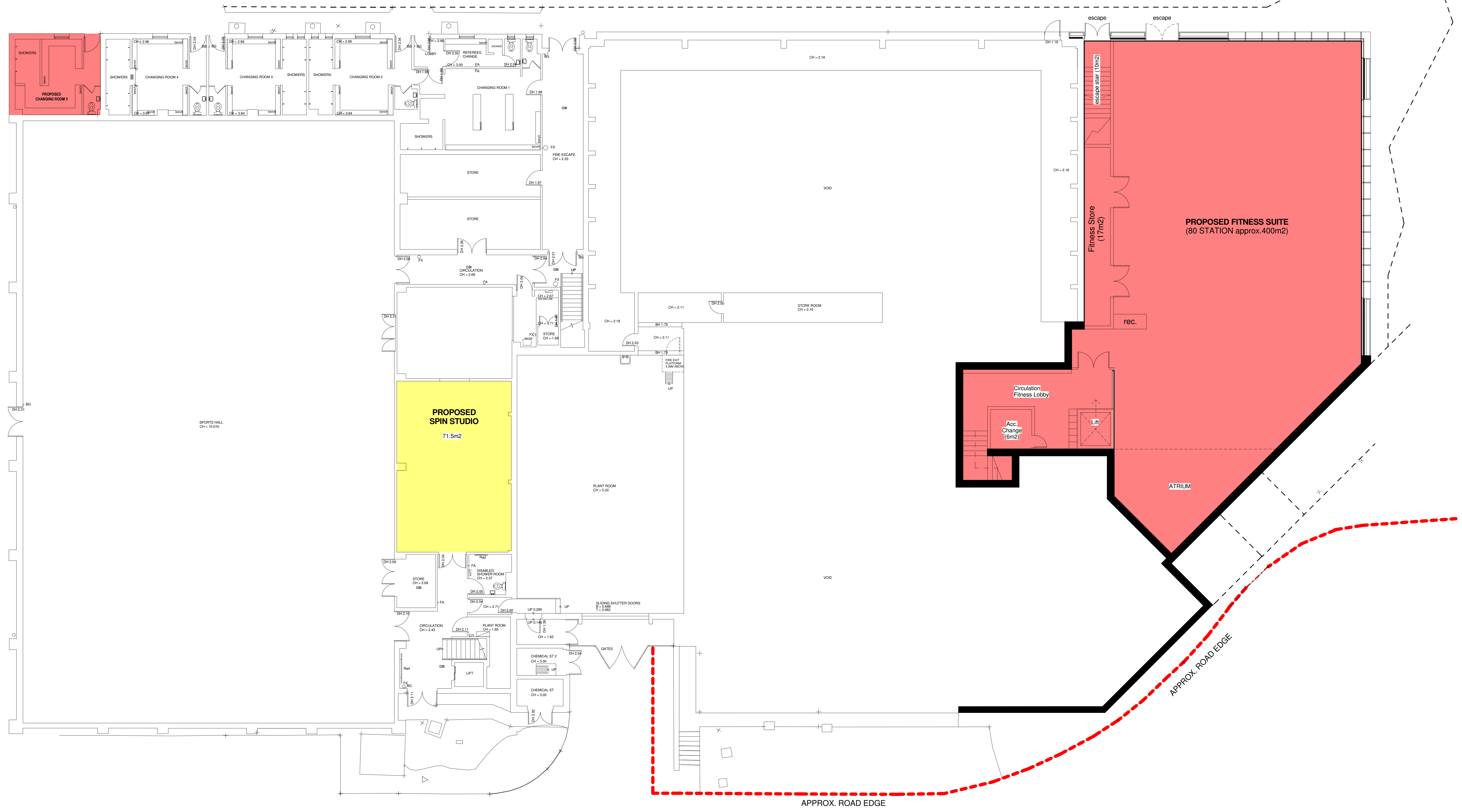
Newbold Comyn Leisure Centre - Proposed
Extension & Refurbishment
Warwick District Council

Upper Ground Floor Plan
91381 G2-GA-101
Draw: DH Check: JM 1: @ A0 05/06/15
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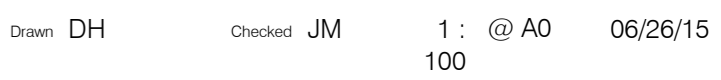
G2-GA-100



Rev	Description	Date	Dr by	App by
1	Revised	11/01/2013	11/01/2013	11/01/2013
2	Revised	11/01/2013	11/01/2013	11/01/2013
3	Revised	11/01/2013	11/01/2013	11/01/2013
4	Revised	11/01/2013	11/01/2013	11/01/2013
5	Revised	11/01/2013	11/01/2013	11/01/2013

St.Nicholas Park Leisure Centre - Proposed
Extension & Refurbishment
Warwick District Council

Lower Ground Floor Plan
91381 G2-GA-100
Drawn: DH Checked: JM 1:100 05/28/13



5. Summary

Atkins has been commissioned to consider the existing Car Park capacity at the Newbold Comyn leisure centre along with consideration of the forecast uplift in Car Parking resulting from the proposals to expand facilities at the centre.

The Leisure Centre is currently served by two Car Parking areas. One Car Park is immediately adjacent to the Leisure Centre and has capacity for 55 vehicles (including three disabled bays). The other Car Park is on the opposite side of the road and also serves the Golf Club and Public House. This Car Park is currently unmarked so is not used as efficiently as possible.

Parking surveys were undertaken on a weekday and a Saturday during the school summer holidays. The surveys were also undertaken on a fair weather day. This allowed for the likely peak occupancy of these Car Parks to be captured and a robust assessment of spare capacity to be undertaken.

The surveys highlighted there is currently spare capacity within both Car Parking areas during both survey days, even at this likely peak time of occupancy.

It is proposed to expand the existing Leisure Centre to accommodate 100 gym bays, a four court sports hall and a climbing wall. It is also proposed to enhance the changing facilities to encourage further admissions to the existing facilities.

Atkins has been provided with admission data for the existing facilities and this has been used to calculate a profile for visitor arrivals and departures associated with the new facilities. An industry standard trip generation database has been used to extract data to inform the likely number of visitors travelling by car. This has allowed the calculation of the likely Car Parking demand from these new users.

The proposals would result in the loss of Car Parking within the Leisure Centre Car Park. This can however be more than mitigated through the efficient lining of the Golf Club Car Park. This would result in a net gain of 44 spaces across the two car parks. Following this, it is forecast there would be adequate spare capacity to accommodate the additional users driving to the leisure centre with a minimum of 12 spare spaces (or 6% of capacity).

6. Summary

Atkins has been commissioned to consider the existing Car Park capacity at the St Nicholas Park Car Park along with consideration of the forecast uplift in Car Parking resulting from the proposals to expand facilities at the centre.

The Leisure Centre is currently served by the St Nicholas Park Car Park utilised by visitors to the Leisure Centre, park, town centre and castle. There is a staff parking area and disabled parking for the Leisure Centre accessed beyond a gate within the main car park.

Parking surveys were undertaken on a weekday and a Saturday during the school summer holidays. The surveys were also undertaken on a fair weather day. This allowed for the likely peak occupancy of these Car Parks to be captured and a robust assessment of spare capacity to be undertaken.

The surveys highlighted that the Car Park operated at capacity in the late morning/early afternoon (which includes the use by existing Leisure Centre users) on a weekday and a Saturday but operated below capacity outside of this period.

It is proposed to expand the existing Leisure Centre to accommodate 80 gym bays, two dance studios and a spin studio. It is also proposed to enhance the changing facilities to encourage further admissions to the existing facilities.

Atkins has been provided with admission data for the existing facilities and this has been used to calculate a profile for visitor arrivals and departures associated with the new facilities. An industry standard trip generation database has been used to extract data to inform the likely number of visitors travelling by car. This has allowed the calculation of the likely Car Parking demand from these new users.

It is forecast that, as a result of the proposals, a maximum of 34 additional vehicles would accumulate within the Car Park between 16:30 and 17:00 on a weekday and a maximum of 35 additional vehicles would accumulate within the Car Park between 08:30 and 09:00 on a Saturday.

The Car Park occupancy levels are therefore forecast to increase following the addition of new users associated with the Leisure Centre. During the periods where a shortfall of parking is forecast however, the number of vehicles associated with the Leisure Centre proposals is relatively modest.

Following the addition of the increased demand for the Leisure Centre proposals, a shortfall in parking is forecast to occur between 11:00 and 15:00 hours on a weekday and between 11:00 and 16:00 hours on a Saturday. A maximum shortfall in parking spaces for 44 vehicles is forecast, of which 19 vehicles are attributable to the proposed facilities at the Leisure Centre. Data provided by WDC for the St Nicholas Park Car Park illustrates the peak occupancy levels in the car park occur in July/August. During the rest of the year (and at times where special events are not occurring), occupancy levels are such that the increased demand for Car Parking associated with the proposals could be accommodated.

A further survey has been undertaken on a term-time weekday evening to investigate if there is a shortage of Car Parking. The survey was undertaken when the weather conditions were very good since this would likely be when the highest number of users would be accessing the Park and other nearby facilities. This survey highlighted that whilst the section of car park nearest the Leisure Centre was well occupied, there is plenty spare capacity in the Car Park to accommodate the forecast additional Leisure Centre users.

It is therefore recommended that the car park is better managed during the peak periods which occur during the school summer holidays. The following could provide possible solutions:

- Provision of additional spaces.
- Dual use of the adjacent primary school Car Park during school holidays.
- Consider allocating an optimal amount of parking for Leisure Centre use only. This would be subject to the same charging tariff as the remainder of the Car Park and would look to maximise use of the Car Park whilst ensuring Leisure Centre users are able to park. Since the issue with capacity is

seasonal this could be controlled by barriers which would only need to operate during the times of peak occupancy.

- Consider a more favourable charging schedule at the Myton Fields car park to encourage those visiting Warwick to utilise this car park instead of the St Nicholas Park car park.
- Consider amending Car Park Occupancy Signs in Warwick to direct visitors to the Myton Fields Car Park and make changes to the name of the Myton Fields Car Park to promote it as a long stay alternative to the St Nicholas Park Car Park.

Each of the above recommendations would need to be considered at the appropriate stage with WDC and other key stakeholders to determine the most feasible approach for this location. However, there should be an achievable solution and therefore the proposed expansion of the Leisure Centre and resultant forecast increase in parking demand could be accommodated.

Warwick District Council - Sports and Leisure Programme
Issues to consider when externalising the operation of WDC Leisure Centres

The purpose of this paper is to provide a high level summary of the issues which the Council should consider when making a decision to externalise the management of its leisure centres to a private sector operator, as part of a full options appraisal. Understanding assets and liabilities are key to determining the financial viability of the externalisation option.

Externalisation of public sector services to the private sector can be challenging. Often delay or failure is caused by incorrect assumptions or unrealistic expectations. A fundamental assessment of what a Council is trying to achieve from any externalisation is essential at the start of the process.

It is essential to involve all relevant disciplines in the externalisation scoping work – service managers, legal, finance, HR, pensions, procurement, estates and property.

	Key Considerations for WDC
Procurement	<p>The Public Contracts Regulations 2015 and the European procurement directives will apply to any procurement of a private sector operator.</p> <p>Basic principles of equal treatment, transparency and competition need to be respected irrespective of which procurement procedure is followed.</p> <p>Pre-market engagement (soft market testing) is beneficial to understand the market's appetite for the Council's proposals. This has already been carried out in this case and the results were very positive.</p> <p>Financial assistance to operators (if not through the procurement process) may breach state aid rules.</p> <p>The tender process tends to take 9-12 months from advertising the tender to contract signature, with a short period of mobilisation thereafter. Costs and management/officer time are incurred</p>
Status of operator	<p>The Council will need to consider, through the tender process, the corporate governance structure, financial standing, reputation and business delivery model of an operator.</p> <p>The Council will need to be aware that operators owe duties to their shareholders/trustees which may sometimes conflict with the Council's objectives.</p>
WDC influence and direct control	<p>If the service is contracted out, the ability to make changes to the service is primarily in the hands of the operator, although the contract may be expressed to work "in partnership" (i.e. a collaborative approach) and will be subject to the agreed service specification.</p>
Contract Term	<p>Leisure operating contracts typically last up to 10 years (plus a possible 5 year extension) to provide service continuity.</p> <p>The Council will need to consider its preferred length of contract (whilst also considering what term might be attractive to bidders) and also whether it would like the opportunity for a contract extension (and, if so,</p>

	for how long).
Service Specification	<p>The Council's requirements will need to identified in the operating contract and service specification. A good specification is key to securing good value and an effective contract.</p> <p>The Council will need to set down its requirements on the operator to maintain, and hopefully, improve service delivery. Key Performance Indicators will need to be set down to ensure that the operator performs the services in accordance with the service specification and also to comply with other relevant industry standards and legislation.</p> <p>The Council will need to consider, within the specification, which services it may require from the operator during any centre property refurbishment process (if the contract starts prior to the refurbishment process being completed) and then thereafter during the contract lifetime.</p>
Contractual flexibility and change	<p>The Council will need to consider, within the specification and a change protocol within the contract, what level of contract flexibility is required that may permit the Council to add/remove other services to the contract.</p> <p>Changes/variations mid-contract may breach procurement rules depending on their significance – transformational change during a contract term is possible provided it has been contemplated at the outset of the procurement process.</p> <p>Operators may price for the risk or expect a break clause.</p>
Contract management	<p>The Council will need to consider its ongoing oversight and reporting requirements in relation to the service, including:</p> <ul style="list-style-type: none"> • Operator reporting and liaison arrangements, • The consequences of the operator not providing the services to the required standard, through a remedy escalation process, and • Contract monitoring requirements – the Council will need to have in place a designated client officer to monitor contract performance.
Payment provisions	<p>An established supplier market can provide competition on price and quality. Consider how the operator will charge the Council for managing the leisure services, for example:</p> <ul style="list-style-type: none"> • A fixed-price basis, • A cost-plus basis (cost plus a certain margin), • A cost-plus with an element of sharing of risks and rewards basis, and • A part-fixed, part-variable basis (with a minimum commitment and a variable element in relation to differing volumes or service levels). <p>Depending on the nature of the contract, it is likely in the current economic climate that the operator will pay the Council a contribution in</p>

	<p>order to be permitted to run the facility. They may also provide a share of profit. This will almost certainly apply if the planned refurbishment is undertaken by the Council.</p> <p>The Council will also need to consider:</p> <ul style="list-style-type: none"> • Whether elements of the charges/payments should attract some sort of indexation (e.g. RPI) and how this is to be achieved, • Whether the operator will be under a duty to reduce costs each year or to make every effort to reduce costs during the life of the contract, and • Payment mechanisms.
Share of operating surpluses	The Council to consider its expectations on the sharing of any operating surpluses between the operator and the Council.
Third party use and income	<p>The Council to consider:</p> <ul style="list-style-type: none"> • The generation of third party income (clubs and events) throughout the contract lifetime, and who benefits, and • Any requirements or restrictions on third party use to represent the Council's values or to protect its reputation.
Staff	<p>If the service is contracted out, the usual scenario is that existing staff transfer to the operator under the provisions of TUPE, however there may need to be some analysis on whether TUPE does apply to all staff engaged in the delivery of the service requirements, and if any central support staff are also subject to TUPE.</p> <p>If TUPE does apply, the Council will need to consider:</p> <ul style="list-style-type: none"> • Its requirement to provide good quality TUPE information during the procurement process (the Council will have to pay for any TUPE risks which have not properly been understood), • What happens to any staff who choose not to transfer; • The effect of the staff consultation process on project timescales; and • TUPE transfers (and any redundancies) can be expensive and involve significant amount of management and officer time. <p>A clear handover plan would need to be agreed with the new operator which covers staff engagement, union consultation, legislative requirements and practical aspects associated with payroll, HR policies, training and inductions.</p>
Pensions	<p>If TUPE applies, the Best Value Direction 2007 and the Fair Deal policy 2013 requires suppliers to make available LGPS membership or a broadly comparable scheme (presumption is LGPS).</p> <p>LGPS pension risks will need to be properly understood by the Council and by operators early in the procurement process. Pension risk sharing is a possibility. This is subject to approval by the LGPS Fund and by the Council.</p>
Utility Supply	<p>The Council to consider utility supply arrangements, including:</p> <ul style="list-style-type: none"> • Whether it is best value for it, or the operator, to procure utilities


	<p>based on current/future market movements and how any cost savings are shared between the parties,</p> <ul style="list-style-type: none"> • Its existing contractual arrangements, • The sharing of risk in relation to utility costs, such as the operator is responsible for consumption risk and there is a shared position on tariff risk with the Council having responsibility for fluctuations in tariff, and • which party is responsible for complying with the Carbon Reduction Scheme.
Step-in rights	The Council may want the right to step in to the contract and provide the services itself if the operator is faced with bankruptcy/organisational change, contract failure, if there is a serious health and safety risk, to discharge a statutory duty or because an emergency has arisen.
Assignment and sub-contracting	The Council to consider to what extent, if any, it would be prepared to permit the operator to assign or sub-contract out elements of the service (for example, catering, personal trainers, facility management and cleaning) and its required consent arrangements.
Indemnities	<p>Consider the circumstances where the Council would want to be indemnified by the operator – examples being against the typical exclusions of death or personal injury, damage to property, and third party claims against the operator's operation and management of the facilities.</p> <p>The Council, as freehold owner of some of the centres, would retain landlord/owner responsibilities.</p>
Disputes	<p>The Council to consider:</p> <ul style="list-style-type: none"> • The use of standard dispute escalation procedures, and • The use of an industry mediator in any dispute.
Termination	<p>The Council to consider:</p> <ul style="list-style-type: none"> • The circumstances where it would want to terminate the contract and required timeframes, • Any compensation regime, • Seeking contribution from the operator for costs of re-tendering, and • Post-termination transfer arrangements (e.g. service, staff, contracts).
Assets and liabilities	<p>Externalising a service involves a transfer of assets and liabilities.</p> <p>The Council to undertake due diligence to adapt the existing assets register and equipment inventory and assess:</p> <ul style="list-style-type: none"> • Who owns current assets, • Who owns future assets, • Who maintains assets, • Who replaces assets, • ICT assets and software licensing and • Responsibility for dilapidations.

	Liabilities previously undisturbed (e.g. premises, pensions) may become crystallised and will need funding.
Existing contracts	<p>The Council will need to consider the effect of externalisation on existing contracts, for instance:</p> <ul style="list-style-type: none"> • Which contracts novate or are assigned over to the operator (as principle or agent). Example - vending machines, • The treatment of contracts where existing contractors do not want to contract with another party, and • The level of control that the Council wants over third party contracts (e.g. the promotion of healthy eating).
Property issues	<p>The current proposal is that the Council will grant a long-term lease to the operator. Note that in usual arrangements, the lease does not contain any substantive provisions (e.g. in relation to repairs/maintenance/insurance etc). These are dealt with in the main contract and the lease refers back to that contract on such issues to avoid conflict between the documents</p> <p>The Council to consider:</p> <ul style="list-style-type: none"> • Timeline – will the lease be granted before, during or after the refurbishment process, • Investigation of title, • Condition surveys and defects, • Necessary consents (including planning where applicable), • Car park arrangements, • Tax implications - the granting of a lease means that the contractor will be “in operation of the facilities” which may allow them to claim NNDR relief (see below under ‘Tax Implications).
Protections and Security	<p>It is recommended that collateral warranties are obtained from the operator, given the intention that the Council will be offering a full repairing lease over some of its centres.</p> <p>The Council may also require the operator to provide a parent company guarantee or a bond if appropriate. This should be done at the outset of procurement so that they can be priced for as part of the bid process.</p>
Insurance	Consider who will insure the centres, assets and equipment (if applicable) – in many cases it may be better value for money for the Council (as freehold owner of some centres) to do so rather than the operator. This can be tested through procurement.
Tax	<p>The Council to obtain, as parts of the tendering process, tax advice on the implications of National Non Domestic Rates (NNDR) tax savings, and VAT.</p> <p>The provision of recreation (and hence leisure services) is currently defined as a charitable activity and exempt from many forms of taxation, including VAT.</p>
Data and Information	<p>The Council to consider:</p> <ul style="list-style-type: none"> - The protection and use of staff and customer information, and

	<p>operator compliance with FOI and DP,</p> <ul style="list-style-type: none"> - Customer consents to the Council sharing information with operator, - Intellectual property rights, - Audit access, - WDC access to operator's records, and - Agreement on treatment of confidential information.
Health and Safety	<p>The Council to consider its statutory requirements as freeholder owner of the leisure centres, and the operator's requirements as occupier.</p> <p>Also health and safety information sharing and indemnities.</p>
Risk	Operators expect payment for risk and for managing change.
Public Services (Social Value) Act 2012	This legislation applies to all contracts for service above EU thresholds – the duty to consider social value through the procurement of an operator and thereafter. This will be an important part of the procurement process.
Consultation and EIA	Customer/stakeholder consultation and Equalities Impact Assessment very likely to be necessary.
Facility handover arrangements	<p>The Council will want to identify its requirements on the operator for handover planning including:</p> <ul style="list-style-type: none"> • Marketing and branding arrangements, • IT – transfer of electronic information, system compatibility, • Health and safety audits, • Programming and pricing policy arrangements – confirmation of transferring bookings, confirmation of any income due to the new operator relating to pre-payments for bookings/memberships, and • Arrange financial systems, including cash collection. <p>This will apply also on contract expiry.</p>
'Boiler plate' provisions to protect WDC's interests	The council will want the inclusion of standard terms and conditions of contract including entire agreement, notices, severability, waiver, governing law and jurisdiction, sole remedy, counterparts and capacity.

Warwickshire County Council Legal Services
22.09.2015

Planning application no.	Date	Scheme name/address	Total Residential (Units)	Trigger
W/13/0607	02/08/2013	Land north of Harbury Lane, Heathcote (Warwick Gates DWH)	220	To pay 50% prior to 50% occupancy of new dwellings, remaining 50% paid prior to occupation of 90% of new dwellings.
W/13/0858	24/09/2013	Golf Lane, Whitnash	94	
W/14/0023	29/05/2014	Harbury Gardens Phase 1, Harbury Lane (AC Lloyd Persimmon)	200	
W/14/0689	22/08/2014	North of Oakley Wood Road, Bishops Tachbrook	150	
W/14/0693	16/09/2014	Land at Wellesbourne Road, Barford	60	
W/14/0661	19/09/2014	Lower Heathcote Farm, Harbury Lane (Gallagher Estates LTD)	785	
W/14/1076	05/12/2014	Myton Road and West of Europa Way (Consortium/Trust)	735	
W/14/0322	06/06/2014	North of Southam Rd, Radford Semele	60	
W/14/0967	03/04/2015	Land North of Gallows Hill (WCC)	425	
W/14/0433	10/03/2015	Land at, Spring Lane, Radford Semele	65	
W/15/0851	20/08/2015	Grove Farm, Harbury Lane, Bishops Tachbrook	520	
Total			3,314	

 Executive 4th November 2015		Agenda Item No. 4
Title	Budget Review to 30 th September 2015	
For further information about this report please contact	Mike Snow Andy Crump	Tel 01926 456800 Tel 01926 456810
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	February 2015 Executive – Budget Setting	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes
Equality Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	12/10/15	Andy Jones
Head of Service	12/10/15	Mike Snow
CMT	12/10/15	
Section 151 Officer	12/10/15	Mike Snow
Monitoring Officer	12/10/15	Andy Jones
Finance	12/10/15	Andy Crump
Portfolio Holder(s)	16/10/15	Cllr Peter Whiting
Consultation & Community Engagement		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report updates Members on the Council's latest financial position. This includes details of the 2015/16 estimated outturn, the Council's Medium Term Financial Strategy, the Housing Revenue Account and the Capital Budget.

2. Recommendations

- 2.1 That the Executive notes the latest projected variance for the General Fund for 2015/16 of £14,500 adverse and thereby agrees to the budget changes detailed in paragraph 3.1 in respect of the General Fund and that funding for the 2015/16 estimated shortfall will be addressed as part of the 2016/17 Base Budget Report.
- 2.2 That the Executive notes the amounts returned to the Contingency Budget and agrees to the additional calls on it made in this report so that the net effect is to increase the Contingency Budget balance by £42,300 to £142,000.
- 2.3 That the Executive notes the Earmarked Reserves of £75,500 that are no longer required and that they have been used to reduce the adverse balance as shown in paragraph 3.1.2.
- 2.4 That the Executive agrees the changes to the HRA budget outlined in paragraph 3.5 thereby reducing the contribution to the Housing Revenue Account Capital Investment Reserve.
- 2.5 That the Executive agrees to the slippage in the Other Services Capital Programme as outlined in paragraph 3.6.1.
- 2.6 That the Executive agrees the changes to the Housing Investment Programme outlined in paragraph 3.6.2, financed from the Major Repairs Reserve.
- 2.7 That the Executive notes the updated Medium Term Financial Strategy (MTFS), and that this is reliant on the forecast savings being achieved.
- 2.8 That the Executive notes the table of projects as set out in Appendix C. The table includes the Leisure Options project which is the subject of a separate report on this agenda and its recommendations are considered by officers not to fetter future decisions to be made on the other projects.

3. Reasons for the Recommendations

3.1 General Fund 2015/16

- 3.1.1 An unfunded adverse variance of £19,800 was reported in July's Executive report. The variances below (net £5,300 favourable) reduce this to £14,500.
- 3.1.2 The latest variances that have been identified by managers are shown below. Where they are not self-explanatory, more detail is provided.

	£
Parking income , identified as part of Fees and Charges, element relating to 2015/16	50,000 (F)
Vending income at Leisure Centres	9,000 (F)
Street name and numbering income	5,000 (F)
Maternity Cover – Pump Rooms	3,600 (A)
Business rates changes – St Mary’s Lands car parks	164,600 (A)
Business rates changes – East Lodge Jephson Gardens	3,500 (A)
Business rates refund – SNPLC	5,100 (F)
Business rates changes – Castle Farm	16,400 (A)
Business rates refund – Pageant House	8,000 (F)
Business rates refund – Court Street Creative Arches	11,800 (F)
Minor Business rates changes	4,300 (A)
Business rates refund – Spa centre	£12,900 (F)
Business rates refund – Pump Rooms	£5,800 (F)
Business rates refund – Newbold Comyn L.C.	£14,500 (F)
W2 legal Fees	£ 8,700 (F)
Electoral Registration Computer equipment costs	£ 5,600 (A)
Cleaning Materials Leisure Centres	£ 3,000 (A)
Earmarked Reserves no longer required (see paragraph 3.4.2)	£75,500 (F)
Total additional variances September 2015	£ 5,300 (F)
Total forecast position at 31st March 2016	£14,500 (A)

3.1.3 The overall position is that the Council is currently forecasting an adverse outturn position of a £14,500 by March 2016.

3.1.4 Work is progressing on the 2016/17 Base Budget which will be presented to members in December, alongside the updated 2015/16 position. At this stage members will need to consider how to fund the 2015/16 shortfall.

3.1.5 Legal fees for the W2 partnership (with Waterloo Housing Association) are forecast to be lower than originally budgeted for.

3.2 Contingency Budgets

3.2.1 Details of the current year Contingency Budget (£401,000) and the balance remaining (£159,700), after calls on this budget, are shown in Appendix A. The balance on the Contingency Budget reflects allocations now being returned as not required. These are:-

Kites Nest Lane Reinstatement	£10,000
Combined Authority Contribution	£50,000
Total	£60,000

However, additional calls on the Contingency Budget are now being made to cover for long-term sickness in Financial Services (£10,000) and £7,700 for a Health check/review of Electoral Services. If these amounts are approved, the balance on this budget would be reduced to £142,000.

3.2.2 The 2015/16 Training Contingency Budget of £4,900 has been allocated.

- 3.2.3 The Contingency Income Budget had a balance of -£74,000 that has to be achieved. In 2014/15, this was more than achieved. The Fees and Charges report recently presented to Executive identified how this Contingency Budget could be met in full, resulting in a zero balance.
- 3.2.4 Other Contingency Budgets for items such as price Inflation (£42,000) , Contract Cleaning (£51,000) – both not used in 2014/15 – and the new Salary Underspend Contingency (-£30,000) will be regularly reported upon during the year. There have been no changes to these budgets so far this year. The status of these budgets for future years is being considered as part of the 2016/17 Budget process currently underway.

3.3 Salaries and the Salary vacancy factor

- 3.3.1 An adverse variation (£3,600) for Maternity Cover in Culture had been identified in August.
- 3.3.2 Currently the 2.5% salary vacancy factor is forecast to be achieved, although all Service Areas need to monitor this. As part of the Budget Exercise for 2016/17 that is now underway, this vacancy factor will be built into the salary budget line as opposed to having its own separate budget line. This will also now apply to 2015/16. This should ensure tighter monitoring of the vacancy factor within the overall salary budgets.

3.4 Revenue Slippage- Earmarked Reserves

- 3.4.1 As part of agreeing the recommendations in the Final Accounts report, the Executive agreed that £407,300 of earmarked reserves be carried forward to 2015/16.
- 3.4.2 Recent detailed consideration by officers has confirmed that the following allocations totalling £75,500 are no longer required:-
- Bowls equipment £2,000
 - Overtime re: 2015 Election £5,300
 - Council Development Company £48,000
 - WDC Assets Feasibility Study (£20,200 – overprovided for, by Finance, during Final Accounts)

These allocations being removed have been allowed for within the figures and table in section 3.1 above.

- 3.4.3 At the end of September, £111,000 has been spent or committed, although £36,000 of this has to be transferred elsewhere. Taking into account the allocations no longer required £256,800 remains to be spent in the remaining six months of the financial year. Details can be seen in Appendix B.

3.5 Housing Revenue Account (HRA)

- 3.5.1 HRA day-to-day and void repairs have been a particular issue since 2013/14 when as part of a new approach, Council pre-inspections were removed and the contractor given the power to decide what repairs are required, subject to an open book framework where their profit depends upon beating target unit costs and performance measures.

- 3.5.2 In line with most Council budgets, it has been assumed that efficiencies and savings will offset any inflationary increases in unit costs until 2016/17. Additionally on analysing performance for the first six months of open book cost consultants produced an updated forecast of costs. Overall this projected expenditure of £2.00m, 15% lower than the existing budget of £2.35m. Budgets from 2014/15 were reduced accordingly, by £353,100.
- 3.5.3 These savings have not been achieved; expenditure has been significantly above both the level budgeted for and historical costs under the previous system up to 2012/13. In 2014/15 expenditure was £3.29m, a 64% overspend on the approved budget of £2.00m.
- 3.5.4 An additional £1.06m is requested for 2015/16, including the part year effect of reintroducing in September 2015, pre-inspections of properties requiring repairs and restricting the ability of contractors to place repairs without reference to the Council.
- 3.5.5 These measures are part of efforts made during 2015/16 to reduce costs, ideally to the approved budget. The re-introduction of Council pre-inspections and specification/approval of works to be carried out are, from early data, beginning to reduce costs to something close to the historic expenditure, uplifted for buildings inflation. However it is now clear that the previously projected savings are not possible, and it has also proved impossible to absorb inflationary costs.
- 3.5.6 Allowing for inflationary increases since then, an additional £820,000 is requested for 2016/17 and each year thereafter. This would equate to an annual Responsive and Void Budget of £2,824,000.
- 3.5.7 This recommendation has been informed by an assessment of expenditure to date excluding items that should be charged to other budgets (for example capital works), adjusted for projected savings to be secured from the measures detailed above in section 3.5.5 and an increase of 5% for inflation.
- 3.5.7 The effect of these changes upon repairs costs will continue to be monitored and any updated projections reported to Executive as part of Budget Review.
- 3.5.8 The rate of Right to Buy applications and sales has significantly increased since 2014/15; 27 were sold during 2014/15, but 22 have already been sold in the first six months of 2015/16. Based on an updated projection of 42 sales, valuation and legal fees are projected to cost an additional £28,700; however the admin allowance retained from each sale would increase income by £26,000. The small difference can be absorbed by reducing other HRA budgets. Updated projections for 2016/17 will be included in the December Base Budget report.
- 3.5.9 The structural survey of HRA high rise and non-traditional homes is expected to commence early 2016/17, it is therefore requested that the budget of £120,000 is moved to 2016/17.

3.6 Capital

- 3.6.1 The following other services capital slippage and savings have been reported:

Capital Scheme	£	Reason for variation
Replacement PCs and Printers	-92,000	Slippage to 2016/17 & 2017/18 @ £46,000 each.
Broadband UK	-46,257	Budget re-profiled to later years.
Victoria Park Bowling Green & Ancillaries Improvements	-8,625	Saving as project complete.
Recycling & Refuse Containers	120,000	Budget from 2017/18 brought forward to 2015/16.
Jubilee House Phase 2	-331,000	Budget slipped to 2016/17.
Play Area Improvement Programme	-70,000	Budget slipped to 2016/17.
Partnership Funding for HLF Grant re Pump Rooms Gardens Restoration	-100,000	Removed from Capital Programme and moved to Revenue (along with funding).
Total 2015/16 variation	-527,882	

3.6.2 The following Housing Investment Programme slippage and savings have been reported:

Capital Scheme	£	Reason for variation
Sayer Court Development (site of Fetherston Court)	-2,810,000	Slippage to 2016/17 based on latest programme
HRA Garage maintenance	-26,000	No capital works required
Total 2015/16 variation	-2,836,000	

Please note that due to the scale of the Sayer Court development and the level of expenditure projected around year end (over £1m per month) relatively small changes in the project timetable may change this slippage figure significantly without affecting the overall cost of the project.

3.6.3 For members' information, progress on the major schemes within the 2015/16 Capital Programme is included within Section 8.

3.7 Medium Term Financial Strategy (MTFS)

3.7.1 The Medium Term Financial Strategy(MTFS) reported to members in July included the following savings profile.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Ongoing savings required						
Additional savings	0	977	-195	228	-15	92
Cumulative savings	0	977	782	1,010	995	1,087

3.7.2 In September, members agreed projects which should generate savings so as to make the Council's MTFS sustainable (based on current assumptions for such things as Revenue Support Grant, Business Rates Retention, investment receipts).

3.7.3 Accordingly, the MTFS has now been updated to reflect the following:-

- The "Savings plan" agreed by members in September

- Variances subsequently identified by officers
- Fees and Charges review presented to Executive September 2015.

3.7.4 Alongside the savings requirement shown in paragraph 3.7.1, the following “unfunded” items were also discussed in the September report, with consideration of their future funding being incorporated within the “Savings plan”:-

- ICT Reserve £250k pa
- Equip Reserve £100k pa
- RUCIS £150k pa
- Historic Buildings £50k pa

3.7.5 Taking into account the items discussed above, the overall position for the Council’s finances is as follows:-

Ongoing savings required	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Additional annual savings/(surplus)	0	218	(408)	(170)	(442)	92
Plus currently unfunded recurring items						
ICT Reserve					250	
Equip Reserve					100	
RUCIS				150		
Historic Buildings			50			
Total currently unfunded recurring items	0	0	50	150	350	0
Annual shortfall/(surplus)	0	218	(358)	(20)	(92)	92
Cumulative savings (surplus)	0	218	(140)	(160)	(252)	(160)

3.7.5 Overall the profile of “cumulative savings (-surplus)” at the bottom of the above table shows a slightly worse position to the figures reports in September due to the inclusion of increased business rates liabilities (the on-going costs some of the items within the table in paragraph 3.2). The table still shows that for 2016/17, even if all the savings planned materialise, there will still be a shortfall for 2016/17. To enable the Council to set a balanced budget, either further savings/ increased income will be necessary, or the use of reserves.

3.8 Projects

3.8.1 Members will be aware that officers are working on a number of projects at the current time. A list of the projects being worked upon is detailed in Appendix C. The list includes the Leisure Options study which is considered elsewhere on

this agenda but the recommendations of which do not fetter the decisions that members are able to take on the remainder of the projects.

- 3.8.2 The priority status for the other projects will ultimately be a decision for members but is likely to be influenced by:-
- Whether the project is needed to ensure on-going service provision (e.g. corporate asset work, athletics track, Spa Centre operational works)
 - Whether the project is needed to protect an on-going income stream (e.g. multi storey car parks)
 - Whether the project is due to make planned savings (e.g. HQ relocation)
 - Whether the project is a service enhancement
 - Whether the project meets other corporate priorities (e.g. as part of the Local Plan).
- 3.8.3 In considering these projects officers will ensure that they are fully funded, ideally recovering their capital costs and not causing an additional revenue cost, although it is recognised that to arrive at this position choices about service provision elsewhere may need to be made .
- 3.8.4 Each of the projects will have its own risk. The risks will influence the likelihood of each project achieving its projected financial profile. Whilst each project will a risk log, this does not prevent the financial profile from changing, and the costs/income from varying. Such changes may vary in significance and timing.
- 3.8.5 The Council holds various reserves for specific purposes, as detailed in the February Budget report. As at 31 March 2015, the General Fund Reserves totalled £15.498m. However, much of the balances on these reserves have been previously committed to specific projects. This means the available uncommitted reserves are greatly reduced. An updated schedule showing the uncommitted General Fund Revenue Reserves is included as Appendix D.
- 3.8.6 In the past much of the Council's capital programme has been met from the Capital Investment Reserve. The Council's policy is for this reserve to maintain a minimum balance of £2m as risk mitigation for any potential capital liabilities. However, the current uncommitted balance of the Capital Investment Reserve is only £1.358m. Until 2013/14, annual contributions were made to this reserve from revenue to assist with providing funding for future capital projects. Such contributions have now stopped. The Council's policy for this reserve will be reviewed as part of the Budget/Council Tax Setting reports in February when all of the Council's reserves are reviewed.
- 3.8.7 The Service Transformation Reserve has provided funding for many Fit For the Future projects, including those that will result in service improvements or to release future revenue spending. The uncommitted balance on this reserve stands at £216,000.
- 3.8.8 The financial projections are based on what are believed to be prudent assumptions with regards to future Revenue Support Grant and Business Rates Retention. However there is the possibility that the assumptions within the MTFS are too optimistic. Within the Spending Review 2015 due to be announced in November, alongside the Chancellor's Autumn Statement, it is anticipated that more information will be available over local government funding from 2016/17.
- 3.8.9 Within the forthcoming Government spending announcements, it is anticipated that there will be confirmation about the future of the New Homes Bonus. For

2015/16 this amounted to £1.6m. Given the uncertainty over the future of this funding, unlike many authorities, the Council does not use this funding to support the main revenue budget, but to support specific projects or allocation to reserves. If this funding is to cease or be phased out, it will, without doubt curtail some of the Council's aspirations.

3.8.10 Based on the for-going, namely:-

- The Council needing to secure revenue savings
- The inability of the Council to be able to accommodate additional recurring financial liabilities unless budgets are reduced elsewhere
- The uncertainty over future Government financial support (RSG, NHB)
- The limited unallocated financial reserves of the Council
- The risks attached to specific projects,

the Council needs to be extremely prudent if agreeing any future commitments and to progress any specific projects. Whilst the Council may have the financial capacity to undertake a specific project based various projections, it needs to ensure that it retains sufficient capacity to accommodate deterioration in the MTFS projections and the specific projections for a project.

4. **Policy Framework**

- 4.1 This report is in accordance with the Council's Financial Strategy as last approved by the Executive in February. This provides the Council with the resources to deliver its other policies and strategies.

4.2 **Fit for the Future**

One of the key elements of Fit For the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. This report updates Members on the financial projections for future years, savings required to be found and some of the key issues affecting the Council's Medium Term Financial Strategy up to 2020/21.

5. **Budgetary Framework**

- 5.1 The Council needs to find financial savings of £1.1m on the General Fund over the next five years, as previously reported to members. A plan to secure the relevant savings has been agreed. Officers review current year budgets on a monthly basis at the same time considering implications for the medium term. Members are updated on a quarterly basis.
- 5.2 The Budget Review Process provides a planning tool to ensure resources are directed to the Council's priorities. Alongside the Council's own activities, external factors influencing its finances are also taken into consideration, for example Central Government Financing, the Business Rates Retention scheme, changes in legislation and the economy.
- 5.3 The Council maintains its Reserves to deliver Capital and other projects, and to ensure that there are sufficient resources available to manage unforeseen demands and continue to deliver its services. Close monitoring of these Reserve balances, together with plans to replenish them will preserve the financial stability of the organisation for future years.

6. **Risks**

- 6.1 The Council's Significant Business Risk Register contains several risks which are finance related. Shortage of finance will impact upon the Council's plans for the provision of services. Reduced income or increased expenditure will reduce the funding available.
- 6.2 The main sources of income which may be subject to reductions include:-
- Government grant (e.g. Revenue Support Grant, Benefits Administration Grant)
 - Business Rates Retention
 - Fees and charges from the provision of services
 - Rent income
 - Investment Income
- 6.3 Increased expenditure in service provision may be due to:-
- Inflation and price increases for supplies and services.
 - Increased demand for services increasing costs
 - Changes to taxation regime
 - Unplanned expenditure
 - Assumed savings in budgets not materialising
- 6.4 Triggers for increased costs or reduced income include:-
- Economic cycle – impacting upon inflation, interest rates, unemployment, demand for services, Government funding available
 - Unplanned expenditure, e.g. Costs from uninsured events, Costs of planning appeals or other legal process
 - Project costs – whereby there are unforeseen costs, or the project is not properly costed, or the risks related to them are not properly managed.
 - Changes to assumptions underpinning the Medium Term Financial Strategy – these assumptions are closely monitored.
- 6.5 Many controls and mitigations are in place to help manage these risks. These include:-
- The comprehensive Budget Review process. This entails all budget managers reviewing their budgets on at least a monthly basis, considering previous, current and future years, along with any possible issues that may impact upon their budgets. As part of this process, Budget Review reports are issued to the Executive and Senior Management Team.
 - Financial Planning with the Medium Term Financial Strategy/financial projections, bringing together all issues that will impact on the Council's finances in the medium term.
 - Financial controls, including the Codes of Financial and Procurement Practice, system controls, reconciliations, audit (internal and external).
 - Project Management and associated controls
 - Trained staff and access to appropriate professional advice (e.g. WCC Legal, Local Government Futures for advice on local government funding).

- Risk Management process across the Council, including the on-going review and maintenance of risk registers.
- Scrutiny by Members of the Council's finances, including Budget Reports, and the financial implications of all proposals brought to them for consideration.
- Within the 2015/16 there is a Contingency Budget for any unplanned unavoidable expenditure.
- Reserves –Whilst much of these Reserves have already been earmarked for specific projects, it is important that Reserves are held for any unforeseen demands.
- In addition to the reserves, the Council holds the General Fund Balance of £1.5m. This is available to accommodate any unplanned expenditure, or to make up any shortfall in income. However, the Council should seek to maintain the balance at this level.
- The specific causes of reductions to income or increased expenditure should continue to be managed by the relevant Service Area as part of managing the risks within each Service Risk Register. Individual Service Area Risk Registers are brought to F&A Scrutiny Committee every 2 years.

7. Alternative Option(s) considered

- 7.1 Monitoring expenditure and income and maintaining financial projections is good financial management and part of good governance. Accordingly, to propose otherwise is not considered.

8. Background

- 8.1 For members' information, below is a brief update on the progress of some of the Council's projects within the current year Capital Programme. The table below is self-explanatory.

	Description	Status of scheme
1	Rural & Urban Capital Initiative Schemes (including slippage)	Promotion of the scheme is being carried out over the next couple of months. Based on current draft and live applications there's around £101,000 remaining to cover the next few months of the financial year.
2	Enhancement of Car Parks	Awaiting further details of the full picture of the car parks scheme for Linen Street and Covent Garden.
3	Cublington Flood Alleviation	Awaiting final compensation payments before allocating the remaining budget to another flood alleviation scheme.
4	Recycling & Refuse Containers	All of 2015/16 budget is likely to be spent and is proposed to be supplemented by funding brought

Description		Status of scheme
		forward from future years. This budget is subject to a separate report on this agenda..
5	Jubilee House Phase 2	Awaiting decision from Talisman Theatre Company whether they participate in public service centre scheme, as it may take a few years to come to fruition. Budget proposed to be slipped to 2016/17
6	Oakley Wood Crematorium Improvements	Nearing the end of the project and expected to be on budget.
7	Play Area Improvements	Roxborough Croft complete, Eagle Rec almost complete and other schemes will be progressing this financial year.
8	Fen End- City Deal	Design of new roundabout being finalised with Warwickshire & Solihull highway authorities. Work will be tendered late Dec/early Jan with anticipated completion April/May 2016.
9	West Midlands Reserve & Cadets	No movement to date but hopeful of progression in 2015/16.
10	St Mary's Lands B. S	A detailed update of this scheme was reported to Executive on 3rd September 2015.
11	Bishop's Tachbrook Community Centre	Construction work has recently commenced and is due to be finalised March/April 2016.
12	King George's Playing Area, Barford	Work only just recently commenced with a target completion date of mid-December.

Contingency February Budgets	221,000
Transferred to LEP Contribution	-20,000
Final Accounts 2014/15 Report	200,000

General Contingency 401,000

Lillington Socio-economic research	-20,000	March Executive Item 9
Lillington Further master planning work	-20,000	March Executive Item 9
Kites Nest Lane Reinstatement costs	-10,000	March Executive Item 13
Combined Authority Contribution	-50,000	March Executive Item 14
Lillington Further technical work	-25,000	March Executive Item 19
Strategic Opportunity Proposal	-50,000	March Executive Item 22
Maternity cover for Spa centre/town hall	-4,000	Mike Snow delegated authority
Maternity cover for Spa centre/town hall	-6,000	Mike Snow delegated authority
Honorarium	-1,000	Mike Snow delegated authority
Financial Services Sickness cover	-10,000	Mike Snow delegated authority
Kites Nest Lane Reinstatement costs	10,000	Not required - email Andrew Jones
Pageant House Repairs	-4,700	Mike Snow delegated authority
Media Room Maternity Cover	-9,000	Mike Snow delegated authority
Kites Nest Lane Reinstatement costs	-10,000	Now required - email Andrew Jones
St Marys Land - WRCFC Grant	-20,000	September Executive item 3
St Marys Land - Clear Land	-55,000	September Executive item 3
Cadets HQ - Rent Refund	-16,600	September Executive item 10
Kites Nest Lane Reinstatement costs	10,000	Not required - email Andrew Jones
Combined Authority Contribution no longer required	50,000	result of October meeting

General available

159,700

Farmarked Reserves as at 30th September 2015**Appendix B**

Cost Centre	Description	£ Actual	£ Deliv'd	£ Undel'd	£ Total Spent	£ Latest Ann	£ Remaining Budget
E001	Town Cent Com Safety	0	0	0	0	0	0
E002	North Leam Com Forum	0	0	0	0	0	0
E004	Whitnash Com Forum	0	0	0	0	0	0
E006	Rural W Com Forum	0	0	0	0	0	0
E009	WARWICK COM FORUM	0	0	0	0	0	0
E010	KEN COM FORUM	0	0	0	0	0	0
E012	WARK GATES COM. CTR	0	0	0	0	0	0
E031	Peer Challenge Rev'w	0	0	0	0	4,300	4,300
E032	MOSAIC	0	0	0	0	4,600	4,600
E033	CISION SOFTWARE	0	0	0	0	0	0
E034	Web Accessibility	0	0	0	0	3,600	3,600
E054	Business Value Assur	0	0	0	0	0	0
E100	Indoor Sports Audit	0	0	0	0	0	0
E105	Market Funct Trans	2,759	0	0	2,759	8,100	5,341
E106	The Space	0	0	0	0	0	0
E107	Bowls Equipment	1,004	0	0	1,004	5,100	4,096
E108	Cultural Servs Train	0	0	0	0	300	300
E130	Sports Fac Training	3,834	600	0	4,434	5,900	1,466
E301	PARISH NEIGH PLANS	0	0	0	0	35,600	35,600
E302	WHITNASH NEIGH PLAN	0	0	0	0	0	0
E333	Warwick 1100	0	0	0	0	0	0
E334	Skills Development	0	0	0	0	28,900	28,900
E351	Climate Control EMR	17	0	0	17	16,900	16,883
E403	SUSTAINABILITY OFFIC	0	0	0	0	0	0
E404	Heat Network Distrib	0	0	0	0	45,000	45,000
E422	Flood Grants	0	0	0	0	11,500	11,500
E431	New Equipment	0	0	0	0	0	0
E440	Small grants	0	0	0	0	2,700	2,700
E450	Digital Help Points	0	0	0	0	0	0
E451	Reducing Violence	0	0	0	0	0	0
E452	Young Offenders	0	0	0	0	0	0
E500	United Reform Church	563	0	0	563	0	-563
E502	CTAX RED SOFTWARE	0	0	0	0	0	0
E610	Council Develop Comp	0	0	0	0	48,000	48,000
E620	Rural Fw Lights EMR	0	0	0	0	0	0
E631	Lillington Devel Std	33,100	0	0	33,100	33,100	0
E702	Surface Dressing Wk	0	0	0	0	37,200	37,200
E703	Cremat. Generator	0	0	0	0	35,200	35,200
E710	ST MICHAELS OPEN SPA	-2,500	2,500	0	0	0	0
E711	Drainage Works	0	0	0	0	1,100	1,100
E730	Compliance Docs	4,336	0	0	4,336	12,500	8,164
E800	Electoral Review EMR	0	0	0	0	0	0
E810	ST MICH. LEPPER HOSP	2,022	300	9,330	11,652	14,500	2,848
E812	Individl Electoral R	3,400	0	0	3,400	3,400	0
E813	WDC Asset Feas Study	9,000	0	0	9,000	29,200	20,200
E820	Media Room Maternity	0	0	0	0	2,800	2,800
E830	Overtime re Election	4,497	0	0	4,497	9,800	5,303
E840	DMC Move	0	0	0	0	6,000	6,000
E850	DMC Relocation	0	0	0	0	2,000	2,000
		<u>62,032</u>	<u>3,400</u>	<u>9,330</u>	<u>74,762</u>	<u>407,300</u>	<u>332,538</u>
							<u>72.70%</u>

Project	Cost w/e/f 16/17	Commentary
Corporate Assets	£24.7m over 30 years	The cost assumes that the tenure of our estate stays as it is now. The first five years of borrowing payments would be £93k, £119k, £122k, £210k, £297k rising to £1m annually from years 18 to 30.
Leisure Options	£12m over 40 years (buildings) and 25 years (plant)	The cost is expected to be financed by additional income from year 3. A comprehensive cost profile is detailed in the Executive report also on this agenda entitled Leisure Options.
Linen Street Multi-Storey Car Park	£6m over x years	This cost assumes that the multi-storey is replaced on a like-for-like basis. The new car park would need to generate income of £xk over and above current income levels to be financially neutral to the Council but up-front investment would be required and a revenue cost of say £250k per annum for the first two years of operation.
HQ Relocation including Covent Garden Multi-Storey Car Park	<£16m over 4 years	The cost of new stand-alone HQ offices is c£8.26m and the cost of a like for like replacement of the Covent Garden MSCP is c£8m. By combining the two developments the total costs can be reduced and by incorporating these uses within a wider development scheme costs can potentially be further defrayed. A financing scheme is being developed by the Warwick Partnership (the LLP) so the initial risk exposure will be £300k should Executive agree to undertake a comprehensive feasibility study. The scheme is assumed to be capital neutral but deliver a £300k per annum revenue saving (part year 18/19, full year from 19/20 onwards)

Project	Cost w/e/f 16/17	Commentary
Spa Centre operational works	£350k	Could be funded from the Capital Investment Reserve but this would take the Reserve below its recommended minimum amount. Otherwise would need to be funded by New Homes Bonus or contribution from revenue but this will create a strain on the general fund revenue account.
Bin Replacement	£165k annually	The cost can be covered if a full-cost recovery charging scheme is introduced. Anything less than this will create a strain on the general fund revenue account.
Gypsy and Traveller Sites	£1.5m	Can be funded in full from Right-to-Buy capital receipts.
St John's Flood Alleviation Scheme	£100k	Could be funded from the Capital Investment Reserve but this would take the Reserve below its recommended minimum amount. Otherwise would need to be funded by New Homes Bonus or contribution from revenue but this will create a strain on the general fund revenue account.
Athletics Track	£1.2m over x years	Replacement would need to be funded by borrowing thereby creating an additional revenue cost or grant (Sport England) or New Homes Bonus.
Stratford Road employment land	£50k (max estimate) over 2 years	Land agreement being sought with (initially) 2 other parties to maximise capital or revenue return from site. Some up-front investment will be required to bring the site to market through contributions towards, for example, site investigations, highway assessments, planning application etc.
Creative Quarter	£40k (estimate)	External advice may be required on proposals received from regeneration partners, e.g. VAT, SDLT advice. Scheme can potentially deliver capital receipt or additional revenue, e.g. disposal of URC, bringing into use, construction of Digital Hub on our land etc.


Project	Cost w/e/f 16/17	Commentary
Whitnash Community Hub	Request may be for £1m contribution	Would need to be funded by New Homes Bonus.
Leper Hospital repair and refurbishment for housing	Request may be for £500k contribution	Would need to be funded by commuted sums, Right-to-Buy receipts or New Homes Bonus.
Warwick Sea Scouts headquarters	£50k contribution	Contribution has already been agreed.
Racing Club Warwick	Request may be for £200k contribution	Would need to be funded by New Homes Bonus.
Lillington	£m's	If affordable would be met from Housing Revenue Account Business Plan
Phase 2 Leisure options (Kenilworth)	£3m say	This cost assumes that the current leisure facilities are upgraded. The enhancements would need to generate income of £Xk over and above current income levels to be financially neutral to the Council.
Racecourse Improvements	Unknown	Unknown
Europa Way	£20m	The cost may be financed by land sale from year 3 but contributions of £150k, £150k, £100k, £100k and £50k is not an unreasonable profile for the first five years.
Europa Way Co. Centre	£2m	Would need to be funded by New Homes Bonus.
Kenilworth Public Service Centre	£4m	Would need to be funded by Town Council Community Infrastructure Levy and potentially New Homes Bonus.
Digital Transformation	£100k	Would need to be funded by New Homes Bonus or contribution from revenue (capitalised).
Terms and Conditions Review	£100k	Would need to be funded by New Homes Bonus or contribution from revenue (capitalised).

General Fund Reserves Forecast at October 2015

APPENDIX D

RESERVES

	<u>Balance</u> <u>1/4/2015</u> £000	<u>Balance</u> <u>1/4/2016</u> £000	<u>Balance</u> <u>1/4/2017</u> £000	<u>Balance</u> <u>1/4/2018</u> £000	<u>Balance</u> <u>1/4/2019</u> £000	<u>Balance</u> <u>1/4/2020</u> £000	<u>Uncommitted</u> <u>Balance</u> £000	<u>Notes re restrictions on use etc.</u>
Art Fund Reserve	64	65	66	67	68	69	69	
Art Gallery Gift Reserve	57	57	57	57	57	57	N/A	Use restricted by terms of bequest
Building Control Reserve	293	181	187	192	198	203	203	Partially used to control year on year surpluses/deficits
Business Rate Retention Volatility Reserve	3,402	2,469	0	0	0	0	0	
Capital Investment Reserve	3,551	2,074	1,574	1,568	1,332	1,358	1,358	
Car Parking Repairs & Maintenance Reserve	220	119	119	119	119	119	119	
Community Forums Reserve	136	96	56	16	16	16	16	
Corporate Assets Reserve	1,338	1,127	344	0	0	0	0	
Early Retirements Reserve	85	63	63	63	63	63	63	
Election Expenses Reserve	95	15	45	75	105	25	25	
Energy Management Reserve	98	103	109	112	112	112	112	
Enterprise Projects Reserve	21	21	21	21	21	21	N/A	Used to control year on year surpluses/deficits
Equipment Renewal Reserve	456	362	74	-5	-456	-497	N/A	Reserve exhausted at end of 2017/18 based on meeting all demands within current Equipment Renewals Schedule
Gym Equipment Reserve	94	123	123	153	183	213	213	Reserve will be closed if Leisure Centres retained in house
Hill Close Gardens Reserve	0	80	60	40	20	0	0	
ICT Replacement Reserve	1,029	896	614	213	23	-113	N/A	Reserve exhausted during 2019/20 based on current ICT requirements
Insurance Reserve	322	322	322	322	322	322	322	
Local Plan Delivery Reserve	238	190	190	190	190	190	190	
Other Commuted Sums Reserve	283	553	464	398	339	316	N/A	Balance represents \$106 sums to be credited to revenue in future years for grounds maintenance and funding of Green Space Development Officer post
Planning Appeal Reserve	514	333	272	272	272	272	272	
Public Amenity Reserve	838	474	358	358	358	358	358	
Public Open Spaces Planning Gain Reserve	350	736	736	736	736	736	N/A	Balance represents \$106 sums to be used in future years for open space revenue/capital improvements
Rent Bond Scheme Reserve	22	22	22	22	22	22	22	
Right to Bid Reserve	20	20	20	20	20	20	20	
Right to Challenge Reserve	26	26	26	26	26	26	26	
Riverside House Maintenance Reserve	0	30	0	0	0	0	0	
Services Transformation Reserve	1,902	506	227	68	216	216	216	
Tourism Reserve	44	39	39	39	39	39	39	
TOTAL GENERAL FUND RESERVES	15,498	11,102	6,188	5,142	4,401	4,163	3,643	
GENERAL FUND BALANCE	2,174	2,174	2,174	2,174	2,174	2,174	2,174	

 Executive 4 November 2015		Agenda Item No. 5
Title	Leamington Creative Quarter.	
For further information about this report please contact	<p>Duncan Elliott Senior Projects Co-ordinator 01926 456072 Duncan.elliott@warwickdc.gov.uk</p> <p>Bill Hunt Deputy Chief Executive 01926 456014 bill.hunt@warwickdc.gov.uk</p>	
Wards of the District directly affected	Leamington Milverton	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	<p>The report is not private.</p> <p>But Appendices Two, Five, Six and Seven are commercially confidential and therefore private.</p>	
Date and meeting when issue was last considered and relevant minute number	Executive 11 March 2015, Minute No. 88	
Background Papers	<p>Creative and Digital Quarter Expression of Interest 18 September 2015; Executive 3 December 2014, outline endorsement of proposed Cultural Quarter and approval for soft-market testing, Executive 12 February 2014, Assets Review Update report, Executive 11 December 2013, Assets Review report EC Harris study, internal asset reviews and costing held in Finance and Housing & Property Services,</p>	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes. Ref. 720
Equality and Sustainability Impact Assessment Undertaken	n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		Author
Head of Service		n/a
CMT		Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Finance		Mike Snow

Portfolio Holder(s)		Cllr. Mobbs; Cllr. Cross; Gallagher
Consultation & Community Engagement		
n/a		
Final Decision?		No
Suggested next steps (if not final decision please set out below)		
<p>The next steps will be that the recommended regeneration partner procurement process will be overseen by way of the delegations sought, and on the outline programme set out, in this report.</p>		

1. SUMMARY

- 1.1 On 11 March 2015 Executive endorsed an outline Developers Brief for a new Creative Quarter in Leamington and the undertaking of a soft-market testing exercise to gauge potential developer interest in, and feedback on, this potential initiative. The purpose of this report is to set out the outcomes of the soft market testing and to recommend the potential next steps for taking this initiative forward.
- 1.2 This report also details Expression of Interests (EOIs) submitted to the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) seeking their approval for potential future transformational levels of investment for a wider regeneration and a highway improvement strategy for this part of the town centre.
- 1.3 The contents of **Appendices Two, Five, Six and Seven** to this report contain commercially confidential information, and should therefore be treated as confidential.

2. RECOMMENDATIONS

- 2.1 That Executive notes the feedback received from the soft market testing exercise as set out in this report, and **Appendix Three**.
- 2.2 That Executive approves the procurement of a regeneration partner to assist the Council to deliver the Creative Quarter initiative, in respect of the area shown in **Appendix One**.
- 2.3 That Executive approves a budget of £4k, to be allocated from the Contingency Fund to fund the formal advertising and marketing of this opportunity, as set out in section 5.1.
- 2.4 That Executive delegates authority to the Deputy Chief Executive (BH) and the Section 151 Officer, in consultation with the Leader, and the 3 Portfolio Holders for: Development, Culture and Finance, to finalise the Development and Marketing Brief, undertake the procurement process to select one preferred regeneration partner, and enter into the necessary legal agreements with that partner.
- 2.5 That Executive notes the Expressions of Interest submitted to the Coventry & Warwickshire Local Enterprise Partnership (CWLEP) as set out in confidential **Appendices Five, Six and Seven**.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 Executive previously approved further work to test the emerging concept of a new Creative Quarter focussed on the Council's Pump Rooms and Spencer Yard assets, whilst forming part of a wider regeneration vision for the wider area.
- 3.2 **The soft-market testing exercise:**
Officers have now completed a soft-market testing 'Marketing Day' exercise to critically examine our draft Development Brief ('Brief'), and assess the appetite and interest of the private sector in partnering the Council in taking such a project forward.

- 3.3 This exercise was formally advertised, and Council and OJEU procedure compliant. Interested parties were invited to meet with Council officers, on the basis that whilst the meetings were private their responses (whilst being un-attributable) would be shared publically to inform the Council as to how best take such an initiative forward into the market place. Parties were provided with our Brief (as previously endorsed by Executive on 11 March). This process was specifically undertaken so as not to give any participating company an unfair competitive advantage.
- 3.4 Our advertisement set out that the Council's view that this would be very much a niche and specialist development opportunity because of:
- The very specific focus on creative and cultural based industries.
 - The need for a specialist understanding of accessing a complex range of external grant funding opportunities.

The following key questions were asked:

"What are your views on and your assessment of:

- The content, scope, feasibility and viability of the Draft Development Brief.
- The appetite and capacity of the market place to deliver the requirements.
- The capability of the market place to deliver the requirements".

- 3.5 Four companies responded to the formal advertisement (see confidential **Appendix Two**). One of these was a consultant (rather than specialist developer) and did not show further interest. Of the other three, two attended meetings with officers. The third (disappointingly) did not respond to meeting requests.
- 3.6 From follow-up discussions with other companies who did not participate, but whom we had pro-actively initially contacted, it became apparent that many would only put time and effort into formal marketing exercises, and not such initial soft-market testing. Also, that a number of these nationally renowned regeneration companies only focus on city opportunities. However, the information gained from the two interview meetings provided a very valuable commentary on our Brief. The information gained from the meetings is set out in **Appendix Three**, and can be summarised as follows:

- *This is a very niche opportunity. Complex and long-term.*
- *The Council should have a wider more ambitious ambition to regenerate the whole of the identified regeneration area, and not just Spencer Yard.*
- *We should therefore be seeking to procure a regeneration partner for the whole area, with an overall regeneration Brief.*
- *Any partner's first remit should be to set out a clear, cohesive and wider regeneration vision.*
- *There are developers (but not many) with proven CVs, passion and resources to take on and deliver such a challenge.*

- *This would be long-term partnership programme of projects (say 5-7 years).*
- *To provide developer confidence it would be necessary to commit to making the ownerships of our Spencer Yard properties available for the project.*
- *The Pump Rooms themselves are complex. Whilst they do offer a major possible focus and opportunity for any project, "the devil will be in the detail" as to what this might be, and how it might be realised.*
- *We shouldn't ask, or let, developer's cherry-pick properties or sites.*
- *Our Brief should now go for a broader ambition to tie-in the digital & creative industries, (particularly the growing gaming sector), business start-ups, GVA and jobs growth.*
- *Our wider relationship with any regeneration partner chosen in respect of the rest of this area would be one of:*
 - 1) *'Assisting and enabling'. This could take the form of supporting and advancing supporting compulsory purchase orders (if required); and assisting in any private discussions with or between private land owners.*
 - 2) *Being a joint scheme advocate and Sponsor.*
 - 3) *Being a local authority partner for advancing any grant of public funding bids.*

3.7 It is apparent that any detailed regeneration vision will only emerge after a partner's appointment, and then some months of detailed work by both parties. The Council must recognise that there are so many variables in its Brief and ambitions that many in the market will probably not bid for this opportunity. Flexibility, tenacity and long-term commitment (by all parties) will be the three key drivers in successfully taking our initiative forward to delivery.

3.8 The Creative sector embraces a very broad range of industries and uses. It is clear from this process, and discussions with the market, that there is a clear commercial appetite to create space for all of these. The 'Expressions of Interest' (see section 3.16 onward) have pragmatically focussed on the digital sector due to the demand for a Digital Hub in this area and the CWLEP's selection themes. However, members should be reassured that our Brief is very clear that our overall regeneration vision is seeking a much broader requirement to accommodate all sectors of the Creative sector, including: Arts and Culture; Digital Games; Music; TV and Film; Publishing; Design; Craft; Technical; Advertising; Training; Architecture; Food; Live-work etc. Soft-market discussions (and others with the developer industry) indicate a very clear appetite to create a very broad complementary mix of uses in this area.

3.9 The above informed valuable feedback has resulted in two crucial changes to our initial approach:

- (i) The previous draft development brief has now been fundamentally refocused to seek a private sector partner to plan and deliver the regeneration of the whole of this area; rather than for just an initial focus on the Spencer Yard/Pump Rooms area.

(ii) The current market demand from the digital gaming industry, and the residential markets has resulted in more wide ranging albeit still very complementary range of uses to be promoted by us for this area.

3.10 The great majority of the draft development brief, its broad vision, thrust and focus remains broadly unchanged and has now been validated by the soft-market exercise, and is still fit for purpose. It has also now been updated for use as the marketing and tender document for our next-stage regeneration partner procurement. (Note: The previous version was drafted for use in the soft-market testing exercise). The following sections will be completed for this purpose, by way of the delegated powers sought in recommendation 2.4:

- What the Council is seeking bidding parties to submit.
- The criteria upon which the partner selection will be made.
- The precise marketing process and programme.

3.11 The timing of this selection process will now be heavily influenced by the outcome of our Expressions of Interest recently made to the CWLEP (See section 3.16 onwards). We may need to amend the development brief depending on the initial response from CWLEP which we anticipate will be by January next year. It may fully endorse our vision, or it might alter or possibly reject it. Consequently, it will be prudent to make required changes to the brief in say January and commence our procurement exercise at that time (rather than now) to reflect this eventuality. Our outline programme (see section 3.14) now reflects this.

3.12 **Regeneration Partner Procurement:**

It is proposed that a regeneration partner is procured through a competitive process in compliance with the Public Contract Regulations 2015. The specific procurement procedure to be used is likely to be the Competitive Procedure with Negotiation, as this enables the Council to specify its minimum requirements and then to negotiate with bidders on their proposals with a view to refining and improving the proposals, ultimately to arrive at a preferred bidder and a preferred scheme.

3.13 As part of the procurement process the Council will set a number of 'minimum requirements' which it is seeking from any scheme proposal. Bidders will be invited to submit proposals which, amongst other things, address the following requirements:

- Attractive development proposals that are deliverable.
- A phased regeneration masterplan being submitted.
- Proposals that are financially acceptable to the Council.
- Principal Heads of Terms being submitted.
- Any legal structure proposals having regard to the Council's model Development Agreement (that will be supplied by us with our Brief.)
- A financial model to demonstrate viability
- Satisfactory proposals in respect of use of the Council's assets.

3.14 Following a period of negotiations bids will be evaluated against criteria set by the Council to assess which bid represents the best value solution. The evaluation criteria will take account of the deliverability, financial viability and best fit with the requirements of the Council's Development Brief. The Council will reserve the right to award no contract at all, for example if no suitable proposal emerges from the procurement process.

On the basis of above the provisional programme would be as follows:

Activity	Target date
Procurement process commences.	January 2016
Deadline for initial submissions from bidders.	End of March 2016
Negotiations and resubmissions phase	April to June 2016
Contract award	July 2016
Completion of legal agreements.	End of September 2016

3.15 Executive is now requested to delegate authority to finalise the Development and Marketing Brief, undertake the procurement process through to one preferred party, and completion of the necessary legal contract agreements with this party. This delegation is to be to the Deputy Chief Executive (BH) and the Section 151 Officer, in consultation with the Leader, and 3 Portfolio Holders for: Development, Culture and Finance. In the event that a significant risk or change to the proposed project emerges through the procurement process, then a full report will be brought to Executive for consideration before any decision is made.

3.16 **The Expressions of Interests (EoIs) recently submitted to the CWLEP:**
The CWLEP is refreshing its Strategic Economic Plan (SEP) document. This has been used in the past to bid for capital funding from central government, known as the Local Growth Fund (LGF). The government has not made any announcement as yet about further funding beyond that announced so far, up to 2016-17. However the CWLEP is keen to be ready, and are assembling a 'project pipeline' for the five-year period from 2017/18. In July they put out a call for EoIs, with a deadline for submissions of 18 September. Both we and WCC responded with a co-ordinated package of three EoIs for this Creative Quarter initiative.

3.17 The EoIs do have a focus on the digital sector. This is because we know that there is demand for a Digital Hub, and there is the opportunity to create such a hub in this new quarter. Despite this apparent focus on digital, it won't be to the detriment of our existing cultural organisations. Our aim is to create a synergy between the various creative sectors that will be represented in a Cultural Quarter. One of the key advantages of the recommended larger regeneration area is that there is the potential for all these uses to be accommodated and co-habit together and grow.

3.18 The submitted EOIs, which are commercially confidential, are set out in the **confidential Appendices Five, Six and Seven**. They can be summarised as follows:

(i) 'Creative Leamington':

This sets out our overarching 'Town Centre Gateway and Regeneration' programme bringing together the two detailed EoIs that follow. This brings together a range of linked regeneration, transportation and support for the creative sector's growth ambitions. It aims to create up to 300 jobs, and investment of over £31m, with an 'ask' from the CWLEP (LGF) of up to £13m. It includes improving rail, road, pedestrian and cycle access at the southern

gateway to the town. These developments could also unlock further redevelopment of the underperforming Old Town in Leamington and bring significant economic, cultural and environmental benefits across the community.

(ii) The Creative and Digital Quarter: (WDC's EoI)

This 'Creative Quarter' is our ambitious enterprise regeneration initiative designed to unlock the commercial and cultural potential of this important but underdeveloped area (that also represents the town's southern gateway from the rail station and M40). The area is badly in need of investment to re-establish its economic value, character, and functionality. This would be done through careful land assembly, imaginative building remodelling and refurbishment.

It would open up a range of under-utilised or empty buildings for redevelopment, unlocking badly needed employment space in the Old Town area and providing important growth and retention space for the Creative and Digital sector. This would include the upgrading and revival of properties in the greater Bath Street area into collaborative and innovative studio and office space for the creative industries. Also, two key anchor sites - Spencer Yard and Lower Avenue Gateway (that are positioned at both ends of a key southern route into the town centre from the rail-station) would seek Growth Fund intervention for their development.

(iii) The Bath Street Gyratory: (WCC's EoI)

This EOI proposes improved highway, pedestrian and cycle access from the station into the town, creating a more attractive southern gateway. It would form a joined-up route for cyclists between Warwick, Bishop's Tachbrook, Heathcote and Whitnash, through the gyratory and into the town centre. An improved traffic flow through the gyratory would have positive impacts on existing businesses and help to facilitate the regeneration of Old Town. Improved bus access to the station would encourage bus and rail patronage and improve journey time reliability. Overall, it will provide a vastly-improved southern gateway into the town in keeping with the strong visitor economy assets.

In particular the scheme would provide the following:

- A new one-way gyratory system utilising Bath Street, High Street, Lower Avenue, and Spencer Street.
- Carriageway realignments to improve capacity for all road users.
- A new shared foot/cycleway parallel to Lower Avenue that connects to the proposed Station Approach development and the rear of the station.
- Bus stop improvements and improved interchange facilities at the railway station.
- A potential shared foot/cycle bridge across the River Leam that could form part a new cycle and pedestrian link between Lower Avenue/ Spencer Street and the Pump Room Gardens.

3.19 Our initial conclusions are that above linked initiatives sit very well together. But the Creative Quarter regeneration ambition can stand and succeed independently from Creative Leamington (if it does not materialise). The CWLEP expects EOIs to support one or more of the following themes:

- the development and/or integration of infrastructure;
- research, development and innovation
- skills
- business growth

In addition the CWLEP has been clear that it should broaden its SEP refresh into three areas that it has been agreed were underplayed in the original SEP:

- culture and tourism
- digital connectivity
- climate change adaptation/flood defence.

3.20 We are advised that the CWLEP received 66 EOIs by their 18 September deadline. These were reported to the CWLEP's Board on 5 October, as part of their process of refreshing the CWLEP's Strategic Economic Plan (SEP). These EOIs will now go forward into a process of prioritisation; whereby each EOI will be assessed for 'strategic fit' against SEP priorities, and a scoring matrix used to assess a range of outputs including job growth/safeguarding, investment leverage, benefit/cost ratio, increase in GVA. The outcome of this work will be reported back to the CWLEP Board on 23 November.

3.21 Given the level of interest from across the sub-region, clearly not all projects can be funded. However, initial (albeit informal) feedback we have received so far has been positive. We envisage that any next stage will be to further develop the business cases to support these EOIs, if invited to do so. There is no funding available as yet, and this is just a project pipeline prioritisation at this stage. The government is not expected to make an announcement on further LGF monies until the Autumn Statement, due on November 25th, at the earliest.

3.22 Our conclusions from the EOI process are that if the levels of interest to assist the delivery of the EOIs can be secured it will enable a much wider regeneration to be delivered, than we could do alone with just our Spencer Yard based properties. If positive this would transform our vision's attractiveness (and deliverability) to the potential developer partners.

4. POLICY FRAMEWORK:

4.1 The Council's Fit for the Future programme is designed to ensure that the Council meets the challenges of decreasing finances, increasing expectations and changing demand.

4.2 The recommendations in this report are fully consistent with the Fit for the Future programme's principles. This would be by the more efficient use of the Council's assets in this area (including the Royal Pump Rooms and Spencer Yard), improving service delivery and the town centre offer; for the benefit of the public, and providing opportunities for new micro-businesses wishing to start-up and locate in this new Creative Quarter. The proposals would also aim to reduce the Council's future financial exposure.

4.3 The principle of using assets efficiently and seeking regeneration opportunities is also consistent with the Council's vision and Sustainable Community

Strategy's general focus of furthering economic, social and environmental well-being for the district and the specific focus on the town centres of Leamington, Warwick and Kenilworth to underpin and develop economic activity.

5. BUDGETARY FRAMEWORK:

- 5.1 The only funding required to take this initiative forward to the next regeneration partner procurement stage is for the costs of advertising in the commercial press. A budget of £4k is therefore now sought for this. This can be funded from the Contingency Budget.

6. RISKS:

- 6.1 The potential key risks identified at this stage are:

- (a) That key stakeholders may not support any regeneration proposals:
It is for this reason that we want to build on the already established draft Development Brief, go to the market, and receive regeneration proposals that we can then consider. Until we have these, we only have a vision, but without a practical interpretation to comment on.
- (b) That the market does not respond to this opportunity:
This was the reason for carrying out the soft-market testing. We now believe that the revised Brief is in a form that the market will respond positively to. The submitted EoIs also add weight to the attractiveness of this opportunity, and demonstrates the joined up regeneration ambition and approach by both this Council and WCC.
- (c) The appointed Developer will not enter into a Development Agreement on satisfactory terms to the Council at the conclusion of the procurement process:
If and when a Developer is appointed as a result of a procurement exercise there is still a lot of work to be done to ensure that the Developer is fully bound at law to deliver what has been agreed. A formal Development Agreement will need to be completed to ensure the project is actually delivered. There is a risk that the appointed Developer will seek to minimise its exposure to risk under the Development Agreement, either for its own reasons or to respect the requirements of any third party funder. That risk can be minimised by ensuring (i) that the procurement is very specific as to what type of agreement the successful Developer will be required to sign and any issues or areas of concern are addressed during the negotiation phase (ii) that such requirements are adhered to by the successful developer in timely manner following award.
- (d) If a contract is awarded the Developer cannot secure planning permission for all or part of its proposals:
This is a risk inherent in any development project. The Development Agreement will seek to ensure that the Developer carries the risk and cost of planning matters, but there is likely to be an exit provision in the event that planning permission cannot be secured by a longstop date.
- (e) If a Compulsory Purchase Order (CPO) is required and not approved by the Secretary of State:
A CPO may only be made where it can be demonstrated that the public benefit of the scheme proposed outweighs the infringement of the

property rights of landowners who are deprived of their property against their will. This is not an easy burden for the acquiring council to satisfy. The Council believes that the merits of the Cultural Quarter would satisfy that test but the final decision on that would rest with the Secretary of State who has to confirm the CPO, and may take a different view on matters. Again there would be a longstop date for CPO land, but in addition it may be possible to design a scheme such that the failure to get a CPO is not fatal to the whole project.

(f) Having entered into the Development Agreement, the scheme itself falters during the delivery phase for one or more reasons

This risk can be mitigated by seeking to enter into an agreement which is realistic, based on due diligence and proper market intelligence and not over-ambitious in its reach or timetable. In addition any delay or failure is likely to constitute a breach of contract for which the Council can take action.

- 6.2 In view of the above officers believe that the risks to the Council can be managed and should not prevent the Council from proceeding with this project. As noted above, any significant risk will be reported back to Executive for approval.

7. ALTERNATIVE OPTION(S) CONSIDERED:

- 7.1 The Council could opt to do nothing. In this eventuality any vision and potential for taking this wider Creative Quarter regeneration and investment initiative forward not realised.
- 7.2 The Council could decide to exclude the Royal Pump Rooms from this vision. By implication this could also exclude any outline proposal to relocate the Library. However, the previous Executive reports set out the reasons why this could prejudice and weaken any overall transformational approach to a Creative Quarter. The responses from the market will tease out and test this issue.

APPENDICES:

- Appendix One Regeneration Area photo plan.
- Appendix Two **Confidential** - Companies that responded to the soft-market testing
- Appendix Three Summary of feedback from soft-market testing.
- Appendix Four Development Brief.
- Appendix Five **Confidential** – EoI for Creative Leamington Programme.
- Appendix Six **Confidential** – EoI for Creative Quarter.
- Appendix Seven **Confidential** - EoI for Bath Street Gyratory



Appendix Three

Feed-back received on our Draft Development Brief from the soft-market testing exercise:

General comments:

- We should really be seeking a regeneration partner for the whole area; and not just focus on the Spencer Yard development site area. Far better to have a bigger project area.
- Our contract with such private sector partner should be regeneration based (not just developer) based.
- We need to create an 'anchor space' within the new quarter, to be the main focal point, possibly with multi-uses.
- Lots of small interventions, and not just say just one major scheme, in the area were suggested. These could be by the regeneration partner working directly with existing private property owners; and potentially without the need for the Council's direct involvement, or the need to purchase certain properties. Solutions should be outcome based, and not always be predicated on property purchases.
- This is a very niche opportunity. It would be difficult for the majority of developers in the market. This will not be a simple project, but very complex. It will require ongoing commitment by both the chosen developer partner, and the Council.
- Occupier demand for the broad spread of creative uses will be there.
- Create something with style!
- Direct access to the Spencer Yard via the waterside colonnade should be a key ambition. Also, potential to create a new river bank walk along this stretch of the River Leam.
- Huge food potential, based on Leamington's very successful Food Festival and general food offer and reputation.
- Make any scheme focussed on families and not just students.
- The Loft Theatre is still a key player in any regeneration proposals and solutions. They should be involved from the outset.
- Clear demand for affluent living in Leamington at present. High residential values.
- Many developers are competing for any residential development opportunities in the town centre, which is driving up values.
- A mixed-use new quarter would be a major new attraction for the town.
- Offices here wouldn't work without car parking.
- Concerns that 'creative' means low-rent. Impact on viability. A mix of all types of creative businesses is therefore being required for viability.
- Spencer Street frontage is very important.
- Forward funding and resourcing such a large scale ambition will be challenging, on the basis that the eventual returns will be some years away. This could put off smaller developers. Consequently we need to ensure that there are quick wins in say Spencer yard with the URC to resolve this risk.

Pump Rooms:

- It will be crucial to create a scale of any new quarter.... Better to have more space, rather than less.
- The present Pump Rooms could provide a much better front door to any scheme. The present building/facility and offer is "not exiting". There is huge potential to use the concourse and other frontage spaces in a much more effective way. There is potential to extend the building by way of conservatory type structures; onto the Pump Rooms Gardens at the front, and onto the Riverside art the rear. This could greatly compliment the Royal Pump Rooms Gardens improvement project.

External funding sources:

- Securing external grant (or similar) funding will be crucial for any Creative Quarter project. Without it schemes just wouldn't stack-up financially.
- Real potential for Heritage Lottery funding. Encouraging and enabling the public (in substantial numbers) into and around any scheme will be crucial to un-locking any such funding.
- Seeking the support of the Local Enterprise Partnership will be crucial. Creating better connectivity to the town centre, and new business start-ups will be central to achieving this.

Land assembly:

- The threat of the Council seeking back-up Compulsory Purchase Powers (where necessary) will be essential to see any programme of development through to a successful conclusion.

Car parking:

- Lack of off-street parking in the area will have to be accepted. The solutions will be mainly on-street based.

Scheme management:

- A 'heavy' management team approach is probably not required for any new Quarter. Better and more effective to be tenant led.

Programme:

- Any development programme will be medium to long-term. Consequently, and an initial 5-7 year initial agreement with WDC for any scheme was suggested.

CREATIVE QUARTER ROYAL LEAMINGTON SPA



Regeneration Brief & Marketing Pack





Royal Leamington Spa is a beautiful and successful Regency spa town in Warwickshire. It is home to a high number of acclaimed creative, cultural and artistic based businesses, 6,000 Warwick University students, and has a very attractive retail, food and drink and riverside parks offer. It is also a digital games industry hub - 'Silicon Spa'.

The Times very recently voted it the 3rd best place for families to live in the UK.

To build on this success Warwick District Council now has a vision to create a new and transformational Creative Quarter focussed on, and regenerate, the historic Old Town and riverside area of the town centre.

We are now seeking an innovative, tenacious and experienced regeneration development partner to bring forward imaginative regeneration and development proposals to create this new town centre quarter and destination.

Chris Elliott

**Chief Executive
Warwick District Council**

Sections

1. Context
2. The Regeneration Area
3. The Council's Brief
4. Property interests
5. Planning policy
6. Legal issues
7. Future management
8. Procurement and Tender process

Appendix 1 – Regeneration Area

Appendix 2 – Town Centre Plan

Appendix 3 – Spencer Yard area: Tenancy information.

1. CONTEXT

Royal Leamington Spa is a beautiful and affluent spa town situated in the middle of Warwickshire, located only one hour from London. The town offers a unique shopping experience with a fabulous mix of independent retailers and well known high-street names attracting a diverse range of customers. It also offers an outstanding selection of cafes, bars and restaurants which supports a vibrant evening economy.

The town is a popular location for a variety of different businesses including successful international companies such as Aston Martin, Jaguar Land Rover, Calor Gas, Aga Rangemaster. Entrepreneurial spirit is also strong within the town which is host to a large selection of independent businesses keen to collaborate with one another to create a thriving business community. The Old Town area is also home to, and the focus for, 6,000 students from the world class University of Warwick.

The town has a diverse selection of successful creative individuals and companies attracted by a strong pool of local talent and a lively local creative community. The focus of this has been around the Old Town area, where such nationally and internationally acclaimed companies such as the Motionhouse dance company; Heartbreak Productions; and The Assembly music venue are based.

Another key opportunity is that the town is also one of the strongest digital gaming clusters in the UK – 'Silicon Spa'. The games development industry is worth £1.7bn to the UK economy and the town has a range of games developers, from the internationally acclaimed to the innovative start-up. Much of this activity is also based in and around the vicinity of this Creative Quarter development opportunity.

The iconic Royal Pump Rooms are the most high profile part of this opportunity, being the home of the Leamington Museum and Art Gallery, Leamington Public Library and the Regency Assembly Rooms.

There is therefore huge scope for developing this area further for the full range of creative industries and businesses.

2. THE PARTNERSHIP BEING SOUGHT:

The Council is specifically not simply marketing its current properties for sale and development. It is seeking a far more strategic regeneration partnership with a company with whom it can work to realise the on-going phased regeneration of this part of the town centre over the next 5-10 years.

The Council is therefore seeking clear and cohesive regeneration proposals from parties, providing a clear, exciting and deliverable vision, that can then be worked up into distinct projects and phases over time. The chosen partner would be the Council's preferred developer partner for any agreed proposals. This could take the form of the Council agreeing the input of its properties in Spencer Yard, and the partner pro-actively creating other development opportunities within the area.

The Council views its role as:

- 'Assisting, enabling and supporting'. This could take the form of supporting and advancing supporting CPO's (if required); and assisting in any private discussions with or between private land owners.
- Being a joint scheme advocate and Sponsor.
- Being a local authority partner for advancing any grant of public funding bids.

All of the above against agreed objectives.

3. THE REGENERATION AREA:

This regeneration area is situated in the northern part of the Old Town part of the town centre, and is shown on the aerial photo in **Appendix 1**. This area is located just to the south of the central hopping and business areas; and adjacent to the town's stunning riverside civic parks and gardens. See the Town Centre location context plan in **Appendix 2**.

The Council is not seeking to stipulate the precise boundaries of the regeneration area, or development site opportunities within it. This is specifically to promote flexibility in the invited regeneration and development proposals. Prospective regeneration partners are encouraged to put forward comprehensive proposals that in their view best meet the Council's overall objectives for the creation of a new Creative Quarter. These are specifically encouraged to include privately owned properties that may be required to achieve: (i) improved access routes and physical linkages into and around the area, and (ii) viable new sites and development opportunities.

Short-listed parties are invited to identify the properties that they consider to be necessary to secure the most attractive overall development opportunity for their initial proposals.

4. THE COUNCIL'S BRIEF:

The Regeneration area:

The Council has an ambition to regenerate this historic and diverse area. This includes Spencer Yard, where the Council owns the majority of the current properties.

The Council is seeking 'place shaping' proposals that are: transformational; viable; fundable; deliverable; sustainable, and of high quality design.

Any proposals should also promote and provide key linkages to the central shopping and business areas to its north; the main Old Town area to the south; and strategically the Railway Station development area to its south-west.

Proposals should set out how this area could become a bright, vital and distinct destination and integrated Creative Quarter attraction for the district. Also, how they could fuse together the existing rich historic architecture with a modern twist. The environment should be based around new developments, refurbished buildings, and active public spaces.

Soft-market testing undertaken has illustrated the need for the area to be regenerated as whole, and for an interesting, vibrant and 'intelligent' anchor

'hub' attraction for this new quarter. Proposals should also aim to provide a complementary mix of creative businesses and 'public facing' cultural, artistic, and catering attractions.

Proposals should therefore:

Define the character and new purpose for the whole of this area.

Create a deliverable investable vision for this new Quarter.

Develop and deliver new space for these creative industries.

Open up and improve the public realm, and unite this disjointed area. This could include much improved linkages to Jephson Gardens and the Pump Rooms Gardens, and the north and south river banks (to potentially include a new footbridge).

Unlock the creative potential of the riverside, the Royal Pump Rooms, and the riverside and iconic historic buildings here.

Refurbish, remodel, and re-use the Council's buildings as required.
(Note: Having regards to the existing tenancies).

And also:

Define their strategy for seeking out and securing private and public sector funding for any proposals.

Define the privately owned properties required for their scheme.

Define any special partnership arrangements required with the Council to take such proposals forward through to delivery.

Proposals should provide for the following full range of creative uses. This could include the following:

- Cultural, artistic; educational; performance; training, food and craft based businesses. Cafés and restaurants.
- There is also specific market demand from the digital industries, and for a new digital 'hub' for this growing sector.
- Health uses based around the spa history and waters may also have possible potential.
- Residential (including live-work) would also be very suitable as part of an overall mixed-use vision.

- Arts and Culture; Digital Games; Music; Performance; TV and Film; Publishing; Design; Craft; Technical; Advertising; Training; Architecture; Educational; Food etc.

Soft-market discussions (and others with the developer industry) indicate:

- A very clear appetite to create a very broad complementary mix of uses in this area.
- A specific market demand from the digital industries, and for a new digital 'hub' for this growing sector.
- Health uses based around the spa history and waters may also have possible potential.

The Royal Pump Rooms:

This iconic building did not form part of the previous Cultural Quarter proposals that stalled in 2010. The Council is now considering including this landmark building complex into its new vision, as it believes that this will fundamentally improve the potential and offer of any new Quarter.

Any scheme is encouraged to consider remodelling the building's layout so that it might:

- Utilise and enhance the river frontage, and relate to new proposals for the greater Spencer Yard area opposite.
- Be more transparent to users, and break out onto (and relate to) the Pump Rooms Gardens.
- Protect, better reveal and celebrate the building's architectural heritage.
- Increase its attraction and public usage.

The Pump Rooms comprise a number of areas, as follows:

The Art Gallery and Museum ('AGM'): The Council has resolved that this facility must remain in the building. However, proposals could include different ways of this facility being physically and operationally integrated with other possible new uses, and the possible re-siting of parts of the facility. However, the overall integrity and offer of the current AGM facility should be maintained.

The Leamington Library: This Warwickshire County Council facility and space offers the opportunity for transformational change within this complex. This could include combining this area with the adjacent **main entrance concourse, and Café** areas. Consequently, the relocation of the Library (either within any scheme, or elsewhere in the town centre) will be considered.

The Café and Assembly Room areas: A commercial negotiation with the operator Kudos would be required for any alternative use of these areas. Note: This would be strongly encouraged by the Council.

3. PROPERTY INTERESTS:

The input and disposal of the Council's assets:

The Council will consider committing to dispose to the regeneration partner any or all of its properties, as required and agreed, for any agreed scheme. These disposals shall have regard to, and be subject to, any or all of the existing tenancies and leases within these buildings. Any such disposals to be at market value, and on other terms and conditions to be agreed by the parties. Alternative disposal, joint venture vehicles, or development structures will be considered by

the Council. The Council would expect the partner to work with its tenants in agreeing individual solutions for any detailed proposals.

This Council owns the freehold interests in respect of the following properties:

- The Royal Pump Rooms
- North Hall.
- West Wing.
- the 'Old Dole Office'
- The United Reform Church ('URC')
- The main Spencer Yard square, parking and vehicular access areas.
- + the nearby Bath Street public car park to the south.

Descriptions of these properties, and the present tenancy details, are set out in **Appendix 3.**

The other buildings in this area are privately owned:

With the exception of the above all of the properties are privately owned. Whilst being in the Conservation Area some have the obvious potential for inclusion in any regeneration proposals.

Of particular note is the **Loft Theatre, in Spencer Yard** (a key building, in a key position) which is privately owned by the Loft Theatre Trust, with whom the Council has established a positive dialogue regarding this Creative Quarter vision and ambition.

Additional land assembly:

The selected partner will be encouraged to acquire key additional property interests (if required) for their overall proposals and resulting scheme(s). This would be subject to the partner demonstrating that such properties were crucial to delivering any agreed scheme. The Council would then consider using its potential CPO powers to facilitate such site assembly for an approved planning solution. This would be an enabling role with all costs being underwritten by the partner. In due course the Council would agree a detailed site assembly strategy with its preferred partner.

4. PLANNING POLICY:

Creative, cultural and employment uses are identified within the National Planning Policy Framework and Local Plan as "main town centre uses" and as such, these are uses are actively encouraged within Leamington Town Centre.

Aside from the buildings that are secondary retail frontage at street level, the area being considered for the potential Cultural Quarter is not specifically zoned. The types of uses being considered are therefore consistent with the emerging Local Plan and the National Planning Policy Framework and have the potential to make a positive contribution to the aims and objectives of the emerging Local Plan.

5. LEGAL ISSUES:

At this early stage it would be difficult to be specific about what the legal arrangements might look like. It will be important to set out clearly the viable options that could work for both the Council and the developer. The preferred option should identify the inputs from both parties including such matters as land, development, funding, indemnities, any dependencies such as future applications for planning permissions and Compulsory Purchase Orders. The necessary level of detail to inform the legal process may not be known until the end of the competitive dialogue process when the final tenders and legal agreements may be submitted.

For example a joint venture vehicle may be appropriate between the Council and the developer partner supported by a development agreement. Alternatively, there could be a joint working / 'partnership' style agreement supported by a development agreement.

6. FUTURE MANAGEMENT:

As part of the formal competitive procurement process the Council would require a development proposal that clearly set out how any scheme would be successfully managed. The proposal would set out a sustainable management structure and management plan including details of how the scheme would be promoted and marketed. This is particularly relevant to the Royal Pump Rooms where a more detailed proposition of how any changes to the complex would be arranged, undertaken; and the building let and managed.

7. THIS PROCUREMENT AND TENDER PROCESS:

This opportunity is being marketed by the Council by way of a 'Competitive Procurement with Negotiations' process.

Note: The precise process is being drafted and will be included here.

This will comprise the Council setting the 'Minimum requirements' it is seeking from those parties bidding. These will include requirements based around:

- *Attractive development proposals that are deliverable.*
- *A phased regeneration masterplan being submitted.*
- *Proposals that are financially sustainable for the Council.*
- *Principal Heads of Terms being submitted.*
- *Any legal structure proposals having regard to the Council's model Development Agreement (that will be supplied by us with our Brief.)*
- *A financial model to demonstrate viability*
- *How they propose to use the Council's assets.*

Consequently, the bids and submissions the Council will receive back from bidders will respond to these requirements. The Council will then consider the bids received against these minimum requirements. The Council's judgement on the above will then be based around an 'Award Criteria' based upon:

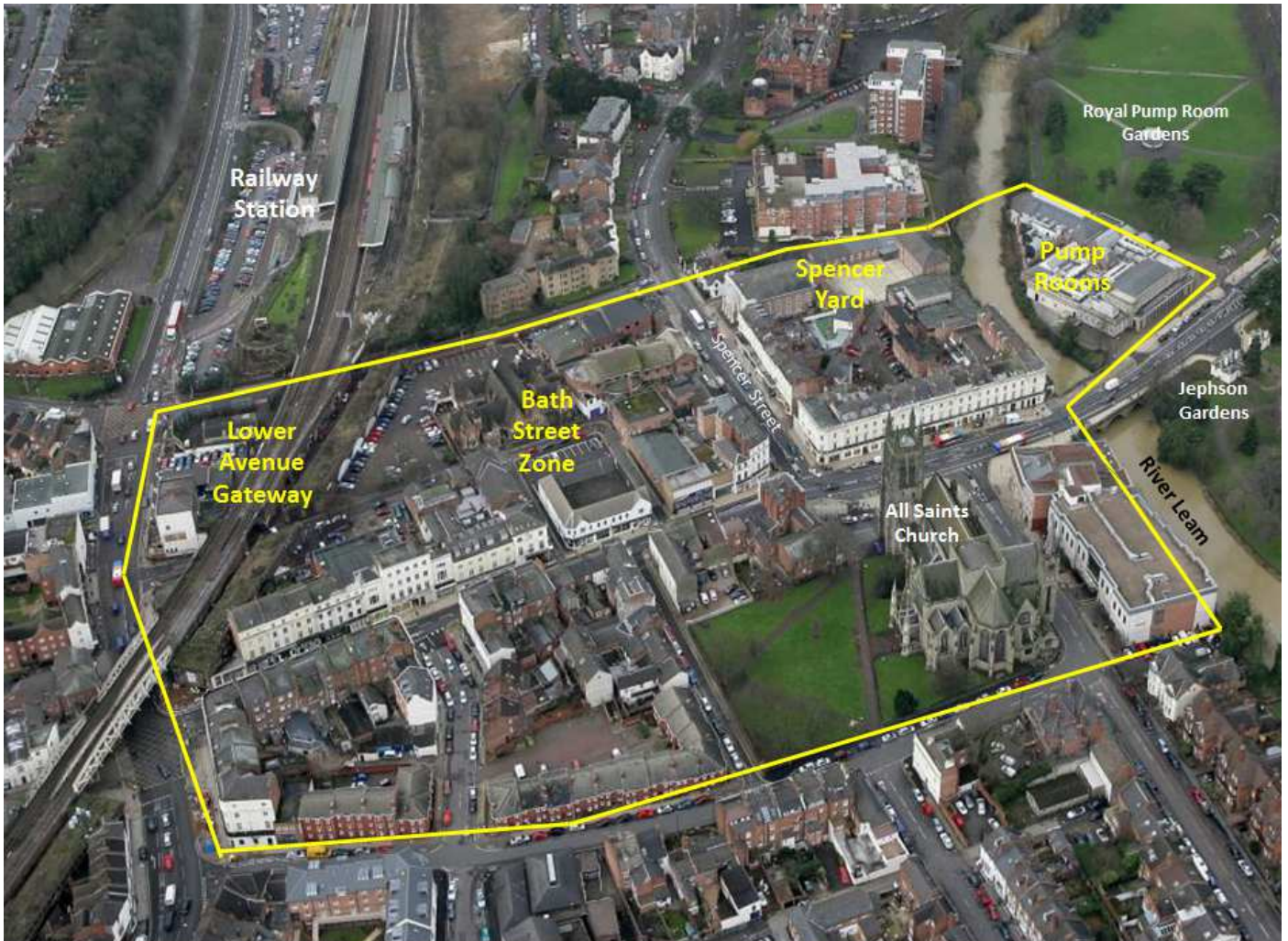
- *Deliverability.*
- *Fundability.*
- *Meeting the criteria of our Development Brief.*

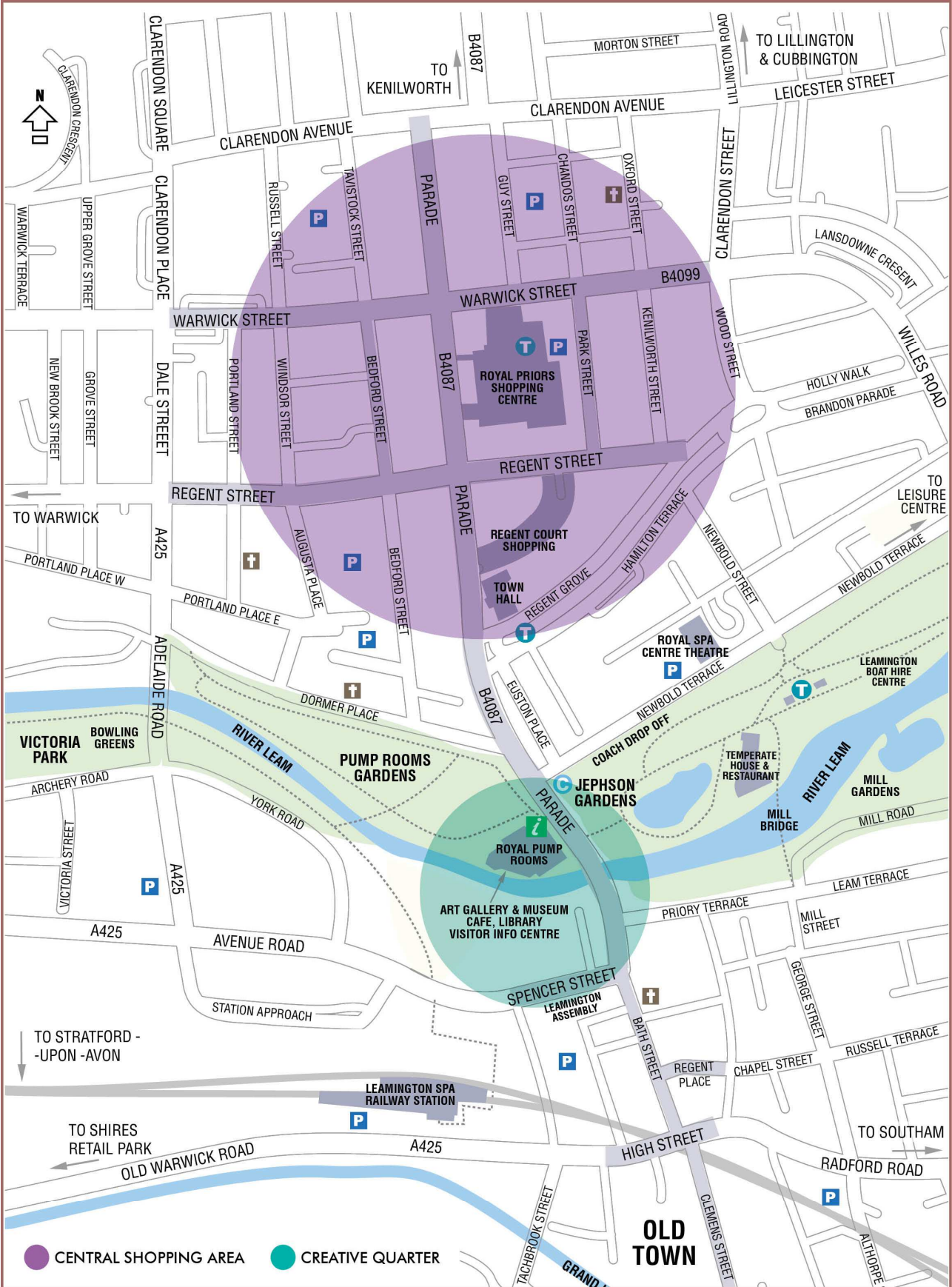
Duncan Elliott
Chief Executive's Office
October 2015



Appendix 1

Regeneration Area





ROYAL LEAMINGTON SPA
TOWN CENTRE



Creative Quarter – Site and tenancy information:

1. CREATIVE QUARTER SITE AREAS:

Overall site areas: (As shown edged red on the **Plan** – see section 4 below).

- Royal Pump Rooms area: 0.44 hectare (1.1 acre)
- Spencer Yard area: 0.33 hectare (0.8 acre)

2. ROYAL PUMP ROOMS:

Description:

The iconic central former Spa complex built in 1814, with later additions including the former Victorian swimming pool added in c.1870. The building was substantially refurbished in 1999 when it was converted by the Council into its present uses of: Art Gallery and Museum; central Library, and cafe and function rooms. This Council holds the freehold interest.

Tenancies:

Plan ref.	Part	NIA Sq. m (Sq. ft.)	Tenant/Occupiers	Lease/Occupation details	Rent (£)
A.	Art Gallery and Museum + Main entrance/concourse area	1,243 (13,380) 253 (2,723)	Warwick District Council ('WDC')	WDC's own occupation	Nil
B.	Leamington Public Library	1,463 (15,748)	Warwickshire County Council	49 year lease: <u>From:</u> 12.8.1999 <u>To:</u> 11.8.2048	£1 p.a. + service charge for 37.53% of the R&M costs of building.
C.	Café; Assembly Rooms; and 'The Annex' function Room.	547 (5,890)	Crown Holdings Ltd (Trading as Kudos).	6 year Lease. <u>From:</u> 1.1.2012 <u>To:</u> 28.2.2018 Lease excludes the Sections 24-28 security of tenure provisions of the Landlord and Tenant Act 1954. <u>Plus</u> 'Concession contract' for the same period	£1p.a. Council's 'concession' income is based on: • 5% of café

					turnover; and • 15% of event 'sales'.
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3. SPENCER YARD AREA:

Description:

The period North Hall and West Wing buildings and were compressively refurbished in 2006, as part of local regeneration programme. The pre-war 'Old Dole Office' is a two storey former workshop building in poor condition; currently used exclusively for storage purposes by the present tenants. The Council hold the freehold interests.

Tenancies:

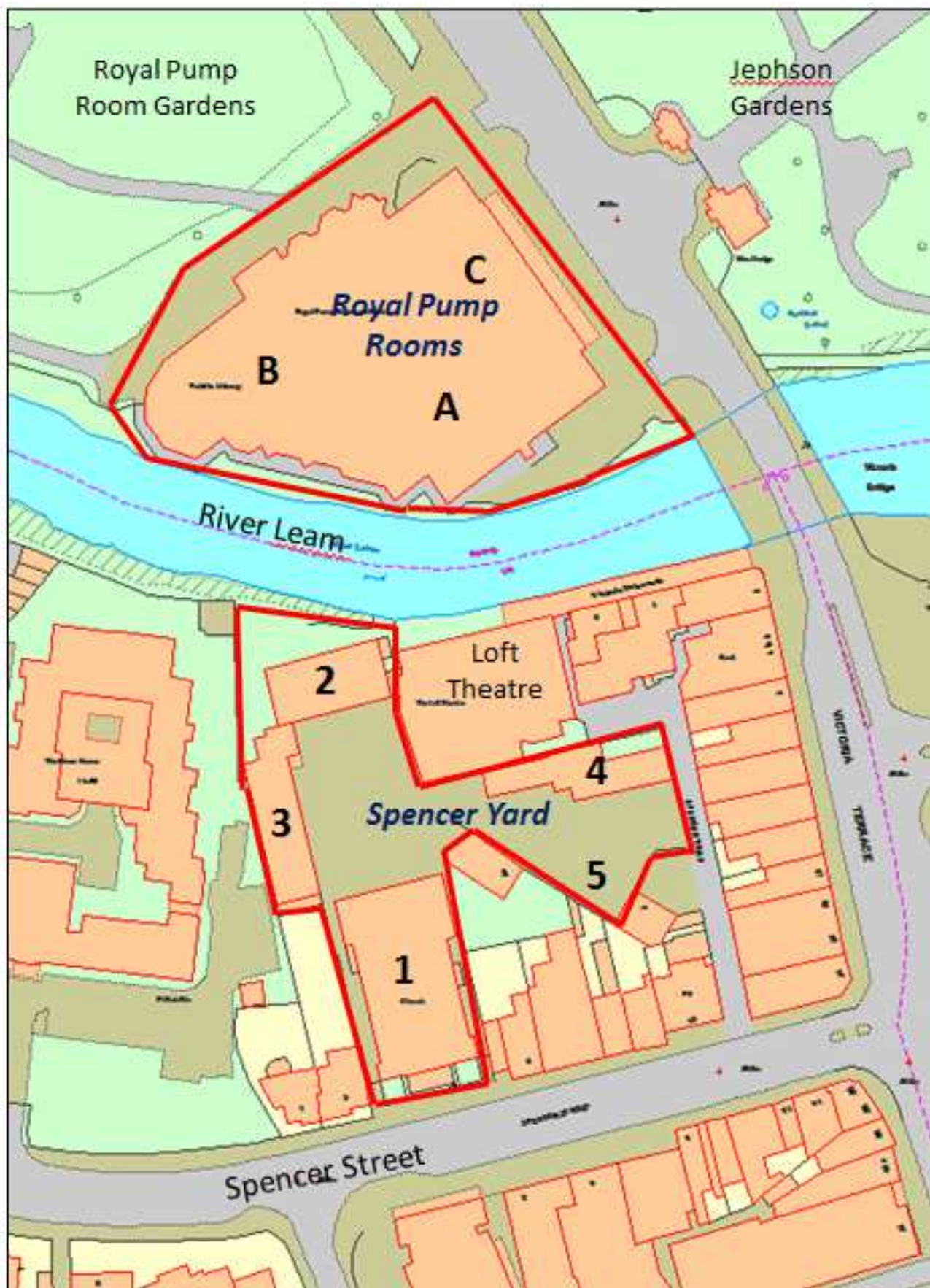
Plan ref.	Unit	NIA Sq. m. (Sq. ft.)	Tenants	Lease details	Rent (£)
1.	United Reform Church (URC'), Spencer Street.	1,408 (15,155)	Vacant	n/a	Nil
2.	North Hall, Spencer Yard.	300 (3,230)	1) Hybrid Arts. Gnd. floor offices 2) Heartbreak Productions.	15 years from 1.6.2006 3 Years from 1.4.2014. (Lease not yet completed).	£11,000 p.a. + s/charge Peppercorn + s/charge
3.	West Wing, Spencer Yard.	189 (2,034)	Motionhouse	15 years from 1.6.2006	£13,717 p.a. + s/charge.
4.	'Old Dole Office', Spencer Yard.	(Not measured)	1) Loft Theatre 2) Heartbreak Productions	Undocumented tenancy agreement. Undocumented tenancy agreement	£1,000 p.a. Peppercorn.
5.	Car Parking areas, Spencer Yard.		No agreements		


Note:

All of the above floor areas have been assessed and calculated by informal survey only. They should not be relied on for accuracy.

4. SITES PLAN:

(See next page).



 Executive November 4th, 2015		Agenda Item No. 6
Title	Tenants Incentive Grant Scheme	
For further information about this report please contact	Jacky Oughton Sustaining Tenancies Manager Housing and Property Services jacky.oughton@warwickdc.gov.uk 01926 456433	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Exec 10 th December 2007	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes - 687
Equality Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive		Chris Elliott/Bill Hunt
Head of Service		Andy Thompson
CMT		Bill Hunt
Section 151 Officer		Mike Snow
Monitoring Officer		Andy Jones
Finance		Mark Smith
Portfolio Holder(s)		Peter Phillips
Consultation & Community Engagement		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report relates to a review of the Tenants Incentive Grant Scheme and the Resettlement Service.

2. Recommendation

- 2.1 That Executive approves that the Tenants Incentive Grant Scheme closes on November 30th, 2015.
- 2.2 That Executive approves the introduction of the revised Resettlement Service (see Appendix 1) from December 1st, 2015.
- 2.3 That the Executive approves the following budget changes
- Reducing the Tenant Incentive Grant Scheme budget by £24,500 in 2015/16, £95,000 for 2016/17 onwards
 - Increasing the Resettlement Service Grant budget by £7,500 in 2015/16, £20,000 for 2016/17 onwards
 - Introducing a budget to fund a new Financial Inclusion Project Officer post, subject to the Employment Committee agreeing to the creation of the post. £14,000 in 2015/16, £28,000 for 2016/17 onwards
 - Contributing the net saving due to these changes to the HRA Capital Investment Reserve, £3,000 in 2015/16 and £47,000 for 2016/17 onwards
- 2.4 That Executive approves an amendment to the terms of reference of the Housing Appeals and Review Panel as follows:
- ‘Appeals against a decision not to award payments under the Resettlement Service and appeals against a decision not to award payment under the Tenants Incentive Grant Scheme’ is amended to ‘Appeals against the decision not to award support from the Resettlement Service’.

3. Reason for the Recommendation

- 3.1 In December, 2007, the Executive approved the introduction of a Tenants Incentive Grant Scheme (TIGS). This provides a financial incentive for tenants of the Council who under-occupy a property to downsize to smaller accommodation. This scheme was introduced to help the Council better match the use of its housing stock to the housing need prevailing at that time.
- 3.2 The scheme allows tenants aged 60 years or over to receive a payment of up to £5,000 if they transfer from a three bedroom or larger property to a one or two bedroom property designated for occupation by the elderly, or a one bedroom general needs property.
- 3.3 The scheme also allows for tenants aged less than 60 years of age to receive a payment of up to £5,000 if they transfer from a three bedroom property or larger to a one bedroom general needs property.
- 3.4 These payments are awarded regardless of the costs incurred by the tenant in moving home. No practical support, such as helping to manage utility changes or removal arrangements is provided by the Council to help with the management of the home move.

- 3.5 The number of transfers that have taken place under the Tenants Incentive Grant Scheme since its inception in 2007 has year-on-year remained relatively constant.

Year	Number of Transfers of tenants 60 years plus	Number of Transfers of tenants under 60 years	Total	Total Cost
2008/09	9	1	10	£113,215
2009/10	12	4	16	£80,223
2010/11	11	1	12	£64,412
2011/12	16	2	18	£90,569
2012/13	10	5	15	£94,816
2013/14	9	2	11	£55,627
2014/15	16	4	20	£80,525
Total	83	19	102	£579,387

- 3.6 Historically the Council has had high demand for family sized accommodation, in particular three and four bedroom houses. While the Council has never suffered from hard-to-let properties, properties in lower demand were usually concentrated in homes designated for people aged 60 years and over, usually one bedroom upper floor flats or small bedsit bungalows. This remains the case but the Council now has much higher demand for smaller one bedroom general needs homes rather than three or four bedroom homes.
- 3.7 In 2012 the Government introduced the under occupation charge as part of its changes to the social security system. This meant that working age tenants, who have a bedroom or bedrooms in excess of need, and who are in receipt of housing benefit have their benefit reduced by 14% for one bedroom in excess of need and 25% for two or more bedrooms in excess of need. Tenants of state pension age are not affected by the under-occupation charge.
- 3.8 As a result of these changes some tenants have moved from homes that they were under-occupying using the Mutual Exchange (Home Swap) scheme or by requesting transfers to smaller homes. Some have chosen to make the necessary additional payments and stay in their homes. However, there are those who can't or do not want to make the payments and want to move but are unable to do so as a suitable, smaller home has not been available for them to move to.
- 3.9 One consequence of these changes has been the increase in current demand for housing in Warwick District for smaller general needs homes.

Table One: Affordable Housing demand – By Property Size (October 2015)

Property required	Number of applicants	Number of Voids in the period 1st October 2014 to 31st September 2015
1 bed	2,248	139
2 bed	884	206
3 bed	297	114
4 beds	50	3
5 beds	10	0
Total number of applicants on HomeChoice	3489	462

- 3.10 Under-occupation of family homes amongst older people is however still not unusual in Warwick District.

Table Two: Number of people aged 60 years and over occupying three and four bedroom 'family homes' (October 2015)

Total number of tenancies	70
---------------------------	----

- 3.11 While there 70 Warwick District Council tenants who are aged 60 years or more under-occupying their home not all are registered on Home Choice. There may be many reasons why older people are choosing to remain in their home – local connections to the area, space for visiting relatives, emotional attachment to their family home and concern about being able to successfully manage a move to a new home.

3.12

Table Three: Number of people aged 60 years and under occupying 'family homes' (October 2015)

Total number of tenancies	379
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- 3.13 Not all people aged under 60 under occupying a home will be affected by the under-occupation charge (that in itself arguably provides a financial incentive to down size) and many will have similar reasons for remaining in their home as older people.
- 3.14 That TIGS is available but has not prompted a higher registration of older people to apply for moves suggests that its continued value as a major incentive for people to move is limited. It is for this reason that the recommendation to close TIGS is made in this report. Doing so will reduce expenditure that has little obvious benefit to the overall sustainability and effectiveness of the Council's landlord service.
- 3.15 However, what has become apparent from discussions with tenants is that there is a need from some people who wish to move practical help and for support in making the actual move, with some limited financial help to cover the actual costs of the move. Practical help while not on its own offering an incentive to move, may help people make that final decision to apply for a move or, even if they have already applied, ease that transition and reduce the risk of them not following through on an allocation.

- 3.16 The Council already has in place a Resettlement Service offered primarily to applicants aged over 60 on the Housing Register who successfully bid for a specified low demand property advertised on Home Choice. The objective is to help ease the cost of moving and provide a small but helpful and practical incentive to help influence decisions that will be of benefit to tenants and those who are waiting for the offer of a municipal tenancy.
- 3.17 Expanding the range of clients for whom this service is available may help more people make the decision to downsize and moreover improve in a practical way the service the Council is able to offer to its tenants. Appendix A to this report includes details of both the current and the revised Resettlement Service, the latter having been designed to meet these objectives.
- 3.18 At the same time as helping people to downsize, which in itself can help people reduce their housing costs – such as heating and decoration – there is increasingly an apparent need to help people better manage their finances. This is a result of changes in part of changes to national social security policy in respect of tax credits, continued growth in the use of zero hours contracts and the continued implementation of a rigorous social security sanctions scheme that will embrace low paid working households receiving Universal Credit.
- 3.19 The roll out of Universal Credit, which is now picking up pace in Warwickshire, will reduce the number of people whose housing support is paid directly to the Council. People who are not used to managing all of their finances may need help to cope with the changes. Pilots for Universal Credit have shown that rent arrears increase as do personal financial problems.
- 3.20 From April 2017, the Council will also be required to introduce Pay-to-Stay. While the detail of this new policy are still to be confirmed, the essence of the policy is that tenant households with an income in excess of £30,000 will be required to pay a rent at or close to market rent. For a typical Council owned family size house in Warwick District, that could represent a rent increase of between £75 and £100 a week. A household with two full time earners, paid the National Living Wage, will have an annual income of circa £27,000, putting them very close to threshold at which they may face a substantial increase in rent that may exceed any increase in their income.
- 3.21 It will therefore be prudent for the Council to consider increasing its Bad Debt Provision for the HRA to allow this to be accounted for but clearly the Council will need help where it can tenants falling behind with their rent payments.
- 3.22 The Council has established a Financial Inclusion Group to bring together and encourage a coherent approach across all our services and those of our core partners towards helping people manage their finances and identify and take advantage of opportunities to increase their income. The work of this group includes establishing a level of competition within the affordable credit market by attracting additional Credit Unions to the area, signing up to the Rental Exchange project which is a national initiative designed to improve tenants' credit ratings and so reduce the cost of finance and supporting the Breathing Space, a partnership between housing associations to provide confidential advice on debt and money management.
- 3.23 When the first tranche of social security changes were introduced in 2012 the Council supported the introduction of a Financial Inclusion Officer. Working alongside the Income Recovery team, this officer has worked closely with those

tenants affected by either the under-occupation charge or the social security changes introduced at that time. In addition, the Council has supported the development of capability in this role - the current officer is now a member by examination of the Institute of Money Advisors. The demand for the service has increased from circa five referrals a week to circa twenty, for a variety of reasons including the changes to social security policy, the growth in the use of zero-hours contracts and limited increases in wages and salaries for some workers. To continue to provide a good service that has allowed the Council to maintain control over its rent arrears and avoid the waiting period that clients of other advice agencies may experience, additional capacity is needed to both deliver day-to-day services and to encourage the provision of additional complementary services.

- 3.24 The scale of changes that will begin in April 2016 is expected to present more challenges to low and middle income households managing their incomes than those hitherto introduced. In turn, this will present risks to the Council as a landlord in securing sufficient income recovery to maintain investment in housing repairs, maintenance and estate management.
- 3.25 Employing a dedicated Financial Inclusion Project Officer would:
- Provide practical support for the work of the Financial Inclusion Group
 - Manage the development and implementation of financial inclusion projects
 - Work with other agencies to help tenants be better able to find and make the most of employment opportunities.
 - Liaise with the Housing Benefits team and the Department for Work and Pensions (DWP) to make sure that sufficient support is available to those tenants affected by the changes to social security, rent policy and any future changes such as possible reductions in eligibility to housing benefit for younger people.
 - Manage the Re-settlement Service.
 - Provide additional day-to-day capacity to help the Financial Inclusion officer maintain current levels of service.
 - Help tenants manage the transition to Universal Credit.
 - Help tenants maintain compliance with social security regulations to reduce the risk of their income being reduced as a result of sanctions.
- 3.26 This in turn would help reduce the risk to the Council of high rent arrears impacting adversely on the HRA Business Plan, which has also got to accommodate an annual decrease of 1% per year for four years in its rent roll. In-house analysis of the existing Financial Inclusion Officer role indicates that for every £1 the Council has spent on the post, the community has benefited by £5.
- 3.27 The Housing Appeals and Review Panel currently hears appeals against decisions not to award TIGS payments. Closing TIGS will therefore mean that, to maintain consistency across the Council's bodies, a change will be needed to the terms of reference of the Housing Appeals and Review Panel. This can be secured by amending the current section: 'Appeals against a decision not to award payments under the Resettlement Service and appeals against a decision not to award payment under the Tenants Incentive Grant Scheme' to 'Appeals against the decision not to award support from the Resettlement Service'.

4. Policy Framework

- 4.1 **Fit for the Future** –The recommendations in this report are designed to support the vision of making Warwick District a great place to live work and visit as set out in the Sustainable Community Strategy.
- 4.2 Extending the Resettlement Support Service to more people regardless of their age and with greater consideration of their need, vulnerability and personal circumstances will help people be better able to match their housing to their household circumstances.
- 4.3 The post of Financial Inclusion Project Officer will provide support to additional tenants and their families by helping them better manage their financial situation to remain in their homes and take advantages of the opportunities that will arise as the district grows.
- 4.2 **Impact Assessment** - These policy changes would not have a negative impact in respect of Equalities and Fairness.

5. Budgetary Framework

- 5.1 The current annual budget for the Tenants Incentive Grant Scheme (TIGS) is £95,000 – sufficient resource to enable 19 moves under the terms of the current scheme. The current resettlement scheme budget is £5,000. These grants are funded from HRA revenue income.
- 5.2 Bringing costs down to the actual cost of moving home would be achieved by reducing the payment to a maximum of £1,000. Tenants who are accepted for the proposed Resettlement Support Service would choose from a menu of services up to this value. The menu of services is laid out in Appendix One to this report. A budget of £25,000 would support a minimum of 25 tenants a year to move home.
- 5.3 Tenants Incentive Grant Scheme (TIGS) grants have been paid to 7 tenants in 2015/16 to date. In addition there are currently 10 tenants who have been accepted for TIGS, some of whom have been waiting since 2010 for an appropriate property. Therefore a sum will need be set aside to pay these tenants once a suitable property has been found for them. Any of this legacy 'TIGS' budget not spent in 2015/16 will need to be carried forward to meet this commitment.

Current Annual Budget	2015/16	Ongoing
Carried forward from 2014/15	£19,500	£0
TIGS	£95,000	£95,000
Re-settlement Scheme	£5,000	£5,000
Financial Inclusion Project Officer	£0	£0
Total Current Annual Budget	£119,500	£100,000

Proposed Annual Budget	2015/16	Ongoing
TIGS paid 2015/16 to date	£35,000	£0
Outstanding TIGS agreed for applicants(i)	£55,000	£0
Re-settlement Scheme	£12,500	£25,000
Financial Inclusion Project Officer	£14,000	£28,000
Total Proposed Annual Budget	£116,500	£53,000

Summary of Changes (-ve = saving)	2015/16	Ongoing
Saving on TIGS Budget	-£24,500	-£95,000
Increase in Re-settlement Budget	+£7,500	+£20,000
New Financial Inclusion Officer Budget	+£14,000	+£28,000
Overall Proposed Annual Saving	-£3,000	-£47,000

(i) To be carried forward each year until all approved TIGS grants are paid

(ii) The post will be recruited part way through 2015-2016 so the full annual salary cost will not be required in that financial year.

- 5.4 There would be an annual saving to the HRA of £47,000 for year from 2016/17 which represents a positive impact on the HRA Business Plan.

6. Risks

- 6.1 There is a risk that there will be a change to the housing need within the district in the future with, for example, demand falling for smaller properties. To manage demand risks, Housing and Property Services continually review housing demand within the district and make sure that the support available to encourage people to match the size of their home with the properties available remains effective and relevant.
- 6.2 Failing to help people manage changes to their income represents a risk to the HRA Business Plan and to tenants' ability to sustain their tenancies. The Financial Inclusion Project Officer represents a positive response to these changes and risks.

7. Alternative Option(s) considered

- 7.1 The Transfer Incentive Grant Scheme and the Resettlement Service could be retained in their current form. However there is little evidence to show that these incentives are encouraging people to move from larger properties. The cost of the scheme has little relationship to the actual costs of moving home.
- 7.2 Resources saved by removing the Tenants Incentive Grant Scheme and not creating the post of Financial Inclusion Project Officer could allow for additional funds to be retained within the HRA for alternative investment. However by deploying a portion of these resources to fund the Financial Inclusion Project Officer the Council will be in a better position to help manage the effects of changes to social security on our tenants and so improve the resilience of the HRA Business Plan.

Appendix 1

Resettlement Service (Current)

The current Resettlement Service Resettlement Service is offered to applicants on the Council's Housing Register who successfully bid for a specified low demand property advertised under the Homechoice Scheme.

The resettlement package comprises:

- arranging removals (up to a cost of £400)
- decorating the property throughout
- fitting of carpets and curtains
- assistance with connection of services
- re-fitting (but not purchase of) a washing machine and dishwasher
- assistance with the completion of a Housing Benefit application form
- assistance with change of address notifications.

A specified low demand property is one which is designated for occupation by tenants of 60 years of age or above.

A property is specified as eligible to be included in the scheme if:

- it is a designated older persons dwellings and;
- there is no successful bid under the Homechoice scheme after one advert or;
- if, after one advert, all successful bidders refuse a formal offer.

Where an existing tenant is offered a specified low demand property as a priority transfer the resettlement package will not be offered.

Proposed New Resettlement Service

The proposed Resettlement Service will be available to applicants who meet the following criteria, but each person's own individual circumstances will be considered.

- A tenant of the Council who is affected by the under-occupation charge and is downsizing to a smaller or lower cost property.
- A person with a disability who is moving to a property that is already adapted to suit their needs.
- There will be no age restrictions on who can apply for help from the Resettlement Service.

The Resettlement Service package will allow a tenant who fulfils the definitions set out above to can benefit from services up to £1,000, drawn from the following menu:

- Arranging removal, including cost of removal and packing service if required.
- New carpets and/or curtains (including fitting).
- Decoration of property.
- Re-fitting (but not purchase of) washing machine, dishwasher, cooker.

The tenant will also be able to receive the following support:

- Assistance with completion of relevant benefit and other forms.
- Assistance with registering for Council Tax, electoral registration, change of address with the DVLA and any other necessary administrative matters arising from their move.
- Assistance with the disconnection and connection of utilities and other services.