

Community Committee	
Meeting Date	6 March 2024
Report Title	Leisure Centre Contract Extension
EMT Lead	Emma Wiggins, Director of Regeneration and Neighbourhoods
Head of Service	Martyn Cassell, Head of Environment and Leisure
Lead Officer	Jay Jenkins, Leisure & Technical Services Manager
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. Members are asked to agree to proceed with option two for a 2-year extension of the existing leisure contract with Swale Community Leisure (SCL) and their operating agent Serco Leisure Ltd. 2. That delegated authority is given to the Head of Environment & Leisure and Head of Legal in consultation with the Chair of Community Committee to finalise negotiations with SCL and Serco and for the Head of Legal to negotiate, execute and complete the agreement(s), arising from or incidental to the decision. 3. That this Committee refers the matter of future budget implications to Policy and Resources Committee for approval so the contract extension can be signed. 4. Members are asked to agree that the Leisure Options Member Working Group continues to meet to identify long term options from 31 March 2027.

1 Purpose of Report and Executive Summary

- 1.1 This report is to ask Members to agree to proceed with a 2-year extension to the current leisure contract for Swallows and Sheppey and to agree that the Leisure Options Member working group continues to meet to identify longer term options.

2 Background

- 2.1 The existing leisure contract (covering Swallows & Sheppey sites) is due to expire on 31 March 2025.
- 2.2 The initial fifteen-year Leisure Centre management contract with Swale Community Leisure (SCL) & Serco Leisure Ltd (Serco) was extended due to uncertainty in the leisure market and further investigations needed on facility

investments. Since that time the impact of the Covid 19 pandemic and continued facility issues have presented further considerations.

- 2.3 Faversham Pools Trust has a long-term lease supplemented by an annual grant agreement and would not be part of the contract extension but will be considered in longer term options.
- 2.4 A cross party Leisure Options Member Working Group (LOMWG) was established at the outset of this project. The working group have met on seven occasions and a summary of meetings is attached at Appendix I.
- 2.5 Members have considered a range of information and are now recommending an extension, which would enable a wider, full review process to be undertaken by officers, given the need to fully analyse the recovery from the pandemic closures, best suited operating models and the uncertainty on facility investment requirements.
- 2.6 Due to the commercial sensitivity of the extension proposals, both for the Council and the contract partners, the detail of them is included in an exempt appendix. 'Section 1 paragraph 3 (information relating to the financial or business affairs of any particular person including the authority holding that information) of Schedule 12A to the Local Government Act 1972 by warrant of which the report is exempt', has been used for exempting the appendix of the report.

3 Proposals

- 3.1 Members are asked to agree to proceed with option two for a 2-year extension of the existing leisure contract with Swale Community Leisure (SCL) and their operating agent Serco Leisure Ltd.
- 3.2 That delegated authority is given to the Head of Environment & Leisure and Head of Legal in consultation with the Chair of Community Committee to finalise negotiations with SCL and Serco.
- 3.3 That this Committee refers the matter of future budget implications to Policy and Resources Committee for approval so the contract extension can be signed.
- 3.4 Members are asked to agree that the Leisure Options Member Working Group continues to meet to identify long term options from 31 March 2027.

4 Alternative Options Considered and Rejected

- 4.1 Not extending the existing contract - this would result in a very short period to undertake a full retender process. In addition to the time requirement, a dedicated resource would need to be identified to undertake the process.
- 4.2 Not continuing with the Leisure working group - this is not recommended as it is a key service for the community and there needs to be time to work through the

options before the contract expiry date, which if extended would be 31 March 2027.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has taken place with a range of key leisure stakeholders, including Swale Community Leisure, Serco Leisure Ltd & Faversham Pools Trust.
- 5.2 The Member working group has ensured cross part involvement in this project. It is expected that public consultation will form a key part of the work on the long term options.

6 Implications

Issue	Implications
Corporate Plan	<p>The new Corporate Plan 2023 – 2027 has been developed. The Built Facilities Strategy sits within the ‘Community’ priority. Enabling our residents to live, work and enjoy their leisure time safely in our borough and to support community resilience.</p>
Financial, Resource and Property	<p>The leisure service is a considerable cost to overall Council budget (circa £580,000 in 2022-23). The working group will be considering which options can contribute to reducing the cost of the service. The estimated cost for the current financial year is £630,672.</p> <p>As well as annual running costs, the future investment requirements are a key consideration as the buildings are all circa 30 years old. Initial discussions have been held with Active Kent and Medway and Sport England on potential funding routes.</p> <p>Serco have recently undertaken a lifecycle maintenance review and have estimated that the following costs are likely to be incurred by SBC under its landlord contractual obligations through to end of 2025. These costs are usually serviced by the Property reserve and a sum of £287,180 is already within the capital programme:</p> <p>Sheppey:</p> <ul style="list-style-type: none"> • £148,500 - Mechanical & Electrical <p>Swallows:</p> <ul style="list-style-type: none"> • £698,500 total • £97k Energy saving initiatives • £343k Mechanical & Electrical • £258.5k Building Fabric

	SCL and Serco have confirmed that the outstanding lifecycle works are not a mandatory factor to the 2-year extension and will work with SBC to minimise wherever possible.
Legal, Statutory and Procurement	<p>The route to deliver the Leisure Service is dependent upon the decisions of the committee, guided by the member working group.</p> <p>The original terms of the current contract allowed for an extension of half of the contract term. The contract term was 15 years so a maximum of 7.5 years. The existing extension was set at 5.5 years so allows for a remaining 2 year extension. Contract documents will be worked up by legal services alongside SCL and Serco legal representatives.</p> <p>Procurement/legal intervention will be required throughout 2024 both for the extension and for the discussion of the long term options.</p>
Crime and Disorder	None identified.
Environment and Climate/Ecological Emergency	Any investment in the buildings need to consider reducing the carbon footprint of the service, due to their high energy usage.
Health and Wellbeing	Healthy & Wellbeing is a key output of any Leisure contract. Social impact outcomes are directly linked to the Borough's ability to offer a suitable and easily assessable leisure offering.
Safeguarding of Children, Young People and Vulnerable Adults	None identified.
Risk Management and Health and Safety	None identified.
Equality and Diversity	Links with disability and mental health provision in the borough and a community impact assessment.
Privacy and Data Protection	None identified.

7 Appendices

7.1 Appendix I – Members working group previous meetings.

8 Background Papers

8.1 [Community Committee Minutes 6 January 2024](#)