

Item No.	Classification: Open	Date: 17/06/03	MEETING NAME EXECUTIVE
Report title:		Transfer of Surrey Docks Watersports Centre (SDWC)	
Ward(s) or groups affected:		Primarily Surrey Docks, but the centre is a borough wide facility	
From:		Director of Environment and Leisure Services	

1. RECOMMENDATIONS

2. That the Executive:
3. Agrees to the proposal for Fusion (external trust) to take over the operational management of Surrey Docks Watersports Centre (SDWC) from the Council, with immediate effect. This will be done according to terms that ensure best value, least risk and maximum strategic flexibility for the Council.
4. Notes that the future, long-term management arrangement for SDWC is subject to the pending outcome of an independent assessment of the management and capital investment options for all Council sports and leisure centres. This was previously commissioned for the Best Value review of the service.
5. Receives a report on the Best Value Review of Leisure Services in July 2003, from the Director of Environment and Leisure Services.
6. Notes that a previous decision on 27th March 2000 by the then Education and Leisure Committee to transfer SDWC to the Docklands Sailing and Watersports Centre Trust was not fully implemented, as explained in the report.

7. BACKGROUND INFORMATION

8. The Council's Parks and Sports Division is currently managing the SDWC and has done for almost 3 years. This is because of failure to complete a previous plan to transfer the site to the Docklands Sailing and Watersports Centre Trust. The Council's role was meant to be temporary, pending completion of the transfer, which was anticipated to take 12 months. This has blighted the development and improvement of the centre, which is significantly under-fulfilling its amenity value and potential. As a result the Council is providing a higher level of subsidy than is affordable and sustainable. Immediate action is needed to improve services and bring the subsidy in line with the Council's revenue budget for 2003/04.
9. SDWC opened in 1989 and was a partnership venture between the then Sports Council (now Sport England), Inner London Education Authority (ILEA) and the Docklands Development Corporation. Shortly afterwards it transferred to the Council following the abolition of the ILEA. It is situated in Surrey Docks Ward the Greenland Dock development area. The centre provides watersports, including sailing, canoeing and windsurfing and rooms for hire for meetings, conferences and social events.
10. In April 2000 the Council transferred the management of all its Sport and Leisure Centres to Fusion, excluding SDWC. It was felt, at that time, a specialist provider with proven experience and a successful track record of managing water sports facilities and providing water-based services would be more appropriate.

Docklands Sailing and Watersports Centre Trust (DSWCT) appeared to fulfill these criteria and, with the approval of the then Education and Leisure Services Committee, was invited to enter negotiations for transfer of SDWC, which it willingly accepted. It was also agreed that in the meantime the then Community Services Division, later to become Parks and Sports, would manage SDWC in the interim.

11. The transfer, however, was not achieved despite the best efforts of officers and DSWCT. A main barrier was that DSWCT were unable to obtain a significant external revenue grant. Therefore the viability of their management of SDWC could not be assured and the transfer could not proceed.
12. DSWCT's unsuccessful attempts to secure funding prolonged the transfer process significantly. The transfer should have taken a maximum of 12 months but was incomplete with no end in sight 2 years later. This has had an increasingly negative impact on the service and the Council, as follows.

Financial pressure

An extended period of continued direct management of SDWC by Parks and Sports had not been anticipated and budgeted for. This resulted in small but nevertheless significant overspends in two successive years that had to be offset from other areas of Parks and Sports budgets in order to maintain services from the centre.

Quality of service

Whilst the Parks and Sports Division has used its best efforts to maintain the highest quality services at SDWC during its time in charge, it recognises that it may have lacked sufficient and appropriate management expertise and resources to maximise the centre's potential amenity value.

13. The proposal to transfer the management of SDWC to Fusion with immediate effect is intended to bring about improvements in the cost-effectiveness and quality of the service as quickly as possible. The pre-existing agreement for Fusion to manage the Council's other sports and leisure facilities means that the Council has the power to add SDWC by a variation to their contract.

14. FACTORS FOR CONSIDERATION

Policy Issues

15. A significant, unforeseen consequence of the lengthy delay in the intended transfer of SDWC to DSWCT was the onset of the Council's Best Value Review of its Sports and Leisure Centres.

This confirmed that the ongoing uncertainty of the proposed transfer to DSWCT and the resulting financial risks for the Council and decline in the standard of service was sufficient grounds for seeking an alternative solution. It was decided for consistency with the Review to include SDWC in a comparative analysis of the long-term management and development options of all the Council's Sports and Leisure Centres. Fusion is a forerunner. The results are scheduled to go before the Executive on 29th July 2003.

16. The proposal for Fusion to take over the management of SDWC in the short-term is consistent with the Council's obligation to obtain best value from all its services. Fusion has an appropriate management structure, business support mechanisms and systems and relevant experience for managing sports and leisure facilities and services. It can do this much more cost-effectively than the Parks and Sports

Division. The proposal is consistent with the Council's decision on 27th March 2000 to transfer the Council's Leisure Centres to Fusion. Their increasingly good performance since is grounds for confidence that SDWC will be in safe hands and managed more effectively and efficiently.

17. It is proposed that the form of short-term agreement with Fusion is a licence to occupy and a service level agreement. There will be a provision for immediate termination, which gives the Council greater flexibility and control to make alternative management arrangements for SDWC should it decide to, following the outcome of the Best Value Review. It is proposed that the term of the agreement is five months, commencing on 1st July 2003.

Effect of proposed changes on those affected

Providers

18. The Council's Parks and Sports Division is the current provider. Transferring the management of SDWC to Fusion should enable the Council's budget for SDWC to be brought in line with targets for 2003/04. It will also free up resources for its core business, which includes identifying and delivering the most cost-effective long-term management and investment option for the Council's sports and leisure facilities.

Users

19. Under Fusion, the quality of services is almost certain to noticeably improve, even in the short-term. We will jointly identify areas for improvement and agree performance targets that are feasible within the life of the proposed agreement. There are a number of voluntary groups currently using SDWC that have an important role in delivering and developing watersports at the centre. Their continued use on exactly the same terms as before, is provided for by the proposed agreement with Fusion. The groups, which include Tideway Sailability, Splash and Capital sailing, will be formally consulted, prior to transfer.

Financial and budget implications

20. Fusion taking over the management of SDWC should enable Parks and Sports Division to bring its budget for SDWC back in line with targets for 2003/04. We are in negotiation with Fusion and aim to confirm financial arrangements shortly.

Staffing Issues

21. This is not a transfer of service so TUPE does not apply. Staff will remain in the Council's employment but under the direction of the Managing Director of Fusion for the duration of the proposed short-term agreement.

Consultation

22. This will be undertaken with key stakeholders prior to Fusion taking over the management of SDWC. These include the local MP (Simon Hughes), local ward councillors and existing user groups.

23. SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Legal

24. Sharpe Pritchard (external legal advisors) have been instructed to advise officers and to prepare the SDWC short term Management Agreement. As the contract is for management services associated with recreation and sport, procurement under the EU public procurement Regulations is relaxed and there is no need for prior advertisement and competition in making this award to Fusion. The transaction is to be structured so that Fusion does not acquire rights to occupy the centre, other than those necessary for the fulfilling of its contractual obligations."

Financial (Departmental Business Support Manager)

25. It is noted that one of the stated aims of the proposal for Fusion to take over management of SDWC from the Council is to bring Parks & Sports revenue budget for SDWC in line with the target for 2003/04. This is also a key Departmental objective and the Head of Parks & Sport is therefore expected to achieve this through agreeing challenging but achievable targets for income and expenditure with Fusion, prior to their take over of SDWC.

26. REASONS FOR LATENESS/URGENCY

27. It was not possible to circulate this report five clear days in advance of the meeting because the proposal for Fusion to take over the management of SDWC was formulated and agreed in principle with Fusion very recently and slightly out of sync, therefore, with Executive Committee deadlines. The next meeting of the Executive is taking place on the 8th July. A decision is required before this meeting date because immediate action is needed to improve services and bring the Council's revenue budget for SDWC in line with targets for 2003/04.

28. BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
	Sports Strategy and Contracts, 15 Spa Road	Nigel Robinson 020 7525 1528

APPENDIX A – AUDIT TRAIL

Lead Officers	Jay Yeats, Head of Sports and Parks	
Report Authors	Nigel Robinson, Strategic Development Manager for Sport	
Version	Second Draft	
Dated	9 th June 03	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor and Secretary	Yes	No
Chief Finance Officer	Yes	No
<i>List other Officers here</i>		
Executive Member	Yes	Some
Date final report sent to Constitutional Support Services		