

1993

Sport and Leisure Management

Compulsory Competitive Tendering National Information Survey Report

EXECUTIVE SUMMARY

- ♦ The results presented in this report are based on a survey of 373 English local authorities and an 84 per cent response rate.

COMPETITIVE TENDERING PRE-JANUARY 1992

- ♦ One quarter of authorities had let 102 contracts.
- ♦ Forty-four per cent of contracts were let by competitive tender.
- ♦ Authorities in the south of England were more likely to have let contracts than those in the north.
- ♦ Eighty-five per cent of contracts are due for renewal within the current 6 year maximum life-cycle of CCT contracts.

MANAGEMENT STRUCTURES

- ♦ There has been a decline in specialist leisure departments. In authorities where leisure services had been in a specialist department before October 1989, a quarter had moved to non-leisure departments.
- ♦ Where departmental changes had occurred, 63 per cent were as a result of CCT.
- ♦ One third of departments were specialist leisure departments, with a further 22 per cent having leisure in the title.
- ♦ One in five departments responsible for leisure were under the generic title of 'Technical/Engineering/Environmental'.
- ♦ The three major departmental structures, accounting for 71 per cent of all leisure departments were, Assistant Director with client and contractor functions (25%), two Assistant Directors dividing the client and contractor functions (24%) and 'Director as client and contractor' (22%).
- ♦ There was a tendency for 'Director as client and contractor' to be associated with fewer contracts of a lower value.

THE TENDERING PROCESS

- ♦ Departments responsible for leisure services (both specialist and non-leisure departments) had the main responsibility for the tender specification and contract management.
- ♦ Central departments were slightly more likely to be involved in the administration of tendering and contract evaluation.
- ♦ In just over half the authorities a client-only Leisure and Recreation Committee was responsible for all aspects of tendering.
- ♦ In about one quarter of authorities all aspects of tendering were the responsibility of a Leisure and Recreation Committee which combined both client and contractor functions.

CCT: THE CONTRACTS

Number and type

- ♦ The majority of authorities put only one package out to tender.
- ♦ Just over a quarter of authorities put two packages out to tender.
- ♦ The majority of packages contained more than one facility-type.
- ♦ In multi-facility packages based on the main facility-types only 6 per cent did not contain a 'wet' component.

Financial arrangements

- ♦ The value of two thirds of contracts was based on net expenditure.
- ♦ There were no important differences between the financial arrangements for contracts won by DSOs and commercial organisations.
- ♦ Nearly three quarters of contracts were based on either a deficit guarantee/income share or a straight deficit guarantee.
- ♦ The average value of net expenditure commercial contracts (£240,780) was less than half that of DSOs (£580,633).

CCT: THE MARKET

- ♦ An initially high level of interest (5.4 expressions of interest) declined via an average of 3.7 invited bids to an average of 1.7 bids submitted.
- ♦ Sixty per cent of contracts were uncontested, with 22 per cent having the DSO and one other bidder.
- ♦ There was a tendency for competition to be greatest for the smaller value contracts.
- ♦ Eighty-four per cent of contracts were won by DSOs and 10 per cent by commercial organisations.
- ♦ Twenty-three commercial organisations won forty-three contracts.
- ♦ Two thirds of net expenditure contracts were worth £500,000 or less, with 44 per cent worth £250,000 or less.

FUNCTIONS AND RESPONSIBILITIES

- ♦ Nearly all authorities retained responsibility for policy research and development on the client side.
- ♦ Sports development was predominantly a client function.
- ♦ Although the general promotion of leisure services was largely retained on the client side or shared, the promotion of facilities and events was the responsibility of the contractor.

SPORT AND LEISURE STRATEGIES

- ♦ Less than half the authorities had a general leisure strategy.
- ♦ Only a quarter of authorities had a sport and recreation strategy.
- ♦ Leisure departments were more likely to have a sport and recreation strategy than non-leisure departments.
- ♦ More than half the sport and recreation strategies had been written since 1991.
- ♦ Of those without a sport and recreation strategy, 63 per cent had plans to produce one within the next two years.
- ♦ There was wide inter-regional variation in the incidence of sport and recreation strategies.

POLICY SPECIFICATIONS

- ◆ Nearly all authorities retained control of pricing, programming and opening hours on the client side.

Types of user

- ◆ The groups most likely to be referred to specifically in the contract specifications were people with disabilities, young people, the unemployed and the over 50s.
- ◆ Broad policy references were frequently not accompanied by specific, measurable performance targets.
- ◆ Concessionary charges and time allocations were the most frequently used policy instruments.

Types of use

- ◆ The types of use most likely to be referred to were sports clubs, schools and casual use.
- ◆ Time allocations and concessionary charges were the most frequently used policy instruments.

Sport and recreation strategies

- ◆ The presence of a sport and recreation strategy made it more likely that policies would be specified for types of user but did not guarantee it.

Table A4.1: Non-DSO contractors: Pre-January 1992

	Number of Contracts
Serco Leisure	6
City Centre Leisure	3
DC Leisure Ltd	3
SLM (Sport and Leisure Management)	2
Civic Leisure Ltd	2
First Leisure	2
Circa Leisure	2
Sudor Sports	1
Excell Tennis	1
Frontier Holdings	1
MSD Group	1
Contemporary Leisure	1
Relaxion	1
CCL	1
Ring and Brymer	1
Cory Municipal Services	1
Littlehay Golf Complex	1
Totally Tennis	1
Sheran Amusements	1
Golf Course Management Ltd	1
Private individuals	13
Clubs (golf; bowls; cricket etc)	20
Trusts	2
MBO	1
Total number of contracts	69

Table A4.2: Commercial contractors: Post-January 1992

	Number of Contracts
Contemporary Leisure	10
Circa	3
City Centre Leisure	3
DC Leisure	3
Relaxion	3
Albans Leisure	2
Civic Leisure	2
Toucan Leisure Management	2
Sport and Leisure Management	1
MSD Group Ltd	1
Frontier Holdings	1
Sport Actif Ltd	1
Events Management Ltd	1
Linkside Leisure	1
Master Golfer	1
Professional Golf Services	1
Pro Sport	1
Terry Healey	1
Serco	1
Holton Hotels Leisure Ltd	1
Poulton Golf Club Ltd	1
Empire Leisure	1
Forward Leisure	1
Total number of commercial contracts	43

Table A4.3: All non-DSO contractors

	Number of contracts
Contemporary Leisure	11
Serco Leisure	7
City Centre Leisure	6
DC Leisure	6
Circa Leisure	5
Civic Leisure Ltd	4
Relaxion	4
SLM (Sport & Leisure Management)	3
First Leisure	2
Frontier Holdings	2
Albans Leisure	2
Toucan Leisure Management	2
MSD Group	2
Sudor Sports	1
Excell Tennis	1
Sport Actif	1
Events Management Ltd	1
Linkside Leisure	1
Master Golfer	1
Professional Golf Services	1
Pro Sport	1
Terry Healey	1
Holten Hotels Leisure Ltd	1
Poulton Golf Club Ltd	1
Empire Leisure	1
Forward Leisure	1
CCL	1
Ring and Brymer	1
Coy Municipal Services	1
Littlehay Golf Complex	1
Totally Tennis	1
Sheran Amusements	1
Golf Course Management Ltd	1
Private individuals	13
Clubs (golf; bowls; cricket etc)	20
Trusts	2
Total number of commercial contracts	111

Table A4.5: Non-DSO contractors: Regional distribution

	Pre-January 1992	Post-January 1992	Total
Number of contracts			
South East	16	4	20
Greater London	7	9	16
Eastern	9	6	15
South West	5	10	15
East Midlands	9	3	12
Southern	4	7	11
North West	6	1	7
Yorkshire and Humberside	6	0	6
West Midlands	3	2	5
Northern	3	1	4

FINANCIAL ARRANGEMENTS

<i>Deficit guarantee</i>	<p>Client meets debt charges and external maintenance of buildings. Pays fee to contractor.</p> <p>Contractor uses fee and income to meet costs and provide a profit.</p>
<i>Deficit guarantee/ income share</i>	<p>Client meets debt charges and external maintenance of building. Pays fee to contractor.</p> <p>Contractor retains income from users and uses this and the fee to meet costs and provide profit. Pays a proportion of income to the client, irrespective of profitability.</p>
<i>Management fee</i>	<p>Client meets debt charges and external maintenance of buildings. Meets contractor's costs and pays contractor a fee.</p> <p>Contractor passes all income to the client.</p>
<i>Deficit guarantee/ profit share</i>	<p>Client meets debt charges and external maintenance of buildings. Pays fee to contractor.</p> <p>Contractor retains income and uses this plus fee to meet cost. Pays a proportion of the profit to the client.</p>
<i>Management fee with income share</i>	<p>Client meets debt charges and external maintenance of buildings. Meets contractor's costs and pays contractor a fee.</p> <p>Contractor retains a proportion of the income.</p>
<i>Franchise</i>	<p>Client meets debt charges and external maintenance of buildings.</p> <p>Contractor meets other costs. Retains income and pays a fee to the client.</p>
<i>Franchise/income share</i>	<p>Client meets debt charges and external maintenance of buildings.</p> <p>Contractor meets other costs. Pays a fee and a proportion of income to the client.</p>

Source: Audit Commission (1990) 'Local Authority Support for Sport'