

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

3215

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Department:

Commercial and Operations

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Subject:

Nottingham Tennis Centre project

Total Value:

£30,710.00 (Type: Revenue)

Decision Being Taken:

To procure Alliance Leisure Services (ALS) through the EMPA Framework for a period of 5 months to realise a latent demand of 468 members in and around the Nottingham Tennis Centre community, providing a contract manager, a digital manger , 2 x sales staff , training and strategic planning support.

Reasons for the Decision(s)

Since 2013/14 membership income at the Nottingham Tennis Centre has been in decline, dropping from over 1,000 Direct Debit customers in 2012/13 to 660 in 2017/18. This has resulted in an annual drop in income of over £100,000. There have been a number of factors identified which have contributed to this problem including a significant increase in local competition from the budget gym market and university facilities and the substantial tram works, situated directly outside of the centre on the University Boulevard, from 2014-2017, which caused customers access difficulties.

An independent assessment of the fitness market potential was procured from The Leisure Database Company in November 2017 to assess whether there was potential to increase memberships. The assessment identified a catchment area by mapping the current fitness members to determine how far customers are typically willing to travel to use the facilities and what the potential overlap is between NCC's other leisure centres. They then factored in the number and type of people living around the facility, plus competing fitness gyms. Then, making allowance in the report for the proportion of members that travel from outside these core catchment areas such as daily commuters into the area; the report identified a latent demand of 468 memberships.

The service have taken a number of steps to address this latent demand including the deployment of additional resources from within the team as well as new and innovative marketing campaigns to better target our offer to customers most likely to buy our products. This has included new segmentation and targeting tools and increased use of social media in our key January-March 2018 marketing campaign. However, this has produced little change in the performance of the business, which has now been static for the last 18 months.

ALS are a marketing and sales organisation with a proven track record, specialising in the fitness industry. They provide additional resource with experience and knowledge to deliver latent demand potential. These services include commission-based sales resources, a delivery model currently unavailable to the authority. Having gone out to the market to secure a like for like quote there are no comparative all-encompassing companies that would be able to provide this service , there are however companies who provide impact sales alone and separate companies that provide a digital journey alone , however in order to have a coordinated seamless approach to this project it is not financially viable to operate and manage two separated projects / companies which would ultimately cost the authority more than the quote received from Alliance leisure. ALS are the only provider on the framework to offer this complete service . The procurement of ALS via the EMPA Framework has been considered after careful analysis of the market and understanding of customer expectations. The investments identified provides the greatest opportunities for utilising resources.

The cost of the project will be contained within the overall sports and Leisure resources
If ALS secure 50% of the targeted 468 members, the increase in the annual income would be £59,000 based on an individual yield of £252.00 per member over a 12 month period. Memberships are paid on a monthly basis.

Briefing notes documents:

ALS_NTC_Brief_March18_Final.docx

Other Options Considered:

Do nothing. This is not considered a viable option now that latent demand has been identified. Without this investment the service will be unable to meet the latent demand and maximise the commercial opportunities that are available to protect the business; provide a sustainable service offer for citizens and customers; and effectively respond to financial pressures facing the service area.

Procure additional resources internally. This is not considered a viable option as this option has already been explored with the marketing platforms available. The approach has not provided the required change needed to increase the membership base by 468. This option does enable the service to deliver new solutions such as a commission-based sales team.

Background Papers:

None.

Published Works:

Affected Wards:

Dunkirk and Lenton

Colleague / Councillor Interests:

None

Any Information Exempt from publication:

Yes

Exempt Information:

Description of what is exempt:

The Nottingham Tennis Centre proposal should be exempt from publication as it contains sensitive financial information including negotiated rates.(ALSProposalApril2018revised.doc)

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it contains financial information and preferential rates for the Council

Documents exempt from publication:

ALS Proposal NTC April2018 revised.docx

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

By offering affordable accessible memberships this project could have a positive impact on crime and disorder, offering activities that are both health promoting and diversionary.

Equality:

Please login to the system to view the EIA document: EIA_JUNE2018FINAL.doc

Decision Type:

Officer

Executive Decision?

Yes

Scheme of Delegation Reference Number or Other Source of Delegation:

7 -7

Subject to Call In:

No
The call-in procedure does not apply to the decision because the value of the decision is below the call in threshold.

Advice Sought:

Finance, Procurement, Equality and Diversity

Finance Advice:

This decision seeks approval to incur one-off expenditure totalling £30.7k with ALS, through the EMPA Framework. The objective of this procurement is to increase direct debit customers accessing primarily the Tennis Centre sports facilities. Over a period of 5 months, the company will target 468 individuals identified as potential customers. If the company can secure 50% of the potential customers, the additional annual income generated would be approx. £59k.

The additional income generated would support delivery of the business plan target set for the Sports & Leisure service area for 2018/19, which would then be incorporated into the 2019/20 Medium Term Financial Plan.

Advice provided by Maria Balchin (Finance Analyst) on 06/07/2018.

Procurement Advice:

Use of compliant third-party frameworks such as those offered by EMPA is allowed under clause 3.8 of Contract Procedure Rules. Procurement supports the use of third-party frameworks in appropriate situations and where it can be demonstrated that they provide value for money. Any contracts based on this framework must be awarded in accordance with the terms of the framework agreement and the procedures set out in Regulation 33 of the Public Contracts Regulation 2015 Advice provided by Mabs Karim (Procurement Officer) on 11/07/2018.

Equality and Diversity Advice:

The proposal offers the opportunity to advance the profile of citizens using the centre and as such review and monitoring processes will need to be in place to manage remedial activity if the public sector duty to ensure equality of opportunity is realised. Advice provided by Adisa Djan (Equalities and Diversity Consultant) on 05/07/2018.

Signatures:

Hugh White (Director of Sport,Culture and Parks)

SIGNED and Dated: 20/07/2018