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Award

Deed of Variation of Leisure Management Services – Agency Model

Westminster City Council

F15: Voluntary ex ante transparency notice

Notice identifier: 2025/S 000-063117

Procurement identifier (OCID): ocids-h6vhtk-05aa25

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Section I: Contracting authority/entity

I.1) Name and addresses

Westminster City Council

64 Victoria Street

London

SW1E 6QP

Email

edesveaux@westminster.gov.uk

Country

United Kingdom

Region code

UKI32 - Westminster

Internet address(es)

Main address

<http://www.westminster.gov.uk>

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Deed of Variation of Leisure Management Services – Agency Model

II.1.2) Main CPV code

- 92610000 - Sports facilities operation services

II.1.3) Type of contract

Services

II.1.4) Short description

Westminster City Council intends to vary its existing contract with Sports and Leisure Management Ltd (trading as Everyone Active) to implement an agency model for the delivery of leisure management services and appoint Sports and Leisure Management Ltd (trading as Everyone Active) as the Council's agent in delivering the leisure services at the Council's leisure facilities. Under the revised arrangement, Everyone Active will act as agent and the Council as principal. The services, facilities, and scope of provision remain unchanged. The purpose is to achieve VAT efficiency and consequently deliver improved financial returns. Everyone Active will guarantee an additional financial surplus to the Council each year.

The original leisure management services contract was originally procured under the Public Contracts Regulations 2006 and commenced on 1 July 2016. The opportunity to change the status has arisen during the course of the contract, while exercising allowable

optional extensions under the Contract, following the successful litigation taken by Chelmsford City Council in 2022 and subsequent revised HMRC guidance in 2023 in relation to the VAT treatment of leisure services provided by local authorities.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Value excluding VAT: £146,480,000

II.2) Description

II.2.3) Place of performance

NUTS codes

- UKI32 - Westminster

II.2.4) Description of the procurement

Westminster City Council intends to enter into a deed of variation modifying its contract with Sports and Leisure Management Ltd (trading as Everyone Active) for leisure management services which commenced on 1 July 2016 to appoint Everyone Active as the Council's agent in delivering the leisure services at the Council's leisure centre facilities.

II.2.11) Information about options

Options: No

II.2.13) Information about European Union Funds

The procurement is related to a project and/or programme financed by European Union funds: No

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

This notice relates to the modification of an existing contract, not the award of a new contract. While the contract was sourced under PCR2006, the Authority considers the modification must be carried out pursuant to PCR2015 Regulation 72. A procurement procedure is not necessary given the award of the Deed of Variation is permitted pursuant to PCR2015 Regulation 72.

The modification may lawfully be agreed between the parties and implemented without the need to conduct a fresh procurement procedure.

The contract is for the operation and management of the Authority's leisure centres to ensure the Authority can provide quality and affordable leisure services for residents of Westminster, maintain facilities and make financial returns to invest in core services.

The contract will be modified to adopt an agency model. Under the current contract, SLM acts as Principal in the supply of leisure facilities to the public. Under the new agency model, SLM would make supplies to the public as an Agent of the Authority. It is the Authority providing leisure services to the public through its Agent.

The proposed modification is not 'substantial' within the meaning set out in Regulations 72(1)(e) and 72(8) PCR2015.

- The character of the original contract and services will remain substantially the same and is not rendered materially different from the original.
- The modification concerns the same type, scope and nature of services at the same facilities to residents. The contract already provided operation of the leisure facilities, the modification establishes an agency model so SLM provides the Authority's statutory leisure services to the public on its behalf and other ancillary modifications. This generates VAT savings.

The underlying contract is for a range of leisure centre operation, management and

related services by SLM for the Authority. The original contract will be modified to an agency model. Under the current structure, SLM acts as Principal in the supply of public leisure facilities so that the Authority is not making the supplies of leisure services. Under the new agency model, SLM would make supplies as an Agent of the Authority.

The Authority is satisfied that the modification does not introduce conditions which would have allowed for (a) the admission of other candidates, (b) the acceptance of another tender or (c) additional participants in the procurement procedure - delivering the Council's statutory leisure services as agent rather than outsourced contractor will not affect the physical operation of the leisure centres and the change to an agency model for VAT purposes does not change the service requirement or how those services are provided. It is unlikely to have changed the outcome of the procurement.

The modification does not change the economic balance in favour of SLM in a manner which was not provided for in the contract. The Authority is satisfied that the agency model and VAT arrangement does not impact SLM's operating costs under the original contract. The agency model allows for a more certain financial position to the Authority and a greater surplus share than previously anticipated.

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: No

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

8 October 2025

V.2.2) Information about tenders

The contract has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor/concessionaire

Sports and Leisure Management Limited (Everyone Active)

2 Watling Drive, Sketchley Meadows

Hinkley

LE10 3EY

Country

United Kingdom

NUTS code

- UKF22 - Leicestershire CC and Rutland

National registration number

02204085

The contractor/concessionaire is an SME

No

V.2.4) Information on value of contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession: £146,480,000

V.2.5) Information about subcontracting

The contract/lot/concession is likely to be subcontracted

Section VI. Complementary information

VI.3) Additional information

The Council appointed SLM to provide the leisure services pursuant to the contract and leases for the management and operation of the Council's leisure centres.

The contract term is 10 years from 1 July 2016. The Council will be entitled at its absolute discretion to extend the term for a further period or periods of up to 5 years making a total possible term of 15 years. The Council has decided to extend for a further 3 of 5 years and may at its absolute discretion extend for a further 2 years.

The Council intends to enter a deed of variation with SLM to modify the Contract to appoint SLM as the Council's Agent.

The Deed of Variation will set out the scope of the agency appointment and the extent to

which SLM will act as the Council's agent. SLM shall be appointed as the Council's agent to provide the leisure services and maintenance of the Council's facilities but shall continue to carry out other services (specifically, the provision of food, beverages and retail services) as an outsourced supplier to the Council.

The Deed of Variation does not materially alter the risk position of the parties.

The Agent shall receive a variable management fee and reimbursement for its operating costs in providing the agency services.

The Council is guaranteed a minimum return of the revenue received each year on the Council's behalf having regard to the operating costs and management fee payable to the Agent.

The Agent shall have a licence to occupy each of the Council's facilities.

VI.4) Procedures for review

VI.4.1) Review body

High Court

Strand

London

WC2A 2LL

Country

United Kingdom