

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Portfolio Holder Advisory Group on Leisure Management **Date:** Monday, 25 July 2016

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.30 - 7.25 pm

Members Present: H Kane (Chairman), G Chambers, R Jennings, R Morgan, G Shiell, E Webster and J M Whitehouse

Other Councillors: R Brookes and C Whitbread

Apologies: P Keska

Officers Present: D Macnab (Deputy Chief Executive and Director of Neighbourhoods), J Nolan (Assistant Director (Neighbourhood Services)) and G J Woodhall (Senior Democratic Services Officer)

Also in attendance: R Thompson (Consultant)

1. TERMS OF REFERENCE

The Advisory Group noted their Terms of Reference.

2. NOTES OF THE LAST MEETING

Resolved:

(1) That the minutes of the last meeting, held on 14 January 2016, be taken as read and agreed as a correct record.

3. EVALUATION OF ISDS SUBMISSIONS AND RECOMMENDATION OF FINAL STAGE TENDERS

R Thompson from RTP Consulting gave a presentation on the evaluation of the Invitation to Submit Detailed Solutions (ISDS) submissions and the recommendation of final stage tenders. The Group were reminded that the four bidders would be referred to as 'A', 'B', 'C' and 'D' until the decision had been taken concerning which three to progress to the final stage.

R Thompson reminded the Group of the key outcomes that the Council was seeking from its new Leisure Management contract, including the replacement of Waltham Abbey Swimming Pool with a new facility, investment in the other three Council-owned Leisure Centres, service delivery targets and financial objectives. There was a mandatory bid which all the tenderers had to consider, plus a number of variant bids. All of the detailed solutions had been received and evaluated, and the next stage was to decide which three bidders would be invited to form the final shortlist. The Group were updated on the evaluation criteria that had been used.

R Thompson provided an overview of the submissions from the four different bidders. All four companies were established Leisure Management operators and all of the bids had met the Council's affordability levels. All of the bidders had proposed the

replacement of the current Swimming Pool at Waltham Abbey, albeit with different designs, as well as significant investment in the current facilities at Loughton and Epping. All had included revenue projections for a potential new centre at North Weald, which had been one of the variant bids. In terms of operational delivery, all of the bidders had proposed a significant increase in participation with a community focus, and had retained the existing pricing structure in accordance with the specification.

R Thompson reported that the current cost of the Leisure Management contract to the Council was £927,000 per annum. When the bids had been evaluated, three companies had scored significantly higher, approximately 15 – 18 % higher, and had offered a saving on the existing cost of at least £500,000 per annum. Therefore, it was recommended that these three bidders ('A', 'C' and 'D') be invited to participate in the final stage of the process – Invitation to Submit Final Tender (ISFT).

R Thompson highlighted the steps to be followed during the final stage of the process, including competitive dialogue sessions during August, the submission of final tenders by 30 September, evaluation of the submissions in early October, a Member Briefing on 18 October 2016, a meeting of the Portfolio Holder Advisory Group on 10 November 2016 to recommend the preferred bidder to the scheduled meetings of the Cabinet and Council in December 2016, with the new contract to begin on 1 April 2017.

G Chambers enquired whether the Council's current Leisure Management contractor, Sports & Leisure Management Limited (SLM), was one of the three recommended bidders as they had run the Council's Sports Centres very well for the last 12 years? D Macnab reminded the Group that Officers could not divulge the identity of the bidders until a decision had been taken, otherwise the Council ran the risk of a legal challenge.

R Thompson stated that the new contract would be a Sport England standard contract with performance mechanisms tailored to the needs of the Council; the Council would approve an annual performance plan from the Contractor, which would then become part of the contract. The contract could be broken if a decision was made for the Council to no longer provide Leisure Services. All four bidders had scored well to meet and improve upon the existing contract and there were no significant issues raised during the dialogue sessions. The four companies were mainly concerned at this stage with understanding the Council's specification and contract options, although there was some discussion over the Epping and Ongar Sports Centres as these were older facilities. All four bidders had a similar approach to fitness improvement, but it was the financial analysis that was the key area of difference – bidder 'C' took a different approach with more ambitious income targets but required more staff to deliver this.

D Macnab informed the Group that Community Engagement had been included in 2 of the bids, and that the Council would look to continue with the Contract Monitoring Board for the new contract. The issue of parking at Loughton Leisure Centre had recently been raised by way of a petition; however, the car park outside the Leisure Centre also served Loughton Town Centre and the Library, not just the Leisure Centre. This issue would be included for discussion during the next stage of the Competitive Dialogue process, but ultimately, the Council would pay for any discount for Leisure Centre users through an increased management fee.

R Thompson reassured the Group that all of the bidders had been significant operators in the Leisure Management market for over 20 years, and the new contract would include participation targets with potential penalties if the successful bidder did

not meet them. It would be the responsibility of the Council to provide the capital investment during the life of the contract and ensure that the facilities were available, i.e. were not closed through disrepair.

D Macnab confirmed that the Council had been generally satisfied with the current contract with SLM as it had been the Council's first Leisure Management contract with an outside provider, although it was acknowledged that the income share element had not worked as well as the Council would have liked. There was now more emphasis on health and community engagement, so the new contract would be more outward facing and flexible than the first contract had been.

D Macnab reiterated that the Advisory Group would be involved in the final selection process with a Member Briefing on 18 October 2016, and a meeting of the Advisory Group on 10 November 2016 to recommend the appointment of the successful contractor to the Cabinet and the Council. The future of the squash courts at Epping Sports Centre had already been raised with the contractors, and all of them had recommended the retention of two courts for League matches.

Cllr H Kane concluded that the Council had been very fortunate to have received bids of such a high quality, and the Group agreed that it was important to protect certain services currently provided.

Following the decision to invite bidders 'A', 'C' and 'D' to proceed to the final stage of the procurement process, D Macnab revealed the identity of the three successful companies to the Group. The unsuccessful bidder was Parkwood Leisure.

Resolved:

(1) That the submissions received at the Invitation to Submit Detailed Solutions stage by the four remaining bidders for the Council's Leisure Management Contract, and the results of the formal evaluation by the Officer Working Group, be noted; and

(2) That, based on the outcome of the results of the evaluation, the following three contractors be invited to proceed to the final stage of the procurement process (Invitation to Submit Final Tenders):

- (i) Bidder 'A';
- (ii) Bidder 'C'; and
- (iii) Bidder 'D'.

4. FURTHER EXTENSION TO CURRENT CONTRACT WITH SPORTS AND LEISURE MANAGEMENT LIMITED

D Macnab presented a report on a further extension to the current contract with Sports & Leisure Management Limited (SLM).

The Group was reminded that it had previously supported an extension of the current contract with SLM until 3 January 2017, taking the length of the contract to 11 years. This was to facilitate the current procurement process and had not presented any difficulties with respect to the performance and quality of service from SLM to customers. It was intended that the current procurement process would have achieved a contract award in October 2016. However, given that the provision of the new Leisure Centre at Hillhouse would play such a significant role in the tender process, and outline planning consent was not being considered until November

2016, it made sense to seek a further extension to reduce the risk for the final tender award if outline planning consent was to be obtained.

D Macnab added that a Contract Extension until 1 April 2017 would have the added advantage of commencing the new Leisure Management contract at the start of the Council's financial year. Any extension would require the publication of a Voluntary Ex-Ante Transparency notice. However, the risk of challenge was considered extremely low given the short period of time of the proposed extension (3 months) and the current contracting market with respect to Leisure Management.

In response to questions from the Group, D Macnab reassured the Group that there would be no staffing issues arising from the proposed extension, or the award of a new contract, as the Transfer of Undertaking (Protection of Employees) (TUPE) regulations would apply to the existing staff. When it was highlighted that the extension of the contract would likely see 12 months of maintenance spread over 15 months, D Macnab reiterated that the Council would carry the risk of a catastrophic maintenance failure at one of the Centres anyway.

Resolved:

(1) That the Portfolio Holder be supported in seeking a further extension to the current Leisure Management Contract with Sports & Leisure Management Limited until 1 April 2017.

5. HILLHOUSE REDEVELOPMENT

D Macnab presented a report on the proposed Hillhouse Redevelopment Project in Waltham Abbey, which had been considered at the meeting of the Cabinet held on 21 July 2016 (http://eppingforestdc.public-i.tv/core/portal/webcast_interactive/212164).

The Group was reminded that the Council's adopted Leisure and Cultural Strategy 2015-2025 identified a need for the existing Waltham Abbey Swimming Pool to be replaced by a new facility in Waltham Abbey, as well as an opportunity to provide a "community hub" at Hillhouse, Waltham Abbey - with the aim of co-locating health and wellbeing services to improve the quality of life of residents in this area of health inequality. Accordingly, the Council's Key Action Plan for its Corporate Plan included plans to investigate the feasibility of developing a new leisure/community hub at Hillhouse and to progress the provision of a replacement swimming pool in Waltham Abbey. In addition, other statutory partners had identified the need for: a replacement community space/facility in the locality; the provision of around 240 independent living homes; and a new health centre to replace the existing Doctors Surgery adjacent to the site.

D Macnab explained that the proposed site comprised land in the ownership of Epping Forest District Council and Essex County Council, who had worked together with NHS England to develop a Master Plan for the area which, following consultation with local people and key stakeholders, would provide the identified community facilities, whilst also retaining around half of the existing playing fields as informal recreation space, and help facilitate alternative sports/recreation to be provided elsewhere in Waltham Abbey.

D Macnab stated that an Outline Planning Application now needed to be submitted by the three key partners to seek approval to the general principle of development and to the general location and size of the three main components, in order to enable the three partners to progress their individual elements. It was expected that the

outline planning application would be heard by the District Development Control Committee at its meeting on 30 November 2016. If outline planning permission was granted then the three partners would be responsible for obtaining detailed planning permission; in respect of the Leisure Centre, it would be for the successful incoming contractor to submit the detailed planning application.

Resolved:

(1) That progress on the Hillhouse Redevelopment Project, in which the new Leisure Centre to replace Waltham Abbey Swimming Pool would play an integral part, be noted.

6. FUTURE MEETINGS

The D Macnab reminded the Group that its next meeting had been scheduled for 10 November 2016. In the meantime, Members were encouraged to make D Macnab, or J Nolan, aware of any concerns or key issues as they occurred before then. A Members' Briefing on the Final Tenders received had also been scheduled for 18 October 2016 at North Weald Airfield.

CHAIRMAN