

## **EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Portfolio Holder Advisory Group on Leisure Management      **Date:** Tuesday, 16 June 2015

**Place:** Committee Room 2, Civic Offices, High Street, Epping      **Time:** 7.05 - 7.55 pm

**Members Present:** H Kane (Chairman), G Chambers, R Jennings, P Keska, R Morgan, G Shiell and J H Whitehouse

**Other Councillors:** -

**Apologies:** E Webster

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

**Also in attendance:** R Thompson (RTP Consultancy)

### **1. TERMS OF REFERENCE**

The Deputy Chief Executive and Director of Neighbourhoods presented a report on the proposed terms of reference for the Group.

The Deputy Chief Executive reported that the District Council provided a range of Leisure and Cultural services, which included Arts, Community and Sports/Health Development, as well as the District Museum Service. The most significant direct investment in Leisure however, was the provision of four Sports Centres across the District managed under contract by Sports and Leisure Management Limited (SLM) on behalf of the Council. The current 10-year contract with SLM was due to expire in January 2016, and the Council needed to consider the future level of service and the Leisure Management procurement and contract options it wished to pursue.

The Deputy Chief Executive stated that the Council had agreed to appoint a Portfolio Holder Advisory Group to offer advice and guidance to the Portfolio Holder for Leisure & Community Services in determining the scope and specification of the new contract. As such, the proposed terms of reference was outlined for the Group to consider. As a non-executive body, whose role it was to advise the Portfolio Holder, the Group could reconsider and amend its terms of reference at any time to reflect changing circumstances.

For the benefit of the Group, the consultant engaged to assist the Council with this process gave a brief explanation of the competitive dialogue process that it was envisioned would be used to procure the new Leisure Management contract. The Group agreed the draft terms of reference as proposed.

#### **Resolved:**

(1) That the proposed terms of reference for the Portfolio Holder Advisory Group be agreed as outlined below:

- (i) To assist in ensuring that the Council is in the best position to obtain a competitive and effective tender to deliver the desired outcomes of the Leisure and Cultural Strategy.
- (ii) To review the current services provided under the Leisure Management Contract and consider any changes to the programme of activity offered, how the contract may be packaged and the length of any contract period.
- (iii) To critically review the 4 Sports and Leisure Centres owned by the Council, giving consideration to their location, age, condition, costs/subsidy, and make recommendations on future provision/investment.
- (iv) To advise the Council's Client Officer Team as they undertake the competitive dialogue process, considering options that may emerge as part of any bidders' proposals.
- (v) To provide input into the appointment process for any potential contractor, and in particular, to participate in a Member Presentation and Interview Panel.
- (vi) To support the Portfolio Holder in recommending any successful Leisure Management Tender to the Cabinet, taking into consideration the Service and Financial implications for the Council.

## **2. NOTES OF THE LAST MEETING**

### **Resolved:**

- (1) That the notes of the last meeting of the Portfolio Holder Advisory Group on the Development of a Leisure and Cultural Strategy for the District held on 2 October 2014 be agreed and signed by the Portfolio Holder as a correct record.

## **3. PROCUREMENT OF THE NEXT LEISURE MANAGEMENT CONTRACT**

The Deputy Chief Executive and Director of Neighbourhoods presented a report concerning the procurement of the next Leisure Management contract.

The Deputy Chief Executive reminded the Group that, as part of the Council's initial decision to seek an alternative provider in 2005, consideration was given to the management options available, i.e. direct management, private sector operator, an in-house trust, or established trust. Following an thorough evaluation exercise, the firm conclusion was that outsourcing to a private sector partner or external trust would be the preferred option. A recent review of these options, which included visits to other authorities who had recently re-let Leisure Management contracts, had reached the same conclusion. The review also noted the development in the leisure contracting market of private sector companies being willing to invest capital or enter into joint development arrangements for new or extensively extended leisure facilities.

The Deputy Chief Executive stated that the procurement of a new Leisure Management contract was a very complex operation. The Council could replicate the previous approach whereby it specified its requirements in detail in the contract specification, but this would have a limiting effect on the contractor. The current contractor, Sports & Leisure Management Limited (SLM), had already alluded to this

restriction and had suggested an alternative approach of competitive dialogue would be preferable. Braintree District Council and Hinkley Borough Council had both recently let their Leisure Management contracts by competitive dialogue, with considerable benefits in terms of reduced revenue costs and increased capital investment. It was hoped to achieve similar outcomes for this Council.

The Deputy Chief Executive reported that the Council had engaged a specialist consultant to assist with the procurement process, due to the complexity of the competitive dialogue approach and the amount of resource required to successfully complete the process in the required timescale. After a competitive process, RTP Consultancy had been appointed. It was highlighted that the process would require a short-term extension to the current contract with SLM.

The Consultant from RTP Consultancy presented the draft Project Plan for the procurement process. Phase I revolved around devising the Business Case, which would include different options and the financial implications of each; it was suggested that no more than two or three options be presented to the market. The options for tender could include the capital risk being undertaken by the contractor, or the Council being responsible for capital investment. The evaluation criteria would need to be agreed, and this was usually a mixture of price and quality factors.

The Consultant explained that Phase II was the Procurement phase and consisted of three stages. The first stage was Pre-Qualification, whereby a shortlist would be drawn up of a maximum of five bidders, and the OJEU (Official Journal of the European Union) notice would be issued. The second stage was the Invitation to Submit Detailed Solutions (ISDS), which should include the key Method Statements from the bidders for the delivery of the service. At the end of this stage, the shortlist would be reduced to a maximum of three bidders, and the Group would need to decide which of the presented options to progress with. The third stage was the Final Tender stage where the bidders would submit their best and final offer. There would be further dialogue and clarification with the final bidders, and the outcome would be the selection of the preferred and reserve bidder. It was planned to award the new contract in June 2016.

Finally, Phase III of the process was the Contract Handover, and a three month period had been allocated for this. The contract monitoring procedures would also need to be established during this period. With the current contract due to expire in June 2016, the Group was reminded that a short-term extension to the current contract with SLM would be required. The Consultant reassured the Group that short-term extensions was common to allow a procurement process to complete; SLM would be spoken to formally in September regarding a possible short-term contract extension, but there were no problems anticipated. The Deputy Chief Executive added that informal talks had already been held with SLM and they were keen to stay informed as they considered Epping Forest to be a flagship contract.

The Deputy Chief Executive informed the Group that an Officer Project Team had been established, which included the Deputy Chief Executive, The Assistant Director of Neighbourhoods (Neighbourhood Services), Finance & Performance Manager, Sports Development Manager, plus staff from Legal, Finance, Facilities Management and ICT. The Project Team also included the Council's external Consultant, and other Officers would be drafted in as and when they were needed.

The Deputy Chief Executive highlighted that the current assumption was for the Council to retain four Sports Centres as present, but this could change over the course of the competitive dialogue process. The Consultant added that the cost of each centre would be ascertained as part of the procurement process, which would

narrow the options available for the future of each Centre and inform the Group's decision. The Group noted that the Ongar Academy was being developed on the same site as the Ongar Leisure Centre, and that the Academy would want to make use of the Leisure Centre.

The Deputy Chief Executive reminded the Group that the Council was looking to relocate Epping Sports Centre. A possible move to St Johns Road had been discounted, and the other sites that had been examined were all in the Metropolitan Green Belt. The possibility of Epping Sports Centre relocating to North Weald Airfield had been included in the Master Planning Exercise for North Weald undertaken in 2014, but no firm decisions had been taken yet. One option that could arise as part of the procurement process was the redevelopment of the current site as well.

The Portfolio Holder acknowledged that there would be a lot of work to do over the coming months, and looked forward to the input and assistance from the Group throughout the project. The Deputy Chief Executive added that the Group could visit Centres run by the organisations on the final shortlist later in the process.

**Resolved:**

(1) That the use of Competitive Dialogue as the methodology by which to let the new Leisure Management Contract be noted.

**4. FUTURE MEETINGS**

The Deputy Chief Executive and Director of Neighbourhoods stated that the draft Project Plan showed meetings of the Advisory Group being held every two months until June 2016, where there would be monthly meetings during the Contract Handover Phase. The Group was asked to consider their preferred start time.

The Portfolio Holder suggested that meetings of the Group could be scheduled for Thursday evenings, starting at 7.00pm, and the Group agreed with this.

**Resolved:**

(1) That future meetings of the Group be arranged on Thursday evenings starting at 7.00pm, in line with the draft Project Plan for the Leisure Management Contract Procurement.

**CHAIRMAN**