

Report to the Council

Committee: Cabinet **Date:** 1 December 2016

Subject: Award of Contract for the Management of the Council's Leisure Facilities.

Portfolio Holder: Councillor H Kane (Leisure & Community Services)

Recommending:

(1) That, on the basis of the Final Evaluation of the Tender Submissions and Financial Implications for the Council, the award of the contract for the management of the Council's Leisure Facilities to Places for People Leisure Management Limited be approved as the preferred bidder, with SLM Everyone Active as reserve.

1. In December 2014 the Council adopted a new Leisure and Cultural Strategy, which identified future need and the role that the District Council should play in the provision of opportunities for people to lead healthier lives, contribute to community wellbeing and provide social cohesion.
2. The most significant direct investment in Leisure by the District Council, is the four Sports/Leisure Centres managed under contract on the Council's behalf, by Sports and Leisure Management Ltd (SLM). As the 10 year contract with SLM was due to expire in January 2016 (subsequently extended to 31 March 2017), the Council has been engaged in a competitive dialogue procurement exercise to appoint a new external management partner, in order to deliver the Council's Key Objectives, with respect to the management of its Leisure Facilities.
3. To start considering the future level of service it wished to provide and importantly, what Leisure Management procurement and contractual options the Council may wish to pursue, it was agreed to appoint a Portfolio Holder Advisory Group (PHAG). The role of the Advisory Group has been to offer advice and guidance to the Leisure and Community Services Portfolio Holder in determining, not only the best procurement and contractual options, but also the service specification and scope of any new facilities.
4. Due to the complexity of the proposed approach and the amount of resource required to undertake the procurement process in the required timescale, the Council also engaged the services of specialist consultants to assist, Robin Thompson of RTP Consultants.
5. Having identified that Competitive Dialogue was the preferred procurement solution, the PHAG adopted a Project Plan encompassing a Three Phase approach:
 - (a) Phase I focused on the development of a Business Case and Procurement Strategy;

- (b) Phase II, the Procurement Phase, consisted of three distinct stages:
 - (i) firstly a pre-qualification where a shortlist was drawn up to a maximum of five bidders and an OJEU (Official Journal of the European Union) notice issued;
 - (ii) the second stage, an Invitation to Submit Detailed Solutions (ISDS) which included the development of Key Method Statements from the bidders for the delivery of the service; and
 - (iii) finally, the third stage, the Final Tender, where bidders submitted their best and final offer, with the evaluation and selection of the preferred and reserve bidder.
- (c) Phase III is primarily about contract mobilisation and handover.

6. It was agreed by the Cabinet on 8 October 2015 that the Business Case and Procurement Strategy for the Council's new Leisure Management Contract would:

- (a) be through a Design, Build, Operate and Management contract for a period of 20 years and deliver a new build replacement for Waltham Abbey Swimming Pool;
- (b) be based on the affordability levels identified seeking to maximise return on investment;
- (c) consider a detailed variant Business Case to include operating costs for a potential new Leisure Centre development at North Weald, with the option to either replace or retain Ongar and Epping Sports Centres;
- (d) enable the market to present options which are commercially more favourable to the Council; and
- (e) utilise the evaluation criteria within the Procurement Strategy to select the best future management partner.

7. On 10 November, Robin Thompson of RTP presented the results of the final evaluation. All three bidders had submitted proposals for not only the new Waltham Abbey Leisure Centre, but also for a significant investment in enhanced Health and Fitness Facilities at Loughton Leisure Centre (all subject to detailed planning approval).

8. With respect to the variant bid proposals sought for a potential new Leisure Centre, to replace the ageing facilities in Epping and Ongar at North Weald the bids demonstrated that potential additional savings could be generated (not including capital costs) of between £0.9million to £1.5million. However, at this stage, no decision is being made about the future of Epping Sports Centre or Ongar Leisure Centre, the variant bid was simply sought to allow discussions with any appointed contractor to commence against this benchmark, without the need to run a further procurement exercise. A decision will need to be taken in the next 3-5 years when the Local Plan should be adopted and the distribution of future growth clearer.

9. All of the bids received were of a good quality and were submitted by organisations with a significant track record in the industry of both operating and

developing new Leisure facilities.

10. The bids present different solutions to a number of issues such as the design of the new build and investment in the current centres. These were evaluated to present final scores as follows

Level 1 Criteria	Maximum %	GLL	Places for People	SLM
Services	40%	29.7%	32.4%	28.5%
Technical	10%	7.2%	8.2%	7.2%
Commercial	50%	37.4%	40.8%	41.4%
Total	100%	74.3%	81.4%	77.1%
Ranking		3	1	2

11. As can be seen from the table Places for People scored 81.4% and is the top ranked bid with SLM scoring 77.1% coming second. GLL also scored well with 74.3% in third place.

12. On considering the results of the final evaluation, the Cabinet is recommending to the Council that Places for People Leisure Management Limited be awarded the Contract for the management of the Council's Leisure Facilities as the preferred bidder, with SLM Everyone Active as reserve bidder. The bid of Greenwich Leisure Ltd, whilst still acceptable, represented the lowest overall benefit.

13. If agreed, the new Leisure Management Contract:

- will deliver an average annual revenue saving to the Council of £1,024,000, over 4 x the level of savings anticipated in the Council's Medium Term Financial Forecast and in total some £20.48m over the 20 year life of the Contract;
- generate external investment of £13.5m in new and improved Leisure Facilities for our community to enjoy and increasing the value of the Council's Assets;
- generate employment, not only during the construction of the new facilities but also through their ongoing operation; and
- importantly, see an increase in participation of 55% in use of the Council's Leisure Facilities with all the resulting health and wellbeing benefits for our residents.

14. Full details of the procurement process can be found in the report to Cabinet considered on 1 December 2016 (report C-048-2016/17 refers).

15. We recommend as set out at the commencement of the report.