

Public Document Pack

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A meeting of **Overview & Scrutiny Committee** will be held in Committee Room 2, East Pallant House on **Tuesday 19 January 2016 at 2.00 pm**

MEMBERS: Mrs C Apel (Chairman), Mrs N Graves (Vice-Chairman), Mr P Budge, Mr M Cullen, Mrs P Dignum, Mr N Galloway, Mrs E Hamilton, Mr G Hicks, Mr S Lloyd-Williams, Caroline Neville, Mrs P Plant, Mr H Potter, Mr J Ransley, Mr A Shaxson and Mrs J Tassell

AGENDA

- 1 **Chairman's announcements**
Any apologies for absence that have been received will be noted at this point.
- 2 **Urgent Items**
The Chairman will announce any urgent items that due to special circumstances are to be dealt with under the agenda item below relating to Late Items.
- 3 **Declarations of Interests**
Members and officers are reminded to make any declarations of disclosable pecuniary, personal and/or prejudicial interests they may have in respect of matters on the agenda for this meeting.
- 4 **Public Question Time**
The procedure for submitting public questions in writing no later than 12:00 on Monday 18 January 2016 is available upon request to Member Services (the contact details for which appear on the front page of this agenda).
- 5 **Leisure Services Procurement (Pages 1 - 7)**
Further to minute 28 of 17 November 2015 the committee is requested to consider the process followed in undertaking a procurement exercise to test the market for future management of leisure services and make any comments to Cabinet and Council.
- 6 **Late Items**
Consideration of any late items as follows:
 - a) Items added to the agenda papers and made available for public inspection.
 - b) Items which the Chairman has agreed should be taken as matters of urgency by reason of special circumstances reported at the meeting.
- 7 **Exclusion of the Press and Public**
There are no restricted items for consideration.

NOTES

1. The press and public may be excluded from the meeting during any item of business wherever it is likely that there would be disclosure of "exempt information" as defined in section 100A of and Schedule 12A to the Local Government Act 1972

2. The press and public may view report appendices which are not included with their copy of the agenda on the Council's website unless these are exempt items.
3. Restrictions have been introduced on the distribution of paper copies of longer appendices to reports where those appendices are circulated separately from the agenda as follows:
 - a) Members of the Overview & Scrutiny Committee, the Cabinet and Senior Officers – receive paper copies including the appendices.
 - b) Other Members of the Council – Appendices may be viewed via the Council's website.
4. Subject to the provisions allowing the exclusion of the press and public, the photographing, filming or recording of this meeting from the public seating area is permitted. To assist with the management of the meeting, anyone wishing to do this is asked to inform the chairman of the meeting of their intentions before the meeting starts. The use of mobile devices for access to social media is permitted, but these should be switched to silent for the duration of the meeting. Those undertaking such activities must do so discreetly and not disrupt the meeting, for example by oral commentary, excessive noise, distracting movement or flash photography. Filming of children, vulnerable adults or members of the audience who object should be avoided. (Standing Order 11.3)

Chichester District Council

**OVERVIEW AND SCRUTINY COMMITTEE
19 January 2016**

Leisure Services Procurement

1. Contacts

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2. Recommendation

- 2.1. The committee consider the process followed in undertaking a procurement exercise to test the market for future management of leisure services and make any comments to Cabinet and Council.**

3. Background

- 3.1 In April 2014, Cabinet agreed that an Options Appraisal be conducted to look at the various management options for the Council's leisure services. The key objective of the appraisal was to investigate, analyse and advise on the options open to the Council in relation to the future management and operation of its sport and leisure facilities.
- 3.2 In September 2014 the results of the Option Appraisal were presented to Cabinet. The Options Appraisal included a full operational review of the scope of services and identified areas for development to increase revenue. It considered the potential management options open to the Council and a suitable evaluation model to assess the options, given the Council's strategic and financial objectives. Each option was then evaluated against the current in house service delivery model.
- 3.3 The Option Appraisal identified that significant revenue savings could be achieved by the Council if it were to consider the option of procuring an external trust/private sector partner. Should the Council procure an external trust/private sector partner, further savings on support costs could also be expected.
- 3.4 Council, at their meeting on 23 September 2014 approved the Cabinet's recommendation that a procurement exercise is undertaken to test the market for future management of leisure services. The Project Initiation Document (PID) was also approved.

- 3.5 Funding of £105k was also released to assist with the procurement project including the appointment of specialist leisure consultants, Max Associates and specialist legal consultants, Trowers and Hamlins and VAT advisors, LA VAT.
- 3.6 Following advice from Max Associates a competitive dialogue procurement process was followed to ensure that European and the Council's own procurement regulations were followed. The key feature of competitive dialogue is that it allows the Council to enter into dialogue with bidders to develop solutions to meet its needs and to gain a greater understanding of their proposals.
- 3.7 A Task and Finish Group was established by the Cabinet Member for Community and Commercial Services. The aims and objectives of the Task and Finish Group was to: consider the scope to be included in the leisure management procurement exercise; consider the procurement route to follow for the project; the project timetable; consider the tender returns for the Leisure Management Procurement and recommend a preferred tenderer to Cabinet. A representative from this group was also asked to provide the link back to the Overview and Scrutiny Committee (OSC).
- 3.8 The outcomes for the project were that any management option must actively contribute to the Council's strategic objectives including increasing participation for adults and children, supporting initiatives to improve health and wellbeing and providing quality and affordable facilities across the district. In addition, the project must contribute towards the Council's deficit reduction programme, securing the future provision of quality leisure facilities for the benefit of the local community.
- 3.9 A Pre-Qualification Questionnaire (PQQ) to select bidders to participate in full dialogue was undertaken between October 2014 and February 2015. The PQQ was developed based on CDC's standard pre-qualification questionnaire with additional leisure specific questions. The PQQ focussed on six key areas which the organisations had to provide detailed responses to. The areas to be evaluated were: Background Information; Financial / Insurance Information; Health and Safety; Environmental Management; Equal Opportunities; and Further Information.
- 3.10 The Council received 11 PQQ's and following evaluation the five highest scoring companies were invited to submit detailed solutions (ISDS).
- 3.11 The ISDS was split in to technical and commercial criteria and the technical submission (40%) requested responses to the following 9 method statements:
- Capital investment proposals including repairs and maintenance schedules
 - Rural provision and outreach work with targeted communities
 - Partnership working and funding opportunities
 - Wellbeing activities and exercise referral schemes
 - Customer satisfaction
 - Contract performance management and key performance indicators (KPI's)
 - Use of digital technology to promote participation
 - Energy Efficiencies

- Staffing structures and training

Further details of the method statements can be found in Appendix 1.

3.12 The commercial criteria (60%) considered:

- Payment including benefit of capital investment and equipment replacement
- Viability of the business plan
- Added value investment proposals
- Other legal and commercial proposals
- Profit/surplus share proposals

3.13 Of the five companies invited to tender, three committed to return a detailed solution.

3.14 Evaluation of the ISDS submissions resulted in two contractors progressing to the next stage of Invitation to Submit Final Tenders (ISFT).

3.15 There were a number of key issues discussed with each of the bidders. Two competitive dialogue meetings were held with both contractors. These meetings included the Council's Senior Leadership Team and Project Officers. The meetings were also attended by the Cabinet Holder for Commercial Services and Chair of the Leisure Task and Finish Group.

3.16 The Management Team and Bid Manager of each contractor delivered a formal presentation to the Leisure Task and Finish Group, The Leader of the Council, the Council's Senior Leadership Team and Project Officers. The two companies were then invited to submit their ISFT. Both companies complied with the procedure and submitted valid returns.

3.17 The process outlined in the approved PID was followed and has confirmed that the savings identified in the option appraisal could be achieved should the Council decide to outsource the Management of the services. In addition the tenderers demonstrated that the Council's strategic objectives identified in paragraph 3.9 could be achieved.

3.18 Following a verbal report to the OSC on 17 November 2015 it was agreed that the Chairman of the Task and Finish Group attend the next OSC to feedback on the Leisure Procurement process.

3.19 The results of the evaluation will be presented to Cabinet and Full Council on the 26 January 2016 for decisions on whether to outsource and if so who the appointed operator should be – the latter being an executive decision that must be taken by Cabinet.

4. Outcomes to be achieved

4.1. The outcomes set for the procurement process were that any management option must actively contribute to the Council's strategic objectives including increasing participation for adults and children, supporting initiatives to improve health and wellbeing and providing quality and affordable facilities across the district.

- 4.2. If the decision is to outsource the services then all staff will transfer under TUPE regulations ensuring that all current terms and conditions will be protected in accordance with the regulations. The contractor would also be required to continue to offer the Local Government Pension Scheme to existing members and provide a comparable scheme for new employees.
- 4.3. In addition, the project must contribute towards the Council's deficit reduction programme, securing the future provision of quality leisure facilities for the benefit of the local community.

5. Alternatives that have been considered

- 5.1. Other alternatives were considered as part of the Options Appraisal considered previously by Cabinet and Council in September 2014.

6. Consultation

- 6.1 The Task and Finish Group established by the Cabinet holder for Community and Commercial Services has met seven times during the process and has attended presentations by the final two tenderers.
- 6.2 Three reports have been taken to the Joint Employee Consultative Panel to explain the project and the process regarding staff consultation and TUPE. A further report to JECP will be taken should the decision be made by Cabinet/Council to outsource the service.
- 6.3 A Staff Representative Group was established to assist with communication to the staff working in the leisure centres and sports development teams. Staff representatives came forward from all levels of staff both operational and management. Updates were provided to the staff representative group and the meetings were also an opportunity for staff to raise concerns either from themselves or their colleagues. All staff involved in the process have been written to twice to inform them of the process and to update them on progress.
- 6.4 Westgate Leisure Management Meetings were attended to provide regular updates to the management team as well as meetings being held with the Sports Development and Health Development Managers.
- 6.5 Letters were sent to all clubs and organisations that use the centres on a regular basis explaining the project and process and inviting them to make contact should they require further information or to discuss any concerns they may have. In addition, letters were sent to all partner organisations including sponsors such as University of Chichester and Natures Way Foods.
- 6.6 A press release was sent to all local media outlets and all Councillors and Parish Councils to inform the local community. Midhurst Town Council raised a few concerns regarding The Grange Community and Leisure Centre and these were addressed at a meeting in December attended by the Cabinet Holder for Commercial Services and Project Officers.

6.7 A newsletter with Frequently Asked Questions was developed and placed on the Council's website. In addition to over 1000 copies were made available in the leisure centres, library and Council offices.

7. Other Implications

	Yes	No
Crime & Disorder:		X
Climate Change:		X
Human Rights and Equality Impact:		X
Safeguarding:		X

8. Appendices

Appendix 1 – Method Statement Questions

9. Background Papers

None

Method Statement	Question
1	<p>The Council has identified some opportunities at Westgate Leisure Centre for capital investments that could be implemented to improve the net financial position of the Contract as well as to attract existing non-users and increase participation levels.</p> <p>The Council would like these development opportunities to be explored as part of the procurement, seeking an operator's input to develop these ideas further or to develop new ideas for capital investment which will contribute towards meeting the Council's objectives for the contract.</p> <p>Please provide initial details of projects/schemes along with high level cost of capital funding, timescales and return on investment over the period of the contract.</p> <p>How would funding for the projects/schemes be realised?</p> <p>Please provide your maintenance strategy and programme for the delivery of a sustained and improved service?</p>
2	<p>How will you support the delivery of the Council's Objectives within the centres and in the community both in the urban and rural areas of the district?</p> <p>In particular how will you support the inactive to become more active, how will you contribute to addressing health inequalities in the area and what is your approach to outreach work in particular in Targeted Think Family Communities to deliver these objectives?</p>
3	<p>How will you ensure that the work you do is coordinated and integrated with other local partners and stakeholders?</p> <p>What is your approach to being pro-active in gaining grants or funds through alternative avenues such as Sport England and other funding sources?</p> <p>Are there any grant proposals that the operator would seek to bring forward as part of the contract?</p>
4	<p>The Centres currently deliver a very successful Active for Health (Exercise referral) programme including back care, cancer, coronary heart disease, diabetes, asthma, ante and post natal, anxiety, stress and depression.</p> <p>The Centres also work closely with the Council's Health Development Team to deliver a 'First Steps to Fitness scheme' funded by Public Health. Funding for this is currently secured until April 2016 but it is envisaged this will be funded by Public Health moving forward but this is however not confirmed.</p> <p>Based on your experience what is your approach to delivering these types of services?</p> <p>What opportunities do you see for working in partnership with the Council to deliver these types of services?</p> <p>How would you make the activities sustainable in the light of reduced funding</p>

Method Statement	Question
	from Public Health?
5	<p>How would you measure whether your management of the centres meets and/or exceeds customer aspirations, in particular in relation to cleanliness, housekeeping standards and customer care?</p> <p>What quality awards, initiatives and strategies will you have in place throughout the contract?</p>
6	<p>What performance information will you provide to the Council to demonstrate your successful delivery of the Contract and how often?</p> <p>How will you measure the continuous improvement of service provision taking into consideration local and national agendas and delivery against the Council's objectives? What type of output, outcome and impact KPI's do you propose?</p> <p>How will your service in this Contract be benchmarked to demonstrate that the Council is getting excellent value for money whilst maintaining a high level of quality service and facilities?</p>
7	<p>The Council is keen to know how the use of IT, social media, on-line bookings, kiosks, website data analysis and Sport England Market Segmentation will be used to market regular users, in-frequent users and to engage new audiences and improve the intelligence the Contractor has of its customers.</p> <p>How will you make sure that these schemes complement and integrate with any campaigns/initiatives/events that the Council may be running?</p>
8	<p>The Council is committed to reduce the carbon footprint of the centres. Please outline any specific measures you would introduce at any of the centres to achieve these aims.</p>
9	<p>What is your approach to ensuring that there is always sufficient, suitably qualified and experienced staff at the centres?</p> <p>In addition what is your approach to employing local people, apprenticeship schemes, work experience and supporting the Council in addressing the worklessness agenda?</p>