

Chichester District Council

OVERVIEW AND SCRUTINY COMMITTEE 19 January 2016

Leisure Services Procurement

1. Contacts

Report Author:

Jane Hotchkiss, Head of Commercial Services,
Tel: 01243 534790 E-mail: jhotchkiss@chichester.gov.uk

Sarah Peyman, Sport and Leisure Development Manager,
Tel: 01243 534791 E-mail: speyman@chichester.gov.uk

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