

COMMUNITY AND LEISURE OVERVIEW & SCRUTINY PANEL – 17 March 2020

HEALTH AND LEISURE REVIEW

1 INTRODUCTION

- 1.1 On the 21st January 2020, Community and Leisure Panel received a report on the progress of the Health and Leisure Review.
- 1.2 This report provides an update on the progress that has been made since the last Panel meeting, including responses to the Invitation to Negotiation phase.

2 BACKGROUND

- 2.1 Members are committed to ensuring the long-term health and wellbeing of our communities through the provision and accessibility of quality and affordable leisure facilities.
- 2.2 Following Community and Leisure Overview and Scrutiny Panel recommendation, the Cabinet agreed in December 2018, for the Council to commence the process to identify a preferred partner to operate the 5 Health and Leisure Centres.
- 2.3 The Task and Finish group has met regularly to determine the Council's future requirements and agreed the Health and Leisure Vision.
- 2.4 A Customer Focus group with customer representatives from each of our 5 Health and Leisure centres meets on a monthly basis. A Staff Forum with staff representatives from each of the centres is in place and there is regular dialogue with our Trade Union representatives through the Employee Side Liaison Panel.
- 2.5 Regular meetings have been taking place with land owners – Hampshire County Council and a number of Schools.
- 2.6 An Evaluation Panel has been established, it consists of the Executive Head of Resources; the Head of Finance; the Service Manager for Health & Leisure, the Strategic Procurement Manager, and the Business Improvement Project Manager.
- 2.7 The Evaluation Panel was responsible for reviewing and scoring tender responses at the Expressions of Interest stage, and will also do so during the Invitation to Negotiate (ITN) and Best and Final Offer (BAFO) stages. They are also required to answer clarification questions from potential bidders. The Evaluation Panel reports the outcome of each stage of the evaluation to a Stakeholder Panel.
- 2.8 The Stakeholder Panel consists of the Portfolio Holder for Leisure and Wellbeing; Health and Leisure Task and Finish Group; Trade Union representative and Advisor from the Employee Side Liaison Panel; Staff representatives from the Staff forum; Customer representatives from the Customer Focus group; and representatives from our partnership schools.

3 PROCUREMENT PROGRESS – EXPRESSIONS OF INTEREST (EOI) PHASE

- 3.1 The EOI documentation was published on the 16th September, and bidders were invited to submit responses by the closing date of 18th October 2019.

- 3.2 A Bidder Open Day was held across the five centres on the 3rd October. The day opened with an introduction from Cllr Mark Steele, Portfolio Holder and Manjit Sandhu, Executive Head followed by a tour of the centres guided by the Health and Leisure management team. A Q&A session closed the day.
- 3.3 The Council received 6 Expressions of Interest from bidders by the closing date of 18th October 2019.
- 3.4 The Evaluation Panel initially reviewed the responses from bidders individually, and then met to compare scoring and reach a combined score for each of the responses. A score was given for each of the main scoring categories: Service Quality criteria: Organisation and Resources; Market Viewpoint and Outlook; Customer Experience and Continuous Improvement; and Experience, Track Record and References, and an overall score per bidder was agreed.
- 3.5 Once scores were established, the Evaluation Panel presented their findings to the Stakeholder Panel on the 7th November 2019. This included a list of the scores against each of the agreed categories, and examples of what made a high or low scoring answer.
- 3.6 It was explained that a score of 6 in any of the categories would indicate that the bidder was capable of delivering the service to the expected standards at a minimum. A score of 7 or above would indicate that the bidders could deliver above the expected standards. A score of 5 or below suggested that they fell short of what was expected.
- 3.7 Of the six bidders, four scored 6 or above in all categories and achieved the top ranking scores. Two of the bidders failed to achieve a 6 in one or more categories. It was therefore decided that the four highest scoring bidders would progress through to the next phase of the procurement.

4 PROCUREMENT PROCESS – INVITATION TO NEGOTIATE (ITN) PHASE

- 4.1 The Council completed a detailed Tender Pack which contained all the key information required by potential bidders. This included a Contract, Specification, financial information, condition survey output, a draft underlease and property information for each site, details of existing maintenance contracts, HR information, and a set of questions to be responded to in detail by bidders.
- 4.2 The Leisure Operating Contract was drafted by a combination of internal and external legal support. The contract sets out the services to be delivered, and includes information regarding the facilities, contract performance management provisions, change protocols, Council policies, draft underleases and payment mechanisms.
- 4.3 A key schedule of the Leisure Operating Contract is the Service Specification, which sets out requirements and provisions that any future Operator must adhere to. The Service Specification includes details of the Council's Vision, customer and user experience requirements, asset maintenance responsibilities, operational performance measures and a number of detailed appendices which describe our facilities and programming.
- 4.4 Draft underleases have been drawn up for each of the sites. A list of property requirements has been agreed with land owners (schools and Hampshire) which will be incorporated into the final versions of the underleases. These have been included in the Tender Pack for Operators.
- 4.5 The Performance Measurement System works at several levels.

- Performance Measures – 6 measures per site, which represent the requirements and provisions in the Contract and specification, and these will be monitored monthly. If an Operator fails to meet the minimum standards in any of these areas in any month, they will incur an agreed additional fee which will be due the following month. Measures cover Customer Experience, Memberships, Staff and Asset Maintenance.
 - Strategic Performance Indicators – linked to the Council’s Strategic Priorities established early on in the procurement and will be used to track the delivery of our Leisure vision and outcomes in the District.
 - Key Performance Indicators – a set of Operational measures which will be reported regularly to the Council. They cover Sales, Customer Service and Quality, Asset Management, Activity Programming, Environment, Social Value, Active Lifestyles, Finance and People (staff).
- 4.6 The four bidders who progressed through the EOI phase were formally invited to tender on the 29th November 2019.
- 4.7 Bidders were given the opportunity to undertake further visits, with some taking place in December and early January and others scheduled for later this month.
- 4.8 Bidders were invited to contact us with any queries and requests for further information. By the end of the process, around 150 requests were received which were responded to by the project team. These have covered a wide range of subjects, including details of our utility consumption, staff benefits, existing programming, maintenance contracts and updated accounts.
- 4.9 When the tender pack went live, the closing date was originally advertised as the 20th January. We received requests for an extension to ensure a thorough response from bidders, and the revised closing date was confirmed to be the 31st January.
- 4.10 We received 4 bids on the 31st January 2020. The evaluation panel met with all 4 bidders in mid-February and completed their full evaluation process by early March. Their recommendations on which bidder should move forward to the shortlisted stage were presented to Task and Finish group on the 2nd March and an update was provided to Employee Side Liaison Panel on the 5th March and the Stakeholder panel on the 12th March 2020. Bidders received notification by the 13th March as to whether they were successful/unsuccessful in moving forward to the shortlist stage of the procurement process.
- 4.11 Formal additional due diligence support from FMG consultancy in association with our legal advisors continues throughout the procurement process.

5 STAKEHOLDER ENGAGEMENT

- 5.1 In parallel with the procurement process, the project team will continue to engage with key stakeholder groups.
- 5.2 Regular Customer Focus Group meetings are an important conduit of information flowing openly and directly. These sessions, attended by users from each of the five centres, are ongoing, and last met on 12th March 2020. We continue to keep our customers up to date via our website.
- 5.3 The Monthly Health and Leisure Staff Forum continues to take place, with staff representatives attending from each of the five centres. The most recent session was

held on Monday 9th March 2020. We have recently introduced a dedicated page on our intranet (forestnet) for updates and staff Q&A's.

- 5.4 Regular meetings have been held with Trade Union representatives via Employee Side Liaison Panel to discuss the detail of the Employment provisions within the contract. The most recent meeting was held on 5th March.
- 5.5 Engagement continues with both Hampshire County Council and the schools regarding underleases, and also to confirm management agreements that will need to transfer to any new provider. The next round of face to face meetings are scheduled for mid to end of March 2020.
- 5.6 We continue to have ongoing dialogue with other Councils who have been through this process.
- 5.7 The Task and Finish Group continues to meet approximately every 3 weeks to receive updates including procurement process and stakeholder engagement.

6 PROVISIONAL PROCUREMENT TIMELINE

- 6.1 By the 13th March 2020, the shortlisted bidders will have been notified of the next stage of the process. We have provisional dates for negotiation in place at the end of March and Early April, where we will go through any areas of negotiation.
- 6.2 At the end of March, the evaluation panel and the task and finish group members will be meeting with the local authority referees and visiting reference sites for the shortlisted bidders.
- 6.3 We will be asking shortlisted bidders in late April to provide the council with their Best and Final Offers (BAFO).
- 6.4 The Evaluation Panel will evaluate the BAFOs and make a recommendation to Task and Finish group in early May as to the preferred bidder.
- 6.5 In mid-May the preferred bidder will present to customer and staff forums. There will be several sessions across the district at different times of the day including 5 evening sessions for customers. The staff sessions will be delivered at times to suit the various part-time staff working in our centres.
- 6.6 The Health and Leisure Task and Finish group will consider the comments from the customer and staff forums and propose a way forward including recommending a preferred bidder to the Community and Leisure Panel on the 16th June 2020.
- 6.7 Following the Community and Leisure Overview & Scrutiny Panel, the matter will be the subject of reports to Cabinet and Council on 1 and 6 July 2020 respectively.
- 6.8 If Full Council decide to award a contract to a partner to run the 5 Health and Leisure Centres, then the contract start date will be 2nd January 2021.

7 FINANCIAL IMPLICATIONS

- 7.1 At the previous panel meeting officers estimated a further 50k will be required to complete the process. Having now received the bids, we believe that external advice on proposed contract changes (as part of the negotiation stage) through to the final re-draft of the contract and associated documentation will be contained within this sum.

8 RECOMMENDATION

8.1 The panel notes this update report.

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Background Papers

Community & Leisure O&S September 2018
Health & Leisure Review

Community & Leisure O&S November 2018
Health & Leisure Review – T&F Group Report

Cabinet September 2019
Health & Leisure Review - Expressions of
Interest

Community & Leisure O&S September 2019
Health & Leisure Review

Community & Leisure O&S January 2020
Health & Leisure Review