

LEISURE, WELLBEING AND HEALTH COMMITTEE

18 JANUARY 2017

PART I - DELEGATED

3. LEISURE FACILITIES MANAGEMENT CONTRACT AND REDEVELOPMENT OF THE CENTRE, SOUTH OXHEY

1. Summary

- 1.1 The purpose of this report is to update the Committee on the evaluation of the Invitation to Submit Detailed Solutions (ISDS) outcome for the procurement of the new Leisure Facilities Management Contract (LFMC).

2. Details

Background

- 2.1 Following several reports on feasibility work to replace the current pool facility in South Oxhey (Sir James Altham), the Executive Committee in December 2013 resolved to note the recommendation from the South Oxhey Steering Group that a new Leisure facility be provided for South Oxhey, the preferred proposals being option 2b or option 3, subject to cost.
- 2.2 Option 2b is an extension to The Centre and option 3 is a full new build. Both options include a Swimming Pool (both main pool and teaching pool), a 4-court hall, fitness suite and youth club provision.
- 2.3 The current LFMC with Hertsmere Leisure Trust (HLT) ends on 31 March 2018. This consists of The Centre, Sir James Altham Swimming Pool (SJA), William Penn Leisure Centre and Rickmansworth Golf Course incorporating the Fairway Inn.
- 2.4 The Leisure, Wellbeing and Health Committee in September 2015 resolved to procure the new LFMC(s) for the development of The Centre, Rickmansworth Golf Course and William Penn Leisure Centre, **subject to costs**. In November, it resolved to tender the LFMC(s) into three lots: Lot 1, the Design, Build, Operate and Maintain (DBOM) of The Centre plus William Penn Leisure Centre and Rickmansworth Golf Course; Lot 2, The Centre via the DBOM route; and Lot 3, William Penn Leisure Centre and Rickmansworth Golf Course.
- 2.5 In addition, a condition of the LFM contract is that the existing Sir James Altham Pool would only close once the new facility is open.
- 2.6 The Council does not have to accept any bid and could pull out of the process at any time, right up until the signing of the contract.

3. Procurement Process

- 3.1 The following table outlines the status of the procurement process.

Key Actions – Decision Required	Implications	Timetable	Status
Procurement Preparation: <ul style="list-style-type: none"> Bids/Affordability/Evaluation Criteria Business Case Review Draft Documentation 	No financial commitment	June – October 2015	Completed
Members Approval – evaluation criteria/affordability/detailed business case	No financial commitment Commencement of Procurement Formal Funding Applications	November 2015	Completed
Advertise Opportunity & Bidders Open Day	No financial commitment	January 2016	Completed
Pre-Qualification (PQQ)	No financial commitment Shortlist 5 /6 bidders	Feb – May 2016	Completed
ISDS Shortlist	No financial commitment Shortlist 3 bidders Select Option to proceed Firm financial offers	June – Jan 2017	In Progress
ISFT – Preferred Bidder	Select Preferred Bidder(s) Firm Financial Offers and Funding	November 2017	
New Contract(s) Start		April 2018	

3.2 Following a Bidders' Day presentation in February 2016, there were 15 expressions of interest and 7 submissions were received at Pre-Qualification Questionnaire (PQQ) stage. All bidders were notified including the one unsuccessful bid.

3.3 Two of the bidders who were selected for the Invitation to Submit Detailed Solutions (ISDS) stage, dropped out of the process. The remaining four companies submitted mandatory bids: three for all three lots and one for Lot 1 only. Two of the bidders also submitted optional variant bids.

4. Evaluation of Invitation to Submit Detailed Solutions (ISDS)

4.1 The Detailed Solutions have been evaluated by an internal team of Officers supported by external legal advisers and an Independent Leisure Consultant. See Appendix A – ISDS Executive Summary Report.

4.2 The following table shows the evaluation model structure.

Level 1 Criteria	%	Level 2 Sub Criteria	Level 3 Sub Criteria
Services	40%	<ul style="list-style-type: none"> • Outcomes • Quality/Customer Care • Operational Delivery 	<ul style="list-style-type: none"> • Specific areas, such as Sports Development, Staffing, Health & Safety
Technical	10%	<ul style="list-style-type: none"> • Development/ Design • Planning Risk • Maintenance 	<ul style="list-style-type: none"> • Design and maintenance proposals • Environmental Approach
Commercial	50%	<ul style="list-style-type: none"> • Usage, Expenditure & Revenue • Affordability • Contract Acceptance • Capital Costs • Delivery & Risk 	<ul style="list-style-type: none"> • Deliverability of financials, financial, risk

5. Options/Reasons for Recommendation

- 5.1 The purpose of this report is to update the Committee on the evaluation of Invitation to Submit Detailed Solutions (ISDS) for the procurement of the new Leisure Facilities Management Contract. Officers are recommending to Committee the shortlist to Invitation to Submit Final Tender (ISFT), and recommend to Committee the 'lot' for the procurement of the new LFMC.

6. Policy/Budget Reference and Implications

- 6.1 The recommendations in this report are within the Council's agreed policy and budgets. The relevant policy is entitled:

Community Strategy 2012 - 2018:

Priority 1: Children and Young People's Wellbeing

Priority 2: Health and Disability

Priority 3: Adult Skills and Employment

Priority 4: Crime and Anti-Social Behaviour

6.2 **Three Rivers District Council Strategic Plan 2015 – 2018:**

1.1.1 Reduce anti-social behaviour and crime.

1.3.1 Improve and facilitate access to leisure and recreational activities for adults.

1.3.2 Contribute to partnership working to reduce health inequalities.

1.3.3 Provide a range of supervised leisure activities and facilities for young people.

2.1.2 Minimise waste and optimise recycling.

2.1.5 Minimise energy and water consumption, reduce CO₂ emissions and increase the use of renewable energy.

3.1.2 Champion the local economy.

4.1.1 We will strive to improve and maintain service standards for all services.

4.1.2 We will strive to improve and monitor customer satisfaction.

4.1.3 We will inform and update customers about the Council's work and services.

4.2.1 We will manage our financial resources to deliver value for money.

6.3 **Leisure and Community Services Service Plan 2016 – 2019**

7. Financial Implications

- 7.1 The Council set the following affordability levels for each Lot based on the current management:

- Lot 1 - zero
- Lot 2 - £130,000 payment from the Council
- Lot 3 - £130,000 payment to the Council

Lots 2 & 3 have a combined affordability level of zero

7.2 As the Council has access to loan funding at a lower rate than many in the private sector, in order to fund its capital projects and to improve the Council’s revenue position, all bidders were instructed to submit their bids on the assumption that the Council would be able to fund all the refurbishment costs from its own capital resources. The cost of borrowing was to be factored into the bidders’ submission in order to show if the bid was above or below the affordability threshold.

8. Legal Implications

8.1 At this point, only one of the bidders has submitted a full or detailed mark up. In most cases there is not even a detailed commentary of the terms of contract that the bidder would have proposed, despite being invited to do so. It is unsatisfactory that bidders have not shown their hand. However, this can be dealt with at the commencement of the next stage and will need to be raised with those bidders selected.

8.2 External solicitors have been instructed in so far as the DBOM contract is concerned and they are also reviewing the matter of leases of the venues. At this point, no “show stoppers” have been identified.

9. Equal Opportunities Implications

9.1 Relevance Test

Has a relevance test been completed for Equality Impact?	Yes
Did the relevance test conclude a full impact assessment was required?	No

10. Staffing Implications

10.1 The LFMC including the redevelopment of The Centre will require the time of the Project Manager (Major Projects) and Leisure Manager to oversee project management, consultation, and procurement. Input from Senior Management, Project Team, Finance, Planning, Legal, Property and Leisure will be required throughout the project.

11. Community Safety Implications

11.1 The local Police Community Safety Officers, Crime Prevention Liaison Officer and the Grounds Maintenance team will be consulted on the final design options for the redevelopment of The Centre.

12. Public Health Implications

12.1 The LFMC including the redevelopment of The Centre will enhance leisure facilities to provide opportunities to improve the health and wellbeing of the local community.

13. **Customer Services Centre Implications, Communications and Website Implications and Environmental Implications**

13.1 The website will be kept updated with progress on the project.

14. **Risk Management and Health & Safety Implications**

14.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

14.2 The subject of this report is covered by the Leisure and Landscape and Environmental Protection service plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within these plans.

14.3 The following table gives the risks if the recommendations are agreed, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
1	That the future of the Sir James Altham pool will ultimately be determined as a result of the age of the pool and the ongoing issues with the pool plant. If this occurs during the contract with Hertsmere Leisure this will have significant cost implications	IV	C
2	Scope of The Centre development needs final definition	II	B
3	Council delay decisions on Leisure Contract	III	D
4	Insufficient Capital available for new leisure facilities	IV	D
5	New contract does not provide value for money	III	E

14.4 The following table gives the risks that would exist if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
6	That the future of the Sir James Altham pool will ultimately be determined as a result of the age of the pool together with the ageing of the pool plant. If this occurs during the contract with Hertsmere Leisure this will have significant cost implications	IV	A
7	Less opportunity for Primary School aged children to attend swimming lessons in South Oxhey	III	D
8	The Council could be perceived as being unsupportive towards those aged over 60 and receive poor publicity if free swimming were to be removed	II	B
9	Increase in anti-social behaviour and crime.	III	B

14.5 Of the risks above the following are already included in service plans:

Description of Risk		Service Plan
No	1, 6, 8	Leisure and Landscape

14.6 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared

to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.

Likelihood	A				6		Impact V = Catastrophic IV = Critical III = Significant II = Marginal I = Negligible	Likelihood A = >98% B = 75% - 97% C = 50% - 74% D = 25% - 49% E = 3% - 24% F = <2%
	B		2,8	9				
	C				1			
	D			3,7	4			
	E			5				
	F							
		I	II	III	IV	V		
	Impact					→		

14.7 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

15. **Recommendation**

15.1 That the Leisure, Wellbeing and Health Committee approves the recommendations as set out in Part II of this report.

Report prepared by: Ray Figg, Leisure Manager

Data Quality

Data sources:

Data checked by: Kelly Barnard - Customer & Contracts Officer

Data rating:

1	Poor	
2	Sufficient	✓
3	High	

Background Papers

Reports to the June 2012 and September 2013 South Oxley Initiative Steering Group;
Reports to the June 2012 and December 2013 Executive Committee;
Reports to the September 2015 and November 2015 Leisure, Wellbeing and Health Committee.

APPENDICES / ATTACHMENTS

Appendix A – ISDS Executive Summary Report from RPT Consulting