

POLICY AND RESOURCE COMMITTEE – 19 MARCH 2018

PART I – PART DELEGATED

9. 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 Final Tender (ISFT) outcome for the procurement of the new Leisure Facilities Management Contract (LFMC).

2. Background

- 2.1 Following Policy and Resources Committee on 4 September, Leisure, Health and Wellbeing Committee on 6 September and Full Council on 17 October, the following recommendations have been approved:

to appoint Fusion as preferred bidder of the Leisure Facilities Management Contract from 1 April 2018;

to appoint SLM as reserve bidder of the Leisure Facilities Management Contract from 1 April 2018, in respect of their variant bid;

to award the Leisure Facilities Management Contract from 1 April 2018 to the preferred bidder, subject to final documentation being concluded with them;

to fund the £8.6 million capital required by the Preferred Bidder for the South Oxhey Design, Build, Operate and Maintain (DBOM) plus leisure management for William Penn and Rickmansworth Golf Course;

for the management fee to be profiled over the life of the Contract.

- 2.2 From the minutes of the Leisure, Health and Wellbeing Committee of 4 September 2017. 'The Chairman advised that should the Committee not appoint the preferred bidder, and instead appoint the reserve bidder, this would need to be ratified by Policy and Resources and Council.'

- 2.3 Dialogue took place with Fusion between October 2017 and January 2018 working towards agreeing the Leisure Facilities Management Contract. This also included the Council carrying out due diligence on Fusion. Towards the latter part of January 2018, Fusion withdrew from the procurement process.

- 2.4 On 31 January 2018, an update was sent out to all Councillors, advising: 'Following Fusion's withdrawal as preferred bidder of the Three Rivers DBOM and Leisure Management Contract, discussions will now proceed with the reserve bidder, Sports and Leisure Management (SLM). Fusion cited concern about their current trading environment and voiced doubts regarding their ability to resource the Three Rivers contract and to manage their risks associated with it in the current economic climate.'

The service commencement date of the DBOM and Leisure Management Contract will be deferred from 1 April 2018 to either 1 July 2018 or 1 October 2018, subject to a satisfactory outcome of discussions with SLM. Hertsmere Leisure Trust has agreed to an extension of its present Leisure Management Contract until 30 June 2018 with a further option to extend it further to 30 September 2018.

The Council continues to be committed to the proposed improvements at The Centre, including a brand new 25-metre swimming pool, learner pool and an enlarged fitness suite. It is the intention for the Sir James Altham Pool to remain open until the improvements have taken place at The Centre.

A report will be presented to Policy and Resources Committee in due course.'

2.5 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, up until the signing of the contract.

3. Current Position

3.1 Dialogue has taken place with SLM and they have confirmed that they would be willing to sign a contract based on their original variant bid submission. They have also submitted an optimised bid which gives the Council an improved financial position without any changes to the contract documentation and no additional risks to the Council.

3.2 SLM has confirmed that they are keen for a service commencement date of 1 July 2018.

3.3 Hertsmere Leisure has signed a Memorandum of Agreement which extends the present Leisure Management Contract until 30 June 2018, under the same terms as the present contract, including a nil management fee. There is also a clause which enables the Council to extend the Contract for a further 3 months i.e. 30 September 2018 providing it invokes the clause by the end of March 2018.

4. Options/Reasons for Recommendation

4.1 The purpose of this report is to update the Committee on the evaluation of the Invitation to Submit Final Tender (ISFT) outcome for the procurement of the new Leisure Facilities Management Contract (LFMC). Officers are recommending to the Committee that SLM's variant bid should be accepted and SLM will take over the new LFMC including the DBOM of the South Oxhey re-development.

5. Policy/Budget Reference and Implications

5.1 The recommendations in this report are within the Council's agreed policy but outside budget i.e. capital expenditure. Council is required to approve this change. The relevant policy is entitled:

5.2 Community Strategy 2012 - 2018:

Priority 1: Children and Young People's Wellbeing

Priority 2: Health and Disability

Priority 3: Adult Skills and Employment

Priority 5: Crime and Anti-Social Behaviour

5.3 Three Rivers District Council Strategic Plan 2017 – 2020:

1.1.2: Maintain the number of accredited open spaces, parks and woodland areas

2.3.1: Reduce anti-social behaviour and crime

2.3.2: Support vulnerable people

2.4.1: Ensure the safety of people in the district

2.5.1: Improve and facilitate access to leisure and recreational activities for adults

2.5.2: Contribute to partnership working to reduce health inequalities

2.5.3: Provide a range of supervised leisure activities and facilities for young people

2.5.4: Work with the Community and Voluntary sector to meet the needs of local communities

5.4 Leisure and Community Services Service Plan 2017 – 2020

6. Financial Implications

- 6.1 SLM presented their financial submission which included the management fee they were seeking to either pay to or receive from the Council and in addition the cost of financing the capital that they required.
- 6.2 SLM optimised bid is on the basis that the Council provide the capital identified above and the costs of the capital, identified above, will be the Council's costs.
- 6.3 SLM optimised bid presented a good quality submission and is submitted by an organisation with a significant track record in the industry of both operating and developing new facilities.

7. Legal Implications

- 7.1 Womble Bond Dickinson has and will continue to offer advice and guidance on the procurement of the new Leisure Facilities Management Contract (LFMC).

8. Equal Opportunities Implications

- 8.1 Relevance Test

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

9. Staffing Implications

- 9.1 The LFMC, including the redevelopment of The Centre, will require the time of the Project Manager (Major Projects) and Head of Community Services 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.

10. Community Safety Implications

- 10.1 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.

11. Public Health Implications

- 11.1 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.

12. Customer Services Centre Implications, Communications and Website Implications and Environmental Implications

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

13. Risk Management and Health & Safety Implications

- 13.1 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.

13.2 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.

13.3 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	E
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

13.4 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	Increase in anti-social behaviour and crime.	III	B

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

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

13.6 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			8				
	C				1			
	D			3,7	4			
	E		2	5				
	F							
		I	II	III	IV	V		
	Impact							

13.7 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.

14. Recommendation

That the Policy and Resources Committee agree:

- 14.1 to appoint SLM as the Preferred Bidder of the Leisure Facilities Management Contract from 1 July 2018;
- 14.2 to award the Leisure Facilities Management Contract from 1 July 2018 to the Preferred Bidder, subject to final documentation being concluded with them;
- 14.3 to recommend to Council on 19 March 2018 to increase the capital programme funding from £8.600 million to £10.073 million. This consists of £9.073 million being the capital required by the Preferred Bidder, SLM, for the South Oxhey Leisure facility Design, Build, Operate and Maintain (DBOM) project and £1.000 million required for the refurbishment of William Penn Leisure Centre and Rickmansworth Golf Course. Details of the associated revenue implications are shown in part II of the report.

Report prepared by: Ray Figg, Head of Community Services

Data Quality

Data sources:

Data checked by: Kelly Barnard – Leisure 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, November 2015 and January 2017 Leisure, Wellbeing and Health Committee.
Reports to the September 2017 Policy and Resource Committee, and Leisure, Wellbeing and Health Committee.