
Meeting: Executive

Date: 8 January 2013

Subject: Procurement of Leisure Management Contract

Report of: Cllr Brian Spurr Executive Member for Sustainable Communities – Services

Summary: To approve the procurement of a new leisure management contract for Flitwick Leisure Centre, Saxon Pool and Leisure Centre, Sandy Sports and Community Centre, with the ability to include Houghton Leisure Centre within which there will be a priced option to reopen the swimming pool.

Advising Officer: Gary Alderson, Director of Sustainable Communities

Contact Officer: Jill Dickinson, Head of Leisure Services

Public/Exempt: Public

Wards Affected: All

Function of: Executive

Key Decision Yes

**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

1. The procurement of this leisure management contract supports the following Council priorities:

- Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow
- Promote health and wellbeing and protecting the vulnerable
- Great universal services – leisure
- Value for money.

The management of leisure centres will support the target to ensure the number of adults in Central Bedfordshire taking part in sport and physical activity remains above the national average and help deliver actions in the Council's Health and Wellbeing strategy.

Financial:

2. Sport England's National Benchmarking Survey 2012 results rate the financial performance of these facilities in the top quartile significantly better than market averages generating surplus incomes for the Council.

As the leisure facilities are an existing service, funds are provided for in base budgets and within budgets in the Medium Term Financial Plan.

Legal:

3. The contract for the leisure centres at Flitwick, Saxon Pool and Sandy ends on 30 September 2013, following agreement by Executive 15 May 2012 to extend it to this date and the option to extend this contract for a further 6 months to the 31 March 2014 should this be required. This enables CBC to consider and determine its longer term role in respect of the provision and operation of leisure facilities in Central Bedfordshire, as it develops its Leisure Strategy
4. The contract for Houghton Regis Leisure Centre ends on the 31 March 2013; having operated as a dry side facility for a year, following agreement by Executive on 14 February 2012 to let the contract for one year with an option to extend on a year by year basis dependent on successful performance review. Following a review of this contract in October 2012, which demonstrated that it is achieving above targets across all areas, it has been decided to include the management of this facility in the procurement process for a longer term contract to be retendered with the three facilities at Flitwick, Saxon and Sandy, listed above.
5. The inclusion of the Houghton Regis facility in the tendering process will enable the potential economies of scale to be tested, with an option for it to be combined with the other 3 facilities, or continued to be managed as a stand alone facility. There will also be a requirement for a priced option to reopen the swimming pool.
6. This will require an extension to the Houghton Regis Leisure Centre contact so that it can be included in this procurement process. In the event that a decision on award of contract is for Houghton Regis Leisure Centre not to be included in the combined contract, then a separate procurement process will be required to determine its longer term future.
7. The Official Journal of the European Union (OJEU) procurement process (part B) applies to the contract. Part B services are those that the EU consider would largely be of interest only to bidders located in the Member State where the contract was to be performed. To achieve a contract start date of 1 October 2013 an OJEU notice needs to be placed by 25 January 2013.
8. In accordance with the Council's constitution, as the total contract value is above £500,000 then the Council's Executive must be informed and their approval sought. Following approval, the Executive need only approve the award of contract where the recommended contractor's tender exceeds the approved sum, or where there are exceptional circumstances.

Risk Management:

9. This Council has identified leisure as a priority in its Medium Term Plan 'Delivering Your Priorities - our plan for Central Bedfordshire' supporting investment in leisure facilities and activities over the next 4 years and is developing a leisure strategy to help increase take up in sport and physical activity with a key focus being on increasing access and use of leisure centres. Executive is considering approval of the Leisure Facilities Strategy, Chapter 1 at the same Executive meeting on 8 January 2012. Chapter 1 is the first chapter of a suite of strategies for leisure, with subsequent chapters comprising Recreation and Open space (Chapter 2), Playing Pitches (Chapter 3) and Physical Activity (Chapter 4) being developed and concluded by June 2013.
10. The contract will be for 7 years with a clause to allow it to be extended for a further 7 years with the agreement of both parties. The recommended length of contract is shorter than considered the norm for leisure management contracts because the Council is likely to be undertaking the majority of investment in the facilities.
11. In order to award a contract for a start date on 1 October 2013 the contract specification will be developed prior to all three Chapters of the Leisure strategy being concluded. A contract start date of 1 April 2014 would enable the outcomes of the Physical Activity Chapter (4) to be incorporated into the leisure management contract specification so that the contract can support the delivery of the Council's strategy. An advantage of this will be embedding a range of stakeholders requirements into the contract to ensure local outcomes and priorities can be delivered including those from Children's Services, (Looked After Children, Troubled Families, Children with Disabilities), Social Care Health and Housing (Vulnerable Older People), and Public Health which will support the Council's priority to promote health and wellbeing and protect the vulnerable. A further advantage is that the delivery of the proposed Flitwick Leisure Centre will be more clearly defined.
12. The procurement of the contract will use guidance developed by Sport England 'A procurement toolkit'. The toolkit provides information, resources and case studies for local authorities contemplating procurement of services and / or facilities in their area.
13. The leisure management contract will need to include sufficient flexibility / change mechanisms to allow subsequent amendments to be made to take into account any changes in policy or asset stock so that the facilities remains competitive and well maintained throughout the life of the contract. Included in the contract procurement process is the identification of risks which will be developed into a contract risk matrix which sets out the proposed risk allocation for the Council, Contractor or for shared responsibility.

Staffing (including Trades Unions):

14. The centres staff are employed by the current contractor. Transfer of Undertaking Protection of Employees (TUPE) Regulations will apply as necessary. The proposals contained in the report do not affect any Central Bedfordshire Council employees.

Equalities/Human Rights:

15. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
16. The procurement of a new leisure management contract aims to continue to provide leisure facilities, enhance customer experience and promote equality of opportunity, making sport and physical activity a regular part of life for all.

Public Health:

17. Leisure facilities are a key community health resource. A new leisure management contract will aim to ensure there is a sustainable and high quality sport and physical activity infrastructure for local communities to engage in regular physical activity to help prevent ill health, generate long term improvements in overall levels of health and wellbeing and thereby reducing the costs to society for the NHS and social care.

Community Safety:

18. Under section 17 of the Crime and Disorder Act the Council has a statutory duty to do all that is reasonable to prevent crime and disorder with its areas. Leisure facilities and the activities that they offer provide positive opportunities, particularly to young people, who may otherwise engage in activities that may be considered anti-social.

Sustainability:

19. Leisure Centres are significant contributors to the Council's carbon footprint (12%) and improving energy consumption/efficiency (which also has benefits in terms of running costs) will be an important consideration as part of a new contract.

Procurement:

20. The Council's Code of Procurement Governance provides that the Executive must approve expenditure before commencing any procurement over £500,000 per annum. The value of the contract exceeds this threshold. The Leisure Management contract for the facilities will be procured with the support of the Council's procurement team.
21. In preparation for the procurement process to retender the leisure management services for the 4 facilities concerned, consultants were appointed in August 2012 to undertake pre procurement work involving a market review, soft market testing exercise and affordability modelling to inform the Council's thinking with regard to future facility development and procurement of an operating partner for these facilities.

22. The findings from this pre procurement work have shown from the market review that there is positive interest in the potential for a contract with CBC from a range of commercial providers and Trusts in the industry. It is therefore anticipated that a reasonable number of operators will respond to the OJEU advert, prequalification questionnaire and submit tender bids. The work also confirmed that no private leisure operators are interested in bidding, mainly due to the limited scope for delivering sufficient financial profit margins.
23. There are a number of different procurement routes available to the Council including; Open, Restricted, Competitive Dialogue or Negotiated Procedure route. The leisure management contract is most suited to a Restricted Procedure route as the contract can be clearly specified and bidders are familiar with the process and its requirements. CBC procurement team support the use of this route.
24. With regard to any future capital investment, it is recommended that any potential capital improvements schemes would be procured separately to a leisure management contract at a time in the future when a capital scheme has been approved. This will also have the effect of maximising competition in the leisure management procurement, as a number of smaller leisure management operators could not compete for a contract including contraction works elements due to their more limited supply chains.

Overview and Scrutiny:

25. The Leisure Facilities Strategy was considered by Sustainable Communities Overview and Scrutiny Committee on 13 December 2012. The Committee agreed a number of recommendations to be provided to the Executive including;
- That the Committee urges the Executive to consider reopening Houghton Regis Swimming Pool with immediate effect with due consideration to financial implications.

RECOMMENDATION:

Executive is recommended:

to approve procurement of a leisure management contract for Flitwick Leisure Centre, Saxon Pool and Leisure Centre, Sandy Sports and Community Centre, with the ability to include Houghton Regis Leisure Centre within which there will be a priced option to reopen the swimming pool, in accordance with the Council's Code of Procurement Governance.

Reason for Recommendation: To ensure the continuation of leisure centre provision, test economies of scale in bringing four leisure centres within one contract and market test reopening Houghton Regis Leisure Centre swimming pool.

Background

26. CBC plays a critical role in ensuring the local community has access to high quality sports and leisure facilities with the overall aim of increasing participation in sport and physical activity amongst the general population and this having a positive effect in areas such as health and wellbeing and social inclusion.
27. Procurement of a new contract supports the delivery of a number of Council priorities as set out in the Corporate Implications of this report, and supports the implementation of the Council's Leisure Strategy, with Chapter 1 Leisure Facilities Strategy to be considered for approval by Executive on 8 January 2013.
28. The proposed procurement route will enable consideration of re-opening of the Houghton Regis Leisure Centre swimming pool to be made with due consideration of the financial implications as recommended by the Overview and Scrutiny Committee.

Conclusion

29. Executive is recommended to approve the procurement of a leisure management contract for the facilities set out in this report.

Appendices:

None

Background papers and their location: (open to public inspection)

Leisure Facility Strategy www.centralbedfordshire.gov.uk