



Report to Cabinet

Date:	12 December
Title:	Contract Award – Leisure Centre Management
Cabinet Member(s):	Cllr Clive Harriss, Cabinet Member for Culture and Leisure
Contact officer:	Sue Drummond, Head of Leisure
Ward(s) affected:	Multiple wards, as a council-wide service
Recommendation:	To agree the recommendation to award the contract to operate the Council’s leisure facilities at Aqua Vale Swimming and Fitness Centre (Aylesbury), Swan Pool and Leisure Centre (Buckingham), Little Marlow Athletics Track, Evreham Sports Centre (Iver) and the Beacon Centre (Beaconsfield) to the preferred bidder as detailed within Confidential Appendix 1.

Reason for Recommendation:

- i. The Council has undertaken a competitive procurement procedure with negotiation for the tender of its Leisure Management Contract for the above facilities, for the period commencing 1 April 2024 until 30 June 2029 (with an optional extension of up to 12 months).
- ii. The contract period is designed to allow opportunity for further harmonisation of operating arrangements when the operator contract covering leisure centres in High Wycombe, Princes Risborough and Marlow expires in 2029.
- iii. The award of the contract as recommended will enable delivery of the income targets for the leisure portfolio within the Council’s existing Medium Term Financial Plan.

1. Executive summary

- 1.1 This report sets out the procurement approach and outcomes and how this will benefit residents.

1.2 The full procurement evaluation report, financial information and details on the preferred bidder are set out in the Confidential Appendix 1 to this report.

2. Background and context

2.1 Public leisure facilities and programmes play a key role in ‘strengthening communities’ by supporting and encouraging adults, children and young people to be more physically active, which in turn improves health inequalities and reduces the life expectancy gap. There are currently more than 3 million visits to the Council’s leisure centres across Buckinghamshire each year and this has continued to increase.

2.2 As a new unitary authority, Buckinghamshire Council inherited five different operator contracts for its leisure facilities from the legacy councils:

Table 1 – Current leisure operator contracts

Operator	Locations	Contract end date
Everyone Active/SLM (Aylesbury area contract)	<ul style="list-style-type: none"> Aqua Vale Swimming and Fitness Centre (Aylesbury) Swan Pool and Leisure Centre (Buckingham) 	March 2024
GLL (South Bucks area contract)	<ul style="list-style-type: none"> Beacon Centre (Beaconsfield) Evreham Sports Centre (Iver) 	March 2024
More Leisure / Serco Leisure	<ul style="list-style-type: none"> Little Marlow Athletics Track 	March 2024
Places for People Leisure (Wycombe area contract)	<ul style="list-style-type: none"> Wycombe Leisure Centre Court Gardens (Marlow) Risborough Springs 	June 2029 (no option to extend)
Everyone Active/SLM (Chiltern area contract)	<ul style="list-style-type: none"> Chiltern Pools (Amersham) Chalfont Leisure Centre Chesham Leisure Centre 	March 2035 (option to extend 5 years)

2.3 This procurement delivers the first stage of the Council’s plans to review and rationalise operating arrangements as contracts come up for renewal. It will replace the three contracts highlighted in green above with a single new contract which will run for a term of five years and three months. This contract period aligns to the expiration of the legacy Wycombe area contract, enabling a further opportunity for contract harmonisation if desirable at that time, to provide for greater economies of scale and efficiencies; and to allow the Council time to determine future needs for leisure facilities into the longer term, informed by the developing Local Plan.

2.4 The procurement approach was informed by external specialist consultancy support including soft market testing undertaken for Buckinghamshire and across the wider

leisure industry around the country, with consideration of the changed market circumstances post-pandemic.

- 2.5 The soft market testing exercise identified that operators are carefully considering the new contracts they bid for, as many have several contracts coming up for renewal (due to the pandemic, re-procuring leisure contracts was put on hold during 2020-2022, with many councils extending contracts where end dates were due). The Council carefully considered its specification and contract clauses to ensure that the tender was attractive to the market but offered residents value for money.
- 2.6 The Council has followed a competitive procedure with negotiation tender process, using Sport England template documents (contract and services specification) which were tailored to reflect the Council's outcomes and requirements for service quality and financial outcomes.
- 2.7 The Council set out its partnership philosophy with an operator based on the following principles:
- Mutual respect
 - A shared vision
 - A shared commitment to increasing participation in sport and physical activity and championing inclusivity in Buckinghamshire, particularly amongst identified under-represented groups, including, without limitation, disabled people
 - Proactive collaboration and cooperation
 - Partnership working with key public, private and third sector organisations involved with enabling and delivering opportunities for sport and physical activity participation
 - Effective and regular communication and reporting
 - A proactive approach to identifying new opportunities to develop or enhance the services.
- 2.8 The services specification referenced the Council's strategic outcomes in areas including the Corporate Plan, Opportunity Bucks (Buckinghamshire's local response to levelling up), Joint Local Health and Wellbeing Strategy 2022-2025 and Physical Activity Strategy, Climate Change and Environment. There are further references to Opportunity Bucks' outcomes and wards in the catchment area of the leisure centres within the contract, which were identified for specific focus of work to improve activity levels to support all programme outcomes, but specifically good mental and physical wellbeing and independent living.
- 2.9 The agreed evaluation framework for the tender evaluation is set out below.

	Evaluation Criteria and Weightings	% weighting
	Price / commercial	
1	Management Fee	20%
2	Viability of business plan	15%
3	Acceptance of contract terms and conditions	5%
	TOTAL	40%
	Quality	
1	Delivering Outcomes – active wellbeing service	20%
2	Delivering Outcomes – Opportunity Bucks	15%
3	New ways of working	10%
4	Research, intelligence, and product development	5%
5	Partnership working across the Buckinghamshire Council area	10%
	TOTAL	60%
	TENDER TOTAL	100%

2.10 The contract is designed to establish an appropriate balance of liabilities and risk between the Council and the operator. This includes:

- **Viability/deliverability of projected income to the Council:** the contract commits the preferred bidders to the financial terms of their tender regardless of leisure marketplace fluctuations and therefore places the risk of such fluctuations with the operator. The operator’s detailed breakdown of planned income and expenditure for each site is included in the contract, with underpinning rationale. Robust due diligence has been undertaken on all operators as part of the procurement process.
- **Covid/ future pandemic events:** In the event of any future pandemic arising which results in legislative intervention by Government in the interests of protecting public health, the Council will respond in line with any prevailing national legislation and guidance at that point in time. Experience has demonstrated it would simply not be possible to guarantee any position in respect of such future events as the response would, necessarily, be driven by the position taken by Government. Within the detailed preparation and negotiation in relation to this procurement process, the Council in taking careful account of the current view of the leisure market with appointed external expert

advisors (Max Associates and Trowers & Hamblins), recognised the commercial value to the bidding process in having provision for a short period (6 months) of continuing relief in the event of a future pandemic/epidemic once legislative restrictions had been removed.

- **Capital Investment:** given the length of the contract, to make it coterminous with the end of the Wycombe contract in 2029, the Council is not intending that significant works are undertaken as part of this contract. However, the option was provided for tenderers to define small scale improvements, facility/equipment upgrades that could be made to meet the Council's outcomes and improve the financial position and return of the contract. The Council set a maximum of £500,000 available for improvements to centres on this basis.
- **Contract mobilisation:** Following the contract award there will be a three-month mobilisation period to establish and embed the new contract requirements. This period will be carefully managed and monitored to ensure a successful launch of the new contract and to ensure business continuity is delivered. This period is prepared for and will be resourced thoroughly by the incoming contractor; our leisure operators are all very experienced in this process which is important both for the staff that will be transferring and for customers who will also expect a smooth transition of service.
- **TUPE:** There are no Council employees affected by this, it is a second and third generation contract transfer where staff will transfer to a new leisure operator. The full and detailed process will begin in January after the contract award.

3. Procurement outcome: submission highlights

- 3.1 The Council's existing contracts are managed by leading national operators in the sector and underpinned by strong partnership working, with all the current operators collaborating effectively both across the Council and with our wider partners to maximise the contribution of public leisure to the health and wellbeing of our communities.
- 3.2 Consequently, there has been strong competition from all these leading leisure operators for this contract opportunity, due to the strength of our existing relationships and the Council's procurement approach around combining contracts into the longer term.
- 3.3 **Quality** – it was known that these operators all have strong quality management, health and safety, sales and marketing, customer care, cleaning repairs and maintenance and related policies and procedures. The objective of the specific method statements included in the tender was to ascertain how the operators would deliver the Council's wider outcomes for health and wellbeing and focus resources in those demographic and geographic areas of higher health inequality and lower activity levels.

3.4 Key delivery commitments included:

- Participation – investment into centres and programming to significantly increase number of new people using the centres and overall throughput, particularly in swimming lessons, gyms and group exercise classes.
- Working with partners, including Leap (Active Partnership) and other stakeholders: education, health partners and public health, other Buckinghamshire leisure operators, Community Boards, voluntary sector, national governing bodies of sport, etc.
- Having a strong focus on understanding residents' needs, via user and non-user surveys.

3.5 Commitments under the council's strategic priorities included:

Strengthening communities

- Development and delivery of detailed Active Communities Plans with a dedicated resource to work with Council and other stakeholders to deliver the plan.
- Delivery of community-based activities, out of the leisure centres and in more deprived wards, particularly in Aylesbury and those wards of focus in Opportunity Bucks.
- Delivery of programmes in parks and open spaces.

Protecting the vulnerable

- Improved use of customer profiling to understand demographic and geographic gaps in users and to work with the communities to understand the barriers to being active and implement suitable interventions; examples being ladies only / teen sessions / learn to cycle schemes / working with social prescribers to enhance the referral programmes / chair-based exercises
- Strengthening connections and working with health partners
- Running Holiday Activities and Food programmes
- £1 holiday sport sessions
- Working in collaboration with the health and wellbeing service
- UK Active and Sport England sponsored programmes, for example This Girl Can/Good Boost
- Disability swim sessions.

Improving the Environment

- Centre-specific environmental plans
- Energy champions

- Supporting cycle to work schemes for staff
- Reducing single use plastics
- Supporting the council with any PSDS / SALIX funded proposals and implementation.

Increasing prosperity

- Demonstrate social value generated across the contract on an annual basis
- Expand Apprentice and work experience programmes including for young people NEET
- Increased employment opportunities at the centres
- Policies to promote volunteering by staff.

3.6 In relation to understanding the lessons from Covid and how services have and would continue to change, examples included:

- Digital transformation and improved use of data to evidence outcomes and impact
- Aligning programmes to wellbeing and mental health, not just physical activity
- More sophisticated and targeted marketing
- Awareness of the market in which centres are in and honing products and offer for a more bespoke approach
- Improved systems for identifying areas of inactivity and directly focusing on these
- More sophisticated approach to influence behaviour of people who are less active / not active.

4. Other options considered

4.1 Not applicable.

5. Legal and financial implications

5.1 This paper has been agreed with Legal Services, Procurement and Finance Services and representatives from these areas have been part of the procurement project team and were involved in the negotiation sessions. Procurement, Legal and Finance have also been an integral part of the tender evaluation process.

5.2 The tender exercise was conducted in compliance with regulation 29 of the Public Contracts Regulations 2015, which gives a contracting authority the flexibility to negotiate with selected suppliers to improve initial bids whilst maintaining minimum requirements set out in the invitation to negotiate.

- 5.3 The Council used the model Sport England 'Leisure Operating Contract'. The Council has used the template, a widely recognised and industry accepted standard, and made some adaptations to take account of local circumstances. It now reflects for example the Council's strategic requirements in relation to the term and extension period of the contract, and the Council's position in anticipating a surplus contract with a management fee payable to the Authority; and aligns some of the key timescales and contract management tools within the contract with the Council's existing contracts, to ensure consistency.
- 5.4 The minimum requirements (preserved in the specification for the services) where suppliers could not negotiate were: Core Centres in scope; Operator's Quality Management system; Website and booking system; Customer Services Policy and Complaints; Pricing – Operator shall provide a concessionary scheme; Staffing; Safeguarding; Cleaning; Marketing; Data and ICT Management; Health and Safety management; Major Incident Reporting; Equipment; Legislation and Policy; and Pool water quality.
- 5.5 As part of the contractual arrangement, the successful operator would be granted leases of the leisure centres in scope at a peppercorn rent in order that they can lawfully discharge their contractual obligations (i.e. deliver the services) at those sites. Those lease arrangements would end on expiry or termination of the leisure contract.
- 5.6 The contract awarded to the successful operator is framed as a surplus contract, meaning it is designed to manage relationships where an operator pays the employer (the Council) for delivering the services.

5a Director of Legal & Democratic Services comment

The Director has seen and approved this report.

5b Section 151 Officer comment

The proposal aligns contracts whilst maximising income streams to protect existing income targets within the Medium Term Financial Plan.

The £500k capital funding can be met from reserves and will form part of the 2024/25 Capital programme, subject to Cabinet approvals.

6. Corporate implications

- 6.1 The contributions that this contract will make to a range of corporate plan and wider priorities are set out in section 3.
- 6.2 Equality. An equalities impact assessment was undertaken and is kept under review and updated as and when required.

6.3 There are no other specific corporate implications; key requirements of the operators around Property, Health and Safety, Data Protection etc are all clearly defined and specified within the contract.

7. Local councillors & community boards consultation & views

7.1 Member engagement has been undertaken throughout the procurement process through the Member-led Leisure Board, and through regular discussions and briefings with the Cabinet Member for Culture and Leisure.

8. Communication, engagement & further consultation

8.1 The Communications Team is preparing the communications plan for when this new contract is awarded. The approach will be mindful of the Council's positive contract partnerships with other leisure operators and the need to maintain customer confidence.

9. Next steps and review

9.1 Should the recommendation be accepted, then the necessary steps will be taken to award the contract to the preferred bidder and commence mobilisation. A transition team will be established with regular oversight from the Cabinet Member to ensure the effective mobilisation of the new contract.

10. Background papers

Confidential Appendix 1: tender evaluation report covering the detailed financial outcome and recommendation.

11. Your questions and views (for key decisions)

If you have any questions about the matters contained in this report, please contact the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by email to democracy@buckinghamshire.gov.uk.