

TO: EXECUTIVE  
21 NOVEMBER 2017

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**CONTRACT AWARD FOR THE MANAGEMENT OF BRACKNELL LEISURE CENTRE,  
CORAL REEF AND DOWNSHIRE GOLF COMPLEX  
Director of Environment, Culture and Communities**

**1 PURPOSE OF REPORT**

- 1.1 To award the contract for the management of Bracknell Leisure Centre, Coral Reef and Downshire Golf Complex.
- 1.2 Whilst every effort has been made to reiterate the message that the three Leisure sites are not being sold, some information has been misinterpreted. To be clear there is no change in ownership of the three sites but there is a change in management from BFC to supplier C. The target date for contract start is the 1<sup>st</sup> March 2018.

**2 RECOMMENDATIONS**

- 2.1 **That the Executive awards the contract for the management of Bracknell Leisure Centre, Coral Reef and Downshire Golf Complex to supplier C.**
- 2.2 **That the contract with supplier C begins on the 1<sup>st</sup> March 2018.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 The recommendations are based on a detailed evaluation of all tender bids by an experienced senior management team from Environment, Culture and Communities Department, alongside colleagues from the Procurement and Transformation teams.
- 3.2 The assessment process followed the structure identified within the procurement plan which was previously agreed by the Executive. As such there was a 60% weighting towards cost and 40% towards quality for both Lots 1 and 2. Tenderers had to detail how they would provide elements of the service matched with relevant evidence and also provided detailed method statements. Consequently, the recommendations provide the best combination of quality and cost from all tenders submitted.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The alternative option to outsourcing the management of the three Leisure sites named above is to retain them in house. Whilst the sites have been successfully managed in house the financial pressures the Authority is currently under would mean that significant cuts would have to be made to service provision and staff. This option was not acceptable to the Council.

**5 SUPPORTING INFORMATION**

- 5.1 The review of Leisure is one of a number of Transformation projects which the Council is undertaking. The methodology for all the Transformation Programmes follows a classic strategic commissioning cycle of 'Analyse, Plan, Do and Review'. In relation to the Leisure review the following stages have been undertaken.
- 5.2 **Analyse phase** – A gateway review with Members was undertaken in July 2016 on the current status of Bracknell's leisure facilities, financial performance, user

information and potential options including outsourcing. Members concluded that the project team should proceed with market testing Bracknell Leisure Centre, Downshire Golf Course and Coral Reef with the potential for outsourcing them to a private sector or leisure trust operator if the procurement exercise proved successful.

5.3 **Plan phase** – A gateway review with Members was undertaken in December 2016 where the Heads of Terms for the potential outsourcing were agreed. These included –

- Details of protected groups and the options for review of clubs
- 10 year contract term plus potential for an extension of 5 years
- Staff arrangements
- Financial arrangements plus share of excess profits
- Quality requirements defined
- Clarity of maintenance responsibilities
- Risk sharing including property, pensions and utilities
- Performance Management and KPI's

5.4 These Heads of Terms were also presented to a public meeting held at Bracknell Sports Centre on the 5<sup>th</sup> January 2017.

5.5 A procurement plan was approved by the Executive on the 14<sup>th</sup> February which detailed the procurement strategy and split the sites into two lots -

- Lot 1 – BLC and CR
- Lot 2 - DGC only

5.6 The split of Downshire Golf Complex as a separate lot was due to the view that specialist golf operators are known to exist and this approach might have offered the Council better value for money or quality.

5.7 With the approval of the procurement plan by the Executive, Officers commenced a two part procurement exercise for the management of the three leisure sites. This began with an open invitation to the market for expressions of interest in managing the leisure sites. A large number of organisations expressed an interest and each of these was sent a selection questionnaire (SQ) to complete. The SQ set out minimum quality requirements required by the Council along with statutory financial and compliance thresholds.

5.8 A panel of Officers met in April and following evaluation suppliers that had met the high standards set by the Council were invited to complete a full set of tender documents.

5.9 A bidders day was held in May 2017 where the shortlisted companies were invited in to have a tour round the three facilities as well as having an opportunity to meet with the Executive Member for Culture, Corporate Services & Public Protection, Director of Environment, Culture and Communities and the project team.

5.10 During May the project team met with each bidder to discuss the draft contract which had been included in the invitation to tender (ITT) papers. Early debate was required so that BFC understood what issues might prevent the bidders accepting the contract

in full. Common ground was reached on the vast majority of issues most of which were due to misinterpretation of the contract or formatting inaccuracies.

- 5.11 The closing date for tender submission was the 17<sup>th</sup> July and a number of completed tenders were submitted which were evaluated by a team of Officers first individually and then coming together in order to agree a consensus score. Evaluation criteria is shown in appendix 1.
- 5.12 Each supplier was then interviewed by the Officer panel and the Executive Member for Culture, Corporate Services & Public Protection and following further clarifications a winning bidder was selected (supplier C).
- 5.13 Once the contract has been awarded and the relevant call in and standstill periods have elapsed a detailed mobilisation plan for the transition of management from BFC to the winning bidder will be agreed. The mobilisation period will take three months and will include meetings with the Public and staff to ensure that communication is clear and open. The transfer of management to supplier C will involve the TUPE transfer of circa 270 staff on existing BFC terms and conditions. Staff have been briefed a number of times by the Director of Environment, Culture and Communities staff will continue to be engaged until transfer. Trade Unions have been involved in discussion to date and will continue their involvement up to and beyond transfer.
- 5.14 In the contract there are four pricing elements which are described as –
- Protected Prices
    - Red Diamond Sports Club, Activate GP Referral, Wellbeing & Leisure Team, Fit for Life, Foster Carers
  - Club Prices
    - Bracknell & Wokingham Swimming Club, Bracknell Gymnastics Club Bracknell Lifesaving Club, Bracknell Sub Aqua Club; Bracknell Athletics Club, Downshire Golf Club, Easthampstead Golf Club, Easthampstead Ladies Golf Club
  - Core Prices
    - Predominately made up from the charges agreed by Council
  - Non Core Prices
    - Everything else
- 5.15 In line with the contract, Supplier C has agreed the following charges set out below -

#### **Protected Prices**

The Protected Prices can only vary if BFC agrees at its absolute discretion. Supplier C will not be entitled to vary any of the Protected Prices.

#### **Club Prices**

Subject to an annual increase in line with inflation Supplier C shall maintain the current Club Prices until 31 March 2019.

In subsequent years Supplier C can submit proposals together with supporting documentation and rationale to the Authority to change the Club Prices at the Facilities in excess of inflation but the Council is under no obligation to accept such proposals. The Council will consider the proposed changes to the Club Prices and shall either agree or reject the proposals. The Council's decision will be final.

#### **Core Prices**

Subject to an annual increase in line with inflation Supplier C will maintain the Core Prices until 31 March 2019.

In subsequent years Supplier C can submit proposals together with supporting documentation and rationale to the Authority to change the Core Prices at the Facilities in excess of inflation based on their assessment of market pricing (N.B The Council's current charging policy is market pricing). The Council will consider the proposed changes to the core prices and shall either agree or reject the proposals although changes to prices cannot unreasonably be withheld. The Council's decision will be final.

### **Non-Core Prices**

Supplier C can charge customers for activities not covered by the Protected Prices, the Club Prices and the Core Prices. These prices are not authorised by the Council but will be charged at market rates. Typically, these would include classes, new innovations and the like.

- 5.16 Bidder C is looking to increase training and development opportunities for staff that will enhance the partnership with BFC. Staff will be working for part of a large group and as such employment and promotion opportunities will be much greater than within the current Council Leisure structure.
- 5.17 As part of their tender submission Bidder C has proposed significant investment in all three sites. New equipment will be installed along with various building works which will enhance the sites and the quality of the experience for customers as well as creating a better working environment for staff. This investment is unlikely to be secured if BFC retained management of the sites but does now become possible due to the recommended partnership between Bidder C and BFC.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 The Borough Solicitor was part of the project Board

### Borough Treasurer

- 6.2 The Borough Treasurer was part of the project Board

### Equalities Impact Assessment

- 6.3 Equalities requirements are detailed within the contract and specification.

### Strategic Risk Management Issues

- 6.4 It is considered the proposed course of action minimises risks to the council, gives an enhanced provision to staff and customers and avoids possible reductions in service.

### Other Officers: Head of Procurement

- 6.5 The Head of Procurement is part of the procurement team

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 Members  
Public  
Staff  
Unions

### Method of Consultation

- 7.2 Gateway review meetings, Public meetings, Staff meetings Forestviews

### Representations Received

- 7.3 A number of questions were asked at the public meeting in January 2017 and these have been answered as part of a Q&A sheet.

### Background Papers

Gateway review analyse phase report July 2016  
Gateway review plan phase January 2017  
Procurement plan February 2017

### Contact for further information

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## Appendix 1 – Evaluation Criteria – published in tender documents

- 1.1 The quality criteria and weightings used for evaluation are shown in Table 1 below.
- 1.2 Each lot was evaluated and a winning bidder identified for each lot separately.
- 1.3 Contractors bidding for more than one lot were asked to bid for a combined option and identify any quality advantages or financial efficiencies driven by the combination. A winning bidder was identified for the combined option.

**Table 1 – Evaluation Criteria for Lot 1 (BLC & CR), for Lot 2 (DGC) and for the Combined Option (BLC, CR & DGC)**

**Total Price (Management Fee) 60%      Quality Criteria (see below) 40%**

<b>Quality Criteria: Detailed breakdown</b>	<b><u>Weighting</u></b>
<b>Method Statement 1</b> The facilities and services are operated in the most efficient and effective manner.	<b>20%</b>
Quality Systems	2
Performance Management	1
Ensuring a Safe Environment	3
Maintenance programmes and approaches	4
Staffing	3
Cleaning and Housekeeping	3
Environmental and Energy Management	1
Contract Mobilisation	2
Catering, Functions and Vending	1
<b>Method Statement 2</b> The facilities are accessible and promoted to ensure maximum utilisation and satisfaction.	<b>8%</b>
Pricing Requirements and Opening Hours	1
Marketing and Promotion	2
ICT Systems	1
Activity Programming	2
Customer Relationship Management	2
<b>Method Statement 3</b> The facilities and services are developed in line with the Council objectives and customer expectations.	<b>5%</b>
Proposals for Development	5
<b>Method Statement 4</b> Financial Proposals Robustness.	<b>7%</b>
	<b>40%</b>