



Appointed Leisure Facilities Provider

Executive Portfolio Holders:	Mike Best, Health and Wellbeing Peter Seib, Finance and Legal Services
Strategic Director:	Nicola Hix, Director – Strategy and Support Services
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Purpose of the Report

1. The purpose of this report is to officially inform members on the outcome of the procurement process for the operation of Council leisure facilities from 1st April 2021, and to request approval of the increased capital and revenue budgets needed to achieved the desired returns associated with the appointment. The Council's leisure facilities include Goldenstones Leisure Centre, Wincanton Sports Centre, Westlands Sport and Fitness Centre and the new leisure centre being constructed in Chard.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of May 2021. The report has been brought forward as there are financial implications that require approval by Council.
3. The report is exempt from disclosure or publication under category 3 of part 1 of Schedule 12 (A) to the Local Government Act 1972 as amended by Section 1 of the Local Authorities (Access to Information (Variation) Order 2006 as the information is commercially sensitive). This exemption applies to Appendices B-D only.

Public Interest

4. The operation of the Council's indoor facilities in Yeovil and Wincanton (Goldenstones, Westlands Sport and Fitness Centre and Wincanton Sports Centre), was previously transferred to a specialist leisure operator to deliver financial efficiencies and improved service delivery for all sites. Goldenstones was the first site to transfer in April 2011. The Council considers there is public benefit in seeking a cost effective manner of continuing this discretionary offer.
5. The Council plans to open a new leisure facility in Chard before the end of 2021. The operation of this new facility will be included within the new leisure contract.



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6. In December 2019 members considered a management options report and agreed that officers should work towards appointing an external operator to run all of the Council's leisure facilities for a minimum of 10 years from 1 April 2021.

Recommendations

7. That the District Executive recommend to the Council to approve the following:
 - a) The appointment of Wealden Leisure (trading as Freedom Leisure) to manage the Council's leisure facilities;
 - b) A total capital budget of £3.495m for 2021/22, being an increase of £2.46m on the existing budget, to be funded as detailed in Appendix B;
 - c) An increase in the revenue budget for 2021/22 and 2022/23 (of £574k and £557k respectively) to be funded from the MTFP support reserve.
 - d) Note the additional net income stream to the Council arising from this contract (from 2023/24), as described in Appendix B, and the review that will be undertaken on how this income will be utilised.

Background

8. South Somerset District Council (SSDC) has been working towards delivery of a new contract for the operation of leisure services, including maintenance of the building facilities, with a start date of 1st April 2021.
9. The procurement approach used to achieve this was a competitive dialogue process with negotiation, taking four bidders to the final round, ahead of selecting a preferred bidder.
10. In December 2020, District Executive agreed that a report should be brought back for information by April 2021 with details of the new operator including key terms of the appointment.
11. The specific outcomes required from bidders via the leisure procurement are detailed in Appendix A.
12. District Executive delegated authority in December 2020 to the Specialist, Strategic Planning in consultation with the Leader and Portfolio Holder for Health and Wellbeing to appoint a preferred operator following the scoring of final tenders by the Council's evaluation panel.
13. The preferred bidder identified through this process was Wealden Leisure (Trading as Freedom Leisure), following officer's assessment of the bids against the agreed cost and quality criteria. Wealden Leisure Limited is a genuine not for profit organisation with HMRC approved exempt charity status. Freedom Leisure currently manage 106 facilities for 24 council partners, schools and academies and have a good track record of delivery.

Report

Expected contract Outcomes/Outputs

14. The procurement outcome was assessed by a panel of 7 specialist officers (including finance) and an experienced external leisure consultant and is based on the most economically advantageous tender received in respect of price/quality ratio. Freedom Leisure achieved the highest score of the final 4 bidders, making theirs the most economically advantageous tender.
15. The evaluation outcome has been reviewed by the Portfolio Holder for Health and Wellbeing, Leader and Senior Leadership Team prior to external notification of preferred bidder.
16. A summary of the key benefits of the preferred bidder's offer are as follows:
 - a. Close alignment with the Council's own corporate objectives and outcomes set out within the procurement documentation
 - b. Manage Council capital investment to deliver improvements at all sites commencing October 2021 including new gym equipment at all sites within year 1, increased studio provision and remodelled reception/gyms/studios at Goldenstones, new cycling studio at Wincanton and improved catering offer, expansion of gym and new spin studio at Westlands.
 - c. A strong community delivery plan that will tackle inequalities including appointment of an active communities' outreach programme in target areas (delivering activity programmes beyond the confines of the leisure centres). See appendix C for an overview of the Activity Communities framework proposed.
 - d. Offer of free swimming for target groups
 - e. Extended opening hours at proposed at all sites following the lifting of Covid restrictions – an increase of 884 hours per year above specification requirements.
 - f. Innovative marketing programmes proposed such as "Fit Street" – targeted campaigns in localised areas.
 - g. Commitment to delivering high quality services – through improving Quest scores (a rigorous industry quality scheme), increased user satisfaction levels and increased memberships.
 - h. Sustainability/ Environmental improvements – through reduced CO2 emissions, reduced energy use and decrease in waste
 - i. Increases in participation at the leisure centres to more than 550,000 visits per annum, particularly from target groups, including people with disabilities, women and girls, young people, BME groups and older people.
 - j. A commitment to delivering social value which will be rigorously measured via the Social Value Portal.
 - k. An increase in participation at all sites
 - l. Transfer of maintenance liability from the Council to the operator (with good levels of investment in annual maintenance budgets to maintain facilities to a good standard).

Legal Agreements

17. The new leisure contract commencing, 1st April 2021, will run for 15 years. Key features of the draft leisure contract and leases are detailed within Appendix D for confidential and commercial reasons.
18. The key terms of the operating contract are substantially agreed and will be signed when final operating and property issues are resolved. Therefore Freedom Leisure has initially been appointed on an interim basis via letters of intent until the legal documents are agreed and signed.

What will contract success look like in South Somerset?

19. We expect the new contract to deliver the following outcomes:
 - a. Enhanced leisure centres by April 2022, through the Council investing capital in the centers using the expertise and knowledge of the contractor, which will provide more fit for purpose facilities for the next fifteen years and beyond including the new Chard Leisure Centre facility
 - b. Increases in participation at the leisure centres to more than 550,000 visits per annum, particularly from target groups, including people with disabilities, women and girls, young people, BME groups and older people
 - c. Improvements to customer satisfaction which will result in repeat visits
 - d. Improvements in health, such as a reduction in the number of people with diabetes, obesity levels or people who smoke
 - e. A partnership approach to delivery, reviewing performance and refining delivery to meet the needs of South Somerset residents

Anticipated Performance Monitoring Arrangements

20. Financial performance will be monitored monthly on an open book basis for the first 2 years of the contract.
21. Performance monitoring reports will be provided by Freedom Leisure and reviewed quarterly by the contract manager, finance specialist and procurement officer.
22. Performance and delivery plans (including the Active Community Plan) will be reviewed by a strategic review group every 6 months. This group will include the Director for Strategy, Commissioning and Support Services, Portfolio Holder for Health and Wellbeing, Property Specialist, Healthy Self Reliant Communities COP lead.
23. An annual report will be presented to members by Freedom Leisure on an annual basis. This report will look at past performance but also allow members to shape delivery plans for the forthcoming year.



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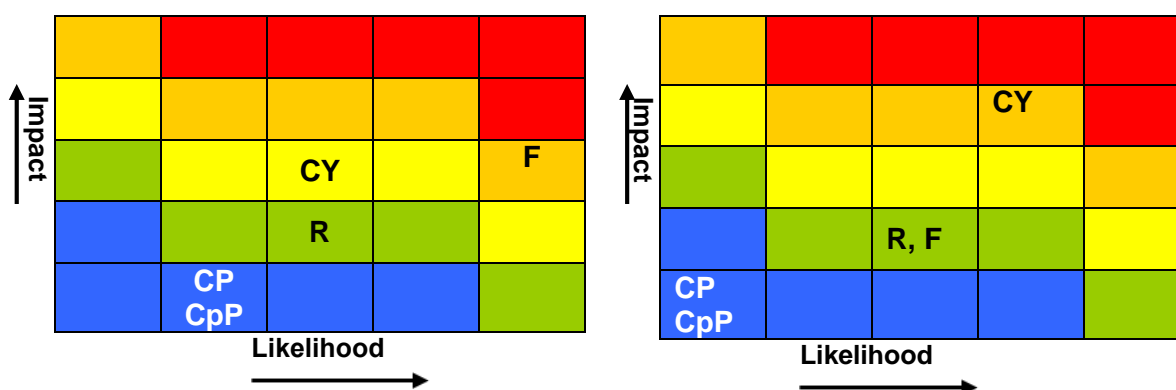
24. There will be a separate Project Board established, with both Freedom Leisure and SSDC personnel involved, for the duration of the planned capital improvement works.

Financial Implications

25. The financial implications are, for confidential and commercial reasons, given in Appendix B.

Risk Matrix

Risk Profile before officer recommendations Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R - Reputation	High impact and high probability
CpP - Corporate Plan Priorities	Major impact and major probability
CP - Community Priorities	Moderate impact and moderate probability
CY - Capacity	Minor impact and minor probability
F - Financial	Insignificant impact and insignificant probability

Council Plan Implications

26. The effective management of the Council’s leisure centres contributes to Council Plan aim to “improve health and reduce health inequalities” and to help the Council “to build healthy, self-reliant, active communities” by

- Helping people to live well by enabling quality cultural, leisure, play, sport & healthy lifestyle facilities & activities

Carbon Emissions and Climate Change Implications

27. The investment proposals put forward by Freedom Leisure are projected reduce carbon emissions by 269 tonnes per annum. Officers hope to use grant funding to further improve energy efficiency and carbon emissions at the leisure sites, but the impact of the potential additional measures are not yet known. Freedom



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Leisure are keen to engage with this additional design work being undertaken by the Council's own energy consultants.

Equality and Diversity Implications

28. An EIA was completed during the Commissioning Strategy phase of the procurement programme.

Privacy Impact Assessment

29. Data protection matters have been discussed with the Council's Data Protection Officer. A Privacy Impact Assessment has been undertaken.

Background Papers

30. Report to District Executive – December 2020