


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">16 APRIL 2018</p>	
<p>LEISURE CONTRACT RE-PROCUREMENT</p>	
<p>Report of the Cabinet Member for Environment, Transport & Residents' Services – Councillor Wesley Harcourt</p>	
<p>Open Report</p>	
<p>Classification: For decision Key Decision: Yes</p>	
<p>Consultation: Representatives of the Legal, Financial, Procurement, and Leisure Service teams have been consulted throughout this exercise and will continue to part of the project team managing this procurement until the contract is awarded.</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Mahmood Siddiqi – Bi-borough Director Highways & Parks</p>	
<p>Report Author: Jeremy Plester – Senior Project Manager (Leisure Services)</p>	<p>Contact Details: Tel: 020 7938 8175 E-mail: Jeremy.plester@rbkc.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report is seeking Cabinet permission to approach the market to procure a new contract for the management of the council's leisure and sports centre facilities. The current contract expires at the end of January 2019 and a new contract will need to be procured well in advance of this date as the process of transferring management responsibilities between the outgoing incumbent and the new contractor can be lengthy and complex.
- 1.2. Capital investment has resulted in substantial reduced management fees. Overall the current performance of the contracted portfolio is strong and indicates the potential for increased income. Officers are therefore confident that the new contract will result in a net positive financial contribution for the Council.

- 1.3. The leisure centres contract facilitates the delivery of a number of Council priorities including health and wellbeing, the volunteering strategy, the engagement of the voluntary sector and education through the positive engagement of schools. It directly contributes to the Councils' vision of taking pride in Hammersmith and Fulham and striving to be the best.
- 1.4. The outputs from the leisure management contract closely align with a number of indicators within the Public Health Outcomes Framework, particularly 'Utilisation of green space for exercise/health reasons' and the proportion of physically active and inactive adults' indicators. The outputs of the contract also align with the priorities of the LBHF Health and Wellbeing Strategy. All of which positively and directly contributes to improving the quality of life of all our residents. Further detail and evidence is provided in sections six (6) and seven (7) of this report.
- 1.5. The appendices to this report provide additional information and implications in connection with the main report.

2. RECOMMENDATIONS

- 2.1. To approve the Business Case & Procurement Strategy for the leisure and sports centre facilities as set out in Appendix 1, attached to the report.
- 2.2. That delegated authority be granted to the Bi-borough Director Highways & Parks, in consultation with the Cabinet Member for Environment, Transport & Residents' Services, to award the contract for leisure and sports centre facilities to the successful tenderer.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To comply with the requirements contained in Contract Standing Orders which requires Cabinet approval before a regulated procurement exercise is commenced.

4. PROPOSAL AND ISSUES

- 4.1. The main leisure operator contract for the borough is currently held by Greenwich Leisure Limited (GLL) and this expires in January 2019. This contract covers the management of Lillie Road Fitness Centre, and Hammersmith Broadway Fitness and Squash centre. The borough has 3 other council run leisure facilities. Linford Christie Outdoor Sports Centre (LCOSC) is managed in-house. Fulham Pools is managed under a separate contract with Virgin Active (with a 50-year lease until end October 2050). Lastly, the Phoenix Fitness Centre and Janet Adegoke swimming pool is managed under a separate contract, also held by GLL and also expiring in January 2019.

Table 1 - LBHF Leisure Centres

Centre	Provider	Contract Commencement	Contract Termination
Linford Christie Outdoor Sports Centre	In-house	N/A	N/A
Phoenix Fitness Centre and Janet Adegoke Swimming Pool	GLL	4 th November 2017	31st Jan 2019 (without option to extend)
Hammersmith Fitness & Squash Centre	GLL	1 st February 2004	31st Jan 2019 (without option to extend)
Lillie Road Fitness Centre	GLL	1 st February 2004	31st Jan 2019 (without option to extend)
Fulham Pools	Virgin Active	30 th November 2001	17 th October 2050 (50 year lease)

- 4.2. **Proposal.** We are proposing to go out to tender for a new larger combined leisure contract that will package the majority of the portfolio together, (with the exception of Fulham Pools and the Linford Christie Outdoor Sports Centre (LCOSC)). The larger contract will make the combined package much more attractive to prospective bidders which will help to drive competition in favour of the council. It will also give the council more efficient and effective control over the management of the portfolio with fewer contracts. There are also efficiencies of scale to be gained by the winning contractor as the overall package is larger, which also helps to drive cost efficiency in favour of the council.
- 4.3. Fulham Pools is currently under a long-term lease and will therefore not be included in this exercise. LCOSC is currently managed in-house and is also not included in this exercise.
- 4.4. We are also proposing to include the provision of the borough's sports development activities in the new contract. This is very common practice in other leisure contracts and would require the transfer of existing council staff to the new operator through the TUPE process. The Sports Development team deliver a variety of activities directly linked to the leisure contract. Sports Development is the process by which sport is managed in order to ensure a positive change in sporting behaviour or physical activity throughout the community. This involves:
- Identifying the need for sport in the community.
 - Giving direction to sport and organisations providing sports services.
 - Creating links between various organisations involved in providing sport so that integrated frameworks exist.
 - Promoting sport within communities.

- Organising sporting activities in an effective way.

The main roles of Hammersmith and Fulham's Sports Development Team are to:

- Develop and communicate a vision of the significance of sport to the community.
- Identify and communicate the particular needs of the various parts of the community for sport.
- Play a lead role in identifying the sporting activities, which will meet these needs.
- Develop and facilitate partnerships to deliver these sporting activities.
- Supporting schools and clubs in their activities to ensure an integrated framework of sporting activities is provided in an effective way.
- Organise the service directly where no other organisation is placed to carry out this function.
- Measure and review the effectiveness of the sporting service.

- 4.5. **Issues.** Any outsourcing or transfer of contract may require that staff employed by the incumbent provider be transferred under TUPE regulations to the new operators.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. A Service Review Team (SRT) has undertaken a service review in accordance with Contracts Standing Orders. Appendix 1 sets out the commercial and procurement options, together with an analysis of these options.

6. CONSULTATION

- 6.1. Details of consultation undertaken by the SRT are given in Appendix 1 (Section 8).

7. EQUALITY IMPLICATIONS

- 7.1. The Council has had due regard to its Public Sector Equality Duty contained in Section 149 of the Equality Act 2010.
- 7.2. It is not anticipated that there will be any negative impacts on protected groups as no relevant change to current service is being recommended. The commissioning and procurement options will not impact on access by users of the service.
- 7.3. There are important inequalities in the amount of physical activity achieved between different communities which are likely to impact on future health and wellbeing. The LBHF Community Sport and Physical Activity Strategy 2017-2021 (available online) provides detailed information and sets out how the borough engages with residents and approaches inequalities in leisure activities. The existing service already proactively supports equality through

both the council's Sports Development programme and the activities of the individual centres, and will continue to do so throughout the new contract.

- 7.4. Implications verified and completed by: Peter Smith, Head of Policy and Strategy, tel. 020 8753 2206.

8. LEGAL IMPLICATIONS

- 8.1. The Council has power under the Local Government (Miscellaneous Provisions) Act 1976 to provide such recreational facilities as it thinks fit including the provision of buildings, equipment, supplies and assistance of any kind. The Council may make such facilities available either without charge or on payment of such charges as it thinks fit.
- 8.2. The Sport England contracts which are proposed to be used for the council leisure facilities were published in 2016 following consultation with local authorities and operators in the leisure industry. They have the benefit of being familiar to many external providers, they are comprehensive in the range of relevant issues they provide for and represent a balanced approach to management of the facilities.
- 8.3. The recommended procurement strategy using concession contracts where the operator's income is at financial risk allows the Council to adopt a flexible procurement procedure and negotiate commercial and legal issues with potential operators.
- 8.4 Implications verified/completed by: Andre Jaskowiak, Senior Solicitor, Shared Legal Services, tel. 020 7361 2756.

9. FINANCIAL IMPLICATIONS

- 9.1. The current performance of the Leisure Centres is a net cost of £23k, as set out in table 2 below:

Table 2: Financial Year 2017/18 - Financial position

Leisure Facilities	2016/2017 Outturn	2017/2018 Budget	2017/2018 Actual
	Net (£)	Net (£)	Net (£)
Lillie Road Fitness Centre	- 40,000	- 35,000	- 40,000
H F & Squash Centre - (Broadway)	- 35,000	- 35,000	- 35,000
Phoenix Fitness Centre	368,944	61,000	133,163
Leisure Pass	- 35,000	- 35,000	- 35,000
Total	258,944	- 44,000	23,163

- 9.2. Since 2016/17, due to capital investment, there has been a significant improvement in the financial performance of the Phoenix Fitness Centre which has enabled the Council to reduce the operating subsidy from £369k in

2016-17 to £133k in 2017-18. The proposed tender is expected to result in a net contribution of income to the Council.

9.3. Further analysis of the current performance of the centres and financial implications are set out in Appendix 1 (Paragraph 2).

9.4 Implications verified/completed by: Carmen Lomotey, Principal Accountant, Environmental Services Finance, tel. 020 8753 2721.

10. HR IMPLICATIONS

10.1 The re-tender of the existing contracts may have a secondary TUPE requirement should an alternative supplier be chosen. If this is the case the council and the transferring organisation would provide the new organisation with TUPE information and there may be implications for exit costs should the new organisation determine a reduction in staffing. This would be a workstream for due diligence during preferred bidder stage. Staff and trade unions will be consulted.

10.2 The inclusion of the Sports Development Team will require a TUPE transfer from the council to a new supplier. As part of the tender and TUPE discussions both the council and the preferred-bidder will undertake due diligence to assess the potential impact on staff potentially transferring and will undertake a consultation with the staff and trade unions.

10.3 Pension liabilities are still to be considered for any staff transferring out of the council and would be subject to the agreement of the Pensions Authority for the admission type, if any, of the new contractor into the pension scheme.

10.4 Implications verified/completed by: Mark Grimley, Director of Corporate Services, tel. 020 8753 1550.

11. IMPLICATIONS FOR BUSINESS

11.1. This is a major contract with the potential to create economic and social value, including creating business opportunities for local SME suppliers and employment and skills opportunities for local residents.

11.2. The commissioning team will work closely with the Economic Development Team to ensure that appropriate economic and social value is incorporated into the tender specification and implemented once the contract is awarded.

11.3. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583.

12. COMMERCIAL IMPLICATIONS

12.1. The Commercial & Procurement Division has worked with the SRT in preparing and agreeing the Business Case & Procurement Strategy as set out in Appendix 1.

Commercial implications

- 12.2. Details of the commercial implications identified by the SRT are given in Appendix 1 (Section 4).

Procurement implications

- 12.3. Details of the procurement implications identified by the SRT are given in Appendix 1 (Section 5).
- 12.4. The proposed long-term strategy to merge the contracts from the termination date of the current three contracts (Phoenix Fitness Centre and Janet Adegoke Swimming Pool, Hammersmith Fitness & Squash Centre and Lillie Road Fitness Centre) on 31st January 2019 and a competitive procurement process be undertaken in order to establish a borough-wide leisure management contract seeks to provide financial and operational benefits to the council and residents as detailed in the report
- 12.5. The service department will need to obtain Cabinet approval for any proposals to award an extension (depending on whether the contractor has performed well, met the KPIs and stated business plan). It is recommended that any proposal shall be presented no later than 31st January 2028 to provide an opportunity, if required, to retender the contract.
- 12.6. Implications verified/completed by: Joanna Angelides, Procurement Consultant, tel. 0208 753 2586.

13. IT IMPLICATIONS

- 13.1. The new supplier of the extended Leisure Centre and Sports Development Team services will be processing personal data on behalf of H&F, for example client information, staff data (including TUPE'd staff), schools and community information gathered as part of established partnership working. In addition to newly created data, established soft and hard copy information held by the in-house provider, current contractor and the in-house Sports Development Team will need to be migrated to the new provider. As such, a Privacy Impact Assessment is required as soon as possible to ensure all potential data protection risks are properly assessed and mitigating actions agreed and implemented to ensure a smooth transition, some of which will need to be included in the forthcoming tender packs. For example, a contract schedule or SLA that includes or incorporates H&F's information sharing agreement template and a Supplier Security Checklist to ensure the systems used by the new contractor comply with H&F's regulatory requirements.
- 13.2. The new contract needs to include H&F's new data protection clauses available from capitalEourcing as these are compliant with the General Data Protection Regulation (GDPR) in force from May 2018.

13.3. The only relevant technical or system implications associated with this procurement relate to decommissioning the systems currently used by the in-house leisure centre and Sports Development Team plus the transfer of data from these systems into those provided by the new supplier.

13.4. Implications verified/completed by: Ciara Shimidzu, Head of Information and Strategy, tel. 020 8753 3895.

13.5. **RISK MANAGEMENT**

13.6. No additional strategic risk management comments required for the strategy

13.7. Implications verified/completed by: Michael Sloniowski - Principal Consultant (Risk Management), tel. 020 8753 2587.

14. **OTHER IMPLICATION PARAGRAPHS**

14.1. **Health and wellbeing.** The LBHF Health and Wellbeing Strategy sets out how Health and wellbeing is being promoted in the borough. The operations of the council's leisure and sports facilities link directly into the strategy as they are widely used by residents. The council also runs a concessionary pass to encourage wider participation. This is discussed in greater depth in section 7 of Appendix 1.

LIST OF APPENDICES

Appendix 1 – Business Case & Procurement Strategy

APPENDIX 1:
REPORT RELATING TO
BUSINESS CASE;
PROCUREMENT STRATEGY; and
PROJECT MANAGEMENT AND GOVERNANCE
FOR LEISURE CONTRACT RE-PROCUREMENT

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

The Requirement. To approach the market to procure a new contract for an established operator to manage the council's leisure and sports centre facilities. This will be a single borough contract, sovereign to LBHF. The current operators contract is also sovereign to LBHF and expires at the end of January 2019. A new contract will need to be procured well in advance of this date as the process of transferring management responsibilities between the outgoing incumbent and the new contractor can be lengthy and complex.

The main leisure operator contract for the borough is currently held by Greenwich Leisure Limited (GLL) and expires in January 2019. This contract covers the management of Lillie Road Fitness centre and Hammersmith Broadway Fitness & Squash, and generates approximately £75,000 income for the borough annually. The borough has 3 other council run leisure facilities. Linford Christie Outdoor Sports Centre is currently managed in-house and is out of scope for this exercise, Fulham Pools which is managed under a separate contract with Virgin Active (50-year lease until end October 2050), and the Phoenix Fitness Centre and Janet Adegoke swimming pool which again is managed under a separate contract (which also terminates in January 2019).

The Janet Adegoke swimming pool and the linked gym facility at Phoenix High School are a dual use facility shared between the school and the council's leisure service. The council's leisure operator contract for the Phoenix Fitness Centre and Janet Adegoke swimming pool is a standalone contract. The contract is also held by GLL and is currently scheduled to expire in January 2019. The contract has historically been heavily subsidised by the council although following on from capital investment last year this subsidy has been significantly reduced and is expected to end the need for a subsidy by the end of the current contract term.

The activities within the sports and leisure management contract make a positive contribution to a variety of Council and community outcomes. This includes children and young people's access via multiple school and community learn to swim programmes, gym and classes for Secondary School pupils, as well as a venue for numerous junior community sports clubs supporting athletes to reach regional and national competition

By continuing to listen to the community and adapt the service to resident's needs, exemplified in extending women only and men only sessions in White City, we hope

that the future of leisure in the borough will aid the council to be the best in the country, by making it the happiest and healthiest.

The council's new Health and Wellbeing Strategy has key aims to support good mental health for all, support children and families to be healthier, and reversing the rising numbers of acquired long term health conditions. Access to good and varied leisure activities is proven to support each of these aims, and will help with making a difference to the council's community sport and physical activity strategy 2017-2021.

Rationale for contracting out the service.

The leisure market is well established and very specialised. The council does not currently retain the management expertise required for running such facilities internally so if there was a requirement to run the service in-house a completely new management and operational team would need to be employed. The current centre staff would also need their contracts transferred to the council via TUPE arrangements. This option would certainly increase the cost of running the centres for the council as we would miss out on the management and supply chain economies of scale delivered by contracting a large established provider with a wide portfolio, as well as the expertise gained from a wider portfolio. It would also mean that that risk and liability of centre operation would sit with the council.

Current contract performance.

Overall attendance numbers have increased steadily and the net cost of providing the service to each Hammersmith and Fulham resident has decreased from a significant subsidy to breakeven in 2018-19. As a result of the commercial approach taken, GLL has proved that it was possible to operate a council leisure centre without the need for public subsidy, and deliver a high quality service that generates a positive outcome for the Council.

The investment which has taken place throughout the course of the contract has brought significant improvements to the range and quality of leisure provision, has increased usage levels and has generated significant additional income to the Council.

It has become clear that the active role of the "client" or "contract management" team in the success of a service delivered through a contract is vital.

2. FINANCIAL INFORMATION

The current performance of the 3 currently contracted Leisure Centres is a net cost of £23k.

The detailed financial picture of the portfolio (budget and actual) is shown below in table 3:

Table 3: Financial Year 2017/18 - Financial position

Leisure Facilities	2016/2017	2017/2018 Budget			2017/2018 Actual		
	Net (£)	Income (£)	Expenditure (£)	Net (£)	Income (£)	Expenditure (£)	Net (£)
Lillie Road Fitness Centre	- 40,000	- 35,000		- 35,000	- 40,000	-	- 40,000
H F & Squash Centre - (Broadway)	- 35,000	- 35,000		- 35,000	- 35,000	-	- 35,000
Phoenix Fitness Centre	368,944		61,000	61,000	-	133,163	133,163
Leisure Pass	- 35,000	- 35,000		- 35,000	- 35,000	-	- 35,000
Total	258,944	- 105,000	61,000	- 44,000	- 110,000	133,163	23,163

In 2016 the Council invested £265k in Phoenix Leisure Centre which has significantly reduced the ongoing subsidy from £369k in 2016/17 to £133k in 2017/18 and has increased the centre's ability to improve income and membership. Working in partnership with the School increasing community time and access has, along with previous swimming initiatives funded by the Education Department, has helped improve the performance of the centre.

Consequently, the net cost of currently contracted services has been reduced from £259k in 2016/2017 to £23k in 2017/2018.

Based on this improved performance the new contract should result in net income payable to Council. However, it is not possible to provide estimates of future income at this stage as this is largely dependent on the supplier's business model and investment.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

Table A – Options Appraisal					
Options	Title	Description	Benefits	Drawbacks	Recommended
Option 1	Do nothing	The council could in theory opt to let the contracts expire and close the council run public facilities.	Some marginal internal savings of contract manager and maintenance costs.	There would be a significant loss to the council's leisure and fitness offering and potential backlash from users and residents. There would inevitably be human resource issues to resolve including redundancy costs.	✘
Option 2	Manage the facilities in-house.	The council could opt to bring the management of the facilities in-house and run the centres without a contracted external operator.	Full internal control of the service operations.	The council does not currently retain the management expertise required for running such facilities internally so a new management team would need to be employed. The operational staff would also need to be employed by the council via TUPE arrangements. This option would certainly increase the cost of running the centres for the council as we would miss out on the management and supply chain economies of scale delivered by contracting an established provider with a large portfolio, it would also mean that that risk and liability of centre operations sit with the council.	✘
Option 3	Re-procure new contracts maintaining the existing multi-contract arrangement	The council could re-let the expiring contracts in their current format keeping the Phoenix Fitness Centre under a separate contract to the rest of the portfolio.	Fewer amendments required to the contract specification documents prior to tender.	Inefficient portfolio management and missing out on economies of scale. More contracts mean a more complicated management arrangement for the service, more meetings, more points of contact and differing contract specification to manage. This also means potentially differing brands and operations practices throughout the borough's portfolio. The larger contract package is more attractive to potential bidders and will help the council achieve the most financial benefit from this exercise.	✘
Option 4	Procure a single new combined contract covering the whole portfolio (not including Fulham Pools or	Approach the market to tender for a single new combined contract covering the whole portfolio with the exception of Fulham Pools and LCOSC. Fulham pools is out of scope	This will allow the council to manage the majority of the portfolio under a single contract. This is the simplest, most efficient, and most effective option. It minimises the	None that can be identified.	✔

	LCOSC)	<p>for this exercise given the complication and cost of buying out the existing long term lease, and LCOSC is managed in-house.</p> <p>The provision of the current Sports Development staff also to be included in with the new contract.</p>	<p>workload for the contract management team as there is one point of contact and shared messages and practices through the contract. It also maximises the specialist expertise, resource, and supply chain efficiency gained.</p> <p>Combining the sports development service in with the contract simplifies reporting structures and maximises the benefit of the expertise of the provider.</p>		
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4. THE MARKET

The leisure operator market is well developed and mature. There are a small number of well-established potential suppliers. Most are relatively large organisations managing a large portfolio of contracts across a variety of areas, although some are limited to some extent geographically in their area of operation.

During December 2017 officers undertook an extensive soft market testing exercise. The 7 most established leisure operators covering the London area were invited to take part. One declined to take part in the exercise or subsequent tender as they are shifting their focus. Another was unable to attend any of the dates. 5 others were sent a questionnaire covering 23 key lines of enquiry, and subsequently met with members of the project team to discuss their results in detail. This exercise provided us with valuable, detailed, and up to date information on the current shape of the market including insight into market movement, delivery models, innovations and industry development, financial trends, contract duration and specification issues, technology, and marketing and communication.

Officers have also discussed this process with colleagues at Westminster, Brent, and Ealing councils. Although the contract size and specification varies between the boroughs the basic method of approaching the market and procuring new contracts is similar and well established with a multi-staged procurement process including provision for negotiation being the most suitable and effective. This is discussed in further detail below.

Some of the key findings from the market testing exercise are as follows:

Contract Length – for traditional operational concession contracts such as this a contract length of 10 years with an option to extend for a further 5 years is widely accepted as suitable and attractive to bidders. The larger contract package would also be seen favourably in terms of return on bid investment and bidding costs. The size of a larger contract package could lead to the acceptance of lower percentage return on sales given its size and scale.

Packaging – The general view was that a single contract and fewer lots are simpler and more efficient to manage. There are some economies of scale to be gained as there are more sites to be flexible amongst allowing for some shared staffing resources. A larger package also leads to a more joined up membership approach, sharing of good practice and experience, and access to a wider range of facilities for customers. Any requirements for investment needs to be clear from the start as this needs to be factored for.

Pricing – The overall total price for the contract will be broken down into prices for each individual facility.

Social Value – Due to the nature of the business the management of the centres in our portfolio will provide for hundreds of jobs locally. Additionally, a larger contract package means greater flexibility and employment development / career opportunities for staff as there is a larger organisational structure in place.

Mobilisation and TUPE – Ideally the mobilisation period of 2-3 months would be allowed. If the information provided for handover, particularly condition surveys, membership information, and TUPE information is correct and comprehensive then this process can be accelerated. Where TUPE applies, taking on pensions is the biggest issue and is exposed to future risk of actuarial assessment. Pension risk will be priced into the contract unless an agreement for pension pass through or a cap and collared approach forms part of the contract so that risk is shared.

A number of market providers are moving towards a preference for long term asset transfer rather than operational contracts and therefore had differing preferences on contract length, package, investment potential and risk from those suppliers that still focus on the more traditional operations model. For factors relevant to the operational model, the message from the market was fairly consistent on most lines of enquiry.

The leisure operator market is dominated by a small number of large competitive suppliers with expansive portfolios. As a result, most of the supply chain is tied up in existing large national contracts but some of the more technical services required (engineering, repairs, surveys etc.) will be London based contracts as a matter of efficiency.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

Contract Package. The intention is to procure a single sovereign contract to commence on the 1st February 2019. This contract will provide for the management of the Lillie Road Fitness Centre, the Hammersmith Broadway Fitness & Squash centre, and Phoenix Fitness Centre and Janet Adegoke swimming pool. This contract will also incorporate the borough's Sports Development activities.

Leisure Services is currently a shared service with RBKC. The RBKC leisure contract is also expiring in at the end of January 2019 and a similar procurement exercise is currently required to re-let this. Although 2 completely separate sovereign contracts will be tendered, some of the activities leading up to tender will inevitably be carried out together as the same staff will be delivering the work for both boroughs. We also intend to advertise the contracts at the same time as, through the chosen procurement route, additional financial benefits may be gained for each borough through the negotiation phase of the exercise if there are two contracts on offer concurrently in neighbouring boroughs.

The Sport England standard form of contract will be used as this is widely recognised and approved throughout the market and makes clear provision for any required change and break clauses.

Service Concession contract i.e. a contract for pecuniary interest concluded in writing by means of which one or more contracting authorities entrust the provision and the management of services (other than the execution of works) to one or more economic operators, the consideration of which consists either solely in the right to

exploit the services that are the subject of the contract or in that right together with payment.

A concession contract must meet the following requirements:

- (i) The award of the contract involves the transfer to the concessionaire of an operating risk in exploiting the works or services encompassing demand or supply risk or both.
- (ii) The part of the risk transferred to the concessionaire involves real exposure to the vagaries of the market, such that any potential estimated loss incurred by the concessionaire is not merely nominal or negligible. The concessionaire shall be deemed to assume operating risk where, under normal operating conditions, it is not guaranteed to recoup the investments made or the costs incurred in operating the works or the services which are the subject-matter of the concession contract.

Duration of the Concession. Chapter 3 of Part 2 of the Concession Contracts Regulations 2016 (“CCR”) contains rules relating to the duration of concession contracts and provides that the duration of such contracts must be limited and based upon the works or services requested. In particular, where a concession exceeds five years, its maximum duration shall not exceed the time that a concessionaire could reasonably be expected to take to recoup the investments made in operating the works or services together with a return on invested capital taking into account the investments (both initially and during the term) required to achieve the specific contractual objectives. (Regulation 18).

In this instance the new main concession contract will be a 10-year contract with the option to extend for up to a further 5 years (1st February 2019 to 31st January 2029 with an option to extend up to a further 5 years). Suitable break and change clauses will be considered for inclusion.

Specification.

The services specification sets out the performance standards that the contractor shall meet in the delivery of the services during the contract period. It details the requirements that the contractor shall meet for the ongoing operation of the Facilities, associated buildings, grounds, pitches, courts and any other leisure amenities as specified within the schedule throughout the contract period.

The structure of this services specification directly relates to how the performance standards will be assessed for the purpose of the payment and performance monitoring system and is set out in the table below.

Headline Requirement	
Part 1A – General	<ul style="list-style-type: none"> • Specified Facilities • Property Database
Part 1B – Annual Performance Requirements	<ul style="list-style-type: none"> • Authority’s Outcomes • Quality Management Accreditation • Participation Targets • Sport England National Benchmarking Service

	(SENBS) <ul style="list-style-type: none"> • Inclusive Fitness Initiative (IFI) Mark
Part 1C - Service Performance Requirements	<ul style="list-style-type: none"> • Cleaning • Environmental and Energy Management • Customer Service • Catering and Vending • IT Systems • Maintenance of Buildings, Plant and Equipment • Grounds Maintenance • Event Management • Reporting <ul style="list-style-type: none"> ○ Sports & Activity Development Plan ○ Marketing and Publicity ○ Major Incident Reporting ○ Other Reporting
Part 1D - Facility Performance Requirements	<ul style="list-style-type: none"> • Pricing Requirements • Opening Hours • Activity Programming <ul style="list-style-type: none"> ○ Programmes of Use ○ Booking Systems • Health and Safety Management • Equipment • Access • Legislation and Policy • Water (Hot and Cold Installations) • Drainage • Ventilation • Heating (Thermal Comfort) • Lighting • Pool Water Quality (Swimming Pool Installations) • CCTV and Security • Staffing

The terms and expressions used in this Schedule shall bear the same meaning as set out in the “Definitions and Interpretation” and “Payment and Performance Monitoring System”.

The full Service Specification proposed will follow the following structure and will provide the Contractor with the requirements and Performance Standards of the Authority.

Required Outcome

Provides the Contractor with a high level view of the outcome and context of the requirements of the Authority which the Contractor shall meet.

Performance Standards

A list of standards that relate to the output that

the Contractor shall meet but which are covered by regulations, Legislation, British Standards etc. that set out the level of performance that the Contractor shall deliver in order to meet the requirements of the Authority. These must be met by the Contractor if the Services Specification is deemed to be achieved.

Reporting Requirements

This details the reporting requirements which the Contractor shall meet in relation to the specified Performance Standard.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

LBHF are passionate about making our leisure facilities and spaces better for everyone. We want to empower local communities to achieve better quality of life. Our aim is to increase participation in leisure, sport and culture to improve health and social wellbeing outcomes through the promotion, provision and delivery of quality facilities and services.

We strongly believe providing quality leisure and fitness facilities at affordable prices is key to this and would encourage people to improve their health and happiness, by leading an active lifestyle.

Our collective ambition with a reputable leisure operator is to set the benchmark for sporting and social inclusion and we aim to do this through:

- Creating a healthier, more active community working with our partners to develop programmes for health, crime diversion, children and young people
- Improving services for those with disabilities by introducing Inclusive Fitness Initiative gyms
- Supporting local organisations to be more inclusive in their working practices with accessible provision for disabled residents and other hard to reach groups in the community.
- Increase inclusive sports opportunities for disabled children.
- Extend the opportunity for families to be active together across the community.
- Reducing the barriers (e.g. travel & finance) that lead to inactivity and social isolation.
- Ensuring social enterprise and community benefit exists in everything we do
- Investing into facilities to make them modern and relevant for today's customers
- Recruiting local people for local jobs and being an employer of choice
- Developing people to ensure career development through the organisation
- Partnering with other social enterprises and organisations committed to Fairtrade.

- Investing in the communities we partner to improve health and social wellbeing
- We will use our experience to ensure we work with local residents and local agendas, helping target specific or disadvantaged groups and achieving shared partner objectives.

Delivery. Throughout the life of the contract officers will continue to work on how best the local economic and community benefits can be achieved from the design of the service. There is much more to your local leisure centre than a swim or a session in the gym and sport can have a positive influence in our community. In order to realise the council's ambition for the service we will expect the following from the successful bidder:

- To provide a range of sporting opportunities for local communities by delivering inspirational programmes, campaigns and events, in all of our facilities
- To foster young sporting talent and established athletes through our sports grants scheme
- To provide inclusive and accessible programmes are designed to accommodate diverse groups in our local community.

Reducing the impact on the environment.

- To deliver an annual strategic action plan focused on continued reductions in energy and water use, through more efficient services, investment in new technologies and changes in behaviour
- To provide recycling facilities to minimise waste we send to landfill
- Where possible, work with fair trade suppliers and support other charities and Social Enterprises

Ensure employment opportunities

- As part of this tender exercise prospective suppliers will be evaluated on their proposals for encouraging jobs and economic opportunities for local residents
- All staff to receive extensive training to prepare them for present and future roles. Making a difference in our communities by improving career prospects through employment and training opportunities.
- Where possible leisure staff to be representative of our local community.
- Help to improve the health of our community

Ensure the leisure operator is passionate about improving the health of people in our communities and recognise that we are all different in the challenges that we face. So they are;

- To work with customers to ensure they reach their goals, by providing a full and varied programme of activities
- To encourage everyone in the community to stay active by participating in 5 x 30 minutes of exercise per week (whether walking, gardening, sport or fitness)

- To ensure those who are returning to exercise, can access introductory schemes to ease themselves back into a healthier lifestyle
- To ensure that our sports and fitness equipment is provided with accessibility and inclusion in mind
- Run schemes to help people with health conditions where physical activity may improve their overall wellbeing

7. **OTHER STRATEGIC POLICY OBJECTIVES**

The new LBHF Health and Wellbeing Strategy has key aims to support good mental health for all, support children and families to be healthier, and reversing the rising numbers of acquired long term health conditions. Access to good and varied leisure activities is proven to support each of these aims, and will help with making a difference to the new community sport and physical activity strategy 2017-2021.

This strategy will take a life course approach – start well, stay well and age well and will seek to reinforce ‘health prevention is better than cure’. The four broad priority areas are:

- Good mental health for all
- Giving children, young people and families the best possible start in life
- Addressing the rising tide of long-term conditions
- Delivering a high quality and sustainable health and social care system

Information has been used from the 2015/16 Shared Services Public Health report which focused on physical activity, and a borough insight report prepared by London Sport. The evidence has helped to identify the priority themes by highlighting some of the inequalities.

Other important documents have influenced the creation of the strategy, this is to ensure it is informed by current national policy, and important sector developments including Everyone Active Every Day (Public Health England), Towards an Active Nation (Sport England), Sporting Future: A New Strategy for an Active Nation (Government) and Childhood Obesity: A Plan for Action (Government). Aligning this strategy to Sport England’s priorities will help to secure future investment as they invest £1 billion in facility, training and revenue projects across the country over the next five years. Hammersmith & Fulham will be proactive and innovative in its approach to securing funding from this and other opportunities. Links to the documents mentioned above can be found on the website: www.lbhf.gov.uk/cspanstrategy

The outputs from the leisure management contract also closely align with a number of indicators within the Public Health Outcomes Framework, particularly ‘Utilisation of green space for exercise/health reasons’ and the ‘Proportion of physically active and inactive adults’ indicators. The deliverables also make a positive contribution to a wider range of other Public Health outcomes which include:

- Child development at 2-2.5 years
- Excess weight in 4-5 and 10-11 year olds

- Excess weight in adults
- Self-reported well-being
- Falls and injuries in the over 65s
- Mortality from causes considered preventable
- Mortality from all cardiovascular diseases and cancer
- Health-related quality of life for older people

The leisure centres contract also facilitates the delivery of a number of wider Council priorities including the volunteering strategy, the engagement of the voluntary sector and education through the positive engagement of schools.

Secondary School Users (*SEN School)	Primary School Users
Fulham Boys (Free) School Phoenix Academy Sacred Heart Jack Tizard* Queensmill*	Holy Cross All Saints Avonmore Langford Normand Croft Queens Manor Sir John Lillie St Augustine's St John's Walham St Thomas of Canterbury Sullivan Ark Bentworth Ark Conway Ark Swift Brackenbury Good Shepherd Miles Coverdale St Johns XXIII St Mary's St Stephen's Wendell Park Wormholt Park

8. STAKEHOLDER CONSULTATION

There are a range of stakeholders involved in the commissioning of leisure management services. Stakeholder engagement with key market suppliers was undertaken through a soft market testing exercise in December 2017. The feedback gained from the stakeholder engagement event will ensure that the new service specification meets the needs of service users to a greater degree than at present. LBHF CSPAN are a strategic partnership committed to the development and improvement of sport and physical activity borough wide. CSPAN is one of 33

Community Sport and Physical Activity Networks in London. We will continue to engage with the LBHF CSPAN group through the normal quarterly meetings.

Internal Stakeholder engagement has taken place throughout the procurement process with the procurement, legal, and finance departments represented on the project board. This arrangement will continue until the new contract has been awarded.

9. PROCUREMENT PROCEDURE

The Competitive Procedure with Negotiation (CPN) has been identified as the most appropriate procurement procedure for this type of contract procurement and is the standard approach for this type of contract in the Leisure market. The salient features are:

- The procurement is complex and will require negotiation – justifying the use of CPN
- We can specify to a very large extent what we want the contractor to do and the price mechanism
- The procedure permits the use of suitability selection criteria so weak bidders can be excluded at any early stage
- Initial tenders form the basis of negotiations whose purpose is to improve the offer
- We do not anticipate more than 2 rounds of negotiation
- By applying the award criteria, we can reduce the number of offers
- When we feel it appropriate, we will call for final tenders which will be the ones upon which the award decision will be made.

This is a preferable procedure to Competitive Dialogue whose essential purpose is to help the buying authority to draw up a specification which tenders can then offer to provide. Through rounds of dialogue, the technological, financial, ecological etc. impacts of possible solutions are discussed until the buyer is satisfied that the optimum solution has been identified. It then invites bidders to provide that solution. In the present case, we are able to specify our requirements to a very large extent but need to explore some of the peripheral issues.

EU public procurement

A concession contract whose value is equal to or greater than £4,551,413.00 is subject to the Concession Contract Regulations 2016 (“CCR”). In general, “value” will be the total turnover of the concessionaire generated over the duration of the contract (net of value added tax) as estimated by the contracting authority or utility, in consideration for the works and services which are the object of the concession contract and the supplies incidental to such works and services. The estimated value must be calculated using an objective method specified in the concession documents.

The so called light touch regime for social and other specific services listed in schedule 3 of the CCR will not apply to leisure services of the type being procured. The same general principles that apply to other procurement rules apply to the

award of concession contracts. In particular, contracting authorities must treat economic operators equally and without discrimination and shall act in a transparent and proportionate manner.

Procedures

There are no set procurement procedures to follow in the CCR. The design of the most appropriate procurement process is left to the contracting authority. There are however a number of principles that have to be followed.

The procedure-

- must be transparent, and not be discriminatory. Treaty principles have to be followed;
- must avoid distorting competition;
- must include measures to combat fraud, favouritism and corruption;
- must prevent, identify and remedy any conflict of interest;
- must include the publication in the OJEU of a concession notice completed in line with Annex V of the Directive and any additional information that might be useful;
- must adhere to the minimum time limits of 30 days for single staged tenders, or 22 days for multi staged tenders from publication of advert to receipt of tenders (both minimum timescales can be reduced by 5 days where e-submission is allowed);
- must provide electronic availability of the concession documents;
- must include self-declaration on exclusion grounds;
- must list award criteria in descending order of importance;
- must include a request for contact details of any sub-contractors working on a works concession at a facility under the oversight of the contracting authority/utility;
- must include the publication in OJEU of a concession award notice no later than 48 days after the award of the concession contract. However, award notices for concessions within the social and other specific services categories can be grouped together and forwarded to the OJEU on a quarterly basis, within 48 days of the end of each quarter;
- must include notification at the end of the process of the award of the concession and an explanation of the grounds for decision to each organisation involved, or the fact that no award is to take place, or the decision to recommence the procedure.

Time limits

The CCR lays down very few time limits as the design of the procedure by the contracting authority should reflect the complexity of the concession. The time limits that are stipulated are-

- any additional information provided must be at least 6 days before the deadline set for the receipt of the tender.

- the minimum time limit for receipt of applications (whether or not this includes tenders) is 30 days from the date the concession notice is sent for publication.
- if the procedure includes successive stages the minimum time limit for the receipt of initial tenders is 22 days.
- if the whole process is conducted by electronic means then time limits for receipt of tenders can be reduced by 5 days.
- on receipt of a written request for a debrief it must be provided within 15 days.
- the usual standstill periods apply i.e. 10 days if the information has been provided by electronic means; or if the information has been provided by a method other than electronically then either 15 days or 10 days from the day the last economic operator received it.

Stages in the Process (Regulations 36 – 41)

The CCR16 includes procedural rules to ensure concessionaires established in other countries covered by the EU procurement rules are treated on equal terms, to avoid national discrimination.

The rules in particular cover the following:

- specification stage - how requirements must be described, avoiding brand names and other references which would have the effect of favouring or eliminating particular providers, products or services and the requirement to accept equivalence.
- The CCR also makes clear that there is scope for building into the specification equality issues (e.g. access issues for the disabled) and social/environmental issues (e.g. a requirement to conform to social or environmental labels).
- Selection (exclusion) stage - there are a number of grounds for the exclusion of potential concessionaires based on evidence of unsuitability, some of which are mandatory. Reasons include criminal conviction for certain offences (mandatory), failure to pay taxes (mandatory) and previous poor performance that has led to
- early termination, damages or other comparable sanctions (discretionary). Some of the grounds for mandatory exclusion are subject to account being taken of remedial action by the potential concessionaire, e.g. organisational changes. There are statutory limits to the duration of any exclusion period.
- Selection (evaluation) stage - those potential concessionaires not excluded are assessed on the basis of their professional and technical ability and their economic and financial standing, e.g. whether they meet proportionate levels of financial soundness. The CCR does not specify what the economic and

financial criteria are to be except that they are to be non-discriminatory and proportionate to the subject-matter of the concession contract.

- Negotiation stage- can be included in the procedure but the subject-matter of the concession contract, the award criteria and the minimum requirements cannot be changed during the negotiations.
- Award stage - the award of contract must be based on objective criteria that identify an overall economic advantage for the contracting authority or utility. This can include social, environmental and innovative requirements provided they relate to the subject matter of the contract.
- standstill period - a standstill period is required in the same way as for public contracts, and the published standstill guidance should be followed.

10. **CONTRACT AWARD CRITERIA**

General principles

The contracting authority must inform the participants of the envisaged award procedure and indicative completion deadline and any modifications to them. Modifications to elements disclosed in the concession notice must be advertised to all economic operators. While there may be negotiations with candidates and tenderers, the subject matter of the contract, the award criteria and minimum requirements must not be changed by these negotiations (Regulation 37).

Selection and exclusion criteria

Regulation 38 states that selection criteria must be non-discriminatory and proportionate to the subject-matter of the concession. They may relate to the ability of the concessionaire to perform the contract, taking into account the subject-matter of the concession contract and the purpose of ensuring genuine competition.

An economic operator may rely on the capacities of other entities but must prove that it will have the necessary resources at its disposal throughout the contract period.

There are certain mandatory and discretionary grounds of exclusion of candidates and tenderers which will be applied accordingly.

Award criteria

Concession contracts must be awarded on the basis of objective criteria which comply with the principles of equality, non-discrimination, transparency and proportionality and which ensure that tenders are assessed in conditions of effective competition so as to identify an overall economic advantage for the contracting authority or utility (that is, the award criteria).

The award criteria must be linked to the subject matter of the contract, must not represent an unrestricted freedom of choice for the commissioner and may include environmental, social or innovation criteria and must be listed in descending order of importance. The CCR 2016 permit a contracting authority or a utility to:

- Consider a tender which proposes an innovative solution with an exceptional level of functional performance.
- Modify the ranking order of the award criteria if the contracting authority or utility informs all tenderers about the modification and issues a new invitation to tender and (where the award criteria were published in, or simultaneously with, the concession notice) a new concession notice.

Specifics

We are recommending a 3 stage process be applied with initial SQ (Selection Questionnaire) used to qualify and shortlist bidders for subsequent ISDS (Invitation to Submit Detailed Solution) and ISFT (Invitation to Submit Final Tenders) stages. We are recommending that the additional ISOS (Invitation to Submit Outline Solution) stage be omitted in this instance due to the already limited number of potential bidders in the market.

We will award the contract on the basis of the most economically advantageous tender according to the evaluation process. The table below shows the proposed envelope weightings which we believe will give us the greatest opportunity to negotiate the best deal for the council balancing service quality and financial gain.

ISDS and ISFT stages

The overall Level 1 Evaluation Criteria and weightings which will apply to the ISDS and ISFT stage evaluation are set out in the following table. Each of these criteria are broken down into sub-criteria, set out as Level 2 Evaluation Criteria, which will be used to determine the score for each of the Level 1 Evaluation Criterion to which they relate. These evaluation criteria will remain the same throughout the dialogue and Final Bid stages.

Evaluation Criteria	ISDS Evaluation Criteria Weighting Range	Final Tender Evaluation Criteria Weighting Range
Commercial	50%	50%
Technical	50%	50%
Total	100%	100%

The 50/50 commercial and technical ratio was chosen due to the relatively low financial income the new contract is likely to generate for the council, and the high quality impact of the service provided.

Level 1 Criteria

	Weighting (%)
Technical	50%
Commercial	50%
Total	100%

Level 2 Evaluation Criteria and Weightings

In relation to Commercial, the weightings will be allocated as follows:

Commercial	Weighting
Payment including benefit of capital investment	30%
Viability of the Business Plan	5%
Added value investment proposals	5%
Other legal and commercial proposals	5%
Profit/surplus share proposals	5%
Total	50%

Quality. Quality will be assessed through a series of relevant method statements as set out below.

Commercial Theme				
Ref No.	Question No.	Question	Weighting	
1	1.1	Are there opportunities within the facilities, either through service delivery or through capital developments that you believe could be implemented to improve the net financial position of the Contract? Note: If the opportunities identified here are in relation to capital investment, please provide initial details of the high level cost of capital funding and the types of projects you envisage	20%	30%
	1.2	Would the opportunities identified in 1.1 realise any risks, and would any of these risks remain with the Council? How could these risks be mitigated?	10%	
2	2.1	How does your company's vision and objectives meet the strategic objectives of The Council	5%	10%
	2.2	How will you balance the financial challenges of maximising income against meeting the wider participation and health outcomes at the Facilities and within the local community?	5%	

Technical Theme				
Ref No.	Question No.	Question	Weighting	
3	3.1	What type of community development	5%	15%

		programmes will you implement across the Council area at the Facilities and in the neighbouring communities?		
	3.2	How will you measure the outcomes and impacts of the community development programmes identified in 3.1?	5%	
	3.3	How will you ensure the programme of activities is designed to meet the Centre's aims and objectives? That, the programme is dynamic, innovative and responsive to the requirements of the customers and potential customers? And that activities contribute to healthy lifestyles, social inclusion, lifelong learning, community safety and encourage health and wellbeing and reduction of health inequalities?	5%	
4	4.1	What will be your overall approach to pricing policy, given the Council's current specification for Fitness membership/pay as you go/centre membership/concessions etc., to maximise income but at the same time to ensure that price isn't a barrier for residents to use the facilities?	10%	
5	5.1	What performance information will you provide to the Council to demonstrate your successful delivery of the Contract?	3%	10%
	5.2	How will you measure the continuous improvement of service provision taking into consideration local and national agendas?	4%	
	5.4	How will your services in this Contract be benchmarked to demonstrate that the Council is receiving excellent value for money?	3%	
6	6.1	How would you measure whether the customer's expectations and aspirations are being met, and ideally exceeded? And also, how would you manage all forms of customer feedback about both positive and negative experiences?	2.5%	10%
	6.2	How will you ensure staff are appropriately trained, qualified and in sufficient quantity to deliver the standard of service promised to customers? Also that staff training and personal development is a key focus for your organisation	2.5%	
	6.3	How will you help to create more jobs and economic opportunities for local residents?.	5%	
7	7.1	How will you use technology based systems (i.e. remote purchasing, on-line bookings, kiosks, reward cards/schemes etc.) and also Web or Cloud based technologies (i.e. social media platforms, virtual instruction, digital media	3%	5%

		etc.) to market, communicate and improve the service offering to existing users and non-users?		
	7.2	How will you ensure that publicity materials, advertising materials etc. are always available and presented in a professional and current format through all media types?	2%	
8	8.1	What will be your approach towards reducing the carbon footprint of the Centres and their operations, and to ensuring that all 3 rd parties have aligned policies with respect to environmental impact and energy conservation?	2.5%	5%
	8.2	Please outline measures that you would introduce at the Facilities to reduce carbon emissions.	2.5%	
9	9.1	What would be your approach to mobilising the Contract to ensure is a seamless transfer from the existing Contractor, with particular focus on the staff, stakeholders customers ?	5%	

Payment. The payment will be evaluated as set out below:

- The Payment is the overall cost proposals submitted by the Bidder for the provision of the Services calculated by reference to the rates, prices, costs and proposals as set out in the Financial Model submitted by the Bidder.
- The Bidder's Payment score for their Solution is evaluated in relation to the best priced Solution.
- The best priced Solution will be awarded the maximum score of 10, each of the remaining Solutions will be awarded points on a pro rata basis relative to the best Solution.

Where errors in the computation of a tender are found, the Bidder will be given details of such errors and afforded an opportunity of confirming or withdrawing its offer. If confirmed an endorsement will be added to the relevant schedule indicating that all rates or prices inserted therein by the tenderer are to be considered as reduced or increased in the same proportion as the corrected total of priced items exceeds or falls short of such items. This endorsement will then be required to be signed by both parties to the Contract.

Business Plan. The Viability of the Business Plan will be evaluated taking into account the following:

- review of income and expenditure projections for each centre given the Bidders technical and capital development proposals
- review of income and expenditure against current performance given evidence of improved performance provided by the Bidders
- an assessment of how the projections reflect the level of service detailed in the Bidder's method statements.

Added Value. The Added Value Investment Proposals will be evaluated on how they would enhance the quality of the Facilities for Users and attract current non users to participate and whether the proposals are fully costed, with a detailed programme of works and accompanying risk register. Costs are to include all building, professional fees and contingencies as detailed in the Financial Model. The Financial Model should clearly demonstrate the business case for the development proposals.

Legal and Commercial Proposals. Other Legal and Commercial Proposals will be evaluated on the basis of acceptance of the Leisure Management Contract with reasonable amendment for appropriate risk allocation and management, including the Performance Management System.

Profit / surplus sharing proposals. The profit/surplus sharing proposals will be evaluated on the proportion of potential share passed to the Council, with a transparent mechanism for sharing provided by the Bidder.

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

The project team and SRT is comprised of the following officers:

Name	Role
Mahmood Siddiqi	Director / SRO
Ullash Karia	Head of Leisure
Christopher Allen	Leisure Sports and Physical Activity Manager
Joanna Angelides	LBHF Procurement Lead
Prakash Patel	Finance Special Projects
Carmen Lomotey	Finance Lead
Andre Jaskowiak	Legal Lead
Jeremy Plester	Project Manager

Procurement risks will be identified, and tracked by the project team and escalated via the lead officers and SRO accordingly. Mitigation activities will be applied as directed.

Leisure Services will be undertaking short-listing of bidders and evaluating the returned tenders as advised by the borough's legal and procurement leads.

The cabinet member for Environment, Transport & Residents Services will receive regular updates from the service through policy board meetings.

12. INDICATIVE TIMETABLE

Date	Action	Progress
Sept 2017	Notes and discussion at both Policy Boards	Complete
Oct 2017	Decide procurement strategy and start to work up business case etc.	Complete
Nov 2017	Soft market testing	Complete
Dec 2017	Determine procurement strategy and route to market	Complete
Feb – April 2018	Submit LBHF procurement strategy	In progress
Feb - April 2018	Work up contract spec / tender package etc.	
May 2018	SQ tender stage	
June 2018	Main Tender Package out	
End August 2018	2nd stage Bids back in	
Sept 2018	Evaluation and 2 weeks of dialogue	
Oct 2018	Final tender evaluation & final LBHF and RBKC approval	
Nov 2018	Alcatel Period (10 days), plus Award / announce contract	
Dec 2018	Mobilisation period commences if relevant	
1 st Feb 2019	Service Commencement	

13. CONTRACT MANAGEMENT

Following the award of the contract the Leisure Services Management team will manage the contract. The team will monitor the contract performance against set KPIs in accordance with the requirements set out in the new contract.

Monitoring and Reporting

The contractor shall monitor and report on its performance in the delivery of the services in accordance with the specification and against the performance standards.

In addition, the Council shall undertake its own performance monitoring of the Services at any stage during the contract for any purpose including in order to ensure that the services are being provided in accordance with this contract. The contractor will use its reasonable endeavours to assist the Council in such an exercise. The Council shall be entitled to notify the contractor of the outcome of its performance monitoring exercise, and the contractor shall have due regard to the Council's comments in relation to the future provision of the services.

The reporting structure will be as follows: monthly contract meetings, quarterly business meetings, an annual report and a triennial contractual review of performance.

Within ten business days of the end of each contract quarter, the contractor shall submit a performance monitoring report showing for the previous contract quarter each instance of a non-rectified performance failure.

The performance monitoring report shall provide the Council with all the information set out in the services specification. The contractor shall also assess performance against the key performance indicators within the services specification and include a completed key performance indicator assessment as an appendix to the performance monitoring report on a quarterly basis.

Subcontracting

In the concession procurement documents, the contracting authority may ask the tenderer to indicate in its tender any share of the concession contract that it may intend to subcontract to third parties and any proposed subcontractors (CCR r42). Contracting authorities and utilities may verify whether there are grounds for exclusion of subcontractors under regulation 38(8) to (25).

Termination

Every concession contract must contain provisions enabling the authority to terminate the contract where—

- (a) a modification of the concession contract has taken place, which would have required a new concession contract award procedure in accordance with regulation 43(10);

- (b) the concessionaire has, at the time of the contract award, been convicted of one of the crimes giving rise to mandatory exclusion from the procurement.
or

- (c) the European Court finds the concession contract was awarded without complying with obligations under the Treaties and the Concessions Directive.

To the extent that a concession contract does not contain provisions enabling the contracting authority to terminate the contract on any of the grounds (a) to (c) a power for the contracting authority or utility to do so on giving reasonable notice to the concessionaire shall be an implied term of that concession contract.

Modification of concession contracts during their term

The same grounds for modification found in Regulation 72 of the Public Contracts Regulations 2015 are applied to concession contract under CCR r 43.