

5. LEISURE CONTRACT - HANDOVER ARRANGEMENTS

REPORT OF: HEAD OF LEISURE AND SUSTAINABILITY
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Wards Affected: All
Key Decision: Yes
Report to: Scrutiny Committee for Leisure and Community
2nd April 2014

Purpose of Report

1. The purpose of this report is to update members regarding the handover arrangements of the leisure management contract to DC Leisure following the award of the contract to them on 11th March 2014.

Summary

2. Council agreed on 26th February 2014 to award the leisure management contract to DC Leisure for a period of 15 years from 1st July 2014 until 30th June 2029 with an option for the Council to extend the contract for a further period of 5 years (up to a maximum contract period of 20 years) until 30th June 2034.
3. Following contract award, meetings have been held with representatives of DC Leisure to draw up and implement a detailed action plan to ensure that a seamless transfer of service is undertaken on 1st July 2014.
4. The plans include a number of key areas which involve both the day to day operation of the service, transfer of staff, future monitoring arrangements as well as agreement of the repairs and maintenance schedules.

Recommendations

The Scrutiny Committee are recommended to note the contents of this report and the progress made in preparing for the new leisure management services contract.

Background

5. This Committee has received five previous update reports during the leisure procurement process.
6. Council agreed on 26th February 2014 to award the leisure management contract to DC Leisure. The formal procurement project closed at midnight on 10th March 2014, following the completion of the standstill period.
7. Officers then moved into the transitional period and have begun work to ensure that the new contract will commence on 1st July 2014 with no interruption to service.

DC Leisure

8. DC Leisure was one of the first leisure centre operators established in 1991 and has a long history of operating leisure facilities. DC Leisure operates 95 leisure facilities across the country and works with 29 local authorities. These include facilities in the south, south west, midlands and the north of England.
9. In 2013 DC Leisure won the Leisure Centre Operator of the Year Award for the 4th time. DC Leisure were voted the ASA (Amateur Swimming Association) Operator of the Year for the 6th time in 7 years, and have 3 of only 4 centres in the country that have scored "outstanding" in Quest (a quality scheme for sport and leisure) and scored 94% for Sports Development in the Quest Scheme.
10. They attract over 23 million customers annually to the centres that they operate and they have consistently demonstrated an excellent track record of delivery and external accreditation.
11. In the first year of operation DC are committed to extending and refurbishing the gyms and will provide new café facilities at each of the leisure centres in Mid Sussex.
12. DC Leisure will also launch their free swimming for under 8's initiative, install fast track self service kiosks linked to online bookings and introduce a number of improvements to enable customers to track their health improvement progress in the gyms and the swimming pools.

Handover Experience

13. DC Leisure presently operates 95 leisure centres and halls across the country all of which have required a handover process to be undertaken either from a local authority or another leisure operator. This means that they have an experienced team of experts within the organisation.
14. During the procurement exercise, bidders were required to submit a method statement detailing their approach to the contract handover process. DC Leisure provided a comprehensive document to the Council, which clearly defines all aspects of the process and who is responsible for each element of the handover. This comprehensive document will be used to prepare and manage the handover of the leisure services to DC Leisure.
15. As part of their submission DC Leisure identified a team of staff led by one of their Regional Directors supported by a Business Development Team and 16 Managers specialising in all aspects of the operation who will be involved in the handover. Those areas include:
 - Human Resources
 - Finance and IT
 - Maintenance and Cleaning
 - Energy and Environmental
 - Health & Safety
 - Food & Beverage
 - Marketing
 - Health & Fitness
 - Sales/Memberships
 - Health & Wellbeing
 - Swimming and Lifeguarding

16. The roles and responsibilities of all of the above staff are clearly defined and the timescales for completion of the various tasks are set out. A robust project plan is in place to ensure timely and efficient implementation of all aspects of the process.
17. The above allied to the Council's own implementation plan ensures that all areas are covered in this crucial phase. The checklist and plan is flexible and can be updated as and when necessary to take account of any issues which may arise during the handover period.
18. The Council has a number of officers who were involved in the original transfer of the service to the present leisure operator in 2009 and also some officers who have experience of transferring from one external operator to another in other locations.

Handover Process

19. Meetings will be held frequently between the Council, DC Leisure and Freedom Leisure to ensure a smooth transition from Freedom Leisure to DC Leisure.
20. The first pre-contract meeting with DC Leisure identified and agreed the overall principles and issues. Further regular meetings are being held to deal with the detailed elements including:
 - Human Resources eg Staff TUPE transfers, payroll information
 - Communications
 - Membership information eg handling of prepayments
 - Financial issues eg direct debit details, handling of cash floats, agreement for the transfer and valuation of stock
 - Dilapidations reports of the building including plant and equipment.
21. The frequency of these meetings will increase as the transfer date in July approaches. The project team that oversaw the procurement process is now meeting fortnightly to ensure that the handover arrangements are effectively project managed and key milestones are achieved.

Staffing

22. Members will note that TUPE regulations apply to these contracts and the new leisure operators' response to how they would manage TUPE was assessed as part of the final tender evaluation.
23. This ensures that the new leisure operators TUPE plans are robust and fit for purpose to protect the current workforce. Officers are working closely with the new operator to ensure that any TUPE requirements are met and there is no disruption to the service.
24. The staff that presently operate the service will be transferred from Freedom Leisure to DC Leisure and will experience a seamless work environment as the day to day services and responsibility transfers between the two companies. This helps to ensure that customers experience as little change as possible in their use of the facilities from one day to the next.

Future Monitoring Arrangements

25. During the contract term the Council will monitor the contract. A Performance Monitoring System (PMS) to facilitate the monitoring of the contract and action to be taken in the event of failure to meet the specification has been developed and agreed with DC Leisure. Both the PMS and Specification identify the required timescales for rectification of issues (including repairs) and the expected performance levels. It also provides a remedial process should the rectification or performance levels not be achieved.
26. Within the first few weeks of the contract, officers will work closely with DC Leisure to establish robust monitoring processes to ensure that the contract is delivered in accordance with the contract conditions, maintenance responsibilities and the service specification. This will include frequency for reports and statistical information as well as evidential information which demonstrates that the specification is being met, through maintenance reports, customer responses and reports on participation and sports and audience development. These documents will also include plans and strategies for marketing and audience and sports development.
27. Standards of service delivery are clearly specified and detailed targets are set and monitored in respect of income, expenditure and attendance. These will be monitored, discussed and analysed on at least a monthly basis with appropriate action being agreed to address any issues identified.
28. The main areas of monitoring will be:
 - Opening Hours & Pricing
 - Cleaning
 - Activities & Programming
 - Building Maintenance (including Equipment)
 - H&S Surveys
 - IT Systems
 - Energy Efficiency & Sustainability
 - Customer Service
 - Marketing
 - Admissions & Income
 - Catering
 - Marketing & Accreditations
29. In addition to the documentation and 'self-monitoring and self-certification' there will also be on site monitoring.
30. Sites will be visited and inspected on a regular basis and on-site discussions held between the Council's Authorised Officers and the respective centre and hall management to discuss the findings, both positive and negative, and agree any required action to be taken with appropriate timescales.
31. An overall five year planned preventative maintenance programme and an annual repairs and maintenance regime will be agreed with the operator. This will be monitored and reviewed by officers on a regular basis to ensure that agreed works are implemented and appropriate additions/revisions made to the plan on a rolling basis.

32. This process includes the establishment of monthly, quarterly and annual review meetings in which the full spectrum of the service will be covered. The Partnership Board meetings, which will be held on a quarterly basis, will be attended by the Portfolio Holder.

Legal Implications

33. The main risk is the smooth migration from one leisure provider to another. The Handover Checklist will help ensure an effective transition. As with all exercises of this type there are issues which may arise during the handover period which cannot be foreseen or anticipated. The Handover Project Team is best placed to address these as and when they arise. The existing contract includes provisions to assist if problems arise.

Financial Implications

34. This report proposes no actions with financial implications.

Risk Management Implications

35. We are now into the final phase of the procurement process with a contract commencement date of 1st July 2014.
36. DC Leisure submitted a Handover Methodology Method Statement as part of the procurement process which was assessed by the Leisure Procurement Team. This was found to be a good response meeting the criteria in the Specification with evidence provided to support the answers demonstrating sufficiency and compliance and therefore will be used as the basis for the operators' handover plan.
37. The handover process will involve significant human resources on behalf of both the DC Leisure and the Council itself to ensure that all aspects are covered and tackled at the appropriate time. Robust project management arrangements are in place with a team of experienced officers to ensure that this is undertaken effectively.
38. Progress against the plan will be monitored and action taken when necessary to keep the process on track.

Equality and Customer Service Implications

39. An Equality Impact Assessment (EIA) has been undertaken. Members will recall that the EIA does not indicate that the re-procurement of the leisure service will negatively impact on the well-being and opportunities of identified groups relative to others and through the contract we will seek to actively promote access to facilities for all groups. The specification for this contract will also support achievement of the Council's participation targets by including a requirement to meet the needs of key target groups which include the most vulnerable residents in the district such as those with disabilities and on low incomes.

Background papers

- Report and Minutes of the Scrutiny Committee for Leisure and Community Services – 2nd April 2013
- Report and Minutes of the Scrutiny Committee for Leisure and Community Services – 12th June 2013
- Report and Minutes of the Scrutiny Committee for Leisure and Community Services – 11th Sept 2013

- Report and Minutes of the Scrutiny Committee for Leisure and Community Services – 19th Nov 2013
- Report and Minutes of the Scrutiny Committee for Leisure and Community Services – 21st Jan 2014
- Report and Minutes of the Council – 26th February 2014