



REPORT TITLE:	Joint Leisure Procurement Strategy
REPORT OF:	Executive Lead Member Leisure, Tourism & Wellbeing, Cllr Mrs Julie Gooding

REPORT SUMMARY

At the executive 6th December 2022 it was agreed that the Council would procure a leisure operator partner to deliver the Council's leisure facility provision from 1st April 2025. Alongside the budget allocations it was also agreed that further reports were to be presented to the Executive as the process develops. This report looks to update the Council on the progress it has made in the procurement of the a new leisure operator.

Rochford District Council (RDC) and Brentwood Borough Council (BBC) under the strategic #OneTeam partnership are commencing the procurement of a new combined management contract of their leisure facilities and services.

The key purpose of the Procurement Strategy is to set out the Council's approach to the procurement process. The strategy will establish a suitable balance between meeting the Council's requirements and making the opportunity attractive to the market as well as setting clear strategic direction for development of the contract and procurement documents.

RDC existing contract with Fusion Lifestyle will terminate on 31st March 2025. In order to secure economies of scale and to attract interest from the operator market, it is proposed to use the nationally recognised Sport England contract template as a basis for encompassing both authorities facilities and services. The new contract would commence on 1st April 2025.

Developing a clear Procurement Strategy which sets out the Councils joint approach to the procurement establishes a suitable balance between meeting the Council's requirements and ensuring the opportunity is attractive to the market.

The Council's procurement strategy (Appendix 1) , which has been developed through consultation with the cross-party Leisure working group includes:

- The Strategic Objectives for the future delivery of leisure services across Rochford District
- A clear scope of services that are complementary and appeal to the operator market.
- The proposed contract term including extension periods.
- The proposed procurement route to ensure it meets the Councils' requirements, timeframes and is appealing to the operator market.
- The proposed risk profile between the operator and Council for key areas of responsibility such as maintenance and utilities
- The proposed use of variant bids to test different scenarios.
- The proposed weighting of Price / Quality for the evaluation of bid submissions.

RECOMMENDATIONS

- R1 -** Rochford District Council procures a joint leisure operator with Brentwood Borough Council
- R2 -** To agree the Leisure Working Group proposed Procurement Strategy as per Appendix 1.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATIONS

1.1 The benefits of a joint leisure contract is as follows:

- **Improved management fee** – operators can achieve economies of scale over a larger portfolio therefore the financial payment to manage the sites will be less under a joint contract.
- **Attractive to Operators** – there is an opportunity to the market to capture a larger market share through a single procurement process, with a larger contract being deemed as more prestigious. An operator bidding on one contract rather than two will be more efficient for the potential operator regarding their own bidding resources.
- **Improved Quality of Service** – a joint procurement offers the opportunity to potentially have access to additional facilities and the opportunity to set consistent quality standards.

- **Shared contract management** – the Council's client role will deliver efficiency and there will be consistency of service reporting by a single operator.
 - **Reduced Procurement and legal costs** – the Council will be able to share costs regarding consultancy and legal support.
- 1.2 The Procurement Strategy within Appendix 1 sets the Council approach to the procurement process and approval of this strategy enables officers to process with the timelines to ensure that the Council has a new contract in place for the 1st April 2025.
- 1.3 The Council can look to be procure as a sovereign council, this would have a negative impact on the Council's partnership with Brentwood. As Brentwood Council agreed on 15th January 2024 to jointly procure with Rochford.
- 1.4 Procuring as a single entity would generate bids from the market but it is expected the bids would not be a favourable as a joint bid.

2.0 BACKGROUND INFORMATION

- 2.1 The current service provider is Fusion Lifestyle; the current 20 year plus 3 year extension contract started in 2002.
- 2.2 The leisure contract was originally due to end on 31 March 2022. The process to tender for a new contract had started with external technical advisers appointed. The process was halted due to COVID-19 and as outlined in the August 2020 report to the Executive, the Council was forced to reconsider its approach, since procuring a new contract in a commercially uncertain environment was unlikely to allow the Council to achieve value for money or incentivise innovation or investment by a service provider.
- 2.3 The leisure contract with Fusion was extended through a Letter of Variation in December 2020 for a period of 3 years beyond the existing term taking it to 31 March 2025.
- 2.4 At the Executive on 6th December 2022, it was agreed to progress with a multi-site leisure operator partner (current model). This option would enable the Council to specify its services and commercial outcomes via a competitive procurement process. Providing optimum balance of control and certainty through ongoing contract management to ensure best value is delivered.

Consultancy Appointment and Work Undertaken to date

- 2.5 Since the decision of the executive the Councils have procured and commissioned The Sport, Leisure and Culture Consultancy (SLC) to provide consultancy support throughout the procurement of the new contract.

- 2.6 As part of the pre procurement phase of that process SLC is supporting in identifying investment opportunities for the Councils core facilities. The purpose of this work is to identify potential investments which would:
- Enhance the appeal of the contract opportunity within the leisure operator market.
 - Improve the financial performance of the new contract.
 - Deliver enhanced facilities and services to local residents which diversify the offer and better meet need.
- 2.7 In order to identify potential investment opportunities to be tested with the market as part of procurement, SLC has undertaken an initial assessment of need.
- 2.8 SLC have carried out a number of workstreams to understand the community need and market potential. The areas of work undertaken are:
- A review of core documents including condition surveys, previous feasibility studies and strategic planning documents.
 - Market assessments considering the likely levels of demand generated by catchment population against existing and enhanced facilities based on online activity data at a national level and participation survey data.
 - Engagement with key internal and external stakeholders in Rochford District identified through discussion with the Council
 - Public engagement with leisure facility users and the wider general public through an online survey.
- 2.9 An online questionnaire hosted on the Council's engagement HQ platform went live for 4 weeks from Friday 13th October 2023 to 10th November 2023. Hard copy questionnaires were also available.
- 2.10 From this survey key themes have emerged around the need for accessible, affordable and diverse opportunities to be physically active. The full analysis of the needs assessment is in Appendix 2.

Leisure Working Group

- 2.11 The lead member for Leisure Tourism & Wellbeing established a leisure working group consisting of the following members:

Cllr Julie Gooding (Chair)

Cllr Micheal Hoy

Cllr Danielle Belton

Cllr Andrew Cross

Cllr Tracey Knight

Cllr Arthur Williams

The terms of reference of this leisure working group are attached in Appendix 3.

2.12 Meeting of the working group have been held as follows:

8th November 2023 - to agree the terms of reference of the group, overview of timescales and milestones presented by SLC, presentation regarding key purpose of procurement strategy, developing strategic objectives and reviewing the key themes from stakeholder and public engagement.

28th November 2023 – The draft procurement strategy was presented to the working group with recommendations for them to consider, agree or propose amendments.

3rd January 2023 – the leisure group agreed the final draft to the Procurement strategy and recommended this to Executive for approval. These minutes are attached with Appendix 4.

Next Steps

Following approval of the Procurements Strategy the timescales and key milestones are tabled below in order to meet the required contract start date.

Workstream	Date Required by
Procurement strategy Approval	31 st January 2024
Development of Tender Documents	29 th February 2024
Contract Notice	4 th March 2024
Selection Questionnaire Submissions	8 th April 2024
Initial Tender Submissions	29 th July 2024
Dialogue with Bidders	Early September
Revised Tender Submissions	28 th October 2024
Evaluation	November
Contract Award	December (Full Council)
Mobilisation	January 2025 – March 2025
Contract Start Date	1 st April 2025.

3.0 OTHER OPTIONS CONSIDERED

3.1 The Executive on 6th December 2022 were presented with other options. These were:

- Local Charitable Not for Profit Distributing Organisation (NPDO) / Community Interest Company (CIC), this was discounted as it would lead to the Council potentially retaining the financial risk and few leisure service operations are run through Clcs.
- Delivering services via a separate LATCO would involve significant additional resource to set up and provide appropriate oversight, which the Council does not have currently to deliver.

- Similarly the Council does not have the capacity to take on in-house management of its leisure centre services and associated staff. If it were to do so, this would also significantly increase the financial and other risks the Council would be exposed to; for these reasons this option is not recommended for the Council. However it is noted that the working has recommended that the Executive should reconsider this option and a separate report will be presented back to the Executive for them to make a decision.
- Asset transfer would relinquish the Council of any direct control of its leisure services and would severely limit the influence the Council has over the delivery of services and associated outcomes, and therefore this option is not preferred.

4.0 RELEVANT RISKS

4.1 Members of the working group have raised some perceived risks. These risks and mitigating actions are detailed as follows.

1. 4.2 Cross subsidising between Councils – there may be a perceived risk that the relative quality and performance of facilities in one authority will have a negative effect upon the other. However, this is alleviated by the fact that the contract, whilst combined, would allow for sovereign financial arrangements for each Council. Financial submissions received from bidders during the tender process will show projected income and expenditure broken down by each facility. This will reflect bidders' views on the strengths / weaknesses of specific facilities. The resulting management fee for each specific facility would then be apportioned to each authority i.e. the management fee for Brentwood BC would include The Brentwood Centre and Hartswood Pavilion and for Rochford DC would include Clements Hall and Rayleigh LC.

In the event of under-performance of a particular facility compared to the bid submission, the operator will still be contractually bound to deliver the same management fee.

In the event of over-performance of a particular facility compared to the bid submission, a profit share mechanism can be structured so that it provides a return to each Council separately, depending on which facility(ies) is over-performing

- 4.3 Risk of local focus – there may be a perceived risk of a joint contract losing local focus and adopting too much of a 'broad-brush' approach to both Rochford District and Brentwood. However, this can be alleviated by specifying a need to have separate service plans and programmes that are specific to each area. For example, targeted outreach programmes would

need to be developed for each area to ensure they are focused on those specific groups and localities who are less active.

Single contracts are delivered successfully in many local authority areas which have diverse populations living in both urban and rural, more affluent and less affluent areas. The delivery of services that are bespoke to specific areas is a key requirement of these single contracts and there is no reason this should be any different for Rochford District and Brentwood.

- 4.4 Risk of the Councils ending their joint working arrangements during contract term – Members have asked what would happen to the contract if the Councils decide to cease their joint working arrangements during the term of the contract. This scenario would require input from legal officers but SLC's initial view is that the contract, if structured correctly, could remain in place for the remaining term along with the sovereign financial arrangements. There would obviously be a change in the way the contract is managed assuming the client management role is also separated but this would not be insurmountable.
- 4.5 Risk of poor performance in one (or both) areas – there is a risk that performance is better/worse in either Rochford District or Brentwood which could lead to dissatisfaction in one authority. However, SLC consider this risk to be low as the operator will apply the same procedures and quality standards across all facilities. Also, the contract will include a robust performance management framework which provide the Councils with suitable leverage to address poor performance. This, combined with a strong approach to contract management by the Councils' client team will avoid any inconsistencies in service quality across the two areas.
- 4.6 The current project for the Leisure Procurement is currently RAG rated as amber. There are two identified risks from the project perspective, these are detailed in paragraphs 4.7 and 4.8
- 4.7 The joint procurement is not formally approved by RDC executive or BBC Committee in January, resulting in a delay to the contract start date and the Council having to extend it's current contract that is in place. Clear messaging and the benefits of a joint procurement have been provided through member briefings in order to satisfy member concerns.
- 4.8 The project programme has tight timescales and a lot of documentation to develop and information to gather prior to publication of contract notice in March. With the Procurement Strategy being approved in January SLC and officers have been developing draft documents to be progressed in advance of formal sign off.

- 4.9 The overall Project Risk RAG Rating remains Amber due to the risks linked to the potential continuing uncertainty regarding the joint contract and the tight programme. These risks are being managed proactively and the project is being well supported by regular communication with the Councils' project team through fortnightly meetings.

5.0 ENGAGEMENT/CONSULTATION

- 5.1 The details of the Engagement and Consultation that has occurred to date and detailed within Appendix 2.

6.0 FINANCIAL IMPLICATIONS

- 6.1 £105,000 was requested to be allocated from General Balances to fund external advice required. This money has been transferred to an earmarked reserve and drawdown as required for the purpose external technical advice to undertake a feasibility study of Clements Hall Leisure Centre and Rayleigh Leisure Centre, external technical advice to assist in the procurement, to fund external legal advice for drawing up the new contractual arrangements and for building condition surveys to be carried out at Clements Hall and Rayleigh Leisure Centre.
- 6.2 The financial implications from building condition survey and tendering a new operator will be captured as part of the Budget Setting for 2025-26.

7.0 LEGAL/GOVERNANCE IMPLICATIONS

- 7.1 External legal support for the contract writing will be procured to support the Council.

8.0 EQUALITY & HEALTH IMPLICATIONS

- 8.1 A Equality Impact Assessment will be carried out as part of the tender process. The procurement Strategy supports the Councils

9.0 ENVIRONMENT & CLIMATE IMPLICATIONS

- 9.1 A requirement to support the Councils commitment to work towards becoming carbon neutral by 20230 for its own operations has been built into the Councils objectives within the procurement strategy.

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APPENDICES

Appendix 1 – Draft Leisure Procurement Strategy

Appendix 2 – Needs Assessment

Appendix 3 – Leisure Working Group Terms of Reference.

Appendix 4 – Leisure Working Group Minutes 3rd January 2024.

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Executive	6 th Dec 2022



Leisure Procurement Strategy

Rochford District Council

December 2023

www.slc.uk.com

1. Introduction

- 1.1.1 Rochford District Council (RDC) and Brentwood Borough Council (BBC) are commencing the procurement of a new combined management contract of their leisure facilities and services.
- 1.1.2 RDC and BBC currently have separate management contracts for their respective facilities. RDC's existing contract is with Fusion Lifestyle and BBC's contract is with Sports and Leisure Management (SLM, operating as Everyone Active). Both contracts terminate on 31st March 2025.
- 1.1.3 In order to secure economies of scale and to attract the most interest from the operator market, it is proposed to use the nationally recognised Sport England contract template as the basis for a new contract encompassing both authorities' facilities and services. The new contract for the management and operation of sport and leisure facilities across both Rochford District and Brentwood would commence on 1st April 2025.
- 1.1.4 A critical part of the process is developing a clear Procurement Strategy which sets out the Councils' joint approach to the procurement and establishes a suitable balance between meeting the Councils' requirements and ensuring the opportunity is attractive to the market.
- 1.1.5 The Councils' procurement strategy, which has been developed through consultation with the cross-party Leisure Working Group, includes:
- The Strategic Objectives for the future delivery of leisure services across Rochford District
 - A clear scope of services that are complementary and appeal to the operator market
 - The proposed contract term including extension periods
 - The proposed procurement route to ensure it meets the Councils' requirements, timeframes and is appealing to the operator market
 - The proposed risk profile between the operator and Council for key areas of responsibility such as maintenance and utilities
 - The proposed use of variant bids to test different scenarios
 - The proposed weighting of Price / Quality for the evaluation of bid submissions.
- 1.1.6 This paper sets out each of these core components of the procurement strategy with brief supporting information.

2. Strategic Objectives

2.1 Introduction

- 2.1.1 In collaboration with BBC, the Council has developed a clear set of Strategic Objectives for the future service which are designed to support its wider strategic priorities. These shall be embedded into the new leisure management contract so that the operator partner is focused on and accountable for delivery of them.
- 2.1.2 Performance indicators designed to measure progress against these Strategic Objectives shall be included within the Services Specification.

2.2 New Leisure Management Contract – Strategic Objectives

2.2.1 The following Strategic Objectives for the future service have been developed through consultation with the cross-party Leisure Working Group:

1. To deliver a financially sustainable service through an innovative and dynamic approach to programming, facility investment, income generation and operational efficiencies
2. To improve the physical and mental health and wellbeing of residents in Brentwood and Rochford District through increased opportunities to participate in sport and physical activity
3. To increase participation in physical activity by less active residents and those at higher risk of experiencing health inequalities through improved access to facilities and activities
4. To deliver a diverse range of physical activity programmes and cultural events which respond to local needs and maximise opportunities for income generation
5. To deliver high quality, innovative services that meet the required service standards and exceed customer expectations
6. To extend the reach and impact of the services by delivering activities in community settings, parks and open spaces that are inclusive, accessible and appeal to less active groups
7. To develop and maintain effective partnerships with local stakeholders which support the development and delivery of physical activity opportunities as part of the wider health and wellbeing system
8. To support the Councils' net zero carbon ambitions through investment in energy saving technology and effective environmental management of the facilities
9. To maintain and invest in the facilities throughout the term of the Contract to ensure the Councils' assets are protected and they support delivery of a high quality service
10. To provide a skilled workforce that is able to meet the needs of people with more complex physical and mental health issues and to effectively engage with people who have specific cultural and socio-economic needs
11. To deliver wider social value through proactive engagement with community and voluntary sector partners.

2.3 **Recommendation: That the Strategic Objectives listed above are to be included in the Services Specification and used to inform the Councils' approach to the procurement process.**

3. Scope of Services

3.1 Core Leisure Facilities

3.1.1 Rochford District Council's existing contract with Fusion originally included operation of:

- Clements Hall Leisure Centre
- Rayleigh Leisure Centre
- Freight House

- The Mill Arts & Events Centre
- Castle Hall

The Mill Arts & Events Centre, Freight House and Castle Hall have subsequently been removed from the contract.

3.1.2 Brentwood Borough Council's existing contract with SLM includes the operation of:

- The Brentwood Centre
- Hartswood Pavilion, King George's Playing Fields (including management of the outdoor adventure play area and splash pad)

3.1.3 It is proposed that the new combined leisure contract will include the following core facilities:

- Clements Hall Leisure Centre
- Rayleigh Leisure Centre
- The Brentwood Centre
- Hartswood Pavilion, King George's Playing Fields

3.2 Neighbourhood-based outreach service

3.2.1 There is a clear opportunity to broaden the scope of services of the new contract to include a community outreach programme. This procurement process offers an opportunity to create a programme of services to be delivered by the operator outside of the Councils' main leisure facilities. The aim of this outreach programme would be to better tackle inactivity and health inequalities and to make a stronger contribution to the delivery of wider health and wellbeing outcomes.

3.2.2 Increasingly, modern leisure contracts include a requirement for the operator partner to deliver such a programme of neighbourhood-based services. The focus is typically on the delivery of activities and services beyond the core leisure facilities, within local community settings, parks and open spaces.

3.2.3 The primary focus of such a programme is to increase participation in physical activity by less active groups who are less likely to engage within a traditional leisure centre setting. Designing and delivering a programme of accessible activities within familiar, local settings will extend the **reach** and **impact** of the services by engaging with groups that are most likely to experience health inequalities and for whom being more active will have the greatest benefit.

3.2.4 The programme is typically designed and delivered through strong partnership working with the Council and other key stakeholders and should adopt an 'outward-facing' approach to delivery beyond the core facilities.

3.3 The new contract shall include the core facilities listed above and a requirement for the selected operator to design and deliver a new neighbourhood-based outreach service.

4. Contract Length

- 4.1.1 Leisure management contracts are typically 10+ years, often with the option to extend, by mutual consent, for a further 5 years. Operators are reluctant to allocate bidding resources for shorter contracts and, within the context of a busy market, may choose not to bid. Depending on the complexity of the procurement, the cost of bidding can be c. £70K+ and bidders competing with the Council's incumbent operators will need to factor in mobilisation and start-up costs to their financial submissions. The length of contract will therefore be one of the key qualifying criteria for operators when deciding whether or not to bid.
- 4.1.2 Longer term contracts will sometimes generate a better management fee as operators see the opportunity to grow income streams over a longer period. Depending upon local market conditions and the age and condition of the facilities, bidders will typically project income levels reaching 'maturity' after a period of growth and the longer that they are able to maintain this period of 'mature' income, the better the financial offer will be.
- 4.1.3 A major factor when considering contract length is the condition of the facilities in scope. For example, an older facility with a short remaining lifespan would be less likely to be let on a long-term (15+ years) contract due to the increased risk of maintenance liabilities and potential for closure.
- 4.1.4 Recent market engagement exercises undertaken by SLC indicate that operators are happy to consider contract opportunities with an initial term of 10 - 15 years.
- 4.1.5 Given that the Councils wish to explore investment into the facilities during the contract term, it would be beneficial to allow flexibility through the inclusion of an extension period(s).

- 4.2 **Recommendation: That the contract term is for a period of 10 years with options to extend for two separate periods of up to 5 years each (10 + 5 + 5). A longer initial contract term of 15 years will also be tested through a variant bid.**

5. Investment Plans

- 5.1.1 The Councils have an aspiration to improve the quality of their leisure facilities through the delivery of capital investment projects which enable the facilities to better meet the needs of users, and which are supported by a viable business case in terms of a return on investment.
- 5.1.2 SLC is currently supporting the Councils with feasibility studies to explore potential investment options at Clements Hall Leisure Centre, Rayleigh Leisure Centre and The Brentwood Centre. The feasibility studies are underway and needs analysis work is being undertaken to determine investment options.
- 5.1.3 A leisure procurement is the ideal time to consider capital investment in facilities. Investment at the start of a 10 - 15-year contract will optimise the return on investment by providing a long period over which additional income can be generated by the operator. It also provides the Councils with a fixed and secure revenue position to help support the business case.
- 5.1.4 The procurement process itself can be used to seek proposals from bidders and to 'test' the business case for different investment proposals. A contract which includes investment will also be more attractive to the operator market and provide a 'hook' for competing bidders who will recognise this as an opportunity to make a real difference to service provision.

- 5.1.5 The procurement route of Competitive Procedure with Negotiation (CPN) provides for a staged approach to bid submissions enabling Initial Tenders to be developed by bidders, reviewed by the Councils, and discussed further through dialogue with bidders before setting the requirements for the Revised Tenders. Bidders would be required to submit the following:
1. A Baseline Tender Price based on the existing portfolio without investment which assumes operation of the facilities in their current form for the full term of the contract, and on the basis of the preferred risk profile.
 2. A Variant Investment Tender Price which based on the same preferred risk profile but includes the impact of the proposed investments on income, expenditure and, ultimately, the management fee.

- 5.2 **Recommendation: That the facility investment options identified through the feasibility work are tested during the tender process through a variant bid.**

6. Risk Allocation

Maintenance Risk

- 6.1.1 Establishing the risk share on maintenance for the new contract is a key consideration for the Councils. Under the current RDC contract with Fusion, the operator is responsible for full repair and maintenance of the facilities including the lifecycle replacement of equipment and assets. Under the existing BBC contract, SLM and the Council share responsibility for the maintenance, repair and placement of assets. SLM are responsible for the day-to-day, internal maintenance requirements and the Council are responsible for the building fabric and structure and the replacement of certain, clearly identified larger assets.
- 6.1.2 Operators will generally accept full maintenance responsibility (assuming there is an up-to-date and comprehensive condition survey included within the tender documents) but prefer a shared approach, particularly where the age and condition of facilities creates additional risk.
- 6.1.3 A shared approach is normally along the lines of a typical landlord and tenant agreement where the operator is responsible for day-to-day maintenance, servicing and repair of buildings and equipment and the replacement of certain, identified assets. The Council takes on the responsibility for maintenance of building fabric and structure and the replacement of certain, clearly identified larger assets e.g. boilers, pool filters or other major mechanical and electrical installations, either on an item-by-item basis or over a certain cost threshold.

Utilities Risk

- 6.1.4 The Council has options in the way utilities are managed within the new contract and who takes the risk on consumption and tariff increases. Pre-Covid, full responsibility and risk on consumption and tariffs was typically passed to the operator (as per the existing contract) but the current energy crisis and uncertainty regarding the future market makes this option much less attractive to operators and some may choose not to bid.
- 6.1.5 New leisure contracts typically include a shared approach to risk where the operator takes the risk on consumption and the Council bears the risk of tariff increases in accordance with an agreed mechanism within the contract. Such arrangements inevitably create some uncertainty for Councils in terms of medium-term financial planning and require allocated resource to negotiate and agree annual settlements in accordance with the agreed benchmarking mechanism. However, within the context of the current market it is likely to be the only acceptable approach.

- 6.1.6 A full risk transfer on utilities would require operators to price the risk and uncertainty on tariffs into their bids and could result in an unattractive bid for the Council. It may also mean that the Council pays more than it should in the event energy prices reduce to previous levels during the term of the contract.

6.2 Recommendation: That the new contract is structured on the basis of a shared approach to maintenance, repair and lifecycle replacement, defined on an item-by-item basis.

6.3 Recommendation: That the new contract is structured on the basis of a shared risk/benefit between the operator and the Councils on future tariff increases/decreases through the development of an appropriate mechanism in the contract.

7. Variant Bids

7.1.1 The Council is able to request variant bids through the Initial Tender phase to test different scenarios e.g. investment proposals.

7.1.2 The information provided within the Initial Tenders, including any variant bids, can be reviewed by the Council and discussed further with bidders during the negotiation stage in order that the Council can establish a clear position on how revised tenders are to be structured.

7.1.3 It should be noted that whilst variant bids can be an effective way of testing different scenarios through a procurement, the Council should recognise the additional work required of bidders in developing multiple bid submissions within the context of a busy market. Overcomplicating the submission requirements increases resource requirements both for bidders and the Council, so the inclusion of variant bids should be balanced by these considerations.

7.2 Recommendation: That variant bids on the facility investment options and a longer 15-year initial contract term are requested at the Initial Tender stage.

8. Procurement Procedure

8.1.1 There are a number of procurement routes and procedures that are used for leisure contracts. The Council wishes to ensure the procedure allows for suitable flexibility without being overly onerous for bidders and ensuring that it can be delivered within the required timeframes.

8.1.2 The Council has undertaken an assessment of the different procurement routes and identified that Competitive Procedure with Negotiation (CPN) is to be used because the Council will have:

- A clearly defined scope of services
- A clearly defined services specification, with some aspects for negotiation
- Potential investment options which will need to be tested through the procurement process and may require operator input through negotiation
- Flexibility to test different scenarios through variant bids before specifying its final requirements
- Sufficient time within the programme.

- 8.2 **Recommendation: That the Council uses Competitive Procedure with Negotiation (CPN) for the tender process.**

9. Evaluation Criteria

9.1 Price/Quality Weighting

- 9.1.1 The Councils are looking to commission the best management operator it can afford. As such, the intention is to set an affordability threshold in the procurement to ensure all compliant bids received will meet a minimum level of management fee.
- 9.1.2 Method statements used to assess quality will be aligned to the Council's strategic objectives for the contract. Themes for method statement questions include:
- Approach to delivering increased levels of participation, across Rochford District and Brentwood as a whole and within target groups
 - Approach to delivering high quality services
 - Approach to designing and delivering innovative and inclusive programmes
 - Approach to designing and delivering a diverse events programme which includes an increased number of higher profile events
 - Approach to designing and delivering neighbourhood-based / outreach services (subject to a decision on scope of services)
 - Approach to contributing to the Councils' net zero carbon ambitions
 - Approach to investment into facilities (including delivery of the Councils' identified investments if applicable and any investments proposed by the operator)
 - Approach to delivering wider social value
 - Use of innovation to develop services and increase awareness through effective marketing
 - Approach to staffing, training and development
 - Approach to managing of assets – maintenance, environmental
 - Approach to quality management and customer care
 - Approach to monitoring KPIs and measuring impact of services.

- 9.2 **Recommendation: That the weighting for the evaluation of bid submissions is 40% Price and 60% Quality.**

- 9.3 **Recommendation: That the method statement themes are developed into specific method statement questions for bidders to respond to during the tender process.**

10. Profit / Surplus Share

- 10.1.1 It is recommended that a profit share arrangement be included as part of the contract to enable the Councils to share in any excess profits generated through the contract, over and above those identified in the operator's tender response.

- 10.1.2 This can protect the Council from the risk of “missing out” in the event that a contract over-performs, particularly where there is significant investment into facilities. A profit share mechanism can be applied to excess profits in each contract year or over an average of a number of years. It can also be based on all profit above the operator’s bid, or in excess of a set threshold (e.g. 10%).

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- 10.2 Recommendation: That the new contract includes a profit share mechanism based on a 50/50 split.**



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December 2023

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Needs Assessment Briefing Paper – Investment Options

Rochford District Council and
Brentwood Borough Council

November 2023



1. Executive summary – potential investment options

- 1 SLC has undertaken an initial assessment of need to help identify potential investment opportunities which are to be tested as part of the procurement of a new leisure contract for Rochford District and Brentwood Borough Councils.
 - 2 This needs assessment will inform a decision from the Councils on the preferred options to be progressed to a further stage of design, costing and business planning.
 - 3 The following has been considered as part of this needs assessment:
 - ▶ Engagement with key internal and external stakeholders in Rochford District and Brentwood, identified through discussion with the Council
 - ▶ Public engagement with leisure facility users and the wider general public through an online survey
 - ▶ A review of core documents including condition surveys, previous feasibility studies and strategic planning documents (e.g. Indoor Built Facility Strategies.)
 - ▶ Market assessments through 4global which consider the likely levels of demand generated by the catchment population against existing and enhanced facilities based on live activity data at a national level and participation survey data
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Investment options for exploration

- 4 The following investment options have been identified for further exploration with the Councils, with the intention of agreeing which options should be taken forward for further development:

Brentwood Centre

- ▶ **Extension of gym facility** – potentially to include a ‘health and wellbeing hub’ area for less able / less confident users which offers more privacy, more inclusive / accessible equipment with a different ‘look and feel’ to the traditional gym offer
- ▶ **Additional flexible space / studio provision** – which supports development of the core group exercise programme but can also be used flexibly by community groups / health partners, particularly during quieter daytime periods
- ▶ **Refresh of pool hall and wet side changing areas**
- ▶ **Refresh of ancillary areas that support events** – additional bar / seating arrangements, improved changing and toilet facilities
- ▶ **Accessibility improvements** – e.g. Changing Places provision, improvements to circulation spaces / step free access, addition of accessibility features like automatic doors etc.
- ▶ **Inclusion of consultation rooms** – e.g. to accommodate health and community partners
- ▶ **Enhanced provision for children and young people** – e.g. soft play and / or climbing
- ▶ **Enhancements to outdoor space** – e.g. covered outdoor studio / exercise area (courtyard near pool hall) and / or padel tennis courts (near 3G pitch and beach volleyball)

Clements Hall Leisure Centre

- ▶ **Extension of gym facility** – potentially to include a ‘health and wellbeing hub’ area for less able / less confident users which offers more privacy, more inclusive / accessible equipment with a different ‘look and feel’ to the traditional gym offer
- ▶ **Additional flexible space / studio provision** – which supports development of the core group exercise programme but can also be used flexibly by community groups / health partners, particularly during quieter daytime periods
- ▶ **Refresh of pool hall and wet side changing areas**
- ▶ **Accessibility improvements** – e.g. changing places, inclusion of pool pod, improvements to circulation spaces / step free access, addition of accessibility features like automatic doors etc.
- ▶ **Inclusion of consultation rooms** – e.g. to accommodate health and community partners (or repurposing of existing treatment rooms)
- ▶ **Enhanced provision for children and young people** – e.g. soft play and / or climbing, potentially in the café area or Rochford Suite

Rayleigh Leisure Centre

- ▶ **Additional flexible space / studio provision** – which supports development of the core group exercise programme but can also be used flexibly by community groups / health partners, particularly during quieter daytime periods. Potentially through repurposing of existing creche area or squash courts
- ▶ **Enhanced provision for children and young people** – e.g. soft play and / or climbing, potentially in the café area
- ▶ **Repurposing of existing astro pitches** – e.g. padel tennis courts / refurbishment with 3G surface / or covered outdoor exercise area

2. Introduction

2.1 Background

- 2.1.1 Rochford District Council (RDC) and Brentwood Borough Council (BBC) have decided to jointly procure a new leisure operating contract to replace their individual existing contracts which both end on 31st March 2025.
- 2.1.2 The Councils have commissioned The Sport, Leisure and Culture Consultancy (SLC) to provide consultancy support throughout the procurement of the new contract. As part of the pre- procurement phase of that process, SLC is working with the Councils to identify investment opportunities for their core leisure facilities. The purpose of this work is to identify potential investments which would:
- ▶ enhance the appeal of the contract opportunity within the leisure operator market
 - ▶ improve the financial performance of the new contract
 - ▶ deliver enhanced facilities and services to local residents which diversify the offer and better meet need.
- 2.1.3 Undertaking this work in advance of a procurement enables the Councils to test the business case for identified investments through the procurement process. Including investment within the procurement also provides an opportunity to improve the overall financial and non-financial outcomes that can be achieved through the new contract.
- 2.1.4 In order to identify potential investment opportunities to be tested with the market as part of a procurement, SLC has undertaken an initial assessment of need. This will inform a decision from the Councils on the preferred options to be progressed to a further stage of design, costing and business planning.
- 2.1.5 The Hartswood Pavilion and adventure playground / splashpad facilities at King George Playing Fields are relatively new. The feasibility work therefore focuses on Clements Hall LC and Rayleigh Leisure LC in Rochford District and The Brentwood Centre in Brentwood.
- 2.1.6 It has been agreed with the Council that investment options will be limited to enhancements / improvements to the existing facilities with a lifespan parallel with that of the new contract. This would therefore exclude any larger-scale, longer-term investments, e.g. significant extensions or wholesale remodelling / redevelopment of facilities.
- 2.1.7 This briefing paper sets out the findings and recommendations of the needs assessment work undertaken to date. It brings together a number of areas of work undertaken to understand community need and market potential including:
- ▶ A review of core documents including condition surveys, previous feasibility studies and strategic planning documents (e.g. Indoor Built Facility Strategies).
 - ▶ Market assessments considering the likely levels of demand generated by the catchment population against existing and enhanced facilities based on live activity data at a national level and participation survey data
 - ▶ Engagement with key internal and external stakeholders in Rochford District and Brentwood, identified through discussion with the Council
 - ▶ Public engagement with leisure facility users and the wider general public through an online survey
- 2.1.8 This briefing paper provides officers with information to support a meeting on 21st November where the emerging investment areas will be discussed and agreed.

3. Feedback from stakeholder and public engagement

3.1 Stakeholder engagement

- 3.1.1 SLC has undertaken a series of virtual meetings with key stakeholders and organisations identified in consultation with RDC and BBC. The stakeholder engagement meetings were framed around a series of 'key lines of enquiry' which were adapted to the specific areas of interest and expertise of each stakeholder / organisation.
- 3.1.2 A list of the stakeholders is provided in Table 2.

Table 1: Stakeholder consultees

Organisation	Name	Role
Active Essex	Lee Monk	Relationship Manager, South East
	Juliette Raison	Relationship Manager - South West Essex
	Jason Fergus	Director of Active Essex
	Stuart Tryhorn	Assistant Relationship Manager – South West Essex
Fusion Lifestyle	Jon Richardson	Regional Commercial and Operations Manager
	Dan Denniss	General Manager, Clements Hall Leisure Centre
	Colette Harker	General Manager, Rayleigh Leisure
	Steve Bentall	Sports and Community Development Manager (Essex)
Rayleigh Indoor Bowls Club	Brian Ashton and Janet Ashton	Club Captains
Forget Me Not Caring – Care for adults with learning disabilities & additional needs	Claire Buckland	Day Centre Manager

Organisation	Name	Role
Brentwood Borough Council and Rochford District	Henry Muss	Climate & Sustainability Manager
Rochford District Council and Castle Point Borough Council	Lucy Terkelsen	Public Health Improvement Officer
Rochford District Council	Cllr Julie Gooding	Lead Member for Leisure, Tourism & Wellbeing
Active Brentwood	Jo Cory	Corporate Health and Well-being Officer
Essex FA	Nick Emery	Head of Development and
Everyone Active Sport For Confidence	Duncan Jefford	Regional Director
	Duncan Cogger	Regional Manager
	Shaun Beagle	Area Contract Manager
	Kimberley Dutton	Senior Occupational Therapist
BOSP	Jodie Connelly	Chief Executive Officer
Wheelchair Rugby	Anthony Sherwood	Chairman
CVS	Diane Fairchild	Director
SEE Alliance	Hemant Patel	Clinical Lead for the SEE Alliance
Brentwood and Basildon Alliance	Emma Branch	Alliance Transformation and Engagement Manager
	Alison Foster	Alliance Delivery Lead
	James Wheeler	Alliance Delivery Lead

3.1.3 The key themes emerging from the stakeholder engagement in relation to the facilities and opportunities for investment include:

- **Refresh/refurbishment of facilities:** Investment is required to core facilities across all three centres but particularly Clements Hall LC and The Brentwood Centre. A general uplift and refurbishment of core areas will likely increase the overall usage and attractiveness of the centres. Linked to this, there is an opportunity to improve the layout and customer journey of the centres and better utilise key spaces, e.g. café areas. Specific areas for refurbishment that stakeholders identified include:

- ▶ The Brentwood Centre: the gym requires a refurbishment, including an improved layout. Ancillary facilities, particularly to the events hall require investment. Many areas are tired and in need of a general refresh
- ▶ Clements Hall LC: the pool hall and wet changing areas are a priority for investment. The current poor quality of wetside provision limits the site's ability to attract market share for swimming lessons and general casual swimming.
- ▶ **Accessibility:** Many stakeholders commented that accessibility at all three centres is a major barrier for those that are disabled or have complex needs. Specific areas of concern include gym access, pool facilities including pool accessibility and accessible changing areas.

Due to the centres' limitations, groups are travelling to alternative facilities outside of the Rochford District. The leisure centres should provide facilities and activities that are 'dementia / autism / disability friendly' through suitable adaptations, signage and training for staff. The development of 'safe spaces', e.g. sensory room, was suggested.

- ▶ **Alternative gym space:** The gym spaces could include a dedicated and separate zone, linked to the main gym, but with specialist accessible equipment for those less active and with a different 'look and feel'. This would act as a good way of introducing new, less able or less confident users to the facilities and provide a pathway from specialist, targeted sessions through to mainstream gym and classes. This space could have its own associated membership, with programmed sessions for specific user groups.
- ▶ **Flexible space:** There is a need for an increase in flexible space, including studios and meeting rooms. This would accommodate the high demand for exercise programmes, particularly at The Brentwood Centre but also provide space for community groups and health partners. There is a desire from key stakeholders, e.g. Sport for Confidence, Forget Me Not Caring, Brentwood and Basildon Alliance etc., for flexible space at the centres to facilitate programmed classes, workshops and consultations.
- ▶ **Community Health Hub:** There is an opportunity to work with health partners and Active Essex in developing a wider 'community health hub' offer at the leisure centres through the provision of dedicated spaces that support health and wellbeing and lifestyle programmes. These could include GP Referral Schemes, weight management, rehabilitation and targeted sessions for those less active.
- ▶ **Diversified offer:** There is an opportunity to diversify the offer through the provision of new, less traditional forms of activity, such as soft play and climbing.
- ▶ **Outdoor Space:** There is a significant amount of under-utilised space at the centres. These areas could be developed to provide other activities such as Padel Tennis and bootcamp fitness sessions. The development of walking and cycling routes, particularly at The Brentwood Centre considering the outdoor space, was suggested by stakeholders, this could be linked community running/walking groups in the area.

3.2 Current operator engagement

- 3.2.1 Engagement with the current operators of the Councils' leisure facilities (Everyone Active – BBC, Fusion Lifestyle – RDC) was undertaken to get their views on potential investment opportunities based on their experience of operating the sites and perceived areas of potential growth.
- 3.2.2 Key areas highlighted by the operators are summarised as follows:

Everyone Active – The Brentwood Centre

- ▶ Events are limited by ancillary facilities – improvements to toilets and changing rooms and a secondary bar / seating area would enhance the events offer

- ▶ Strong potential for higher levels of health and fitness membership, given low levels of competition in the area – this would require improved and additional gym space to accommodate a higher volume of users
- ▶ Additional studio space – a programme of c. 80 classes is currently delivered out of 4 areas, some of which are not purpose-built or retrofitted into sub-optimal spaces (e.g. 2 badminton courts within the sports hall when not needed for events).
- ▶ Refresh of pool areas including wetside changing – strong potential to grow swimming programme which would be enhanced by an improvement to look and feel of these facilities
- ▶ Inclusion of a spa facility – would support and enhance the membership offer

Fusion – Clements Hall LC

- ▶ Investment in the wetside is seen as the priority – improvements to the pool hall, changing village and sauna / steam facilities
- ▶ Existing studio space is seen as being sufficient to meet current demand for exercise classes although some classes take place in Rochford Suite which is not purpose-built
- ▶ Opportunity to develop soft play and/or climbing to enhance the offer and support the café (currently a large space that could do more)
- ▶ The creche is making a loss and could be repurposed for an alternative use, potentially linked to a wider 'health and community hub' offer
- ▶ Consultation spaces to accommodate health practitioners e.g. for health checks, community nurse drop ins, social prescribing etc. could be provided
- ▶ Accessibility across the site could be improved

Fusion Lifestyles – Rayleigh LC

- ▶ The creche is making a loss and could be repurposed for an alternative use, potentially as a spin studio
- ▶ Café space could be reconfigured to create space for soft play with a servery added into reception
- ▶ There is currently only 1 small studio – additional space would enhance the offer
- ▶ Outdoor astro pitches are not well used and could be repurposed – padel tennis could be a suitable option for this space or refurbished with 3G surface
- ▶ The centre has very limited storage space which could create limitations on future options.

3.3 Public engagement

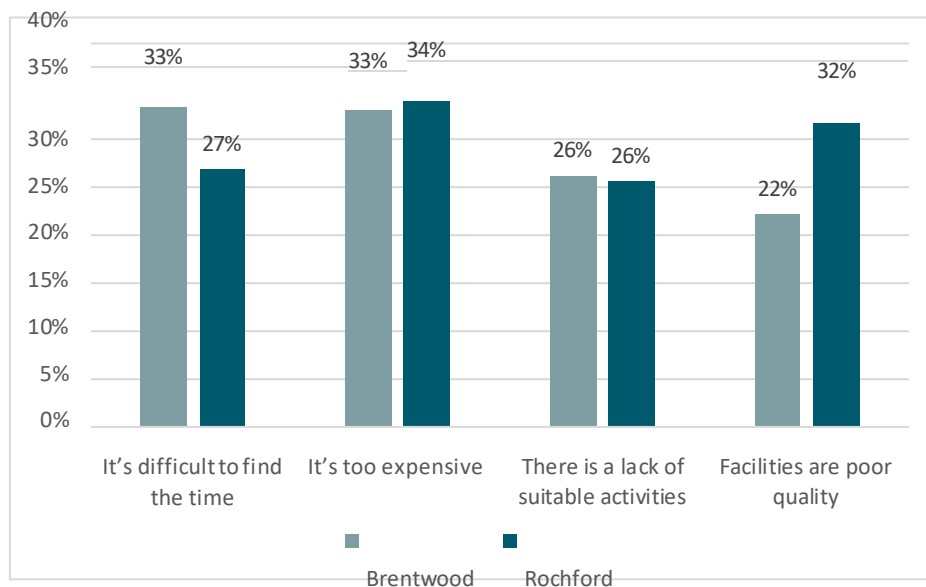
- 3.3.1 In parallel to the consultation with stakeholders, engagement with leisure facility users and the wider general public has been undertaken. This has been delivered through an online questionnaire, hosted on the Councils' Engagement HQ platform. Hard copy questionnaires were also available.
- 3.3.2 The survey was live for 4 weeks from Friday 13th October to 10th November. It was promoted through the Councils' social media channels and distributed by the leisure operators to their mailing lists in Rochford District and Brentwood respectively.
- 3.3.3 Key themes that have emerged from the results revolve around the need for **accessible, affordable and diverse opportunities to be physically active**.
- 3.3.4 Priorities for investment informed by responses include recreational swimming, health and fitness gyms, group exercise classes and indoor sports. There is an overall need to provide better quality facilities that cater for a more diverse audience, particularly those less active.

3.3.5 Residents from Brentwood think the Council should prioritise **more locally based activities** (e.g. in parks, community centres, village halls etc.). Residents in Rochford District felt that the top priority for the Council was to provide **better-quality facilities** that are more **accessible**.

3.3.6 Key findings from the public engagement were as follows:

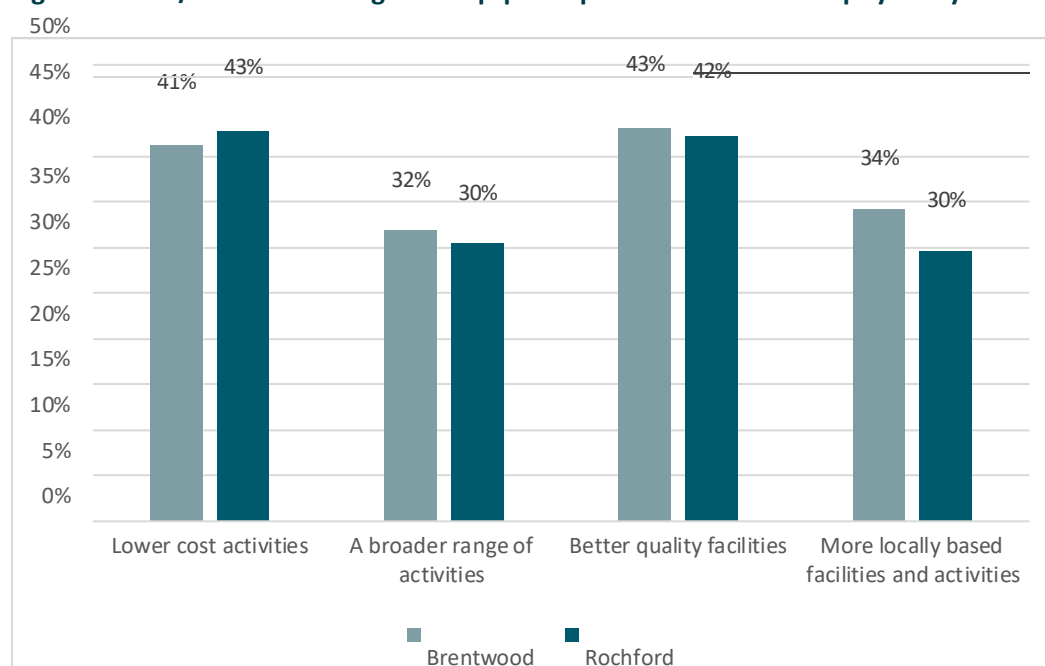
- ▶ 267 submissions were received from Brentwood and 655 from Rochford
- ▶ 28% of Brentwood and 27% of Rochford responses were received from residents that don't currently use the Council's facilities
- ▶ **81% of Rochford residents and 80% of Brentwood residents want to be more physically active**
- ▶ The four main barriers to being more physically active are:
 - ▶ It's difficult to find the time
 - ▶ It's too expensive
 - ▶ There is a lack of suitable activities
 - ▶ Facilities are poor quality

Figure 1: RDC/BBC Main Challenges to being more physically active



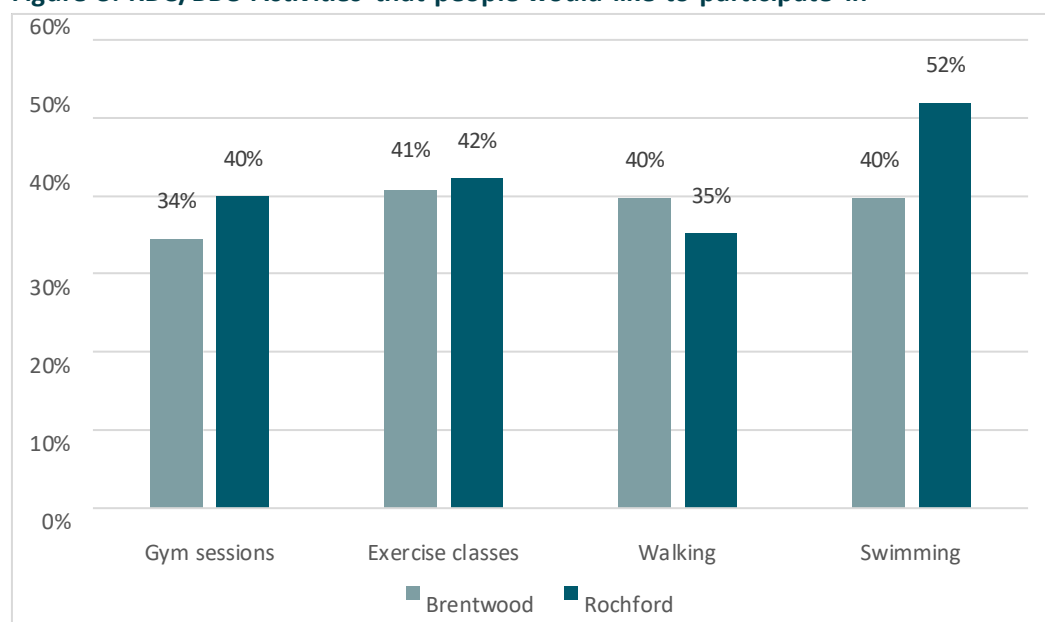
- ▶ The main things that would help participants become more physically active are:
 - ▶ Lower cost activities
 - ▶ Better quality facilities
 - ▶ More locally based facilities and activities
 - ▶ Broader range of activities

Figure 2: RDC/BBC Main things to help participants become more physically active



- Activities that people would like to participate in to increase levels of physical activity are:
 - Swimming
 - Exercise classes
 - Gym sessions
 - Walking

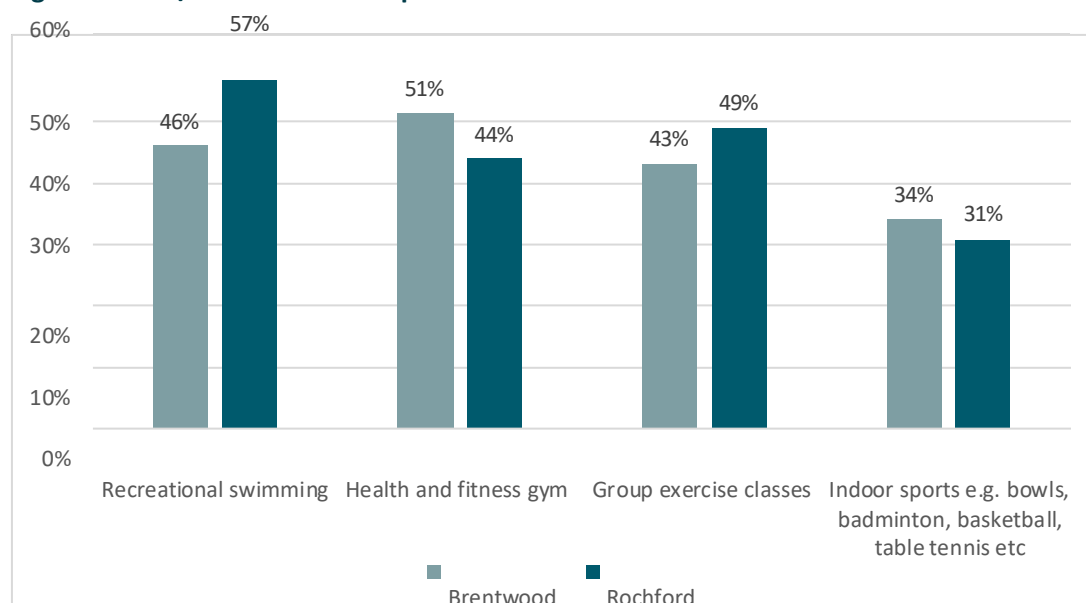
Figure 3: RDC/BBC Activities that people would like to participate in



- Activities and facilities that the Council should prioritise when exploring investment options for the leisure centres:
 - Recreational swimming
 - Health and fitness gym
 - Group exercises

- ▶ Indoor sports e.g. bowls, badminton, basketball, table tennis etc.

Figure 4: RDC/BBC Investment priorities



- ▶ Respondents identified that the Council's priorities in supporting local people to become more active should be:

more active should be:

Rochford residents:

- ▶ To support the provision of better-quality facilities that are more accessible (56%)
- ▶ To help increase awareness of what activities and facilities are available (40%)
- ▶ To focus resources on encouraging inactive or less active residents to be more active (38%)

Brentwood residents:

- ▶ To support more opportunities for residents to be active in local places such as parks, community centres and village halls (53%)
- ▶ To support the provision of better-quality facilities that are more accessible (44%)
- ▶ To help increase awareness of what activities and facilities are available (42%)

4. Market assessments

4.1.1 SLC commissioned data-led market assessments from 4global and Swim England to inform this initial feasibility review. Assessments have been undertaken for Clements Hall Leisure Centre, Rayleigh Leisure Centre and The Brentwood Centre based on current population levels and on planned housing growth up to 2030. The key findings are set out within this section.

4.2 4global site market assessment findings

4.2.1 4global's facility assessment modelling assesses market demand for facilities and development scenarios using their DataHub platform which brings together live usage data from operators from across thousands of facilities nationally.

4.2.2 The modelling provides an indication of the likely level of demand that a facility or facility development in a specific location would be expected to satisfy, taking into account the facility's own level of attractiveness, competing provision and the demographics of the catchment area.

4.2.3 Projected usage levels at each of the facilities have been modelled by 4global to provide an indication of the likely level of use that the facilities would attract with specific enhancements in provision.

4.2.4 The key factors taken into account by the modelling include:

- ▶ Size of facility
- ▶ Age of facility and refurbishment
- ▶ Location of the facility in terms of its proximity to potential users
- ▶ Attractiveness of competing facilities in the area, primarily based on size and age
- ▶ Location of competing facilities in terms of proximity to potential users
- ▶ Demographics of the catchment population and the likely level of demand it will generate.

4.2.5 The resulting assessment models provides an expected level of usage at a given facility or planned facility by assigning identified demand from across the catchment population to the facility which is most likely to benefit from that demand based on its location and attractiveness.

4.2.6 Climbing and soft play facilities have been added to the modelling to provide an indication of the likely level of demand for these facility types if added.

Clements Hall LC

4.2.7 4global's demand modelling has been used to test the market potential and likely impact of a number of facility enhancements at Clements Hall Leisure Centre, including:

- ▶ Refurbished and enhanced health and fitness gym facilities including the addition of more fitness stations
- ▶ Additional studio provision
- ▶ Additional full size 3G pitch provision (as planned with the Football Foundation) and resurfacing of existing 3G pitch
- ▶ Addition of spa provision (sauna, steam room, relaxation area etc.)
- ▶ Addition of soft play provision
- ▶ Addition of climbing facility

4.2.8 Expected levels of usage for existing swimming, squash and sports hall facilities at the centre have also been modelled.

- 4.2.9 The 4global modelling suggests that a refurbishment of the existing 62-station gym would attract c. 1,572 visits per week and 1,391 unique users per month. This represents a performance in the top 50% of sites in the sector in terms of visits per station.
- 4.2.10 An expanded and refurbished gym with 100 stations would attract c. 2,145 visits per week and 1,898 unique users per month. A further expanded gym facility with 150 stations would attract a projected 2,554 visits per week (2,263 unique users per month).
- 4.2.11 4global modelling projects a total future health and fitness membership based on a refurbished 62-station gym of 3,325. This equates to 53 members per station which is extremely high and could therefore justify a larger gym.
- 4.2.12 Whilst each increased gym size provides additional visits per week and unique users per month, these increases are not proportionate to the increase in gym size. There are 'diminishing returns' on each increase i.e. the limitations of local demand mean that it's not simply a case of doubling the size of the gym in order to double its use.
- 4.2.13 Provision of an additional 150 sqm studio is projected to increase visits per week compared with existing studio provision from 1,692 visits per week to 2,654 visits. Provision of an additional two 150 sqm studios would increase total studio visits per week to 3,033.
- 4.2.14 In contrast to the increased sizes of gyms, the increases in studio space does, broadly, result in a corresponding increases in usage levels.
- 4.2.15 New spa facilities are projected to attract an additional 135 visits per week.
- 4.2.16 A standard sized soft play facility (c. 200 sqm) would attract c. 212 visits per week, whilst a larger installation of c. 400 sqm is projected to attract c. 475 visits per week to the centre.
- 4.2.17 A standard sized climbing facility (c. 135 sqm) is projected to attract c. 150 visits per week, increasing to 179 visits for a larger facility (c. 150 sqm).
- 4.2.18 Projected levels of usage for the existing swimming pool, squash courts and sport hall are shown in Table 2.

Table 2: Projected use of existing facilities - CHLC

Facility	Projected weekly visits (current population)	Projected use against sector benchmarks
Swimming	2,480 visits	Top 50%
Sports hall	674 visits	Top 50%
Squash courts	88 visits	Bottom 25%

- 4.2.19 Modelling for these facility enhancements and existing facilities has also been undertaken taking into account planned housing growth. Future projected levels of use are shown in Table 3.

Table 3: Projected future use - CHLC

Facility type	Future projected weekly visits (2030)	Expected growth vs current population
Health and Fitness		

Facility type	Future projected weekly visits (2030)	Expected growth vs current population
Existing size – refurbished (62 stations)	1,732	10.2%
100 stations	2,364	10.2%
150 stations	2,815	10.2%
Studios		
Existing (564 sqm)	1,887	11.5%
Plus additional 150 sqm studio	2,959	11.5%
Plus 2 additional 150 sqm studios	3,382	11.5%
Artificial grass pitch		
Existing plus new full size pitch	464	11.8%
Soft play		
Standard size (200 sqm)	238	12.1%
Larger size (400 sqm)	532	12.1%
Climbing		
Standard size (135 sqm)	168	12.0%
Larger size (150 sqm)	200	12.0%
Spa		
Sauna/Steam/Relaxation area	151	11.9%
Existing		
Swimming (existing)	2,793	12.6%
Sports hall (existing)	768	14.0%
Squash courts (existing)	99	12.2%

Rayleigh Leisure Centre

4.2.20 4global's demand modelling has been used to test the market potential and likely impact of a number of facility enhancements at Rayleigh Leisure Centre, including:

- Additional studio provision

- ▶ New full size 3G pitch provision (as planned with the Football Foundation) and conversion of existing outdoor courts to five-a-side 3G pitches
- ▶ Addition of soft play provision
- ▶ Addition of climbing facility

- 4.2.21 Expected levels of usage for existing health and fitness, squash, bowls, outdoor courts and sports hall facilities at the centre have also been modelled.
- 4.2.22 Provision of an additional 60 sqm spin studio is projected to increase studio visits per week to 1165 visits. Provision of an additional 120 sqm studio is projected to increase visits to 1304 visits, compared with existing studio provision projected at 664 visits per week. Provision of both additional studios (180 sqm) would increase total studio visits per week to 1414.
- 4.2.23 A new full size artificial pitch at the centre is projected to attract c. 480 visits per week. If the existing outdoor courts are converted to five-a-side 3G pitches, the total projected 3G pitch use is increased to 689 visits per week.
- 4.2.24 A standard sized soft play facility (c. 200 sqm) would attract c. 369 visits per week, whilst a larger installation of c. 400 sqm is projected to attract c. 902 visits per week.
- 4.2.25 A standard sized climbing facility (c. 135 sqm) is projected to attract c. 176 visits per week, increasing to 199 visits for a larger facility (c. 150 sqm).
- 4.2.26 Projected levels of usage for the existing health and fitness, squash, bowls, outdoor courts and sports hall facilities at the centre are shown in Table 4.

Table 4: Projected use of existing facilities - RLC

Facility	Projected weekly visits (current population)	Projected use against sector benchmarks
Gym	891	Just below average
Sports hall	543	Top 50%
Squash courts	113	Just below average
Indoor bowls	81	n/a
Outdoor courts (tennis)	252	n/a

- 4.2.27 Modelling for the potential facility enhancements and existing facilities has also been undertaken taking into account planned housing growth. Future projected levels of use are shown in Table 5.

Table 5: Projected future use - RLC

Facility type	Future projected weekly visits (2030)	Expected growth vs current population
Studios		
Existing	850	28.0%

Facility type	Future projected weekly visits (2030)	Expected growth vs current population
Plus additional 60 sqm spin studio	1,491	28.0%
Plus additional 120 sqm studio	1,669	28.0%
Plus both additional studios	1,810	28.0%
Artificial grass pitch		
New full size pitch	590	22.9%
New full size pitch plus conversion of existing outdoor courts to 3G	847	22.9%
Soft play		
Standard size (200 sqm)	454	22.9%
Larger size (400 sqm)	1,108	22.9%
Climbing		
Standard size (135 sqm)	216	22.9%
Larger size (150 sqm)	245	22.9%
Existing		
Health and fitness (existing)	1,166	30.4%
Sports hall (existing)	654	20.4%
Squash courts (existing)	127	12.7%
Indoor bowls (existing)	100	22.9%
Outdoor courts (existing)	310	22.9%

The Brentwood Centre

4.2.28 4global's demand modelling has been used to test the market potential and likely impact of a

number of facility enhancements at The Brentwood Centre, including:

- ▶ Refurbished and enhanced health and fitness gym facilities including the addition of more fitness stations
- ▶ Additional studio provision
- ▶ Additional full size 3G pitch provision (as planned with the Football Foundation)
- ▶ Addition of spa provision (sauna, steam room, relaxation area etc.)
- ▶ Addition of soft play provision

► Addition of climbing facility

- 4.2.29 Expected levels of usage for existing swimming, squash and sports hall facilities at the centre have also been modelled.
- 4.2.30 The 4global modelling suggests that a refurbishment of the existing gym would attract c. 2,085 visits per week and 1,855 unique users per month. This represents a performance in the top 50% of sites in the sector in terms of visits per station (32.1 visits).
- 4.2.31 An expanded and refurbished gym with 100 stations would attract c. 2,721 visits per week and 2,421 unique users per month. The performance of the extended gym provision is still projected to be in the top 50% of sites in the sector albeit with a reduced number of visits per station overall (27.2 compared with 32.1 visits). At 150 stations, projected visits per week would increase to 3,404 (3,029 unique users per month) and 22.7 visits per station.
- 4.2.32 4global modelling projects a total future health and fitness membership based on a refurbished 100-station gym of 3,443. This equates to 34 members per station which is at the high end of sector benchmarks and could justify a larger gym.
- 4.2.33 As with Clements Hall, there are ‘diminishing returns’ on each increase in gym size. However, the larger options move the level of use further below the ‘comfort threshold’ providing a better quality user experience and critically, providing more room for future growth.
- 4.2.34 Provision of an additional 150 sqm studio is projected to increase visits per week from 1,203 based on current levels of provision to 1,954. Provision of an additional two 150 sqm studios would increase total studio visits per week to 2,217. Provision of an additional two 150 sqm studios plus an additional 60 sqm spin studio is projected to increase total studio visits per week to 2,400.
- 4.2.35 All 4 options perform around the same 50% benchmark (4.8 visits per sqm) compared with other sites in the sector. Existing provision and the one additional studio both perform slightly above the benchmark with 5.1 visits per sqm. The option with two additional studios brings this down slightly to 4.7 visits per sqm and with the addition of a spin studio to 4.5 visits per sqm.
- 4.2.36 New spa facilities are projected to attract an additional 343 visits per week.
- 4.2.37 A standard sized soft play facility (c. 200 sqm) would attract c. 387 visits per week, whilst a larger installation of c. 400 sqm is projected to attract 544 visits per week to the centre.
- 4.2.38 A standard sized climbing facility (c. 135 sqm) is projected to attract c. 265 visits per week, increasing to 336 visits for a larger facility (c. 150 sqm).
- 4.2.39 Two new full size 3G artificial turf pitches at the centre alongside the existing pitch are projected to attract c. 984 additional visits per week.
- 4.2.40 Projected levels of usage for the existing swimming pool, squash courts and sport hall are shown in Table 6.

Table 6: Projected use of existing facilities – The Brentwood Centre

Facility	Projected weekly visits (current population)	Projected use against sector benchmarks
Swimming	2,777 visits	Top 25%
Sports hall (sports usage only – excluding events estimated at c.	1,112 visits	Top 50%

Facility	Projected weekly visits (current population)	Projected use against sector benchmarks
Squash courts	126 visits	Top 50%

- 4.2.41 Modelling for these facility enhancements and existing facilities has also been undertaken taking into account planned housing growth. Future projected levels of use are shown in Table 7.

Table 7: Projected future use – The Brentwood Centre

Facility type	Future projected weekly visits (2030)	Expected growth vs current population projections
Health and Fitness		
Existing size – refurbished (65 stations)	2,198	5.4%
100 stations	2,868	5.4%
150 stations	3,588	5.4%
Studios		
Existing (236 sqm)	1,257	5.3%
Plus additional 150 sqm studio	2,508	5.3%
Plus 2 additional 150 sqm studios	2,335	5.3%
Plus 2 additional 150 studio and 60 sqm spin	2,527	5.3%
Artificial grass pitch		
Existing plus new 2 full size pitches	1,020	3.7%
Soft play		
Standard size (200 sqm)	408	5.5%
Larger size (400 sqm)	574	5.5%
Climbing		
Standard size (135 sqm)	280	5.5%
Larger size (150 sqm)	354	5.5%
Spa		

Facility type	Future projected weekly visits (2030)	Expected growth vs current population
Sauna/Steam/Relaxation area	362	5.6%
Existing		
Swimming (existing)	2,930	5.5%
Sports hall (existing)	1,187	6.7%
Squash courts (existing)	135	6.8%

4.3 Swim England Swimming Lesson Latent Demand

- 4.3.1 SLC has used analysis from Swim England to understand the level of latent (i.e. unmet) demand within the catchment of each centre (Clements Hall and The Brentwood Centre) based on the propensity of the catchment population (current and future) to participate in swimming lessons, taking into account existing levels of provision in the area.

Clements Hall LC

- 4.3.2 Swim England has reported that there is latent demand of **3,267 swimming lesson pupils** in the catchment area around Clements Hall LC currently, increasing to **3,302** by 2030. The current learn to swim programme at the centre has a total of 637 pupils. The identified latent demand has been calculated based on reviewing the following considerations:
- ▶ Catchment area - 10-15 minute drive time from the centre
 - ▶ Water space analysis
 - ▶ Competitor analysis
 - ▶ Catchment population and Swim England Insight on 'likelihood measures' – i.e. market research on the likelihood of different demographic groups to pay for a swimming lesson
- 4.3.3 Swim England report that, a realistic and achievable share of this latent demand, based on the overall proportion of total water space within the catchment is c. **494 additional pupils** (rising to **499** in 2030).
- 4.3.4 This unmet demand analysis indicates that Clements Hall LC could attract c. 500 additional swim school pupils – equivalent to c. **£198K pa** additional annual revenue based on current pricing. The centre could potentially claim a greater proportion of the significant identified latent demand within the catchment (over 3,000 pupils) with an improved quality of offer and increase revenue further still.

The Brentwood Centre

- 4.3.5 Swim England has reported that there is latent demand of **2,484 swimming lesson pupils** in the catchment area around Brentwood Centre currently, increasing to **2,877** by 2030. The current learn to swim programme at the centre has a total of 1,148 pupils. The identified latent demand has been calculated based on reviewing the following considerations:
- ▶ Catchment area - 10-15 minute drive time from the centre
 - ▶ Water space analysis
 - ▶ Competitor analysis

- ▶ Catchment population and Swim England Insight on 'likelihood measures' – i.e. market research on the likelihood of different demographic groups to pay for a swimming lesson

- 4.3.6 Swim England report that, a realistic and achievable share of this latent demand, based on the overall proportion of total water space within the catchment is c. **331 additional pupils** (rising to **384** in 2030).
- 4.3.7 This unmet demand analysis indicates that The Brentwood Centre could attract c. 400 additional swim school pupils – equivalent to c. **£144K pa** additional annual revenue based on current pricing. The centre could potentially claim a greater proportion of the significant identified latent demand within the catchment (c. 2,500 pupils) with an improved quality of offer and increase revenue further still.

5. Recent performance trends

- 5.1.1 All leisure facilities experienced a period of significant disruption during and in the aftermath of Covid-19 which resulted in the loss of many of their members and a period of recovery following the full reopening of facilities and services.
- 5.1.2 Some facilities have recovered more quickly and more fully than others. A review of usage and financial data can provide an indication of the extent to which facilities in Rochford District and Brentwood have recovered. Any recent trends in participation and income could also provide an indication of further growth potential.

5.2 Recent membership and usage trends

- 5.2.1 Recent (July 2023) membership, swim school and throughput data for Clements Hall LC and Rayleigh LC has been compared with pre-Covid levels and with the same month a year ago to assess recovery levels and recent growth trends.
- 5.2.2 In the case of The Brentwood Centre, as the current operator has only been in place since October 2021, pre-Covid data is not available for comparison, but membership, swim school and throughput data in October 2021 and September 2022 have been compared with current levels.
- 5.2.3 A similar comparison has not been undertaken for Hartswood Pavilion as it only opened in April 2022.

Table 8: Clements Hall LC – membership and usage trends

	Pre-Covid (2019-20 average)	July 2022	Current – July 2023	Recovery – Current vs pre-Covid	Growth – Current vs July 22
Members	3,114	2,554	3,227	104%	26%
Swim school	676	614	637	94%	4%
Total monthly visits	47,345	27,553	29,359	62%	7%

Table 9: Rayleigh Leisure Centre - membership and usage trends

	Pre-Covid (2019-20 average)	July 2022	Current – July 2023	Recovery – Current vs pre-Covid	Growth – Current vs July 22
Members	1,125	767	1,152	102%	50%
Total monthly visits	11,326	6,057	8,980	79%	48%

Table 10: Brentwood Centre - membership and usage trends

	October 2021	September 2022	Current - Sept 2023	Growth – Current vs Oct 21	Growth – Current vs Sept 22
Members	1,512	2,705	3,057	102%	13%
Swim school	761	993	1,143	50%	15%
Total monthly visits	24,205	31,044	34,463	42%	11%

5.3 Trends in income performance

- 5.3.1 Income levels in 2022/23 at Clements Hall LC and Rayleigh LC have been compared with pre-Covid income levels. Both facilities have generated significantly lower levels of income in the last full financial year than in 2019/20 (22% and 24% less respectively). This is despite memberships exceeding pre-Covid levels, although throughput levels are down.
- 5.3.2 This suggests that Fusion are achieving lower yields through their membership sales which is driving higher numbers but significantly less income. There may be scope to increase prices and drive higher membership numbers with an improved overall offer.
- 5.3.3 Swimming income has not recovered to pre-Covid levels, despite this generally being an area which has typically fully recovered across the wider market. As illustrated by the Swim England assessment, there is significant scope to increase swimming lesson programme numbers in particular, which would drive significant levels of additional income.

Table 11: Clements Hall LC - income trends

	2019/2020	2022/23	% recovery
Total Income	£2,263,926	£1,755,897	78%
Health and fitness	£1,371,867	£1,014,981	74%
Total swimming	£474,326	£458,724	97%
Indoor, outdoor and junior activities	£224,244	£164,067	73%

Table 12: Rayleigh LC - income trends

	2019/2020	2022/23	% recovery
Total Income	£665,263	£503,313	76%

	2019/2020	2022/23	% recovery
Health and fitness	£523,617	£359,096	69%
Indoor, outdoor and junior activities	£122,325	£127,382	104%

- 5.3.4 Income levels at The Brentwood Centre from April – August 2022 have been compared with the same period in 2023. The comparison shows a consistent growth across all key income areas which reflect and exceed the steady growth in membership, swim school and usage numbers. This reflects the operator's view that there is further potential for growth at the facility.

Table 13: Brentwood Centre - income trends

	April – August 2022	April – August 2023	% growth
Total Income	£667,889	£851,587	28%
Aquatics	£192,314	£231,453	20%
Fitness	£321,950	£389,012	21%
Indoor Sports & Operations	£119,407	£155,985	31%

Terms of reference

1. Purpose

The purpose of the Leisure Strategy Working Group (LSWG) in Rochford, is to inform the relevant committees or Full Council in agreeing recommendations on the feasibility works for Clements Hall Leisure Centre and Rayleigh Leisure Centre. The LSWG will review the reports submitted by Sport, Leisure, Culture Consultancy (SLC) who will be undertaking the feasibility study. This will be evidenced based approach on the potential investment options at the sites and will be informed by:

- Engagement with internal and external stakeholders and partners to understand local needs and aspirations for the facility.
- Assessment of supply and demand for different facilities and, considering the size and demographics profile of the identified catchment population, and predicted population group from the LDP.
- Assessment of potential options, including energy saving opportunities and a clear rationale and evidence base for the preferred option which will inform the Procurement Strategy.
- Drawings and accommodation schedules
- Budget cost estimates and project delivery programmes which set out the timeframes for procurement, detailed design, planning and construction.
- Revenue business plans based on robust assumptions and market insight.
- Collation of all outputs into a report outlining key findings, conclusions and recommendations which will be presented to the relevant committee.

The LSWG will also review the procurement options in the development of the procurement Strategy which will identify the Council's Strategic priorities, investment plans, length of contract, procurement route, risk profile and evaluation framework. This strategy will then be presented to the relevant committee for approval (estimated to be January 2024).

The working group may request further work or information to be provided to them to clarify any implications or issues that may affect the Council.

It is also envisioned that the Rochford District Council LSWG will liaise with the Brentwood Borough Council members around any joint decisions required as part of the procurement strategy and around the Key Performance Indicators that will be required from the leisure operator.

2. Responsibilities

The key responsibilities of the Working Group will be to examine the following areas of Council's leisure provision:

- Clements Hall Leisure Centre

- Rayleigh Leisure Centre

To ensure that all options within each of those facilities are fully examined, reviewed and prioritised and any recommendations are reported back to the appropriate committee.

The LSWG will ensure that any reports remain confidential and are not shared beyond the group, as much of the information will be commercially sensitive.

3. Aim

The primary aim of the LSWG is to ensure that the feasibility works on the sites is undertaken and that the options presented are reviewed and are deemed to be financially sustainable and fit for purpose for the residents of Rochford by:

- Identify options to reduce revenue and capital expenditure to Rochford District Council in its leisure facilities.
- Increase strategic capital investment in leisure facilities.
- Ensure that the procurement strategy will be robust and provide financially viable options.
- Reduce the risk to Rochford District Council
- Increases sport and leisure participation in Rochford.
- Support and encourage health partners to utilise the centres
- Offer more than just sports and leisure

4. Activities

- Use the local needs analysis, reports, financial information to agree priorities within the context of the feasibility works and procurement strategy.
- Development of a Procurement Strategy for leisure facilities
- Agree recommendations for relevant committees.
- Identify any areas requiring further investigation or clarification.
- Monitor progress against the feasibility/options and development of the procurement strategy.
- Ensure that there is active participation and engagement with a wide range of stakeholders and partners.

5. Accountability and decision making

The LSWG activities will form part of the monthly update reports into the Programme Board and will report directly to the Executive and or appropriate committee.

Membership and frequency

The Cross-party working group will be made up of 5 members.

Meetings will take place every **month** and will be at times to enable effective coordination with Members, SLC consultants and any relevant Committee meetings. The group will also have the option to call additional meetings to address specific issues that require agreement, clarification or decision.

Agendas and supporting documents will be issued at least one working week before the meetings.

Cross party Working Group membership:

Cllr Julie Gooding (Chair)
Cllr Micheal Hoy
Cllr Danielle Belton
Cllr Andre Cross
Cllr Tracey Knight
Cllr Lisa Newport
Cllr Arthur Williams

The LSWG will be supported by the Director of Assets and Investment and Senior Leisure & Cultural Services Officer and other Rochford District Council Officers.

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The working group may request further work or information to be provided to them to clarify any implications or issues that may affect the Council.

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5. Accountability and decision making

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Membership and frequency

The Cross-party working group will be made up of 6 members.

Meetings will take place as and when required and will be at times to enable effective coordination with Members, SLC consultants and any relevant Committee meetings. The group will also have the option to call additional meetings to address specific issues that require agreement, clarification or decision.

Agendas and supporting documents will be issued at least one working week before the meetings.

Cross party Working Group membership:

Cllr Julie Gooding (Chair)
Cllr Micheal Hoy
Cllr Danielle Belton
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Cllr Arthur Williams

The LSWG will be supported by the Director of Assets and Investment and Senior Leisure & Cultural Services Officer and other Rochford District Council Officers.

LEISURE PROCUREMENT STRATEGY WORKING GROUP MEETING

Date: 03 January 2024

Location: Main Meeting Room, Rochford District Council/Remote via Teams

Attendees: Cllr Mrs J R Gooding (Chairman), Cllr Mrs D L Belton, Cllr A G Cross, Cllr M Hoy, Cllr A L Williams
Jonathan Stephenson – RDC (JS), Phoebe Barnes – RDC (PB), Weronika Szyszka – RDC (WS)
Toby Kingsbury – SLC (TK), Anna Dalton – SLC (AD)

New Leisure Management Contract – Strategic Objectives:

The following Strategic Objectives for the future service have been developed through consultation with the cross-party Leisure Working Group, comprising of Cllr Mrs J R Gooding, Cllr Mrs D L Belton, Cllr A G Cross, Cllr Michael Hoy and Cllr Arthur Williams:-

- (1) To deliver a financially sustainable service through an innovative and dynamic approach to programming, facility investment, income generation and operational efficiencies;
- (2) To improve the physical and mental and wellbeing of residents in Brentwood and Rochford District through increased opportunities to participate in sport and physical activity;
- (3) To increase participation in physical activity by less active residents and those at higher risk of experiencing health inequalities through improved access to facilities and activities;
- (4) To deliver a diverse range of physical activity programmes and cultural events which respond to local needs and maximise opportunities for income generation;
- (5) To deliver high quality, innovative services that meet the required service standard and exceed customer expectations;
- (6) To extend the reach and impact of the services by delivering activities in community settings, parks and open spaces that are inclusive, accessible and appeal to less active groups;
- (7) To develop and maintain effective partnerships with local stakeholders which support the development and delivery of physical activity opportunities as part of the wider health and wellbeing system;

LEISURE PROCUREMENT STRATEGY WORKING GROUP MEETING

Date: 03 January 2024

Location: Main Meeting Room, Rochford District Council/Remote via Teams

- (8) To support the Council's net zero carbon ambitions through investment in energy saving technology and effective environmental management of the facilities;
- (9) To maintain and invest in the facilities throughout the term of the Contract to ensure the Council's assets are protected and they support the delivery of a high quality service;
- (10) To provide a skilled workforce that is able to meet the needs of people with more complex physical and mental health issues, and to effectively engage with people who have specific cultural and socio-economic needs;
- (11) To deliver wider social value through proactive engagement with community and voluntary sector partners.

A further recommendation was agreed by the Working Group:-

That officers present a high-level outline business case of an in-house Leisure Service.