

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 26 September 2019

Portfolio:	Leisure and Community
Subject:	Award of Contract – Operator of Remodelled Ferneham Hall
Report of:	Director of Leisure and Community
Corporate Priorities:	Leisure Opportunities for Health and Fun

Purpose:

This report seeks approval to award the contract to operate the remodelled Ferneham Hall on behalf of the Council to the preferred bidder.

Executive summary:

The skill required to programme and operate the remodelled Ferneham Hall means that management by an experienced Leisure Trust operator is required. At its meeting on 9 July 2018, the Executive approved the procurement of an experienced operator to run the new venue.

A joint approach to procuring operators for Ferneham Hall and the Council's two Leisure Centres, Fareham and Holly Hill, was approved by the Ferneham Hall Project Member Working Group in August 2018.

This report seeks approval for the operator of the remodelled Ferneham Hall. A report will follow in November seeking approval for the appointment of an operator to run the two leisure centres.

Following a detailed procurement exercise, the two final bidders have provided submissions that offer a varied and high-quality programme of events and activities. Both will enable Ferneham Hall to be a vibrant venue with activity throughout the day and evening. The evaluation of the submissions and preferred bidder are provided in confidential Appendix A.

The Member Working Group agreed to the preferred bidder being presented to the Executive for approval on 4 September. The Leisure and Community Scrutiny Panel will be provided with a confidential presentation regarding the procurement process, tender evaluations and preferred bidder on 23 September. The comments of the Scrutiny Panel will be reported to the Executive at its meeting on 26 September.

Recommendation/Recommended Option:

It is recommended that the Executive agrees that:

- (a) the tender submitted by the contractor ranked 1st as set out in the confidential Appendix A to the report, being the most advantageous tender received, be accepted and the contract awarded to the company; and
- (b) the 2nd ranked contractor, as set out in the confidential Appendix A, be appointed reserve bidder.

Reason:

To allow Ferneham Hall to be run by a skilled and experienced Leisure Trust operator whilst ensuring the most economically advantageous deal for the Council.

Cost of proposals:

The Council will initially pay an annual contribution to the Trust. The venue is projected to break even in the fourth year of operation, following which an annual management fee will be paid to the Council.

Appendices:

A: Tender evaluation matrix and preferred bidder
(Confidential)

Background papers: File of Tender Responses

Reference papers: None

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Executive Briefing Paper

Date:	26 September 2019
Subject:	Award of Contract – Operator of Remodelled Entertainment Venue
Briefing by:	Director of Leisure and Community
Portfolio:	Leisure and Community

INTRODUCTION

1. At its meeting on 9 July 2018, the Executive approved the procurement of an experienced operator, alongside the Vision to remodel Ferneham Hall into a community arts and entertainment venue.
2. A Member Working Group (MWG) and an Officer Working Group were both established to oversee the procurement process alongside the development of designs for the new venue.
3. This report gives an overview of the procurement process undertaken to appoint an operator to run the remodelled Ferneham Hall. It then seeks approval for the appointment of the preferred bidder.

BACKGROUND

4. The remodelled Ferneham Hall is currently planned to reopen as a new community arts and entertainment venue in spring 2022.
5. The skill required to programme and operate the new venue, means that management by an experienced Leisure Trust operator is required. As well as having the appropriate skills and experience, a Leisure Trust also has more flexibility and freedom to seek external funding and would not be liable for the payment of Business Rates.
6. The Council will continue ownership of the asset and the Leisure Trust will manage it on the Council's behalf. This model has been successfully demonstrated at Fareham Leisure Centre and Holly Hill Leisure Centre, which are both under Trust management.
7. Initially, the Council will pay an annual contribution to the Trust. The venue is projected to break even in the fourth year of operation, following which an annual management fee will be paid to the Council.

PROCUREMENT STRATEGY

8. Experienced Leisure and Cultural Consultant, RPT Consulting was appointed in August 2018 to guide the procurement process. They had previously worked with the Council on the development of Holly Hill Leisure Centre, as well as on a wide range of publicly and privately-owned arts and leisure venues across the country.
9. Market research identified a number of key operators of arts venues that also operate leisure centres. This meant there could be potential savings from adopting a joint approach to procuring operators for Ferneham Hall and the Council's two Leisure Centres, Fareham and Holly Hill.
10. In September 2018, the MWG therefore agreed to a lot-based approach to procurement:
 - Lot 1: Manage the remodelled Ferneham Hall
 - Lot 2: Manage the two leisure centres
 - Lot 3: Manage both the new arts and entertainment venue and the leisure centres
11. Potential operators were able to bid for Lot One, Lot Two or Lot Three. They could also form consortiums with other operators.
12. This flexible approach would allow the Council to choose different operators for Lots 1 and 2. Lot 3 could be chosen if the same operator or consortium was the preferred bidder for both Lots 1 and 2. This would help ensure that the best operators would be chosen to run the two distinctive venue types in Lot 1 (community arts and entertainment) and Lot 2 (leisure centres).
13. This report seeks approval for the operator of the remodelled Ferneham Hall (Lot 1). A report will follow in November seeking approval for the appointment of an operator to run the two leisure centres (Lot 2).

PROCUREMENT PROCESS

14. When the opportunity was advertised in November 2018 there was a good level of interest from the market. The Council received four initial submissions from experienced operators wishing to manage the remodelled Ferneham Hall.
15. These four organisations were then asked to provide more detailed solutions between January and April 2019. Following evaluations of their submissions, the MWG agreed that two organisations would be asked to submit final tenders.
16. Final tenders were submitted at the end of July 2019. This followed a four-week extension granted to both organisations after a request from one of the potential operators.
17. Final tender evaluations took place during August, with officers looking for the most economically advantageous submission taking into account the bidders' proposed quality of service and commercial arrangements.
18. The MWG approved their preferred bidder (see confidential Appendix A) on 4 September 2019. The Leisure and Community Scrutiny Panel will be given the opportunity to comment on the procurement process, tender evaluations and proposed

preferred bidder when it meets on 23 September. These comments will be reported to the Executive at its meeting on 26 September.

19. If approved the new operator will be appointed and the contract finalised. The operator will continue to feed into design development to ensure that the new venue is best suited to their operations.
20. Having received a good submission from the second contractor, it is proposed that they be designated the reserve bidder until the contract with the preferred operator is finalised. This is standard practice and reduces the Council's exposure to risk.

FAREHAM BOROUGH COUNCIL EMPLOYEES WORKING AT FERNEHAM HALL

The venue will be closed for up to two years. This means that redundancy applies to the current employees working at Ferneham Hall. The HR team has been working closely with employees working at Ferneham Hall to support them and to identify suitable redeployment opportunities within the Council wherever possible.

FINANCIAL IMPLICATIONS

21. The tender submitted by the preferred operator is the most economically advantageous received and is projected to start paying the Council a management fee from the third year of operations onwards.

CONCLUSION

22. An experienced Leisure Trust operator is required to run the remodelled Ferneham Hall. Following an extensive procurement exercise, two high quality final tenders have been received. It is recommended that the most advantageous tender received, ranked 1st in the confidential Appendix A of this report, be accepted and a contract be awarded.

Enquiries:

For further information on this report please contact Roy Brown (Ext 4489)