



Open letter to Dacorum Borough Council

From the swimming clubs at Berkhamsted, Hemel Hempstead and Tring

Dear Councillors

We wanted to make you aware of the concerns of the swimming clubs in Dacorum regarding the potential implications for those clubs as a result of the tender process for Leisure Management Services. We have had assurances that the Authority is supportive of sports clubs but we are concerned that there are loopholes in the tender documentation which a new Contractor will be able to exploit to our detriment, and we are surprised that the Authority is not making use of the professional sports expertise available to it in the Borough through the various sports clubs.

The three swimming clubs represent 600 swimmers aged 6 to 80 from a wide range of ethnicities and are the largest source of income for Dacorum Sports Trust generating over £190,000 pa. We run an extensive competition schedule attracting participants from across the Midlands and the South East, offer self-funded schemes to allow disadvantaged families access to the sport, and encourage youth swimmers to stay in sport through coaching, refereeing, or our active adult sections. We were surprised therefore that material information about our training and competitive activities was omitted from the original tender documentation and has not been corrected even after it was brought to the attention of the Authority.

Our main concern is that there is nothing to stop the new Contractor from imposing any price increase on any club, any number of times a year, or making any change to their existing hire arrangements after a 12-month transition period and subject to an undefined requirement to maintain the "sustainability" of clubs. Only Sapphire School of Gymnastics has any protection. Aquatic clubs are particularly vulnerable because the Contractor is effectively a monopoly supplier of pool services in the Borough. We would like to see the RPI cap made available to Sapphire extended to all clubs, and for the existing hire arrangements to be protected for the duration of the contract period.

We would find it easier to determine the Authority's intent if it had published its Physical Activity Strategy in advance of commencing the tender process which by necessity included strategic objectives. In general the objectives are excellent and we believe that the swimming clubs can play an important role in their delivery, but the absence of any link between those objectives and the financial performance of the contractor makes it impossible to determine how much importance is placed on them.

We appreciate the guidance given to the Contractor to work in partnership with the sports clubs in the Borough but regret that the Authority did not make more use of the extensive professional sports expertise available from clubs across the Borough when drawing up the documentation.

There is an opportunity to create an integrated and vibrant sports and leisure culture in Dacorum meeting the needs of the whole population if the Authority is prepared to create a structure to

leverage the expertise available to it; we are very willing to take an active role in that process. Unfortunately it seems more likely that the price structure envisaged in the tender documents will result in an overall reduction in the size and potential of the clubs using the sports centres which we believe would be to the detriment of the Borough. Although we are writing solely on behalf of the swimming clubs, it was clear at the recent Sport & Physical Activity Strategy Club Consultation that many of these concerns are shared by other clubs.

We hope that you find the detailed commentary on the impact of the tender proposals on the swimming clubs in the attached document of value, we look forward to your response to our concerns and of course are willing to meet to clarify anything that may not be clear from our comments.

Yours faithfully

Steve Moren
Chair, Berkhamsted SC

Andrew Farrow
Chair, Hemel Hempstead SC

Mike Billingham
Chair, Tring SC

17 October 2017

Detailed commentary on the tender for Leisure Management Services in Dacorum

Background

The three swimming clubs represent 600 swimmers aged 6 to 80 from a wide range of ethnicities. We are the largest source of direct income for DST generating over £190,000 of direct income per annum, alongside indirect income from the use of the other facilities by parents as their children train. We host up to nine external competitions a year at Hemel SportSpace attracting over 2,000 swimmers together with their parents to Dacorum from across the South East and the Midlands in addition to holding regular internal competitions; some councillors experienced Hemel pool in full competitive mode during one of these competitions earlier in October. Thanks to the investments made by Hemel SC in recent years, the pool at Hemel is widely recognised to be one of the best equipped in the County. Our u18 swimmers compete at Regional and National level and our adult swimmers have won silver at the World Masters competition in Budapest, and hold British and Regional records in their age groups.

All three clubs focus on encouraging individuals to increase their participation in physical activity and to enjoy the sport to the best of their ability rather than being driven solely by results. We all offer schemes to allow disadvantaged families access to the sport. We provide a number of development routes alongside competitive swimming, encouraging youth swimmers to become involved in coaching or refereeing, and seek to maintain their sporting activity beyond their teen years through our active adult sections.

Issues

1. The tender process is being undertaken in the absence of a strategy for Sports and Physical Activity in Dacorum. Absent this strategy and the context it provides, we don't understand how the Authority's desired outcomes and KPIs detailed in the tender documentation have been determined and are unable to interpret some concepts in the tender documentation such as the objective of maintaining the "sustainability" of sports clubs¹. Although we welcome the invitation to participate in the development of a strategy we are concerned that our ability to influence it is significantly curtailed because of the Authority's prior commitment to the objectives on which the new contract with the Contractor will be based.

We would like to see the Sports and Physical Activity Strategy published as soon as possible.

2. The Authority's draft Outcomes and KPI's (6.4²) are excellent and the swimming clubs can contribute materially to their delivery. However there is no reference to financial performance and given that the evaluation of the bids weights price as the most important consideration at 40%³, it is unclear how the Authority and the Contractor will interpret the requirement to achieve a "balanced Programme of Use" referred to in 9.2 and 9.4 when there is a conflict between financial performance and the delivery of the KPIs. This is

¹ See 10 below

² All references are to Part B – Tender Information Documentation (unless stated to the contrary)

³ 4.8: Information and Instructions Part A

particularly important to us given that the Contractor effectively has an unfettered ability to change our pricing structure⁴.

We would like clarification of how the Authority and Contractor will reconcile any possible conflicts of interest between the KPI's and financial performance.

3. The tender documents make no reference to any of Hemel Hempstead SC's (Hemel SC) training times or to Berkhamsted SC's training slot at Tring (App. 2.) The Authority has advised us that this will be corrected after the tender has been awarded but the absence of Hemel SC's 35 hrs of bookings a week from a list of club bookings totalling only 60 hrs is a correction we believe the successful bidder is likely to treat as a material fact. We are concerned that the Contractor may choose to question why this information was deliberately withheld, and may dispute that they are required to honour those training times. We don't understand why the Authority is so reluctant to publish this information having been asked to do so both by Hemel SC when the tender documents were first published and more recently by a potential bidder as part of the clarification process.

We would like re-affirmation that existing training times will be protected.

4. The tender documents commit the Contractor to "support the established arrangements with identified clubs" (9.14) but provide no list of which clubs those are. The list of clubs is to be identified in the "Sports and Physical Activity Development Plan" which we understand following a clarification question is to be developed by the Contractor. However there is no indication of what consultation will be carried out before this plan is published other than with the Authority. It appears that if a club is not included by the Contractor on the list of identified clubs, there is no means of appeal and, presumably, that the club's established arrangements will not be supported.

The Authority should publish the list of clubs whose established arrangements are to be supported.

5. There is a requirement on the Contractor when producing the "Sports Development and Outreach Plan" (12.2) to collaborate with "relevant local sports clubs" (12.7.e), but no definition is given of what will constitute a "relevant" club and again there is no right of appeal. Overall the general tenor of the tender documents is to present the clubs as users rather than valued contributors. It is also not clear whether the scope of this plan is limited solely to those activities undertaken in the Facilities, or to the other sports such as football, rugby and cricket with which the Contractor will not have any direct contact.

The Contractor should be required to collaborate with all local sports clubs which represent significant expertise in their respective fields.

6. The tender documents commit the Contractor to support special events that have been staged at the Facilities on a regular basis over a period of years in accordance with the

⁴ See 9 below

programming requirements set out in Appendix 2 (9.5). However the only events detailed in that appendix are those staged by Storm Basketball, there is no reference to the numerous events regularly staged in the pool by the swimming clubs or by Hertfordshire Swimming League. These events generate income both for the Contractor and for the clubs and are an important element in our sustainability. If we are unable to stage these events there will be a direct impact on our fees making us less accessible to disadvantaged families.

We would like confirmation that all special events staged at the Facilities on a regular basis over a period of years will be supported for the duration of the contract, not just those stipulated in Appendix 2.

7. The swimming clubs are very active promoters of sporting events within Dacorum. There are two references to the need for the Contractor to support this activity in the documentation. In section 6, table 1, the measure is the number of events promoted. In section 9.6 the measure is economic benefit.

Which is correct, and if the measure is economic benefit, how is this to be assessed and what evidence will need to be provided?

8. We don't understand what criteria have been used by the Authority to single out Sapphire School of Gymnastics and Hemel Storm for special mention (App 2), particularly as the Authority has admitted that it isn't fully aware of the activities of other clubs.

We would like an explanation of the criteria used.

9. We are very concerned that after the first 12 months of the new contract there is no mechanism to restrict the Contractor from increasing club fees, whether by reference to a fixed cap, some formula based on RPI/CPI, or by reference to the Authority (10.3) other than the sub-lease to Sapphire School of Gymnastics which we understand from a clarification request limits any price increases to RPI.

Given the emphasis in the tender on financial performance, local competition which will control the ability of the Contractor to increase gym prices, and the fact that the Contractor will effectively be a monopoly supplier of pool services, we are concerned that the swimming clubs represent one of the few means open to the Contractor to increase its income. This problem is accentuated by the fact that other than for Sapphire and Storm, no current club hire rates have been quoted leaving the successful Contractor committed to revenue forecasts based on estimated income from clubs which may or may not be accurate.

The Contractor is also only required to give clubs three months' notice of any price changes (10.5) with no restriction on the number of changes that can be made in a year.

We would like the Contractor's ability to increase prices limited by some formula linked to RPI and restricted to a maximum of one price increase a year to allow clubs reasonable certainty in their planning cycle.

10. The Authority has explained that the risk of significant price increases will be mitigated by the requirement on the contractor to maintain the “sustainability” of clubs (9.2.d), but this is a very subjective concept. The tender documents do not define how or by whom sustainability will be defined or provide any right of appeal in the event that there is a dispute between a club and the Contractor. This concept might have more value if it could be placed in the context of a strategy in which the Authority’s view on the role of sports clubs in the Borough is made clear, but unfortunately that strategy has not yet been published.

We would like a clear definition of what the Authority means by “sustainable”.

11. We don’t understand why the contractor is required to consider offering concessions to individuals on accredited talent development programmes which require particularly extensive individual use of facilities (10.9.c), but not to extend the same consideration to members of clubs on the same talent development programmes. Potentially this incentivises individuals to move outside the club structure.

We would like clarification of why this distinction has been drawn.