

## Leisure Service Procurement

Report to: **Executive**

Date: **23rd July 2015**

Title: **Leisure Service Procurement**

Portfolio Area: **Customer First**

Wards Affected: **All**

Relevant Scrutiny Committee: Overview and Scrutiny

Urgent Decision: **N** Approval and clearance obtained: **Y**

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### Recommendations:

1. To approve the award criteria for the joint leisure service procurement project for South Hams District Council and West Devon Borough Council as set out in paragraph 3.
2. In accordance with paragraph 11 of the Joint Collaboration agreement that West Devon Borough Council be nominated as the Lead Council for the purposes of the joint procurement for leisure services and
3. That members adopt the Memorandum of Understanding which sets out the principles of collaboration and joint procurement (subject to any final wording amendments being delegated to Lead Specialist – Place and Strategy in agreement with the portfolio holder)

### 1. Executive summary

The Council has been working on a strategic leisure review for the past 3 years and is now preparing to place a formal tender advert for the procurement of its new leisure services contract and management of its leisure centres. The current leisure contract runs to November 2016 and the Council will be seeking to appoint a new operator to provide a long term approach to its leisure services.

## **Leisure Service Procurement**

Members considered, and agreed, the leisure procurement process at Council in January (Minute 70/14). This set the overall parameters of the procurement and agreed to delegate details to officers in consultation with the joint Leisure Member Board and relevant members. Councillors Bastone, Hicks and Ward are the SHDCC representatives on the board. The agreed timetable established an opportunity for "sign off" for any key residual matters in July. Following intervening work with stakeholders, consultants and the joint board it is considered that the matter of the award criteria to be applied during the evaluation of bids requires further member approval. This is a brief report to highlight the award criteria which will be set out in the tender documents. Members are asked to consider and agree the award criteria.

Ongoing preparation for the procurement has also identified the need to ensure members have adopted a Memorandum of Agreement to govern the joint procurement exercise and to have nominated and agreed a lead council for the procurement exercise.

### **2. Background**

The report to Council earlier in the year set out the background and context to the strategic leisure review and procurement project. Approval was granted for the outcome of the project to be brought back to Council following the tender evaluation but allowed for any key issues to be brought back to Members for sign off in July. Other details of the procurement and evaluation are delegated to Officers in consultation with the Leader, Portfolio Holder, Board Members and relevant Ward members.

To ensure clarity and greater awareness of the process for appointing a new leisure service operator, the contract award criteria are seen as a key issue warranting member consideration. To support this process the Council is using a competitive dialogue procedure under the Public Contracts Regulations and are using Sport England procurement information for guidance.

Additionally South Hams District Council and West Devon Borough Council have adopted a formal Collaboration Agreement (dated 11<sup>th</sup> March 2015). This governs the joint working of the authorities and makes provision for subsidiary Memoranda of Agreement where specific procurement exercises are taking place. This item introduces the required Memorandum of Agreement for member consideration (see Appendix 1). The Collaboration Agreement also establishes the need for a lead authority to be identified for the process. Given that both Councils operate to very similar Financial Regulations and Contract Procedures, and are managed through the shared staffing arrangements, this represents more of a procedural technicality rather than any substantive risk or benefit to either authority.

## Leisure Service Procurement

### 3. Outcomes/outputs

The Council is seeking to achieve a new leisure management contract for the delivery of the provision of Services, to include investment in, operation and management of the Facilities as set out in the tender documents.

The intention to let a contract across both Councils to a single contractor for a minimum of 20 years and a maximum of 25 years.

The purpose of the evaluation process will be to;

- Check bidders understanding of the tender requirements
- Determine areas of risk and exposure
- Review bids for alternative approaches and solutions
- Establish value for money proposals
- Select bidders for the final tender stage – 'Invitation to Submit Final Tenders (ISFS)'
- Identify areas for further dialogue

Tenders will be evaluated against the award criteria set out below;

Level 1 Criteria	%	Level 2 Sub Criteria	Level 3 Sub Criteria
Services	40%	Outcomes Quality/Customer Care Operational Delivery	Specific areas, such as Sports Development, Health and Wellbeing, Staffing, Health & Safety
Technical	10%	Development/ Design Planning Risk Maintenance	Design and maintenance proposals
Commercial	50%	Usage, Expenditure & Revenue Affordability Contract Acceptance Capital Costs Delivery & Risk	Deliverability of financials, financial, risk

An Evaluation Scoring Model will be used to assess the various Tiers indicated above with overall weightings and with specific areas being linked to method statements and tender submissions.

Evaluation scoring will use the following 1-10 scale;

## Leisure Service Procurement

Score	Rating	Criteria for Awarding Score
0	Unacceptable	Does not meet any of the Council's requirements.
1-2	Very Weak	Insufficient information provided / unsatisfactory.
3-4	Poor	Fails to meet the minimum standard, some major concerns
5-6	Acceptable	Satisfactorily achieves the minimum standard, acceptable, no major concerns
7-8	Very Good	Exceeds the requirements, good, full and robust response, gives confidence and will bring added value/benefit to the Council
9-10	Excellent	Considerably exceeds requirements, outstanding, and will bring significant added value/benefit to the Council, shows innovation and the Council has full confidence in response.

Affordability will be based purely on a final submission and weightings used will be the same throughout the tender process.

The Evaluation Model (including detailed criteria and weightings) will be applied to determine the most economically advantageous tender.

An Evaluation Team shall be responsible for evaluating the Detailed Solutions and raising any clarification issues with Bidders and then making short listing recommendations.

Adoption of the recommendations in relation to the Memorandum of Agreement and lead authority secure the required foundation for the procurement to progress with documentation being published in August.

### **4. Options available and consideration of risk**

Council received a report in January on the various procurement options available and scope of the proposed tender contract. Additionally the consultants supporting the procurement and evaluation of the service produced a detailed *Leisure Options Review* report. This outlined service outcomes, current provision, development options, delivery and procurement options, stakeholder discussions and key recommendations for the future delivery of the service.

For the Councils to progress there is a need for a joint Memorandum of Agreement to be established. The context and procedures for this are set out in the parent Collaboration Agreement.

## Leisure Service Procurement

The MoU documentation needs to accord with the Collaboration Agreement requirements and has been prepared by council solicitor. Any amendments to wording which emerge from final review are proposed to be delegated to officers in consultation with portfolio holder.

In terms of a lead Council either Council could be named – although in practice this makes very little difference. West Devon is being nominated (largely given that SHDC was lead authority on previous major joint contracts). This decision doesn't fetter future options and doesn't prejudice subsequent options over the tender process or contract for either council.

### 5. Proposed Way Forward

This report sets out the details around the leisure procurement award criteria as highlighted above and seeks approval for this process.

The report also sets out the details around the leisure procurement Memorandum of Understanding and lead procurement authority as highlighted above and seeks approval for this process.

### 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Leisure services are a discretionary service. The procurement process will involve due diligence and governance throughout the tender period. Procurement will be undertaken in accordance with Public Contracts Regulations 2015 and the Lead Councils contract procedure rules
Financial	Y	The Evaluation Model will be applied to assess and determine the most economically advantageous tender.
Risk	y	The Evaluation Process will identify areas of risk and exposure and how these can be assessed and managed.

## Leisure Service Procurement

Comprehensive Impact Assessment Implications		
Equality and Diversity	y	None – all leisure facilities are intended to remain open. At this stage no reduction or loss of service is anticipated.
Safeguarding	y	None - future operators will be required to have comprehensive Safeguarding policies
Community Safety, Crime and Disorder	y	Access to local affordable leisure facilities to continue.
Health, Safety and Wellbeing	y	Access to local leisure facilities and services will maintain and improve health and wellbeing
Other implications		None identified

### **Supporting Information**

#### **Background Papers:**

[under provisions of the Local Government Act 1972]

Council Report – Leisure Services Procurement, January 2015  
 Appendix 1 Memorandum of Agreement  
 Collaboration Agreement

#### **Approval and clearance of report**

<b>Process checklist</b>	<b>Completed</b>
Portfolio Holder briefed	<b>Yes</b>
SLT Rep briefed	<b>Yes</b>
Relevant Exec Director sign off (draft)	<b>Yes</b>
Data protection issues considered	<b>Yes</b>
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	<b>No</b>