

Joint cabinet report



Report of head of economy, leisure and property

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2014 leisure management contract

Recommendation

Cabinet agrees:

- (a) jointly with Vale of White Horse District Council, to commence the procurement of a leisure management contract under the competitive dialogue process;
- (b) to set the evaluation weighting for the joint contract at 50 per cent price and 50 per cent quality.

Purpose of report

1. The purpose of this report is to secure both cabinets agreement to the proposed approach for procuring a contractor to provide leisure management services on behalf of both councils from 1 September 2014.

Corporate objectives

2. The proposal to re-let the councils' leisure management contracts as a joint contract will contribute towards the achievement of the following strategic objectives and corporate priorities:
 - strategic objective 1 – excellent delivery of key services; in particular the delivery of high performing services with particular emphasis on, amongst other things, ensuring good quality sports and leisure provision
 - strategic objective 2 – effective management of resources; in particular the councils continuing to work together to extend the sharing of services and resources, such as a shared client team and a single contract provider.

Background

3. Currently South has a single leisure management contract, whilst Vale has three.

SOUTH

- 2009-2014 contract with GLL for seven sites (including an outdoor pool) from which the council receives a management fee.

VALE

- 2002–2012 contract with DC Leisure for the management of the White Horse Leisure and Tennis Centre, which has been extended until 2014 to run coterminously with the other contracts. The Vale Council receives a management fee from the extension of this contract.
 - 2004-2014 contract with SOLL Leisure for the management of Faringdon and Wantage Leisure Centres and Tilsley Park. The Vale Council pays a management fee to the contractor for this contract.
 - 2011-2014 contract with SOLL for the management of Abbey Meadows Outdoor Pool. The Vale Council pays a management fee to the contractor for this contract, which is funded by Abingdon Town Council.
4. As all four contracts end on 31 August 2014, the councils have the opportunity to explore whether there are benefits from entering into a joint contract for the future management of their leisure facilities. At this early stage, separate contracts with different contractors will remain an option, although officers consider it unlikely that this will ultimately prove to be financially or operationally attractive.
 5. Whichever route is taken, each site will be priced separately in the tender submissions, as some sites will generate a surplus, whilst others will generate a deficit. Not only will this enable us to ensure that the appropriate contract sums are apportioned to each council, it also provides us with the costs for individual sites if, at a later date, a decision is taken to remove one or more from the contract.
 6. There will be a number of subsequent considerations in relation to this project, such as the length of the term of the contract and any arrangements for future contract extensions. These will be the subject of a further report, which will seek authority to agree the specification for the contract.

What is the leisure management contract all about?

7. The ultimate aim of the contract should be to increase participation in sport and active recreation in the districts and, as a result, increase usage of the leisure centres. The contract should enable the councils to offer residents the opportunity to participate in sport and physical activity in a safe environment in order to enhance their health and well-being. If we are successful in this, then we should also be in a position to provide residents with the opportunity to have fun and enjoy the facilities that we invest significantly in. In addition to this, tendering for a new contract allows us to challenge contractors as to how they would provide outreach sessions in areas of the districts where there are no council-owned facilities, thereby extending the provision that has traditionally been provided by leisure management contractors.

Potential benefits of a shared contract

FINANCIAL

8. A joint contract would be of significant interest to the leisure industry due to the number of sites involved and their respective locations. There are already a number of contractors operating in the local area and securing up to 12 additional sites would be attractive to them.
9. Therefore, officers anticipate that exciting and competitive bids will be received that will drive forwards the quality of leisure provision within the two districts, as well as securing financial benefits for both councils.

EFFICIENCIES

10. Managing four contracts and three contractors is time consuming for the shared leisure team and results in basic contract monitoring tasks being completed in triplicate. Even though essentially the same procedures and process are used for all contracts, each contract is different. Each month, three client/contractor monitoring meetings are held, each quarter three strategic review meetings take place and each year three contractor performance reviews are undertaken. The current leisure team structure has already been established around the anticipated reduction in contract monitoring requirements from 2014 onwards.
11. Each contract is set up with slightly different terms and conditions, increasing the monitoring complexities for the team. The contracts were set up at different times with different priorities and whilst there is good practice to be learnt from all three contracts, we need to consider the desired outcome from any future contract.
12. Therefore, officers consider that there are sound operational and efficiency reasons for opting to tender a shared leisure management contract.

Potential drawbacks of a shared contract

13. There are historical differences between the leisure management contracts. A shared contract may result in a unified approach being taken to certain issues, which may lead to increased levels of customer complaints in the short-term. The main areas where changes may occur if we adopt a uniform approach are in

terms of pricing structures (South's prices are higher than the Vale's) and membership schemes (community leisure card at South and access to leisure pass at the Vale). As part of the tender process, we would expect the contractors to explain how they would manage and mitigate such risks.

Procurement route

14. The procurement is subject to EU regulations because the value of the contract over its lifetime will exceed the EU threshold (currently £173,934).
15. Officers propose that we follow the competitive dialogue route. Under this procurement route, we invite requests to participate, evaluate applications received and then invite selected/shortlisted operators to participate in the dialogue. Undertaking this form of tender will enable both councils to learn from market best practice, trends and innovations; which can influence the final tender requirements and thus ensures that both councils are market leading and procure the best possible leisure management contract from 2014 onwards.
16. The alternatives would be open procurement or restricted procedure but neither allow for negotiation with bidders, which officers consider beneficial in letting a leisure management contract.

Evaluation criteria

17. Prior to issuing tender documents, we will need to agree evaluation criteria and publicise these. The councils' policy is for 60 per cent of marks to be available for the most competitive price and 40 per cent for quality. However, in order to ensure that the requirements for a high quality service are held in as high regard as achieving value for money and that they are deliverable in the long-term, officers recommend allocating 50 per cent of marks for price and 50 per cent for quality. This will still ensure competitively priced bids, but will allow further consideration of the quality and innovative offers made during the dialogue process.

Joint project board

18. Officers set up an informal joint project board for the leisure management contract 2014. This comprises the two cabinet members for leisure, together with a member of the opposition group and a majority group back bencher from each council, one of whom sits on the scrutiny committee at each council. The board is chaired by the relevant strategic director and attended by the head of service and relevant leisure, legal and other staff as required. At its meeting on 18 December 2012, the board supported a joint contract approach.

Financial Implications

19. There are no financial implications arising directly from this report.

Legal Implications

20. Officers will conduct the tender process in consultation with the legal team and in compliance with the requirements of European procurement rules. Officers will also write the specification and contract in consultation with the legal team. The legal team proposes to obtain specialist external legal support and will draw this down from the recently awarded Government Procurement Service Framework.

Conclusion

21. Officers recommend both cabinets to agree the procurement of a joint leisure management contract from 2014 via the competitive dialogue process. Officers also recommend that an evaluation weighting of 50 per cent price and 50 per cent quality is agreed for this procurement in order to ensure that a good quality service is achieved.

Background papers

- none

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