



To: Executive Councillor for Arts, Sport and Public Places: Councillor Rod Cantrill
Report by: Ian Ross
Relevant scrutiny committee: Community 13/1/2011 Services Scrutiny Committee
Wards affected: All Wards

LEISURE MANAGEMENT CONTRACT COMMENCING OCTOBER 2013 ONWARDS

Key Decision

1. Executive summary

1.1 This report seeks authority to commence the preliminary stages of an EU procurement process to invite and evaluate expressions of interest for progression to tender on the full specification from July 2012 for the running of the City Councils Leisure Management portfolio for October 2013 onwards.

1.2 The leisure management contract currently being operated by SLM Ltd has been running for 8 years and having been extended for three years in October 2010, will expire at the end of September 2013. The tendering process is required to renew the contract for a defined further term. The report details a timeline plan with key milestones and further committee decision dates, and information on the procurement process to be undertaken.

1.3 Potential contractors for the tender on the full specification will be assessed through the completion of a Pre Qualification Questionnaire (PQQ), and will enable potentially suitable companies and organisations to be identified to go forward to stage two of the tendering process.

1.4 A plan for consultation with stakeholders, members, and officers on relevant aspects of the new specification will help shape key objectives for future provision within the contract. This will include the support of Sport England as a critical friend in hosting and running workshops.

2. Recommendations

The Executive Councillor is recommended:

To approve:

1. Authority for commencement of stage one of a procurement exercise to advertise a Pre Qualification Questionnaire (PQQ) to the open market place.

To note:

1. The project plan and timetable for a full EU procurement exercise for the Leisure management contract, culminating in the approval of the specification to tender at Community Services Scrutiny Committee in June 2012.

2. A plan for consultation with stakeholders and Councillors over relevant aspects of the specification.

3. The feedback obtained from the recent survey of the Cherry Hinton Village Centre, which will inform and input into the specification.

3. Background

3.1 Leisure management has been externalised for nearly 20 years in Cambridge and the current Leisure management contract held by SLM Ltd will expire at the end of September 2013. Following the decision made by the Executive Councillor in June 2011 - 11/44/CS – Future Leisure Management options and arrangements

Decision of Executive Councillor for Arts, Sport and Public Places:

Agreed

I. To authorise the Director of Customer and Community to undertake a procurement exercise and to award contracts for an external leisure consultancy agency and external legal advisors to provide expert guidance to the Council in connection with the implementation of new arrangements for the management of the Council's leisure facilities.

II. To instruct Officers to commence work on the development of a procurement strategy including contract specifications, contract evaluation and award processes for any future leisure management provision, in line with the recommended approaches identified in sections 3.9 and 3.10 of this report, subject to guidance from appointed consultants and legal advisors.

3.9 Continued externalisation and EU procurement exercise

A full EU market procurement exercise inviting private and trust based leisure management operators to bid to run the portfolio of leisure services owned by Cambridge City Council only. This approach has been demonstrated to deliver best value as well as a cohesive approach to leisure management. Issues of importance to the Council (for example, engagement and access) can be addressed through a clearly defined contract

specification, an emphasis on developing partnerships and proactive performance management.

3.10 Shared Services Options – collaborative procurement

Approach other Councils within Cambridgeshire to assess whether there is both scope and willingness to consider amalgamation of services to form a larger mass of leisure facilities and activities. This could provide greater economy of scale, standardisation of services and an improved range of opportunities for public access. A collaborative approach could then be tendered as a EU procurement exercise in the open market.

III. To instruct officers to bring to Community Services Scrutiny Committee in January 2012 a report for approval authorising procurement of external or alternative management arrangements for the leisure management portfolio from October 2013 onwards.

3.2 The Council has appointed Strategic Leisure to assist and advise the Council in all the areas of works required for an EU procurement, including drafting the new specification, tender evaluations, and contract negotiations with any future Leisure provider.

3.3 EU Procurement

As the City Council does not require large or significant amounts of capital funding and this service area is defined as a “Part B or residual service” for “Recreational, cultural and sporting” provision not all EU procurement processes will apply.

3.4 A negotiated tender with prior advert route is proposed for the tendering of the leisure management contract, allowing for some negotiations of the final contract terms, scope and conditions.

All EU principles will be adhered to for transparency, non discriminatory, and equality of treatment, and the extent of negotiations will be identified and limitations defined.

3.5 To enable the tender process to be fair and manageable an initial expression of interest stage will be conducted inviting any parties interested in providing leisure services to Cambridge City Council.

3.6 Stage one - Pre Qualification Questionnaire (PQQ).

A notice will be posted in the EU journals for the submission and completion of a PQQ for Part B Services - Leisure Management - for the Cambridge City Council.

3.7 All and any interested parties may express an interest in tendering for the contract, but only those meeting the Councils selection criteria will ultimately be invited to do so. This will ensure that only financially sustainable, viable and competent applicants continue through to the tender stages.

3.8 A minimum of three candidates are required under EU regulations but no maximum is set, but it is advised that six to a maximum of eight candidates should be the upper threshold to allow Officers the ability to fully engage with all candidates on an equal basis during the full tender process.

3.9 The Councils criteria for selection to the full tender stage will be based on the following key themes;

- **Type of governance / organisation**
 - Trusts - Pure, Shadow or Not for profit
 - Social enterprise, Private concern or Community organisation
 - Parent or holding companies

- **Company structure, history & ethics**
 - History of company, trading ethics, objectives and mission statements
 - Relevance and range of current portfolio
 - Community engagement practices
 - Key personnel and back office support structures
 - Workforce arrangements, pensions, health care, training

- **Financial stability and risk**
 - Current trading positions, profit loss accounts of the last 3 years
 - Trading positions for any parent company involved
 - Financial risk scores
 - Contract values and limits
 - Capital investment availability and funding sources

- **Other**
 - Corporate Health and Safety record
 - Insurance payouts and defended claims over the last 3 years
 - Policies for energy efficiency, reduction and investment
 - Policies for waste management and recycling

3.10 Project Plan and Timetable

The key elements of the project plan and timeline is shown in appendix one, and are based around;

- Stages of the EU Tendering exercise
- PQQ and Tender specification creation
- Committee decisions for authority and consultation on aspects for inclusion into the final tender specification

3.11 The EU tendering exercise

The whole procurement exercise will be delivered along a negotiated tender with prior advert route.

3.12 Stage one, the PQQ will be advertised and the Council will seek to progress with at least three, and up to a maximum of eight candidates for full tender submissions.

3.13 The project plan allows for a further report back to Community Services Scrutiny Committee on the 28th June 2012, which will identify the successful candidates from the PQQ evaluation, and seek authority to progress to stage two, for release of the tender packages for full tender submissions, for completion and return at the end of December 2012.

3.14 Stage three of the procurement exercise completes with the evaluations of the full tender submissions and a final report back to Scrutiny Committee in March 2013 for best and final offer (BAFO) and contract award to the successful candidate.

3.15 Sport England will be available to assist the Council as a critical friend throughout the whole tender process, and will also assist in workshops and evaluation stages.

3.16 Tender specification

The tender specification is envisaged to be adapted from the basis of the existing format and content of the current leisure contract specification with it being updated to make it relevant to current national legislation, policies, Council MTOs, and will include consideration of feedback from the public, members and officers arising through the stakeholder consultation process

3.17 These updates will be achieved through working with Strategic Leisure, Sport England and internal officer groups to update the legislative elements and current contractual obligations within the leisure market place and through workshops and consultation.

3.18 A plan for consultation

Consultation will include a series of workshops and media engagement with the service users, stakeholders, partners, members, and officers in January through to April 2012.

3.19 The workshops will focus on themes of relevant aspects and elements of the existing contract specification that may require updating with consultations with specific focussed groups of users to obtain feedback. Groups will be invited to workshop style sessions hosted by the City Council and Sport England who will facilitate some sessions.

3.20 Specific groups for consultation will consist of workshops for Members, community/friends groups, schools, clubs and coaches, user forums - both swimming and outdoor sports, disability groups, children and young people, elderly, and internal officer groups.

3.21 All elements of consultation will adhere to the Councils code of best practice on consultation and community engagement.

3.22 Media and online based consultations will also take place with the use of the Councils consultation pages and an online tool "Survey Monkey" to obtain feedback on elements of the contract.

3.23 An EQIA - stage one has been completed and a stage two evaluation will be carried out on the new specification to ensure it fully complies and meets the needs of all parties affected.

3.24 Cherry Hinton Village Centre

As reported in the Scrutiny committee recommendations of June 2011 officers have met with local ward Councillors, residents and representatives from the Royal British Legion to discuss use of the Cherry Hinton Village centre. A questionnaire was produced and circulated at a recent community day held at the centre, and circulated to some residents, and was also available online at the Councils consultation pages.

3.25 Feedback from the questionnaire showed that the centre was well respected as sports venue but was felt that it could provide more community focussed opportunities for the local residents.

3.26 Further workshops will be arranged as part of the consultation process at the Village Centre for residents and ward members, which will inform and input into the specification for future services and community activities at the Village Centre.

4. Implications

(a) Financial Implications

The financial implications for the PQQ stage of the tender process are none, as no contracts are being let and limited financial information is provided as part of the PQQ process.

(b) Staffing Implications

Further advice on staffing implications will be undertaken as part of the consultation process, with specialist advice being sought with regards to any TUPE implications for the City Council, for staff who TUPE transferred to SLM back in 2003, and still remain on Council terms and conditions, and have admitted body status for pensions.

(c) **Equal Opportunities Implications**

An EQIA stage one has been completed and further consultations are planned with key stakeholder groups as part of the consultation workshop programme, to be able to input on aspects of the contract to go forward for deliverable objectives in the new tender specification.

(d) **Environmental Implications**

- **+H this proposal has a high, positive impact.**

One of the key contract objectives will be that of carbon reduction throughout the lifetime of any new contract. Potential contractors will be asked to clearly identify their strategies for utility and carbon reduction along with recycling and waste management too.

Areas for capital investment specifically for the reduction in utility consumption will be required as part of the contract submission and will be linked into a formulaic approach so that investments will have a reducing impact on the management fee paid.

(e) **Consultation**

As part of the process a detailed consultation programme has been identified and will be rolled out to engage key stakeholders, members, and officers. These will be workshop and questionnaire based and supported and in some cases hosted and facilitated by Sport England.

Results and feedback from consultation will be used to theme and provide new deliverable objectives within the contract specification.

Online media will be used and survey monkey questionnaires undertaken.

(f) **Community Safety**

Areas where Community Safety can be addressed will be drawn out of the consultation process and officers from Community Safety will be part of the consultation programme.

5. Background papers

These background papers were used in the preparation of this report:

- Scrutiny report and decision June 2011 - 11/44/CS – Future Leisure Management options and arrangements
- Cherry Hinton Village Centre consultation feedback results

6. Appendices

- Project plan timelines

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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