

<b>Report To:</b>	<b>CABINET</b>	<b>Date:</b>	<b>25<sup>th</sup> NOVEMBER 2019</b>
<b>Heading:</b>	<b>LEISURE TRANSFORMATION - PROCUREMENT OF THE NEW LEISURE CENTRE OPERATOR CONTRACT</b>		
<b>Portfolio Holder:</b>	<b>CLLR TOM HOLLIS - DEPUTY LEADER OF THE COUNCIL AND PORTFOLIO HOLDER FOR HEALTH AND LEISURE</b>		
<b>Ward/s:</b>	<b>ALL</b>		
<b>Key Decision:</b>	<b>NO</b>		
<b>Subject to Call-In:</b>	<b>NO</b>		

### **Purpose of Report**

The purpose of the report is to seek authorisation to procure a new Leisure Operator Contract for April 2021 onwards.

### **Recommendation(s)**

Due to the recommendations being approved by Executive Decision Record (EDR) on the 11<sup>th</sup> November 2019 the recommendations are for Cabinet to note:

- 1. To authorise the procurement of the Leisure Operator Contract from November 2019 onwards; the procurement process will comply with Contract Procedure Rules and procurement legislation.**
- 2. The appointment of external legal specialist support for the preparation of the Leisure Operator Contract.**
- 3. To delegate authority to the Portfolio Holder for Health and Leisure and the Director of Place and Communities to award the Leisure Operator Contract.**

### **Reasons for Recommendation(s)**

- 1) The current contract with SLM ends on 31<sup>st</sup> March 2021 and it is therefore necessary to go back to the market to procure future contract delivery for a minimum of 10 years. Formal procurement will allow the Council to ensure that we maximise the opportunity to attract a range of deliverers, achieve best value for money and effective management of our assets. As well as this, ensuring delivery of the outcomes specified in the Corporate Plan: Health and Happiness.
- 2) To ensure that tight timescales are met, timely appointment of the contractor will reduce the risk that the operator may wish to make changes to the new Kirkby Leisure Centre that delays opening or leaves us without an operator to run the sites

## Alternative Options Considered

- 1) Continuation of the existing operator contract – **Not recommended**, as the current contract does not deliver a £0 subsidy, see investment in Hucknall and Lammas Leisure Centres or offer significant opportunities to reduce health inequalities across Ashfield.
- 2) To utilise the Council's Legal team for support – **Not recommended**, due to lack of capacity and specialist expertise in this area.
- 3) Cabinet to make the final decision on who is awarded the operator contract – **Not recommended**, as this could add delays to a tight timescale to award the contract and for the successful operator to work alongside the Kirkby Leisure Centre design team.

## Detailed Information

Ashfield District Council have appointed FMG Consulting ('FMG') to provide professional consultancy support for the development of a new leisure centre in Kirkby in Ashfield, and procurement on delivery of a new leisure operator contract from April 2021. Additional construction and operator contract procurement support is being provided by Nottinghamshire County Council. Neither of these appointments provide the expertise in legal support required for this specialist piece of work.

The current Leisure Operator contract ceases on 31 March 2021. This contract was originally for 10 years, and has had a 5 year + 2 year extension. The current contract is no longer fit for purpose as it:

- Currently costs Ashfield District Council c£650,000 per annum
- Looks to deliver a number of outputs, but doesn't recognise the role the contract can play in reducing health inequalities and improving these across Ashfield.

The Council alongside FMG are producing a new contract that aims to:

- Deliver at least a £0 subsidy
- See the responsibility for all maintenance inside all of the Council's leisure centres to be the Leisure Operators
- See significant investment (c. £1million) made into Lammas and Hucknall Leisure Centres
- See up to £50,000 annual investment into Ashfield Health and Wellbeing Partnership priorities.

Three Quotations were sourced through the Council's legal team for the appointment of the specialist external legal advisers who will advise and draft the new operator contract. The legal advisers appointed provide extensive expertise and knowledge, as well as value for money.

A timetable has been put in place that will see a new Operator Contract, along with service specification put out for procurement in late November 2019. As part of this process, we will hold a bidders day to showcase the contract, and expect initial expressions of interest returned in January 2020. We have already completed a soft market test, which demonstrated that 4 – 5 operators would be keen to submit a proposal based on the business case and facility mix. The timetable will allow us to award the contract to the successful organisation in August 2020, giving ample time for them to influence the look and feel, plus some of the operating systems (e.g. Access arrangements) in the new Kirkby Leisure Centre, and prepare to run the facilities from April 2021.

## **Implications**

### **Corporate Plan:**

Health and Happiness

Deliver the Leisure Transformation Programme, maximising the well-being benefits whilst reducing costs. Deliver a new leisure destination in Kirkby. Re-procure the leisure centre management contract.

### **Legal:**

The procurement process for the new operator contract will ensure compliance with Contract Procedure Rules and procurement legislation. The selection of the preferred external legal support was carried out in compliance with Contract Procedure Rules.

### **Finance:**

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	None
General Fund – Capital Programme	Legal costs to be funded from the budget for the new Leisure Centre already approved within the Capital Programme.
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

### **Risk:**

<b>Risk</b>	<b>Mitigation</b>
Appropriate legal support is not in place	Three quotes have been obtained, with the quote that offers most expertise and knowledge, as well as value for money appointed.
New contract is not attractive to operators	Leisure Transformation Programme, Business Cases have been developed at every RIBA design stage, Soft Market Testing, Shadow Bid.
New contract isn't procured in time for old contract expiry date.	Timetable has been put in place. Delegated responsibilities for the Portfolio Holder and the Director of Place and Communities to award new contract.

### **Human Resources:**

None for this report

### **Equalities:**

As part of the operator contract we will be asking the operators to consider how they ensure their offer is accessible to all – this will focus on price, concessions, programming, activities, welcome and feel, staff training and awareness.

### **Other Implications:**

Not Applicable

### **Reason(s) for Urgency**

To reduce the risk of timetable slippages.

## **Reason(s) for Exemption**

Not Applicable

## **Background Papers**

### **Cabinet Report, 21<sup>st</sup> January 2019:**

Leisure Transformation Programme – Replacement Leisure Centre for Kirkby in Ashfield

### **Cabinet Report, 15<sup>th</sup> May 2019:**

Leisure Transformation Programme - Appointment of professional team for the construction of Kirkby Leisure Centre and appointment of the Leisure consultant for the procurements support for the districts leisure operator contact.

## **Report Author and Contact Officer**

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