

STRATEGIC LEISURE PARTNERSHIP CONTRACT AWARD

Cabinet Member: Cllr Colin Slade
Responsible Officer: Andrew Pritchard, Director of Operations

Reason for Report: To advise Members of the outcome to the procurement exercise to identify a suitable Strategic Leisure Partner.

RECOMMENDATION: It is recommended that a contract be awarded to Supplier 1 for a period of 5 years with the option to extend for a further 5 years.

Relationship to Corporate Plan:

Priority 3: Community

Aim 3 – Promote physical activity, health and wellbeing

- Ensure the financial sustainability of our Leisure Centres
- Introduce “Tramrails” across the District
- Work with schools and community groups to encourage young people to participate in sport and other physical activity
- Actively promote the facilities that are available in our District for health and wellbeing such as walking (footpaths, open spaces and parks) and cycle paths
- Work with partners such as Devon County Council, the National Health Service and other partners on the public health agenda to address health inequalities
- Develop cultural, sport, leisure and heritage facilities with activities that benefit the entire District

Financial Implications: See Part II

Legal Implications: The Strategic Leisure Partnership will be a legal agreement and subject to relevant due diligence. The initial term of the agreement will be 5 years, with an option to extend the agreement for a further 5 years (10 years in total).

Risk Assessment: The risks are identified within the report at 6.0.

Equality Impact: No equality issues identified for this report.

1.0 INTRODUCTION

1.1 The decision to invest in Exe Valley Leisure Centre had two capital elements; the investment in the building and an investment in gym equipment to deliver a new gym and dance studio.

1.2 This report deals specifically with the provision of gym equipment across the three leisure centres at Exe Valley, Lords Meadow and Culm Valley.

2.0 BACKGROUND

- 2.1 To date Mid Devon District Council has specified the equipment it requires and then either purchased using a framework agreement or tendered with a best and final offer securing the contract to supply.
- 2.2 The Exe Valley Leisure Centre extension represented an opportunity to look at an alternative model.
- 2.3 Across the three main leisure sites at Exe Valley, Lords Meadow and Culm Valley there is a mixture of purchased and leased gym equipment provided by a variety of manufactures.
- 2.4 Leisure is an ever changing market and being alive to changes in the industry is essential to deliver a sustainable leisure service. In acknowledging the need to purchase equipment for Exe Valley Leisure Centre there was an opportunity to change our approach to leisure procurement. That opportunity was to go to market for a Strategic Leisure Partner; a company who could commit to working with Mid Devon Leisure to keep them at the fore of emerging themes in the leisure industry as well as providing gym equipment. To make the offer more attractive the total spend on leisure equipment across Mid Devon's three sites was rolled together as a package to be delivered over the next 5 years. This is in line with the existing gym equipment replacement plan.
- 2.5 Rather than specify what Mid Devon Leisure wanted, the 'offer' to the market was for the potential partner to look at Mid Devon and design a gym(s) which reflected the very latest thinking.
- 2.6 To ensure the best value was driven from the process a round of dialogue took place; that dialogue allowed the potential partners to refine their designs, equipment range and price to best effect.

3.0 THE PROCUREMENT PROCESS

- 3.1 The procurement was conducted using a competitive procedure with negotiation under the Public Contract Regulations 2015.
- 3.2 The Council's intention is to let a contract for 5 years with the option to extend for a further 5 years.

4.0 TENDER STAGE

- 4.1 The opportunity was advertised in OJEU (notice number 2017/S 126-255847) and on Contracts Finder on the 4th July 2017.
- 4.2 Tender documents were made available immediately via the e-tendering portal 'Supplying the South West' and interested suppliers were required to express their interest and submit initial bids by the 14th August 2017.

- 4.3 A total of 18 expressions of interest were received within the required timescale; 5 subsequently submitted compliant first bids.
- 4.4 Initial evaluations were completed and a number of queries from the bids were raised for clarification and discussion.
- 4.5 All 5 suppliers attended negotiation meetings across two days (23rd and 24th August 2017) during which time they were asked to provide further details on some elements of their bid and given an opportunity to ask questions.
- 4.6 A revised specification and round two tender documents were sent to the 5 participating suppliers on the 4th September 2017 requesting responses by the 11th September 2017.
- 4.7 A total of 4 supplier submitted bids in round two. Feedback obtained from the supplier that failed to meet the submission deadline was that they had meant to submit a bid but failed to do so before the deadline. This unfortunately meant they were automatically excluded from the process.

5.0 SUMMARY OF TENDER EVALUATION

5.1 Evaluation Criteria and Weightings

- 5.2 The award criteria contained a mix of quality and commercial considerations.
- 5.3 The high level award criteria and weightings used for this procurement are set out below:

- Quality 70%
 - Proposed Equipment 40%
 - Design & Layout 15%
 - Maintenance & technical support 5%
 - Marketing Support 5%
 - Added Value 30%
 - References 5%
 (This reflects 100 % of the 70% attributed to quality)

- Price 30%

5.4 Scoring Methodology

5.4.1 The scoring methodology used to evaluate the quality criteria was:

Score 0	No response	No response	
Score 1	Extremely Weak	Very poor proposal/ response; does not cover the associated requirements, major deficiencies in thinking or detail, significant detail missing, unrealistic or impossible to implement and manage	Weak

Score 2	Very Weak	Poor proposals/ response; only partially covers the requirements, deficiencies in thinking or detail apparent, difficult to implement and manage	
Score 3	Weak	Mediocre proposal/ response, moderate coverage of the requirements, minor deficiencies in either thinking or detail, problematic to implement and manage	
Score 4	Fair- Below Average	Proposal/ response partially satisfies the requirements, with small deficiencies apparent, needs some work to fully understand it	Fair - Good
Score 5	Fair – Average	Satisfactory proposal/ response, would work to deliver all of the Authority's requirements to the minimum level	
Score 6	Fair – Above Average	Satisfactory proposal/ response, would work to deliver all of the Authority's requirements to the minimum level with some evidence of where the Applicant could exceed the minimum requirements	
Score 7	Good	Good proposal/ responses that convinces the Authority of its suitability, response slightly exceeds the minimum requirements with a reasonable level of detail	
Score 8	Strong	Robust proposal/ response, exceeds minimum requirements, including a level of detail or evidence of original thinking which adds value to the bid and provides a great deal of detail	Strong - Excellent
Score 9	Very Strong	Proposal/ response well in excess of expectations, with a comprehensive level of detail given including a full description of techniques and measurements employed	
Score 10	Outstanding/ Excellent	Fully thought through proposal/ response, which is innovative and provides the reader with confidence of the suitability of the approach to be adopted due to the complete level of detail provided	

5.4.2 The scoring methodology used to evaluate price was:

Lowest price submitted from all Quotes receives maximum % score. Other Applicants prices are scored in accordance with the following equation:

$$\% \text{ Score} = \frac{\text{Lowest Tendered price}}{\text{Tenderer's price}} \times \text{weighting (30\%)}$$

5.5 Pricing

5.5.1 A breakdown of the pricing has been set out in the Part II report which accompanies this report.

5.6 Scores and ranking

5.6.1 Evaluation was conducted by officers of the Council who came together in a moderation meeting to review and agree final scores and comments.

5.6.2 Of the 4 bids received on time, one failed to pass the minimum requirements set out within the tender. To ensure equipment availability and adherence to servicing standards the Council required the Strategic Leisure Partner to maintain a performance bond to financially compensate it where performance fell below the agreed standard. As the company was unwilling to provide this element of the contract they were excluded from the process.

5.6.3 The summary scores have been set out below:

List of Tenderers		Supplier 2	Supplier 1	Supplier 3
Deliverables	Weighting	Weighted Score	Weighted Score	Weighted Score
Total Price	30%	26%	30%	20%
Total Quality	70%	38%	55%	41%
Grand Total	100%	64%	85%	61%
Rank		2	1	3

5.6.4 A detailed breakdown of the scoring has been set out in the Part II report which accompanies this report.

6.0 RISKS

6.1 The decision to engage in a Strategic Leisure Partnership to drive out the best commercial deal contains a number of risks, namely:

6.1.1 The gym layouts and equipment mix represent the Strategic Partner's opinion of the best fit for Mid Devon Leisure when taking a view on emerging leisure trends. How the partnership would approach any subsequent change was part of the discussions during negotiations and formed an element of the revised tender submissions. Supplier 1 has committed to provide a sum to be drawn down during the life of the contract to mitigate the risk.

6.1.2 The legal agreement forming the Strategic Leisure Partnership needs to be agreed by both parties before equipment is ordered; that equipment has a lead time. Any delay in agreeing the Strategic Leisure Partnership will impact the delivery date for equipment to fit out Exe Valley Leisure Centre.

7.0 CONCLUSION

7.1 The outcome of the tender process shows **Supplier 1** as the winning bidder.

7.2 Approval is required from Cabinet for this contract to be formally awarded.

- 7.3 Following the decision, there will be a compulsory 10 day standstill period after which the contract will be awarded (subject to legal due diligence).
- 7.4 It is envisaged that the contract will start on 9th October 2017 with an order being placed then giving sufficient time for delivery of the kit in readiness for the opening of the new gym facility at Exe Valley Leisure Centre.

Contact for more Information:	
Background papers:	None
File reference	None
Circulation of the Report:	Cabinet