

SUBJECT:	<i>Leisure Operator Contract</i>
REPORT OF:	<i>Cabinet Portfolio: Healthy Communities</i>
RESPONSIBLE OFFICER	<i>Head of Healthy Communities</i>
REPORT AUTHOR	<i>Martin Holt mholt@chiltern.gov.uk 01494 732055</i>
WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

To seek approval on the next steps to be taken in respect of the current contract with the existing leisure operator for the Councils three current leisure centres which comes to an end on 31st March 2020.

RECOMMENDATIONS

- 1. To commence the procurement of a Leisure Operator contract to commence in April 2020**
- 2. To delegate authority to the Head of Healthy Communities, in consultation with the Head of Legal and Democratic Services, Head of Finance and the relevant Portfolio Holder, to take the steps necessary to progress the Leisure Operator tender.**
- 3. To delegate authority to the Head of Healthy Communities in consultation with the Portfolio Holder to finalise the specification of the services to be delivered.**
- 4. To delegate authority to the Head of Healthy Communities in consultation with the Head of Legal and Democratic Services and the relevant Portfolio Holder to determine the procurement method under the Public Contract Regulations 2015.**
- 5. To approve the release of earmarked funds set aside in the Leisure Reserve to fund the activity set out in (6) below. The amount to be delegated to the Head of Healthy Communities and Head of Finance in consultation with the relevant Portfolio Holder.**
- 6. That authority be delegated to the Head of Healthy Communities to procure sufficient professional and technical resources to enter into initial discussions and to prepare for and support the procurement project**

2. Reasons for Recommendations

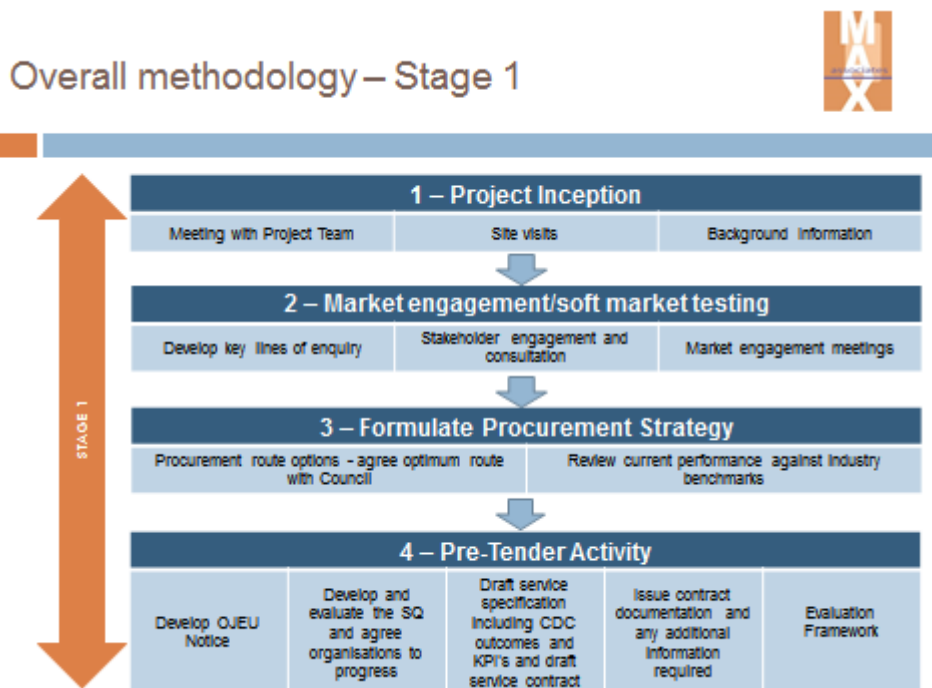
2.1 The current contract with the existing leisure operator for the Councils three current leisure centres comes to an end 31st March 2020. A new contract will have to be place as there is no legal scope to extend the current contract further. The appointment of the future leisure operator must be in accordance with the Public Contracts Regulations 2015

3. Content of Report

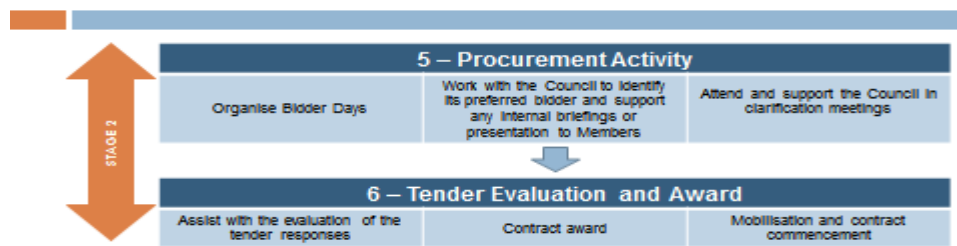
3.1 The current contract with the existing leisure operator for the Councils three current leisure centres comes to an end 31st March 2020. A new contract will have to be place as there is no legal scope to extend the current contract further.

3.2 Cabinet agreed at its meeting 20th February 2018 to delegate authority to the Director of Services, in consultation with the relevant Portfolio Holder, the procurement and appointment of a specialist leisure consultant to advise on the new leisure operator contract. Max Associates have been appointed to undertake this work.

3.3 Max Associates held a workshop with the Leisure Members Working Group. The workshop outlined the steps to be taken in the procurement. Advice was also provided on the current state of the market and the overall methodology for developing the two stage procurement approach detailed in stage 1 and 2 of Table 1 below.



Overall methodology – Stage 2



- 3.4** During Stage 1 the process would involve soft market testing to assess the level of interest in tendering for the Chiltern contract followed by the development of the Procurement Strategy to enable officers to select the procurement procedure in accordance with Regulation 26 (Choice of Procedures) of the Public Contracts Regulations 2015.
- 3.5** The workshop detailed the range of operators in the current market and identified the operators serving the adjacent authorities, which may indicate an opportunity to attract significant competition.
- 3.6** The procurement options are being considered as part of developing the Procurement Strategy. This procurement is above the EU threshold and some negotiation with bidders is likely to be required, so the procurement route is most likely to be the Competitive Procedure with Negotiation.
- 3.7** There will be close links with the procurement for the redevelopment of the Chiltern Pools to achieve the highest quality outcome possible.
- 3.8** The procurement approach will seek to appoint an operator able to manage the risk of delivering high quality services against a low cost of operation.

Budgetary Provision

- 3.9** The estimated costs of professional fees for the procurement of the operator including; Max Associates fees (already approved), specialist legal support, leisure activity assessment and health impact assessment, are £100,000.
- 3.10** It is recommended to approve the release of earmarked funds set aside in the Leisure Reserve to procure sufficient professional and technical resources to enter into initial discussions and to prepare for and support the procurement project. The amount to be delegated to the Head of Healthy Communities and Head of Finance in consultation with the relevant Portfolio Holder

4. Consultation

Not Applicable

5. Options (if any)

5.1 The Council is required to procure a leisure operator to manage the leisure contract from 1st April 2020 or decide to operate the centres itself. The latter option is not recommended as Council does not have the capacity to run the services in-house and the potential financial risk could be significant.

6. Corporate Implications

Reports must include specific comments addressing the following implications;

7.1 Financial – the estimated costs of the leisure operator tender are budgeted within the £1M leisure reserve

7.2 Legal - The Council has a legal duty to be compliant with public procurement rules and regulations. The tender for the leisure operator must be OJEU compliant

7. Links to Council Policy Objectives

This links to the 'We will work towards safe and healthier local communities' aim of the CDC Aims and Objectives 2017-20.

Next Step

The leisure operator procurement strategy will be developed and approved prior to issue of the OJEU notice and procurement activity being undertaken

Background Papers:	None other than those referred to in the report.
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