



North Northamptonshire Council

PURCHASING GATEWAY GROUP

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Leisure Management Services

BRIEF DESCRIPTION OF THE REQUIREMENT

The Council's current Leisure Management Contract which includes the management of four strategic leisure facilities: Kettering Swimming Pool, Kettering Athletics Track and Synthetic Pitch, Corn Market Hall and Desborough Leisure Centre ends on 31st March 2022.

The current contract is in the fifth year of a five-year extension and the cost of the current contract is around £35,000 per annum.

Previous Members of Kettering Borough Council (hereafter referred to as "KBC") had agreed to initiate a procurement for a new Leisure Management provider, with an option to invest in the refurbishment of the artificial playing pitch on Thurston Drive.

It was agreed to a short-term contract up to five years (3+1+1) so this fits within similar timeframes to existing leisure management arrangements in North Northamptonshire. This would also afford the opportunity for the new North Northamptonshire Council to consider the options for future management of its leisure services.

PLEASE NOTE ALL FIELDS MUST BE COMPLETED

1. Introduction, Background and Current Activity

- 1.1. The current contract for leisure services in Kettering Borough ends in April 2022, and it is proposed that a short contract for up to five years be procured, to bring the end date for this contract into line with the contracts for the Wellingborough and East Northamptonshire areas. This alignment will allow the new Council to take an authority-wide view of its future leisure provision over the longer term during its first term.
- 1.2. The main KBC Leisure Management Contract ends on 31st March 2022. The contract covers:
 - 1.2.1. Kettering Swimming Pool;
 - 1.2.2. Desborough Leisure Centre;
 - 1.2.3. Corn Market Hall, Kettering; and
 - 1.2.4. Athletics track and associated facilities plus adjacent synthetic pitch.
- 1.3. The contract was awarded to Parkwood Leisure Ltd on the 17th January 2007, following a full procurement process, for ten years, with an option to extend the contract for five years to 31st March 2022. It was agreed in 2015 to extend the contract until 2022 and move it to an alternative model whereby the Council continued to contract directly with Parkwood Leisure, but the operation of the leisure centres is subcontracted to Legacy Leisure who are an independent registered charity. This resulted in annual savings to the Council of around £45,000. The cost of the current contract is around £35,000 per annum.

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- 1.4. The former Borough Council of Wellingborough’s leisure contract is due to end in 2028, the former East Northants District Council’s contract is due to end in 2027 and the former Corby Borough Council services are managed in-house. Neither Wellingborough nor East Northants have any break clauses remaining in their contracts. East Northamptonshire’s contract can be extended by a year or more.
- 1.5. Therefore, a proposed three-year contract, with the option of extending for a further two or three one-year periods for the management of the current Kettering Borough Council leisure management facilities will help align end dates for all existing leisure contracts in North Northamptonshire.
- 1.6. Previous discussions with Legacy Leisure had included refurbishment of the 3G pitch at Thurston Drive as part of the offer going forward. However, given the impact of the pandemic, the company have been unable to commit to this but are willing to revisit this at an appropriate time. The delivery of the refurbished 3G is therefore likely to form part of any contract procurement.

2. Pre-Procurement Checklist

2.1. Is there a current contract in place?	Yes	
2.1.1. If so, what is the expiry date of the current contract (dd/mm/yy)?	31/03/2022	
2.1.2. If the current contract has any extension periods which can be invoked, what are they?	Five (5) years but already in the final year	
2.2. What is the proposed start date for the new contract (dd/mm/yy)?	01/04/2022	
2.3. What is the proposed length of the new contract, inclusive of any extension periods?	5	Years (3+1+1)
2.4. Is your requirement one-off (e.g. a project of fixed duration) or ongoing (e.g. a service which will need to be renewed after this contract ends)?	One-Off	
2.5. Has a Risk Register been produced for this procurement?	Yes	
2.6. Has the spend for this procurement been approved?	Yes	
2.6.1. Who has approved this spend (Name of Board or Budget Holder or Finance Officer)?		

Mark Dickenson (Assistant Director of Finance & Strategy)		
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2.7. Has Head of Service approval been agreed for this procurement and your Recommendation, below?	Yes	
2.8. What is the expected lifetime contract cost of the goods, service, supply or work?	£	190,000
2.9. How has the expected lifetime contract cost been determined?		

Average spend over five (5) years multiplied by the length of the contract.

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2.10. What do you want to procure and achieve?

To continue with a provider to undertake the management of four strategic leisure facilities: Kettering Swimming Pool, Kettering Athletics Track and Synthetic Pitch, Corn Market Hall and Desborough Leisure Centre.

It was agreed to a short-term contract up to five (5) years (3+1+1) so this fits within similar timeframes to existing leisure management arrangements in North Northamptonshire. This would also afford the opportunity for the new North Northamptonshire Council to consider the options for future management of its leisure services.

2.11. Could in-house resources be used to meet your requirement?

No

2.12. Have appropriate Framework Agreements been considered?

Yes

2.13. Has any market engagement or cost analysis taken place?

Yes

2.14. Do collaboration opportunities exist with other depts. or Councils?

No

2.15. Do training opportunities exist to up-skill in-house staff?

No

2.16. Are there any implications and/or considerations under Section 151 of the Commonhold and Leasehold Reform Act 2002 (previously Section 20 of the Landlord and Tenant Act 1985)?

No

This is relevant to projects which affect leaseholder properties (residential or commercial).

2.17. Please provide any other relevant information for 2.11-16:

The Council needs to ensure the provision of these services beyond 2022 and needs to start that process now to achieve a continuation of service in 2022. This is true whatever procurement route is taken, or whether the services are taken back in house.

3. Route to Market

3.1. What approach and route to market has been considered for this procurement, how will the submissions be evaluated (price/quality)?

Given the current uncertainty of the sector at the end of 2020, an Early Engagement Notice was published on Contracts Finder seeking Expressions of Interest in a short-term contract, up to five years. Two Early Engagement Notices were issued, one seeking interest in the provision of a new 3G facility (to replace the existing outdated one), and another Early Engagement Notice without this.

The Council received three submissions of interest.

Given the number of interested parties, the proposal is to undertake a formal procurement exercise for a leisure management services contract for a period of

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three years with the option of extending this for a further two or three one-year extensions.

3.2. Please confirm which procurement team member you have engaged with.

You are required to discuss your requirement with a member of the procurement team prior to submitting this form.

Chris Everett (Performance and Procurement Manager)

4. Options to be Considered

Please speak with a member of the procurement team if you require assistance completing this section. Otherwise please choose what procurement activity you want.

- 4.1. Do nothing.
- 4.2. Undertake a full **Regulated procurement** process to an open market.
- 4.3. Use a compliant **Framework Agreement** or **Dynamic Purchasing System (DPS)**.
- 4.4. Other (please explain below).

This is a concession style contract and as such, it is subject to the requirements of the Concession Contracts Regulations 2016 (hereafter referred to as "CCR2016"). Based on turnover details provided by the incumbent supplier and the methodology at Regulation 8 of the CCR2016, the turnover value has been identified as £3,239,442.00, which falls below the current concession threshold value of £4,733,252 (as of March 2021). As such, a Request for Quotation overseen and supported by the Procurement Team is proposed.

5. Legal Considerations

Please speak with the Council's Legal Services team if you require assistance completing this section.

- 5.1. Under the existing contract there is no option to extend the current service.
- 5.2. I have engaged with the Legal Services Team and will be working with them to prepare the draft services contract to be attached to the procurement document suite.
- 5.3. Legal Services Team contact is Hayley Sims (Team Leader Contracts and Special Projects).

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6. Finance Considerations

Please speak with the Council's Financial Services team if you require assistance completing this section.

- 6.1. The current contract costs a net £35,000 per annum, based on pre-pandemic circumstances. The current contract allows for a variation where government intervention impacts on service delivery; this is usual practise and enables the Council to support the provider.
- 6.2. The Council retains ownership of all the assets being managed but with the opportunity of securing investment in those assets from time to time by the contractor.
- 6.3. Previous discussions under KBC and as part of the EOI exercise at the end of 2020, was to include capital investment option as part of the submission.
- 6.4. Discussions have been held with Finance colleagues, and it was agreed to set a fixed management fee from the Operator, from the six month operating point (i.e. starting in September 2022) to allow stabilisation and realisation of income/expenditure.
 - 6.4.1. In reaching this decision, we considered the risk associated with a percentage fee:
 - a. the income to the Council could fluctuate based on the market; *and*
 - b. the Operator may 'hide' profits to reduce the amount paid to the Council
 - 6.4.2. Additionally, this is a short-term contract of up to five (5) years and will inform the budgets as a guaranteed fee and mirrors the arrangements with the contract for the leisure services management in East Northants.
- 6.5. The management fee consideration will be included in any Operator's ITQ submission to ensure a realistic and achievable figure is agreed.

6.6. Type of spend (Revenue or Capital)	Revenue
6.7. Is funding included within the existing budgets? <i>If "Yes", please complete 6.3.1. If "No", please complete 6.3.2.</i>	Yes
6.7.1. If "Yes", please provide the following:	
a. Budget Code	20D40002 E6000
b. Budget Provision	£38,000
c. Budget Holder	Hazel Webb
d. Date agreed by Budget Holder	11/05/2021
6.7.2. If 'No', please provide details of how the costs are to be funded:	
Not applicable	

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6.8. Date Agreed with Finance	21/05/2021
6.9. Name of Finance Officer	Mark Walker
6.10. Medium Term Financial Implications <i>If “Yes”, please complete 6.6.1 – 6.6.5. If “No”, please complete 6.7.</i>	No
6.10.1. Year 1 (2022/23)	£ Not applicable.
6.10.2. Year 2 (2023/24)	£ Not applicable.
6.10.3. Year 3 (2024/25)	£ Not applicable.
6.10.4. Year 4 (2025/26)	£ Not applicable.
6.10.5. MTFP Implications agreed by <i>Enter name of Finance Officer</i>	Not applicable.
6.11. Explanation of Medium-Term Financial Implications	
Consideration will need to be given regarding the leisure management facilities once alignment of end dates for all existing leisure contracts in North Northamptonshire is within the planning horizon. This is likely to have financial considerations with the possibility of economies of scale to be realised as the previous sovereign Councils leisure offers are considered and reviewed as one.	
6.12. If this contract is expected to be £500,000 or more, please confirm if you require the Successful Provider to provide a Parent Company Guarantee, Performance Bond or any other sureties? <i>If “any other sureties” or “N/A – see explanation below”, please complete 6.8.1.</i>	N/A – this contract is not expected to be £500,000 or more
6.12.1. Please detail the other sureties you require as a part of this contract, or provide an explanation, if you have chosen “N/A – see explanation below”.	
Not applicable.	

7. Ethical and Equality Considerations

Please speak with the Council’s Policy Officer (Equality and Diversity) if you require assistance with this section.

7.1. An Equality Screening Assessment has been drafted ahead of this Report being presented to the Purchasing Gateway Group and is attached as an annex.

8. Social Considerations (Public Services (Social Value) Act 2012)

8.1. What outcomes have you considered from the procurement to improve the economic, social and environmental well-being of Northamptonshire?

- 8.1.1. Employment of local people to jobs offered by the operator.
- 8.1.2. Access to services available for all.
- 8.1.3. An all-inclusive pricing schedule.
- 8.1.4. Appropriate waste management of hazards chemicals used for water purification.

- 8.2. How will you ensure the improvement(s) identified above, are achieved?
- 8.2.1. Performance monitoring through regular contract management meetings.
 - 8.2.2. Performance indicators agreed through the specification and operation reports provided by the operator.
- 8.3. Are you undertaking any community consultation as a part of the Social considerations of this procurement?
- 8.3.1. No.

9. Environmental Considerations

Please speak with the Council's Sustainability Officer if you require assistance completing this section.

- 9.1. The new contract will support the Council in collating energy data in order to report on annual Green House Gas emissions.
- 9.2. The new contract work with Council should future opportunities arise for energy efficiency savings.
- 9.3. The new contract support biodiversity strategies such as pollinating friendly regimes in within grounds maintenance.

10. Conclusion and Recommendation

- 10.1. The PPG is recommended to approve the re-procurement of the leisure services contract for the former Kettering Borough's existing leisure facilities, such contract to run from 2022 to 2028.

11. External Consultants

If you intend to utilise any consultants, please list names and their organisations and their role in this procurement.

- 11.1. None.

12. List of Annexes and Appendices

- 12.1. Report Title – Kettering Borough Leisure Services Contract, submitted to North Northamptonshire Shadow Authority, Shadow Executive Committee Meeting held on 4 March 2021.
- 12.2. Decisions of the Shadow Executive Committee at its meeting held on Thursday 4 March 2021.
- 12.3. Equality Screening Assessment.

13. Officer to Contact

Please confirm details for the officer to contact if there are any queries.

13.1. Hazel Webb (Community Services Manager)

13.2. 01536 851 245

13.3. hazel.webb@northnorthants.gov.uk

14. Assistant Director Approval

Please confirm details for the Assistant Director who has approved this requirement.

14.1. Kerry Purnell, Assistant Director – Housing & Communities

14.2. T. 0300 126 3000 m. 07787 266210

14.3. Kerry.purnell@northnorthants.gov.uk

14.4. 22/06/2021