



*Oadby and Wigston  
Borough Council*

**OADBY AND WIGSTON BOROUGH COUNCIL**

**A REPORT ON THE ISFT EVALUATION  
OF THE LEISURE MANAGEMENT CONTRACT**

**BY**

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## **SECTION 1 – INTRODUCTION**

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### **Introduction**

- 1.1 In December 2012, Oadby & Wigston Borough Council and Hinckley & Bosworth Borough Council (the Councils) invited Expressions of Interest, through the Competitive Dialogue Process, for Partner(s) to further develop and enhance Leisure Facilities in both Boroughs through their Leisure Management Contracts. A notice was posted to the Official Journal of the European Union (OJEU) in December 2012. Applicants were asked to return Expressions of Interest, including completion of the Pre-Qualification Questionnaire (PQQ), to the Councils.
- 1.2 A joint procurement was undertaken between the two Councils as it was more efficient and better value for both Councils (saving monies on the procurement costs). In addition by working together it was more likely that market leaders would be interested. However throughout the process each Council would make its own decision about awarding the contract.
- 1.3 The existing contract for Oadby & Wigston Borough Council expires in 31 March 2014, following a contract period of 22 years with the existing provider.
- 1.4 The PQQ evaluation was undertaken and five bidders were shortlisted and received an Invitation to Submit Detailed Solutions (ISDS) and to participate in further dialogue.
- 1.5 Four bids were received by the deadline with one bidder declining to bid because of a lack of resourcing. The ISDS evaluation undertaken shortlisted three bidders to go forward to the Invitation to Submit Final Tender (ISFT) stage.
- 1.6 Two bids were received by the deadline with one bidder declining to bid due to resourcing and competing priorities.
- 1.7 The ISFT stage asked bidders to provide responses to design, build and operate a new pool (25 metre, 6 lane pool) at Parklands, together with a significant refurbishment and upgrade of facilities (at Parklands) and also a replacement for the Wigston Pool including fitness.

### **Purpose of this report**

- 1.8 This report provides a summary of the ISFT responses and scoring of those applicants submitting. Its purpose is to inform the Council of the outcome of the evaluation and make recommendations on Applicants that should move forward to the next stage of the procurement process, to appoint a preferred bidder.
- 1.9 The report also identifies the various areas and issues which will be resolved at preferred bidder stage prior to contract close and finalisation.

## SECTION 2 – EVALUATION PROCESS OVERVIEW

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### Introduction

- 2.1 The purpose of this stage of the evaluation process is to evaluate the bids received against the evaluation criteria to test both financial proposals and the technical, services and innovation presented by each bidder. This will lead to the appointment of a preferred bidder.
- 2.2 ISFT Bids were received on 3 December 2013 and each evaluation team undertook an evaluation of the bids in accordance with the areas identified in the evaluation matrix, as set out later in this section. The evaluation teams were
1. Services Team
  2. Technical Team
  3. Financial Team
  4. Legal Team
- 2.3 The financial and legal evaluation combines to deliver the overall commercial evaluation score.

### Evaluation Criteria and Weightings

- 2.4 The evaluation matrix has been developed to reflect industry best practice and was agreed by Members during the preparation for the ISDS documentation for the whole procurement process and is summarised in Table 1 below.

**Table 1 - Evaluation Matrix**

<b>Evaluation Area</b>	<b>Maximum score</b>	<b>Description</b>
Services	40%	Includes the operational approach to the services, such as delivery of outcomes, customer care, programming, maintenance, etc
Technical	10%	The design and capital proposals – including the planning risk
Commercial	50%	Financial and legal offer, including overall delivery and risk of the project
<b>Total Percentage Score</b>	<b>100%</b>	

- 2.5 Each of the areas presented above was split into more detailed evaluation areas and each of the bidders were scored out of 10 in accordance with the following table for the tier 3 weightings and then these scores were weighted and combined to give an overall percentage score for the bidder.

<b>Score</b>	<b>Rating</b>	<b>Criteria for Awarding Score</b>
0	Unacceptable	Does not meet any of the Councils' requirements.

## SECTION 2 – EVALUATION PROCESS OVERVIEW

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Score	Rating	Criteria for Awarding Score
1-2	Very Weak	Insufficient information provided / unsatisfactory.
3-4	Poor	Fails to meet the minimum standard, some major concerns
5-6	Acceptable	Satisfactorily achieves the minimum standard, acceptable, no major concerns
7-8	Very Good	Exceeds the requirements, good, full and robust response, gives confidence and will bring added value/benefit to the Councils
9-10	Excellent	Considerably exceeds requirements, outstanding, and will bring significant added value/benefit to the Councils, shows innovation and the Councils have full confidence in response.

2.6 There were two areas where the pass mark for evaluation was 5 out of 10 and any responses scoring less than this would be considered not to have met the requirements. These areas were

- Health and Safety
- Staffing

2.7 Following initial scorings a number of clarification questions were asked of the bidders, following which the scores were refined and final scores are presented in this report.

## SECTION 3 – EVALUATION SUMMARY AND RECOMMENDATIONS

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### Introduction

- 3.1 In this section we present the outcomes of the ISFT evaluation with the scores and their overall percentage score.

### Evaluation scores

- 3.2 Table 2 below summarises the scores for each bidder against the tier 1 evaluation criteria weightings.

**Table 2 – Evaluation Weighted Scores Summary**

<b>Evaluation Area</b>	<b>Maximum score</b>	<b>Bidder X</b>	<b>Bidder Y</b>
Services	40%	30.6%	30.4%
Technical	10%	7.9%	6.9%
Commercial	50%	25.4%	27.9%
<b>Total Percentage Score</b>	<b>100%</b>	<b>63.9%</b>	<b>65.2%</b>

- 3.3 The commercial evaluation includes the legal evaluation.
- 3.4 The scores presented above reflect the overall evaluation, with Bidder Y scoring the highest of the two bidders. We summarise and compare a number of the key issues for each of the bidders in the table overleaf

## SECTION 3 – EVALUATION SUMMARY AND RECOMMENDATIONS

**Table 3 – Comparison of Bids**

Issues	Bidder X	Bidder Y
Facility Mix Proposals	<p>Both bidders have presented proposals which deliver the specification required by the Council to include</p> <ul style="list-style-type: none"> <li>• 6 lane 25 metre Pool at Parklands</li> <li>• Refurbished and upgraded Parklands</li> <li>• New pool at Wigston to include 6 lane 25 metre pool</li> </ul> <p>In addition each bidder has presented additional facilities over and above the Councils requirement to include:</p>	
	<ul style="list-style-type: none"> <li>• Learner pool at Parklands</li> <li>• Remodelled reception at PLC</li> <li>• Retention of Cedar Suite</li> <li>• Improved Health and Fitness facilities at Wigston</li> </ul> <p>It should be noted that the provision of a learner pool at Parklands was not a mandatory requirement and over and above the Council's needs</p>	<ul style="list-style-type: none"> <li>• Remodelled reception at PLC</li> <li>• Retention of Cedar Suite</li> <li>• Improved Health and Fitness facilities at Wigston</li> </ul>
Design Principles	<p>Have located the pool at Parklands to the front of the Facility with remodelled reception and entrance. This potentially hides Brocks Hill as customers could enter without seeing Brocks Hill</p> <p>New Wigston Pool is located at back of site and a 2 storey building with fitness on first floor. There is no loss of trees</p>	<p>Have located the pool at Parklands to the front of the Facility with remodelled reception and entrance. Plant room at front of building but visuals into pool</p> <p>New Wigston Pool is located at back of site with a 1 storey building. There is no loss of trees</p>
Capital Cost	£10.26 million	£9.02 million
Opening of New Facility	<p>Both bidders have presented solutions where Parklands refurbishment will take place with minimal closures whilst works are undertaken and seeking to retain the opening of Parklands as much as possible.</p> <p>The programme of refurbishment at Parklands will be discussed with the preferred bidder to take into account key Council events.</p> <p>Other dates for opening of facilities are set out below (subject to planning).</p>	
	<p>Parklands (Pool only) – July 2015</p> <p>Wigston – August 2015</p>	<p>Parklands (Pool only) - February 2015</p> <p>Wigston – May 2015</p>

## SECTION 3 – EVALUATION SUMMARY AND RECOMMENDATIONS

Issues	Bidder X	Bidder Y
	(construction starts July 2014)	(construction starts May 2014)
Service Delivery	Both bidders have presented good proposals and plans to deliver the Council's specification and outcomes through their sports development plans and quality delivery.  The bidders have presented plans to deliver against the Council's objectives for improving the health of residents and improving the community programmes for the users including sports development. This includes consideration of solutions to enable customers to have access to other facilities and transport to other facilities during periods of closure, which are being discussed with both bidders.	
Customer Price Proposals	Bidder X has met the terms of the specification and also included a reduced gym only membership offer to reduce the price for customers	Bidder Y has proposed prices in line with the existing prices and in accordance with the specification. The prices proposed are lower than Bidder X prices
Legal Mark Up	Both bidders have presented a mark up and there are no major issues in respect of delivering the contract.  Both bidders have presented profit share proposals which are the same	

3.5 In addition to these issues we have analysed the financial proposals and present in the table below the financial proposals compared.

**Table 4 – Financial Comparison**

Annual Cost (£'s)	Bidder X	Bidder Y
Current Annual Leisure Contract Cost to the Council	415,000	415,000
Future Annual Leisure Contract Cost to the Council	306,993	233,769
<b>Annual Saving to the Council</b>	<b>108,007</b>	<b>181,231</b>

3.6 As can be seen from the table above Bidder Y provide the best offer to the Council saving over existing costs £181,231 per annum over the life of the contract.

3.7 Bidder X saves £108,007 per annum against existing costs over the life of the contract.

3.8 Therefore Bidder Y saves the Council £73,164 more per annum than Bidder X over the life of the contract

3.9 It should be noted that the figures as presented show the average net cost per annum but in reality this fee will vary over the life of the contract within the constraint of the total cost remaining contractually fixed over its length (20 years). However, the costs are subject to annual indexation but the risks of variation in projected levels of income and expenditure would remain firmly with the contractor.

### **SECTION 3 – EVALUATION SUMMARY AND RECOMMENDATIONS**

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- 3.10 Both bidders have presented examples of how these projections can be delivered and can illustrate where they have achieved similar levels of income and delivered similar increases.
- 3.11 Both bidders will operate the facilities for the term of the contract (20 years) and be fully responsible for the lifecycle costs (including pool tanks) and maintenance of the buildings, which will have a life in excess of 40 years. At hand-back the bidders will have a responsibility to hand back the facilities in good condition to enable the Council to operate or let another contract if required.
- 3.12 Both bidders are significant companies each operating in excess of 70 facilities across the UK and have been in existence since the late 1980's, thus the Council can have confidence that both bidders are experienced operators with a good reputation.

#### **Summary and Recommendation**

- 3.13 Based on the scores and evaluation presented **above it is recommended Bidder Y are appointed as preferred bidder**, with Bidder X appointed as reserve bidder in case the contract with Bidder Y cannot be finalised.
- 3.14 Both bidders have presented schemes which meet the Council's specification and indeed deliver enhanced facilities however Bidder Y's financial offer is circa £73,000 per annum better than Bidder X. There are also a number of costs included in Bidder Y's offer which are excluded from Bidder X offer, such as timing pads, cost of the surveys and clerk of works, and these would be expected to cost in the region of £100,000.
- 3.15 It should be recognised that both bidders have presented solutions which deliver vastly improved facilities and save the Council between £108,000 to £181,000 per annum over the life of the contract.
- 3.16 We discuss in the next section the way forward and the approach to finalising the contract.

## SECTION 4 – WAY FORWARD

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### Next Steps

- 4.1 Within this section we set out the various areas and issues for the next stage of the project including the approach to finalising the contract and reaching contract close (when the contract will be signed).
- 4.2 The next stage of the project at preferred bidder is to undertake two parallel workstreams which are
  - Planning Approval
  - Contract Close – finalising the contract ready for signing
- 4.3 Contract close will include clarification of the schedule of borrowing required from the Public Works Loan Board (PWLB) to mirror construction and consultation with the Council's treasury management advisors (Sector) on which type of PWLB loans are appropriate.
- 4.4 Bidder Y have presented a programme which seeks to deliver the close of contract workstream in March 2014 with planning approval in April 2014 allowing construction to commence in May 2014 with Parklands opening in February 2015 and Wigston opening in May 2015. Oadby Pool will remain open until Parklands is open.
- 4.5 This is a realistic timescale and it is anticipated that the planning application will be submitted by February 2014, which Bidder Y will prepare and submit.
- 4.6 As planning is being submitted the negotiations will be undertaken to finalise the contract and the precursor to this will be the appointment of preferred bidder, with a number of conditions which reflect the discussions and clarifications the evaluation team have had with the bidders.
- 4.7 Once the preferred bidder letter has been issued then contract negotiations will commence.

### Key Milestones

- 4.8 We set out in the table below the indicative milestones and timescales for the next stage of the project.

**Table 5 – Key Milestones**

Task	Date
PFD Decision	22 January 2014
Preferred Bidder Letter Issued (after stand still period)	1 February 2014
Planning Application Submitted	February 2014
Contract Signed	March 2014
Planning Approval	April 2014
Construction Commences	May 2014
New Parklands Pool Opens	February 2015
New Wigston Pool Opens	May 2015

## **SECTION 4 – WAY FORWARD**

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- 4.9 If the negotiations on contract finalisation can be completed quicker then there is the potential (if planning approval is resolved earlier) that the construction could be brought forward.