

 <p>LEE VALLEY REGIONAL PARK AUTHORITY</p> <p>EXECUTIVE COMMITTEE</p> <p>23 NOVEMBER 2017 AT 11:30</p>	<p><u>Agenda Item No:</u></p> <p>10</p> <p><u>Report No:</u></p> <p>E/532/17</p>
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**APPOINTMENT OF LEISURE CONSULTANTS TO ASSIST
IN THE PROCUREMENT OF A NEW
LEISURE SERVICES CONTRACT**

Presented by the Director of Corporate Services

EXECUTIVE SUMMARY

The Authority set up Lee Valley Leisure Trust Limited in December 2013 and entered into a five year contract for the provision of leisure services for 14 Authority venues. This contract expires on 31 March 2020.

The Authority has a substantial amount of documentation ready for the new procurement and continuity from a number of officers who were involved in the original contract award to Lee Valley Leisure Trust Limited.

Officers are of the view better value will be gained if the procurement is carried out in-house with the procurement of appropriate external support in the areas where officers require technical support or additional administrative capacity.

The Authority set up a Member working group at its AGM to consider matters relating to the re-commissioning work ahead of decisions being made by Executive and/or Authority at future meetings.

This report seeks approval for the appointment of specialist leisure consultants to assist Members and Authority officers in the preparation and procurement of a new leisure services contract.

The Committee is also asked to note the initial procurement plan (which will be updated following external consultant input and discussed by Members of the Leisure Services Contract Review Working Group and then presented to Members at the January meeting.

RECOMMENDATIONS

- Members Approve: (1) selection of a company as the preferred consultant to assist with the procurement exercise (analysis of bids to be tabled at meeting);

- Members Note: (2) the initial procurement plan, identification of key deliverables and tasks and timeline as detailed in this report and that an updated version of these will be presented at the 18 January 2018 Executive Committee.

BACKGROUND

- 1 The Authority's acquisition of three major legacy sporting venues following the London 2012 Games (and in particular liability for their business rates) meant that the Authority faced significant on-going budget deficits.
- 2 The Authority addressed the budget deficit by creating Lee Valley Leisure Trust Limited (the Trust) in 2013 and outsourcing management of 14 key venues and the majority of its support services to the Trust by way of a Leisure Services Contract (LSC) which was entered into on 1 April 2015.
- 3 The contract with the Trust stipulated that a joint 3 year review be carried out. Authority officers have carried out an internal review into the operation of the contract and the Trust's management of the venues which was reported to Members at the Leisure Services Contract Review Working Group on 19 October 2017. This has been shared in draft with the Trust and we await its own review and response. The outcome of the joint review will be reported to Members for approval at the January Authority meeting.
- 4 The Authority is a public contracting body and as such the Public Contracts Regulations (PCR) 2015 apply to it in relation to all procurement that it carries out which has a contract value above £164,176 (services and goods contracts) and £4,104,394 (works contracts). The Regulations will apply to the Authority's procurement.
- 5 The procurement itself and addressing the wider issues raised, in the timescale available (itself arising from legislation), will be challenging and place additional demands on Members and officers over the next 2 years.

PLANNING THE PROCUREMENT

- 6 An officer project group led by the Chief Executive was set up in 2017 with the twin objective of conducting the internal review (to be followed by the Joint Review of the LSC 2015) and managing procurement of the leisure services provision upon expiry of the current contract. The officer group have carried out a number of tasks and a review of the current contract. This report focuses on the future work needed for this procurement project. The Authority set up the Leisure Services Contract Review Working Group at the AGM in July. This group will meet regularly with the officer project group to discuss the work carried out to-date by the officer group and the future procurement.
- 7 The officer group have discussed a proposed procurement methodology (procurement by way of a negotiated procedure) and composed an initial procurement project plan comprising identification of:
 - a timeline covering all procurement phases and key components of each phase;

- key deliverables for each identified component of the procurement;
- key tasks that need to be performed as part of each deliverable; and
- tasks where external expertise (in the form of consultants) is required.

APPOINTMENT OF EXTERNAL CONSULTANTS

- 8 Officers have carried out a procurement exercise for the appointment of external consultants to assist officers with specified tasks in relation to the procurement of leisure services.
- 9 Given the likely contract value of this external work, it was proposed to carry out the procurement under Financial Regulations by way of seeking competitive quotations and advertisement on the Contracts Finder website.
- 10 Four leading leisure services procurement specialists were sent details of the procurement in addition to an advert on Contracts Finder. The Request for Quotation (RFQ) included the document attached at Appendix A to this report which provides contextual information about the Authority's intended procurement of leisure services, anticipated timescales and the areas where support was sought.
- 11 It is envisaged at the time of writing this report that at least three consultant organisations will submit detailed quotations and these will be analysed by officers and scored in accordance with the submitted criteria. The outcome of this will then be tabled at the meeting.

NEXT STEPS

- 12 If the Committee agree the recommendations, it is anticipated that the immediate next steps will be as follows:
 1. appointment of external consultants to assist with the procurement by the end of November;
 2. external consultants begin pre meeting work and submit to the Authority (together with their comments on the procurement plan) by 21 December 2017;
 3. first meeting with the external consultants to take place on 11 January 2018; and
 4. updated Procurement Plan together with detailed information to be used as part of the Market Sounding exercise to be presented to Members at their meeting in January 2018.
- 13 Officers will meet with the Member Working Group on 14 December 2017 to discuss in more detail some of the areas relating to commissioning of the new contract.

FINANCIAL IMPLICATIONS

- 14 Subject to the outcome of this Request for Quotation it is anticipated that

funding for the consultants should come from existing revenue budgets earmarked for consultants across the Authority's budgets. If these prove insufficient a request for additional resources will need to be made.

HUMAN RESOURCE IMPLICATIONS

- 15 Procurement of the new LSC will have significant human resource implications for Authority staff. The procurement exercise is expected to take place between November 2017 and March 2020. It is not possible to specify the human resources implications of the procurement at this stage. These will be monitored and Members updated at appropriate stages during the next two years.

LEGAL IMPLICATIONS

- 16 The PCR 2015 apply to any procurement by a public body such as the Authority in respect of contracts above threshold values i.e. with a value above £164,176 (for services and goods contracts) and £4,104,394 (for works contracts).

The procurement of the LSC will be subject to the PCR 2015 and will require advertisement in the Official Journal of the European Union (OJEU).

The Authority's own Financial Regulations cover procurement below these threshold values.

- 17 The procurement of external consultants complies with the Authority's Financial Regulations, which require competitive quotation and selection and advertisement on the Contracts Finder website.

RISK MANAGEMENT IMPLICATIONS

- 18 The risk arising from the procurement of external consultants relates to a challenge to the procurement on the grounds of non-compliance with the Authority's Financial Regulations. This risk has been mitigated through a robust procurement exercise involving a formal RFQ and professional analysis of the quotations received.

EQUALITY IMPLICATIONS

- 19 There are no specific equality implications arising from the procurement of external consultants or the procurement exercise itself.

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BACKGROUND REPORTS

None

APPENDIX ATTACHED

Appendix A New Leisure Services Contract – Project timeline and product and task breakdown

LIST OF ABBREVIATIONS

the Trust
LSC
PCR 2015
OJEU

Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)
Leisure Services Contract
Public Contracts Regulations 2015
Official Journal of the European Union

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LVRPA: Leisure Services Contract Procurement – Quotation Document 1 (Price) - Consultancy Name:						
Days A = Authority time estimate (for internal use only) - Days C = Consultant estimate – Cost = Consultant cost based on Days C						
Ref	Phase	Tasks	Products	Days A	Days C	Cost £
P 1	Pre-meeting	<p>The Consultants are expected to draw on their knowledge and experience of the Leisure Services market and their experience of carrying out similar commissions in the past and:</p> <p>Thoroughly familiarise themselves with: the scope of the intended Procurement (which will be a variation to the procurement carried out by the Authority in 2015), the 14 facilities and the Authority's initial procurement plan (in the form of a Product and Task Breakdown). The following will be provided to assist:</p> <ol style="list-style-type: none"> 1. Relevant extracts from the current contract between the Authority and current Supplier covering the management of the 14 facilities including information on and modes of operation of the Facilities 2. High level overview of the Authority's procurement plan and initial procurement objectives together with a procurement timeline (Product and Task breakdown) 	<p>The consultants are expected to provide:</p> <ol style="list-style-type: none"> 1. Improvements/additions to the procurement plan (RFQ Annex 1) by providing commentary, suggested amendments, high-level detail of any additional Products/Tasks (by way of track changes). 2. Changes/additions to the procurement timeline (by way of track changes). 3. A list of at least 10 suppliers who have the requisite experience and capacity (and would be likely to bid) to run either all the facilities or some combination of facilities (which could become future procurement LOTS) with some high level commentary on each suggested supplier and their particular strengths and weaknesses and likelihood of bidding for the whole/particular components of the procurement. 4. At least 3 examples of relevant work previously undertaken which demonstrates experience of assisting with procurement activities similar to this one. The examples should include a full set of documents produced that were sent out to bidders in the relevant procurement exercises (covering background information, specifications, PQQ's, ITT's, contracts etc.) and where possible covering all items in the project product and task breakdown which mentions the obtaining of "Guidance".** <p>Research and additional familiarisation time ** A suitable NDA will be provided to protect your interests and ensure that the documents are only used for the purpose of this project as described</p>	1		
		Product deadline: Friday 8 December 2017		2		
				8		Sub Total

LVRPA: Leisure Services Contract Procurement – Quotation Document 1 (Price) - Consultancy Name:

Days A = Authority time estimate (for internal use only) - Days C = Consultant estimate – Cost = Consultant cost based on Days C

Ref	Phase	Tasks	Products	Days A	Days C	Cost £
P 2	Meeting	<p>Following receipt of the A1 products, the Authority will arrange a commencement meeting. Prior to the meeting the Authority will send the following to the consultants:</p> <ol style="list-style-type: none"> 1. Updated project Product and Task Breakdown and Timeline. 2. Updated indication of support required from the consultants. Subject to this update, the support required of the consultants is as outlined in this document. 3. Meeting Agenda 	<ol style="list-style-type: none"> 1. Attendance at a half day meeting session. <ul style="list-style-type: none"> - The meeting to serve as an introduction between the consultants and authority officers (who will be producing the bulk of the procurement documents). - Agree methods of working, timescales, reporting and communication formats. <p style="text-align: right;">Preparation time</p> <p style="text-align: right;">Sub Total</p>	0.5		
P 3	Advice on production & Review of procurement documents	<p>The consultants are expected to guide the production of and review resultant procurement documents (Products in Annex 1).</p> <p>Guidance =</p> <ul style="list-style-type: none"> • Providing exemplar document, template, or samples (if not already provided in A1). • Answering any questions or providing clarification/exemplifications on above. • Providing scope of required documentation in some instances as below by way of a short note with illustration by reference to examples <p>Review =</p> <ul style="list-style-type: none"> • Review document for adequacy in relation to required procurement documentation, identify gaps and suggest additions by way of track changes • Review document for ease of interpretation by potential bidders, clarity, and effectiveness, identifying gaps and suggesting amendments/additions. <p>Provision of guidance as required and Review of procurement documents.</p>				

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Ref	Phase	Tasks	Products	Days A	Days C	Cost £
			<ol style="list-style-type: none"> 1. Intellectual Property (and Branding). 2. Facilities Information – here in addition to any sample documents provided (A 1) the consultants are expected to produce guidance on the depth and extent (scope) of required procurement documentation in particular with regard to Condition Surveys. 3. Population and Demographic Information. 4. Staffing Structure. 5. Customer Information. 6. Service Plans and Monitoring Indices. 7. Guidance only on TUPE, Pensions, and Financial Information (depth and extent (scope)). 8. Market sounding exercise documentation. 9. Guidance and Review of PQQ/ITT (including scoring matrix) 10. ITT – Initial Solution – Detailed Solution and Selection <p>Note: We expect minimal involvement by consultants in some of the above (following receipt of A1 documents) and expect the consultants to utilise time saved on the other deliverables within A 3.</p>	0.5 2 0.5 0.5 1 1 0.5 1 1 2		
			Sub Total	10		

LVRPA: Leisure Services Contract Procurement – Quotation Document 1 (Price) - Consultancy Name:

Days A = Authority time estimate (for internal use only) - Days C = Consultant estimate – Cost = Consultant cost based on Days C

Ref	Phase	Tasks	Products	Days A	Days C	Cost £
P 4	Market sounding	<p>Having reviewed documents to be sent to identified suppliers (including OJEU Notice of pre-procurement engagement) as part of A3, the documents themselves being based on exemplars sent in A 1, the Consultants will be expected to lead the market sounding exercise and summarise the findings in relation to the further development of the procurement.</p> <p>Authority Officers (at Authority cost) will assist with all administrative tasks associated with this activity including booking suitable accommodation, sending invitations, liaising with suppliers etc.</p>	<ol style="list-style-type: none"> 1. Organise, attend, present (as required), and generally support market sounding event (expected to be a 3 hour workshop session). 2. Follow up queries (as required). 3. Produce short paper on implications of supplier views in relation to the structure and scope of the procurement in following tentative areas: <ul style="list-style-type: none"> - Suitability of, advantages and interest in 'lease only' offering as a discrete LOT in the procurement (for some facilities); - Interest in 'all facilities' vs 'LOTS based' procurement and if LOTS what is the market preference and consultant recommendation; - Strength of interest in the procurement (likelihood of submitting a bid) by different suppliers and likely financial outcomes; - Views on risk in relation to 'full repairing' vs 'internal repairing' 	2		
			Sub Total	6		

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Ref	Phase	Tasks	Products	Days A	Days C	Cost £
P 5	Dialogue	Having assisted with documentation for the ITT (A 3), the consultants are expected to support the Authority in its dialogue with selected suppliers, selecting suppliers for detailed solutions, assessing detailed solutions and selecting winning suppliers.	<ol style="list-style-type: none"> Attendance at meetings with suppliers who submit initial solutions (anticipated to be up to 2 meetings each with up to 5 suppliers each lasting up to 2 hours) arranged over 2 days over 2 weeks Producing a note summarising each suppliers proposal together with an assessment of the advantages/disadvantages of each supplier/proposal in relation to Authority requirements and recommending at least 3 suppliers for invitation for detailed solutions. Assisting Authority with selection of successful suppliers. <p>Note: The numbers of suppliers for initial solutions and detailed solutions may change dependent on previous decisions relating to a possible separate LOT for leases and possible division of remaining facilities into 2 or more LOTS. A LOT for leases may not require any meetings. The Authority estimates 1.5 days to cover meetings with each supplier and writing a note on each supplier proposal.</p>	4		
			Sub Total	11		

LVRPA: Leisure Services Contract Procurement – Quotation Document 1 (Price) - Consultancy Name:

Days A = Authority time estimate (for internal use only) - Days C = Consultant estimate – Cost = Consultant cost based on Days C

Ref	Phase	Tasks	Products	Days A	Days C	Cost £
P 6	Optional	The Authority would like the option of being able to call on Consultants for up to 5 additional days over the course of the project.	<p>The likely products of any such call up are likely to be:</p> <ul style="list-style-type: none"> - Further Guidance/advice on aspects of the Procurement - Further assistance with liaison with potential suppliers - Submission of a shadow bid 	5		
			Sub Total	7		
Overall Totals for Price component			TOTALS	43.5		

**PREPARED BY: Name:
POSITION:**

Signature

Date:

LVRPA Leisure Services Contract Procurement – Quotation Document 2 (Quality) – Consultancy Name:	
Ref	Requirement
Q 1	<p>Depth of knowledge and experience of similar leisure services procurement. The maximum number of marks available for each component are provided in brackets next to it</p> <p>Provide a list of at least 3 Leisure Services Procurement exercises you have assisted with and for each provide details of:</p> <ul style="list-style-type: none"> - Leisure services involved (10¹) - Your exact role (20²) - Duration of exercise (10³) - Total size of procurement (financial and staffs involved) (10⁴) - Achievements for client (savings/investment opportunities/income generated) (20⁵) <p>Evidence sought/assessment criteria:</p> <ol style="list-style-type: none"> 1: Variety of services involved 2: Variety of roles involved including assisting through provision of guidance and review, producing shadow bids, involvement in competitive dialogue 3: Length of procurement process/ involvement. Will co-relate with 1 & 2 4: Experience of large procurement exercises. Co-relate to 1,2 and 3 5: Successful involvement/value added
	Consultant Response
	Please expand on the available space to provide your response as required

LVRPA Leisure Services Contract Procurement – Quotation Document 2 (Quality) – Consultancy Name:

Q 2

Depth of knowledge and experience of key leisure service suppliers. The maximum number of marks available for each component are provided in brackets next to it

Provide a list of key leisure service suppliers/operators you have knowledge of and for each specify the nature of your knowledge

- Involvement through procurement exercise especially if Dialogue process (15¹)
- Involvement through direct work with the operator (10²)
- Other involvement (e.g. staff worked for operator / knowledge gained through research exercise etc.) (5³)

Evidence sought/assessment criteria:

- ¹: Experience in relation to this procurement
- ²: Extent of specific understanding of operators
- ³: Extent of general understanding of operators.

Please expand on the available space to provide your response as required

**PREPARED BY: Name:
POSITION:**

Signature

Date: