

SSP Operator Contract

Summary Forecast Business Plan October 2018



This report recommends:



The Leisure Complex and Bus Station Programme Board seeks approval to commence a Competitive Dialogue Procedure for the procurement of the operator for the St Sidwell's Point Leisure Complex with a specification based on the forecast business plan.

Noting

- a) the forecast business plan for the operation of the new leisure complex, St Sidwell's Point
and
- b) the link to the procurement for the single operator for all built leisure facilities.

Facility mix



- ❑ Main Pool (25m)
- ❑ Learner Pool
- ❑ Multi-purpose Room/Crèche
- ❑ Gym (140 stations)
- ❑ Spin Studio
- ❑ 2 x Group Exercise Studios
- ❑ Spa – Sauna, saunarium, salt vaporium, relaxation room, manicure/pedicure station and 4 x treatment rooms
- ❑ Small soft play area
- ❑ Cafe

The detailed breakdown of the m2 for each area of the leisure centre shows a total m2 of 5,948m2 and a total build cost of £25,523,745.

These values have been used in calculating operational costs such as repairs and maintenance and lifecycle.

Specification: Member priorities



- ❑ The centre is primarily for residents of Exeter
- ❑ Pricing premium for use of SSP
- ❑ The monthly membership rate to be used is circa £36/month
- ❑ Consider corporate rate, junior rate, visitor rate
- ❑ Need to encourage school visits through potentially free swimming sessions
- ❑ Concessions for looked after children
- ❑ Free swimming for under 7's for Exeter residents
- ❑ Crèche facilities
- ❑ Pay living wage
- ❑ No zero hours contracts
- ❑ Possible demand for usage after 10pm
- ❑ Be “sugar smart” in terms of vending and catering offer
- ❑ Car parking refund for leisure centre users

Specifications: General



- ❑ General opening hours: 7am to 10pm M-F: 8am to 8pm S/S
- ❑ Extended opening hours will be explored during the procurement process.

- ❑ The staffing model ensures sufficient staff hours to meet health and safety requirements.
- ❑ e.g. 4 lifeguards on pool side + 1 for rotation.
- ❑ Staff hourly rate in line with or higher than the NL Wage.
- ❑ Staff on costs @ 15% in addition to NI, to cover, pensions, sickness, holidays & training.
- ❑ Approaches to the proposed staffing structure will be explored during the procurement process

- ❑ Car park refund included: car parking strategy to be developed

Specification: Key assumptions



- The centre would be operated on a trust model benefitting from VAT and NNDR relief.
- The business plan is based on 2018/19 prices.
- An allocation for central costs and profit, in line with what would be expected from external operators.
- An allocation for the initial fit out and ongoing replacement of equipment depreciated over 10 years, with the exception of gym equipment: 5 years.
- Included lifecycle costs based on a full repairing lease.
- Increases for inflation have not been included within the projections at this stage but will be managed through the contract Payment Mechanism.
- Developed on the assumption that a competitive procurement process is going to be undertaken.

Conclusions



- The forecast business plan now takes into account a number of additional costs and assumptions that were not factored in to the original business plan.
- This reduces the original overall surplus estimates: however it is a realistic approach tested by industry standards and benchmarks.
- Overall SSP is still expected to achieve a surplus, final financial position will ultimately be influenced by the risk profile in the leisure management contract and market trends at the point of bidding.
- Therefore the planning assumptions underpinning the income and expenditure assessment are conservative.

- **The 25 year surplus revenue makes allowance for the lifecycle costs (repair and replacements) of the facility and will generate income for the Council in excess of the borrowing requirement for the approved funding.**

SSP Operator Contract

**Proposed Procurement Process
October 2018**



Overview



- Current marketplace
- Scope of the procurement
- Procurement options
- Evaluation
- Next steps

Map of operators across the region

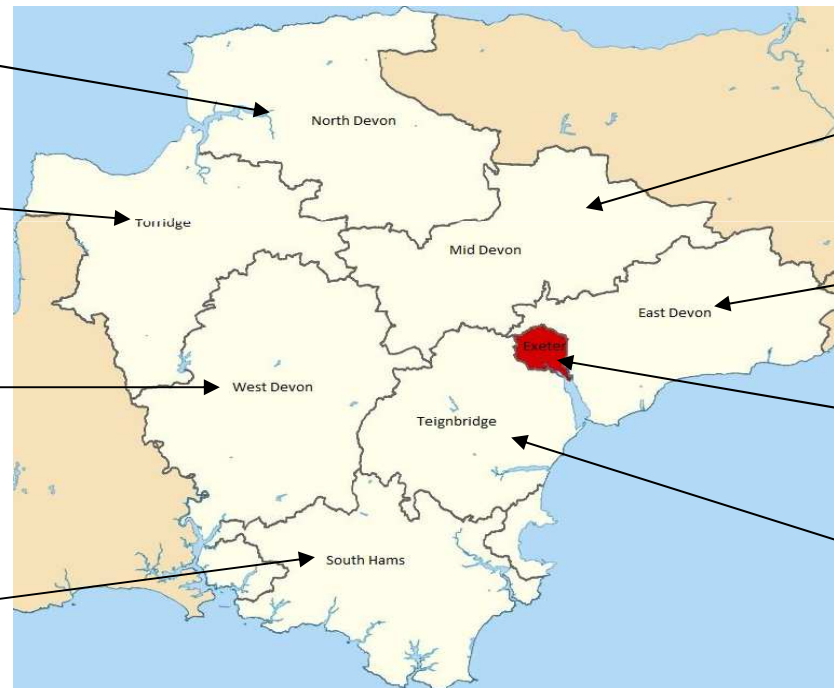


North Devon
Parkwood Leisure

Torrige
1610

West Devon
GLL

South Hams
Fusion Lifestyle



Mid Devon
Mid Devon Leisure

East Devon
LED Leisure

Exeter
Parkwood Leisure

Teignbridge
Teignbridge Leisure

Risk analysis



- Current Council budget reductions mean more tender opportunities
- Therefore – significant number of opportunities currently out to market
- So The Council must:
 - ▣ Set a clear timetable for the procurement process
 - ▣ Be clear in outcomes and objectives
 - ▣ Undertake as simple as possible, a time minimising procurement process
 - ▣ Provide opportunities for operators to make a difference
 - ▣ Have sensible risk transfer aspirations

Scope of the procurement



Scope of Service and Facilities

□ Facilities:

- St Sidwell's Leisure Complex
- Riverside Swimming Pool and Leisure Centre
- Exeter Arena and ISCA Centre
- Wonford Sports Centre
- Northbrook Pool and Golf Course

□ Services

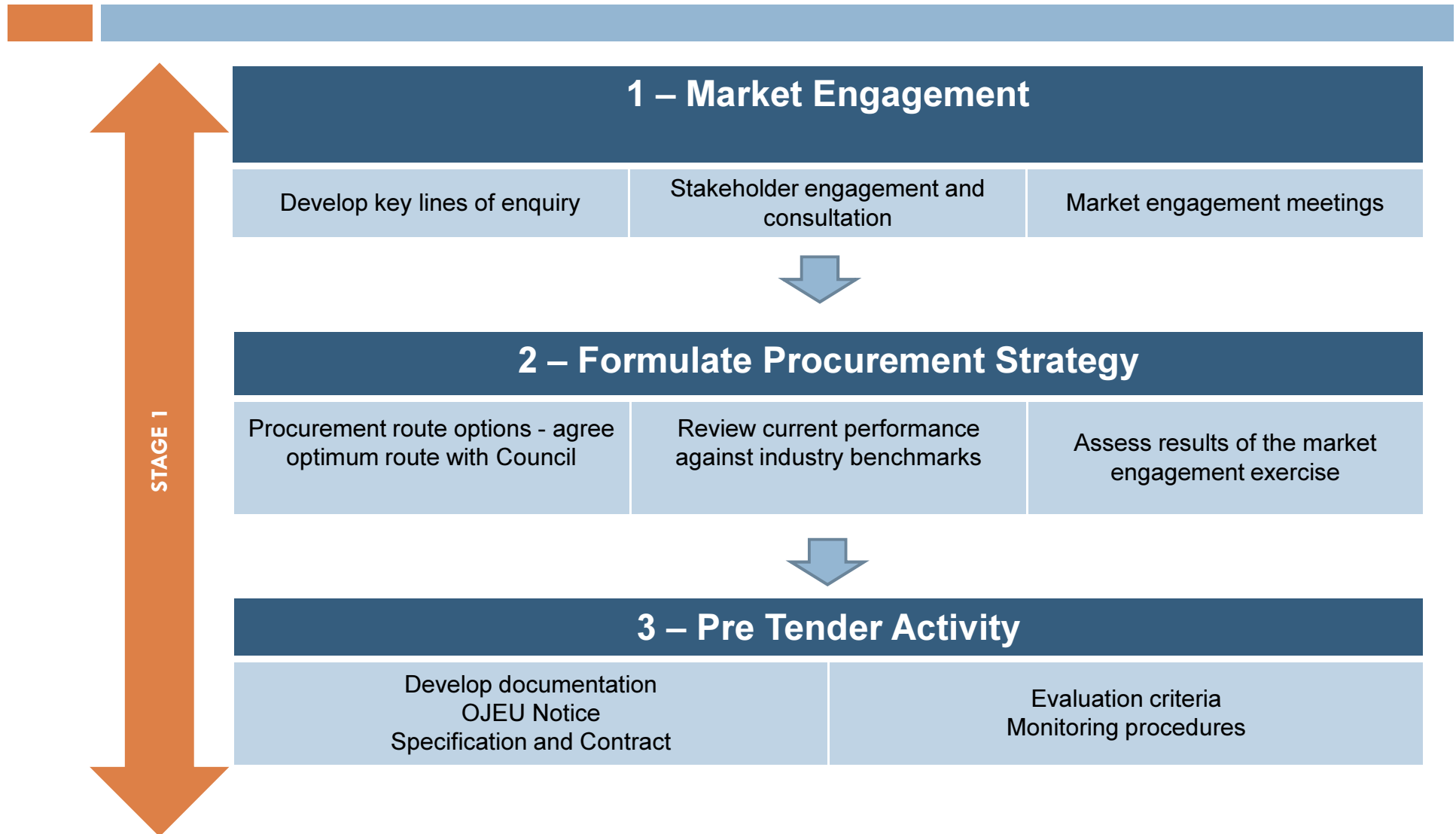
- Sports and physical activity development
- Health and wellbeing
- Community outreach and in reach
- Ground and building maintenance

Procurement Options (Public Contract Regulations 2015)

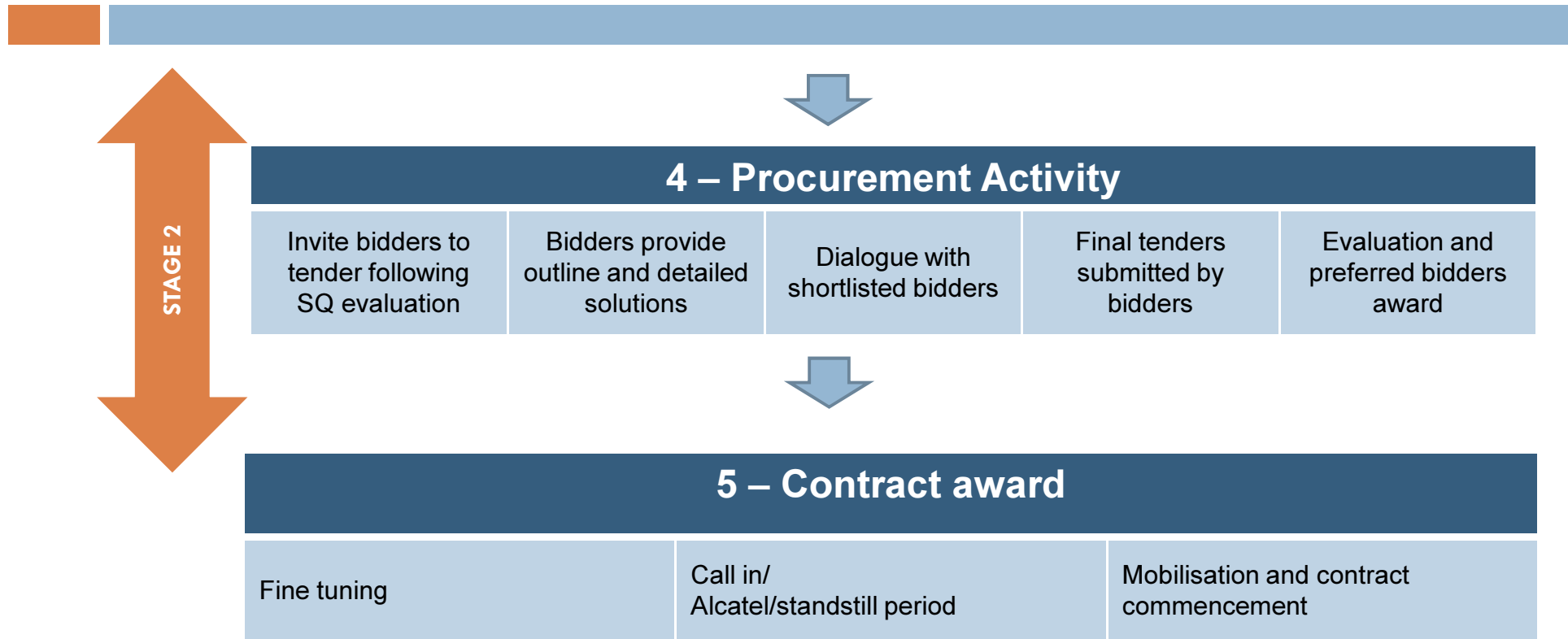


Option	Approach
Restricted	<ul style="list-style-type: none"> • A one step process. • A shortlist of bidders (at least five) may be invited to tender (following the supplier qualification (SQ) stage) • Only one round of bids and no mechanism for dialogue, negotiation or down-selecting after pre-qualification.
Competitive procedure with negotiation (CPN)	<ul style="list-style-type: none"> • Permits (but does not require) negotiation to take place between the Council and contractor. • It does not limit negotiations until the final stage when the Council will need to select a winning tender and can only make non-material changes to that tender at that point. • Option to award the contract either based on the most economically advantageous tender or lowest price • Useful for relatively simple procurements, which can be secured based on lowest price only, but where an element of negotiation is required before concluding the contract.
Competitive dialogue procedure (CDP)	<ul style="list-style-type: none"> • Allows dialogue with bidders to develop solutions to meet the needs of the Council. Dialogue with each bidder to focus on the different aspects of the procurement.

Overall methodology – Stage 1



Overall methodology – Stage 2



Procurement approach

(A Competitive Dialogue Procedure)



OJEU & Selection Q	Outline Solutions	Detailed Solutions	Evaluation & Shortlisting	Dialogue Stage
Apr - June 2019	July – Aug 2019	Sept - Nov 2019	Dec 2019	Jan - Feb 2020

Final Tender stage	Preferred Bidder Identified	Council Approval	Contract Award & Mobilisation
Mar- May 2020	June 2020	July 2020	Sept – Dec 2020

Thank you

