

Report To: Cabinet

Date of Meeting: 25th October 2016

Lead Member: Councillor Julian Thompson-Hill

Head of Service: Jamie Groves – Head of Facilities, Assets & Housing

Report Author: Alastair McNab – Lead Officer, Operations & Business Support

Title: Leisure Development Partner Framework

1. What is the report about?

- 1.1 The report outlines the proposal to appoint Alliance Leisure Services Limited (Alliance) as our provider under a new framework for the development of new facilities and the refurbishment of existing leisure facilities within Denbighshire County Council. This appointment would be on a four year framework agreement.
- 1.2 Our aim is to work with our development partner in order to design, build and fund capital projects and ensure that we deliver the right projects, on time and within budget. We have an excellent track record of working with Alliance on the previous framework and delivered successful projects at Ruthin and Denbigh Leisure Centres and redeveloped the Nova.
- 1.3 This new framework offers a significant improvement on the previous iteration. The framework will be open to all UK Local Authorities, rather than restricted to the six North Wales Local Authorities on the previous framework, with Denbighshire as the Lead Authority. This innovative approach provides the opportunity for Denbighshire to earn significant income, with an annual fee of £25k paid by Alliance as the winning provider to support our ongoing framework management costs, and additional income generated from other Local Authorities who use the framework. This income may be used to support the continued development and investment in Denbighshire's leisure facilities. (See appendix 1, Legal Services Contract Summary).
- 1.4 Our approach of establishing a UK wide framework has already generated significant interest, with Alliance starting to field enquiries from other Local Authorities interested in accessing the framework to avoid lengthy procurement processes and to replicate Denbighshire's success in developing leisure facilities. It is in Alliances's interest to market the framework as it will generate income for them, and they are proposing a significant marketing campaign. Denbighshire will benefit from this as every project commissioned through the framework will generate a fee paid to Denbighshire as the Lead Authority. We

estimate that there is already around £100k of fee income 'in the pipeline' from existing enquiries and will be targeting £2m over the life of the framework.

2. What is the reason for making this report?

- 2.1 This framework requires Cabinet approval due to its size and value. This is up to a maximum of up to £750m over four years covering the whole of the UK.

3. What are the Recommendations?

- 3.1 That Cabinet approves the proposal to appoint Alliance as our development partner on a four year framework to enable the continued development of new facilities and the refurbishment of existing leisure facilities within Denbighshire County Council. Any additional revenue generated will be considered as part of the service budget strategy.

4. Report details.

- 4.1 During these challenging times of continued cuts to our budget, we are committed to improving the facilities and services that we offer to our communities. This supports the Leisure Strategy vision of *"by 2020 Denbighshire will be renowned for high quality, accessible leisure opportunities attracting high levels of participation and improving the wellbeing of its residents and visitors"*.
- 4.2 The appointment of Alliance as our development partner on the previous framework in December 2011 was recognised by the service as a clear method of delivering the key objectives of reducing subsidy, providing facilities that are fit for the 21st century and improving participation opportunities and PE standards in our dual-use sites.
- 4.3 As well as bringing external expertise and innovation to the design and construction of facilities, Alliance will also develop business cases, prepare feasibility reports and carry out market research. The concept design work is done at their own risk with no cost to the Authority and we are not committed to take any of their proposals forward. All projects will be based on affordability and sustainability and be subject to normal Council approvals.
- 4.4 Following the success of the previous framework, we decided to 'test the market' by issuing a Prior Information Notice (PIN) in January via Procurement. This attracted a lot of interest including a number of major construction companies as the scale was very large due to it being a UK-wide framework.
- 4.5 Following the success of the PIN, a full OJEU tender went out in July with a requirement for submissions to be returned mid-August. We 'set the bar' very high by setting scenarios for Denbighshire Leisure sites – this would require companies to visit and understand the local market needs and demand and test their creativity as opposed to submitting a 'desktop return'. Although a number of companies were in dialogue

with us, only Alliance submitted a full tender which was of an exceptionally high quality and scored 781 out of possible 850.

Their tender submission was evaluated by:

- Stephen Hughes, Lead Officer – Commercial Leisure
- Sion Goldsmith, Lead Officer – Assets & Communities
- Alastair McNab, Lead Officer – Operations & Business Support
- Sion Evans, Design and Construction Manager
- Gareth Williams, Finance & Assurance Manager
- Stuart Andrews, Senior Procurement Officer
- Chris Jones, Insurance Manager
- Tom Price, Health & Safety Manager

The evaluation was completed with a different panel of officers attending the interview with Alliance on 27th September. Their presentation and interview demonstrated:

- An excellent track record in the industry delivering over 100 projects with over £100m of investment since they were established in 1998.
- A good understanding of the market and our requirements particularly in relation to our Leisure Strategy, Corporate Priorities and Well-being of Future Generations Act. This includes engaging with our communities and elected Members.
- An excellent track record of delivering projects on time and within budget in Denbighshire including Ruthin Leisure Centre, Denbigh Leisure Centre and the Nova which created around 70 jobs.
- Track record of engaging with the local supply chain and delivering community benefits.
- Developing business cases which include good market research with clear proposals based on affordability and sustainability.
- Detailed information on their team including their project team, construction partners, Architects and sources of finance.
- An innovative approach to developments, often involving reconfiguration of space or conversions of underutilised areas in order to make facilities more vibrant and sustainable.
- Good design and development concepts based on the tender brief with detailed capital and revenue costs.
- Good training, marketing and sales support to ensure we meet our targets on the projects delivered.
- How they would comprehensively market and manage the framework in partnership with Denbighshire.

4.6 A series of development workshops between Denbighshire and Alliance will take place if the framework is approved to agree the final detail for the management of the framework.

5. How does the decision contribute to the Corporate Priorities?

5.1 The appointment of a development partner supports our corporate priorities of developing the local economy and improving the quality of school buildings. New facilities on the coast will significantly enhance the visitor economy. By appointing Alliance on this four year framework agreement, we would have the opportunity to continue to invest in facilities that are modern, fit for purpose and meet the needs of the community and PE curriculum.

6. What will it cost and how will it affect other services?

6.1 Preparation of concept designs are delivered by the development partner with no risk to the Authority. The Authority is only committed once they are satisfied that the project is affordable and sustainable. Each scheme would then be agreed with Alliance and signed off on a project by project basis by the Strategic Investment Group and follow the appropriate council approval processes.

7. What are the main conclusions of the Well-being Impact Assessment? The completed Well-being Impact Assessment report can be downloaded from the [website](#) and should be attached as an appendix to the report

7.1 There is an overwhelming benefit to continue to invest in leisure provision where the business case is sound. The appointment of a development partner gives us the expertise that we may not have and takes on the financial risk of delivery away from DCC.

8. What consultations have been carried out?

8.1 The appointment of a development partner has full support from the Lead Member for Finance, Corporate Plan and Performance; Section 151 Officer; Asset Management Group and Property Services. Legal Services have also been consulted throughout this Procurement process – see appendix 1, Legal Services Contract Summary.

9. Chief Finance Officer Statement

The framework process complies with Contract Procedure Rules and will help support the development of council leisure facilities. Any additional revenue benefits will help to contribute to the service budget strategy going forward.

10. What risks are there and is there anything we can do to reduce them?

10.1 Alliance will help Leisure Services realise their full commercial potential. They will provide basic design concepts and their professional expertise at no cost. At this stage we can reject projects at no cost to the Authority. When contracts are signed and the capital cost of the development is agreed, then this risk is taken on by the development partner.

11. Power to make the Decision

Local Government Act 1972 – Section 111
Clause 5.5.5 - Contracts Procedure Rules