

Contracts Sub-Committee

9 January 2002

Minutes of the meeting of the **Contracts Sub-Committee** held on **9 January 2002** when there were present:

Cllr Mrs J Helson – Chairman

Cllr A Hosking

Cllr G A Mockford

Cllr M G B Starke

Cllr P F A Webster

Cllr D A Weir

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr G Fox

SUBSTITUTES

Cllr P D Stebbing.

OFFICERS PRESENT

P Warren – Chief Executive

R Crofts – Corporate Director (Finance & External Services)

J Bourne – Leisure and Contracts Manager

E McIllwaine- Leisure Client Officer

J Bostock – Principal Committee Administrator

REPRESENTING PMP

Mr R Thompson

121 DECLATIONS OF INTEREST

Councillor P F A Webster declared a non-pecuniary interest by virtue of being a user of leisure facilities.

122 LEISURE MANAGEMENT CONTRACT – INTERVIEW OF CONTRACTORS

Prior to interviewing the short-listed leisure contractors, the Sub-Committee received an outline from Mr R Thompson of PMP (the Council's Leisure Consultant) on the issues and key factors associated with the bids. The Sub-Committee ascertained the views of the consultant on responses which should be expected to the questions being asked of the contractors.

The following documents were tabled:-

Contracts Sub-Committee

9 January 2002

- A tabulated bullet point analysis of the contents of the standard bids, mandatory variant bid and optional variant bid submitted by each contractor.
- The executive summary submissions of each contractor.
- A summary of the costings which could be associated with each bid.
- A financial analysis of bid comparisons and summary of bid costings set out in a form which enabled comparison of all contractors across the various bid types.

In terms of overall observation, Mr Thompson felt that the bids received had been good, each being capable of demonstrating significant changes to the Council's current Revenue budget and capital investment. A key factor would be to develop an understanding of the culture of each bidder and the detail of their investment proposals. The primary focus of two of the three bidders was leisure contracting, the other bidder having a wider focus.

During his outline and in response to Member questions, Mr Thompson advised that:-

- The position of each contractor on both insurance and provision for the Sports Development Officer should be clarified during interview.
- Benchmarking can be introduced to longer term contracts.
- The main advantage to longer term contracts is reduced costs and capital investment. In formulating longer term proposals, contractors have to make projections on life style costings. In terms of the market place, there has been an increase in contracts of 20 year periods where there is significant capital investment.
- Profit share is of value and more beneficial than an income return. It should only be seen as an important factor when bids are close - a significant difference in base bids and other factors being more important.
- The Council should be happy that a contractor meets suitable quality thresholds, perhaps ascertained via the results of customer surveying.

During discussion of the Park School site, the Sub-Committee recognised that a view would need to be taken on whether to retain its inclusion in the contract proposals. It was accepted that, in terms of demonstrating site commitment and keeping momentum, retention within the contract proposals would be preferable.

Contracts Sub-Committee

9 January 2002

Having concluded preparatory activity, the Sub-Committee proceeded to receive presentations and interview the short-listed bidders. Responses were sought to both the questions identified at the last meeting and those formulated at this meeting.

Having completed the interviews, the Sub-Committee gave consideration to next stage conclusions. By way of support, Mr Thompson had formulated a brief bid comparison summary.

During debate, the Sub-Committee concluded that two of the three bidders should be taken to the next stage.

Responding to Member questions, Mr Thompson advised that:-

- Twenty year bids could represent significant improvement to the Council's Revenue Budget, which are unlikely to be recovered by the retendering of a ten year contract.
- All issues which may affect bid pricing could be fully established before the meeting of the Sub-Committee scheduled for 30 January.

The Sub-Committee agreed that it would be appropriate for the two remaining Contractors to be invited to present their bids to the Extraordinary Meeting of Full Council scheduled for 17 January. Extraordinary Council could determine preferred contract duration and consider whether a preference for one Contractor can be established or whether detailed negotiations should continue with both. Once conclusions on these aspects are reached, the remaining bidder/s can be asked to submit final proposals to the Meeting of the Contracts Sub-Committee scheduled for 30 January (by which time all matters affecting the bid price will have been established). The Contracts Sub-Committee will then recommend contract award to the meeting of Full Council scheduled for 7 February.

The Meeting commenced at 9.00am and closed at 7.03pm.

Chairman: _____

Date: _____