

Strategic Leisure Limited  
Eardington Mill, Eardington, Bridgnorth, Shropshire, WV16 5LA



## Appendix 1

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Dear Martyn and Jay

## Procurement of the Operational Management of Swale Borough Council Leisure Facilities

Thank you very much for the opportunity to provide you with a quotation for the re-procurement of a leisure operator for Swale Borough Council (SBC) and potentially other facilities. I have set out below the approach we suggest is followed to procure a leisure operator.

### Background Context

SBC's existing leisure facilities in Sheerness and Sittingbourne are currently operated under a long-term contract through a partnership between Swale Leisure Trust (SLT) and Serco.

Faversham Pools is currently operated by a separate trust which receives an annual grant from SBC, albeit this is reducing.

In February 2024 SBC decided to extend this contract for 2 years to allow time for the re-procurement process to be developed, explore the opportunity to incorporate Faversham Pools in the contract and be in a position to give some certainty of the future investment at Sheerness (dryside re-modelling funded by LUF, and potentially investment in swimming pool provision, if a place-based approach can be taken in partnership with Sport England).

Given the contract extension the re-procurement will need to be undertaken during 2025/26, with a new contract commencing on 1 April 2027. To allow time for operator mobilisation, the re-procurement appointment should be no later than 1 January 2027. Based on these timescales the re-procurement process should go live no later than late autumn 2025.

The Sport England specification and contract will be used (preferred by the majority of operators), whilst recognising that the existing templates need to be updated (all consultants who undertake procurements have already developed up to date documents with revised pandemic and benchmarking clauses).

The Council would like to achieve the following outcomes from an outsourced contract:



- Leisure/health outcomes e.g., inclusion of sports development/health and wellbeing work and increased outreach working through the contract.
- A reduction in risk
- Finances- nil revenue cost as a minimum,
- Potential opportunity for surplus share

Key decisions impacting a potential procurement are:

- the procurement scope and specifically the nature and timing of any investment
- risk allocation i.e., what sits with SBC, what is transferred to an operator and what is shared

**Table 1: Risk Allocation Options**

Areas of Risk	Shared Risk	SBC Risk	Operator Risk
Utilities	Y	Utility tariff	Utility consumption
Pensions		Pension increase and deficit	
National Insurance (NI)			NI increase
Payroll			
Repair and Maintenance	Y	Existing buildings- structural, lifecycle and latent defects.	New buildings - lifecycle
Pandemic	Y	Waive management fee	Waive profit

- the level of prescription in a specification – operators prefer flexibility over programming and pricing
- whether a profiled fee is acceptable (preferred by operators)
- contract length
- inclusion of utility benchmarking and fixed tariffs
- whether shared services are included
- the focus on health and wellbeing and what an operator is actually being asked to resource and deliver

## Our Approach

The SLL project team's approach to project management is professional and committed. We pride ourselves on our ability to plan, undertake and complete projects to an agreed time scale. We believe every project is important, and we aim to deliver above and beyond client expectations. We operate a formal project management system based on best practice. This ensures that our clients can have confidence in the on-time, on-budget delivery of the project and that they are kept up to date on progress formally and informally.

Our approach is always to be objective and independent in supporting and undertaking procurement projects. We bring no pre-conceived ideas, nor do we have any vested interest in the outcome other than to follow relevant procurement legislation and achieve the optimum long-term partnership for our clients, based on delivering a sustainable operation meeting local participation, health and well-being needs, reducing revenue costs to the Council, and better sharing operational risk.

Our proposal is based on SBC requiring support for this procurement approach, which we suggest should follow a Restricted Process with negotiation/dialogue. We would, however, wish to discuss and agree this with the Council.



## Methodology

We propose to commence the project with a detailed Briefing Meeting. We will prepare and agree the agenda with you and provide a list of information requirements prior to the meeting. The meeting will provide an opportunity to:

- Introduce Client officers and Project Team members
- Confirm terms of reference and scope of the project
- Enable information collation and sharing
- Agree approach and timescales
- Provide the opportunity for agreement on, and collection of, consultee contacts and other background information
- Agree key milestones and future meeting dates.
- Cover contractual arrangements. e.g., reporting, invoicing

Following the Briefing Meeting, our initial focus will be to identify and develop the approach to be followed for the procurement, and then develop the required documentation. We will follow the latest procurement guidance and legislation (2023 regulations), working alongside the Council's internal legal team.

### Pre-Tender Stage for Leisure Operator

- **Advise and recommend to the Council the procurement approach**

Following the Briefing Meeting we would advise the Council on the procurement approach to be taken for the operational management of the leisure centres. To provide this advice, we will also need to understand any proposals for investment, their nature and timing, as well as issues around construction, the contract length envisaged by SBC etc.

Equally, the level of risk assigned to a future operator will be important to consider as this impacts on concession contracts and how they are procured (light-touch, or through a full procurement approach).

- **Consult with the Council and identify the key requirements for the contract – outcomes and KPI's it would like to see**

Our approach to this element of work, irrespective of when it is undertaken would be to undertake a series of consultation workshops with Members and officers (2). We would set out a programme for this process, covering the key elements of the specification, so that requirements can be discussed and agreed, and then the resultant KPIs developed.

We would anticipate at this stage that this would cover as a minimum:

- **Programming** i.e., does the Council want the same clubs/groups at the same times in the existing and new facilities or is this an opportunity to re-look at this so that programmes are better aligned to key outcomes for increased physical activity and improved health?
- **Pricing** – does the council want the same subsidies or should they be reviewed and re-targeted to better reflect corporate priorities and outcomes to be achieved? Would the council consider controlling core prices then giving the operator maximum flexibility over all others?
- **Marketing** – is the best use being made of digital data and social media to encourage participation and use? How can this be better linked to membership?
- **Risk** – how much does the Council wish to offload?
- **Catering** – does the Council want to specify requirements for health eating through the contract in terms of vending products and overall catering?
- **Memberships** – what membership categories does the council wish to offer? Do subsidies apply?
- **What are the specific outcomes to be achieved from this contract?** How, and how often does the council want these to be measured?
- **What financial arrangements does the Council wish to achieve?** I.e., cost neutral/return to SBC to off-set any borrowing etc



We would take the feedback from this consultation and develop the specification to reflect the agreed way forward. This would also need to be reflected in the contract.

- **Work closely with Faversham Pools Trust (FPT) to explore the potential for bringing management of this facility into the contract. We understand from a recent meeting that the FPT is keen to be a part of the wider leisure management contract but need to understand in detail:**
- **What this would mean for FPT and its role**
- **Impact on pricing**
- **Impact on programming**
- **Opportunity for investment**
- **Impact of existing staff**
- **Prepare the tender documentation pack, including the draft Service Contract and service specifications in liaison with Council officers**

We would then develop the tender documentation pack and all elements of that. We would like to discuss this with the Council but would suggest that identification of the key contract requirements i.e., outcomes and KPIs is better discussed prior to developing the contract documentation. As an outcome-based specification, it is important to be clear from the outset what the Council wishes to achieve, so that this thinking and ethos can be fully integrated in all documentation, and tenderers can be clear as to the Client expectations.

Developing the tender documentation pack requires the preparation of a number of documents; these would be completed in close consultation with the in-house legal team.

The documents required are:

- Find a Tender Notice/PIN/tender advert (see below) \*
- Selection questionnaire and evaluation criteria (see below) \*
- Intention to Tender (ITT)\*
- Tender documents (format will depend on the procurement route being followed) \*
- Evaluation criteria and weightings\*
- Services Specification & KPIs\*
- Payment and Performance Monitoring System\*
- Contract risk matrix\*
- Legal contract and associated schedules

SLL would develop the contract documentation (shown by \*) in parallel with the contract itself, working closely with the in-house legal team/external legal support, whichever is used. The legal input would develop the contract.

The ITT will set out the process to be followed, timescales, information to be provided and the media for this, any word count limits, supporting documentation required, headline contract requirements/expectations etc.

We will then develop the service specification; this will set out the council's requirements for operational elements e.g., opening hours, programming, maintenance, cleaning etc. However, it should also address issues such as pricing, subsidies, accessibility, sport development, physical activity outcomes, marketing, use of IT, etc –KPIs.

The service specification will be supported by a number of appendices, providing information on the existing facilities, operating procedure, throughput, utility costs, TUPE etc. SLL would collate all information and produce these.

The actual contract will need to reflect and reference the specification and vice versa. This will entail close working and discussion with the se legal team to ensure both documents 'talk' to each other effectively.



The evaluation model will also be developed so that it can be published with the other documentation on issue of the Find a Tender Notice.

This is critical as it will set out for the tenderers the focus of the tender process i.e., is it all about finance, or is it a balance between finance and social return/outcomes? The evaluation framework will identify the criteria to be assessed and assign each a weighting to reflect the council's priorities (identified through earlier discussion and the workshops).

As part of the evaluation framework, we will also develop the financial submission template, to reflect the financial weightings, plus the information to be provided, and any 'set' figures applicable to all tenderers. This will also pre-set the format for the tender sum to be provided as either a profiled amount, or a flatline sum, plus the return to be achieved for the Council.

This latter document will relate to the payment monitoring and performance document, which will translate the tendered amount into the contract period, link to any capital investment and any other financial considerations. This will also link to the contract surplus/surplus share, and the agreed return for the Council.

We would also construct the contract risk matrix, setting out responsibilities, the risks associated with these and how they can be mitigated.

- **Work with the Council to develop the Find a Tender notice for the contract**

We would work with the Council to develop the **Find a Tender** notice; this needs to clearly set out the opportunity being advertised, and must reflect exactly what is required; the subsequent tender document and specification must then reflect this Notice in terms of e.g., contract scope, timescale etc. The **Find a Tender** Notice can be issued once all other documentation is ready. (If SBC already has a template notice we can adapt this for the leisure management re-procurement).

- **Develop a Selection Questionnaire (SQ) and issue to organisations interested in the contract opportunity**

The Selection Questionnaire should secure selection of the most appropriate organisations to tender for the leisure management opportunity. It should focus on the experience, suitability, financial standing, legal and policy profile of organisations, as opposed to how they would deliver the contract. The Selection Questionnaire would be designed to ask a series of questions and request relevant evidence therefore on financial security and sustainability, health and safety records and approach, HR policies, environmental policies and accreditation, as well as specific leisure questions to ensure the short-listed Tenderers are appropriately experienced and qualified etc.

The Selection Questionnaire can be issued following publication of the **Find a Tender** Notice. A minimum of 30 days is required to receive responses, unless they are received electronically, which means the time period for responses could be reduced. (If SBC already has an SQ we can instead adapt this for the leisure management re-procurement).

- **Evaluate the Selection Questionnaire and agree a select list of organisations to progress to the tender stage**

We would evaluate the Selection Questionnaire responses and identify a maximum of 5 tenderers to progress to the tender stage. To achieve this, we would also develop and agree an evaluation framework for this element of the overall process, to provide parameters for the evaluation, and a means of scoring the responses to avoid challenge.

We would prepare a short evaluation report for the Council setting out our analysis and recommendations for the short-listed tenderers. This would be discussed and agreed with the in-house legal team.



- **Issue contract documentation and any additional information required (i.e., appendices, instructions to bidders, etc)**

Following acceptance of the Selection Questionnaire evaluation report, we would issue the tender documentation to all short-listed tenderers. This would include advice and guidance on the subsequent clarification process, how data to inform the tendering process can be accessed, timescales and media for return, etc.

## **Tender Stage For Leisure Operator**

- **Develop an initial evaluation framework and Lead workshops (2) to challenge and approve the evaluation framework with key officers and members**

We would develop an initial evaluation framework to reflect the Council's agreed priorities and KPIs, and weight the criteria appropriately. The evaluation framework will cover, as a minimum:

- Financial offer
- Approach to pricing
- Membership
- Developing participation
- Approach to maintenance, health and safety
- Personnel, training and development
- Staffing structure
- Programming
- Environmental considerations and approach etc

The evaluation framework will need to reflect and deliver, the agreed balance between investment, operational costs, meeting local need, increased participation, implementation of agreed subsidies etc, to achieve the optimum partnership for both the council long term, but also in terms of the quality of service to be delivered for the local community.

We would talk through how the evaluation process should be undertaken, and what it should achieve, to realise SBC's objectives for the procurement project. We would also ensure all involved in the evaluation are clear on the scoring, evaluation timescales etc.

It will be critical to be very clear about what is being evaluated at each stage of the process, if either the Competitive Dialogue or Negotiation procedures are followed.

- **Arrange any site visits to existing sites operated by bidders**

Based on the procurement approach and agreed outcomes to be achieved, we would identify suitable sites for visits, currently operated by the short-listed tenderers. We would contact the sites, arrange visits and if required, attend these.

- **Assist with the evaluation of the tender responses**

When tender submissions are received, we would assist the SBC with the evaluation process. We would obviously wish to discuss and agree the extent of this with the client but would be happy to assist on all aspects. We would develop evaluation templates to facilitate the overall process,

- **Attend and support the Council in clarification meetings**

We would assist the Council to prepare for and organise any clarification meetings. we would identify the clarifications, facilitate collation of the responses and take notes of the meetings, to record discussion and agreement on the way forward. A clarification register would be set up to record all clarifications received, the date and extent of the response. The extent of the meetings will depend on the procurement process followed. Our fee allows for the Restricted Negotiation/Dialogue procedure to be followed, if this is decided as the way forward.





Similarly, we would set up a risk register for the actual study and keep this updated.

- **Work with the Council to identify its preferred bidder and support any internal briefings or presentation to Members**

Following evaluation of the tenders received, we would prepare an evaluation response with SBC officers, setting out the analysis, scores attributed and the recommendation on the preferred tenderer. This would also include the tender offer and its basis, both financial and social.

In terms of overall communication on the overall procurement process, the SLL Project Director and Project Manager will take day to day responsibility for this with the Client.

## Timescale

We advise a timescale of 12-14 months needs to be allowed for an operator procurement. We would be in a position to commence this work from June 24 onwards and would work with the Council to develop a detailed timescale for all tasks as a priority at the start of the work.

## Requirements of the Client

If appointed to this study, our requirements of the Client would be:

- Provision of all relevant background information; we would prepare a list of information required to inform the procurement process and develop relevant appendices. Information required will be a **combination** of existing usage and performance data, prices, membership structures, existing programmes, TUPE details, records of utility costs and consumption, key user clubs, opening times, existing maintenance regimes, responsibilities and planned expenditure, existing KPIs, etc
- Attendance at Project Meetings – as appropriate (Project Group roles and responsibilities noted)
- Provision of stakeholder contacts (those we do not already hold)
- Timely feedback on queries/reports/written information

It is important to clarify that when SLL undertake a procurement process, we consider ourselves 'on-call' at all times to support the Client, by phone and email, and including attending additional meetings than originally envisaged. If this will benefit the process, it is important to undertake these. Our fee quotation includes the ability to respond on this basis.

## Fees

The fees and resources reflecting the above tasks is set out in Table 2.

**Table 2: Tasks, Timescale and Resources**

Tasks	Days	Cost based on averaged out day rate of £650
Undertake Member Workshops to inform process, contract outcomes and approach (2/3 Workshops)	3	1,950.00
Agree process/PID, contract scope, contract length, affordability, contract philosophy etc.	2	1,300.00
Work with FPT to understand how best to bring them into the contract	4	2,600.00



Tasks	Days	Cost based on averaged out day rate of £650
Prepare initial documentation: <ul style="list-style-type: none"> <li>• Find a Tender Notice</li> <li>• Input to Selection - Qualification Questionnaire (SQQ)</li> <li>• Selection criteria</li> <li>• Outcome Specification</li> <li>• Evaluation Framework</li> <li>• Method Statements</li> <li>• PayMech document (default procedures)</li> <li>• Financial submission template</li> <li>• Investment commitments</li> <li>• Liaise with legal advice on contract and cross-referencing it to the delivery specification</li> <li>• <b>Appendices</b> including Final asset register, Final condition survey, Final maintenance programme</li> </ul>	10	6,500.00
Evaluate SQQ's including <ul style="list-style-type: none"> <li>• Relevant experience</li> <li>• Compliance checks</li> <li>• SQQ submission</li> </ul> SBC would need to undertake financial checks.	3	1,950.00
Prepare final tender documentation: <ul style="list-style-type: none"> <li>• Final specification</li> <li>• Contract documentation* (partnering/service agreement)</li> <li>• Leases and agreements*</li> <li>• Final TUPE list etc.</li> </ul> <b>N.B We assume that the legal elements* here will be completed by lawyers</b>	3	1950
Select shortlist for invitation to participate	1	650.00
Issue invitation to participate	0.5	325.00
Evaluation of tenders and evaluation report	10	6,500.00
Undertake negotiation/dialogue	6	3,900.00
Evaluate final tender submissions based on outcomes of negotiation/ dialogue	4	2,600.00
Appoint contractor, including approval process and reporting	3	1,950.00
Serve Standstill notices/observe Council call-in period	0.5	325.00
Mobilisation support	2	1,300.00
Contract commencement	0.5	325.00
Contract Award Notice	0.5	325.00
Expenses (based on mileage at 47p per mile) if needed (capped sum)		500
<b>TOTAL</b>		<b>£34,950 plus VAT and expenses if needed (this excludes any legal resources)</b>





## Consultant Team and relevant Experience

The consultant team for this procurement will be:

- Rachel Fowler, Managing Director
- Liz Taylor, Associate Principal Consultant
- George Sutcliffe, Principal Consultant

N.B If external legal support is required, SLL is happy to suggest companies with whom we have worked on successful procurements.

## Client Expectations

We know that you will expect the highest standards to be maintained by the consultant team. All of our consultants work within a code of conduct and will deliver above your expectations, to give you a level of service that is second to none.

We are able to bring a wealth of knowledge and experience to the table for this project, including information on what other clients are doing, what other procurement processes have achieved, and how, and how tenderers have responded.

We are able to bring innovation to the process, wherever possible, to benefit the Client, and the community long term, in terms of the delivery of high quality and sustainable leisure facilities.

## Experience Overview

- All the consultant team have significant experience of advising clients on procurement – the available route options and their implications, planning for procurement, resourcing the process, what is involved and why, and how to ensure the best outcome is achieved for each local situation.
- We understand the changes in procurement legislation introduced since Brexit and those to come into force from October 2024
- SLL is experienced at developing procurement strategies with officers, Members and other stakeholders to ensure the procurement process selected is appropriate and critically, that key stakeholders understand the process and what is involved and are engaged.
- All the consultant team understand the risks and benefits of procurement, what needs to be balanced and how important this is to achieve in each specific instance, in relation to local priorities.
- All the consultant team have extensive experience of working with the wider market in relation to procurement options, including NGBs, CSPs, operators etc, as well as local authorities
- SLL consultants on this project team have advised on, developed documentation for, undertaken and delivered every procurement route available. i.e., Restricted, Open, Negotiation/Dialogue, and have also worked on establishing LAACs/TECKALs, DBOM, Trusts, retention of in-house services, transfer to an existing Trust (See Appendix 4 Case Studies). We therefore understand the key characteristics of each procurement and delivery option, and what this looks like on implementation
- SLL has at one time or another, appointed, and worked with, every operator in the market.
- SLL consultants understand the relationship between investment, procurement and sustainability



- We recognise and understand the changes in the market vis-s-vis procurement and what a modern partnership should look like and deliver in terms of reduced risk over utilities and maintenance, surplus or profit share, operator incentives etc.

### **Our Added Value and Innovation**

In preparing this tender, the consultant team has identified the following key differentiators that will enable us to deliver a focused and fit-for purpose project for the client team:

- We have a through and practical knowledge and understanding of current procurement legislation and how best to follow this in relation to leisure procurements
- We have successfully delivered many similar projects on behalf of clients, resulting in financial return to the Council, reduced revenues, risk transfer, and improved quality services, better meeting local needs
- We have an objective and professional relationship with all the operators, who like working with us and respond well to both soft market testing and procurements managed by SLL
- We understand the position of all major operators in relation to risk, capital investment, pension deficit, utilities, TUPE, KPIs, surplus share etc
- Our procurement documents are developed as bespoke specifications for each client, but are based on the Sport England Leisure Services Delivery Guidance documentation

I hope provides you with the information you need. Please do not hesitate to contact me if you need anything more.

We hope to have the opportunity to work with you on this important project.

Thankyou

Yours faithfully  
For **Strategic Leisure**

A handwritten signature in black ink that reads "Rachel Fowler".

**Rachel Fowler**  
**Managing Director**