

## **Appendix A – ISFT Evaluation Summary Report**

### **Three Rivers District Council (TRDC) Invitation to Submit Final Tenders (ISFT)**

#### **Evaluation Summary Report 11 August 2017**

#### **Introduction**

TRDC asked three bidders to submit final tenders as part of the leisure management procurement following the invitation to submit detailed solutions (ISDS) stage, when the Council agreed to progress with Lot 1 which includes South Oxhey Design, Build, Operate and Maintain (DBOM) plus leisure management for William Penn and Rickmansworth Golf Course.

Two bids were received from Fusion Lifestyle and SLM. Hertsmere Leisure were also invited to bid but declined as they had other bids they were focusing on which meant they couldn't commit to the time. All two bids have now been evaluated by the evaluation team.

This report sets out the process undertaken and the key recommendations, with supporting evaluation matrices as appendices providing the detailed evaluation.

#### **Evaluation Process**

An evaluation matrix has been used throughout the procurement and seeks to evaluate the bids against the key outcomes set out by the Council across

- Services – the quality of service, operation and how well the delivery meets the outcomes
- Technical – the quality and fit for purpose nature of proposed designs and investment
- Commercial – the financial offer and risk of delivery

Across these three key areas there is a range of detailed criteria which link up to a weighting for each area as set out below

Table 1 – Evaluation Criteria

Level 1 Criteria	%	Level 2 Sub Criteria	Level 3 Sub Criteria
Services	40%	<ul style="list-style-type: none"> <li>Outcomes</li> <li>Quality/Customer Care</li> <li>Operational Delivery</li> </ul>	<ul style="list-style-type: none"> <li>Specific areas, such as Sports Development, Staffing, Health &amp; Safety</li> </ul>
Technical	10%	<ul style="list-style-type: none"> <li>Development/ Design</li> <li>Planning Risk</li> <li>Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Design and maintenance proposals</li> <li>Environmental Approach</li> </ul>
Commercial	50%	<ul style="list-style-type: none"> <li>Usage, Expenditure &amp; Revenue</li> <li>Affordability</li> <li>Contract Acceptance</li> <li>Capital Costs</li> <li>Delivery &amp; Risk</li> </ul>	<ul style="list-style-type: none"> <li>Deliverability of financials, financial, risk</li> </ul>

Each of the evaluation criteria is scored at Level 2 and 3 sub criteria on a weighting of 1-10 as illustrated in the table below

Table 2 – Evaluation Scoring

Score	Rating	Criteria for Assessing Score
1	Unsatisfactory / Unacceptable	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution does not meet any of the Requirements
2	Poor	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution falls far short of meeting the Requirements
3	Very Weak	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution falls significantly short of meeting the Requirements
4	Weak	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution falls moderately short of meeting the Requirements
5	Acceptable	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution does appear to meet Requirements but some inference needed where not fully demonstrated or evidenced
6	Satisfactory	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution does satisfactorily meet Requirements and is supported by clear evidence
7	Good	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution does meet Requirements <b>and</b> will bring some added value / benefit

Score	Rating	Criteria for Assessing Score
8	Very Good	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution exceeds Requirements <b>and</b> will bring added value / benefit
9	Outstanding	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution significantly exceeds Requirements <b>and</b> will bring significant added value/ benefit
10	Exceptional	The Authority and its advisers are confident, in their professional judgement, that the Bidder's proposed solution significantly exceeds Requirements in all respects <b>and</b> will bring very significant added value / benefit

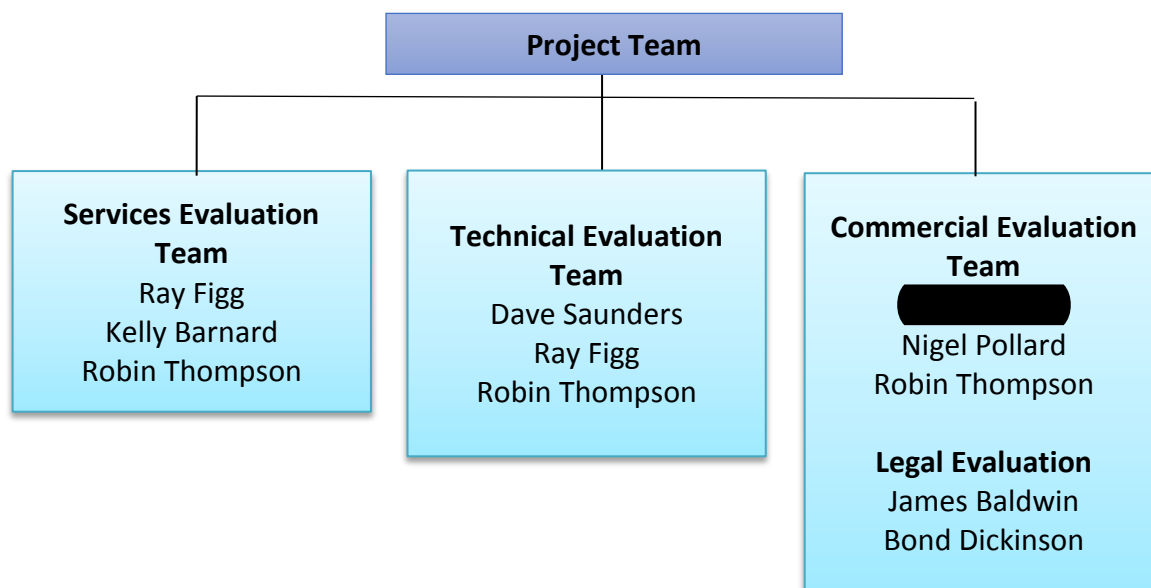
In addition for the reporting and contract acceptance scoring the following scoring mechanism was used.

Score	Rating	Criteria for Assessing Score
1	Unacceptable/ Unsatisfactory	The Authority and its advisers are confident, in their professional judgement, that the submission is unacceptable or unsatisfactory. No comments or information provided or a rejection of fundamental principles, or mark-up and comments made demonstrate little or no appreciation of the issues and risks involved in the Project. The Bidder does not accept the broad principles in the draft Contract and any amendments to risk allocation do not demonstrate any benefit/savings to the Authority. Comments and information submitted are unsatisfactory or unclear in more than one key area.
3	Poor	The Authority and its advisers are confident, in their professional judgement, that the submission has identifiable shortcomings. Mark-ups and comments made demonstrate a very basic appreciation of the issues and risks involved in the Project. The Bidder's approach does not accept the broad principles in the draft Contract and any amendments to risk allocation do not demonstrate any benefit/savings to the Authority. Comments and information submitted are unsatisfactory or unclear in more than one key area
5	Satisfactory	The Authority and its advisers are confident, in their professional judgement, that the submission is satisfactory. Mark-ups and comments made demonstrate a basic appreciation of the issues and risks involved in the Project. The Bidder's approach indicates a broad acceptance of the principles in the draft Contract and any amendments to risk allocation demonstrate some limited benefit/savings to the Authority. Comments and information submitted are sufficiently detailed in key areas
7	Good	The Authority and its advisers are confident, in their professional judgement, that the submission is good. Mark-ups and comments made demonstrate a good appreciation of the issues and risks involved in the Project. The Bidder's approach indicates acceptance of the principles in the draft Contract and any amendments to risk allocation demonstrate a number of benefits/savings to the Authority. Comments and information submitted demonstrate a good

Score	Rating	Criteria for Assessing Score
		appreciation of the issues and risks involved and are designed to improve the delivery of the Project. Comments and information submitted are sufficiently detailed in key areas
10	Excellent	The Authority and its advisers are confident, in their professional judgement, that the submission is excellent. Mark-ups and comments made demonstrate an excellent appreciation of the issues and risks involved in the Project. The Bidder's approach indicates detailed acceptance of the principles in the draft Contract and any amendments to risk allocation clearly identify a number of benefits/savings to the Authority in a clear and credible fashion. Comments and information submitted demonstrate an excellent appreciation of the issues and risks involved and are demonstrably improve the delivery of the Project. Comments and information submitted are detailed in key areas

The affordability evaluation was undertaken based on a calculation of how far below the affordability levels the bidders scored, with a maximum score of 10 if they were £500,000 per annum including the cost of capital lower than the affordability levels.

An agreed process for evaluation was undertaken which is based on the following structure, with the evaluation teams reporting to the Project Team and subsequently Committee and Management Board.



Each evaluation team is responsible for undertaking the evaluation of the particular area and will ultimately provide the scores to the Project Team. Under Commercial Evaluation the legal evaluation team will evaluate the contract acceptance.

Robin Thompson will support all the teams and acts as an objective reviewer to challenge and test the scores and also provide analysis of the submissions to help with the scoring.

The process for the overall evaluation was

- Each team member reviews submissions and identifies clarification questions and initial draft scoring and rationale
- Evaluation Teams meet to score the criteria and agree a draft score for each criteria
- Scores and rationale are sent to RPT Consulting to input into matrix and for objective review
- Evaluation Moderation Day – all teams meet together to go through the scores and rationale and agree on final draft scores

The results of this process are set out in this paper.

Bidders were asked to present their final tenders for Lot 1 which included

- The redevelopment of South Oxhey Leisure Centre, which both bidders presented as the addition of a pool to The Centre and included additional facilities such as Climbing and extended health and fitness (Fusion only).
- The leisure management of William Penn Leisure Centre and Rickmansworth Golf Course – both bidders included for refurbishment and refresh and also 3G surfacing of the outdoor pitch at William Penn

In addition bidders were invited to submit a variant option for William Penn if they felt there was a better alternative use for the Sports Hall. SLM presented a variant option which seeks to convert half the Sports Hall into a soft play and clip n climb facility.

## Financial Overview

Each of the bidders presented their financial submissions which included the management fee they were seeking to either pay to or receive from the Council and in addition the cost of financing the capital that they required. For the purposes of evaluation a cost of £60,000 per annum per £1 million was used for the cost of borrowing. The affordability level identified was a nil cost to the Council. The financial overview for each bid are summarised in the table below.

*Table 3 – Financial Overview*

<b>(£'000's)</b>	<b>Fusion</b>	<b>SLM Standard</b>	<b>SLM Variant</b>
Annual Management Fee (Average)	(933)	(562)	(583)
Cost of Capital (Council borrowing)	489	556	552
Total Cost/(Receipt) to the Council	(443)	(6)	(69)
<b>Amount above/(below) Affordability</b>	<b>(443)</b>	<b>(6)</b>	<b>(69)</b>
Total Capital Required	£8.6 million	£9.3 million	£9.3 million

Note: Figures in brackets for the Annual Management Fee are a payment to the Council and if not in brackets then the payment is from the Council

As can be seen from the table all of the bids received are affordable and present payments to the Council after the cost of finance has been factored in. Fusion present a better financial solution for the Council with a payment of £933,000 per annum before the cost of financing the capital.

Both bidders have bid on the basis that the Council provide the capital identified above and the costs of capital identified above will be the Council's costs.

These financial proposals have been factored into the evaluation scoring.

### **Evaluation of Bids**

All of the bids received presented a good quality of submission and were submitted by organisations with significant track record in the industry of both operating and developing new facilities.

The bids present different solutions to a number of issues such as the design of the new South Oxhey Leisure Centre and these have been evaluated to present scores as follows. The detail underpinning these scores is presented in Appendices B, with the scores for reporting and contract acceptance within Appendix C

*Table 4 – Evaluation Summary*

<b>ISFT</b>	<b>Fusion</b>	<b>SLM</b>
Services (40%)	28.8%	30.2%
Technical (10%)	6.0%	6.8%
Commercial (50%)	36.9%	24.6%
<b>Total</b>	<b>71.7%</b>	<b>61.5%</b>
<b>Rank</b>	<b>1</b>	<b>2</b>

As can be seen from the table Fusion scores 71.7% and is the top ranked bid with SLM ranked 2.

## **Summary**

The Council have had two bids in which both deliver on the Council's outcomes and deliver to the Council's affordability levels.

The evaluation process has robustly scored the bids and in particular reviewed the bids against the evaluation matrix. Some of the key points from the bids include

- All of the bidders have met the Council's affordability limits
- The bidders have presented a development scheme for South Oxhey which seeks to add the pool to the existing building (The Centre) and remodel the existing building to create additional commerciality including increased health and fitness and climbing
- All of the bidders presented a good approach to service delivery

It should be noted that with the Fusion submission there are a couple of opportunities and risks which may impact on the management fee, as set out below

- Currently Fusion's submission is based on commencing their programme on January 2018, but there is an opportunity for this to be brought forward and deliver savings on the management fee
- Current external legal advice is that TUPE does not apply to Rickmansworth Golf Course sub contracted staff for the grounds maintenance. If it does there is a risk that this could add additional costs to the management fee.

It is recommended that

1. The Council progress to appointing Fusion as the preferred bidder and seek to finalise the contract with Fusion
2. The Council select SLM as the reserve bidder should a contract with Fusion not be able to be finalised

The next stage of the project will be for the finalisation of the contract and development of the planning application for South Oxhey Leisure Centre, with the aim of the new contract commencing in April 2018.