

Cabinet

5 MARCH 2012

**CABINET
MEMBER FOR
RESIDENTS
SERVICES**

*Councillor Greg
Smith*

**CONTRACTS FOR THE MANAGEMENT,
MAINTENANCE AND DEVELOPMENT OF
SATELLITE TENNIS CENTRES.**

Seeking approval to award contracts for the management, maintenance and development of tennis centres at Eel Brook Common, Ravenscourt Park, and Hurlingham Park.

It is anticipated that by outsourcing tennis delivery to a dedicated tennis provider/s a more cost effective tennis offer will be delivered to the Council without compromising quality of service. This tender supports the Bishops Park tennis centre proposal which will become the borough's tennis centre hub.

The lease income to the Council is estimated to be a total of £21,000 per annum for all contracts, with a lease term of not less than 21 years.

Wards:

**Parsons Green &
Waltham**

Palace Riverside

Ravenscourt Park

CONTRIBUTORS

DCGCS

AD Procurement

ADLDS

EDFCG

HAS THE
REPORT
CONTENT BEEN
RISK
ASSESSED? -
YES

HAS AN EIA
BEEN
COMPLETED?
YES

Recommendations:

- 1. That the tender process, as set out by the Council's Standing Orders, to outsource the management of tennis centres at Eel Brook Common, Ravenscourt Park and Hurlingham Park, which may include a forward eAuction for the annual rent, be approved.**
- 2. That authority be delegated to the Cabinet Member for Residents Services, in consultation with Executive Director of Environment, Leisure and Residents Services, to award the contract(s) for the management, maintenance and development of the tennis centres at Eel Brook Common, Ravenscourt Park, and Hurlingham Park.**

1. BACKGROUND

- 1.1 Tennis has been identified as a priority sport in the London Borough of Hammersmith and Fulham. Officers have reviewed the overall management and future of tennis development in the borough in partnership with the main stakeholders and propose outsourcing of tennis, where practicable, to dedicated operators who can invest more in both service delivery and site infrastructure.
- 1.2 To deliver the Council's objective to improve residents' health and well-being as set out in the Community Strategy, the Council has begun an ambitious programme to improve tennis provision across the borough. Recent refurbishment over the last 3 years includes the enhanced tennis facilities at Bishop Park with the aim of establishing a Tennis Centre Hub for the borough, a recognised Lawn Tennis Association (LTA) Beacon facility in West London, and renovations at South Park.
- 1.3 In the first phase of outsourcing tennis, it was agreed by Cabinet Member Decision in 2011 that the existing tennis centre in Bishops Park would be managed and maintained by an external contractor. This tender has now been awarded, and as part of the tender specification provisions are made that the central hub will also provide support to other subsequent satellite tennis sites in the borough when services are externalised.
- 1.4 This report presents the next stage of externalising tennis provision to provide a range of quality tennis facilities and tennis development programmes across the borough. It is considered more practical and cost effective that the remaining viable tennis sites are also outsourced to augment internal service provision as part of Council's MTFs. Maintenance of the courts is a major factor in outsourcing these facilities as presently these costs are borne by the Council. This is estimated by the Lawn Tennis Association to be £34,800 per court over a 21 year period. In addition, the revenue cost to continue delivering in-house support to manage tennis development and administrating the booking operations is unviable.
- 1.5 No Council capital costs will be required to deliver this project with the exception of the commissioning cost for the project. The Council's financial return will be generated through the award of lease agreements and capital investment required from operators to improve and maintain site facilities. The tender specification includes a guaranteed sum that the tenderers will pay to the Council in rent per annum on the basis of the draft lease. The lease will include an Upward Open Market Review on an annual basis which would prevent the lease or rent value (income) ever reducing over the length of the lease.

2. SCOPE OF THE PROJECT

- 2.1 It is proposed that the first tranche of satellite tennis centres sites to be outsourced, currently managed by Community Sport, will be:
 - Eel Brook Common (2 courts)
 - Hurlingham Park (3 Courts)

- Ravenscourt Park (7 courts)

2.2 Each site detailed in section 2.1 will be tendered as individual lots seeking an operator to maintain and manage all tennis provisions within a 21 year lease arrangement. There will be no restriction on how many lots a potential operator can bid or have a lease for.

3. TENDER PROCESS

3.1 An open procedure will be followed to procure operatives, under Council Standing Orders, to manage, maintain and develop the various tennis courts in parks.

3.2 In accordance with the Council's procurement procedures, a Tender Appraisal Panel (TAP) is to be established to oversee the procurement process for the project. The TAP consists of officers from Parks and Sports Development, Procurement, Property, Legal Services, ELRS and Finance.

3.3 The financial standing of all submissions will be assessed by Corporate Finance.

4. TENDER SELECTION PROCESS, CRITERIA AND EVALUATION

4.1 It is proposed that the tenders will be evaluated against a range of weighted quality criteria to ensure that a competent and experienced operator delivers the standard of tennis provision outlined in the contract specification. A total of 40% of the marks will be given for the quality criteria and the rest of the 60% of the marks allocated to price. Successful tenderers that pass the quality threshold may be invited to e-Auction.

4.2 As each site is different in the quality and quantity of the facilities being managed by an operator, the evaluation criteria will reflect the investment required to maintain each site in a satisfactory condition that will meet LTA standards and H&F's expectation.

4.3 Indicative Programme of Procurement

- Issue of tender documents – 16 January 2012
- Tender returns deadline – 16 February 2012
- Tender evaluation 16 -23 February 2012
- Key Decision to delegate award of contracts Cabinet Meeting - 5 March 2012
- Cabinet Member Decision to award contracts – post- 5 March 2012
- Selected preferred operators notified – March 2012
- Contract execution - March/April 2012

5. FINANCIAL MATTERS AND PROJECT FUNDING

5.1 The expected contract value in terms of lease revenue for each site per annum are as follows over a 21 year period, based on benchmarking and market appraisal:

Site	Expected lease income/year
Ravenscourt Park	£8,000
Eel Brook Common	£6,000
Hurlingham Park	£7,000
Total	£21,000

5.2 This contract is income-generating, therefore no funding will be required apart from the initial set up costs which have been budgeted at £5,000 for legal advice and procurement process costs.

5.3 Once the service delivery commences it is expected that annual lease income paid to the Council will be approximately £21,000 per annum for all tennis contracts for a period of not less than 21 years adjusted with inflation and subject to the upward Open Market Rent Review.

5.4 The outsourcing of each site over the term of the 21 year lease will bring additional benefit as follows:

- It will enable the Council to realise savings by transferring the capital costs associated with refurbishing the sites to the contractor. These costs are estimated by the Lawn Tennis Association to be approximately £400k over the 21 year lease period for all 12 courts included in this outsourcing phase (current refurbishment cost for each court on a 12 year cycle is £17.4k.)
- The Contractor/s may have access to grant funding, bringing added value otherwise not obtainable.

6. RISKS AND ISSUES

6.1 The major risk to this project is whether there will be sufficient external commercial interest for managing tennis facilities on behalf of the Council. Due to the potential cost of the investment required to maintain the standard of the facilities, tenderers may possibly submit a peppercorn rental value to compensate for continual investment of each site.

6.2 There is a need to ensure that the customers accessing these facilities are provided with an affordable and consistent service at the same or improved level currently provided by the Council. This issue we believe has been resolved by the requirements set out in the tender specification requiring a range of quality standards that have to be met and through a centralised booking service at Bishop Park that will provide a 'one stop shop' interface for customers.

6.3 Existing tennis coaches may be impacted by the possible loss of business which they have established over the years. To address this, in line with Standing Orders, a favourable set of tender financial criteria to encourage smaller operators such as tennis coaches to participate in the tender will be developed.

7. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

7.1 The net expenditure of the Council's current tennis delivery model is zero. The proposals set out within this paper would deliver an annual revenue to the Council in the region of £21,000 per annum through lease income. This lease contract would be for a minimum period of 21 years. The annual rental income will be fixed per annum and will be subject to RPI.

7.2 The estimated initial cost of £5,000 for internal legal advice and procurement process costs has been earmarked from existing Parks & Recreation budgets. No further Council expenditure is expected throughout the life of the contract.

7.3 The recommendations in this report are supported from a financial perspective on the basis that the capital development, improvement and maintenance works will be undertaken at zero cost to the Council. The estimated capital value to undertake these works is over £400K which will be funded by the preferred bidders.

8. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

8.1 Legal Services will assist the client department in undertaking the procurement process to ensure it is in compliance with EU procurement rules and the Council's Contract Standing Orders.

9. COMMENTS OF THE ASSISTANT DIRECTOR (PROCUREMENT & IT STRATEGY)

9.1 Procurement and IT Strategy will assist the client department with undertaking the procurement process, and if it is found to be cost effective (costs do not outweigh potential benefit) the Council will utilise an electronic auction (eAuction) for submission of final prices for this contract/s. The purpose of the eAuction will be to maximise the income bidders are prepared to pay the Council in rent for operating the services.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name of holder of file	Department
1.	Condition report of Hammersmith and Fulham tennis courts. LTA	Paul Bassi ext. 2599	RSD
Responsible officer		Paul Bassi, ext. 2599	