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Award

## **Deed of Variation of Leisure Management Contract**

St Albans City and District Council

F15: Voluntary ex ante transparency notice

Notice identifier: 2025/S 000-008572

Procurement identifier (OCID): ocds-h6vhtk-04eb21

Published 10 March 2025, 3:35pm

### **Section I: Contracting authority/entity**

#### **I.1) Name and addresses**

St Albans City and District Council

ADDRESS

TOWN

POSTCODE

#### **Contact**

Nicholas Baxter

#### **Email**

[procurement@stalbans.gov.uk](mailto:procurement@stalbans.gov.uk)

#### **Telephone**

+44 1727819306

#### **Country**

United Kingdom

**Region code**

UKH23 - Hertfordshire

**Justification for not providing organisation identifier**

Not on any register

**Internet address(es)**

Main address

<https://www.stalbans.gov.uk/>

**I.4) Type of the contracting authority**

Regional or local authority

**I.5) Main activity**

General public services

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**Section II: Object**

**II.1) Scope of the procurement**

**II.1.1) Title**

Deed of Variation of Leisure Management Contract

**II.1.2) Main CPV code**

- 92000000 - Recreational, cultural and sporting services

**II.1.3) Type of contract**

Services

**II.1.4) Short description**

St Albans City and District Council (the Authority) intends to enter into a deed of variation with Sports and Leisure Management Limited (the Contractor) in relation to the Leisure

Management Contract for the Authority's nine leisure facilities dated 31 October 2022 (the Underlying Contract), for the adoption of an agency model for the future management of leisure facilities.

#### **II.1.6) Information about lots**

This contract is divided into lots: No

#### **II.1.7) Total value of the procurement (excluding VAT)**

Value excluding VAT: £141,000,000

### **II.2) Description**

#### **II.2.2) Additional CPV code(s)**

- 92000000 - Recreational, cultural and sporting services
- 98330000 - Physical well-being services

#### **II.2.3) Place of performance**

NUTS codes

- UKH23 - Hertfordshire

#### **II.2.4) Description of the procurement**

St Albans City and District Council (the Authority) intends to enter into a deed of variation with Sports and Leisure Management Limited (the Contractor) in relation to the Leisure Management Contract for the Authority's nine leisure facilities dated 31 October 2022 (the Underlying Contract), for the adoption of an agency model for the future management of leisure facilities.

#### **II.2.11) Information about options**

Options: No

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## Section IV. Procedure

### IV.1) Description

#### IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

This VTN gives notice that the Authority is entering into a deed of variation (the "Contract") to make certain changes summarised in this VTN. A procurement procedure is not necessary on the basis that the award of the Deed of Variation of the Underlying Contract is permitted pursuant to Regulation 72 of the Public Contracts Regulations 2015.

The Underlying Contract concerns the provision of a range of operation, management and related services, by the Contractor, in relation to nine sports and leisure facilities and two theatres. The Underlying Contract will be varied for the adoption of an agency model for the future operation and management of the nine sports and leisure facilities s. Under the current structure, the Contractor acts as Principal in the supply of leisure facilities to the public, so that the Authority is not making the supplies of leisure services. Under the new agency model, the Contractor would make supplies to the public as an Agent of the Authority.

This modification is being made in accordance with regulation 72 of the Public Contracts Regulations 2015. Namely, the proposed modification is not substantial within the meaning of regulation 72(8) on the basis that:

1. the modification does not render the Underlying Contract materially different in character - the proposed modification remains limited to the same type, scope and nature of services, where the services will be delivered to the same facilities. The modifications only concern contractual changes to establish an agency model for VAT purposes so that the Contract to provide leisure services to the public on the Authority's behalf and other ancillary modifications.

2. the Council has satisfied itself that the modification does not introduce conditions which would have (a) allowed for the admission of other candidates, (b) allowed for the acceptance of another tender, or (c) attracted additional participants in the procurement procedure - the change to an agency model for VAT purposes does not change the service requirement or the way in which those services are provided, and is unlikely to have changed the outcome of the procurement.

3. The modification does not change the economic balance in favour of the contractor in a manner which was not provided for in the contract - The Authority has satisfied itself that the new agency model and VAT arrangement does not impact on the Contractor's Operating Costs and Management Fee under the Underlying Contract, which remains reflective of market costs and does not amount to an over-compensation of the services to be provided. The agency model will allow for a more certain financial position to the Authority and will provide a greater surplus share than previously anticipated.

4. As per our comments at 1. above, the modification does not extend the scope of the contract. For the reasons set out above, the proposed modification does not constitute a substantial modification and is permitted by regulation 72 of the Concession Contracts Regulations 2015.

#### **IV.1.8) Information about the Government Procurement Agreement (GPA)**

The procurement is covered by the Government Procurement Agreement: No

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## **Section V. Award of contract/concession**

A contract/lot is awarded: Yes

### **V.2) Award of contract/concession**

#### **V.2.1) Date of conclusion of the contract**

31 October 2022

#### **V.2.2) Information about tenders**

The contract has been awarded to a group of economic operators: No

#### **V.2.3) Name and address of the contractor/concessionaire**

Sports and Leisure Management Limited

2 Watling Drive

Hinckley

LE10 3EY

Country

United Kingdom

NUTS code

- UKH23 - Hertfordshire

Companies House

02204085

The contractor/concessionaire is an SME

No

#### **V.2.4) Information on value of contract/lot/concession (excluding VAT)**

Total value of the contract/lot/concession: £141,000,000

## Section VI. Complementary information

### VI.3) Additional information

The Authority appointed the Contractor to provide the leisure services pursuant to the Underlying Contract and Leases for the management and operation of the Council's leisure portfolio.

The Authority intends to enter a deed of variation with the Contractor to modify the Underlying Contract, the effect of which will be the following:

- To identify the agency agreement between the parties, the extent to which the Contractor will act as the Authority's Agent, and areas where it will act as Principal;
- The Operator shall be appointed as the Authority's Agent to provide the Leisure Services and Maintenance Services (together the "Agency Services") but shall continue to carry out other services (specifically, the provision of theatre management services, food, beverages and retail) as an independent supplier to the Authority (the "Supplier Services");
- The Restated Leisure Management Agreement does not materially alter the risk position of the parties;
- The Agent shall receive a variable Management Fee for its services to the Authority as Agent and reimbursement for its Operating Costs in providing the Agency Services on behalf of the Authority;
- The Authority is guaranteed a Guaranteed Minimum Return ("GMR") having regard to revenue received by the Authority and Operating Costs and Management Fee payable to the Agent; and
- The parties have agreed that the Agent shall have a licence to occupy each of the Leisure Facilities.

### VI.4) Procedures for review

#### VI.4.1) Review body

None

None

Country

United Kingdom