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Award

Deed of Variation of Leisure Operating Contract

East Hertfordshire District Council

F15: Voluntary ex ante transparency notice

Notice identifier: 2025/S 000-069702

Procurement identifier (OCID): ocids-h6vhtk-05d70e

Published 30 October 2025, 12:13pm

Section I: Contracting authority/entity

I.1) Name and addresses

East Hertfordshire District Council

Wallfields, Pegs Lane

HERTFORD

SG138EQ

Contact

kirsten Brown

Email

kirsten.brown@stevenage.gov.uk

Country

United Kingdom

Region code

UKH23 - Hertfordshire

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

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

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Deed of Variation of Leisure Operating 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

East Hertfordshire District Council (the Council) intends to enter into a deed of variation with Sports and Leisure Management Limited (SLM) in relation to the Leisure Operating Contract dated 29 July 2022 (which commenced 1 January 2020) in order to appoint SLM as the Council's agent in delivering the leisure services at the Council's core leisure centre facilities.

The core leisure centre facilities include:

- Grange Paddocks Leisure Centre
- Hartham Leisure Centre

The date of the proposed modification is 1 December 2025.

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: £100,873,582

II.2) Description

II.2.2) Additional CPV code(s)

- 92000000 - Recreational, cultural and sporting services

II.2.3) Place of performance

NUTS codes

- UKH23 - Hertfordshire

II.2.4) Description of the procurement

East Herts Council (the Council) intends to enter into a deed of variation with Sports and Leisure Management Limited (SLM) in relation to the Leisure Operating Contract (Contract) dated 29 July 2022 (which commenced 1 January 2020) in order to appoint SLM as the Council's agent in delivering the leisure services at the Council's core leisure centre facilities.

The core leisure centre facilities include:

- Grange Paddocks Leisure Centre
- Hartham Leisure Centre

The date of the proposed modification is 1 December 2025.

II.2.11) Information about options

Options: No

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 voluntary ex ante transparency notice (VEAT Notice) gives notice that the Council is entering into a deed of variation (Variation) to make certain changes summarised in this VEAT Notice. A procurement procedure is not necessary on the basis that the award of the Deed of Variation of the Contract is permitted pursuant to Regulation 72 of the Public Contracts Regulations 2015.

The Contract is for the operation and management of the Council's two leisure centres to ensure the Council can provide quality and affordable leisure services for the residents within the district, maintain the facilities and provide a financial return to the district to invest in core services.

The Contract will be varied to adopt an agency model for the future operation and management of the two sports and leisure facilities. Under the current Contract, SLM acts as Principal in the supply of leisure facilities to the public. Under the new agency model in the Variation, SLM would make supplies to the public as an Agent of the Council so that it is the Council providing leisure services to the public through its Agent.

This modification is being made in accordance with regulation 72(1)(e) of the Public Contracts Regulations 2015 on the basis that it is not substantial within the meaning of regulation 72(8). The proposed modification does not constitute a substantial modification and is permitted by regulation 72 of the Public Contracts Regulations 2015 because:

(a) the modification does not render the Contract materially different in character. The Variation concerns the same type, scope and nature of services which will be delivered at the same Council facilities to the Council's residents. The Contract was already for the operation of the Council's leisure facilities and the Variation makes contractual changes to establish an agency model so that SLM provides the Council's statutory leisure services to the public on the Council's behalf and other ancillary modifications. This generates VAT savings.

(b) the modification does not introduce conditions which would have (i) allowed for the admission of other candidates, (ii) allowed for the acceptance of another tender, or (iii) attracted additional participants in the procurement procedure. Delivering the Council's statutory leisure services as agent rather than outsourced contractor will not affect the physical operation of the leisure centres. 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.

(c) The modification does not change the economic balance in favour of the contractor in a manner which was not provided for in the initial contract. The new agency model and associated VAT benefits does not impact on SLM's operating costs and management fee under the Contract, which remains reflective of market costs. The agency model will provide a greater return than previously anticipated.

(d) the modification does not extend the scope of the contract.

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

The procurement is covered by the Government Procurement Agreement: No

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

1 December 2020

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 Ltd

Leicester

Country

United Kingdom

NUTS code

- UKF2 - Leicestershire, Rutland and Northamptonshire

Companies House

2204085

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: £100,873,582

Section VI. Complementary information

VI.3) Additional information

The Council appointed SLM to provide the leisure services pursuant to the Contract and Leases for the management and operation of the Council's two leisure centres.

The Contract Period is 15 years from 1 January 2020 with a 5 year possible extension by agreement.

The Council intends to enter a deed of variation with SLM to modify the Contract to appoint SLM as the Council's Agent.

The Deed of Variation will set out the scope of the agency appointment and the extent to which SLM will act as the Council's agent. SLM shall be appointed as the Council's Agent to provide the leisure services and maintenance of the Council's facilities but shall continue to carry out other services (specifically, the provision of food, beverages and retail services) as an outsourced supplier to the Council.

The Deed of Variation does not materially alter the risk position of the parties.

The Agent shall receive a variable management fee and reimbursement for its operating costs in providing the agency services.

The Council is guaranteed a Guaranteed Minimum Return of the revenue received each year on the Council's behalf having regard to the operating costs and management fee payable to the Agent.

The Agent shall have a licence to occupy each of the Council's facilities.

VI.4) Procedures for review

VI.4.1) Review body

High Court

London

Country

United Kingdom