

**Joint Report of the Executive Member for Finance and Performance and Executive Member for Environment and Transport**

<b>Executive</b>	<b>Date: 16.6.16</b>	<b>Ward(s): All</b>
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**The APPENDIX TO THIS REPORT IS EXEMPT AND NOT FOR PUBLICATION**
**SUBJECT: Contract Award for Parks Sponsorship Services contract**
**1. Synopsis**

- 1.1 This report seeks approval for the contract award in respect of the parks sponsorship services contract in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The contract is to engage a third party to establish and manage parks sponsorship opportunities. The contract is a concession agreement, will incur no costs to the Council and may enable significant income to be realised by the Council

**2. Recommendations**

- 2.1 To approve the award of the concession contract for parks sponsorship services to Community Partners Ltd for a period of five years, with the option to extend the contract by a further two periods of two years each.

**3. Background**

- 3.1 The sponsorship service will provide opportunities for businesses to be seen to be contributing to improve the local environment and it is proposed that this will result in small signs being installed at the sites being sponsored.

The Council requires a sponsorship service to manage the entire sponsorship process, including identifying potential sponsors and putting sponsorships in place. The service will generate income for the Council that will go towards meeting the parks income targets.

After advert, an open tender process was gone through, returned tenders have been evaluated and a preferred supplier chosen.

3.2 The provisional total value of this contract was £200,000 over the 60 months term of the contract. This was based on an estimated £40,000 per annum income to the Council and was based on the income generated from the last contract. In the last year of the last sponsorship contract, the Council received around £80,000 of income, though this was following a number of years of the contract being in place which had allowed sponsorship levels to build up, and was in a very different economic climate.

Due to the unique nature of each site and the service, there can be no exact income projections provided. However, further to the financial evaluation and subsequent clarification interview with the preferred supplier, it is considered possible that there could be an increase in total income in excess of the values given above, especially as recommended tender showed considerable creativity and diversity of proposals.

The tender scores are given in Exempt Appendix A. In practice, the limitations of such a sponsorship service limitations will be due to the unique nature of each site, any further permissions required such as Planning, legal issues and the acceptability of some of the proposals.

The Council as the landowner will screen all proposed sites and all sponsorship agreements will be shared with the Executive Members for Environment & Transport and Finance & Performance prior to approval. Thus, final decisions regarding signs at sites will be taken by the Landowner.

The income from sponsorship will be collected by the contractor who then pays for the signage. After this, income will be split 60:40 in favour of the Council. The contract has zero cost to the Council and there are no fees payable to the provider.

The ratio split covers the entire contract duration which includes provision for further extensions at the discretion of the Council. The contract has an initial period of five years followed by the possibility of two optional two year extensions.

This was an open tender process and both tenderers supplied details of how other Council contracts they have are managed. Islington Parks Officers attend the London Parks Benchmarking Group and have some knowledge of other Council's income is and the percentage split. As set out in 4.1 below, additional income of £40k per annum has been built into the medium term financial strategy savings plan.

### 3.3 Timetable

The contact was advertised on 2.11.15 with the deadline for submission of tender documents by 23.11.15. The tender evaluations were completed on 29.11.15, though there have subsequent discussions and further evaluation with the proposed contractor.

### 3.4 Options appraisal

The preferred procurement route was a competitive tender as agreed with the Procurement Team. It is considered that there are no benefits to collaboration with other authorities as given the nature of the service, there are no economies of scale. Each site to be sponsored is unique in terms of location, footfall and vehicular traffic, local demographics, suitability, and value to potential local and national sponsors.

3.5 The London Living Wage (LLW) will apply to staff working on this contract. In regard to environmental sustainability, the size and design of the recognition of sponsorship signs have been agreed with the Head of Strategy and Communications. There are no TUPE, pensions or other staffing implications.

### 3.6 Evaluation

The tender was conducted in one stage, known as the Open Procedure as the tender was 'open' to all organisations who expression their interest in the tender. The Open Procedure included minimum requirements which the organisation had to achieve before their evaluation Award Criteria was considered

The tenders were evaluated against both quality (60%) and level of achievable income (40%).

In terms of income, the two questions asked were;

1. Percentage split of income generated given to the Council. This question had a weighting of 20%.
2. Expected income to be generated for the Council per year. This question had a weighting of 20%.

In terms of quality, the three questions asked were;

1. What is your proposed approach to seeking suitable sponsorship opportunities? This question had a weighting of 30%.
2. What is your proposed approach to making full use of the varied assets available? This question had a weighting of 15%.
3. What is your proposed approach to sustaining and increasing the level of sponsorship income? This question had a weighting of 15%.

All the above questions were agreed with the Procurement Team as the best way to establish the most advantageous service provider.

- 3.7 During the period of the last contract that expired in 2010, there were numerous opportunities, both financial and non-financial to increase interaction with businesses. Income was generated over and above the initial sponsorship as relationships with local businesses were formed. Businesses also used their corporate responsibility programmes to have employee work days in the sponsored parks. All such opportunities will be managed by the Parks Service directly in collaboration with the sponsors.
- 3.8 Of the two tenders that were received, the most advantageous in terms of both possible income generated and quality of tender, was from Community Partners Ltd.
- 3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	The Council requires a sponsorship service to manage the entire sponsorship process, including identifying potential sponsors and putting sponsorships in place.  See paragraph 3.1
2 Estimated value	The advertised estimated value of the contract was £200k to the Council over the initial lifetime. The agreement is proposed to run for a period of 5 years with 2 optional extensions of 2 years each. There is some expectation that actual income may exceed this estimate.  See paragraph 3.2
3 Timetable	The contract was advertised on 2.11.15 with submission of tender documents by 23.11.15. The tender evaluations were completed on 29.11.2015. See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The preferred procurement route was a competitive tender as agreed with the Procurement Team. Collaboration was not considered viable and not expected to yield benefits. See paragraph 3.4

5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	There are no negative issues in regard to Social benefit clauses, London Living Wage, Best value, TUPE or pensions and other staffing implications  See paragraph 3.5
6 Evaluation criteria	The tenders were evaluated against both quality (60%) and level of achievable income (40%). See paragraph 3.6
7 Any business risks associated with entering the contract	As this is a concession contract, there are no business risks associated with entering the contract
8 Any other relevant financial, legal or other considerations.	See Section 4 below.

## 4. Implications

### 4.1 Financial implications:

This report identifies significant potential income streams over the life of the contract. Additional income of £40k per annum has been built into the medium term financial strategy savings plan and further income targets will be built in once these have been identified.

### 4.2 Legal Implications:

This report relates to a concession contract where the council will receive revenue from the concessionaire. At the time that this concession contract was procured the Concessions Regulations 2015 were not in force. However the Council's Procurement Rules require concession contracts to be procured in the same way as service contracts. Accordingly this contract was competitively procured with advertisement. Bids were subject to evaluation in accordance with the tender evaluation model and Community Partners Ltd gained the highest evaluation score. The contract may therefore be awarded to Community Partners Ltd as recommended in the report.

In deciding whether to award the contract to the recommended service provider the Executive should be satisfied as to the competence of the supplier to provide the services and that the tender represent best value for the Council. In considering the recommendations in this report members must take into account the information contained in the exempt appendix to the report.

The decision to award this contract is a key decision because the income for the Council is potentially in excess of £500,000.00. Therefore the power to make this decision is reserved for the Executive.

### 4.3 Environmental Implications

The most significant environmental impact of this contract is the new signage, the impact of which can be mitigated by ensuring that the signs are made of sustainable or recycled/recyclable materials.

### 4.4 Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed on 15th March 2016 and no adverse impacts, safeguarding risks or human rights breaches were identified.

**5. Reasons for the decision: (summary)**

- 5.1 Approval of the contract award for Parks sponsorship services contract as outlined in this report will help generate income via sponsorship and meet the targets built into the Council's medium term financial strategy savings plan.

**Signed by:**



6.6.16

Executive Member for Finance and Performance      Date



6.6.16

Executive Member for Environment and Transport.      Date

**Appendices**

**Exempt** Appendix A – Tender evaluation summary

**Background papers:** none

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