

**Mayor and Councillors**  
COUNCIL

11 AUGUST 2015

Meeting Status: **Public**

Purpose of Report: For Decision

## **PROVIDER FOR THE YOUTH DEVELOPMENT CENTRE**

### **PURPOSE OF REPORT**

- 1 This report summarises the evaluation of the Request for Proposal (RFP) for the Kāpiti Youth Development Centre received from Zeal Education Trust (Zeal).
- 2 It seeks a decision from the Council to select Zeal as the supplier for the Youth Development Centre and to delegate authority to the Chief Executive Officer to enter into a service contract with Zeal to further the facility establishment and establish a mobile arm for the Centre.

### **DELEGATION**

- 3 Council has the authority to consider this matter.

### **BACKGROUND**

- 4 On 7 May 2015, the Environment and Community Development Committee approved the recommendation of an established Incorporated Charitable Trust as the business delivery for the Youth Development Centre (SP-15-1549). The Committee also approved the assessment of Zeal as the preferred provider.
- 5 These decisions were informed by the Business Delivery Options report which identified the following required key aspects in an effective youth centre provider:
  - Performance at a strategic governance level
  - Cost effectiveness and good financial sustainability
  - Ability to provide best practice youth development
  - Effective management and staffing
  - Being community connected.
- 6 The Business Delivery Options report recommended the governance and management of the Youth Development Centre would be best delivered by an established Incorporated Charitable Trust under a contract agreement with Council.
- 7 Key recommendations from the Business Delivery Options report formed the basis of the criteria for a Request for Expressions of Interest (REOI) which articulated that the chosen provider must have:
  - been an established incorporated trust for over five years;
  - proven expertise in developing and managing multiple youth centres;
  - raised capital funding of over \$1 million in the last five years;
  - the ability to raise over \$1,000,000 each year for its operational costs.

- 8 In April 2015 the Kāpiti Youth Development Centre REOI was presented to the market. There were only two responses to this request, with only one supplier, Zeal, meeting the criteria provided.

### **Request for Proposal**

- 9 On 7 May 2015, the Environment and Community Development Committee approved the assessment of Zeal as the preferred provided and the Council proceeded to a closed Request for Proposal process. Zeal was invited to submit a Request for Proposal (RFP).
- 10 The RFP requirements can be found in Appendix 1.

## **ISSUES AND OPTIONS**

### **Zeal's Proposal**

- 11 Zeal Education Trust (Zeal) is a well-established Incorporated Charitable Trust which is currently delivering three youth development centres situated in Wellington, Hamilton and Auckland.
- 12 Zeal seeks to positively influence New Zealand young people through creativity. Their youth development approach is similar to the best practice models outlined in the 2013 Feasibility Study Report which recommended the development of a Youth Centre in Paraparaumu.
- 13 Drawing on Zeal's extensive industry knowledge, the development of a state-of-the-art youth facility will be an attractive centre for young people. Zeal's tailored programmes offer youth-led events, afternoon hangs, rehearsal rooms and development pathways, which include creative disciplines such as photography, event management, film and video production, audio and lighting engineering, art screen printing, barista, social marketing and social enterprise. Tailored programmes in Kāpiti will be developed in response to young people's interests.
- 14 Zeal's national body would provide the benefits of a national office, national partnerships, best practice training while maintaining a local flavour and commitment. Zeal is committed to serving 'local first' in meeting the identified needs in Kāpiti. Zeal works with local champion change-makers and holds a bias towards employing locally in each community in which it operates a youth centre. Zeal seeks out relationships with other credible national and local providers to develop a partnered approach to youth development.
- 15 A key component of Zeal's proposal is a dual service delivery approach to youth development. By harnessing Satellite Service Unit technology, Zeal will be able to offer mobile youth services within a relatively short time frame and provide youth development opportunities to young people across the District. This mobile service will operate for the duration of the facility fit-out and beyond.
- 16 The Executive Summary of Zeal's RFP is provided as Appendix 2.

## Evaluation Process

- 17 An evaluation panel was established with internal and external stakeholder representation. The panel's role was to determine if the supplier is capable of establishing an effective Youth Development Centre in Paraparaumu and associated mobile delivery for the District.
- 18 The evaluation panel members were as follows; Tony Kane (Chair, Youth Development Centre Advisory Group/ Principal of Kapiti College), Sharon Foss (Acting Group Manager, Community Services), Vincent Fallon (Portfolio Manager) and Krystal Wright (Kapiti Coast Youth Council). Iwi were also invited to be represented on the panel. Members of the panel will be in attendance at the meeting where this report is considered.
- 19 Zeal submitted a written proposal and provided a comprehensive presentation to the evaluation panel. The presentation served to further elaborate on themes explored in the written RFP and provided question time for the evaluation panel.
- 20 Five high-level criteria, underpinned by three detailed criteria were considered by the evaluation panel in their appraisal of Zeal's proposal for the Youth Development Centre;
  - Experience in Youth Development Centre Management
    - Approach to Youth Work and Delivery of Services
    - Youth Development Models and Practice
    - Strategy and Marketing
  - Business Structure
    - Governance and Management
    - Organisational Structure
    - Stakeholder Management
  - Business Management
    - Financial Analysis
    - Legal
    - Compliance and Knowledge
  - Establishing and Operating Kāpiti Youth Development Centre
    - Business Plan
    - Engaging with Youth in Kāpiti
    - Working with our Council and key stakeholders
  - Budgets and Forecasts
    - Budgets to run a facility
    - Mobile Unit (12 months)
    - Mobile Unit (over 5 years)

## Evaluation Results

- 21 Overall the Evaluation Panel rated the Zeal Proposal with a rating of “Good – exceeds the criterion in some aspects”. A summary of the evaluation panel’s comments can be found at Appendix 3.

Rating	Definition	Total Score (adjusted after Presentation)
<b>EXCELLENT</b> significantly exceeds the criterion	Exceeds the criterion. Exceptional demonstration by the Respondent of the relevant ability, understanding, experience, skills, resources and quality measures required to meet the criterion. Proposal identifies factors that will offer potential added value, with supporting evidence.	<b>18 to 20</b>
<b>GOOD</b> exceeds the criterion in some aspects	<b>Satisfies the criterion with minor additional benefits. Above average demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion. Proposal identifies factors that will offer potential added value, with supporting evidence.</b>	<b>14 to 17</b>
<b>ACCEPTABLE</b> meets the criterion in full, but at a minimal level	Satisfies the criterion. Demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource, and quality measures required to meet the criterion, with supporting evidence.	<b>10 to 13</b>
<b>MINOR RESERVATIONS</b> marginally deficient	Satisfies the criterion with minor reservations. Some minor reservations of the Respondent’s relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>6 to 9</b>
<b>SERIOUS RESERVATIONS</b> significant issues that need to be addressed	Satisfies the criterion with major reservations. Considerable reservations of the respondent’s relevant ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>2 to 5</b>
<b>UNACCEPTABLE</b> significant issues not capable of being resolved	Does not meet the criterion. Does not comply and/or insufficient information provided to demonstrate that the Respondent has the ability, understanding, experience, skills, resource and quality measures required to meet the criterion, with little or no supporting evidence.	<b>0 to 1</b>

## Independent Advice

- 22 Consultant Ross Tanner independently reviewed Zeal’s proposal, the Council RFP documentation and has provided advice. His expertise on business delivery was sought due to his review of Council support for the Clean Tech Trust.
- 23 Ross Tanner stated; *“I have read the Zeal proposal and background documents including the Council’s RFP. Zeal’s track record of achievement so far and its capability to run effective youth services are impressive. I asked a number of questions of Council staff about the proposal, and these have been satisfactorily answered. Nevertheless I make the following comments to assist councillors in their consideration of the proposal. I note that the Council has yet to specify what outcomes are being sought from the establishment of a youth development centre. The Council’s LTP is rather vague in this respect. I am advised that detailed performance outcomes will be prepared as part of Zeal’s engagement. These outcomes will form part of the Schedules attached to the Contract for*

*Service. Care will also be needed in the preparation and negotiation of a contract between the Council and Zeal. It is intended that the contractual relationship will be a hybrid between a service contract and a collaborative partnership, but this type of 'shared goal' contract can be hard to specify. On the other hand this approach may encourage constructive problem solving and creative solutions. The Council's proposed financial contribution (opex and capital contribution) is well defined, and limited. This will however need to be clearly set out in any contract. The balance of funding required will be sought by Zeal from external sources. The Council will also need to specify that regular reports (quarterly?) will be required from Zeal about the operations of the centre, and establish both formal and informal linkages between respective staff as well as between the Zeal Executive Board and the appropriate Council Committee".*

- 24 The points raised above will be addressed through the contract with Zeal and Ross Tanner will continue to provide advice on any contract development with Zeal.

## **CONSIDERATIONS**

### Policy considerations

- 25 In 2011, the Council endorsed the Youth Action Plan 2011 - 2015. The goals and activities in the Action Plan provide a foundation for all activities undertaken or supported by the Council which relate to youth and youth development. A draft Youth Action Plan for 2016 – 2019 is currently being drafted in partnership with the Kāpiti Coast Youth Council and will be presented to Council for endorsement by December 2015.

### Legal considerations

- 26 There are no legal considerations at this stage. If the Council decides to negotiate a contract with Zeal, Council's legal advisers will be involved in the process as necessary.

### Financial considerations

- 27 Provision has been made in the 2015 Long Term Plan for a capital cost of \$250,000 and annual operating costs of \$265,750 from 2015/16.
- 28 Zeal's proposal is based on Council committing the capital and operational funding outlined in the 2015 Long Term Plan. Zeal proposes to raise further capital and operational funding to supplement the development of the Youth Development Centre and mobile satellite units.
- 29 The Council's capital cost is a contribution towards the refit of leased premises with the balance expected from external funding sources. Zeal would be expected to raise the extra funds required for the refit and to manage the development of the Youth Development Centre facility, including a lease on a building.
- 30 Zeal are comfortable with fundraising the balance of required funds, provided that Council provides the operating costs of \$265,000 per annum plus \$250,000 as a capital contribution to the refit of a leased premise.
- 31 Zeal is seeking an initial three year term with two three year rights of renewal contract commitment from Council. The contract would be \$795,000 for the first

3 years with a one off capital contribution of \$250,000. At each review period, discussion will occur to investigate a reduction of Council's financial commitment over time, giving Zeal an economic incentive to build future sustainability.

## Tāngata whenua considerations

- 32 Representation from Te Whakaminenga o Kāpiti was sought in the makeup of the community advisory group and Cherie Seamark received agendas and reports specific to this group. Zeal would be formally introduced to Te Whakaminenga o Kāpiti and supported by Council in the establishment of a working relationship.
- 33 The role of tāngata whenua and how the Centre can best meet the needs of rangatahi Māori needs to be included in the establishment of the facility, the development of the mobile service and on-going community advisory support for the project.

## SIGNIFICANCE AND ENGAGEMENT

### Degree of significance

- 34 This matter has a moderate degree of significance under Council policy. This is related to the public interest in the project and previous community concerns.

### Consultation already undertaken

- 35 Consultation was undertaken on the Youth Development Centre as part of the 2012 Long Term Plan and the 2015 Long Term Plan. The majority of the submissions commenting on the Youth Development Centre were supportive of the initiative.
- 36 Engagement was undertaken with stakeholders in the south of the District to inform the feasibility study in 2013. Community concerns were addressed as a part of these processes.
- 37 In 2014, the community advisory group was re-established. A key role of this group was to make recommendations on the three business delivery options outlined in the report (SP-15-1549) provided to the Environment and Community Development Committee on 7 May 2015. This advisory group sought advice from a number of sources including information from and detailed discussions with existing youth centre providers with differing governance models.
- 38 The Chair of the Advisory group was on the evaluation panel for Zeal's proposal and other members of this community advisory group attended Zeal's presentation.

### Engagement planning

- 39 The engagement plan will focus on advising the community about Council's decision and providing information to explain that decision.
- 40 In conjunction with Zeal, further discussions with young people and key stakeholders will be required to progress the development of the Centre. Zeal will seek on-going youth input in the development of satellite services and the longer term development of the Centre.

## Publicity

- 41 A communications plan will be developed to manage the next stages of the project.

## Other considerations

- 42 A key aspect of Zeal's success in the delivery of effective youth development services has been the fostering of a partnership approach with the local authority within the locality in which they operate. The partnership approach is preferable to a standard service delivery approach in that it is reflective of a joint commitment for on-going youth development in the District.
- 43 The Council has a standard comprehensive External Contract for Services for the engagement of suppliers which would be used if Zeal is selected as the supplier. The contract will feature the standard conditions and the contract schedules will articulate performance outcomes and the practical nature of the working relationship. The contract will not include any lease obligations for the Council. As the contract development has yet to occur, further details are not known at this stage.
- 44 A partnership aspect would also be provided in the contract schedules as a 'road map' which identifies what both Zeal and Council require from an information and risk assurance point of view at each stage of programme delivery across the suite of service offerings.
- 45 It is proposed to proceed with continued implementation of the project in the following stages:
- August 2015 Contract development and engagement with Zeal
  - September 2015 Contract negotiations completed
  - October 2015 Community engagement and introductions
  - December 2015 Mobile delivery starts
  - February 2016 Satellite service established
  - April 2017 Opening of Youth Development Centre (dependent on Zeal securing external funding)

## RECOMMENDATIONS

- 46 That the Council select Zeal Education Trust as the provider of Kāpiti's Youth Development Centre and associated services.
- 47 That the Council delegate authority to the Chief Executive Officer to enter into a service contract with Zeal Education Trust for an initial three year term with two three year rights of renewal.

**Report prepared by    Approved for submission    Approved for submission**

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## ATTACHMENTS

- 1 Request for Proposal: Statement of Requirements
- 2 Executive Summary of Zeal's Proposal
- 3 Summary of Evaluation Panel's comment on Zeal's Proposal