
Meeting: Executive

Date: 14 February 2012

Subject: Houghton Regis Leisure Centre - Tender for Leisure Management Contract from 1 April 2012

Report of: Cllr Brian Spurr, Executive Member for Sustainable Communities Services

Summary: To award the contract for the operation and management of Houghton Regis Leisure Centre from 1 April 2012.

Advising Officer: Gary Alderson, Director of Sustainable Communities

Contact Officer: Jill Dickinson, Head of Leisure Services

Public/Exempt: Part exempt. The report is public. Appendix A is exempt.

Wards Affected: All wards within the catchment area of Houghton Regis Leisure Centre.

Function of: Executive

Key Decision Yes as the decision will significantly affect communities in 1 or more wards.

**Reason for urgency/
exemption from call-in
(if appropriate)** A decision to award a contract for Houghton Regis Leisure Centre needs to be made before the next Executive meeting in March as the contract starts on 1 April 2012.

CORPORATE IMPLICATIONS
Council Priorities:
The provision of leisure facilities at Houghton Regis Leisure Centre (HRLC) supports 3 Council priorities;
<ul style="list-style-type: none">• Promoting healthier lifestyles.• Educating, protecting and providing opportunities for children and young people.• Creating safer communities.

Financial:

1. The Medium Term Financial Plan agreed by Council on 24 February 2011 identified savings of £42,000 in 2011/12 and £130,000 in 2012/13 in relation to Houghton Regis Leisure Centre (HRLC) and closure of the centre unless alternative arrangements could be found whilst still achieving this saving with a cessation of funding from 2012/13.
2. The contract fee for one year in 2012/13 is £60,000. There is £100,000 included in the 2012/13 capital programme. This capital funding was central to the contractor being able to tender at £60,000.
3. The draft Medium Term Financial Plan (MTFP) for 2012/13 – 2015/16 has identified a pressure of £65,000 for 2012/13 in relation to keeping this facility open. This pressure is planned to be removed in 2014/15 pending further work on the Leisure Strategy. Therefore the draft budget has sufficient allocation for the award of this contract.
5. There is ongoing building maintenance and repairs required to the sports hall roof and sports hall heating system that are the Council's responsibility through Property Services.
6. Half of the proposed £100,000 capital investment is in fitness equipment and reception controls that could be moved to other facilities should the facility be closed in the future.
7. If the contract is not let, then CBC will close the facility. There will be costs to effect the closure and there may be further ongoing costs to ensure site safety and security.
8. There are cost implications to CBC for both scenarios as set out in the Executive report of 23 August 2011. If the centre closes on 31 March 2012, CBC will be responsible for 50% redundancy costs; if the centre closes 31 March 2013 CBC will be responsible for 100% redundancy costs.

Legal:

9. Public authorities have a statutory duty to promote equality. This is dealt with in detail in the Equalities section of Corporate Implications. Should an award of contract be made, legal services will oversee contractual arrangements. Should the centre close, legal services will oversee termination of the contract.

Risk Management:

10. There are a number of issues and implications with regard to the decision to award a contract, or not;
 - i. leisure is an emerging new priority for the Council and an existing Council priority of promoting healthier lifestyles;

- ii. the leisure strategy, being developed over 2012/13, will enable CBC to take a strategic view, consider and agree its approach in respect of leisure facilities and allow for a more sustainable approach to be made for future provision for the existing and new communities in the area; and
 - iii. the Council has a new impending public health role, taking the lead for improving public health and supporting active lifestyles from 2013.
11. Should the Executive decide to close the facility a communication plan to implement closure will be required.

Staffing (including Trades Unions):

12. The centre's staff are employed by the current contractor, Leisure Connection and have been issued with redundancy notices. If the Centre is closed then the redundancy notices will be implemented and the contract of employment will be terminated on 31 March 2012. Transfer of Undertaking Protection of Employees (TUPE) Regulations will apply as necessary. The proposals contained in the report do not affect any Central Bedfordshire Council employees.

Equalities/Human Rights:

13. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
14. An equality impact assessment has been undertaken and updated as the proposal has been developed. The centre is in an area of deprivation where health outcomes and physical activity levels are below the average for Central Bedfordshire. CBC understands that socio economic conditions can be additional barriers to participation in physical activity.
15. The proposal to close HRLC has received a significant amount of objection. There have been a range of reasons for people opposing this option including closing the leisure centre will affect a deprived community. Issues raised include travel costs, suitability or capacity at other centres, and price.
16. A high level of public engagement on this issue has enabled the Council to listen to the public's concerns. In response to these concerns and to mitigate against these potential adverse impacts full closure of HRLC was postponed and a number of alternative options explored:

- i. The Council with support from Sport England commissioned an options appraisal for the Centre to continue to operate. In addition detailed discussions with other interested parties including Central Bedfordshire College and Luton Town Football Club were undertaken, but no financially viable alternatives came to light. However, there are opportunities to explore increased use of the dry side and CBC agreed to undertake a tendering exercise for a one year contract to test the market for operating a dry side facility.
- ii. The Council has investigated how customers can be accommodated at Dunstable and Tiddenfoot leisure centres via reviewing the pool programme and offering additional financial incentives for HRLC customers. In addition concession policies are in place at all centres.
- iii. Leisure Connection liaised with all schools, including special schools, to make alternative arrangements for swim school and a number of schools have taken up alternative arrangements.
- iv. Information about bus routes from Houghton Regis to Dunstable and concessionary travel and free bus passes was provided.
- v. The Council has also continued to work with the contractor and members of the local community to encourage usage at HRLC. A number of pilot courses at HRLC and in other facilities within the town have been delivered. However, despite concerns about the potential loss of the facility, this has not translated to increase in usage until recently.
- vi. The Council's physical activity team are mapping physical activity provision in the Houghton Regis area and developing a new work programme to respond to specific gaps in provision.
- vii. A procurement process has tested the market of a dry side facility for 2012/13. The results will enable Executive to consider the relative costs for keeping a facility open in 2012/13.

Community Safety:

17. Under section 17 of the Crime and Disorder Act the Council has a statutory duty to do all that is reasonable to prevent crime and disorder with its areas. Leisure centres and the activities that they offer provide positive opportunities, particularly to young people, who may otherwise engage in activities that may be considered anti-social. Closure of the leisure centre may attract anti social behaviour and vandalism and would reduce the variety of opportunities available to young people and the wider community.

Sustainability:

18. Appointing a contractor for 2012/13 enables the Council to keep a leisure facility open whilst considering and determining its longer term role in respect of the provision and operation of leisure facilities in Central Bedfordshire, as it develops its Leisure Strategy. By keeping the centre open, residents in the area will not have to travel further afield to access similar services.

Procurement:

19. Procurement of the contract was undertaken following the Council's procurement procedure, led by Leisure Services and with the support of the corporate procurement team. Following training, members of Houghton Regis Action Group and Houghton Regis Town Council were also fully engaged with the procurement process. The process has been robust, transparent and fair.
20. Should the facility be kept open in 2012/13 and prove successful, then in considering continued operation in 2013/14 and beyond, an option could be to include the centre in a tendering process with the other contracts in the north of Central Bedfordshire that are due to end 31 March 2013.

Overview and Scrutiny:

21. The report has not been subject to consideration by Overview and Scrutiny. The Chairman of Overview and Scrutiny has agreed that the decision is treated as a matter of urgency and therefore not subject to call in.

RECOMMENDATIONS:**The Executive is recommended to:**

1. **award the contract to Contractor A, as set out in exempt Appendix A, to manage Houghton Regis Leisure Centre from 1 April 2012.**

<i>Reason for Recommendations:</i>	To appoint a contractor to operate and manage HRLC in 2012/13 whilst considering and determining the Council's longer term role in respect of the provision and operation of leisure facilities in Central Bedfordshire, as it develops its Leisure Strategy.
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Executive Summary

22. The Medium Term Financial Plan agreed by Council on 24 February 2011 identified savings of £42,000 in 2011/12 and £130,00 in 2012/13 in relation to Houghton Regis Leisure Centre (HRLC) and closure of the centre unless alternative arrangements could be found whilst still achieving this saving with a cessation of funding from 2012/13.

23. To achieve these savings in 2011/12 a phased closure was proposed with closure of the swimming pool on 31 July 2011 and closure of the rest of the centre on 30 September 2011 in the event that no alternative solution was forthcoming. Executive Members reviewed this in the light of concern raised by the local community, and closure of the swimming pool was deferred until 4 September 2011, and it was agreed to keep the rest of the centre open until 31 March 2012.
24. On 23 August 2011 Executive resolved that a procurement process be undertaken for a contract to run from 1 April 2012 to 31 March 2013 to manage the dry side facilities, with the opportunity to extend the contract on a year on year basis thereafter. This enabled the Council to fully test and consider retaining a facility in Houghton Regis.
25. A procurement process was subsequently undertaken starting in October 2011. The deadline for tenders to be returned was 19 December 2011 and two bids were received.
26. The two bids received have been fully evaluated and Executive is asked to consider appointment of the winning tender, Contractor A to operate the dry side or to consider closing the centre.

Background

27. Savings identified in the Medium Term Financial Plan agreed by Council on 24 February 2011 in relation to Houghton Regis Leisure Centre (HRLC) have been achieved, as set out in the corporate priorities, and Executive summary of this report.
28. In response to community concerns about the potential closure of the leisure centre, at Executive on 23 August 2011, Members resolved under Minute No E/11/52 "the letting of a one-year contract for the management of HRLC from 1 April 2012 to 31 March 2013".

Consultation and collaboration with the community

29. There has been significant involvement and continued engagement with the local community which has led to some members of the local community and Houghton Regis Town Council being involved in the procurement process.
30. Houghton Regis Town Council undertook a consultation exercise in October/November 2011 on whether residents would support the Town Council to fund the re-opening and running of the swimming pool at the leisure centre.
31. The survey asked residential households if they would support the use of Town Council's reserves to re-open the pool in 2011/12 and whether or not residents would agree to increase the Town Council's precept in 2012/13.

32. The results showed no majority support for either of these scenarios, and the Town Council at a special meeting on 23 November 2011 concluded not to progress this any further.

The Procurement Process

33. In line with the Executive's resolution of the 23 August 2011 to tender a one year contract, a contract specification was developed which contained the ability to extend the contract for a year on year basis thereafter.
34. There were 15 invitations to bid, a number of expressions of interest and 2 bids received. Both bids were credible and were evaluated on the basis of Price 10%, Quality 80% and Presentation 10%.
35. The tender documentation included a range of revenue and capital scenarios. This has resulted in a clear preferred contractor should the Executive wish to let a contract for one year at HRLC.
36. The summary results can be seen at Appendix A, concluding that if an award of contract is to be made, then it should be made to Contractor A.
37. Both contractors who submitted a tender strongly believed that a capital leisure investment of £100,000 would have the greatest incremental impact if invested at HRLC, over other facilities within Central Bedfordshire Council, if the facility was to remain open, regardless of whether they won the contract.

Conclusions

38. There are a number of strategic, financial, legal, policy and operational issues to be weighed when considering the award of a 1 year contract for HRLC 2012/13. These are set out in the corporate priorities section of this report.
39. Following consideration of those issues in this report, it is recommended to Executive to award the contract for HRLC to Contractor A to manage and operate the centre from 1 April 2012.

Appendices:

Appendix A - Exempt Summary Evaluation sheet for tenders

Background Papers:

1. Equality Impact Assessment, Leisure Services, Priory House.
2. HRLC Customer Forum 11.07.11. Leisure Services, Priory House.
3. HRLC QA's 09.09.11 Leisure Services, Priory House.