

20 November 2018

Policy, Projects and Resources Committee

Leisure Strategy – Brentwood Community Halls

Report of: *Kim Anderson, Partnership, Leisure and Funding Manager*

Wards Affected: *All Brentwood Borough Wards*

This report is: *Public report*

1. Executive Summary

- 1.1.** The Council's six community halls are currently managed by Brentwood Leisure Trust through a management agreement. At the 29 November 2017 Members agreed that delegated authority be given to the Chief Executive in consultation with the Chair of Policy, Projects and Resources Committee to investigate, negotiate and subject to viability, agree a new Service Level Agreement and new leases with Brentwood Leisure Trust. This agreement and the leases will cease in March 2019. In September 2018 the Council launched a preliminary market engagement exercise to ascertain if there was any third-party interest in managing the community halls. The report before members tonight sets out the outcomes of that exercise and the recommendations for the next stage.

2. Recommendation

- 2.1 That Members agree that officers prepare documents and commence a compliant procurement exercise for the management of the Community Halls; and**
- 2.2 That at the conclusion of that exercise that delegated authority is given to the Chief Executive in consultation with the Chair of Policy, Projects and Resources Committee to negotiate and subject to viability agree new leases for the management of the Community Halls.**

3. Introduction and Background

- 3.1.** Brentwood Borough Council has an existing Grant and Service Level Agreement in place with Brentwood Leisure Trust and Brentwood Leisure Trading to manage the Council's Six Community Halls on its behalf. The halls include Hutton Poplars Hall, Hutton Poplars Lodge, the Nightingale Centre,

Bishops Hall, Willowbrook Hall and Merrymeade House. The agreement is due to expire in March 2019.

- 3.2.** In order to ascertain the true running costs of its leisure facilities, Brentwood Borough Council commissioned a value for money review and options appraisal of the its facilities which included the six community halls.
- 3.3.** 4Global were appointed in 2016 to undertake this piece of work and this was completed in November 2016. The consultant's report was circulated to all Members after the Policy, Projects and Resources Committee on 20 June 2017.
- 3.4.** Further information was required on the Community Halls, so a feasibility study was undertaken to determine the best option for the Council. At the 29 November 2017 Members (min. ref 174) agreed that delegated authority be given to the Chief Executive in consultation with the Chair of Policy, Projects and Resources Committee to investigate, negotiate and subject to viability agree a new Service Level Agreement and new leases with Brentwood Leisure Trust. This agreement is due to expire in March 2019.
- 3.5.** To ascertain if there were any alternative providers interested in managing the halls the Council launched a Preliminary Market Engagement Exercise in September 2018. Informal dialogue sessions took place in October with a number of interested parties, including Brentwood Leisure Trust.
- 3.6.** Participants were asked about their preferences of halls, their ability to manage the halls, length of lease and plans for improvements. Subject to agreement by Members, it is recommended that officers prepare the relevant documents and commence a compliance procurement exercise for the Management of the Community Halls. It is proposed that this exercise will be launched at the beginning of January 2019.
- 3.7.** Once this exercise is completed the responses will be considered by officers and it is recommended that the Chief Executive in consultation with the Chair of Policy, Projects and Resources negotiate and subject to viability agree new leases for the management of the Community Halls.

4. Issues, Options and Analysis of Options

- 4.1. The Leisure Strategy is one of the key strategies as set out in the Vision for Brentwood 2016-19 document. To deliver a successful Leisure Strategy, Members and officers need to have a complete picture of the cost of the current provision, how it measures in value for money terms, the future options available to them, together with any risk profiles associated with its leisure facilities.
- 4.2. The key decision for Brentwood Borough Council is how to best provide sustainable leisure facilities across the Borough which provides value for money and is accessible for the residents and visitors.
- 4.3. There is a current Grant and SLA Agreement with Brentwood Leisure Trust and Brentwood Leisure Trading Ltd which is due to expire in March 2019.
- 4.4. In order to ascertain if there are any alternative providers to manage the Community Halls on the Council's behalf, a Preliminary Market Engagement Exercise was launched in September. This was launched through press release, dedicated web page with information packs and through social media and direct emails to parties that had expressed an interest in the Community Halls.
- 4.5. Informal dialogue sessions were then set up in October with any interested parties to listen to their proposals and for officers to provide them with some background information on the halls.
- 4.6. Brentwood Leisure Trust alongside six other organisations attended the informal dialogue sessions. Although a couple of the organisations looked at managing all six of the community halls, the majority were only interested in managing one of the halls. The preferred length of lease for the organisations was between 3-5 years and the majority of interest for the individual halls was Merrymeade House and Hutton Poplars Hall. There was very little interest in Hutton Poplars Lodge, but this may change with the Compliance procurement exercise.
- 4.7. The organisations were also asked whether they could take on the full maintenance and repair of the halls. Only one of the organisations said that they could do this, but they had only expressed interest in one of the halls.
- 4.8. The Council has commissioned an external condition survey to identify future associated costs for each of the halls. An internal condition survey was

undertaken in 2016 and these costs should be borne by the current operator (Brentwood Leisure Trust).

- 4.9.** Due to the level of interest for the management of the community halls, officers recommend then a formal compliance procurement exercise is launched which each of the halls as individual lots. If members agree to this recommendation, then Officers will instruct the Council's legal team to draw up the relevant documents and that this exercise is launched at the beginning of January 2019.

5. Reasons for Recommendation

- 5.1** As part of the Council's due diligence in delivering a successful Leisure Strategy, Members and officers need to have a complete picture of the current associated costs, risk profiles of the Borough's leisure facilities and identify any opportunities for improved income generation.
- 5.2** Comments received from Sport England as part of the Local Development Plan consultation, stated that a Leisure Strategy is required that assesses Council owned sports and leisure facilities in order that the Council can continue to work with partners to ensure that appropriate provision is made for the residents of Brentwood. The strategy should not only consider how the Council can provide services, but also how other partners can. The strategy should also use current sports facility evidence to identify strategic priorities to then inform what will be included in the Council's Infrastructure Delivery Plan. Following this feasibility work, the Council will then be able to determine which projects will be funded by the Community Infrastructure Levy (CIL) and those funded by planning obligations.
- 5.3** The Council's Asset Management Strategy also sets out the need to maximise income where possible from its asset portfolio.

6. References to Council Priorities

The Leisure Strategy sits under two main strands of the Vision for Brentwood 2016-19: Environment and Housing Management to develop a Leisure Strategy to provide strong and sustainable leisure facilities for residents and businesses; and Community and Health - to work with community and voluntary organisations to develop the priorities for community development. There are also strong links for the priorities of the Council's Health and Wellbeing Strategy 2014-2017, the Local Development Plan, Active Brentwood/Essex and the Council's Asset Management Strategy.

7. Implications

Financial Implications

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- 7.1 One of the key drivers for the Leisure Strategy is to reduce the Council's current revenue and capital costs on its leisure facilities and to be able to provide strong and sustainable leisure facilities for the future. The Invitation to Tender exercise could identify a 3rd party operator which could improve the Council's revenue income from the halls.
- 7.2 Currently a Halls Management Fee is paid to Brentwood Leisure Trust out of existing budgets, but this will cease in March 2019. As the current operator they are also responsible for any internal dilapidations associated with each of the halls.
- 7.3 There may be some required capital investment from the Council as identified in the external condition survey report. This will need to be identified as part of the budget setting process. If this is undertaken, then the Council may achieve greater revenue income from the start of the lease rather than offering any rent-free period.

Legal Implications

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- 8.1 The Council's tendering exercise will follow the requirements of EU procurement regulations, including the Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016, where applicable, in order to ensure fairness and transparency, as well as suitable competition in order to achieve best value for money.
- 8.2 Legal services will advise and assist throughout the process, including on existing or related agreements and employment law requirements if any.

8. Appendices to this report

Appendix A - PME Market engagement briefing documents

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