

Committee(s): Community and Health Committee	Date: 9 March 2021
Subject: Brentwood Centre procurement options review	Wards Affected:
Report of: Greg Campbell – Corporate Director (Environment & Communities)	Public
Report Author/s: Name: Kim Anderson Telephone: 01277 312634 E-mail: kim.anderson@brentwood.gov.uk	For Decision

Summary

Due to the insolvency of Brentwood Leisure Trust in November 2020, the Brentwood Centre is currently managed directly by Brentwood Borough Council. To establish the medium and long-term options for the Centre, the Council appointed The Sports Consultancy to undertake a procurement options review for the Brentwood Centre. The report is set out Appendix A.

Recommendation(s)

Members are asked to:

R1. Note the report and recommendations set out in Appendix A.

R2. Agree to continue with the present operating model of management of the Brentwood Centre with consultancy support.

R3. Agree that delegation is given to Corporate Director of Environment and Communities to undertake a review and amend the consultancy support to reflect requirements for 2021/22

R4. Agree that delegation is given to Corporate Director of Environment and Communities to progress feasibility study in consultation with Leisure Strategy Working Group.

R5. Agree that officers will work towards procuring a new management contract to operate the facility.

Main Report

Introduction and Background

1. The Brentwood Centre was managed by Brentwood Leisure Trust until November 2020 when it went into liquidation. Brentwood Borough Council stepped in to manage the centre and the Community Halls on a short-term basis with consultancy support from SLM.
2. The Council needs ensure that it finds a sustainable management solution in the short to medium term. The Council also needs to consider the future of the Brentwood Centre as parts of it are reaching the end of its economic life.
3. The Council appointed The Sports Consultancy to look at the procurement routes that are available to them.

Issue, Options and Analysis of Options

4. The management options set out in the report are as follows:
 - a. In-house management
 - b. Establishing a new organisation/trust
 - c. Outsourced management to an established operator
 - d. Asset transfer
5. The Council is not looking to directly manage the Brentwood Centre due to the lack of experience in direct management or establishing a new trust.
6. Under an outsourced arrangement the Council would agree the specification and performance management system and also key heads of terms:
 - a. Fixed contract term
 - b. Management fee
 - c. Service specification setting out the Council's requirements
 - d. Operator undertakes the management of the facilities
 - e. The Council retains some responsibilities such as structural repairs and maintenance
7. Consideration of employment and contract arrangements will need to be considered as part of the feasibility study and procurement arrangements.

8. There is an opportunity to adopt a portfolio approach to the facilities where less lucrative facilities could benefit from the cross-subsidy of more profitable facilities.
9. Asset transfer is rarely considered by local authorities unless it wants to dispose of non-core assets to the private sector.
10. A long-term lease to an operator is an option, but the operator may require a number of conditions, such as:
 - a. Freedom to determine the facility mix, pricing and programming to maximise commercial opportunities
 - b. Council will need to address any defects in the facilities before asset transfer
 - c. Upfront investment from the Council to enhance assets, with potential partnership investment from the operator
 - d. Freedom relating to future potential rationalisation of assets and/or develop new sites
11. The recommendation in the report is to consider outsourced management option to be the most viable and sustainable.
12. Although indoor sports and leisure facilities are looking to re-open no earlier than 12 April 2021 in accordance with the Government's roadmap, the social distancing restrictions will have an ongoing financial impact on facilities until these are lifted and operators can return to pre-COVID levels of activity.
13. The Council will also need to look at the facility options for the Brentwood Centre and the report recommends that a feasibility study is commenced to provide a strong evidence base to inform future decision making.
14. Subject to the outcomes of the feasibility study the procurement of the solution is likely to require a competitive tender process to achieve best value. The procurement routes are:
 - a. Traditional construction contract with separate management contract
 - b. Design and Build (D&B) construction contract with separate management contract
 - c. Design, Build, Operate and Maintain – DBOM
 - d. Design, Build, Finance and Operate – DBFO

15. Table 2 in Appendix A (page 7) sets out the considerations of each of the delivery methods. It is recommended that these options be explored further to understand the financial costs and income opportunities.
16. DBOM and DBFO require significant technical input, particularly from a legal perspective, due to the complex nature of the contracts and procurement processes. Traditional also takes a significant amount of time, due largely to the sequential process and the professional fees incurred in developing the complete scheme. Design and Build is likely to offer some savings on professional fees over the Traditional option.

Reasons for Recommendation

17. As set out in the built facilities workstream of the Council's Leisure Strategy, there is a commitment to improve the facilities at the Brentwood Centre. It needs to ensure that the facilities not only support Brentwood residents now but are fit for the future as well.

Consultation

18. The Leisure Strategy Working Group and key stakeholders will be consulted on the facility mix required to support the needs of Brentwood residents and visitors.

References to Corporate Plan

19. The Brentwood Centre procurement sits under the Leisure Strategy built facilities workstream which is aligned to the 'Developing Communities' strand to enhance and develop new sustainable leisure facilities. It also supports 'Growing our economy'.

Implications

Financial Implications

Name/Title: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources)
Tel/Email: 01277 312500/jacqueline.vanmellaerts@brentwood.gov.uk

The Options review is from existing budgets. The Council has also applied for a contribution for this consultancy support from Sport England.

At the Policy, Resource and Economic Development Committee on 11 September 2019, Members agreed to allocate a sum of £51,000 to undertake a feasibility study for the Brentwood Centre.

The indicative capital costs would be identified as part of the feasibility works and dependent on the procurement route other costs would be identified. It is recommended that a business plan be developed that sets out the capital expenditure, the expected income generation that could be achieved.

The Council should also look at what external funding could be applied for to reduce the Council financial burden with any improvement programmes.

The main pressure of operating the management of the Brentwood Centre for the Council is the impact of the Council's partial exemption claim for VAT. This will be taken into consideration upon undertaking the feasibility works and reviewing the interim operator model.

Legal Implications

Name & Title: Amanda Julian, Director of Law & Governance and Monitoring Officer

Tel & Email: 01277 312705/amanda.julian@brentwood.gov.uk

As a public organisation, the Council has procurement procedures that follow European Union and UK government procurement rules, which encourage free and fair competition and transparency. The Council will base procurement of its requirements on the principles of best value to ensure it achieves efficiency, effectiveness and value for money.

Economic Implications

Name/Title: Phil Drane, Director of Strategic Planning

Tel/Email: 01277 312610/philip.drane@brentwood.gov.uk

Improving the health and wellbeing those living, working and visiting the borough can benefit the local economy in a multitude of ways. The appropriate procurement route and facility mix for the Brentwood Centre will ensure that it meets the needs of residents and visitors

Equality and Diversity Implications

Name/Title: Kim Anderson, Partnerships, Leisure & Funding Manager

Tel/Email: 01277 312634/kim.anderson@brentwood.gov.uk

Under the Public Sector Equality Duty (s.149 of the Equality Act) the Council needs to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

The future development, agreed facility mix and programming of activities within the Brentwood Centre will enable leisure facilities to be developed that all residents can enjoy that will support their physical and mental health and wellbeing.

Health & Wellbeing Implications

Name/Title: Jo Cory, Corporate Health & Wellbeing Officer

Tel/Email: 01277 312688/jo.cory@brentwood.gov.uk

It is expected that any improvement to the Brentwood Centre facility and programming of activities support Brentwood's Health and Wellbeing Board's objectives of reducing the borough health inequalities through its workstreams.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

Background Papers
Leisure Strategy 2018-28

Appendices to this report

Appendix A: Leisure Procurement Options Review