

**DELEGATED DECISION**

<b>REPORT TITLE</b>	<b>BEECHWOOD RECREATION CENTRE – CONCESSION CONTRACT</b>
<b>REPORT OF</b>	<b>ASSISTANT DIRECTOR COMMUNITY SERVICES</b>

**REPORT SUMMARY**

This report sets out the procurement process authorised by a delegated decision taken in January 2019 to seek an alternative provider to provide community leisure services from Beechwood Recreation Centre under a 5-year concession contract.

The report also seeks a decision on the award of contract to the highest scored provider, following the procurement process, and seeks permission to enter into a transfer process to the successful provider.

**RECOMMENDATION/S**

The Cabinet Member is recommended to:

- (1) Agree the award of a 5-year concession contract for the delivery of a community leisure service based at Beechwood Recreation Centre to Tranmere Rovers.
- (2) Authorise the Director of Delivery Services to enter into the grant of a lease of the Beechwood Recreation Centre at a rent based on the offer made by Tranmere Rovers Football Club on terms that the lease runs concurrently with the concession contract and is only granted after service of notices under the landlord and Tenant Act 1954 to exclude inappropriate grant of rights.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 In March 2016, Council approved a budget option for the financial year 2016/2017 for Leisure Services to seek an alternative provider for Beechwood Recreation Centre with associated savings of £73,000 per annum. The initial approach of a community asset transfer did not attract interested parties who were able to submit a financially viable application. However, the expected saving was removed from the Leisure Services budget and has since represented a budget pressure.
- 1.2 Subsequently, a number of alternative options were considered with the option of a 5-year concession contract being selected as the preferred option. A delegated decision in January 2019 authorised the Assistant Director of Community Services to carry out a procurement process to seek a provider to run a leisure service from Beechwood Recreation Centre.
- 1.3 Having completed this procurement process and in line with the delegated decision, a decision is now required on the award of contract. Out of the submissions received Tranmere Rovers submission scored the highest and it is, therefore, recommended that the concession contract is awarded to Tranmere Rovers.
- 1.4 Once a decision is received the Council may enter into a process to transfer Beechwood Recreation Centre to the successful operator, under a 5-year concession contract. The successful transfer of the Recreation Centre will realise the saving expected while ensuring that the leisure services continue to be provided to the residents of Beechwood.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Three options for the future delivery of services from Beechwood Recreation Centre were considered:
  1. Transfer to a provider on a leasehold basis, with user restrictions. This would require a competitive process.
  2. Concession Contract, service delivery monitored through contract monitoring. This would require a competitive process.
  3. Retain 'in house' as a part of Council run Leisure Services.

Closure is not an option as Elected Members have been clear that they wish the Centre to remain open. From these options the preferred option was to offer a Concession Contract.

### **3.0 BACKGROUND INFORMATION**

- 3.1 Beechwood Recreation Centre was built in the early 1970's, being managed and operated by Wirral Council until 2009, when the Centre was jointly managed by the Community Service Section and Beechwood Joint Management Committee. The staff were still employed by Wirral Council. Beechwood Joint Management Committee withdrew their services in 2011 and, as a result, the Centre has been managed and operated as part of the Leisure Services estate since April 2013. Since April 2013 Wirral Council has been approached by a number of community groups and organisations interested in taking over the management and operation of the Centre.

- 3.2 Beechwood Recreation Centre receives an annual subsidy from the Council of £123,000 (including recharges) in order that it may deliver services. There are five staffing positions at the Centre (3.88 FTE), with one of the positions currently vacant. The Recreation Centre comprises of a Fitness Suite with a large selection of free weights, indoor multi-purpose sports hall (3 badminton court size), outdoor floodlit Multi Use Games Area (MUGA), 1 Class Studio, Toning Table Suite, Changing Facilities, a small upper hall, offices and stores covering approximately 1400 square meters. It also has a DDA compliant changing facility and car parking to rear of the Centre.
- 3.3 In March 2016, Council approved a budget option for the financial year 2016/2017 for Leisure Services to seek an alternative provider for Beechwood Recreation Centre with associated savings of £73,000 per annum.
- 3.4 A Soft Market Test was undertaken in March 2016 this comprised of all key stakeholders receiving either an email or written communication informing them of the intention to explore an alternative provider for the Beechwood Recreation Centre.
- 3.5 An Expressions of Interest exercise was undertaken in May 2016 which comprised of an advert on the Wirral Council website and written communication with all key stakeholders, an application and business plan document, floor plans, condition survey and a financial breakdown for the Beechwood Recreation Centre. The process invited interested parties to submit an interest by 24<sup>th</sup> June 2016. However, at that time no interested parties were able to submit a financially viable application.
- 3.6 In September 2018, the then Cabinet Member for Leisure and Recreation, former Councillor Phillip Brightmore asked officers to consider options for the future delivery of leisure services from Beechwood Recreation Centre. Three options for the future delivery of services from Beechwood Recreation Centre were considered:
- Lease Transfer
  - Concession Contract
  - Retain 'in house'
- The preferred option was to offer a 5-year Concession Contract for the delivery of leisure services from Beechwood Recreation Centre.
- 3.7 This led to a Delegated Decision on 21 January 2019 to authorize the Assistant Director Community Services *"to undertake a procurement process to seek a provider to run the leisure offer from Beechwood Recreation Centre. The contract would deliver a leisure service from Beechwood Recreation Centre through a 5-year concession contract accompanied by a lease which would seek an appropriate rental offer. The contractor is expected to operate a full management and operational approach"*. The award of contract to be brought to Cabinet or Cabinet Member for decision.
- 3.8 An appropriate advert and associated 'Request for Quotation' was developed and placed on 'The Chest' with supporting information on Friday 26 April 2019 with a closing date for applications on 12 (Noon) on Friday 10 May 2019. Two submissions were received by the application deadline date and were evaluated by officers.
- 3.9 Submissions were scored against seven weighted method statements which were: -
1. Experience and Case Study (15%)

2. Outline Business Case and Outcomes (20%)
3. Project Manager and range of Professional Skills (15%)
4. Sources of finance (15%)
5. Community Value (15%)
6. Social Value (15%)
7. GDPR: Request for Method Statement (5%)

One of the submissions failed to reach the minimum standard for consideration, scoring 2 (inadequate) or less in each of the seven areas.

The other submission from Tranmere Rovers scored 3 (acceptable) or 4 (Good) for each of the seven areas and was therefore the highest scoring submission.

Clarification has been sought and received on the financial offer from Tranmere Rovers which for the Concession Contract is based on a profit Share as follows: -

- 0% of the profit for year 1
- 5% of the profit for year 2
- 10% of the profit for year 3

Tranmere have not fully defined 'profit share' and officers will seek to work through this with Tranmere in the life of the contract.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 This Concession Contract supports the delivery of a savings option for Leisure Services from the financial year 2016/17. In line with the budget saving £73,000 was removed from the Leisure Services budget. The achievement of this budget option removes this budget pressure from Leisure Services.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 A 5-year Concession Contract and associated Lease for the building have been developed and agreed to support the letting of this contract. Both Legal Services and Procurement have assisted in the tender process and will be involved in the award of contract and lease.
- 5.2 Prior to the award of contract, Tranmere Rovers will need to be served formally with the required notice under the Landlord and Tenant Act (1954) and accept this notice. Once received the award of contract may proceed.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

##### **Staff**

- 6.1 There are five staff positions at the Centre (3.88 FTE), with one of the positions currently vacant. TUPE provisions have been included as a part of the Concession Contract. Leisure Services are able, in this instance, to offer redeployment to staff to alternative posts in the service. All the staff currently working at Beechwood Recreation Centre have indicated their wish to remain with the Council and alternative redeployment opportunities are being identified. Tranmere Rovers have agreed with this approach.

## ICT

- 6.2 All ICT will be removed from the centre with connections to the Council network ended prior to transfer. A Project Plan is in place and this will commence once agreement is reached.

## Assets

- 6.3 Council equipment not included in the Lease agreement will be removed prior to transfer. The lease agreement sets out the approach to the maintenance of the building by Tranmere Rovers and the Council responsibilities. The freehold ownership of the building is retained by the Council and should the Concession Contract end prematurely, for whatever reason, the lease of the building will cease.

## 7.0 RELEVANT RISKS

- 7.1 All risks associated with this proposal will be identified and managed in line with the Corporate Risk Management Procedure as part of the project delivery process. Below is a summary of some of the key risks identified and how they will be managed.

Risk	Mitigating Action
Staff may not hold necessary qualifications to enable them to be redeployed into equivalent posts at alternative leisure facilities	Review of Beechwood staff training and development plan to ensure that staff are in position to be redeployed.  Ensure staff skills / qualifications are matched against vacant posts and that training plans are identified and actioned in good time to support their redeployment
Staff may choose to TUPE across to tenant company which could result in indemnity costs to Wirral Council	Order actuarial report once delegated member approval is gained so that possible costs are known.  Ensure engagement plan to contain staff anxieties and encourage their retention in the local authority.  Ensure staff are skills / quals matched against vacant posts and that training plans are identified and actioned in good time to support their redeployment.
The provider may be unable to operate the Recreation Centre under the proposed contract leading to closure	Ensure that the provider has the financial resources and skills to operate the Recreation Centre, through the procurement process.  In the case of service closure, under a contract, the service would revert to the Council who would determine how best to meet the needs of residents.

## 8.0 ENGAGEMENT/CONSULTATION

- 8.1 Pre-Decision scrutiny was undertaken as a part of the 2016/17 budget options. The Families and Wellbeing Policy & Performance Committee met on 11 January 2016 to consider this option and commented that *“Assuming an appropriate agreement can be reached between the parties, Members did not raise any objections, in principle, to the proposal”*.
- 8.2 Pre-Decision consultation has been undertaken as a part of the Residents consultation on the 2016 Budget options.
- 8.3 Ward Councillors have also been consulted on this option and are in favour of the transfer. Further consultation with the staff and users of the centre will be undertaken as a part of the transfer process.
- 8.4 The Council is committed to managing redeployment procedures fairly and transparently, and ensuring that staff, Trade Unions and other key stakeholders are engaged through a process. In this instance the Council has already engaged with staff and the Trade Unions to offer them suitable redeployment opportunities. One staff member has confirmed their intention to transfer into an alternative vacant post. The three other staff members have been made offers of alternative employment and staff from Human Resources are working closely with each individual staff member to transfer them into suitable posts within the service.

## 9.0 EQUALITY IMPLICATIONS

- 9.1 Equality implications have been considered and an Equality Impact Assessment completed for Beechwood Recreation Centre as a part of Budget Options for 2016/17.
- (a) Yes, and impact review is attached

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014/budget#overlay-context=communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014>

## 10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO2

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## APPENDICES

## **BACKGROUND PAPERS**

2016/17 Budget Proposals - Scrutiny Report of Families and Wellbeing Policy & Performance Committee - Monday 11 January 2016

Budget Consultation Findings – Cabinet Report – 22 February 2016

Delegated Decision – Beechwood Recreation Centre – 21 January 2019

Tender Submissions – May 2019

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Families and Wellbeing Policy & Performance Committee – Budget Options Workshop	11 January 2016
Budget Cabinet	22 February 2016
Budget Council	3 March 2016

