

Bolsover District Council**27th April 2015****Executive****Leisure Facilities towards a sustainable service – Award of Contract****Report of Cllr A Syrett, Portfolio Member for Leisure****Purpose of the Report**

- At its meeting on 4th February 2015 Council approved a recommendation to proceed with a programme of enhanced Leisure Facilities at the Council's Clowne Site. That approval agreed a financial provision of £4m be incorporated within the Council's Approved Capital Programme, and agreed a sum of £50,000 to undertake preliminary work in respect of procurement of a suitable contractor, the undertaking of initial site surveys and work to progress the submission of a planning application. The application for planning permission has currently been submitted and the site condition survey has been undertaken. This report is concerned with updating Executive concerning the procurement arrangements and to secure Executive's agreement to enter into a contract which has a value in excess of £50,000. To approve an 'award of contract' to deliver the 'Enhanced Leisure Facilities at Clowne' programme. Awarding this contract will allow the organisation to achieve the following;
 - Reduce the cost and increase income of the Leisure Service against the background of the Government funding reductions to the Councils' budgets.
 - The development of sustainable facilities for leisure that meet current and future needs of residents.
 - To increase opportunities for participation in sport and active recreation supporting improved health and well being.
 - Align Leisure Services provision to the Councils' 'Growth and Transformation' Programme.

1 Report Details - Background

- 1.1 Executive will be aware that several reports relating to the 'Enhanced Leisure Facilities at Clowne' proposal have been presented to Members during the past year or so, the following milestones provide both a brief summary of where we are today and a basis on which members can consider the recommendations contained in this report.
- 1.1.1 **A Leisure Facilities Plan** – 'Towards a Sustainable Future'. This gave the Council an understanding of the current and future supply, demand and need for facilities within the District. (summary contained in January 2015 Executive report - appendix A). The draft strategy identified, the level of our community health, levels of physical activity condition and appropriateness of the Councils' leisure facilities stock – the findings in all of these areas are significantly less than National averages.

1.1.2 **An outline business plan was produced** – in the form of the ‘Enhanced Leisure Facilities at Clowne’ proposal (contained in the March 2014 Executive report with a summary contained in the January 2015 Executive report at Appendix A). This is believed to have the ability to address many of the issues above whilst positively contributing to the Council’s drive to make significant savings to meet funding reductions brought about by the government’s austerity agenda. The following facilities make up the ‘Enhanced Leisure Facilities at Clowne’ proposal;

- A 25m x 13m swimming pool
- A smaller teaching pool
- A 100+ station gym
- An informal food and beverage offer
- A children’s soft play zone
- A thermal suite including sauna and steam rooms

1.1.3 **The financial case** – was made with projected savings of approx. £3.2 million following the cost of investment over a 20 year period (summary contained in January 2015 Executive report at appendix A).

1.1.4 **Executive approval to consult with the community** – was achieved in March 2014, this was followed by a approval at Executive in July 2014 being made to consult on a district wide level – the largest consultation exercise ever undertaken by the Council – the results of which were overwhelmingly in favour of the proposal. Along with wider public endorsement and support from a range of key stakeholders was received including;

- **Derbyshire County Council School Swimming** – are in favour of the proposed new larger more modern facilities at Clowne, stating that ‘*The current situation at Creswell pool is that we have a lack of shallow water space and very small changing facilities. Both of these issues do cause us problems with school swimming*’.
- **Amateur Swimming Association (ASA) – Dennis Freeman-Wright (Assistant National Facilities Officer)** responded; ‘*I met Lee Hickin and he went through the whole of the Leisure Facility Strategy with me and in particular the plans for the new swimming pool in Clowne and the closure of the old pool in Creswell Leisure Centre. The Amateur Swimming Association are supportive of this strategy*’.
- **Amateur Swimming Association (ASA) – England Programmes Officer** stated ‘*In relation to our discussion of bringing some of our England National Swimming Camps to Clowne if a pool is built, I would be happy to support this when we look at our future planning in relation to potential locations. The location of the centre close to motorway connections, and the proposed facilities on site would make it an attractive proposition*’.
- **Bolsover LSP** - In respect of the presentation to Executive Board in June 2014 Bolsover LSP write to confirm ‘*the Partnership’s support for the proposal and would welcome the opportunity to receive progress reports on the development of the initiative as things move forward*’.

- 1.1.5 **Executive recommendation to Council that the project be incorporated within the capital programme for 2015/16 and future years** - £4m, to be made up of £2m from transformation reserve and £2m from prudential borrowing. The Executive recommendation approved by Council on 4th February 2015.
- 1.1.6 **Executive recommendation executed in March 2015** - CEO in consultation with the Leader and Deputy Leader under delegated powers to approve the most appropriate procurement route. This was determined to be via the Suffolk Coastal OJEU procurement exercise to identify and appoint a 'Strategic Leisure Developer Partner' (see appendix B). BDC have been a named organisation in the recent OJEU procurement process to identify a Strategic Leisure Developer Partner. This has been a comprehensive process involving a number of named local authorities to identify a strategic leisure developer partner from amongst the appropriate organisations in the industry.

The objectives of the Suffolk Coastal procurement exercise were in line with those of Bolsover District Council and further consideration of the proposed arrangements has satisfied officers that the contractor identified by the tender process meets the Councils' needs.

By collaborating with a number of other local authorities the overall potential contract value has increased, this in turn has generated greater economies of scale, created further efficiencies and improved rates. This secures better value for money for the Council.

By accessing this procurement we have avoided a costly procurement exercise of our own saving approximately £40k - £50k.

The procurement exercise attracted a good response including the industry leaders with proven track records of success. The overall risks to effective project delivery are reduced as a result of contracting with a specialist leisure development partner with a proven track record of success. This approach provides a high level of confidence that the project can be delivered within timescale and with cost certainty (subject to ground conditions).

2 Conclusions and Reasons for Recommendation

- 2.1 The outcome of the Procurement exercise in which Bolsover District Council was a named party is that the successful contractor was Pulse Leisure. Officers have reviewed the framework terms and are of the view that this procurement exercise has met OJEU requirements and that the framework will deliver the facilities required by Bolsover District Council. It is accordingly recommended that Executive approve the appointment of Pulse Leisure as the successful contractor subject to the Council securing planning permission for the proposed development and any residual issues being satisfactorily resolved.
- 2.2 By undertaking a comprehensive procurement exercise with a number of other Local Authorities to select a 'strategic leisure developer partner' Bolsover District Council officers have ensured the most appropriate, cost effective and risk mitigated procurement route through which to deliver the project.

3 Consultation and Equality Impact

- 3.1 Consultation – (see summary in January 2015 Executive report at appendix A)
- 3.2 This proposal will impact on a number of target user groups resulting in increased participation and physical activity levels. (See EIA attached at Appendix D.)

4 Alternative Options and Reasons for Rejection

- 4.1 To undertake our own procurement exercise – **rejected** due to the successful outcome of the Suffolk Coastal exercise which mirrored this Council's requirements. – While a separate procurement process has been considered Officers are of the view that this would incur significant costs, would be time consuming and would not secure the economies of scale achieved by the Suffolk Coast exercise. .

5 Implications

5.1 Finance and Risk Implications

5.1.1 Financial approval was granted by Council based on the projected revenue position outlined in the table below. This is compared against the indicative Business Plan prepared by the prospective Contractor (Pulse) with the latter providing both an estimate of costs based upon the design of the facility that will be installed, together with an independent check on the Council's own Business Plan.

	Approved Position Funded £2m Borrowing, £2m Reserves. £000's	Indicative Business Plan Prepared by Prospective Contractor (Pulse) £000's
Indicative Running Costs (exc Capital Financing)	745	796
Income	(875)	(1,091)
Surplus before Capital Financing Costs	(130)	(295)
Capital Financing Costs	140	140
Surplus / Deficit on Clowne Facility	10	(155)
Savings achieved from Ceasing of current operation at Creswell / Removal of Clowne Subsidy	(170)	(170)
Savings on Budget	(160)	(325)

The major variations between the Council's Business Plan and that of the prospective contractor is that the contractor is projecting costs some 7% higher than the Council's Business Plan with income some 25% higher. Officers are of the view that these figures confirm the reasonableness of the Council's Business Plan as previously approved by Members. While costs are higher this is considered to be

largely driven by the higher level of assumed income. Although Council Officers would not disagree with the level of income assumed in the Pulse Business Plan our own plan deliberately worked to very prudent assumptions regarding income levels from the new facility.

- 5.1.2 The Capital costs arising from the chosen 'Strategic Developer Partner' Pulse Fitness (Appendix C), amount to £3.966m which is within the Council's approved budget of £4m. While Officers initially assumed a project build cost of £3.5m with a contingency of £0.5m, under the Pulse proposals there is an increased cost of £3.966m including a £0.150m project contingency. While there are a number of factors which have contributed to this increase including inflation in building costs, a key factor has been that the site survey has indicated a higher than anticipated costs for ground works. Given that these higher costs are reflected in the contract price following discussions with Pulse officers are satisfied that an amount of £0.150m is an appropriate level for this contract given the modular construction methods adopted and wide experience of similar projects.
- 5.1.3 Given that the procurement process has confirmed that previous assumptions regarding revenue and capital costs are appropriate it is recommended that Executive agrees to award the contract for the construction of enhanced leisure facilities at Clown to Pulse fitness.
- 5.1.4 The financial risks and potential consequence of either approving or not approving the proposals have been considered in the previous report to Executive and by Council in January 2015 and February 2015 respectively. The procurement exercise that has been undertaken has confirmed that the financial assumptions made are reasonable and the additional information secured from the site survey and this procurement exercise will be utilised in order to assist in the process of mitigating those risks which have been identified.

5.2 Legal Implications including Data Protection

- 5.2.1 The strategic leisure developer partner has been agreed by means of a comprehensive procurement exercise which was undertaken in accordance with all the relevant procurement regulations and good practice.

5.3 Human Resources Implications

- 5.3.1 None. Though the project may provide additional employment opportunities once operational .

6 **Recommendations**

- 6.1 That Executive approve the award of the contract to Pulse Fitness to deliver the 'Enhanced Leisure facilities' programme (as described in the report) at Clowne in line with their project proposal (appendix C) , agreed detailed specifications and subject to planning permission being secured and any residual issues being successfully resolved..
- 6.2 That the CEO in consultation with the Leader and Deputy Leader of the Council be granted delegated authority to make any necessary decisions to ensure the delivery of the 'Enhanced Leisure facilities' programme within the approved budget and within the proposed timescales.
- 6.3 That Officers provide update/progress reports as necessary.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	

8 **Document Information**

Appendix No	Title
N/A	
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
N/A	
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Report Reference –