

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	COUNCIL		
DATE:	26 TH JUNE 2018	AGENDA ITEM:	7
TITLE:	LEISURE PROCUREMENT		
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SERVICE:	SPORT & LEISURE	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This report sets out the Council's strategic approach to the improvement and future management of its leisure provision including, in particular, swimming pools. The report is in response to and to inform a debate about the following petition that has been received:

'RG50 Make a Big Splash !!

We the undersigned residents of Reading and its environs, fully support the need for a new 50m swimming pool facility being opened within 3 years of Reading Borough Council closing Reading Central Swimming pool. We call upon RBC to:

- Work with the residents, and Aquatic Clubs of Reading and the ASA to deliver this much needed facility; and*
- Ensure that it is opened by 1 January 2021 at the very latest.'*

The petition has been signed by approximately 2,500 people and under the Council's Constitution entitles the petitioners to have issues raised debated at Full-Council.

2. RECOMMENDED ACTION

2.1 That the current position regarding the leisure procurement and the anticipated timetable for letting this contract as set out in paragraph 4.1 be noted.

2.2 That the procurement strategy and associated specification, which had been prepared in accordance with decisions taken at the Policy Committee meeting on the 31st October 2016 (Minute 48 refers) as set out in paragraph 3.3 be noted.

3. POLICY CONTEXT

- 3.1 Reading has a range of leisure facilities that are of mixed quality and the Council has identified the need for investment to modernise the leisure estate. The Council recognises that the provision of suitable and readily accessible sports facilities underpins participation in sports and physical activity and supports the delivery of the social and economic benefits that can be attributed to an active community. Reading needs a leisure offer that aligns with the Council's wider policies and priorities, including public health objectives and tackling inequality.
- 3.2 Policy Committee in November 2015 endorsed the key findings of a 'Leisure Review' carried out by external consultants and the recommended way forward. The findings of the facilities needs assessment were that whilst there is sufficient pool space in the Borough the quality of provision needed upgrading. The options appraisal recommended the replacement of the most outdated facilities with more modern cost-effective leisure facilities that would also offer a much better service to residents and users. Specific proposals included: a new competition standard pool and related indoor leisure provision, including sports hall, to replace Central Pool; a new 'neighbourhood' pool at Palmer Park to replace Arthur Hill Pool; and investment in other retained facilities. Re-provision of diving was also explicitly incorporated. Policy Committee also agreed a planned closure of Central Pool with provision of a demountable pool at Rivermead to provide continuity of provision. Committee approval was also secured to commence a procurement process to seek an operator to deliver the improvement of the Borough's leisure facilities as outlined above.
- 3.3 Policy Committee at its meeting on the 31st October 2016 endorsed the work being undertaken to progress the procurement process via a design, build, operate and manage (DBOM) contract, including the nature of the specification that was set-out in the public committee report:

'With significant financial constraints facing the Council now and into the future, affordability of any eventual set of proposals for the leisure estate is a critical driver for the procurement. Maximising the affordability of potential solutions to deliver the Council's aspirations has been a key guiding factor for the work to date, along with the requirement for a pool at Palmer Park to retain a good geographic spread of facilities. The agreed minimum specification for the new competition pool to be provided is therefore an 8 lane 25m pool with a separate flexible diving/learning pool. This will be complemented by a new 6 lane 25m pool at Palmer Park linking to the existing facilities to deliver the replacement facilities for Arthur Hill in the east of the Borough. This potentially will provide the most affordable solution whilst meeting the requirement for a geographic spread of facilities. The current proposal is that existing swimming and leisure facilities at South Reading and Meadway will also be retained and improved.'

These base specifications will be set-out as part of the 'employers minimum requirements' for the procurement process and it will be for bidders to develop their proposed optimum design solutions to meeting these requirements. This does provide scope for bidders to offer different or enhanced solutions through the procurement process.

Of course the service specification will involve much more than the physicality of new facilities and incorporate a range of issues and performance requirements. In particular the service specification will set-out the Council's expectations and requirements with regard to health and well-being outcomes and catering for Reading's diverse needs and demography.'

4. THE PROPOSAL

4.1 Current Position:

The procurement process has now formally commenced in line with the decisions taken by Policy Committee as set out above. The specification outlines the Council's requirements whilst providing bidders the flexibility to develop the best possible solution and deliver the optimum scheme whilst meeting affordability criteria and delivering the anticipated savings on current costs that the Council is required to make.

The opportunity was advertised in the Official Journal of the European Union (OJEU) at the end of March, Pre-Qualification Questionnaires completed by bidders mid-May and the procurement process will proceed through the stages of:

- Outline Solutions
- Detailed Solutions
- Dialogue
- Final tenders.

It is anticipated that the contract will be awarded to the successful tenderer in June 2019 with the operator taking on responsibility for managing facilities from September 2019 following a mobilisation period. It is anticipated that new facilities to be developed under the DBOM contract will come on stream approximately 18 months after the award of contract, in January 2021, although because of the complexities of major construction projects this timetable cannot be guaranteed at this stage. A clearer idea of the delivery timetable will emerge through the procurement process once detailed proposals are developed.

Consultation with key user groups, including the aquatics clubs, has commenced and the results of this consultation will be fed into the procurement process to inform bidding operators as they develop their proposals.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposals set-out in this report for a major enhancement in the quality of the leisure estate and in the attractiveness of local facilities for residents, employees and visitors in Reading primarily contribute to the following priorities in the Corporate Plan:

- Providing the best start in life through education, early help and healthy living;
- Keeping the town clean, safe, green and active;
- Providing infrastructure to support the economy.

5.2 A key driver for the provision of high quality leisure facilities is to promote the health and well-being of the population. New facilities generally result in increased level of use and participation in the communities they are located. In turn this provides more opportunities to target specific initiatives to increase engagement and participation from those on low incomes or who have a range of health conditions that can be ameliorated through exercise and well-being programmes.

- 5.3 Replacing ageing and outdated facilities with modern ones will also have significant benefits in reducing levels of energy use, contributing to both sustainability and cost-effectiveness.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 Consultation with key stakeholders was carried out as part of the work to develop the indoor sports facilities strategy, including a range of sports clubs and operators. Consultation has also involved Swim England (formerly the Amateur Swimming Association) and Sport England to ensure that lead governing bodies for a variety of sports have been able to directly influence the strategy and are confident that it reflects their interests and input.
- 6.2 Following the report to Policy Committee in October 2016 that clearly set out the Council's intentions to upgrade the Borough's leisure facilities, a number of stakeholders have communicated their aspirations for the quality and specification of new provision, including swimming, diving and basketball clubs. Whilst the Council will ultimately need to balance these aspirations against cost and affordability in order to ensure that greatly improved facilities are delivered, the aspirations of local clubs will form part of the information that bidders receive and will need to respond to. Further and ongoing consultation with stakeholders and the public will be carried out over the coming months and as more detailed proposals are developed for both new and refurbished facilities.
- 6.3 The proposed new facilities to replace Central Pool and Arthur Hill Pool will require planning permission and be subject to statutory public consultation at the appropriate time.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 *Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—*
- *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
- 7.2 It is not considered that an Equality Impact Assessment (EIA) is relevant to the decision at this stage. It is anticipated that an EIA may be relevant to the future decisions required regarding the provision and location of permanent new leisure facilities and this will be undertaken in parallel with the development of the detailed proposals should it be required.

8. LEGAL IMPLICATIONS

- 8.1 The procurement processes for new leisure facilities will need to be compliant with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules and involve advertisement in the Official Journal of the European Union. The project team to manage the procurement has the necessary expertise to ensure such compliance.

- 8.2 The Council provides its leisure facilities under the provision of Section 19 of the Local Government (Miscellaneous Provision) Act 1976.
- 8.3 The Council's Procedure Rule 8(6)(e) states that where a petition is submitted to the Council signed by 1,500 or more people who live work or study in the local authority's area, the Head of Legal and Democratic Services, at the request of the Lead Petitioner, will ensure that the topic of the petition is included on the next available agenda to allow a full Council debate on the matter. This item has been included on the Council's agenda in accordance with this local provision within the Council's Standing Orders.

9. FINANCIAL IMPLICATIONS

- 9.1 The financial implications will only be fully understood as the procurement process proceeds but the approach adopted will drive the best value possible from a competitive leisure operator market. The basic premise (supported by the feasibility and options work already undertaken) is that new and improved leisure facilities will increase participation rates and income across the whole leisure estate so that they run at an operating surplus. A proportion of this operating surplus will be paid to the Council by the leisure operator and this payment can then be used to cover the costs of Council borrowing to fund the capital works undertaken by the new operator to develop and refurbish the leisure facilities to be provided (the Council can borrow at much more favourable rates than leisure operators so this is the most financially advantageous model for a major leisure procurement).
- 9.2 The costs associated with the procurement process (project management, legal and specialist advisors) are identified in the Council's approved Capital Programme and total £176k, of which £80k had been spent prior to the current financial year.
- 9.3 Whilst the capital cost for the development of new and refurbishment of existing leisure facilities is not yet known, these will be built and/or managed by the operator and the net costs of financing that capital expenditure will also fall on the new operator. Similarly the ongoing maintenance costs of these facilities will be met by the operator, transferring risk from the Council and reducing the need to spend capital in the future.
- 9.4 A bid will be submitted to Sport England for a capital contribution of between £1.5m and £2m from their strategic facilities funding. Access to this funding stream is limited and any application requires the prior agreement of Sports England. Confirmation that the Council is eligible to apply has been obtained and the Council is in ongoing dialogue with Sport England with a view to submitting an application once detailed proposals are developed. With competition for limited resources there is, however, no guarantee that any application will be successful.
- 9.5 Once the new contract is in place a full year saving of £630k compared to current operating costs has been built into the Council's Medium Term Financial Strategy.

10. BACKGROUND PAPERS

10.1 'Review of Leisure Facilities and Future Provision' - Report to Policy Committee
30th November 2015.

'Review of Leisure Facilities and Future Provision' - Report to Policy Committee
31st October 2016.