

North Tyneside Council

Report to Cabinet

Date: 16 April 2012

ITEM 6(d)

Title: Alternative
Management of Community
Centres

Portfolio(s): Leisure, Culture, Tourism
and Safer Communities

Cabinet Member(s): Cllr Glynis Barrie

Report from Directorate: Community Services

Report Author: Paul Gowans, Head of Cultural and
Customer Services

Tel: (0191) 643 7401

Wards affected: Howdon
Valley

PART 1

1.1 Purpose

The purpose of the report is to seek approval for the Council to undertake a procurement exercise in order to appoint providers to undertake alternative management arrangements for Howdon and Shiremoor Community Centres and obtain approval to grant a lease of the properties upon agreed terms to the preferred provider. In accordance with Contract Standing Order 8(4) this report requests approval to proceed with a procurement exercise as the estimated potential contract value is in excess of £500,000.

1.2 Recommendation(s)

It is recommended that Cabinet:

- (1) Delegate authority to the Head of Cultural and Customer Services, in consultation with the Cabinet Member for Leisure, Culture, Tourism and Safer Communities, the Strategic Director of Finance and Resources, the Head of Legal, Governance and Commercial Services, to:
 - (a) undertake the procurement and appointment of service provider(s) to deliver the management of Shiremoor and Howdon Community Centres;
 - (b) determine the duration of the contract(s);
 - (c) award contract(s) to the preferred provider(s)
 - (d) deal with any ancillary matters arising from the above recommendations.
- (2) Delegate authority to the Senior Manager, Strategic Property to:

- (a) in accordance with the Officer Delegation Scheme, grant leases of the properties on negotiated terms and for a duration commensurate with the term(s) of the service contract(s);
- (b) deal with any ancillary matters arising from the above recommendation.

1.3 Forward Plan

This report appears on the Forward Plan for the period 1 April 2012 to 31 July 2012.

1.4 Council Plan and Policy Framework

As agreed on 1 March 2012 as part of the Council Plan and 2012/13 Revenue Budget, Appendix G (vi) (b), page 219.

This priority has been progressed by Cabinet by agreeing the Change, Efficiency and Improvement Programme (CEI) which, under Theme 1, "Delivering service reform and rationalisation" refers to "service delivery models for sport, leisure and art services being appraised" (now incorporated within Theme B of the CEI Programme).

1.5 Information

- 1.5.1 The proposed procurement exercise is to seek alternative management arrangements for Howdon and Shiremoor Community Centres.
- 1.5.2 There are currently five Council-run Community Centres within North Tyneside. The White Swan Centre, Oxford Centre and John Willie Sams Centre are large, multi-purpose buildings that provide access to a wide range of Council and community services on one site. Howdon and Shiremoor Community Centres are smaller sites, with the major focus on community activities and use by voluntary and community sector organisations.
- 1.5.3 Community Centre provision has been reviewed in this context. The three large centres at Killingworth, Longbenton and Dudley still have a key role to play in delivering direct Council services, including libraries and Customer Services. However, it is envisaged that the Community Centres at Shiremoor and Howdon would offer more scope as hubs of community-based and community-developed activities, if managed in an alternative way, e.g. by community organisations.
- 1.5.4 Both Howdon and Shiremoor Community Centres are valued community facilities. However, in recent years they have seen a need for invigoration and a greater impact on the communities they serve. Discussions with users, members and representatives of the community and voluntary sector show that there is an opportunity for a stronger partnership to develop the centres to meet local community needs, while providing a saving to the Council in relation to running costs.

The Council's tender specification will promote the principle of community involvement in any alternative management arrangements proposed. Tenders will be evaluated against key criteria, including community involvement and engagement in the future operation of the centres.

- 1.5.5 Subject to Cabinet approval, the procurement process will deliver value for money as well as meeting the requirements of relevant procurement legislation and the Council's Contract Standing Orders.

1.5.6 The tender documentation will detail specific objectives on behalf of the Council to maintain Shiremoor and Howdon Community Centres as community facilities, including protection of tenure for existing tenants, and community involvement. The respective Ward Members will continue to be regularly briefed on the proposals and will be engaged in the exercise going forward.

If approval is given to proceed with the procurement exercise, expressions of interest will be sought from organisations to manage the facilities. The duration of the contract(s) and the lease terms will be negotiated with the preferred provider(s).

1.6 Decision options

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendation to proceed with the procurement process to seek provider(s) for the alternative management of Howdon and Shiremoor Community Centres.

Option 2

Cabinet may not approve the recommendation.

1.7 Reasons for recommended option

Option 1 is recommended for the following reasons:

While both centres are valued facilities in the community, there is a need for invigoration of the centres and greater partnership working within the community to ensure they make a positive impact on the communities they serve. There is an opportunity for stronger partnership with community and voluntary sector organisations to develop the centres to meet local community needs.

Alternative providers may be eligible to apply for funding the Council is not eligible for and/or to achieve savings such as business rates relief, and therefore could potentially run the centres more efficiently than the Council is able to.

Alternative management of Howdon and Shiremoor Community Centres will realise up to £90,000 of savings in 2012/13, increasing to up to £180,000 in 2013/14 to reflect the full year effect of the transfer, as part of the Council's Change, Efficiency and Improvement Programme. If the centres remain with the Council, these savings would need to be realised in a different way.

1.8 Appendices

None.

1.9 Contact officers

Paul Gowans, Head of Cultural and Customer Services, tel. (0191) 6437401
Yvonne Gorgon, Group Manager – Libraries and Community Centres (West), tel. (0191) 6435829

Andrea Stephenson, Group Manager – Libraries, Community Centres and Tourist Information Centres (East), tel. (0191) 6435291
Alison Campbell, Financial Business Manager, tel. (0191) 6437038

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

None.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and Other Resources

The contract could potentially be awarded to one or more individuals and organisations for a minimum of 1 year (on a rolling basis), to a maximum of 30 years. The expression of interest documentation will not specify a minimum or maximum contract period, to ensure that the market is open to the widest possible range of organisations. The contract period would be negotiated with the successful provider(s).

The Council would retain ownership of the buildings, but it is anticipated that the successful provider(s) would (subject to negotiation of terms) be liable for all running costs, including repairs and maintenance, thus potentially removing an annual cost of up to £90,000 from the Council's budget in 2012/13 and up to £180,000 by 2013/14.

2.2 Legal

The aggregate value of the contracts will exceed the EU procurement threshold of £173,934. The contracts must therefore be advertised and procured competitively in strict compliance with Directive 2004/18/EC and the Public Contracts Regulations 2006. The procurement process must also comply with the Council's Contract Standing Orders. As the risk of the contract(s) will be placed with the provider, this arrangement will be deemed to be a service concession. Service concession agreements do not require a full OJEU advertising process to be undertaken; however the Council must still comply with EU Treaty principles of openness, transparency and equal treatment. Legal advice will be sought when appraising the procurement options. An award will be based on the tender that is most advantageous to the maintenance of the centres as community resources against the criteria to be set out in the tender documents. The successful tenderer(s) will be appointed on the terms and conditions approved by the Head of Legal, Governance and Commercial Services.

When negotiating the terms of the lease the Council must be mindful that disposals of land at an undervalue may be regarded as unlawful state aid. Legal advice will be sought regarding the terms of the lease and any state aid implications arising.

Any alternative delivery model for services may have TUPE and pensions implications. The issue of asset transfer is also being considered within the context of proposed alternative delivery. Legal advice will be sought in this regard.

2.3 Consultation/Community Engagement

2.3.1 Internal Consultation

A consultation session was held with staff on 28 November 2011 to inform them of proposals for service changes linked to the Council plan and budget proposals.

Consultation for all members on the proposals took place at Members' Briefings on 12 and 17 January 2012.

Separate briefings were held with Howdon ward councillors on 23 January and 16 February, and with Valley ward councillors on 1 March, to discuss the proposals and seek their engagement in the process.

2.3.2 External Consultation/Engagement

Residents were able to comment on the proposals as part of the corporate engagement process for the Council Plan and Budget Proposals, via Area Forums and online consultation, beginning on 19 December 2011.

Drop in sessions were held at Shiremoor Community Centre on 19 January and Howdon Community Centre on 25 January to enable users, residents and potential service providers to discuss the Expressions of Interest process and offer feedback on the proposals.

This consultation has confirmed that there is sufficient interest in running the centres to warrant the procurement process being undertaken.

2.4 Human Rights

There are no human rights implications directly arising from this report.

2.5 Equalities and Diversity

An Equality Impact Assessment has been carried out on the proposals for libraries and community centres.

2.6 Risk Management

There is a risk that insufficient interest is generated in alternative management of the centres or that suitable providers cannot be found. The implications of this are that the identified savings would need to be realised elsewhere.

2.7 Crime and Disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and Sustainability

There are no environment and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Strategic Director(s) X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Strategic Director with Responsibility for Community Engagement X