

Decision Maker: **Renewal and Recreation Portfolio Holder
For Pre Decision Scrutiny by the Renewal and Recreation
PDS Committee**

Date: **13th November 2012**

Decision Type: Non-Urgent Non-Executive Key

Title: **COTMANDENE AND MOTTINGHAM CENTRES**

Contact Officer: John Gledhill, Head of Cultural Business Development
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Chief Officer: Marc Hume, Director of Renewal and Recreation

Ward: Borough wide

1. Reason for report

- 1.1 Following the decision by Members at the Executive meeting on 1st February 2012 to savings of £170k in 2013/14 from the Cotmandene Community Resource Centre and Mottingham Community and Learning Shop, this report provides details on a proposed tendering exercise to seek suitable and appropriately qualified organisations to manage, and operate the Centres. The exercise would seek to identify potential organisations that would build upon the current operation at the Centres, and additionally provide further commercial activities and schemes that would support the financial viability of the Centres.
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2. **RECOMMENDATION(S)**

That the Portfolio Holder agrees that:

- 2.1 **Officers undertake a tender exercise for both Centres for a period of 5 years, noting that a break clause will need be included in the Mottingham Centre as the current lease expires on 5th November 2014.**
- 2.2 **Subject to the Council receiving suitable returns that Members either agree that (a) a special Renewal and Recreation PDS Committee be held in March to consider recommending an award to the Portfolio Holder, or (b) recommend the delegation of the award to the Director of Renewal and Recreation in consultation with the Director of Resources and Portfolio Holder for Renewal and Recreation.**

2.3 If the Council fails to receive any suitable tender returns then the two Centres will close as from 1st April 2013, in line with the Executive decision of 1st February, and subject to the completion of any necessary consultation.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Vibrant Thriving Town Centres.
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Financial

1. Cost of proposal: Estimated cost If the service is outsourced there will be a saving of £127k in 2013/14 and £169k in 2014/15. If the service is not outsourced and the centres close, savings of £165k will be achieved from 2015/16.
 2. Ongoing costs: Recurring cost. Savings of £127k for 2013/14 and £169k from 2014/15 if the centres are outsourced. Savings of £142k for 2013/14, £151k for 2014/15 and £165k from 2015/16.
 3. Budget head/performance centre: Cotmandene and Mottingham Shops
 4. Total current budget for this head: £169k
 5. Source of funding: Existing Revenue Budget 2012/13
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Staff

1. Number of staff (current and additional): 5 (3.9ftes)
 2. If from existing staff resources, number of staff hours: 28 hours per week
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Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 15,992
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes.
2. Summary of Ward Councillors comments: Ward Members acknowledge that Members have agreed the budget reductions to the Centres, but raised concerns around their potential closure. Ward Members were keen to examine any ways of mitigating the impact of the budget reductions such as seeking alternative providers, or different delivery models, to try and ensure service continuity.

3. COMMENTARY

- 3.1 Members agreed at the Executive meeting on 1st February 2012 to savings of £170k in 2013/14, noting that the Career Development Group may be minded to take over the running of the two Centres and that if the shops could not be outsourced, that they would close. The Career Development Group have since confirmed that they do not wish to consider running the Centres.
- 3.2 Officers are therefore proposing to undertake a tendering exercise to seek suitable and appropriately qualified organisations to manage, and operate the Centres at no cost to the Council. The proposals would therefore generate savings of between £142k to £169k, depending on which option is taken forward.
- 3.3 The Cotmandene Community Resource Centre (CCRC) and Mottingham Community and Learning Shop (MCLS) (The Centres), currently form part of the Employment and Skills Team within the Renewal and Recreation Directorate of Bromley Council.
- 3.4 The Centres were established in 2002/3 from different teams within the local authority. CCRC was a legacy from the area based regeneration of The Crays, funded through the Single Regeneration Budget which finished in 2004. MCLS was established through support from Bromley Children's Project and Education Services. Both facilities are situated in some of the more deprived parts of the borough and were established with community support and consultation.
- 3.5 In 2010 both Centres came under the Culture, Leisure and Libraries Division within the Renewal and Recreation Department. The Council has provided core funding for The Centres supplemented by earned income and grant funding where available, together with a small Service Level Agreement with the public health service.
- 3.6 The Centres are both located on shopping parades easily accessed by foot by local people who live on neighbouring estates. There is parking on street or in nearby car parks, and they are served by regular bus services from Orpington or Bromley. The nearest train stations are approximately 20 minutes away from each Centre.
- 3.7 The Council owns the CCRC, and should a suitable future operator not be secured the Centre will close and therefore revert back to the Council's Property Section, and be available to be let as a shop unit.
- 3.8 The MCLS is owned by Headstates Limited and leased to the Council for a term of 5 years commencing on 6 November 2009 at a rent of £16k p.a. Should a suitable future operator not be secured the Council would be liable to pay both the rent and the rates due from 1st April 2013 to 5th November 2014, which is around £37.3k. In tendering the Mottingham Centre, there will need to be a break clause within any agreement as the operator may not be able to extend the current tenancy agreement from the 6th November 2014, meaning they would need to either identify other suitable premises, or cease operating.

Attendances

- 3.9 The current attendances at the Centres are detailed below:

Cotmandene	11,532
Mottingham	<u>4,460</u>
Total	<u>15,992</u>

A breakdown of the advice received is as follows*

Education	3%
Employment	5%
External agencies	8%
Health	7%
Housing	7%
Pension and benefits	9%
Support Services	17%

The remaining visits are made up with course bookings and people receiving general information and help.

* Cotmandene Centre only

Staffing

- 3.10 There are 5 permanent staff (equivalent to 3.9ftes) who oversee the two Centres operationally, managing the buildings, staff, programming, and partnership activity. The staff deliver most of the front-facing Information and Guidance and the day to day running of the Centres. Each member of staff currently works 28 hrs per week. The total staffing costs for both Centres is £124k.
- 3.11 The estimated total redundancy costs for the above staff should a suitable operator not be identified through the tender process is £15.5k

Process

- 3.12 Officers are seeking approval for the Council to undertake a tendering process to identify a suitably experienced organisation to manage and operate the Centres at nil cost. The process would look to identify organisations that have a successful and established record of delivering employment support, and Information and Guidance (IAG) on learning and well-being, including to those who are socially excluded or at risk of becoming so.
- 3.13 The Council is seeking an organisation that would build upon the current operation, whilst additionally providing further commercial activities and schemes that would support the financial viability of the Centres. The Council acknowledges that there needs to be a balance between the Centres providing free information and advice to people, and the need for the Centres to generate sufficient income from commercial activities to enable the Centres to be financially viable.

Procurement Timetable

- 3.14 The proposed timetable for the tendering exercise is detailed below:

Report to R and R PDS Committee	13 Nov 2012
Advertisement in press – sent out	14 Nov
Advertisement appears in press	w/c 19Nov
Expressions of interest received and PQQs dispatched	w/c 3 Dec
PQQ returns	w/c 10 Dec
PQQ Assessment and approval of short list of partner companies	w/c 14 Jan 2013
Full documents issued	w/c 14 Jan
Briefing of potential organisations and visits to site	w/c 21 Jan

Scheme proposals returned by organisations	w/c 4 Feb
Evaluation of scheme proposals and select organisations for interview	w/c 11 Feb
Interviews	w/c 18 Feb
Selection of preferred organisation	25 Feb
Report to special R and R Committee in March 2013, or Director of R and R and Director of Resources are recommended to make an award.	Mid March
Award of contract	Mid March
Start of Contract	1 st July

4. FINANCIAL IMPLICATIONS

- 4.1 At the Executive meeting of 1st February 2012, Members agreed to savings of £170k from the two centres with effect from April 2013.
- 4.2 Should the tendering exercise be successful, the centres will be outsourced at nil cost with a potential part year saving of £127k in 2013/14 and a full year saving of £169k from April 2014. This allows up to 3 months for the contractor to set up the operation following the award of contract during March 2013. Officers will have to identify alternative savings of £43k in order to balance the budget.
- 4.3 Should the tendering exercise be unsuccessful, the closure of the centres will result in savings of £142k in 2013/14, £151k in 2014/15 and £165k in 2015/16. The part year saving is due to the fact that the Council will continue to be liable for the rental and business rates for the MCLS until the end of the lease agreement on 5th November 2014. Business rates will continue to be paid for the CCRC until such time as a new tenant is found or the property is sold. Officers will have to identify alternative savings of £28k in 2013/14 followed by £19k in 2014/15 and £5k in 2015/16.
- 4.4 Should redundancy costs of £15.5k become payable, they will be funded from the central contingency provision set aside for redundancy/early retirement costs arising from the budget efficiency savings approved by the Council in February 2011.

5. LEGAL IMPLICATIONS

- 5.1 The Council believes TUPE may apply should suitable organisations be identified to operate a similar service in future. Details of the existing staff will need to be provided as part of the proposed tendering exercise. However the staff are not obliged to transfer to any new operator if they do not wish to do so
- 5.2 Given the fact the Council is not intending to make any capital or revenue payment to the operator it is proposed that an SLA be set up setting out the core objectives and responsibilities of the operator and the right of the Council to terminate the arrangements if these are not being fulfilled.

6. PERSONNEL IMPLICATIONS

- 6.1 Formal consultation in line with the Council's procedures for managing change is taking place with staff, Trade Unions, the Staff Side Secretary, and Departmental Representatives on the proposal to seek suitable and appropriately qualified organisations to manage, and operate the centres. The outcomes of this consultation will be reported to Members at the Renewal and Recreation Committee PDS in February 2013.

- 6.2 Should an alternative provider be identified to manage the centres and similar work is undertaken by the provider then the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) would apply to the 5 London Borough of Bromley employees currently engaged to provide the service. In this event the Council would commence consultation with staff, their representatives and the selected external provider to ensure that they are fully informed and consulted on the decision to transfer the undertaking and on the implications for their employment including any measures that the external provider might consider in relation to this transfer.
- 6.3 Any staffing implications arising from this report will need to be carefully planned for and managed in accordance with the policies and procedures and with due regard for the existing framework of employment law.

Non-Applicable Sections:	Policy Implications
Background Documents: (Access via Contact Officer) Report to Executive.	Executive Meeting 1 February 2012 Section 4.9, and Appendix 5c