

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

Expressions of Interest for Southlands Centre

Executive Member for Regeneration: Councillor Charles Rooney

Director of Commercial and Corporate Services: Tony Parkinson

Date: 15th June 2016

PURPOSE OF THE REPORT

1. The purpose of this report is to set out the expressions of interest received for the Southlands Centre and update the Executive on the next stage of the project..

SUMMARY OF RECOMMENDATIONS

2. It is recommended that Executive agree to the following recommendations:
 - That detailed business case submissions are invited from Bidders A,B,C, & D.
 - That the detailed business cases are evaluated and scored against the proposed scoring matrix as set out in Appendix 2 of this report.
 - That following evaluation, a further report be presented to Executive setting out the recommendation for the future management of the Southlands Centre

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

3. It is over the financial threshold (£150,000)
It has a significant impact on 2 or more wards
Non Key

DECISION IMPLEMENTATION DEADLINE

4. For the purposes of the scrutiny call in procedure this report is
Non-urgent
Urgent report

BACKGROUND AND EXTERNAL CONSULTATION

5. Executive approval was given for the withdrawal of Sport and Leisure Service provision from Southlands Centre on 26th January 2016, following the removal of the facility from the scope of the Leisure Trust.
6. Southlands Centre currently operates as two distinct service provisions for business and community use. The Enterprise and Business Centre is largely self-sufficient, providing accommodation for 56 businesses generating an annual income of £261,000 and annual expenditure of a similar amount.
7. The community facilities currently accommodate 18 different community groups with an income target of £120,000 and costs amounting to approximately £266,000.
8. This indicates a subsidy of £146,000 per annum, however a significant decrease in income is forecast for 2016-2017 following the withdrawal of Sport and Leisure Provision from the facilities.
9. The above figures do not include Cleaning and Building Maintenance costs which equate to approximately £40,000 per annum.
10. Following the move to a Trust organisation for Sport and Leisure Services, outline expressions of interest have been sought, to identify third party organisations who could be capable of potentially taking over the management and operation of the facilities for the future.
11. The Council's objective was to seek innovative third party proposals to enhance the existing community and business offers, together with providing broad details of how new significant opportunities could be sought. Proposals could include either the complete site, or discreet elements.
12. Initial expressions were invited on the 15th February 2016 and five outline expressions of interest were received by the closing date of the 5th April 2016.
13. These outline submissions were reviewed by the evaluation team on the 13th April 2016. In order to gain an objective analysis of the initial submissions, a number of key criteria were considered, including :
 - Which element of the site they proposed to utilise
 - Proposed uses
 - Development proposals
 - Investment proposals
 - Evidence of track record
 - Whether vacant possession was required

A schedule of the panel's findings can be found in Appendix One of this report.

14. Further consultation was undertaken with all five organisations to seek clarity on their submissions. Four provided sufficient clarity as summarised below|:
 - Bidder A proposes to use the community parts of the building for Special Educational needs provision.

- Bidder B proposes to enhance both the community and business elements of the buildings, based on enhancement of existing provision.
 - Bidder C proposes to enhance the business provision, and seek partnership arrangements to deliver the community provision.
 - Bidder D proposes to create new business propositions for the space.
15. Bidder E failed to provide details on whether they wished to continue any of the existing provision and any background to themselves as an organisation. The details submitted did not clearly demonstrate what plans they had for the full site. This bidder was therefore removed from the process.
16. In order to progress to a more detailed appraisal of the above proposals, more detailed business cases would be required from the bidders, which would then be assessed using an agreed scoring matrix which would take account of the project priorities in line with the Council's Vision and strategic objectives. The proposed assessment matrix is shown in Appendix Two of this report.

IMPACT ASSESSMENT (IA)

17. An Impact Assessment has been undertaken and the proposals do not disadvantage any groups in respect of human rights, equality or community cohesion.

OPTION APPRAISAL/RISK ASSESSMENT

18. Options available to the Council:

A. Do nothing. - This could result in:

- Failure to achieve a savings target of £300,000.
- On-going holding costs of vacant space.
- Future repairs and maintenance liabilities.

B. Seek detailed business case submissions from four of the initial five interested Parties. This could result in:

- A more detailed assessment and appraisal of options against the key criteria.
- Determine whether business cases are robust.
- Sustainable future management of the Southlands Centre.
- Consideration as to whether the Council might consider retaining the future management of the Enterprise/Business facility.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

19. **Financial** - Southlands Centre currently operates as two distinct service units for business and community use. The Enterprise and Business Centre is largely self-sufficient, providing accommodation for 56 businesses generating an annual income of £261,000 and annual expenditure of a similar amount.
20. The community facilities currently accommodate 18 different community groups with an income target of £120,000 and costs amounting to approximately £266,000.

21. This indicates a potential saving of £146,000 per annum, however a significant decrease in income is also forecast for 2016-2017 following the withdrawal of Sport and Leisure Provision from the facilities.
22. The above figures do not include Cleaning and Building Maintenance costs which equate to approximately £40,000 per annum, and which would also be saved through Council withdrawal from the facilities.
23. The Southlands Centre has a savings target of £300,000 within the overall 2016-2017 Change Programme target for Sport and Leisure Services.
24. Transfer to an external organisation would also attract business rate income for the Council, the amount of this income would be dependent upon the nature of service provision, however it is anticipated that the savings target of £300,000 could be achievable through a combination of the above.
25. **Ward Implications** - The site boundary sits within or in very close proximity to three wards namely Parkend and Beckfield, Berwick Hills and Pallister, Brambles and Thorntree. It also serves the wider Middlesbrough Community. Ward Councillors have been briefed on the Council seeking expressions of interest for the future use of the site.
26. **Legal** – Any future proposal will be subject to existing legal practices in respect of property disposal/community asset transfer.

SCRUTINY CONSULTATION

27. The Community Safety and Leisure Scrutiny Panel included the future of Alternative Delivery Model's for Sports and Leisure services in their 2014/15 programme. Updates were provided to the panel during their 2015-2016 programme. The future use of the Southlands Centre was discussed as part of this process.

RECOMMENDATIONS

15. It is recommended that Executive agree to the following recommendations:
 - That detailed business case submissions are invited from Bidders A,B,C, & D.
 - That the detailed business cases are evaluated and scored against the proposed scoring matrix as set out in Appendix 2 of this report.
 - That following evaluation, a further report be presented to Executive setting out the recommendation for the future management of the Southlands Centre

REASONS

28. The proposal addresses issues around the vacated community space in the Southlands Centre.
29. The proposal allows the Council to maximise opportunities regarding the future sustainability of the existing businesses within the Enterprise/Business facility.
30. The proposal could generate significant financial savings and support the wider strategic objectives of the Council.

31. The proposed approach allows a more detailed assessment of businesses cases and an assessment framework which will ensure the best possible outcomes for the Council.

BACKGROUND PAPERS

No background papers were used in the preparation of this report.

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