

Premises of the former Bonnyrigg Leisure Centre

Report by Chief Executive

1.0 Purpose of Report

- 1.1 This report advises Council on the assessment of bids received from parties seeking to take possession, by way of transfer by the Council, of the premises of the former Bonnyrigg Leisure Centre; and makes recommendations based on the outcome of that assessment.

It also outlines proposals received from the Bright Sparks Managerial Committee in relation to an alternative use of the Bonnyrigg Leisure Centre for Members' consideration.

2.0 Background

- 2.1 Council will recall that on 25 March 2014 it considered my report on bids which had been received from parties wishing to take possession, by way of letting from the Council, of the premises of the former Bonnyrigg Leisure Centre; the premises having closed in July 2013 when the new Lasswade Centre was opened.

- 2.2 Following consideration Council resolved:

- “(a) To welcome the report by the assessment panel on bids for the former Bonnyrigg Leisure Centre;*
- (b) to accept the recommendations of the assessment panel not to accept either the bid from Bonnyrigg Centre Trust or Midlothian Fitness Academy;*
- (c) that in order to support officers in undertaking a review of the merits and opportunities for soft play provision in the Bonnyrigg area, demolition of the former Leisure Centre be postponed to allow consideration to be given to the use of all or part of the building;*
- (d) to request a report to the June meeting of Midlothian Council to present the outcome of these considerations; and*
- (e) to instruct the Chief Executive to write to each of the two bidders to inform and explain the reasons for the decision of the Council.”*

- 2.3 To provide for proper implementation of recommendation (c), a further opportunity was taken to offer the premises to let. Following advertisement, three bids were received by the due deadline; these being from:-

- 2.3.1 Bonnyrigg and Sherwood Community Development Trust;
- 2.3.2 Bonnyrigg Centre Trust Limited; and
- 2.3.3 LO-GY Limited.

3.0 Assessment of Bids

- 3.1** To ensure that a comprehensive, robust and consistent assessment would be undertaken I appointed an assessment panel comprising three Council heads of service and a representative of the Community Planning Partnership, that person being an associate director of NHS Lothian. The remit of the Panel was,

“To consider and address the merits of the bids received from parties seeking to secure the premises of the former Bonnyrigg Leisure Centre, and to report its findings, conclusions and recommendations to the Council’s Chief Executive.”

- 3.2** The Assessment Panel undertook its work entirely objectively and independently: and delivered its final report to me on 13 June 2014. A full copy of the report of the Panel is annexed to this report.

4.0 Consideration of the Report by the Assessment Panel

- 4.1** On the basis of the information set out in parts one to four of the report of the Assessment Panel I am content that the Panel has undertaken a comprehensive and complete assessment of the bids received.
- 4.2** The detailed findings and conclusions of the Panel are set out in parts five to seven of its report, with a summary at part eight and recommendations at part nine. The assessment used a range of specified criteria (Appendix B to the Panel report) which broadly cover two themes; these being the financial viability and long-term sustainability of the venture, and the degree of genuine community involvement and added benefit to the community of the venture.
- 4.3** Following assessment of each bid using the established criteria, the Panel concluded that the only bid which was worthy of further consideration is that submitted by the Bonnyrigg Centre Trust Ltd. The Panel note that whilst relatively strong in demonstrating levels of community engagement in the proposed venture, its financial business model contains weaknesses which call into question the longer term sustainability of the venture. However, the Trust is clear in stating that it would not be seeking any resource input from the Council, and requests that it be given an initial period of six months in which to become established; and that in the event of failure in that six month period the building be returned to the Council for demolition. As the Panel note, whilst this is a seemingly ‘risk-free’ option for the Council, it is the case that in practice if the venture begins to fail the Council may come under pressure to subsidise and sustain the venture with funding and/or other resources.
- 4.4** Members may also wish to note that a petition with 481 signatures was submitted to the petitions committee to ‘urge Midlothian Council to abandon plans to demolish the former Bonnyrigg Leisure Centre building (and) transfer into Bonnyrigg Centre Trust for use as a Community Hub’. The petition was disallowed as there was a clear process in place to allow bids for the use of the former leisure centre to be assessed. It was assessed that the petition may be considered as canvassing by the Trust or give an unfair advantage if the submission was heard by the Petitions Committee.

5.0 Representation Received from Bright Sparks Special Needs Playgroup

- 5.1** A letter was received by me from the Bright Sparks Management Committee on 12 May 2014 setting out a proposal for use of part of the Bonnyrigg Leisure Centre. This proposal has not been considered by the Assessment Panel, as it does not constitute a community asset transfer: rather it would be an arrangement under which Bright Sparks would occupy the premises whilst the Council would undertake all the normal activities associated with the running of an operational Council building, such as utility services, repairs, security etc.
- 5.2** In summary, the proposal by Bright Sparks is to relocate from its current base at the Cockpen Centre to the back part (gym hall, kitchen, three storage rooms, toilet block, and new foyer) of the former Leisure Centre building. Midlothian Council funds Bright Sparks to provide play group support for children 0-5 with complex additional needs and their families in Midlothian. In addition the group fund raises to provide a range of activities after school and during holiday periods for children 0 -11. Demand for its services has steadily increased in recent years such that it is looking to move to bigger premises to accommodate that demand, and also to expand and extend its range of related services.
- There is also the opportunity to develop closer links between Bright Sparks and the Council to develop the provision further, moving the focus from playgroup to nursery provision in line with Children's Act. This would require a service level agreement encompassing governance around legislation, registration with appropriate bodies and partnership working.
- 5.3** Since receiving the letter of proposal on 12 May I have been sent further information by Bright Sparks identifying a range of organisations that support their relocation proposal, and the extended range of groups who would be involved in using the building. More recently Bright Sparks has advised that it is being considered by the BBC (DIY SOS team) programme as a potentially worthy project.
- 5.4** A paper petition with 1040 signatures in support of Bright Sparks moving to the Bonnyrigg Leisure Centre was submitted on 20 June 2014. At the same time a list of 2673 names of individuals supporting an online petition in similar terms was also submitted, along with 11 letters of support from locally based organisations. It had not been possible to scrutinise these in any detail at the time of writing this report.
- 5.5** The Bright Sparks proposal has not been subject to the same degree of scrutiny or consideration as the Community Asset Transfer bids submitted to the panel. Taking that into account, if Members are minded to support this proposal, it would clearly be necessary for relevant officers to undertake a detailed analysis of the proposal, the associated costings and the budgetary implications for the Council.

6.0 Report Implications

6.1 Resource

The costs of the work of the Assessment Panel have been within allocated budgets. As advised in previous reports to Members, the costs, including maintaining security and public safety of the premises, are approximately £7,000 per month. To cover the potential option of demolition an appropriate sum has, following tender, been set aside to cover this eventuality. A further potential financial implication is noted under the risk section of this report.

If transfer is made to any of the three bidders then the successful bidder would be required to meet all costs associated with the operation and upkeep of the building.

If the Council were to consider the relocation of Bright Sparks to the former Bonnyrigg Leisure Centre then the Council would incur the day to day running costs of maintaining, servicing and repairing the remaining part of the building. It would also incur the costs of demolition as Bright Sparks only require the rear part of the premises. This, in turn, is likely to add further to costs as there will need to be work to secure the rear portion of the building as part of selective demolition of the remainder of this single unit building. To offset these costs the Council could seek to redevelop the existing site of the Cockpen Centre to another use, probably residential, and achieve a receipt. The current running costs of that facility would offset in part or in full those of the Bonnyrigg Leisure Centre. As previously indicated, it will be necessary for relevant officers to undertake a detailed analysis of the proposal to fully assess the budgetary implications for the Council.

6.2 Risk

The report of the Assessment Panel identifies the potential adverse consequences (risks) of accepting any of the submitted bids. It is also relevant to note the interest of 'Fields in Trust' which, under the provisions of the trust arrangement which applies to the Park, needs to approve of the proposals for changes to the use or disposal of the premises. The role of Fields in Trust, correctly did not form part of the Panel's assessment. In separate informal contact with Fields in Trust that body has advised that in the event of the premises being used for an essentially commercial use, it may require the site and buildings to be valued for their proposed commercial use, and a replacement site of equivalent value be provided for use as public open space/playing field: or equivalent improvements to the existing Park.

The report of the panel notes the potentially significant primary commercial element of two of the bids, although it does note potentially mitigating factors. The risk to the Council is that if transfer took place to a bidder whose use of the building was deemed by Fields in Trust to be essentially commercial in nature, then the Council could potentially incur the quite substantial costs of providing enhancement or equivalent replacement land for use as public open space/playing field.

Both the Bonnyrigg Leisure Centre Trust and the Bright Sparks proposals are likely to be compliant with the requirements of Fields in Trust. In the event that the Council decides to demolish the building, Fields in Trust has advised that it would not raise objection subject to the site reverting to use as part of the wider public park within which it lies.

6.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Business transformation and Best Value

6.4 Impact on Performance and Outcomes

None directly applicable to this report.

6.5 Adopting a Preventative Approach

Not directly applicable to this report.

6.6 Involving Communities and Other Stakeholders

The advertising to let of the premises provided the opportunity for community based groups to apply to operate from the building.

6.7 Ensuring Equalities

The deliberations of the Assessment Panel included reference to criteria directly related to equalities and addressing the needs of minority and other groups. An Equalities Impact Assessment has been carried out.

6.8 Supporting Sustainable Development

Not directly applicable to this report.

6.9 IT Issues

None.

7.0 Summary

7.1 In response to the Council's further advertisement to let the premises of the former Bonnyrigg Leisure Centre, three bids were received. These bids have been the subject of comprehensive, independent and rigorous consideration by an assessment panel. The Panel has reported with recommendations. Separately, and in addition to these, the Council has received an alternative use proposal from the Bright Sparks Management Committee. Recommendations related to these proposals are set out below.

8.0 Recommendations

8.1 It is recommended to Council that:

- i. the revised submission from the Bonnyrigg and Sherwood Community Development Trust be not accepted;
- ii. the bid from LO-GY Limited be not accepted;

- iii. consideration be given to identifying Bonnyrigg Centre Trust Limited as preferred bidders, to be granted a let of the premises for an initial six month period which is subject to review at the end of that period, and on the strict understanding that the Council shall not incur any costs before, during, or after that period other than costs of demolition should the premises be returned to the Council at any time, and subject to all other normal terms and conditions which apply in the letting of Council owned premises; or
- iv. As an alternative to the community asset transfer, consideration be given to the approach received from Bright Sparks, and that officers are tasked with undertaking a detailed analysis of the proposal the associated costing and budgetary implications, prior to this being taken forward, reporting back to the Council if this cannot be successfully implemented, and or will require the approval of provision in the budget.
- v. in the event of iii) and iv) above not being accepted, and unless the Council has any operational reason for retaining the building for a use compatible with its existing community leisure and recreational status, then the building be demolished at an early date together with reinstatement of the ground for use as part of the public park within which it lies.

Date: 18 June 2014

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Background Papers:

- a) Submission by Bonnyrigg and Sherwood Community Development Trust.
- b) Submission by Bonnyrigg Centre Trust Limited.
- c) Submission by LO-GY Limited.
- d) Correspondence received from Bright Sparks Special Needs Playgroup.
- e) Report of the Assessment Panel submitted to the Chief Executive.