



To: Executive Councillor for Communities:
Councillor Richard Johnson

Report by: Head of Communities

Relevant scrutiny committee: Community Services
Scrutiny Committee 30/6/2016

Wards affected: All

Extension to the Leisure Management Contract 2020-2023

Key Decision

1. INTRODUCTION

- 1.1 Leisure Management within the City has been externalised to several private leisure operators over the last twenty years. The current contract was awarded to Greenwich Leisure Limited (GLL) after an EU competitive tender exercise and they commenced in October 2013 on a seven year contract, with an option to extend for a further three years.
- 1.2 GLL have been performing well over the three years since starting the new Contract, completing the multimillion pound capital investment programme outlined in their tender for the improvements of the Councils Leisure Portfolio. Maintained and increased visitor numbers and swims, delivered a new concessionary membership scheme, and continue to deliver high quality services to the public.
- 1.3 This report seeks approval to award the three year extension to GLL to allow further investments within the leisure contract and GLL to have enough time to realise payback on these further investments.
- 1.4 Investment projects are not limited to only capital investments within the portfolio but will also see investment in staff and the extended contract period will enable GLL to pay the UK Living Wage (current UK rate of £8.25 per hour) to all employees within the Cambridge Leisure Contract.

2. RECOMMENDATIONS

It is recommended that the Executive Councillor for Communities;

- 2.1 Instructs officers to progress awarding an extension of the Leisure Management Contract to Greenwich Leisure Ltd (GLL) under the current contractual arrangements and existing terms & conditions for the allowed three year extension period commencing October 2020 to the end of September 2023.
- 2.2 Authorises officers to continue to work with GLL for further implementation of investments and delivery within the Leisure Contract with the ongoing aim to also reduce the Management Fee paid to GLL over the remaining seven year period
- 2.3 Instructs officers to seek confirmation that GLL will pay the UK Living Wage (currently set at £8.25 per hour), to all members of staff working on the Cambridge contract from 1st October 2016 onwards for the remainder of the Contract term.

3. BACKGROUND

- 3.1 Leisure Management within the City has been externalised to several private leisure operators over the last twenty years. The current contract was awarded to Greenwich Leisure Limited (GLL) after an EU competitive tender exercise and runs for seven years from October 2013 to the end of September 2020.
- 3.2 The Contract award to GLL was agreed at a meeting of Community Development Scrutiny Committee in June 2013
- 3.3 The Contract has an option to extend the contract period on the same terms and conditions for a further three years from October 2020 to the end of September 2023.
- 3.4 GLL's tender submission provided the Council with a £300,000 per annum saving over the previous Leisure Management contract and also provided a £2.4 million pound investment package for improvements to the Councils leisure facilities, for energy saving measures along with fitness facility improvements at the pools.
- 3.5 The tender was not a Living Wage tender and the City Council at the time of Leisure Management tendering process was not a Living Wage employer, nor was it signed up to the Living Wage Foundations commitment.

- 3.6 Cambridge City Council became an accredited Living Wage employer in November 2014. The City Council's Living Wage policy is a key part of the Anti-Poverty Strategy and reflects the Council's priority to share prosperity and to ensure that the benefits of growth are enjoyed by all, including those in low-paid jobs. Accreditation requires that the Council must ensure to the extent permitted by law that any of its contractors which supply an employee who provides a service to or on behalf of the Council involving 2 or more hours of work in any given day in a week, for 8 or more consecutive weeks in a year on the Council's premises, property, or land should be paid at least the Living Wage. Furthermore, the contracted employees must be awarded any increase in the Living Wage within 6 months of the new rate being officially announced. Accreditation does not require employers to pay the Living Wage to apprentices and interns.
- 3.7 GLL have demonstrated a high level of commitment to their submission and working in partnership with the City Council, in particular delivering on the council's Anti-Poverty Agenda with concessionary access schemes, and on a priority scheme to enable free swimming lessons for those on low incomes and working with local schools for top up lessons to enable all school children to be able to swim 25m by the time they leave primary school education.
- 3.8 The Cambridge leisure portfolio has seen capital investment and improvements in energy management at the centres, with the Combined Heat and Power unit (CHP) at Parkside Pools being updated and brought back online, a new boiler, photo voltaic installation and new energy efficient lighting in the sports hall at the Cherry Hinton Village Centre. Abbey Pool has also had new boilers and voltage optimisation installed, and Kings Hedges Pool has seen an air source heat pump installed, and along with better management of the energy savings investments the City Council have also made, ensures the leisure portfolio remains committed to energy management and carbon reduction.
- 3.9 GLL have also made capital investments as per their tender to improve the health and fitness facilities at the centres, with an extension to the Abbey Pools gym, a new fitness studio and investment in the gym changing rooms. A large scale investment at Parkside Pools saw the conversion of the dated health suite to a modern gym, studio and fitness centre, which now has around 6,000 visits per month.

- 3.10 GLL also continue to work well and inline with their tender submission and continue to deliver on the aspirations for the leisure portfolio set out by the Council in the original tender documents, and although not a Living Wage tender has remained committed to bringing the UK Living Wage to its staff within the contract.
- 3.11 The Councils client team have a good working relationship with all levels of staff and management locally in the Cambridge contract and with GLL's senior management team at their Head Office.
- 3.12 Officers meet with GLL managers on a monthly basis to monitor client and operational issues and maintenance and facility based issues and general progress. Regular client monitoring visits of the facilities are undertaken to ensure good levels of performance and contractual compliance.
- 3.13 Quarterly performance data is compiled and submitted both through the Performance Management Framework (PMF) and Corporate Performance Indicators. The PMF invites Members to twice a year (mid and end of year) reviews, to raise issues and concerns with the GLL management team on a face to face basis.
- 3.14 The PMF reports on swimming throughputs for each pool, number of complaints and compliments received, along with contractual compliance, public engagement forums held, maintenance logs, and a range of client monitoring feedback including safeguarding.
- 3.15 Corporate Performance Indicators also show GLL's continued increase in delivering general swimming visits at the pools, with swims up over 19,000 compared to last year across the pools. Accompanied with very large increase in memberships from those on low incomes, with over 7,600 signed up to concessionary memberships and able to access to the pools and gyms with up to 50% discount, is increasing the participation levels for those in most need.
- 3.16 The Contract currently in its third operational year and with the three year extension will allow for a seven year period, to enable further investment into the portfolio to be made and give GLL a better payback term for future investment into the portfolio.
- 3.17 Officers have been working with GLL to identify further opportunities which would improve the facilities and the long term commercial viability of the City Councils portfolio for future years. It may also allow efficiencies to be realised that can contribute to the Council's overall savings target. The projects below are capital investment opportunities in a priority order to be developed further with GLL and utilising S106

developer contributions for indoor sport, for potential implementation into the Leisure Contract over the remaining seven years. (in the event the option to extend is exercised).

- 3.18 All projects are subject to further discussion and consultation, and obtaining relevant planning permissions, allocations of S106 developer contributions and capital invest from GLL. No agreement has been given, and these capital projects are not conditional to the award of the contract extension.

NEW PROJECT PROPOSALS

- 3.19 **Add New Community Gym at the Cherry Hinton Village Centre, whilst retaining community rooms**

To build a new structure on the side of the Village Centre (in the existing under used garden area) to provide a new multipurpose room, meeting room, reception and kitchenette to replace the current provision and enable the centre to continue to serve the local community meeting space needs, and be able to be hired separately from the rest of the building for parties and events

To then convert the existing multipurpose room, meeting room, office and kitchenette footprint and reconfigure to a community gym and well-being centre to provide around 40/45 fitness stations, a group exercise room, and consultation room.

The focus to be a small community gym for local residents with an emphasis on health and well-being tied into the Councils Exercise Referral programme and outpatient clinics for Addenbrookes hospital.

The conversion of the existing community rooms to a community gym will only begin once any extension to the Village Centre has been completed.

- 3.20 **New Poolside features at Abbey Pool**

To develop poolside water play features around the small pool at Abbey Pool, and introduce a double water slide and separate water catch utilising the existing balcony and poolside steps.

- 3.21 **Photo Voltaic energy-saving system at Parkside Pools**

Installation of a large photo voltaic system on the roof of Parkside Pools pool hall facing onto Mortimer Road – [a previous planning application was approved for these works and is still current]

- 3.22 **And/or Solar Thermal energy saving system at Parkside Pools**
Installation of a Solar Thermal system on the roof of Parkside Pools facing onto Mortimer Road
- 3.23 **Options for improvements to Jesus Green Outdoor Lido**
To provide a new building within the pool demise to include, a new entrance and reception, new male and female changing rooms, a café, a multipurpose room and function space, along with improvements to the rest of the facility to improve access and disabled access to the poolside surrounds and pool facilities.
- These range of improvements to the Jesus Green Outdoor Lido, will also seek S106 developer contributions, as per the recommendations in the S106 report “Use of generic S106 contributions (Communities)” (30/06/16).
- 3.24 **Energy Saving Measures across the portfolio**
Upgrade the air plant and air handling units at Abbey Pool.
Upgrade the floodlighting on the Astroturf at Abbey pool, and car park lighting to more energy efficient LED lighting and timer controlled units.
General lighting projects around the centres to convert to energy saving LED fittings.
Explore further opportunities for investment in energy saving initiatives
- 3.25 **Changing Room Expansion at King Hedges Learner Pool**
To develop the changing room facilities at the pool to increase the size and/or provide a new large changing room or rooms suitable for school use and use by large groups, and Asian ladies sessions.
- 3.26 **New Indoor Facility**
Potential to create a new indoor facility of either a 4 court sports hall, rubber crumb five a side pitch, trampoline centre, or general multi activity extreme sport/Skate/BMX/Climbing facility on the overflow car park at Abbey Pool with a linking corridor to the front reception.
Potential to utilise and relocate the steel framed building that currently houses the “Stores” at Mill Road Depot subject to the sites redevelopment over the coming years.

LIVING WAGE FOUNDATION - IMPLEMENTATION OF PAY

- 3.27 The additional three years provided via the contract extension will also allow GLL to be able to afford to further invest in their staff and be able to implement a Living Wage, as recognised by the Living Wage Foundation, to all staff within the Cambridge Contract.

3.28 GLL currently pay the statutory “National Minimum Wage” (including the mandatory “national living wage” rate of £7.20 per hour for those aged over 25) to its staff and under the terms of the GLL will uplift this payment to the current UK Living Wage rate set by the Living Wage Foundation of £8.25 per hour, and will apply the future annual increases in the UK Living Wage rate.

CONCLUSION

2.29 The contract extension will allow the UK Living Wage rate of remuneration to be paid to GLL staff commencing on the 1st of October 2016, the start of the fourth contractual year and be able to be maintained to the end of the Contract term to September 2023.

3.30 This will bring the Leisure Contract into compliance with the City Councils Living Wage Foundation Accreditation to have all appropriate contracts UK Living Wage compliant by the end of October 2017.

3.31 It is on this basis of continued good performance, contractual compliance, demonstration and delivery of capital investment for the improvements of the Councils Leisure Portfolio, further investment opportunities and investment in their staff for the payment of the UK Living Wage rate, that it is the officer’s recommendation that the Leisure Management Contract with GLL should be extended for the allowed three years to the end of September 2023.

4. IMPLICATIONS

4.1 Financial implications:

The leisure contract Management Fee will continue to be paid to GLL [currently at £430,200 per annum], and is inflated by September’s CPI (consumer price index) annually. The Management Fee will be maintained on this basis carrying the management fee of September 2020 with an annual CPI inflation through the remaining three year contract extension period.

Officers will work with GLL to consider further the proposed investments noted within this report that have the capability to improve the financial position of the Contract, the long term commercial viability of the City Councils portfolio for future years, and to reduce the management fee payable by the Council.

4.2 Staffing implications:

The award of an extended contract period by the allotted three years will enable GLL to make investments in their staff employed within the Cambridge contract, and the extended period will enable GLL to pay

the UK Living Wage from the 1st of October 2016, the start of the fourth contractual year for the remainder of contract term to September 2023, and will apply the future annual increases in the UK Living Wage rate.

GLL will also be encouraging more apprenticeships within the Cambridge Contract with a new scheme they are rolling out across the company linked to training at their Academy in Greenwich and are able to partner with local organisations for its delivery.

4.3 Equalities and poverty implications:

The concessionary membership scheme GLL provide will continue, which offers up to 50% discount off entry prices for those in receipt of means tested benefits, and has seen a large increase in uptake and usage since GLL started the contract in October 2013 where it replaced the old Leisure card scheme.

Work on school swimming and supported children's top up lessons and individual lesson programmes will continue and develop further over the coming years to achieve the council's objective to have all children able to swim 25m by the time they leave primary education.

Ladies & Asian Ladies only sessions will continue with the dedicated sessions currently running at Abbey and Kings Hedges Pools

Dedicated disabled swimming sessions at Parkside (and at Kings Hedges during the holiday periods) will continue

GLL will continue to operate and work with the Sports Team for delivery of the exercise referral scheme

GLL also have a national support programme of free access for national level athletes and a grant awards programme for up and coming athletes and those on benefits to enable them greater access to training facilities and equipment.

4.4 Other implications: Environmental

There will be a positive impact on the environmental position of the Leisure Contract, with the potential investment opportunities for more energy saving measures to be introduced at the facilities especially at Parkside Pools with either a Solar Thermal or Photo Voltaic system or possible combination of both, that would reduce energy consumption at the pool.

Other projects include changing the outdoor floodlighting on the artificial pitch and in the car parks at Abbey pool and general lighting projects around the centres to convert to energy saving LED fittings.

5. BACKGROUND PAPERS

- 5.1 2015/16 Performance Management Framework
2015/16 Corporate Performance Indicators

6. APPENDICES

- 6.1 There are no Appendices

7. INSPECTION OF PAPERS:

To inspect the background papers or if you have a query on the report please contact:

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