

## REPORT TITLE: LEISURE MANAGEMENT CONTRACT 2026

**To:**

Cameron Holloway - Executive Councillor For Community Safety, Homelessness and Wellbeing Environment & Communities Scrutiny Committee (20/03/2025)

**Report by:**

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**Wards affected:**

All

1.	Recommendations
1.1	<p>The following recommendations are made for approval by the Executive Councillor for Community Safety, Homelessness and Wellbeing the future Council Leisure provision for facilities and services are as follows:</p> <ol style="list-style-type: none"> <li>1. To retain a core physical activity and leisure service within the City Council.</li> <li>2. The future of leisure services should be focussed on where investment and resources will have most impact on reducing health inequalities and increasing levels of physical activity.</li> <li>3. Development and adoption of a strategic Vision for future provision of physical activity facilities and services across the city.</li> </ol> <p><b>Facilities</b></p> <ol style="list-style-type: none"> <li>4. Authorise Officers to go to the marketplace and procure an outsourced leisure management model for a term of up to 15 years to 31<sup>st</sup> March 2041, embedding in strategic breaks.</li> <li>5. Retain an “Agency Model” within the new contract to realise benefits of changes to reclamation of irrecoverable VAT on leisure services.</li> <li>6. Reduce the financial impact of the leisure portfolio on the Councils finances to; <ul style="list-style-type: none"> <li>• Lower the management costs towards a break even position</li> <li>• Seek to increase income from the leisure management contract</li> <li>• Seek partnership opportunities for investment in facilities</li> <li>• Explore opportunities for community asset transfers</li> </ul> </li> <li>7. Ensure any new Contractor will adopt a Real Living Wage remuneration within the local workforce.</li> <li>8. Adopt Community Wealth Building opportunities within the Contract.</li> </ol>

1.	<b>Recommendations</b>
	<p><b>9.</b> Allow Officers to engage and negotiate an extension of the scope of the new outsourced contract to include;</p> <ul style="list-style-type: none"> <li>• Educational establishments sports and leisure facilities within the City Council boundaries</li> <li>• Sports and Leisure Facilities within South and East Cambridgeshire District Councils boundaries, including any District Council, Parish Council and Educational Establishment Facilities</li> <li>• Any third party operators or clubs facilities in either Local Authority boundaries</li> </ul> <p><b>10.</b> Develop an investment plan reflecting the findings of the Built Facility Strategy. Priority investments for;</p> <ul style="list-style-type: none"> <li>• Decarbonisation of the portfolio to reach the Council’s Net Zero aspirations by 2030</li> <li>• Improvements to Jesus Green Lido</li> <li>• Improvements and expansions of fitness suites and studio provision</li> </ul> <p><b>11.</b> Include Health outcomes aligned with Public Health and NHS Commissioning Boards within the specification with clear KPIs and outcomes to be delivered.</p> <p><b>12.</b> Allow the procured Contractor to be able to deliver some elements of social prescribing</p> <p><b>13.</b> Work with developers in relation to strategic sites identified in the emerging Local Plan to 2041 for:</p> <ul style="list-style-type: none"> <li>• Allocation of offsite funds to new pool locations and existing pool and indoor and outdoor sports improvements</li> </ul> <p><b>KPIs</b></p> <p><b>14.</b> Develop a suite of relevant leisure KPIs that reflect and align to corporate priorities which enable the impact of service outcomes to be evaluated and develop a regular reporting process to update and be reviewed by Members.</p> <p><b>Partnerships</b></p> <p><b>15.</b> Review all grant aid support including National Non Domestic Rate Relief (NNDR); focussing on where it will have most impact on reducing inequalities and decreasing inactivity and improving healthy lifestyles.</p> <p><b>16.</b> Work with Public Health and NHS Commissioning Boards to determine areas of investment and collaborative partnerships to deliver Health outcomes aligned to both organisations objectives and with clear KPIs to be delivered.</p> <p><b>17.</b> Consider options for asset transfer and report back to Scrutiny committee should there be any changes or requests to transfer assets.</p> <p><b>18.</b> Develop the relationship with Friends of Jesus Green Lido for capital investment and fund raising opportunities through their charitable status.</p> <p><b>Devolution</b></p>

<b>1.</b>	<b>Recommendations</b>
	<b>19.</b> To consider and build in flexibility within the contract term to adjust to any impacts on the Leisure Management Contract that may develop across the District as a result of devolution.

<b>2.</b>	<b>Purpose and reason for the report</b>
2.1	<p>This report is being presented to update Members and conclude the on ongoing work to review the Council's leisure provision of facilities and services and gain authority to retender Council leisure services.</p> <p>The review highlights the opportunities to deliver even more cost-effective services in the future and the rationale behind this, as well as the opportunities for contract update, modernisation and expansion, all of which contribute to improved cost efficiencies, and drive the delivery of even greater social value.</p> <p>This review of leisure services has required consideration of:</p> <ul style="list-style-type: none"> <li>• What the Council's core leisure offer should comprise</li> <li>• Rationalisation of current facilities and provision if these are no longer required, or is not assessed to be fit for purpose</li> <li>• Opportunities for alternative service provision to inform future capital investment and to meet the city and sub regions' changing demands or growth in demand</li> <li>• The future role of education, community, and commercial providers</li> <li>• Models that could help the council to achieve financial sustainability, and accessible leisure provision, in a challenging financial climate</li> <li>• Different operating models and management options where appropriate, including community asset transfer, in-house delivery, arms- length trust and external contract (s), and any other arrangements that could be considered</li> <li>• In the context of changing leisure trends and demands, the need to make savings to the Council's revenue budgets</li> <li>• The need to increase levels of physical activity in the community and contribute to a reduction in health inequalities.</li> </ul> <p>Decisions are needed on:</p> <ul style="list-style-type: none"> <li>• To continue with an outsourced contract arrangement</li> <li>• The principles and ethos underpinning future contract scope and timescales</li> <li>• The length and scope of the immediate next contract</li> <li>• Financial envelope available</li> </ul>

<b>3.</b>	<b>Alternative options considered</b>
3.1	<p>The management of the city's leisure estate has been externalised to specialist leisure management companies for over three decades. The current contract was awarded to Greenwich Leisure Limited (GLL) and commenced in October 2013.</p> <p>The initial seven-year contract, with an option to extend for a further three years was subsequently extended to 2023 and includes the introduction of a requirement to pay the Real Living Wage and fund operational investment. A further 30-month extension was agreed in March 2022 and includes operational management of Jesus Green Lido. This extension takes the current contract to 31st March 2026.</p>

**3. Alternative options considered**

The contract is based on the standard Sport England model contract and includes full open book accounting.

Social Value is tracked using the 4Global index and was calculated at £2,146,364 for the last financial year. Social value is reported to council officers alongside financial performance and high-level compliancy issues.

The Council has had an outsourced leisure management contract in place since 1990. Although the Council could consider alternative operational delivery models the fact that the operational leisure management function has been outsourced for such a long period of time has a bearing on which of these alternative delivery models could effectively be implemented. The Council now has no in-house resources nor expertise to directly manage leisure facilities, so returning the service to in-house management would be costly - firstly to recruit/transfer staff and secondly to then take on responsibility for salaries, wages, on-costs and pensions.

There would also be costs associated with setting up either a Local Authority Trading Company (LATCo) or a trust which would reduce to at least some extent the potential savings to be achieved in the early years of changing to such a model.

Risks would also increase for the Council under an in-house or LATCo model as the Council would take back responsibility for income and expenditure in the former, and for overall financial performance in the latter.

The long-term sustainability of a trust is inextricably linked to its financial performance. The majority of trusts receive a grant from the local authority which established it; where trusts have failed there has been a reduction/cessation of local authority funding which has impacted the financial viability of the organisation.

The most cost-effective operational delivery model is an outsourced option. This is because it is the only option where overheads can be spread across a number of contracts. There is potential for an agency outsourced contract to be even more cost-effective given the recent changes in VAT. The Council is currently in the process of moving to an agency model for the remainder of its extended contract.

This will impact positively on the contract cost (estimated annual savings of £150-200k) and effectively set the parameters for a future re-procured contract to be still more cost-effective.

Achieving savings on the current and any future contracts would be beneficial in terms of cost to the Council, but it would also create the opportunity to ring-fence savings for re-investment in the leisure service e.g. changing rooms and kit upgrade, and specifically prior to re-procurement of the new contract in 2026. Alternatively putting savings back into the central pot would reduce the overall cost of leisure services.

If the Council decides that it will re-procure an outsourced leisure management contract, there are three key opportunities to reduce the cost of the contract, increase consistency of the offer, and make the contract both more operationally effective and attractive. These are:

- i) **Extend the contract scope in terms of facilities included** – bringing education facilities into a future contract, particularly in the City is a key opportunity

<b>3.</b>	<b>Alternative options considered</b>
	<p>ii) <b>Extend the contract scope geographically;</b> in the longer term creating a Greater Cambridge contract by extending to cover South Cambridgeshire represents a significant opportunity, providing political agreement over cross-boundary working can be achieved</p> <p>iii) <b>Investing in physical activity provision</b> both in the short and longer term to provide better quality and more facilities</p>

<b>4.</b>	<b>Background and key issues</b>
4.1	<p>Balanced against achieving the Council’s Vision for One Cambridge- Fair for All’, the Council is now implementing a programme of transformation to meet future financial pressures of £11.5m revenue savings per year over the coming years.</p> <p>As part of this transformation, the Council needs to review all service areas including those which are discretionary, such as leisure.</p> <p>The fact that leisure trends and demands change, and have done so particularly post Covid, means that local leisure provision needs to adapt and respond to ensure the leisure offer continues to provide needed, quality and sustainable services. This is vital to achieve the objective of increasing levels of physical activity in the community, particularly amongst those who are inactive, and in so doing, contributing to a reduction in health inequalities.</p> <p>Since 1990, the operational management of the Council’s leisure facilities has been externalised to three different leisure operators. The fact that the operational leisure management function has been outsourced for such a long period of time has a bearing on which alternative delivery models could effectively be implemented. Extension of the current leisure management contract until 31st March 2026, provides an opportunity for the Council to reflect on the financial challenges it now faces, and to properly review and understand the needs of its communities.</p> <p>The Council’s leisure services comprise a wide range of provision across the city. However, the nature of what is being delivered is not as a result of strategic alignment with the Councils corporate priorities, but rather in response to clear local need and demand.</p> <p>The existing leisure services are meeting significant demand in the city. However, not everyone has the same level of access to facilities and services, and there are those within the community who are not being reached by services working on a demographic as opposed to a geographic or place-based approach.</p> <p>The leisure facilities offer far wider choice than the private sector in the city which focusses in the most part on health and fitness; the Council’s pools are the only pools that offer subsidised Learn to Swim lessons for schools. However, the Council’s facilities have a very limited dryside i.e., sports hall, and health and fitness offer.</p> <p>Some community spaces are used to deliver Active Lifestyle services; there could be increased potential for this approach if some responsibility for place-based working was incorporated in a future leisure management contract.</p> <p>The Council would like to assess and consider opportunities for re-setting current service relationships so that the public can access the right services at an appropriate</p>

#### 4. Background and key issues

time and location. In so doing, the Council seeks to identify whether any services, or management arrangements, could be provided differently. The findings of the review have fundamental implications for informing any future procurement of leisure management services.

The rationale for the changes identified in Cambridge is driven by both the need to realise revenue savings but also to develop a holistic approach for future leisure services focussed on active wellbeing. This would be the priority outcome for all facilities and services and a re-procured leisure management contract, and the rationale for provision.

This outcome reflects the priorities for leisure services identified during consultation with Members (July 2023) and underpins a place-based approach which is driven by geographical need and targeting of available resources where they will have most impact in reducing both inactivity and health inequalities.

Co-production based on local insight, co-location, and partnership are key principles informing and driving place-based working.

The three main areas where revenue could be reduced are:

1. Leisure Management Contract
2. Active Lifestyles
3. Asset Transfers

Revenue costs can be reduced in three main ways:

- Reducing operational costs
- Increasing revenue generation
- Ensuring the cost of the contract directly relates to the contract and is not subsidising those in neighbouring local authorities

The opportunities and options in these areas are set out below.

#### **The Leisure Management Contract**

The Council has had an outsourced leisure management contract in place since 1990. Although the Council could consider alternative operational delivery models the fact that the operational leisure management function has been outsourced for such a long period of time has a bearing on which of these alternative delivery models could effectively be implemented.

The Council now has no in-house resources nor expertise to manage leisure facilities, so returning the service to in-house management would be costly - firstly to recruit/transfer staff and secondly to then take on responsibility for salaries, wages, on-costs and pensions.

There would also be costs associated with setting up either a Local Authority Trading Company (LATCo) or a trust which would reduce to at least some extent the potential savings to be achieved in the early years of changing to such a model.

Risks would also increase for the Council under an in-house or LATCo model as the Council would take back responsibility for income and expenditure in the former, and for overall financial performance in the latter.

#### 4. Background and key issues

The long-term sustainability of a trust is inextricably linked to its financial performance. The majority of trusts receive a grant from the local authority which established it; where trusts have failed there has been a reduction/cessation of local authority funding which has impacted the financial viability of the organisation.

If the Council decides that it will re-procure an outsourced leisure management contract, there are three key opportunities to reduce the cost of the contract, increase consistency of the offer, and make the contract both more operationally effective and attractive. These are:

- i) **Extend the contract scope in terms of facilities included** – bringing education facilities into a future contract, particularly in the City is a key opportunity
- ii) **Extend the contract scope geographically**; in the longer term creating a Greater Cambridge contract by extending to cover South Cambridgeshire represents a significant opportunity, providing political agreement over cross-boundary working can be achieved
- iii) **Investing in physical activity provision** both in the short and longer term to provide better quality and more facilities

The length of contract for a re-procured leisure management contract is likely to be a minimum of 10 years with an option to extend for 5 years. This is still the typical market requirement although leisure operators are becoming keener to consider longer-term contracts.

The Council will need to consider contract length very carefully if it re-procures an outsourced contract. This is because of several main factors:

- The impact of any devolution changes across Greater Cambridgeshire
- The timing of significant population growth through new housing developments in the north and northeast of Cambridge, as well as the south of the city
- The opportunities for facility rationalisation and replacement as a direct response to these developments

It may be that re-procurement of an outsourced operator is initially short term i.e. 7 years plus an option to extend for a further 3 years, or 5 years with an option to extend for 5 years (covering a period of investment and investment planning, as well as the broadening of the contract to include both education facilities and new facilities built in South Cambridgeshire), followed by a procurement to secure an operator for 15-20 years to coincide with the development of new facilities.

These options will be explored with potential contractors at the start of the procurement process at expression of interest stages to build flexibility within the contract term whilst allowing secured periods of time to recoup any initial capital investments within the contract.

Investment into the Council's existing facilities, could result in an improved financial position for the Council, whether or not the contract scope is extended.

**Extending the scope of the existing Leisure Management contract** i.e., the number of facilities included, could assist in reducing revenue costs. This assumes a future leisure management contract (next re-procurement and/or the subsequent one) comprises as a minimum of :

#### 4. Background and key issues

- Abbey Leisure Complex
- Cherry Hinton Village Centre
- Jesus Green Lido
- Kings Hedges Learner Pool
- Parkside Pool and Gym

There are two main opportunities for such an extension:

##### i) The education sector

##### **A further option could be to extend both the geographical and facility scope of the contract.**

Consultation with neighbouring local authorities identifies the potential to work with South Cambridgeshire District Council (SCDC) and have a 'super' contract covering both local authority areas. SCDC has no specific leisure experience nor expertise in-house and the council does not manage any facilities directly. However, there are proposals for three new facilities to be built in the district in the next few years at Northstowe, Waterbeach, and West Cambourne. Bringing these into a long-term outsourced contract would further spread contract overheads and ensure consistency of service delivery across Greater Cambridge, so residents of the area have equity and equality of access.

Bringing these facilities into scope could:

- Spread the operational overheads of an outsourced contract over a greater number of facilities
- Reduce the individual operating costs of each separate facility
- Be more attractive to the market than the existing contract as new facilities would be included- these would be modern, purpose-designed facilities
- Generate increased income
- Reduce lifecycle costs for the local authority partners
- Contribute to The Council's and SCDC's net carbon zero targets
- Require a partnership approach between the two local authorities
- Be likely to result in a payment from the operator back to each local authority
- Customer benefits
- Membership packages
- County Council initiatives Public Health – Integrated Life-Styles

Clearly it would be beneficial to construct a future outsourced contract with the flexibility to also bring in additional 3rd party facilities at any point during the contract term.

The future vision for a leisure management contract of core facilities in the city would comprise:

##### **Council facilities:**

- Abbey Leisure Complex
- Cherry Hinton Village Centre
- Kings Hedges Learner Pool
- Jesus Green Lido
- Parkside Pool and Gym
- Outdoor Pitches
- Pavilions



4.	<p><b>Background and key issues</b></p> <ul style="list-style-type: none"> <li>• A new Regional Facility in the later years of any contract term</li> </ul> <p>and then be open to including other existing or new build / future planned facilities as they are built out to include such sites as;</p> <p><b>New facilities within the City:</b> New and upgraded sports hall and new outdoor pitches as a result of growth and major developments</p> <p><b>South Cambridgeshire:</b> New facilities at Northstowe, Waterbeach, West Cambourne and potentially Sawston, and Melbourne with links to Royston too.</p> <p><b>Education facilities</b> New and upgraded sports halls and facilities along with outdoor pitches and courts as a result of expansion of sites, growth and major developments.</p> <p>Since this review commenced the opportunities for extending its scope, as discussed above, in the education sector and the wider geographical area of South Cambridgeshire, have become clearer.</p> <p>A contract covering 'Greater Cambridgeshire, aligned to the current planning authority or any new devolution boundaries has significant potential, particularly with the number and scale of proposed new facilities under discussion.</p> <p>The significant population growth in Greater Cambridge means there is a need to develop new swimming pools. There is no other means by which future demand can be met.</p> <p>By 2041 there will be demand for 4,971 sq. m of water space. Currently there is demand for 3,320 sq. m of water space. Demand for swimming pools increases by 14% between 2021 and 2031 and by 31% between 2031 and 2041. The only way to address this scale of new provision is to build new pools. The equivalent of 4 no. 8 lane x 25m pools or 8 no. x 4 lane x 25m pools i.e. the equivalent of 32 additional 25m lanes.</p> <p><b>Health</b> A future outsourced contract should also have a very clear focus on health and well-being, including outreach working to complement what is provided through the Council and other partners.</p> <p>Opportunities should be explored for developing working partnerships within the contract for engagement with local Public Health boards, teams and social prescribers. Programming and pricing across the contract should be developed and set in the context of improving community health and well-being, reducing health inequalities and decreasing inactivity. Specific contract KPIs should be developed to monitor the impact of this.</p> <p>There is one further area where change is recommended. This is aligning provision and delivery of leisure services to The Council's corporate priorities for community health and wellbeing and demonstrating the contribution they make by developing and applying meaningful KPIs. Based on our understanding of the direction of travel for the Council, leisure services should contribute to a place-based delivery approach focussed</p>
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<b>4.</b>	<b>Background and key issues</b>
	on achieving community wealth in terms of experience, health and well-being, and community inclusion.

<b>5.</b>	<b>Corporate plan</b>
5.1	<p><a href="#">Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council</a></p> <p>The Council's <b>Vision</b> is set out in the <b>Corporate Plan (2022-27)</b>:</p> <p>'The Council has a clear vision to lead a united city, '<b>One Cambridge – Fair for All</b>', in which economic dynamism and prosperity are combined with social equality and environmental justice. An international, entrepreneurial, diverse and welcoming city, which is a great place to live, work and learn and which protects its most vulnerable'.</p> <p>The Corporate Plan is supported by the 'State of the City' (2023) report and the Plan focusses on 4 priorities . The summary below highlights each of the priorities and highlights whether there are any direct indicators aligned with these priorities.</p> <div style="background-color: #e0e0e0; padding: 10px; margin: 10px 0;"> <p><b>Priority 1 - Leading Cambridge's response to the climate change and biodiversity emergencies</b></p> <p><b>Strategic objectives:</b></p> <ul style="list-style-type: none"> <li>• Reduce carbon emissions from council buildings, land, vehicles and services to net zero by 2030,</li> <li>• Plan for the sustainable development of Cambridge and support the creation of vibrant, integrated and inclusive new communities. Specifically, to develop and implement a new Local Plan for Greater Cambridge that:</li> <li>• Increases wellbeing and social inclusion</li> <li>• Plans for the right infrastructure in the right places at the right times to serve our growing communities.</li> </ul> <p>Leisure related indicators relevant to this priority:</p> <ul style="list-style-type: none"> <li>• Reduce Carbon emissions from the Leisure Facilities to reach net zero by 2030, is imperative as the leisure portfolio accounts for over 20% of the Council's carbon emissions.</li> <li>• Provide facilities that increase the health and well being of local residents</li> <li>• Provide new facilities in the right places to serve growing communities</li> </ul> </div> <div style="background-color: #e0e0e0; padding: 10px; margin: 10px 0;"> <p><b>Priority 2 Tackling poverty &amp; inequality and helping people in the greatest need</b></p> <p><b>Strategic objectives:</b></p> </div>

5.

## Corporate plan

- Improve health outcomes, including mental health, for people on low incomes, including by playing a leading role in the Integrated Care System to prioritise action on health inequalities.
- Work towards a situation where all residents have equal access to public activities and spaces in Cambridge and are able to participate fully in the community and in making decisions about the places where they live

Leisure related indicators relevant to this priority:

- Number of entries to Council leisure facilities by people holding concession memberships
- Number of Free Exercise Referrals + % of people who complete the free Exercise referrals

### Priority 3 - Building a new generation of council and affordable homes and reducing homelessness

No direct indicators relating to leisure within this priority.

### Priority 4 – Modernising the Council to lead a greener city that is fair for all

**Our strategic priorities under this theme are to:**

- Develop co-operative, collaborative ways of working with our communities and partners, increasing our collective ability to achieve the council's vision and improve the quality of life and wellbeing of everyone in the city
- Use innovation, including new technologies, to provide high quality services
- Continuously improve the services we provide so that they best meet the needs of those who use them
- Run our services in an efficient way, generating income where appropriate to reinvest into other council services
- Invest in our workforce and empower our staff to innovate, collaborate and achieve our shared goals
- Review our assets to ensure they are delivering optimum value to the Council and wider community, increasing social capita

Leisure related indicators relevant to this priority:

- All of the above priorities can be embedded and delivered within a new leisure contract

At the moment there is no strategic alignment between the Council's corporate priorities and what is being delivered citywide through the overall leisure services (facilities and activities/programmes).

Whilst leisure services are significantly contributing to identified corporate priorities, there is nothing setting out what they should be doing and the rationale for this, and no appropriate Key Performance Indicators (KPI) to measure what is being delivered.

<b>5.</b>	<b>Corporate plan</b>
	<p>Existing internal references to leisure services KPI's include:</p> <ul style="list-style-type: none"> <li>• <b>Exercise Referral Annual Reports</b>– the current KPI is to increase the number of new referrals to 300 in total across all sites (including GLL figures), a free exercise referral service has not been delivered for over a year but is a corporate indicator.</li> <li>• <b>Gameplan reporting</b> – this provides information on internal KPI's for the service</li> <li>• <b>Gameplan Active Lifestyles Team</b> – This is the gameplan for the year, which highlights our mission, purpose and how this aligns to the most relevant Corporate Objective to the AL work – <b>“Tackling poverty and inequality amongst those living in the City with the greatest need”</b>. The gameplan also sets out the team's KPI's for the year.</li> </ul> <p>There are currently no KPIs aligned to the council's corporate priorities which are relevant to leisure services (facilities and Active Lifestyles). The only relevant KPI currently cited is actually incorrect as there is no free exercise on referral service; this means there is currently no way of assessing the outcomes from leisure services delivery in the city. This suggests that there may be a lack of awareness in the Council over what these services actually deliver and any subsequent social value.</p> <p>This is critical to this review; whilst understanding these services are discretionary, and that the Council needs to make significant savings, reducing areas of delivery without understanding their contribution to corporate objectives could be counter-productive.</p> <p>A new set of relevant KPI's measurements and monitoring aligned with the councils corporate priorities will be developed as part of new procurement exercise.</p>

<b>6.</b>	<b>Consultation, engagement and communication</b>
6.1	<p><b>Internal</b> SLT overview All Councillor briefing</p> <p><b>External</b> Still in Draft - <i>New built facilities Strategies for Indoor and Outdoor Sport and Swimming Pools</i> to be adopted as part of the Local Plan supplementary documents.</p> <p>Sport Strategy Consultations, National Governing Bodies, Sport England, Local Clubs, Facility providers.</p>

<b>7.</b>	<b>Anticipated outcomes, benefits or impact</b>
7.1	<p>The anticipated outcomes of the review, assuming recommendations are supported by Members, are:</p> <ul style="list-style-type: none"> <li>• A new outsourced leisure management contract, - work will need to start immediately on preparation of the procurement documents for this, together with developing the scope and timescale parameters for the contract</li> <li>• Lower the management costs towards a break even position</li> <li>• Seek partnership opportunities for investment in facilities</li> <li>• Seek partnership opportunities to widen the scope of the leisure contract with other councils, public health, clubs and third party organisations.</li> <li>• Flexibility to develop the leisure management contract to benefit the Council and the City community in terms of access and opportunity, plus cost-effectiveness</li> </ul>

<b>7.</b>	<b>Anticipated outcomes, benefits or impact</b>
	<ul style="list-style-type: none"> <li>• A new leisure management contract aligned to Corporate priorities and KPIs</li> <li>• Increased resources for physical activity in the City, particularly focussed on addressing health inequalities</li> <li>• Flexibility to adapt to any changes required as a result of devolution.</li> </ul>
<b>8.</b>	<b>Implications</b>
<b>8.1</b>	<b>Relevant risks</b>
	<p>Continuing to outsource the operational management of The Council's leisure facilities represents the least risk option for the Council. The specialist leisure operator market is buoyant, suppliers are keen to bid, and the market is seeing options for capital investment, longer term contracts and investment in additional resources to support delivery of outreach health and wellbeing services. An outsourced contract with the potential to expand over time both in terms of geography and scale also represents the most cost effective opportunity for the Council and its relevant partners.</p> <p>Making the decision to continue to outsource the Council's leisure management contract is not a risk to the Council. Making any other decision about the future management of the Council's leisure assets and services is a risk in terms of both time, financial support, and officer resources and capacity, and also risks at least temporary cessation/interruption to existing services.</p> <p><b>Unitary Status / Devolution</b></p> <p>The contract negotiations and contract length appointed will have to be mindful of future devolution and unitary proposals as they develop over the coming years. The contract will need to have the flexibility and adaptability to accommodate these changes and manage the risk to not having to end the current contract and restart a full tender exercise. This can be accommodated through the implementation of early years break clauses but will need to be considered against the levels of initial capital investment requested or required and who may be funding these.</p>
<b>8.2</b>	<b>Financial Implications</b>
	<p>The Council will seek to reduce any management fee to an as cost neutral position as possible, This may be achieved through facility investment, capital investment of developer contributions and new facilities, increased income opportunities and Agency agreements.</p> <p>The Contract will be tendered to include for the VAT Agency model to continue and the operator to at act as an agent of the council, so full VAT recovery can be undertaken.</p> <p>Future allocations and application of NNDR (Non Domestic Rates) on the leisure facilities will need to be considered but will be dependant upon the successful Contractors operational and business status for the levels of Rates that may be applied for both mandatory and discretionary levels of discount and awards.</p>
<b>8.3</b>	<b>Legal Implications</b>

<b>8.</b>	<b>Implications</b>
	Legal input and advice will be needed to support any future procurement of a new leisure management contract. This may be available in house or will need to go to external advice if 3C legal do not have capacity.
<b>8.4</b>	<b>Equalities and socio-economic Implications</b>
	The leisure contract will continue to be tackling health inequalities across the city as a primary goal and function of the service. Support for low income households with discounted and subsidised entry prices, programmes, courses and classes will also continue within a newly procured contract. Community wealth building opportunities for both investment and provision of activities and services will be included as part of any tendering and procurement process.
<b>8.5</b>	<b>Net Zero Carbon, Climate Change and Environmental implications</b>
	Anticipated to be High negative impact for carbon reduction of the facilities over the term of the contract term to reach net zero targets.
<b>8.6</b>	<b>Procurement Implications</b>
	Procurement of a new leisure management contract and preparation of all relevant documentation requires the support of specialist leisure management consultants.  Procurement of a new leisure management contract and preparation of all relevant documentation will also require advice and input from procurement and legal officers.  Procurement of a new leisure management contract and preparation of all relevant documentation will need to be undertaken in accordance with the new Procurement Act 2023, to be implemented in February 2025. Key benefits for suppliers include more standardisation and streamlining of procurement processes - but there are also additional benefits in the Act such as requiring better oversight of procurement decisions and strengthening payment terms.
<b>8.7</b>	<b>Community Safety Implications</b>
	None Identified

<b>9.</b>	<b>Background documents</b>
	Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
9.1	None identified

<b>10.</b>	<b>Appendices</b>
10.1	None
	To inspect the background papers or if you have a query on the report please contact;  Ian Ross – Sport & Recreation Manager Tel: 01223 458638 email: <a href="mailto:ian.ross@cambridge.gov.uk">ian.ross@cambridge.gov.uk</a>