



Mayor and Cabinet

Report title: Leisure Management Contract Procurement

Date: 4 December 2024

Key decision: Yes

Class: Part 1

Ward(s) affected: All Wards

Contributors: Neville Graham – (Sport and Leisure Service Manager)

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Outline and recommendations.

It is recommended that Mayor and Cabinet:

1. approve the procurement of a new 15-year Leisure Management Contract commencing 1 April 2026 and approve the award of contract provided that the contract sum does not exceed agreed budgets.
2. delegate authority to Executive Director for Place (in consultation with Director of Law and Corporate Governance and the Director of Community Services) to select the preferred provider in accordance with the selection and award criteria published in the tender documentation and agree to enter into the final form of contract.
3. delegate authority to Executive Director for Place (in consultation with Director of Law and Corporate Governance and the Director of Community Services) to finalise the procurement route to market based on obtaining the desired outcomes.
4. where necessary, agree in principle to dispose of land (via provision of leases solely for the length of the contract) and authorise Executive Director of Place in consultation with the Cabinet Member for Communities and Culture, Director of Law and Corporate Governance and Director of Communities, Partnerships and Leisure to advertise any disposal of open space as required by section 123(2A) of the Local Government Act 1972
5. delegate authority to Executive Director Place, in consultation with the Cabinet Member for Communities and Culture, to consider and determine any objections made in response to any advert for the disposal (via provision of leases solely for the length of the contract) in accordance with recommendation 4 above.
6. subject to the responses to the advertisement above, and to compliance with best consideration requirements in section 123(2) Local Government Act, delegate authority to the Executive Director Place in consultation with the Director for Law and Corporate Governance and Director of Community Services to agree lease terms and enter into a lease with the selected provider.

Timeline of engagement and decision-making

See Section 4 of this report for the detailed background to the recommendations set out in this report.

4 December 2024 - Approval to Procure Report presented to M&C for approval.

Current contract expiry: 31 March 2026

January 2025 – Market Engagement

March 2025 - Tender issued.

August 2025 – Initial Tender Evaluation

December 2025 - Executive Director sign off Award Report

January - March 2026 – Contract Mobilisation

April 2026 – Contract Commencement

1. Summary

- 1.1 This report seeks permission to procure a new Leisure Management Contract for a duration of 15 years, to commence 1 April 2026.
- 1.2 The report provides a background of the contractual arrangements currently in place and the work undertaken by Council Officers to inform the recommendations within this report.
- 1.3 The report contains a breakdown of the requirements and scope of the Leisure Management Contract, the role the contract will play in the borough, alongside the considerations given to the other available options and how the recommended option was selected.

2. Recommendations

- 2.1 It is recommended that Mayor and Cabinet:
 1. approve the procurement of a new 15-year Leisure Management Contract commencing 1 April 2026 and approve the award of contract provided that the contract sum does not exceed agreed budgets.
 2. delegate authority to Executive Director for Place (in consultation with Director of Law and Corporate Governance and the Director of Community Services) to

- select the preferred provider in accordance with the selection and award criteria published in the tender documentation and agree to enter into the final form of contract.
3. delegate authority to Executive Director for Place (in consultation with Director of Law and Corporate Governance and the Director of Community Services) to finalise the procurement route to market based on obtaining the desired outcomes.
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 6. subject to the responses to the advertisement above, and to compliance with best consideration requirements in section 123(2) Local Government Act, delegate authority to the Executive Director Place in consultation with the Director for Law and Corporate Governance and Director of Community Services to agree lease terms and enter into a lease with the selected provider.

3. Policy Context

- 3.1 This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):
 - Cleaner and Greener
 - A Strong Local Economy
 - Quality Housing
 - Children and Young People
 - Safer Communities
- 3.2 In particular, this report is closely aligned to the priority centred around health and wellbeing as the procurement of a leisure management contract demonstrates the 'collaboration with other organisations to deliver the places, activities and programmes our residents need to feel empowered to live a physically active lifestyle'.

- 3.3 This report also aligns to several internal strategies and documents aligned to outlines the principles that showcasing who we are as an organisation and our focus on equality and putting our residents at the centre of everything we do.
- 3.4 The Lewisham Local Plan - The Lewisham Local Plan is a comprehensive plan for the whole borough, setting out the proposed plans for new homes and associated infrastructure covering a 15-year period from 2018–33. It is undoubtedly an important document to help inform the need for future built facilities (including the active environment) and services (impacted by a growing population and potential changes to the demographic profile of the Borough).
- 3.5 Lewisham’s Physical Activity Strategy 2023 - 2028 – The Council’s Physical Activity Strategy outlines our aims to make Lewisham a healthy, prosperous, safe and cohesive place to live. Physical activity has a big role to play in helping to achieve this aim and this report demonstrates alignment via two of the key priorities within the strategy:
- Active Environments - We will seek to ensure that all of our residents have access to high quality, safe and affordable places which are designed and managed with the aim of helping people to be active, no matter who they are or where they live.
 - Active People - Will seek to tackle physical and mental health inequalities by ensuring that all of our residents have the opportunity to make physical activity a regular part of their everyday lives through the provision of programmes and services that are tailored around the needs of our local people.
- 3.6 The Lewisham Physical Activity Strategy closely aligns to the vision outlined in Sport England’s new national strategy ‘Uniting the Movement’. This strategy highlights the importance of ensuring indoor leisure facilities remaining inclusive and accessible to local people, ensuring that these facilities are co-created and designed to service the people within the community.
- 3.7 Local authorities have a statutory duty to secure sufficient educational and recreational leisure time activities and facilities for young people aged 13 - 19, and those with learning difficulties to age 24, to improve their well-being, as defined in Subsection 13 of Section 507B of the Education Act 1996 (amended 2006). This particularly important relating to the provision of swimming pools which are not readily provided via the private sector.

4. Background

- 4.1 Lewisham Council currently operates two contracts to deliver the borough's leisure facilities. One contract covers the Downham Health and Leisure Centre and the remaining facilities are covered by a single contract.
- 4.2 Downham Health and Leisure Centre opened in March 2007, and is managed by 1Life (formerly Leisure Connection Ltd). 1Life have a 32 year contract through a Private Finance Initiative (PFI). In addition to the leisure facilities the centre includes health care facilities, library, community hall and playing fields. However, this contract is not the focus of this report.
- 4.3 The remaining facilities (set out below) were managed and operated via a 15 year Leisure Management Agreement (LMA), awarded to Fusion Lifestyle Limited in October 2011.
- 4.4 The sites included in the LMA were:
- The Bridge Leisure Centre (including the Lewisham Indoor Bowls Centre)
 - The Bellingham Leisure and Lifestyle Centre (managed by the Council on behalf of a charity, the Bellingham Community Project) (added in 2014)
 - Ladywell Leisure Centre (removed in 2013)
 - Forest Hill Pools (added in 2012)
 - Ladywell Arena
 - Glass Mill Leisure Centre (added in 2013)
 - Wavelengths Leisure Centre
 - Warren Avenue playing fields
- 4.5 The contractual arrangement with Fusion Lifestyle Limited ceased on 7 October 2020 and Greenwich Leisure Limited (trading as **Better**) were awarded a two year contract with a three year extension option, subject to the approval of the Council.
- 4.6 Warren Avenue Playing Fields was transferred to Glendale Managed Services (the Council's parks and open spaces contractor) on the expiry of the Fusion contract in October 2020.
- 4.7 The contract agreement requires 'Better' to deliver a leisure centre service to a contract specification compiled by LBL. It sets out a series of strategic policies and standards against which the contract is monitored.
- 4.8 For the initial two years (to October 2022) of the contract, LBL retained full financial responsibility for the contract.

- 4.9 In June 2022, Mayor and Cabinet agreed to exercise the 3 year extension option, extending this option by a further 6 months, changing the contract end date from October 2025 to March 2026.
- 4.10 This further extension aligned the contract to the end of the 2025/26 financial year, ensuring that the next Leisure Management Contract runs concurrently with LBL's financial years.
- 4.11 The contract extension in October 2022 saw the financial responsibility of the Leisure contract transferred from LBL to 'Better'. From this point, until the end of the contract, 'Better' are to pay LBL a fixed Management Fee (subject to annual increases) alongside a share of any surplus generated in each year of the contract.
- 4.12 Financial penalties may be applied if service delivery falls short of contractual standards. Management of the contract is done through regular formal and informal dialogue based upon monthly performance reports and site inspections.

5. Current Contract Performance

Leisure Centre Improvements

- 5.1 The Leisure centre update provided to the Council's Healthier Communities Select Committee in February 2023 highlighted a steady increase in leisure centre participation between April 2021 and December 2022. This demonstrated the positive impact that the new contract provisions had delivered in Lewisham since October 2020.
- 5.2 Much of this can be attributed to the following improvements noted by leisure centre users:
- Cleanliness across the sites
 - Improved look and feel
 - Better customer service
 - Improved organisation of classes and structure provision e.g. Swim School
- 5.3 Figure 1 below displays an updated position on leisure Centre participation between January 2023 and August 2024 across the 5 sites GLL manage on behalf of the Council.
- 5.4 Participation across 2023 displayed a strong improvement. There are the usual dips in participation due to seasonality around the school holidays and a tapering off in centre attendance towards the end of the year due to colder,

darker evenings in the lead up to the Christmas period.

- 5.5 We see another increase in activity between January and March 2023. This is normally the period where people tend to join gyms and increase physical activity levels due to new years resolutions. For this reason, the first quarter of the calendar year is normally where we find the highest growth in membership sales.

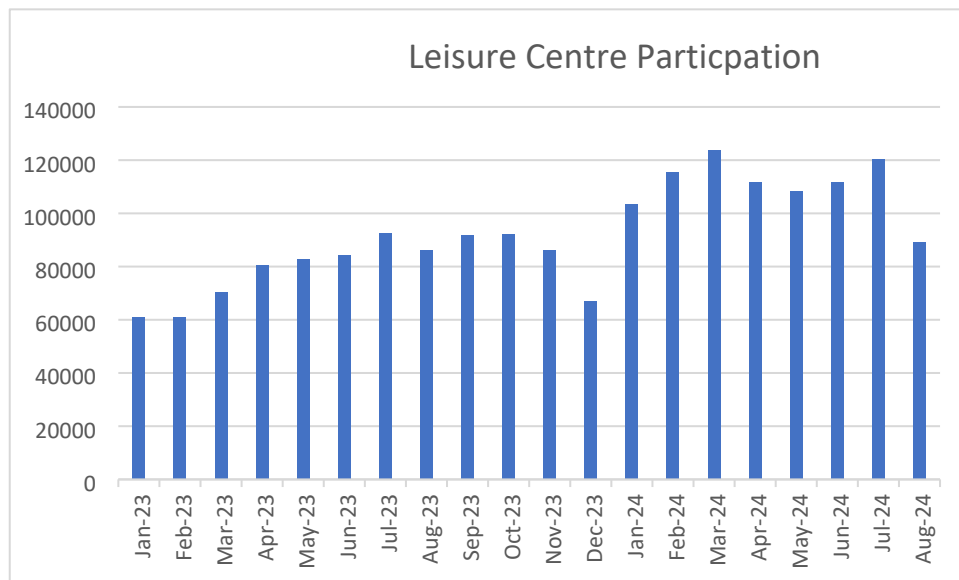


Figure 1. Leisure Centre Participation in GLL Leisure Centres.

- 5.6 The following paragraphs highlight some of the improvements made to the physical appearance of the centres.

Capital Investments

- 5.7 In recent years there has been a careful and considered improvement in the leisure stock. With limited funds available, officers have sought to try and keep the facilities and services relevant and of good quality in what is a competitive market. Some examples are indicated below.

- 5.8 The Wavelengths leisure pool was refurbished through a refresh of the pool and changing area and the removal of flumes, the 25m fitness pool was retiled and the health suite moved to 25m poolside. The customer journey was improved and revenue protected through the installation of new turnstiles supported by a concierge service.

- 5.9 At Glass Mill Leisure Centre the health suite moved to ground floor adjacent to the other 'wet' facilities. The reception area was modernised with the replacement of turnstiles and the introduction of a concierge service.

- 5.10 Forest Hill Pools benefitted from the conversion of the underutilised Community Room into calm fitness room adding to the health and fitness offer. Soft Play equipment has been introduced to extend the family offer and the reception area modernised in line with the other centres.
- 5.11 The café area at Bellingham Leisure and Lifestyle Centre is central to the leisure experience and it has recently been refurbished.
- 5.12 New LED floodlights have recently been installed at Ladywell Arena through the securing of an external grant. This has reduced utility costs and provided better coverage of the infield.
- 5.13 The Lewisham Indoor Bowls centre has had LED lights installed above the green which has been levelled to give a true playing surface.
- 5.14 In the past three years there has been a large scale reinstatement of services identified in dilapidations report compiled at the conclusion of the previous contract. There was an extensive backlog of underinvestment to address (primarily in plant rooms). A consistent spend of lifecycle budget around an agreed programme has brought greater certainty and reliable service provision. Finally some limited 'Spend to save' investment has centred on reducing utility costs e.g. LED car park lights at Glass Mill, LED lights at Ladywell Gymnastics Club in Bellingham.
- 5.15 The current leisure management contractor has undertaken an extensive redecoration programme to provide a clean and fresh environment. This is supported by strong branding in centre for health and fitness products e.g. Gym 2.0, Better Swim School.

6. Scope of New Contract

- 6.1 The improvements in service provision set out in section 5 above have been underpinned by robust contractual arrangements and a monitoring regime informed by experiences of previous underinvestment. This followed a full review of contractual conditions and arrangements which had not delivered the expected results for the authority. This approach has delivered significant results and demonstrates the potential for a strong contract to deliver both excellent customer service and ongoing improvements to facilities and services.
- 6.2 The current contract is a combined management and maintenance arrangement. There is a legal transfer of the assets and risks to the contractor who indemnifies the council for associated health and safety liabilities that arise from the management of the infrastructure for the contract.

- 6.3 The structure of the contract and the transfer of its associated risk has contributed to the delivery of a high-quality service. The contractor is given a high degree of ownership and accountability for the service outcomes. It is therefore their responsibility to ensure that the service provided, buildings, and wider estate are well-maintained, to minimise their exposure to risk.
- 6.4 The one limitation to the current arrangements is that they have been short term in nature due to the circumstances in which they were initially awarded.
- 6.5 Longer-term contracts are beneficial to the Council for the following reasons:
- Security of tenure: The length of the contract need to be long enough to ensure the contractor has enough time to make a success of their operations. With secure of tenure, contractors will be able to better justify scaled investment across the portfolio, knowing that they will have time to reap the benefits of said investment.
 - Financial Security: Longer contracts typically provide contractors with more stable income stream over an extended period. They can rely on a consistent flow of work and income. This financial security enables them to better manage their finances, pay employees or sub-contractors, and invest in their professional development.
 - Community Development: Having a longer contract in place allows the contractor to embed themselves within the local community, building a strong relationship with residents. This can have a positive impact on 'contractor buy-in', enhancing their ability to collaborate with key stakeholders to ensure a successful contract term in and enhance chances of a contract extension. Contractors will also be able to dedicate more time to learning and improving the capabilities of the workforce. This professional growth can enhance their reputation locally, making them an employer of choice in the community.
 - Economies of Scale: Longer contracts give contractors the opportunity to develop a stronger, more efficient supply chain with sub-contractors. The length of the contract will be re-assuring to sub-contractors who will benefit from being able to plan and direct resource accordingly. This can result in higher-quality work, improved productivity, and cost savings for all organisations.
 - Reduced Administrative Burden: Longer contracts mean fewer administrative tasks associated with contract bidding, negotiation, and mobilisation.
- 6.6 It is important to note that while longer contracts offer benefits such as those set out above, they also present potential risks. When it comes to longer-term public service contracts, there are several risks that clients may encounter. These risks include:
- Changing market dynamics: As we saw with the COVID-19 pandemic,

industries can be subject to rapid changes related to world events. The leisure industry saw a shift in consumer preferences post pandemic, with more people opting to work out from home or in more non-traditional spaces.

- Competitive pressures: The competitive landscape has more time to change / evolve over time. This increases the potential of contract forecasts quickly becoming outdated. This is exemplified through the boom of the low cost gym market and the increase in build-to-rent schemes that often include leisure facilities within their complexes.
- Cost escalation: the last few years has seen drastic increases in inflation and other economic factors, which has led to increased costs of services and materials. Long-term contracts make it harder to forecast events leading to difficulties in adequately accounting for these cost escalations, potentially resulting in financial losses.

6.7 Each of these factors can lead to economic fluctuations within the market, destabilising the financial performance of the contract. A long-term contract may tie the local authority to a specific model that becomes outdated or less desirable over time.

6.8 Officers have considered the above and believe that risk can be mitigated by:

- Including clauses in the contract that allow for periodic reviews and updates. The 5 yearly review mechanism would allow scope to flex around changing requirements and technological advancements.
- Continuing with the robust performance monitoring mechanisms with clear indicators and benchmarks.
- Building in provisions for innovation, research, and development, to ensure the services remain up to date.
- Stipulating clear protocols for communication and collaboration between the client and the service provider to address any emerging needs or changes.

6.9 There is nuance in the delivery of an outsourced local authority leisure management contract in the sense that commercial reality must be balanced with the delivery of social value; whilst operating in a space that's shared with the private 'low cost' gym market. As such, it is important that the contractual arrangements allow for ongoing investment and improvement in services and it is therefore recommended that a 15 year contract is the best way to deliver this.

6.10 The current contract has only been in place since 2020, with the majority of elements within it having been reviewed and refreshed at its commencement as set out at paragraph 6.1. As such, officers recommend to keep the scope of the new contract largely consistent, altering certain elements to ensure all elements are fit for purpose moving forward.

6.11 The structure of the contract remains the same, with exceptions made to the delivery of certain elements. The below will offer consideration of the

alterations, additions and removals for the proposed new contract.

- 6.12 It is pertinent to note that recommendation 4; as detailed in paragraph 2.1 concerning the disposal of land, is a reference to legal terminology for the transfer of a Council asset to a contractor via a lease arrangement.
- 6.13 The leases will transfer repairs and maintenance responsibilities to the awarded contractor and will remain in place for the duration of the contract term. The council will retain ownership of the buildings and any and all land.
- 6.14 In accordance with the above and the fact that the building and land at Bellingham Leisure and Lifestyle Centre is owned by the charity - Trust for London; a new license will be provided for the awarded contractor.
- 6.15 In recognition of the transitions within the sport leisure and fitness industry, from traditional fitness development, to a more holistic wellbeing approach. Consideration has been given to the public health oriented factors within the current contract. This is through the delivery of the exercise of referral programme, which allows cheaper use of the leisure centres for those referred by a local medical practitioner on the grounds of medical qualification.
- 6.16 Whilst the current contract requires the inclusion of this service provision, there are no stipulations made for the performance of the contractor in relation to the number of referrals taken or the aftercare of the resident once the initial 12 week programme finishes. The proposed new contract will need to incentivise engagement with this cohort of the community, which in turn will reduce reliance on our local health services.
- 6.17 To expand on the above health provision, the inclusion of more public health initiatives can be included in the leisure contract due to the cross cutting nature of the leisure industry.
- 6.18 Options to include the delivery of weight management programmes could be included in the procurement pack for consideration. This inclusion could produce a saving for the Council through the potential for economic efficiencies with the delivery of programmes by the leisure contractor.
- 6.19 Potential contractors will be required to maintain a level of concessionary access for underrepresented sections of our community. The tender pack will allow contractors the opportunity to outline how discounted access could be administered for these groups. This allows for new trains of thought in how a concessions programme can be delivered without negatively impacting Council base budgets.

- 6.20 LBL have seen consistent improvement in the performance at the London Youth Games since the COVID-19 Pandemic. To build on this development, we would ask any potential new contractor to support in the development of our young participants. This will include the management and development of our teams in the competition.
- 6.21 As detailed in the [Leisure Management Arrangements](#) report presented at Mayor and Cabinet in November 2021, there are still decisions to be made regarding the Bridge Leisure Centre and the potential role the Bellingham Leisure and Lifestyle site has to play in future developments. These sites will remain 'as is' until their futures are confirmed. At this point, contractual variations will be proposed to Mayor and Cabinet.
- 6.22 To ensure the leisure service remains viable, we will require any new contractor to provide continued innovation. This will ensure the leisure centres service develops in line with industry trends. An example of this would be to ask the new contractor for the introduction technological advances to enhance the safety of centre users.
- 6.23 Assisted Lifeguard Technology not only ensures better monitoring of the swimming pools in real time. It also allows for enhanced usage trend analysis, providing insights into how the swimming pools can be programmed more efficiently. The tender will allow for providers to set out their approach to the use of such technology.
- 6.24 To ensure the policies and procedures we require the awarded contractor to maintain and implement are robust, we will enlist support from colleagues from across the Council to help to shape the tender process. This will include working with safeguarding colleagues to ensure method statements requested contain the correct level of detail to ensure our residents feel safe within our centres.

7. Procurement Options Considered - Route to Market

In Sourcing Option - not recommended

- 7.1 As we move towards the end of the current contract term it is normal practice that the Council considers all available options for the future management arrangements.
- 7.2 Before considering whether the existing contract should be recommended for procurement within the open market, Officers first considered whether there was a viable option to in-source the provision from 1 April 2026.

- 7.3 There are a number of Local Authorities that have considered in-sourcing as an option for the delivery of their Leisure services. However, there is mixed reception to this notion.
- 7.4 In order to support this assessment the Council commissioned the leisure consultants FMG, who are currently assisting with in-sourcing other leisure contracts in London, to undertake an assessment of the financial implications of insourcing the service.
- 7.5 The assessment of FMG was that in-sourcing the service would be unviable as this would significantly increase costs of the service to the authority across the life of the 15 year contract . The below factors all have a financial impact on operating an in-house provision at a time where Officers are being asked to find savings.
- 7.6 The replacement of external providers overheads and central charges with an estimate of what it may cost the Council to provide the equivalent central support services based on benchmark costs seen on other in-house models
- 7.7 The time cost of providers contract management and partnership work replaced with the estimated new management costs which the Council would have to put in place to replace this management resource (e.g. service manager, operations, sales and marketing, finance and HR)
- 7.8 The additional consideration of the feasibility of recruiting appropriately into those roles as local authorities offer limited career progression for specialists within the Leisure management field.
- 7.9 The additional pensions cost of bringing the staff into the LGPS has been estimated by applying an increase in contribution rate from 3% to 22.5% for all employed staff. There may also be an additional staffing cost to align paycales with Council paycales but it is not possible to estimate the impact of this at this stage so this has not be included
- 7.10 Moreover, the recruitment of new staffing will be required, as there will be a need to import a leisure of specialist expertise to assist in the running of an in-house service. With the current recruitment freezes in place within the authority, the development of a full strength team may be difficult.
- 7.11 The additional cost of National Non Domestic Rates (NNDR) which the Council will now have to pay as it is not a charity offset against a corresponding saving for the Council based on the 30% business rate retention typically seen in London local authorities.

Options for tender exercise

- 7.12 We will conduct the procurement exercise in compliance with procurement law at the point at which the opportunity goes to market.
- 7.13 In the years that have elapsed since Lewisham last tested the marketplace with a full tender exercise for leisure management contractors, the landscape has changed considerably. These factors are discussed and considered below before reaching recommendations for Lewisham.
- 7.14 Suppliers in the industry –In the years that competitive tendering for leisure centre management has been part of the public sector landscape, there have been several trends that have become apparent. At the present time there is consolidation into a few bigger operators that hold a large percentage of the market share. They have advantages of economy of scale in their supply chain, developing their own management systems and by offering career progression for staff.
- 7.15 Equally there is a shift at the other end of the spectrum with the establishment of some local operators (sometimes under the umbrella of a much larger organisation). These may be associated with a single local authority providing a local dimension to the delivery.
- 7.16 Aside from scale there is another dimension to consider. Some operators are Charities or Trusts with any surplus from their operation being ringfenced and invested back into the service. Others are commercial entities.
- 7.17 Competition from the commercial sector – Rapid growth of budget gym sector providing limited range of services (not swimming pools) often 24/7 at a bargain price appeals to younger age groups. Also growth in niche high end health and fitness clubs. Local authority sector struggling to find a role in a crowded market place.
- 7.18 The Leisure management team, working alongside leisure consultants FMG will develop contract specifications, pricing details and evaluation criteria. Lewisham Council's Procurement team and Legal team will review and approve these documents.
- 7.19 The tender process is expected to take up to 12 months to complete. This includes contingency time for any potential delays throughout the process.
- 7.20 The tender weightings are 45% price, 45% quality and 10% social value. The

evaluation will involve the compliance manager and compliance team members.

7.21 Invitations to tender will be sent using Council's templates via Proactis.

8. Financial implications

8.1 The proposed leisure operating budget for 2025/26 is a net income budget of £120k. This is based on a net income budget for 2024/25 of £40k plus an additional £80k based on an income generation proposal being considered as part of budget setting for 2025/26. This is held within the divisional budget for the community services division.

8.2 The current contract covers the ongoing running costs and lifecycle maintenance costs of the current contract from income generated from leisure activity.

8.3 Due to the volatile nature of energy tariff prices over the past few years, the energy risk has been held by the council and managed from reserves funding as opposed to base budget. It is anticipated as part of a new contract commencing in April 2026 that the energy position be included in the contract cost and managed as more of a shared risk.

8.4 As such, as part of budget setting 2025/26 and 2026/27 the council will consider how to fund the energy costs on an ongoing sustainable basis.'

9. Legal implications

Approval to Procure

9.1 The report seeks approval to procure an external service provider for the Leisure Management Contract. Given the potential spend on this contract (at a length of 15 years) this contract would be categorised by Contract Procedure Rules as a "Category A" contract. The report sets out the other options considered and explains why this is the recommended option.

9.2 Assuming that Mayor and Cabinet accepts the recommendation to procure a service provider, the Contract Procedure Rules ("CPR") place requirements on how that should happen. The CPR require that when letting contracts steps must be taken to secure value for money through a combination of cost, quality and competition, and that competitive tenders or quotations must be sought depending on the size and nature of the contract (Rule 5). As a Category A contract, it would be for Mayor and Cabinet to take a decision on the award of any contract. Given the potential spend on this contract the Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment etc) (EU Exit) Regulations ("the Regulations") will apply and must be complied with.

Approval to Award

- 9.3 This report proposes that Mayor and Cabinet approve the award of a contract for Leisure Management. This report further proposes that Mayor and Cabinet instruct the Executive Director for Place in consultation with Director of Law and Corporate Governance and the Director of Communities, Partnerships and Leisure to give effect to this decision by applying the selection and award criteria to determine and enter into contract with the preferred service provider.
- 9.4 The decision to award the contract contained in this report is a Key Decision under the Constitution as it has a value of more than £700,000. It is therefore required to be contained in the current Key Decision Plan and the Council's Key Decision procedure must be followed.
- 9.5 Provided that the final contract value is in line with agreed budgets and the preferred service provider is selected in accordance with the selection and award criteria published in the tender documentation, then the selection by Executive Director for Place of the preferred service provider in accordance with Mayor and Cabinet's direction will not be a Key Decision. For audit purposes a written record should be kept setting out how the selection process has been applied and the preferred service provider selected, and officers from Legal Services should be consulted as necessary throughout the selection and award process.
- 9.6 It is envisaged that a lease or leases will be entered into with the selected provider. The Council may dispose of its land provided it complies with section 123 Local Government Act 1972 including, where a lease is granted for more than a 7 year term, obtaining the best consideration for the lease that is reasonably obtainable and, where the lease is of open space, complying with the publication and consultation requirements set out in section 123(2A).

10. Risk Implications

10.1 Key risks are contained in the table below:

Risk	Mitigation
Procurement timeline slippage	Seeking advice and support of corporate procurement, agreeing, and monitoring a staged process, understanding of the tolerances and early identification of issues as required.
Performance Issues	Ensuring robust quality assurance and monitoring process that are built into the contract. Policies of proactive communication with partners will be assessed and there will be an expectation of continuous improvement elected members and key stakeholders during the re-tendering process and establishment of the new contract.
<u>Changing market dynamics</u>	Allow for periodic reviews and updates. The 5 yearly review mechanism would allow scope to flex around changing requirements and technological advancements.
<u>Competitive pressures</u>	Ensure the differences between private gym and leisure centre markets are understood and marketed appropriately.

11. Equalities implications

11.2 The Leisure Management Contract will include a commitment to deliver a concessions programme aimed at reducing cost barriers to accessing leisure services for agreed demographics within our local community.

11.3 The current Be Active programme provides concessionary pricing for some Lewisham residents based on their circumstances.

11.4 Concessions rates are provided for those that fit into the following categories:

- GP Referrals
- 60 years +
- Students
- Council Staff
- Universal Credit recipients

- 11.5 The new leisure contract will also include a concessions programme, with the contractors asked to propose delivery models that account for residents in the circumstances specified above to be subsidised.
- 11.6 Method statements on delivery of the programme will be requested within the tender documentation.
- 11.7 This may lead to changes in the way the programme is delivered, if Contractors can propose a more cost-efficient delivery model that improves the reach of the programme.
- 11.8 Changes may include combinations of the following:
- The age at which concessions are offered, aligning this to the retirement age for residents,
 - The criteria for the GP referral scheme
 - The qualifying benefits residents are entitled to.

12. Climate change and environmental implications

- 12.1 The Council's Environmental objectives are addressed in the current Leisure Management Contract, with a stipulation that the contractor is to report on factors that contribute to environmental improvements.
- 12.2 Reporting obligations include factors that contribute the Contractors commitments to operate the Facilities in an environmentally sensitive and sustainable manner;
- 12.3 Contractor aim to:
- reduce energy consumption,
 - minimise chemical usage,
 - recycle appropriate non-hazardous wastes and
 - contribute to then delivery of the Council's wider policies for safeguarding the environment and promoting sustainability
- 12.4 The Contractor must have a clear policy and implement effective operational practices that demonstrably have a positive effect on the environment.
- 12.5 As the leisure centres, particularly those with swimming pools, are high energy consuming buildings, the new contract will require interested contractors to submit a Method Statement which shall cover as a minimum:
- Reduction in the use of environmentally harmful chemicals
 - Proposed approach to energy management (including as appropriate reducing energy consumption, energy conservation and use of renewable energy where possible)

- Targets for reducing CO2 emissions
- Increasing water efficiency and maximising water recycling opportunities
- Maximising recycling and reducing waste
- A Green transport plan/s (for staff and customers)
- Demonstrate how existing sustainable practices are to be continued, extended and energetically promoted to staff and customers.

13. Crime and disorder implications

13.1 There are no direct crime and disorder implications related to this report or this tender.

14. Health and wellbeing implications

14.1 The health and wellbeing implications are set out in the main body of the report.

15. Social Value implications

15.1 Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured.

15.2 The London Borough of Lewisham Social Value Policy for Procurement sets out the legal and strategic and policy context for social value and the approach the London Borough of Lewisham (LBL) will adopt to deliver social value through commissioning and procurement activities.

15.3 Social value refers to extra economic, social or environmental benefits that can be attached to a contract. It is about ensuring that for every pound the London Borough of Lewisham spends, as much value as possible is achieved for local people.

15.4 At present, satisfactory quarterly social value returns are made by our leisure contractor, although the obligation to do so was not captured at the time of letting the current contract.

15.5 The tenderers will be asked a method statement question to demonstrate what social value they can deliver through the contract.

15.6 The incorporation of Social Value into Lewisham contracts will significantly help the Council to deliver on its strategic corporate and Maryoral priorities and deliver added value for the borough as a whole.

15.7 The successful provider will be expected to submit a Social Value Action Plan o demonstrate their commitment to Social Value through the delivery of the programme.

15.8 Once the contract is let, these KPI's will become part of the regular reporting

process to ensure they are being achieved.

16. Background papers

- 16.1 [Leisure Management Arrangements](#) report presented at Mayor and Cabinet in November 2021.

17. Glossary

Term	Definition
LBL	London Borough of Lewisham
LED	Light Emitting Diode
SME	Small and Medium sized enterprises
FMG	Sport and Leisure Consultants
LGPS	Local Government Pension Scheme
NNDR	National Non-Domestic Rates

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