



Healthier Communities Select Committee

Report title: Leisure Contract Management

Date: 23/09/20

Class: Part 1

Ward(s) affected: All

Contributors: Director of Communities, Partnerships and Leisure

Outline and recommendations

On 12 August 2020, Mayor and Cabinet agreed the transfer of the management of leisure facilities from Fusion Lifestyle to GLL. The final details of the contract was delegated to the Executive Director of Community Services on the advice of the Director of Law, Governance and HR.

The purpose of the report is to provide the Healthier Communities Select Committee with a progress report on the transfer of services from Fusion Lifestyle Ltd. to Greenwich Leisure Limited Ltd. ("GLL") and to provide reassurances that a suitable performance framework will be in place.

1. Summary

- 1.1. On 12 August 2020, Mayor and Cabinet agreed the transfer of the management of leisure facilities from Fusion Lifestyle Ltd. to Greenwich Leisure Limited Ltd. ("GLL"). The final details of the contract was delegated to the Executive Director of Community Services on the advice of the Director of Law, Governance and HR.
- 1.2. Officers have been negotiating the orderly exit of Fusion, transfer of services to GLL including the terms and conditions of the contract between Lewisham Council and GLL.
- 1.3. An assessment of the centres is being undertaken to provide an understanding of their readiness to open in line with new restrictions and forecasted income. An update will be provided by mid-September with a phased reopening of the centres in the autumn will be advised.
- 1.4. The Downham Health and Leisure Centre is not part of these negotiations. Having agreed terms with the operator it partially reopened on 27th July with the pool opening on 10th August.

2. Recommendations

- 2.1. It is recommended that Healthier Communities Select Committee notes the report.

3. Policy Context

- 3.1. There are a number of existing strategies where the leisure facilities make a positive contribution. In addition the Council is in the process of developing a Physical Activity Strategy with the aim of pulling together all the relevant strands and capturing them in one overarching strategy that puts the health and wellbeing of Lewisham residents at the forefront of provision.
- 3.2. Corporate Strategy 2018 – 2022. The characteristics of the Borough are clearly set out with a growing and diverse population including some areas of very high deprivation and child poverty. Healthy lifestyles and the availability of local leisure centres are key to delivering three of the key priorities namely: Giving children and young people the best start in life; Building an inclusive local economy and delivering and defending: health, social care and support. Furthermore there is opportunity within wider priorities to encourage physical activity in the active environment. Partnership working is a key tool identified to deliver against these priorities. It is clear that leisure services can play a major role in the delivery of the Corporate Strategy priorities.
- 3.3. The Lewisham Local Plan - The Lewisham Local Plan will be 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 first went out to consultation in 2015 and the updated version is about to go out to consultation again in 2019. It will undoubtedly be 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).
- 3.4. Lewisham Whole Systems Obesity Action Plan 2019 – 21. The Council's whole systems approach to obesity has three overarching aims:
 - Promote an environment that supports healthy weight and wellbeing as the norm, making healthier options the easiest choice for our residents to eat well and have active lifestyles;

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- Supporting our communities and families to become healthier and more resilient, which will include addressing the wider determinants of health; and
 - Tackle the weight issues of those who are already overweight and obese.
- 3.5. Physical activity and the physical environment play key roles in the plan which is very positive and there are targets designed to assess progress linked to getting people more physically active, increasing active travel and using outdoor space for exercise.
- 3.6. Local authorities have a statutory duty to secure sufficient educational and recreational leisure time activities and facilities for young people aged 13 to 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 On 20 March 2020, the Government announced the temporary closure of all gyms and leisure centres as part of its COVID-19 response to stop the spread of infection. Leisure providers are currently not eligible for most announced support packages.
- 4.2 Leisure trusts are most at risk because they are charities, societies or community interest companies (with a public benefit asset lock) and as such do not distribute profits. Currently leisure providers are exempt from most COVID-19 emergency support funding, because:
- the Procurement Policy Notes 02/201 (PPN 02/20) on supplier relief do not account for the income arrangements between councils and providers
 - leisure providers are unable to secure loan finance, either through the government backed scheme or commercially, due to judgement of viability being assessed and judged on historical profitable financial records rather than on future financial projections, tight contractual and operating margins and, for trusts, their reinvestment of surpluses into the community model
 - the majority have a rateable value above £51,000 so are not eligible to receive the retail, hospitality and leisure grants
 - they are not eligible for Sport England's emergency response funds which are targeted at grassroots community organisations and are unable to be used to address financial impact on council service provision
 - trusts are not eligible for the Government's £750 million for frontline charities, as they are not deemed 'small' nor 'delivering frontline services'.
- 4.3 On the 25 July 2020, the Government permitted the re-opening of leisure centres that complied with the 'Guidance for people who work in grassroots sport and gym/leisure facilities' therefore gaining COVID Secure status.
- 4.4 Due to the increased expenditure required to obtain and maintain COVID Secure status and the reduced income due to the same, the leisure sector has re-opened slowly with some local authority's facilities having full or partial closure of the leisure centres within their authority.
- 4.5 At the time of writing, officers are aware that the Department of Digital, Culture, Media and Sport ("DCMS") has submitted a bid to the Treasury for a significant additional package designed specifically to support local authorities in covering the increased costs incurred in maintaining public leisure services and funding the net costs of leisure operators during the imminent remobilisation and business recovery phases. It is

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anticipated that the outcome of this bid for additional support will be known soon.

5. GLL Contract Management

- 5.1. GLL will be awarded a two year contract with the option to extend for a further three years subject to the Council's approval.
- 5.2. The leisure services contract will be provided for the operation of eight facilities:
 - The Bridge Leisure Centre (including the Lewisham Indoor Bowls Centre) in Sydenham
 - The Bellingham Leisure and Lifestyle Centre in Bellingham (managed by the Council on behalf of a charity, the Bellingham Community Project)
 - Forest Hill Pools (Forest Hill)
 - Ladywell Arena (Catford)
 - Glass Mill Leisure Centre (Lewisham)
 - Wavelengths Leisure Centre (Deptford)
 - Warren Avenue playing fields (Bromley)
- 5.3. GLL currently operate in over half of London's Boroughs including Lambeth, Greenwich and Croydon. They have recently taken over the Croydon contract from Fusion and have already increased memberships across the sites considerably. They also have significant experience of TUPE and mobilising contracts within short timeframes.
- 5.4. It is acknowledged that the impact of COVID on the leisure market is unknown and typically it would take 18 months to two years to re-stabilise a poorly performing contract. However, while the impact of COVID is unprecedented GLL have experience of turning round contracts after having been managed by Fusion Lifestyle. This short term contract provides GLL with an opportunity to demonstrate their ability to deliver quality leisure services in the borough.
- 5.5. The financial projections undertaken as part of the service mobilisation work indicates that their operation of the leisure facilities and services through the remainder of financial year 2020/21 and 2021/22 will result in a net loss that will need to be met by the Council.
- 5.6. Council officers will undertake formal reviews, on a monthly basis, to assess the level of that financial and operational performance. Furthermore, senior officers will undertake quarterly performance reviews with GLL senior management with officers reporting to Mayor and Cabinet on an annual basis. Officers will report to Healthier Communities Select Committee annually and more frequently on request.
- 5.7. The Council have been working with FMG as specialist leisure consultancy who are also retained by Sport England to provide support for local authorities. FMG have confirmed that, whilst presenting significant challenges to local authorities across the UK, financial risk being held by the Council is the predominant approach by which local authorities are enabling the reopening of public leisure facilities where those facilities are managed by leisure operators.
- 5.8. Given the performance challenges experienced in recent years, as reported to Committee on 4th April 2019 and 14th May 2019 (Part 2 confidential item), it is imperative that measures are in place to provide confidence that the new leisure management arrangements ensure confidence in the operational performance.

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- 5.9. GLL are one of the largest leisure operators in the UK and have experience of taking over failing contracts and turning them round. It is vital that trust is gained and nurtured the beginning of a partnership and willingness to provide services residents deserve.
- 5.10. In more practical terms the terms and conditions of the contract will have provisions that will provide the parameters for performance with remedies when this is not met including for example the Payment Mechanism. However, as noted in this report it is in GLL's interest that they perform favourably to ensure that contract extensions are considered
- 5.11. Further measures both the Council and GLL will utilise to measure success will be:
- Increased visits
 - Increased memberships and swim school
 - Increased satisfaction through customer surveys and other measures
 - Decrease in complaints
- 5.12. All the above will be used to inform the performance of GLL and will be reported on a monthly, quarterly or annual basis. The resources required to support this work are being considered following the creation of the new Communities, Partnerships and Leisure Division within the Council in recent months.
- 5.13. In addition a new Sport and Physical Activity Strategy is in development that will set a range of wider health and wellbeing outcomes for leisure services across the Borough.
- 5.14. Officers are acutely aware of the need to provide a quality leisure service in Lewisham to build confidence in the provision and ensure that wider equalities and health and wellbeing outcomes are met.
- 5.15. Given the nature of the new contracting framework it will be much easier for officers to insist on a range of measures but this investment will need to be balanced with the need to promote financial sustainability across the provision in the medium to long term.

6. Financial Implications

- 7.1 As set out in the body of the report.

7. Legal implications

- 7.1. The Council has a public sector equality duty (under the Equality Act 2010 (the Act)). It covers nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 7.3 The duty is a "have regard duty", and the weight to be attached to it is a matter for the decision maker, bearing in mind the issues of relevance and proportionality. It is not an

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absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

- 7.4 The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>.
- 7.5 The Equality and Human Rights Commission (EHRC) has issued guides for public authorities in England giving advice on the equality duty. The ‘Essential’ guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

8. Equalities implications

- 8.1. Lewisham Council is current developing a new Physical Activity strategy which the leisure services detailed in this report will be a key part. As part of the strategy development, a vision, priorities and key outcomes will be established to set the strategic direction for the service over the coming years. Whilst these have not yet been confirmed at this stage, they are likely to centre around the areas of:
- Increasing physical activity levels and reducing inactivity with the aim of reducing the burden on the NHS, particularly in deprived areas and within the BAME community;
- 8.2. AND using physical activity to:
- promote health, wellbeing and happiness;
 - tackle deprivation;
 - reduce crime and anti-social behaviour;
 - develop the economy, jobs and skills;
 - support the voluntary & community sector.
- 8.3. A number of specific target outcomes and associated KPIs will be identified to establish how the strategy will be measured and monitored, with an action plan identifying specific actions for implementation.

9. Climate change and environmental implications

- 9.1. Leisure Centres, especially swimming pools, consume high levels of energy. Officers will work with GLL to utilise techniques they have demonstrated in other boroughs to reduce overall energy consumption and the carbon footprint of services.

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10. Crime and disorder implications

- 10.1. Leisure Services play a significant role providing positive activities for young people, reducing the chances of them being involved in anti-social behaviour or criminal activity. They are a key provision in the Local Authorities Public Health Approach to violence reduction.

11. Health and wellbeing implications

- 11.1. There is a wealth of evidence to highlight that the benefits of an active lifestyle are far reaching and impact positively on people's lives across the life course. Those who play sport and are active are healthier, happier and more likely to be successful in academic and professional life.
- 11.2. We know that the benefits of an active lifestyle are far reaching and impact positively on people's lives. The weight of the national evidence base regarding the risks and costs of inactivity is compelling:
- Physical inactivity directly contributes to one in six deaths in the UK, the same number as smoking;
 - Physical inactivity is the fourth largest cause of disease and disability in the UK;
 - Physical inactivity leads to around 37,000 premature deaths a year;
 - Evidence highlights that active people are less likely to suffer from heart disease, stroke, cancer, diabetes and may consequently live 5 years longer.
- 11.3. Physical inactivity poses a serious and growing danger to society; it damages health, economy and the environment and limits the educational attainment and future lives of children.'
- 11.4. It is estimated by Public Health England that the cost of physical inactivity is £7.4 billion per year.

12. Social Value implications

N/A

13. Background papers

HCSC 4th April 2019 – Leisure contracts (Item 5)

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=133&MId=5505&Ver=4>

HCSC 14th May 2019 – Leisure centre performance (Item 10)

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=133&MId=5580&Ver=4>

14. Glossary

Term	Definition

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Term	Definition

15. Report author and contact

15.1. James Lee, james.lee@lewisham.gov.uk, 020 8314 8465

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