

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR FOR ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	HOUSING NEIGHBOURHOODS AND LEISURE COMMITTEE		
DATE:	10 NOVEMBER 2021		
TITLE:	UPDATE ON THE OPERATION OF LEISURE FACILITIES BY GREENWICH LEISURE LIMITED AND ACCEPTANCE OF THE NATIONAL LEISURE RECOVERY FUND		
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide an update on the award and commencement of the new leisure contract; to inform Committee of the Council's bid for, and the successful award of, funding from the National Leisure Recovery Fund (NLRF) in the sum of £160,772 to support the reopening of the leisure sector post-COVID-19; and to inform committee of the Council's application for £1.5m from Sport England Strategic Facilities Fund.
- 1.2 On 20 January 2020, Policy Committee authorised the award of a 25-year design, build, operate and maintain contract for Boroughwide leisure facilities to Greenwich Leisure Limited (GLL). The contract award to GLL was delayed by 17 months as a result of the COVID-19 pandemic, which resulted in the closure and restricted operation of leisure centres nationally.
- 1.3 The new leisure contract started on 1 July 2021; GLL commenced the operational management of the Council's leisure centres at Rivermead Leisure Centre, Palmer Park Sports Stadium, South Reading Leisure Centre and Meadway Sports Centre. All existing Council sport and leisure staff transferred to GLL in accordance with the TUPE Regulations. All leisure centre users were made aware of the handover prior to the 1 July 2021 and those with direct debit memberships were transferred from RSL to GLL in line with GDPR.
- 1.4 The leisure centres have now been operated by GLL for four months and a presentation will be made by GLL outlining service provision and contract delivery.
- 1.5 In December 2020, Sport England launched the NLRF to support publicly owned leisure facilities through the Covid-19 crisis. Applications were accepted from local authorities

in England who had outsourced their leisure centre provision to external operators. The Council submitted a bid for NLRF funding of £149,000 in respect of Rivermead Leisure Centre, which at this time was the only eligible site operated by GLL. In March 2021 the Council was awarded the full bid amount, plus an additional £10,230 grant funding and a £1,542 monitoring and evaluation grant. In total, Sport England awarded the Council funding in the sum of £160,772.

- 1.6 The Council had a limited window (32 days) within which to accept the NLRF grant from Sport England. On 9 March 2021, the Council accepted the NLRF grant on Sport England's standard terms and conditions.
- 1.7 In July 2021, the Council was invited to and has applied to Sport England for further £1.5million from its Strategic Facilities Fund to support the new leisure developments at both Rivermead and Palmer Park. The Council now awaits the decision from Sport England in respect of its bid submission.

2. RECOMMENDED ACTION

- 2.1 That Committee notes the award and commencement of the new leisure contract to Greenwich Leisure Limited (GLL) on 1 July 2021 for a term of 25 years.
- 2.2 That Committee notes the successful application and acceptance of Sport England's National Leisure Recovery Fund (NLRF) grant of £160,772 to support the reopening of the Rivermead Leisure Centre post Covid-19 lockdowns.
- 2.3 That Committee endorses the decision of the Executive Director for Environment, Neighbourhoods and Economic Growth, in consultation with the Lead Councillor for Heath Wellbeing and Sport, to allocate funding of £160,772 from NLRF grant award to GLL, the operator of Rivermead Leisure Centre on behalf of the Council.
- 2.4 That Committee notes the contents of the presentation from GLL in respect of paragraph 4.1.1 of this report.
- 2.5 That Committee notes the submission of the funding application to Sport England for £1.5m contribution to the construction cost of the new leisure facilities at Rivermead and Palmer Park.
- 2.6 That the Executive Director for Environment, Neighbourhoods and Economic Growth, in consultation with the Assistant Director for Legal & Democratic Services the Director of Finance and the Lead Councillor for Heath Wellbeing and Sport, be delegated authority to:
 - (i) accept an award of funding from Sport England's Strategic Facilities Fund, subject to acceptable grant terms and conditions;
 - (ii) enter into the related grant agreement with Sport England; and
 - (iii) be legally empowered to act on behalf of the Council for all purposes connected with the grant agreement, including the authority to spend this money in line with the grant funding terms.

3. POLICY CONTEXT

- 3.1 Reading has a range of leisure facilities that are of mixed quality. The Council recognises that the provision of suitable and readily accessible sports facilities underpins participation in sports and physical activity and supports the delivery of the social and economic benefits that can be attributed to an active community. With over 750,000 people using the Borough's sports and leisure facilities across the town each year, Reading requires a leisure offer that reflects its needs and that aligns with the Council's wider policies and priorities, including public health objectives and tackling inequalities.
- 3.2 An extensive procurement process to find a leisure partner to design, build, operate and maintain (DBOM) boroughwide leisure facilities culminated on 20 January 2020, with Policy Committee awarding a 25-year DBOM contract to Greenwich Leisure Limited (GLL) and delegating authority to officers to finalise the contract arrangements. Officers were in the process of finalising the DBOM contract terms with GLL, when the Covid-19 pandemic broke out in March 2020 delaying the contract terms.
- 3.3 The Covid-19 pandemic adversely affected businesses nationally. In response National Government made funding to local authorities to support their partners available. External funding is an important source of income to the Council, but funding conditions need to be carefully considered prior to entering into funding agreements, to ensure that: (i) They are compatible with the aims and objectives of the Council; (ii) The necessary procedures are in place to meet funding conditions and reporting requirements; and (iii) Appropriate budget provision is available if 'match funding' is required.
- 3.4 In March 2020 when the country moved into lockdown the Council's leisure centres, including Rivermead, closed like many other businesses and venues to protect public health. The centres partially opened in a phased fashion in July 2020 until closing again in December 2020.
- 3.5 The National Leisure Recovery Fund supported eligible public sector leisure centres to reopen to the public, giving the sport and physical activity sector the best chance of recovery to a position of sustainable operation over the medium term. Applications had to be submitted by local authorities in England who hold responsibility for the provision of leisure services and have outsourced their leisure provision to an external body to the local authority. The Council was eligible to apply for funding for Rivermead Leisure Centre which is operated by Greenwich Leisure Limited (GLL). A Notional Funding Allocation (NFA) was calculated for each eligible local authority, which acted as a cap. The size of the allocation was based upon a set of criteria applied to all local authorities across England. This fund opened on 14 December 2020 and closed at noon on 15 January 2021.
- 3.6 A bid was submitted to NLRF by the Council to cover £149,000 of losses at Rivermead Leisure Centre for the period December 2020 to March 2021. The funding was used to support the recovery of the service at Rivermead Leisure Centre to a sustainable level: The funding promotes the sustainable delivery of enough facilities and activities to enable the service to start to attract users back and begin to support the commercial recovery of the business and meet the needs of the local community, all in accordance with the Recovery Plan submitted by the Council.

4. THE PROPOSAL

4.1 Current Position:

Contract Award and Commencement

4.1.1 Following committee approval on 8 June 2021, contract negotiations continued, and an agreement was reached between GLL and RBC, resulting in contract signing taking place on 1 July 2021. As well as the operational management of the leisure centres, GLL will be building a replacement Rivermead including competition swimming and diving, new sport hall and large gym, a new swimming pool at Palmer park, and refurbishments of Meadway and South Reading Sports Centre. There is a significant concentration on increasing participation in physical activity and delivery of public health targets. This will be increasingly important as we move into a recovery phase of the Covid-19 pandemic. GLL will be making a presentation covering the following areas;

Recovery of leisure facilities post Covid

- Usage Levels
- Programme being run/facility availability
- Customer Feedback

Activities being run for target groups/vulnerable people

Build Programme Update

4.1.3 All the existing Reading Sport and Leisure (RSL) staff were TUPE transferred over to GLL with the same entitlements they had as Council employees.

4.1.4 Prior to the transfer, RSL wrote to all its Direct Debit members to inform them of the pending transfer (and consequent transfer of their data). This was a smooth transfer, with members only needing to act if they wished to stop their membership or had questions regarding the transfer.

4.1.5 All existing RSL members have retained their membership price in the transfer to GLL. The Your Reading Passport (YRP) scheme is no longer active and therefore no new members are able to join the scheme. However, any customer that was on the YRP scheme before transfer will still be able to access their membership and use the facilities.

4.1.6 The transfer of operation to GLL has been welcomed by many users of the leisure centres. However, as with any change, a number of customer enquiries have been received by both the Council and GLL. Working in partnership these have been swiftly addressed and resolved by both parties.

4.1.7 The contract monitoring team are carrying out regular monitoring and inspections of all four sites looking at but not limited to; cleanliness, service delivery, customer service and staffing. The team conduct ad-hoc inspections accompanied by a manager from GLL, this highlights any issues and areas for improvement. These issues are then formally reported to GLL who must rectify them within a specified timeframe.

National Leisure Recovery Fund (NLRF)

- 4.1.8 As described at 3.5 in this report, funding was made available on an equal basis to authorities across the country to offset losses experienced by private operators of public facilities to enable the sector to survive. The allocation was based upon an assessment of GLL's Rivermead accounts by Grant Thornton to ensure parity of support across different operators avoiding unfair subsidy.
- 4.1.9 The conditions of the Sport England grant required the Council to accept the respective grant funding agreements within two weeks of them being awarded it. These conditions were accepted by the Council.
- 4.1.10 Sport England transferred the leisure recovery funding to the Council in one lump sum. In accordance with the NLRF grant conditions, this money was paid to GLL by the Council upon receipt.

Sport England Strategic Facilities Fund

- 4.1.11 Sport England's Strategic Facilities Fund is designed to support major projects that encourage people to lead an active and healthy lifestyle. Developments in key locations nationally and providing the right facilities in the right places, are supported to best deliver improvements in access and use of high-quality facilities. Improving the health and wellbeing of local communities.
- 4.1.12 The Council submitted an expression of interest to Sport England to access their Strategic Facilities Fund for £1m at Rivermead and £0.5m at Palmer Park in May 2021.
- 4.1.13 The expression of interest was accepted, and the Council were invited to submit a full application for the funding. This was submitted in July 2021. Determination of the application is expected shortly, this will include confirmation of funds being made available and the associated terms and conditions.

4.2 Other Options Considered

- 4.2.1 Alternative options to letting a contract were outlined considered in previous reports leading up to the decision to appoint GLL as the Council's partner in January 2020.
- 4.2.2 The Council could have chosen not to accept the NLRF grant. The implication of this would be continued pressure on the 2021/22 revenue budget due to previously imposed Covid-19 restrictions which limited revenue generating activity at the Rivermead Leisure Centre. For GLL, this would hinder their ability to provide a leisure service within Reading. It would also mean that GLL could request more funding/support from the Council for Covid recovery, similar to the initial lockdown where the Council provided financial support to GLL.
- 4.2.3 The Council could choose not to accept funding from Sport England's Strategic Facilities Fund should the terms and conditions be unacceptable. This will mean the Council will meet the full costs of the developments. This was identified in the report to Council on the 8 June 2021 where funding was made available to meet this eventuality or should an application fail.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 Healthy environment

- 5.1.1 The Council is working with the leisure provider, GLL, to increase physical activity and transform the leisure offer in Reading to improve the health outcomes for residents. In addition to overarching targets specific programmes such as cardio rehabilitation and weight management are being extended. The NLRF supports continued delivery of these objectives.
- 5.1.2 The new leisure facilities will modernise facilities and create affordable and accessible services to improve the physical and mental health of residents of the Borough. NLRF enabled the continued provision of facilities.
- 5.1.3 The new leisure facilities at Rivermead and Palmer Park contribute to tackling climate change by being BREAAAM excellent.

5.2 Thriving Communities

- 5.2.1 The Council will work with its new leisure partner, GLL, in the delivery of key national and local strategic policies. It will also demonstrate that investment and action is making a positive difference to people's lives and show the impact the delivery of the leisure service is having on local individuals and communities and public health outcomes.
- 5.2.2 Whilst the town's culture and leisure opportunities are accessed by the vast majority of residents there are significant cohorts who face barriers to access. This can lead to increased levels of obesity and poorer health and well-being for both adults and children in respect of physical activity; and poorer quality of life, mental health, social isolation and well-being. Addressing these barriers and widening participation is a key outcome requirement. The NLRF has allowed this work to continue.

5.3 Inclusive economy

- 5.3.1 The contracts relating to the building of new facilities includes employment of local people and offering local apprentice training. Leisure facilities are predominantly staffed by local people and will also be providing apprenticeships and training opportunities. Provision of high quality and affordable cultural and leisure facilities are importing in ensuring Reading continues to be identified as a great place to live and work.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 There are no direct environmental and climate implications resulting from these recommendations. Supporting the delivery of the new leisure contract will bring on line environmentally more sustainable buildings that the current portfolio including a BREEAM Excellent replacement Rivermead and the improvement of Palmer Park Sports Stadium.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".

- 7.2 With regards to the new leisure contract, consultation with key stakeholders has been carried out in 2019 involving an online survey, face to face interviews and focus groups as part of the work to develop an indoor sports facilities strategy. This consultation also included a range of sports clubs and operators. It involved the Amateur Swimming Association (ASA) and Sport England to ensure that lead governing bodies for a variety of sports have been able to directly influence the strategy and are confident that it reflects their interests and input.
- 7.3 GLL have customer feedback and evaluation embedded as part of their operations and use this to inform future service delivery. Consultation and feedback from customers part of the contract management process and assessment of GLL's performance. This includes measurements of participation in physical activity as a whole.
- 7.4 The proposed new facilities at Rivermead and Palmer Park were subject to statutory public consultation as part of the planning approval process leading to planning consent on 31 March 2021.
- 7.5 No public consultation has been carried out on the proposal to apply for or accept the NLRF grant and this was not part of the grant process.
- 7.6 No public consultation has been carried out on the proposal to apply for Sport England's Strategic Facilities Fund as this was not part of the grant process.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a *relevant protected characteristic* and persons who do not share it.
- 8.2 An EIA was not relevant to the decision to accept the NLRF grant or apply for the Sport England Strategic Facilities Fund. There are no equality implications as a result of this decision. Accepting the NLRF has enabled GLL to continue to deliver leisure provision for the Borough.
- 8.3 Relating to the new leisure contract, an Equality Impact Assessment was undertaken on the proposals and recommendations as part of the Policy Committee decision taken in January 2020.

9. LEGAL IMPLICATIONS

New Leisure Contract

- 9.1 The Council has powers under the Local Government (Miscellaneous Provisions) Act 1976 to provide such recreational facilities as it thinks fit, including the provision of buildings, equipment, supplies and assistance of any kind. The Council may make such facilities available either without charge or on payment of such charges as it thinks fit.

- 9.2 The procurement process for the DBOM contract has been conducted in compliance with the Council’s Contract Procedure Rules and in accordance with the Public Contract Regulations 2015 using the Competitive Dialogue Process.

National Leisure Recovery Fund (NLRF)

- 9.3 Sport England’s offer of funding under the NLRF is made available to local authorities pursuant to its standard terms and conditions for grant. This document sets out the legal responsibilities of the Council in accepting the NLRF funding to support the operation of the Rivermead Leisure Centre by GLL, which has been adversely impacted by the COVID-19 pandemic.
- 9.4 The funding received by the Council through NLRF award has been passed through to GLL in accordance with the Council’s obligations under its funding agreement with Sport England dated 9 March 2021.
- 9.5 GLL’s leisure services were competitively procured by Council and it is not compensated over and above it’s running costs through the funding, which has been determined on an open book basis and through national benchmarking exercise undertaken by the Ministry for Housing, Communities and Local Government.
- 9.6 As the grant to GLL through the NLRF award comes from public funds the Council has carried out a Subsidy control analysis and is satisfied that the support provided to GLL though this funding is compliant with the new Subsidy control regime.

Strategic Facilities Fund

- 9.7 Should the Council be successful in its Strategic Facilities Fund bid, it will need to enter into a grant agreement with Sport England and comply with the conditions for the grant, which will be reviewed and assessed upon receipt.

10. FINANCIAL IMPLICATIONS

- 10.1 The NLRF grant £160,772 will provide financial support for the Rivermead Leisure Centre through the Council Leisure contractor GLL. This will help the council manage its leisure budgets during this time of uncertainty as facilities re-open in 2021/22. No contributory funding was required from the Council.
- 10.2 In June 2021 approval was sought to increase the capital spend allocation for the new leisure facilities at Rivermead and Palmer by £2.433m due to increased construction costs as a result of Covid-19 delays. This figure is dependent on £1.5m from Sport England Strategic Facilities Fund being approved as a contribution towards the cost of the new leisure facilities. Without the Sport England contribution, the total scheme of £38.451m would require additional capital funding of £3.933m.

Budget Feb 2021 Report	Net Budget
	£'000
20-21	950
21-22	21,277
22-23	12,785

23-24	1,006
Total	36,018
Additional June 2021 Report	3,933
Less proposed Sport England contribution	(1,500)
Total Budget	38,451

10.3 It is proposed to use CIL as a funding source for this project, including the additional £2.433 million that is requested for approval in this report and the £1.5 million that remains at risk until Sport England funding is confirmed. The amount of CIL that can be allocated will depend on the amount collected, but current forecasts suggest that at least £2.5 million of 80% CIL will be available to allocate to infrastructure each year over the next four years.

11. BACKGROUND PAPERS

- 11.1 Policy Committee- 8 June 2021 Update on construction costs of new leisure facilities
<https://democracy.reading.gov.uk/documents/s17263/LeisureConstructionCostUpdate.pdf>
- 11.2 Policy Committee - 20 January 2020 - Award Of A Design, Build, Operate And Maintain Contract For Boroughwide Leisure Facilities
<https://democracy.reading.gov.uk/documents/g3091/Public%20reports%20pack%2020th-Jan-2020%2018.30%20Policy%20Committee.pdf?T=10>