

<b>Committee</b>	<b>Dated:</b>
Community and Children's Services Committee	24/9/2021
<b>Subject: Golden Lane Sport and Fitness Centre lease extension (2022- 23)</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>1, 2, 3, 4</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of funding?</b>	<b>N/A</b>
<b>Has this funding source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> Andrew Carter, Director of Community and Children's Services	<b>For Decision</b>
<b>Report author:</b> Greg Knight, Senior Commissioning Manager, Commissioning and Partnerships	

### Summary

At Community and Children's Services Committee in November 2020 Commissioning presented a report titled 'Golden Lane Sport and Fitness Centre management- Leisure Services 2022'. The report set out the options to deliver the leisure service from January 2022, when the current contract with Fusion Lifestyle expires.

The report recommended a short-term solution was progressed to allow a competitive procurement process to be completed to appoint a new provider on a long-term contract in 2023. This was recommended primarily to allow the market to recover from the sustained impact caused by the pandemic and to deliver improved contractual terms for the City.

After reviewing the options, an extension of the current management contract with Fusion Lifestyle until March 2023 was identified as the best approach. This was approved under delegation by Community and Children's Services category board in July.

In order to progress with the contract extension, Community and Children's Services committee approval is required to extend the lease held by Fusion Lifestyle for 1 January 2022 until March 2023. Under the terms of the lease Fusion Lifestyle are charged at the rate of a peppercorn per annum. As the lease extension will not achieve market rental value, under the scheme of delegation, Committee approval is required.

The extension to the lease under these conditions is recommended in order to support the delivery of the Corporate Plan and Departmental Business Plan objectives, whilst removing the implications of a vacant property, such as the need to pay mothballing costs.

## **Recommendation**

Members are asked to:

- Approve the extension of the lease of Golden Lane Sport and Fitness Centre with Fusion Lifestyle, from 1 January 2022 until 31 March 2023, charged at the rate of a peppercorn per annum.

## **Main Report**

### **Background**

1. The Golden Lane Sport and Fitness Centre management contract is held by Fusion Lifestyle, a registered charity that provides public sector sports and leisure management. The initial contract runs until 31 December 2021 and includes an optional five-year extension period. Alongside the management contract, Fusion Lifestyle hold a lease for the building and are charged at the rate of a peppercorn per annum.

### **Current Position**

2. After reviewing the options to implement a short- term contract, an extension of the current management contract with Fusion Lifestyle until 31 March 2023 was identified as the recommended approach. This was recommended primarily to allow the market to recover from the sustained impact caused by the pandemic and deliver improved contractual terms for the City.
3. The recommended contract extension was completed in consultation with the chairman of Community and Children's Services committee and approved under delegation by Community and Children's Services category board in July 2021.

### **Proposals**

4. In order to deliver the service, the lease for the centre which Fusion Lifestyle currently hold needs to be extended for the same period. As the lease is charged at the rate of a peppercorn per annum market rental will not be achieved. Under the scheme of delegation Community and Children's Services committee approval is required to issue the extension under these terms.
5. The extension to the lease under these conditions is recommended in order to support the delivery of the Corporate Plan and Departmental Business Plan objectives, whilst removing the implications of a vacant property, such as the need to pay mothballing costs.

### **Options**

6. The following options are proposed:

**Approve the proposed extension of the lease**

This option will ensure that the management of Golden Lane Sport and Fitness Centre is sustained from 1 January 2021 until 31 March 2023. It will allow for a competitive procurement to be completed to appoint a new provider on a long-term contract and deliver the best contractual terms for the City.

### **Reject the proposed extension of the lease**

Depending on the grounds for rejection, this option will either result in commissioning completing further negotiations with Fusion Lifestyle, in order to achieve market value, or closure of the centre from 2022. Negotiations to date indicate that Fusion Lifestyle are unwilling to proceed with a contract extension that includes a rental. If the centre is closed the City will need to cover the costs of mothballing the building, which will exceed the revenue costs of proceeding with the proposed contract extension with Fusion Lifestyle.

### **Corporate & Strategic Implications**

7. The commissioning and contract management of the Golden Lane Sport and Fitness Centre is focused on the delivery of the Corporate Plan and Departmental Business Plan objectives, most notably the outcome to 'Contribute to a flourishing society'. It aims to support the sub aims that people are safe and feel safe, people enjoy good health and wellbeing, people have equal opportunities to enrich their lives and reach their full potential, and communities are cohesive and have the facilities they need.

### **Financial implications**

8. As the lease for the centre is to be issued at the rate of a peppercorn per annum the recommendation results in the opportunity cost of not achieving market rental.

### **Resource implications**

9. Not applicable.

### **Legal implications**

10. The legal implications relating to extending the lease and the contract have been considered fully.

### **Risk implications**

11. Not applicable.

### **Equalities implications**

12. The introduction of a new community sports development plan in 2021 sets out the action plan to increase participation amongst priority groups in the City. The themes within the

plan include increasing participation amongst inactive residents, over 50-year olds, young people and residents living in the East of the City.

13. Examples of actions in progress include launching health walks in the East of the City, reinstating Yoga and Pilates sessions in Portsoken and providing swimming for young people with SEND. Commissioning will continue to ensure the public Sector Equality Duty 2010 is met through contract management, the monitoring of key performance indicators and working with Fusion Lifestyle to meet emerging needs.

### **Climate implications**

14. The draft lease Heads of Terms have the inclusion of an energy efficiency term in order to address the requirements of the City's Climate Action Strategy.

### **Security implications**

15. Not applicable.

### **Conclusion**

16. Members are asked to approve the extension of the lease of Golden Lane Sport and Fitness Centre with Fusion Lifestyle, from 1 January 2022 until 31 March 2023, at the rate of a peppercorn per annum. The extension of the lease under these terms will support the delivery of Corporate Plan and Departmental Business Plan objectives, whilst removing the implications of a vacant property, such as the need to pay mothballing costs. The recommendation will support the immediate sustained provision from the centre and will allow for a competitive procurement to be completed to appoint a provider on a longer-term basis.

### **Appendix**

- None

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