

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1602

**Title: Crystal Palace – National Sports Centre Contract Extension**

### Executive Summary:

It is proposed to extend GLA Land and Property Limited's leisure management contract with Greenwich Leisure Limited in relation to the National Sports Centre for a further two years from 31 March 2016.

### Decision:

That the Mayor approves:


- The extension of the contract under which Greenwich Leisure Limited provides leisure management services to GLA Land and Property Limited for a further two years, expiring 31 March 2018 (with a nil management fee) and
- An exemption from the requirements of section 4 of the GLA's Contracts and Funding Code

### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

**Signature:**



**Date:**

17.3.2016

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The London Development Agency (LDA) and subsequently GLA Land and Property Limited (GLAP) have occupied the National Sports Centre (NSC) under a 125-year lease from LB Bromley since 2003. Greenwich Leisure Limited (GLL) were appointed in 2004 following a full OJEU process, in partnership with Sport England. The contract was previously extended in 2009 and 2014.
- 1.2 The current GLL contract expires in March 2016. Pending a decision on the long term future of the NSC, appropriate arrangements for running the centre need to be put in place. GLAP does not possess the necessary skills in-house and therefore external support will be required.
- 1.3 Whilst the longer term strategy concerning the NSC and wider park area continues to be developed, it is not possible to articulate GLAP's requirements to the market with sufficient certainty to undertake a procurement exercise which achieves value for money for GLAP and provides the optimal benefits for the host borough, LB Bromley, the surrounding boroughs of Croydon, Lambeth, Lewisham and Southwark or Greater London generally.
- 1.4 Officers acknowledge that contracts with the value of that proposed should under, section 4 of the GLA's Contracts and Funding Code ("Code"), be procured by undertaking a procurement process compliant with the Public Contracts Regulations, or the services should be called off from an accessible framework. Officers seek exemption from the Code. The exemption does not fall under the categories explicitly listed in the Code, but that the Code provides for this (because it does envisage that an exception might not always fall under these). And that the reasons in this particular case are set out in 1.3, 1.6 and 1.7.
- 1.5 GLL were procured by the LDA in partnership with Sport England in 2004 and have continued to provide services to the LDA and subsequently the GLA since April 2012. During that period they have continued to expand the use of the centre, increasing the range of sporting activities and have worked with LDA/GLAP to reduce the financial impact of running the NSC. GLL continue to utilise their extensive range of contacts, to enable them to create additional revenue opportunities and manage any local concerns in the interim period until the GLA is able to comment on the long term future of the NSC. This is especially important following the public consultation exercise undertaken by CSM Consulting, on behalf of the GLA, in late 2014. This identified a number of areas where closer working with the sporting and local communities would be beneficial and GLA officers have been working with GLL staff and end users to build on the feedback from the consultation exercise.
- 1.6 By extending the existing contract with GLL:
  - Continuity of their invaluable knowledge and experience will be preserved during this interim period;
  - Progress can continue to be made on improving the performance of the NSC both operationally and financially while a long term future for the NSC is developed and;
  - End users will have a degree of certainty until 2018, which will enable them to make plans for events during that period, with the knowledge that they are dealing with people who have an understanding of their requirements.
- 1.7 Officers are of the opinion following previous consultation with leisure service providers and evidence of earlier LDA tender exercises (there were only two responses to the invitations to tender published in 2004 and in 1999/2000 for longer term contracts) that there will be insufficient market interest in a short term (2 year) agreement. Reflecting the level of activity required to establish the

GLA's requirements regarding the long term arrangements for the NSC site, it is therefore felt that extending GLAP's current contract with GLL affords the best solution in the current situation.

1.8 It should also be noted that:

- GLL currently manage the "Copperbox" as well as the Aquatics Centre in Queen Elizabeth Olympic Park on behalf of LLDC;
- GLL are a charitable social enterprise and;
- Discussions with GLL have resulted in agreement that any contract extension would be broadly in line with existing terms and conditions. That means that GLL will not require a management fee for these two years. Also, as a result of minor changes to the treatment of some areas of income and expenditure, GLAP will benefit to the extent of approximately £100,000 per annum, when compared to the existing contract arrangements.

1.9 The proposal is therefore, to extend GLL's existing contract for a further two years, on similar terms as existing. Officers will continue to work with GLL to seek additional income producing opportunities to further reduce the annual cost to GLAP. Work undertaken since the public consultation with local sporting and community groups, as well as national sporting bodies, will also assist in this area. During this interim period, work will continue on maintaining the fabric of the NSC and will also involve a small level of investment, reflecting some of the feedback from the public consultation exercise and subsequent discussions with relevant parties. This expenditure will be covered under normal GLA budgetary processes.

## 2. Objectives and expected outcomes

2.1 The primary objective is to extend the NSC leisure management contract with GLL for a further two years. This extension will provide for continuity of service during a transitional phase and will continue to provide the opportunity to explore further options with GLL for improving the income stream and reducing the cost to GLAP during that period, while addressing some of the issues that were identified during the public consultation exercise.

2.2 This contract extension will enable the incoming mayor to develop and implement their plans for the long term future of the NSC.

2.3 It is intended that this will be the final extension of this contract and that an appropriate re-procurement exercise will be commenced during 2016/17.

## 3. Equality comments

3.1 Extending the contract for the next two years, whilst a long term plan for the NSC is developed, will ensure that the facility can remain open and fully operational; and will also support the Mayor's objective to "*Sustain and promote the rapid expansion of leisure and cultural industries in London*".

## 4. Other considerations

4.1 There are some potential risks with the proposed course of action:

**Risk:** There may be some procurement risk associated with the proposed extension of contract.

**Mitigation:** This is a commercial decision taken against the background of a limited number of parties able to undertake the work given the financial benefits arising from working with a charitable status organisation and the potential for a much larger contract being procured in the relatively near future. Input has been received from both Procurement and Legal.

**Risk:** Delays in determining a long term future for the NSC may require the need for a further extension beyond 2018.

**Mitigation:** Focussing on developing a long term strategy for the NSC during the remainder of 2016, should enable sufficient time for a new operating model to be introduced in 2018.

## 5. Financial comments

5.1 The recommendation is to extend the leisure management contract for a further two years (ending 31<sup>st</sup> of March 2018) between Greater London Authority Land and Property Limited (GLAP) and Greenwich Leisure Limited (GLL) in relation to Crystal Palace National Sports Centre. The proposal is to keep the terms of the new contract broadly the same, where GLAP is not incurring any management fees. In addition, the new arrangement around the treatment of Income and Expenditure will deliver savings in the region of £100k, hence reducing the overall Crystal Palace Budget from £1.1m to around £1m.

## 6. Legal comments

6.1 Officers have indicated in this report that:

6.1.1 the decisions requested of the Mayor fall within the statutory powers of the Authority to do such things which may be considered facilitative of or conducive or incidental to the discharge of its principal functions.

6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

- (a) pay due regard to the principle that there should be equality of opportunity for all people;
- (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- (c) consider consulting with appropriate bodies.

6.2 Paragraph 4 of the GLA's Contracts and Funding Code (the "Code") requires the GLA to undertake a procurement process in compliance with the Regulations for contracts of values exceeding £150,000. Officers are aware of the procurement risks and have indicated in section 1 of this report the reasons for an exemption from the Code. Therefore, the Mayor may authorise an exemption from the Code, if satisfied with the content of this report.

6.3 Officers must ensure that the GLL contract is varied in accordance with the relevant provisions of the contract and all necessary variation documentation is put in place before the commencement of the extended contract period.

## 7. Investment & Performance Board

7.1 This matter has not been referred to IPB but was discussed at HIG on the 8 March 2016.

## 8. Planned delivery approach and next steps

Activity	Timeline
Finalise and execute contract extension documentation	March 2016

**Appendices and supporting papers:** None

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of this approval to be deferred? No**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – No**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Malcolm Beadle has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Sponsoring Director:**

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*m. d. Beadle*

Date

11. 3. 16

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*Edward ...*

Date

11:03:2016

