

TITLE: The Hive Leisure Centre Contract

Committee: Finance and Assets Committee

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Author: Director Community

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Contact officer: Sally Bonnett, Director Community, sally.bonnett@eastcambs.gov.uk, 01353 616451, room 105, The Grange, Ely

1.0 Issue

- 1.1. To consider exercising the contract extension clause in the Leisure Management Agreement for The Hive Leisure Centre.

2.0 Recommendations

- 2.1. Members are requested to:
 - i) Approve the extension of the Leisure Management Agreement for The Hive Leisure Centre.
 - ii) Instruct the Director Community and Director Legal to amend the contract end date to 1 May 2035.

3.0 Background/Options

- 3.1. In June 2016 Council appointed GLL as the operator to manage the Hive District Leisure Centre, following a competitive tender process.
- 3.2. The length of the contract awarded, which commenced in May 2018, was 12 years with an optional extension of up to 5 years.
- 3.3. GLL have requested that the contract be extended by 5 years and that the end date be amended to 1 May 2035.

4.0 Arguments/Conclusions

- 4.1. There are both advantages and disadvantages to extending the current leisure management contract at this stage, rather than waiting until closer to the contract expiry. However, on balance, an early extension is considered to offer the most strategic and operational benefits.
- 4.2. While extending the contract now means forgoing the opportunity to test the market for potentially improved management fees or alternative service offers, doing so will ensure continuity and stability for the Council and the operator and guarantee uninterrupted service delivery users of The Hive Leisure Centre.
- 4.3. The proposed extension secures a guaranteed income for the Council for a further five years. When the existing contract was awarded, market conditions were

favourable, resulting in a higher than average management fee. Since then, the leisure market has become more challenging due to a rise in low-cost, 24 hour gyms, bootcamps and other alternative leisure provision, and the ongoing cost of living crisis. Additionally, the Hive will be a 12 year old facility and is therefore less likely to command the same level of management fee when the Council re-tender the contract. Details of the management fee can be found in EXEMPT appendix 1.

- 4.4. Officers have sought an independent assessment of the future management fee and this can be found in EXEMPT appendix 2.
- 4.5. GLL has demonstrated a strong track record of performance, with consistently high levels of customer satisfaction and a positive working relationship with the Council. This is evidenced in their recent Quest Report overall score of Very Good.
- 4.6. Quest is an accreditation and continuous improvement tool for leisure facilities, developed by Sport England and delivered by Right Directions. The Quest assessment provides a framework that evaluates the management, operations and programming of Leisure centres are assessed on their operational excellence across various areas like health and safety, customer service, and facility maintenance, with the aim of achieving nationally recognized quality standards. Achieving Quest accreditation demonstrates a commitment to quality and provides a detailed report on the facility's performance. The Hive Quest report summary can be found at EXEMPT Appendix 3.
- 4.7. GLL are also proactive in developing programming and supporting local clubs, physical activity providers and health development programmes. Performance standards and measures are clearly set out in the existing contract, along with appropriate mechanisms to address any issues of underperformance should they arise.
- 4.8. Extending the contract at this stage also avoids the legal and administrative costs associated with a full procurement process and eliminates the risk of being unable to appoint a suitable alternative operator or securing a less favourable financial outcome.
- 4.9. Early extension of the contract provides financial certainty, reduces risk, and supports ongoing service quality for residents and approval is therefore recommended.

5.0 Additional Implications Assessment

- 5.1 In the table below, please put Yes or No in each box:

Financial Implications NO	Legal Implications YES	Human Resources (HR) Implications NO
Equality Impact Assessment (EIA) NO	Carbon Impact Assessment (CIA) NO	Data Protection Impact Assessment (DPIA) NO

- 5.2. Legal implications: If the extension is approved, the contract with GLL will need amending.
- 5.3. Carbon Impact Assessment: The building is managed and operated by GLL, therefore any emissions arising from the building are accounted for by GLL, not the council.

6.0 Appendices

Appendix 1: EXEMPT The Hive Management Fee Profile

Appendix 2: EXEMPT Independent Assessment of Management Fee

Appendix 3: EXEMPT The Hive Quest Report Summary September 2025

7.0 Background documents

Minutes of Full Council meeting held 28 June 2016

