

ELECTRICITY CONSUMPTION

	Base Usage	Tariff charges			Base Cost
	KW hours	Tariff/ price/ kw hours	Climate Change Levy	Daily Standing Charge	Total
Parkside Pools Electricity	1,121,983	Rate av. - 0.81651	0.0047		£ 91,611.03
				£ 1.39	£ 5,273.32
				Total	£ 507.35
					£ 97,391.70
Abbey Pool Electricity	Rate 1 584,572 Rate 2 170,589	Rate 1 - 8.92 Rate 2 - 4.25	0.0047		£ 52,143.82
				£ 1.39	£ 7,250.03
				Total	£ 3,549.26
					£ 507.35
					£ 63,450.46
Kings Hedges LP Electricity	Rate 1 92,445 Rate 2 121,701 Rate 3 131,537	Rate 1 - 0.102533 Rate 2 - 0.007719 Rate 3 - 0.063327	0.0047		£ 9,478.66
					£ 9,394.10
					£ 8,329.84
					£ 1,624.74
				Total	£ 28,827.34
Cherry Hinton VC Electricity	Rate 1 - 32,365	Rate 1 - 0.107431	0.0047		£ 3,477.00
					£ 152.16
				Total	£ 3,629.16
Jesus Green Pool Electricity	82,657	Rate av. - 0.81	0.0047		£ 6,388.49
					£ 695.22
				Total	£ 7,083.71
Paddling Pools Electricity					
				Total	
Electricity Expenditure Total					£ 200,382.37
Total Utility Expenditure					£ 302,297.86

3 BASE UNIT AND BASE COSTS PROVISIONS FOR THE PERIOD OF THE EXTENSION

3.1 The base usage of each Utility shall be the usage of each Utility at each of the Premises as set out in Table 1 (which sets out the Contractor's base usage assumption for a twelve month period) ("Base Usage").

3.2 The Contractor shall be responsible for procuring the provision of and payment for all utilities. In view of the benefit to the Contractor in securing gas and electricity at any given time on a cheaper tariff (as set out in clause 3.14 below) it is agreed that the Contractor will assess the utilities market and secure for itself, at its own discretion, any cheaper supply arrangements that are available to it.

3.2.1 Due to the singular electrical supply coming into Cambridge Parkside Pools and feeding Parkside Pools, the Kelsey Kerridge Sports Hall and the Queen Anne Terrace Car Park, the Contractor will not be required to procure Electrical utilities for Parkside Pools. Cambridge City Council Property Services department procures utilities for the above named sites. The Contractor will be responsible for payment of its portion of the Utilities used at Parkside Pools as invoiced to the site by the City Council.

3.3 The annual base cost for each Utility shall be the cost of the Base Usage for each Utility at each of the Premises as set out in Table 1 (which sets out the Contractor's base cost assumption for a twelve month period) ("Base Cost")

3.4 The average day and night Tariff ("the Tariff") reflects the Contractor's current assessment of Utility Costs in an unsettled fluctuating market for utilisation.

THIS EXTENSION AGREEMENT is made the 13 day of December 2010
BETWEEN

- (1) CAMBRIDGE CITY COUNCIL of the Guildhall, Cambridge, Cambridgeshire CB2 3QJ ("the Council")
(2) SPORT AND LEISURE MANAGEMENT LIMITED (Company Number 002204085) whose registered office is at 4th floor, Bedford House, 3 Bedford Street, The Strand, London WC2E 9HD ("the Contractor")

IT IS AGREED AS FOLLOWS:

1 BACKGROUND

- 1.1 This extension agreement is supplemental to an agreement dated 12th December 2003 ("The Original Contract")
- 1.2 The Original Contract was for a default period of 7 years with a discretion pursuant to clause 4.3 to extend the contract for a maximum of three years (up until September 30th 2013)
- 1.3 The Council and Contractor will extend the Original Contract for three years until 30th September 2013
- 1.4 This extension agreement is to execute the desired extension and to bind the parties to a new agreement in respect of charges for utilities by way of a variation pursuant to clause 24 of the Original Contract.
- 1.5 By this variation the parties recognise that both utility tariff costs and usage may vary over the period of this extension.
- 1.6 This agreement provides reasonable measures to reflect SLM's increased expenditure on Utility tariffs since the Original Contract was signed in 2003.
- 1.7 This agreement will also provide an element of certainty in the Council's Budget setting over the period of the extension around an agreed annual payment of £100,000.

2 EXTENSION

It is hereby agreed that the terms of the Original Contract shall read and take effect for the period of the extension, save for the following variation:

Table 1
Agreed Ban Usage and Ban Tariff for each utility (Gas and Electricity)

GAS CONSUMPTION

	Base Usage	Tariff charges			Base Cost
	KW hours	Tariff/ price/ kw hours	Climate Change Levy	Daily Standing Charge	Total
Parkside Pools Gas	3,241,147	1.5695	0.00164		£ 50,869.80
					£ 5,315.48
				£ 23.94	£ 8,738.10
				Total	£ 64,923.38
Abbey Pools Gas	1,484,615	1.555	0.00164		£ 23,085.76
					£ 2,434.77
				£20.07	£ 7,325.55
				Total	£ 32,846.08
Cherry Hinton VC Gas	176,215	1.5695	0.00164		£ 2,765.69
					£ 288.99
				£2.99	£ 1,091.35
				Total	£ 4,146.03
Gas Expenditure Total					£ 101,915.49

- 3.5 It is agreed that the Tariff set out in Table 1, together with the Base Usage and the Base Cost amount to a liability from the Council to the Contractor of £100,000 per annum. ("The Base Variance Sum"), this sum being subject to the provisions in 3.6, 3.7, 3.8, 3.10, 3.14
- 3.5.1 It is also agreed that if the tariff rises, and utility consumption decreases, so that the Total Utility Expenditure is equal or less than the Base Cost, no additional monies over the Base Variance Sum of £100,000 will be paid to SLM by the Council.
- 3.5.2 It is also agreed that if the tariff rises, and utility consumption decreases, so that the Total Utility Expenditure is less than the Base Cost, the savings will be deducted from the Base Variance Sum of £100,000 and any remainder will be paid to SLM by the Council.
- 3.5.3 It is also agreed that if the tariff rises, and utility consumption decreases, so that the Total Utility Expenditure is more than the Base Cost, the additional costs will be added to the Base Variance Sum of £100,000 and will be paid to SLM by the Council.
- 3.6 It is further agreed that the liability of the Council for the Base Variance Sum will vary in circumstances where the Base Usage is static, increases or decreases, and/or where the Tariff increases or decreases. It is accepted that the Tariff may increase or decrease as a result of supply and competition in the utilities market and that the Base Usage will increase or decrease in response to management measures by the Council or the Contractor.
- 3.6.1 It is anticipated that a decrease to the Base Usage will occur if the Council introduce new investment in efficiency and/or if the Contractor discovers more efficient ways of usage Utilities.
- 3.7 In the event of a proposed introduction of new investment by the Council, for example a wind turbine, then the potential savings on the Base Cost can be estimated from benchmarking similar improvements at other venues in the UK as well as from manufacturer's claims for the particular investment concerned.
- 3.7.1 In such circumstances as set out in 3.6.1 and 3.7 above the Council and Contractor will meet at Head of service and Regional Manager level respectively and the Council shall propose a likely saving to the Base Variance sum which is expected from the new investment.
- 3.7.2 The Contractor will provide the Council with a rebate against the Base Variance Sum as agreed in 3.7.1 reflecting the impact of the new improvement on the Base Usage. The said rebate shall be a % as agreed between the Council's Head of Service and the Contractor's Regional Manager as detailed in 3.7.1.
- 3.7.3 The rebate shall then be refunded on a monthly basis one month in arrears, once the new base usage has been ascertained.
- 3.8 In the event of anticipated new or improved management methods being introduced by the Contractor, the same arrangements as at 3.7.1 to 3.7.3 shall apply and following the pilot study of the new management methods the Contractor would be entitled to keep the excess profit earned against the Base Variance Sum from the new or improved management method.
- 3.9 Such investment by the Council as mentioned in clause 3.7 above may include: wind turbines, variable speed drives, or heat recovery systems. Such management methods being introduced by the Contractor relating to clause 3.8.1 may include chemical pool covers, energy saving lighting, or turbidity sensors.
- 3.10 It is further agreed that if the Tariff is increased or reduced as a result of market forces or competition; then in the event of a reduction, there will be a rebate of the saving against the Base Variation sum to the Council, one month arrears, and in the event of an increase the Council will pay the Contractor the extra cost incurred, one month in arrears.
- 3.11 The Contractor shall produce to the Council on demand sufficient written and/ or accounting evidence to enable the Base Usage and Base Cost to be ascertained for any Financial Year.

3.12 The Contractor shall at the request of the Council (but at its own cost) take all possible steps and provide all possible information to facilitate the application by the Council for any renewable energy or other available grants and shall reimburse to the Council the amount of any such grant payments made to the Contractor

3.13 The parties agree that they will work together to seek to reduce the Base Usage during the Extension Period and will:-

3.13.1 seek to access all possible grants whereby the Base Usage can be reduced through increased efficiency and

3.13.2 aspire to educate the Contractor's staff in effective methods of increasing energy efficiency and

3.13.3 consider and wherever practicable implement increased efficiency and renewable generation as part of the Council's infrastructure investments and any future works

3.13.4 consider whether any Council investment or Contractor management capital investment or working methods would be cost effective in reducing the Base Usage at any of the Premises

3.14 Save for the bespoke clauses at 3.7 and 3.8, the chart below is to aid the interpretation of clause 3.

	Change in Utility Tariff	Change in Consumption	SLM	Cambridge City Council
1	None	None	No change	No change
2	None	Increases	Pay any additional costs	No change
3	None	Decreases	Retain savings % of investment	% rebate based on investment
4	Increases	None	No change	Pay tariff cost over inflation
5	Increases	Increases	Pay for increased consumption	Pay tariff cost over base usage
6	Increases	Decreases	No change	See clauses 3.5.1 – 3.5.3
7	Decreases	None	Retain 50 % of savings	Receive 50% of savings
8	Decreases	Increases	Retain 50 % of any savings	Receive 50% of any savings
9	Decreases	Decreases	Retain 50 % of savings	Receive 50% of savings

4 Asset Management provisions

4.1 The Council and Contractor each have asset management and maintenance responsibilities which are detailed in the third and fourth schedules of the leases for the contracted sites respectively.

4.2 At the inception of the original contract the contractor made a provision of £148,950p.a to carry out these responsibilities. This provision was allocated in the original tender spreadsheet as follows.

	2003 submission	2009/10 inflated
General Repairs – Indoor Pools	£ 32,350	£38,310
Repairs and Maintenance	£ 50,200	£59,448
Fixed Plant	£ 21,000	£24,869
General Repairs – Outdoor Pools	£ 9,900	£11,723
Service Contracts	£ 35,500	£42,040
Total	£ 148,950	£176,390

4.3 The provision described in 4.2 will be subject to an annual inflationary review in accordance with clause 8 of Section two – Conditions of Contract.

4.4 The Contractor and Council will implement a programme of monthly planning and review meetings to manage the work necessary to fulfil the requirements of the fourth schedule of the leases.

4.5 The contractor will allocate all expenditure incurred in carrying out these responsibilities to the following Nominal Ledger accounts;

- Maintenance Contracts
- Building Repairs
- Plant & Equipment Repairs
- Other Repairs
- Refurbishment Costs

- Tools & Consumables
- Other Contracts

- 4.6 The Contractor will provide to the Council a quarterly reconciliation by contracted sites, showing expenditure for the year to date for the Nominal Ledger codes detailed in 4.4, together with any detailed analysis and supporting documentation requested by the council.
- 4.7 In the event that the Council and the contractor agree in any year that expenditure in excess of the 2009/10 provision described in 4.2 above is necessary in order to fulfil the requirement of the fourth schedule of the leases, this excess will be paid by the Council.
- 4.8 If in any year the full provision is not spent this will be carried forward and will be available to be spent in future years by the contractor before any liability will fall to the council.
- 4.9 An independent asset condition survey will be completed by 29 September 2012. This will then inform the final year's identified maintenance spending requirements of the Contractor. Any maintenance to items deemed to be in a Category D state will be specified by the survey.
- 4.9.1 Any decision made not to reinstate any Category D items will be made at the sole discretion of the Council, at Head of Service Level, and recorded accordingly in the Asset Management Schedule.
- 4.9.2 As an alternative to 4.9.1 above, at the sole discretion of the Council, any Category D item identified by the survey may be decommissioned and / or removed from the Asset Management Register.

5. Payment Arrangements

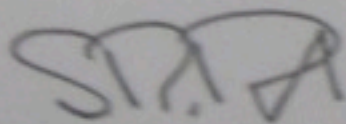
- 5.1 The agreed management fee will be that of the year ending 30th September 2010 subject to an annual inflationary review in accordance with clause 8 of Section two – Conditions of Contract.
- 5.2 The Base variance sum will not be subject to inflation by RPIX - as per clause 8 of Section two – Conditions of Contract - instead any inflation to the base variation sum will only be carried out through the mechanisms identified in this contract extension.
- 5.3 In addition to the management fee the Council will pay the contractor the base variance sum detailed in 3.5 above in equal monthly instalments, in arrears.

IN WITNESS whereof this agreement has been duly executed and delivered as a deed on the date first above written

THE COMMON SEAL of CAMBRIDGE)

CITY COUNCIL was hereunto affixed)

In the presence of:

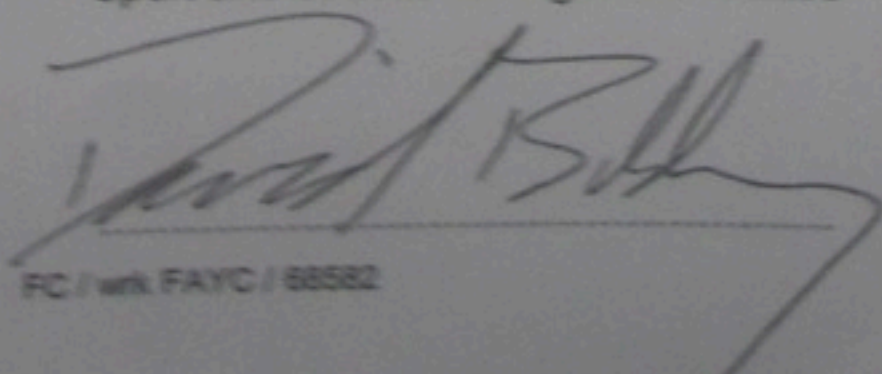


Simon Pugh, LLB

Head of Legal Services



Signed as a deed by
Sport and Leisure Management Limited



David Bibby, Managing Director)