

Arun District Council

REPORT TO:	Housing and Wellbeing Committee
SUBJECT:	Leisure Operating Contract 18-Month Report
LEAD OFFICER:	Fraser Kidd, Wellbeing Business Manager
LEAD MEMBER:	<i>Councillor Carol Birch – Chair of Housing Committee</i>
WARDS:	ALL
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:	
IMPROVING THE WELLBEING OF ARUN: To plan services, resources, amenities, activities, and places to help our community thrive.	
DIRECTORATE POLICY CONTEXT:	
To regularly monitor and review the performance of contracts.	
FINANCIAL SUMMARY:	
<p>The sum tendered for the contract was £503,192 per annum payable to the council (averaged over ten years). The tendered sum was adjusted to reflect capital improvement work funded by the council and a reassessment of the financial position on the transfer of the business. This resulted in an average improvement to the tendered sum from £503,192 to £680,683 per annum (averaged over 10 years) with consumer price index linked inflation increases built into the contract.</p> <p>In June 2023 the Housing & Wellbeing Committee approved to a one-off financial support (due in the main to increased energy costs) of £205,255 to Freedom Leisure to assist with the cost pressure of operating Arun’s facilities.</p>	

1. PURPOSE OF REPORT

- 1.1 To inform members of the Housing and Wellbeing committee of 18 months of Freedom Leisure’s trading & performance (April 2022-September 2023). This covers a period of rising energy costs, high inflation, and overall pressure on the leisure industry.
- 1.2 Freedom Leisure will present two items:
 - The Arun District Council Leisure Operating Contract 18-month report from April 2022-September 2023
 - An update on the ‘Healthy Communities in Arun’

- 1.3 This is an opportunity for members to review the past 18-months trading and performance.

2. RECOMMENDATIONS

That the Housing and Wellbeing Committee:

- 2.1 Note the contents of the report and presentations provided by Arun District Councils Leisure Contractor Freedom Leisure.
- 2.2 Note the pressures and work undertaken by Freedom Leisure to continue to mitigate against the rising energy costs.

3. EXECUTIVE SUMMARY

- 3.1 This report will provide members of the Housing and Wellbeing Committee with an update in respect of the Council's Leisure Operating Contract over the past 18-months and will include a presentation from the Council's Leisure Operator Freedom Leisure.

4. DETAIL

- 4.1 In September 2015 the Council's Leisure Operating Contract was awarded to Wealden Leisure Ltd, trading as Freedom Leisure. The contract is for a period of 10 years from 2016 with an extension of one year due to ceasing of trading due to Covid. There is an optional extension of 5 years, from 1 April 2027 to 31 March 2032. Under the terms of the contract Freedom Leisure is responsible for the operational costs and expenditure associated with the delivery of the service. They retain any income generated but pay an agreed annual management fee to the council (as detailed in the financial summary).
- 4.2 Freedom Leisure operate four facilities on behalf of the Council, which include Littlehampton Wave, Arun Leisure Centre, Windmill Entertainment Centre, and Bersted Park Community Centre:
- Littlehampton Wave opened in 2019 and hosts an eight-lane swimming pool with a separate multi use pool with variable depths. It also has a large gym, a four-court sports hall, three studios with one being dedicated to indoor cycling and a meeting room space.
 - Arun Leisure Centre, in Felpham is a dual use site with an eight-lane swimming pool, learner pool and flume. Wet change facilities were updated in 2023, opening in August. The centre also hosts two studios with one being dedicated to indoor cycling, a gym space on each floor, two squash courts and an eight-court sports hall.
 - Windmill Entertainment Centre, which is currently closed since the Harvester Fire on Thursday 10th August 2023, has an auditorium with one hundred and ninety-two seats and four additional spaces for wheelchairs. The Windmill Cinema are a hirer of the facility and have a minimum of two hundred and forty-five days per year to show films. On other days there are several theatre and entertainment

productions throughout the year. This facility also has a studio and hosts the annual Arun Sports Awards.

- Bersted Park Community Centre has a pre-school nursery hirer, a multi-use hall which hosts variable activities including children's activities, badminton, table tennis, blood donors and cardiac rehab classes to name a few.

4.3 The contract specification is outcome based which requires Freedom Leisure to formulate the most effective and efficient way to manage the Council's leisure facilities and deliver the Council's vision whilst achieving the management fee payable to the Council. These outcomes include evidencing service contributions to the Leisure & Cultural Strategy 2013-2028, Health and Wellbeing Programmes and Arun's Local Plan.

4.4 Contract reporting is managed through an online contract performance framework portal specifically created for this purpose by industry experts, The Sports Consultancy. The portal is a shared resource which Freedom Leisure and Arun District Council Officers use to populate data and documents. The portal is also a tool for Freedom Leisure and the Council to review both financial and operational performance.

4.5 The contract is managed by monthly planned monitoring visits, regular unannounced visits, and monthly contract meetings. Over the past 6 months additional strategic meetings have been held with Freedom Leisure to discuss the Dual Use Agreement (DUA) 5-year maintenance (2022-2027) plan for the Arun Leisure Centre. The Arun Leisure Centre is subject to a DUA to facilitate shared and cooperative use of the building with Felpham Community College. Meetings between all parties are held each school term.

4.6 A primary indicator of contract performance is the number of people attending the leisure facilities. Attendance over this 18-month review period hasn't been impacted by rising costs and inflation as shown in the below table. An increase in attendance can be seen over a 3-year period from reopening of the facilities after the final lockdown in April 2021 to March 2024 (last 6 months predicted). There is also a positive increase of 13.5% in participation from pre-covid levels (2019/20) vs 2022/23.

	2019/20	2020/21	2021/22	2022/23	2023/24***
Arun Leisure Centre	418,992	49,054	453,608	511,560	497,138
Littlehampton Wave	562,102	76,385	552,312	770,206	927,070
Windmill Entertainment Centre	77,029	2,843	25,988	13,183*	4,051**
Bersted Park Community Centre	31,557	1,263	14,422	12,318	15,430
Active Communities	74,700	20,810	38,923	37,635	48,848
Total	1,164,380	150,355	1,085,253	1,344,902	1,492,537

*Does not include Windmill Cinema figures, as per contract these are not provided.

** Closed from 8 August 2023 due to Harvester Fire.

*** Estimation based on first 6 months figures extrapolated over 12 months.

- 4.7 Other contractual key performance indicators include providing financial information, sufficient compliance audits, a marketing and events plan and a schedule of programmed maintenance. Financial information and participation numbers are provided via an online portal which both the Council and Freedom Leisure can access. Furthermore, Hampshire County Council's Audit team are currently in the process of auditing the Council's governance and contractual management of the Leisure Operating Contract
- 4.8 Freedom Leisure is continuing to develop and extend its programme of activities and classes. Notable successes include little leapfrogs, junior activities programme, healthy walks which are led by volunteers, and their exercise referral classes. Further detail will be provided by Freedom Leisure as part of their report/presentation. A success of the programme has been the Littlehampton Wave Friday Night Project which has attracted sixty young people 11-16 years of age on term time Friday evenings since 2019. In recent months this session has attracted incidents of anti-social behaviour, with multi-agencies involved to try and resolve. As of January 2024, it was jointly agreed to suspend this session temporarily in the interest of staff and customer welfare pending further review.
- 4.9 In addition to the above, the Council and Freedom Leisure have worked together in applying to Sport England for Phase 2 of the Swimming Pool Support Grant Fund. If successful both Arun Leisure Centre and Littlehampton Wave will have destratification fans installed into the swimming pool halls. Littlehampton Wave will also see one hundred photovoltaic (PVs) installed onto the swimming pool roof and Arun Leisure Centre triple glazed windows in the pool hall.
- 4.10 Arun Leisure Centre received significant investment from the Council and Freedom Leisure to upgrade the wet change facilities which were completed in August 2023. The centre now has changing facilities that it can be proud of with the addition of a fully compliant 'Changing Places' toilet facility thanks to funding attained from the Governments Changing Places Toilet Fund and the insight and guidance provided by Muscular Dystrophy UK. Photovoltaic (PV) panels will also be added to the south elevation of the swimming pool roof as part of this project, with a completion date of January 2024.

- 4.11 Within the 18-month period there has been additional challenges (other than energy price increases, and for which the previous committee report on this is provided in the background papers section of this report) These have required strong partnership work from the Council and Freedom Leisure to resolve and included a fifteen-day closure of the main pool at Littlehampton Wave due a pool channel failure in October 2022 and a six-day full closure due to an electrical station fault in February 2023. There have been two well publicised fires over the summer months, the first on 3 July 2023 at Arun Leisure Centre which was discovered on the south elevation of the swimming pool roof during the early stages of the PV works. Due to the swift response from Freedom Leisure staff, contractors and the fire service, the centre reopened the next day. On 8 August 2023 the Harvester in Littlehampton had a major fire which has affected the Windmill Entertainment Centre building. Demolition of the Harvester building was completed in November 2023 and works are ongoing to repair the Entertainment Centre, with a reopening date expected of March 2024.
- 4.12 The Leisure Operating Contract contains a clause which allows for a contract extension of up to 5 years from the current end date of 31 March 2027. Arun District Council Officers are in early discussions with Freedom Leisure and are utilising the services of the Sports Consultancy concerning potential extension to the contract. A further report is likely to be tabled to members of the Housing and Wellbeing Committee later in 2024/25 concerning the terms of any extension proposal.

5. CONSULTATION

- 5.1 The Council have and will continue to consult on achieving best value for its leisure operations and any extension with industry experts The Sports Consultancy.
- 5.2 In September 2023 members of the Housing and Wellbeing Committee were given the opportunity to tour the Wave Leisure Centre. Freedom Leisure provided a brief overview of their business both nationally and locally and members asked several questions concerning the operation of the facility.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 None

7. COMMENTS BY THE GROUP HEAD OF FINANCE AND SECTION 151 OFFICER

- 7.1 There are no direct financial implications relating to this report.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1 Without continued monitoring of the contract by the Council and continued good relations with Freedom Leisure, there would be a higher risk of a contract failure. To mitigate these risks there is regular monitoring of all facilities, documented with imagery and monthly contract meetings. All health and safety legislation requirements are also checked on monitoring visits. Freedom Leisure also complete internal audits on a quarterly basis of each of their facilities and Littlehampton Wave is due an external Quest audit which is scheduled for the end of January 2024. Business continuity plans and operational risks for the contract/service are reviewed regularly through the Council's corporate processes and good governance.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

- 9.1 There are no direct legal implications associated with this report. Any future contract extension would be undertaken in accordance with contractual terms and the Council's Contract Standing Orders

10. HUMAN RESOURCES IMPACT

- 10.1 None

11. HEALTH & SAFETY IMPACT

- 11.1 The management of Health Safety is in accordance with the contract specification. Where an accident or incident requires emergency services present, Freedom Leisure report this to the Council. Freedom Leisure also report monthly on the number of accidents and incidents as part of their monthly partnership report.
- 11.2 In each case of accidents and incidents Freedom Leisure investigate and inform of the outcome. During the past 18 months April 2022 – September 2023 no incidents were RIDDOR (Reporting of injuries, diseases, and dangerous occurrences regulations, 2013) reportable.

12. PROPERTY & ESTATES IMPACT

- 12.1 None

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

- 13.1 The Council seeks to provide a range of opportunities for residents to participate in sport and community activities across the district. Sports facilities are fundamental to that provision. Freedom Leisure and its Active Communities are inclusive to all residents with a focus on sport, women & girls, low socio economic, older adults, special educational needs and disability, young people and ethnically diverse.

13.2 This report and its recommendations does not impact on those with identified protected characteristics under the Equalities Act

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1 This report will not directly impact emissions within the Council. However, Freedom Leisure have been very invested in reducing their impact on the environment, and in turn helping Arun reduce its emissions. Currently Freedom Leisure is the second largest emitter sitting at 3.66% of total emissions, with procurement being the largest at 91.20%. Freedom Leisure has undertaken numerous works to reduce energy usage, including a joint application to Sports England funding (as per paragraph 4.9). They have also supported the Council in applying for the Low Carbon Skills Fund that took place in 2023. This allowed for a heat decarbonisation plan to be produced for Arun Leisure Centre, with an aim to provide a route to fully decarbonise this facility. It is hoped that the positive partnership between the Council and Freedom Leisure in reducing emissions associated with their activities will continue.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1 None

16. HUMAN RIGHTS IMPACT

16.1 None

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1 None

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BACKGROUND DOCUMENTS:

[\(Public Pack\)Agenda Document for Housing and Wellbeing Committee, 20/06/2023 18:00 \(arun.gov.uk\)](#)

[Appendices](#)

- [1. Freedom Leisure 18-month operating report](#)
- [2. Healthy Communities in Arun update](#)
- [3. Exercise referral pathway case study](#)
- [4. Healthy walks in Arun case study](#)