

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF OVERVIEW SELECT COMMITTEE ON 22 OCTOBER 2019

PART A: REPORT

SUBJECT: LEISURE OPERATING CONTRACT – YEAR THREE REPORT
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REPORT AUTHOR: Robin Wickham (Group Head of Community Wellbeing)
DATE: August 2019
EXTN: 37835
PORTFOLIO AREA: Community Wellbeing

EXECUTIVE SUMMARY: This report provides an overview of the third year of the leisure operating contract (financial year 2018/19). The contractor, Freedom Leisure will attend the meeting to present its Annual Report.
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RECOMMENDATIONS:

Overview Select Committee is requested to:

- a. note the overall performance of Freedom Leisure for the period 1 April 2018 to 31 March 2019; and
- b. note that the Dual Use Officer Group met on three scheduled occasions during the review period and agreed work priorities in accordance with its Terms of Reference.

1.0 BACKGROUND:

- 1.1 In September 2015 the Council's Leisure Operating Contract was awarded to Wealden Leisure Ltd., trading as Freedom Leisure (C/013/140915). The contract is for a period of ten years (2016 to 2026) with an optional extension period of five years.
- 1.2 The sum tendered for the contract was £503,192 per annum payable to the Council (averaged over ten years). Included in this sum were costs associated with improvement works at the Arun Leisure Centre. The Council agreed to undertake these works and a sum of £1,153,000 was allocated from the Council's Capital, Asset Management and other Projects Budget 2016/17 (C/058/210316) for this purpose.
- 1.3 The tendered sum was revised to reflect the Council undertaking the work and when combined with a reassessment of the financial position on the transfer of the business this resulted in an improvement to the tendered sum from £503,192 to £680,683 per annum (averaged over ten years).

- 1.4 Freedom Leisure commenced operation of the operating contract on 1 April 2016 and delivered its first annual report on 30 May 2017.
- 1.5 Throughout the period Freedom Leisure has met its financial obligations in respect of the operating fee and provided an annual uplift in line with the Consumer Price Index.
- 1.6 At the meeting of the Overview Select Committee on 22 October 2019, Freedom Leisure will present the following: 'Arun District Council Leisure Operating Contract Annual Report 2018/19' (Appendix 1); and 'Arun Active Communities Development Plan 2019/20' (Appendix 2). This will provide an opportunity for members to comment on the previous year's performance and the current service delivery.
- 1.7 This report provides an overview of the operational performance in the third year of the contract.

2.0 PERFORMANCE MANAGEMENT

- 2.1 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 whilst achieving agreed standards and performance indicators.
- 2.2 Contract reporting is managed through an on-line performance framework specifically created for this purpose. The performance framework is a shared resource which necessitates Freedom Leisure to upload and store documents and data which is accessible to both parties. It also allows the Council to set targets and is a tool for Freedom Leisure and the Council to regularly review both financial and operational performance.
- 2.3 The contract is managed by means of weekly site visits, monthly operational meetings and quarterly performance meetings. The Cabinet Member for Community Wellbeing is updated on contract matters each month and Annual Reports have been provided to the Overview Select Committee.
- 2.4 The first year of the contract established a benchmark for statistical information. This has been used to set the data for year on year comparison and for establishing performance targets.
- 2.5 Footfall is frequently used to assess performance. In the review period there was a 2.0% increase in attendances at the Centres compared to 2017/18 (Table 1). This is an uplift of over 18.1% compared with the first year of operation. This increase was achieved despite the loss of the Sports Dome which was decommissioned in April 2017 to make way for the new Littlehampton Wave.

<u>Table 1 – Footfall</u>				
	2016/17	2017/18	2018/19	%
Arun Leisure Centre	353,691	437,376	435,836	-0.4%
Littlehampton Swimming & Sports Centre	365,271	389,043	399,503	2.7%
Windmill Entertainment Centre	52,692	62,183	73,144	17.6%
Bersted Park Community Centre	26,977	32,111	30,930	-3.7%
Active Communities	61,653	75,075	76,596	2.0%
Total	860,284	995,788	1,016,009	
Annual Percentage Change		15.8%	2.0%	
Percentage based on 2016/17			18.1%	

- 2.6 During the period Freedom Leisure maintained the range of membership categories to encourage the community to be more active. The total number of people with Health and Fitness memberships (Gym, Swim and Classes) increased by 11%, potentially stimulated in the latter part of the year by the imminent opening of the Littlehampton Wave. Those with memberships from targeted postcode areas (mainly deprived wards) increased by 13%. The special membership deal for those completing an Arun Wellbeing health related course more than doubled in the year. The swim only categories once again proved very popular with the adult memberships increasing by 26% and the over 75's free swimming membership (and half price coffee) rose by 33%.
- 2.7 The Windmill Entertainment Centre continued to grow its audience numbers (17%) through a varied cinema programme provided by Windmill Cinema Ltd and the patronage of local theatrical groups. The studio programme remained steady and supplemented with bookings by theatre groups for rehearsals and it continued to be used as an alternative venue for activities displaced when the Sport Dome closed.

3.0 PROGRAMMING AND PRICING

- 3.1 There were no significant changes in the pricing structure for classes, activities and memberships during the period.
- 3.2 The annual price increase was introduced on 1 January 2018. Core prices increased in line with the consumer price index (2.43%) and other fees and charges averaged 3.2%. Freedom Leisure provided evidence of how its fees and charges compared to those of neighbouring authorities and the 2018/19 core activities prices remained lower than neighbouring authorities in all but two categories.

- 3.3 As in 2017, membership charges at the Littlehampton Swimming and Sports Centre were not increased during the period. This was to maintain the membership base which continued to be adversely affected by the loss of the Sports Dome which housed many of the fitness classes and activities. In mitigation, Freedom Leisure provided alternative venues for many classes, but these locations were not always as convenient or accessible for members and the freeze on the membership prices has helped with the retention of members.
- 3.4 The introduction of 'Les Mills' fitness classes and 'Myride' studio cycling enhance the fitness programme in 2017 continued to be a draw at the Arun Leisure Centre. This followed a refurbishment of the gym, reception and fitness changing rooms. 'Myride' is a studio based static cycling programme that uses video technology to provide different experiences for customers, these range from instructor led classes to virtual rides through spectacular scenery.

4.0 ASSET MANAGEMENT

- 4.1 Freedom Leisure continued to maintain the plant and buildings in accordance with the agreed schedule of Asset Management Responsibilities. It also worked with the Council's Property and Estates team to ensure that all planned improvement works were agreed and delivered to appropriate standards.
- 4.2 The Arun Leisure Centre is subject to a Dual Use Agreement to facilitate the shared use of the building with Felpham Community College. On a termly basis a Dual Use Officer Group meets to review operational matters and ensure that the Arun Leisure Centre is properly managed and maintained. During the period the Dual Use Officer Group met on three scheduled occasions and agreed work priorities.
- 4.3 Throughout 2018/19 Freedom Leisure worked constructively with the Council to maintain the existing Littlehampton Swimming and Sports Centre without undue expenditure or compromising the quality of service. Freedom Leisure remained committed to ensuring that the Centre was a vibrant facility offering a wide range of quality activities to the community.
- 4.4 Freedom Leisure also worked constructively with officers of the Council to ensure that the Littlehampton Wave was appropriately resourced and able to open in accordance with the agreed timetable on 1 April 2019. The Littlehampton wave opened its doors to the community on 29 March 2019.

5.0 HEALTH AND SAFETY

- 5.1 The management of Health and Safety was in accordance with the contract specification. Accidents were reported to the Council via email and the details recorded. In each case the incidents were investigated, appropriate actions taken, and the Council informed of the outcomes. During the period 257 incidents were recorded of which none were RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) reportable.

6.0 QUALITY ASSURANCE AND CUSTOMER CARE

- 6.1 Freedom Leisure is committed to ensure that the facilities meet industry appropriate quality standards. In addition to using its own in-house Quality Management System, both the Arun Leisure Centre and the Active Communities team hold a QUEST accreditation. QUEST is the industry standard quality marque supported by Sport England and provides a tool for continuous improvement. The Littlehampton Wave will undergo a QUEST assessment in 2019/20.
- 6.2 Freedom Leisure also employs an external auditor (Leisure Client) to review the performance of all its leisure centres. During the period the Arun Leisure Centre received a score of 89.16% maintaining it in the 'Very Good' category and the aging Littlehampton Swimming and Sports Centre slipped to 'Good' category with a score of 84.61%.
- 6.3 The Centres also received regular monitoring inspections by Arun Officers to assess cleanliness, maintenance and ensure that any defaults were rectified. In addition, critical visits were carried out by senior managers from both Freedom Leisure and the Council to identify areas for further improvement.
- 6.4 Customer feedback was continuously monitored by Freedom Leisure with details of complaints, compliments and suggestions reported at the monthly client contractor meetings. Freedom Leisure also used the Net Promoter Score as a customer relationship management tool to gauge loyalty and overall satisfaction.

7.0 PLANS FOR 2019/20

- 7.1 The Leisure Operating Contract requires Freedom Leisure to continuously review its operation and update its plans to ensure that the service evolves to meet the changing needs of Arun's communities.
- 7.2 The build up to the opening of the Littlehampton Wave was a key factor in Freedom Leisure's Plans for 2019/20 to ensure that it was able to offer a full and varied programme of activities from the first day of operation.
- 7.3 Freedom Leisure's short to medium term objectives are detailed in its 'Arun Active Communities Development Plan 2019/20' (Appendix 2). This plan was drafted with Arun Officers and demonstrates Freedom Leisure's commitment to the Council's wellbeing objectives of striving to improve the health and wellbeing of the whole community. However, it clearly sets out Freedom Leisure's commitment to social responsibility and its willingness to work with partners. Moreover, it recognises the many socio-economic barriers to participation that more commercially orientated operators may overlook.

8.0 CONCLUSION

<p>8.1 Throughout the period Freedom Leisure has provided consistently high standards and been attentive to the requirements of the contract. It also fostered and promoted good working relationships with the Council and our partners.</p> <p>8.2 Working with Arun Officers Freedom Leisure has continued to improve the range and quality of services available to the community. It has made invaluable contributions to the improvement works at the Arun Leisure Centre and the new Littlehampton Wave to guarantee that both will achieve the operational and quality standards expected.</p> <p>8.3 The benefits of the contract with Freedom Leisure are demonstrated in the improvement in footfall across each of the venues; the financial return to the Council is in accordance with the tendered sum; and the social value is clearly demonstrated by the 'Active Communities Development Plan' which provide a sound foundation for the health and wellbeing of the community in 2019/20 and for the remainder of the contract period.</p>		
<p>9.0 OPTIONS:</p> <p>a) To note the report as recommended.</p> <p>b) To propose an alternative recommendation.</p>		
<p>4. CONSULTATION:</p>		
Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	✓	
Legal	✓	
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land	✓	
Technology		✓
Other (please explain)		
<p>13.0 IMPLICATIONS:</p> <p>Financial: The leisure operating contract generates revenue for the Council.</p>		

Legal:	The lease for the Sports Dome was surrendered to allow the Littlehampton Wave to be constructed and a new lease prepared. Work undertaken to receive the £1M grant provided by Sport England. A deed of variation was prepared to reflect changes to the leisure operating contract.
Asset Management:	The buildings leased to Freedom Leisure remain the property of Arun District Council.

7. REASON FOR THE DECISION:

- Information paper only.

8. BACKGROUND PAPERS:

Cabinet Paper	Leisure Management Contract 2016 (September 2013)
Cabinet Paper	Leisure Management Contract 2016 (October 2014)
Cabinet Paper	Award of Leisure Management Contract 2016 (September 2015)
Cabinet Paper	Arun District Council Budget 2016/17 (February 2016)
Cabinet Paper	Review of the Arun Leisure Centre Dual Use Agreement (September 2016)
Cabinet Paper	Leisure Management Contract Works (March 2016)
OSC Paper	Leisure Operating Contract – Year One Report (May 2017)
OSC Paper	Leisure Operating Contract – Year Two Report (November 2018)