

Background Papers, if any, are specified at the end of the Report

**CHILTERN LEISURE ADVISORY BOARD REPORT
LEISURE CONTRACT PERFORMANCE REPORT 2012**
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RECOMMENDATIONS

That the Members note and comment on the report.

Relationship to Council Objectives

Objective 2 – Safe, healthy and cohesive community

A -Build capacity and cohesion in our communities

B - Work closely with Parish and Town Councils and local neighbourhoods

F - Work with partners to address crime and anti-social behaviour

H -Support opportunities for young people to participate in community action and society

I -Address the needs of an increasingly elderly population and the needs of vulnerable people

J - Promote healthy living, well-being and address health inequalities

K- Support the local economy

Implications

(i) This is a key decision within the forward plan.

(ii) It is within the policy and budgetary framework.

Financial Implications

This report is for the full 12-month period 1st January 2012 – 31st December 2012. The Chiltern Leisure Contract delivered a surplus of £433,416. GLL-Better has continued to invest in facilities with;

- £185,748 being spent on centre improvement and refurbishment works, including the installation of a new glazing system at Chalfont Leisure Centre. GLL-Better has now forward funded £155,000 expenditure from future profits.*
- £214,601 invested in Repairs and Renewal.*

Risk Implications

Identified risks under the contract, include the failure of the Contractor to deliver a service as a result of loss of income or increased costs. In Jan 2011, Nexus merged with Greenwich Leisure Limited (GLL) to become GLL-Better. GLL is an employee-owned charitable social enterprise operating approximately one hundred public leisure centres across the South East

Region generating an annual turnover in excess of £100million. Given the size and status of GLL within the leisure industry and its very low gearing ratio there has been a significant reduction in the current risk of contract failure, which is reflected in the updated risk assessment log.

Equalities Implications

GLL-Better delivers a range of activities in support of the Council's equality standards. GLL-Better supports the delivery of ladies only swimming, reduced charges for older and younger people, targeted activities to maximise uptake by members of all communities, a range of diversionary activities to reduce Antisocial Behaviour and the fear of crime, and maintains the delivery of the exercise rehabilitation schemes for those suffering long term illness. The centres have also improved building access, extended the range of activities for disabled users including a new sensory playroom, and adapted fitness studio equipment and climbing wall equipment.

Sustainability Implications

GLL-Better and the Council undertook Capital/Repairs, and Renewal works to improve the facilities and reduce energy usage in all three centres including upgrading pool plant equipment and the installation of PV solar at Chesham leisure centre.

Report

- 1 Chiltern Leisure Advisory Board (CLAB) considers the strategic overview of leisure, in the District reporting to the Community and Environment Overview Committee and Cabinet. The minutes of the Community and Environment Committee will be available at the Cabinet meeting.
- 2 This report captures the key financial and operational performance of the leisure contract against its financial year, 1 January 2012 – 31 December 2012. The performance reports are detailed in **Appendix 1**.

Finance – Revenue

- 3 Overall the contract has performed well with the total surplus of £433,416 exceeding the projected budget target by £137,988. This was achieved despite the challenging financial climate which for the reasons detailed below impacted negatively on overall income.
 - 8% fall in the average spend per customer when compared to the previous year.
 - Customers reducing casual use of the centres and using pre-paid membership schemes.
 - Parents prioritising swim school sessions and reducing the take up of dry-side courses/activities.
 - An increase in the number of customers paying via direct debit and a corresponding decrease in the number of customers paying via a one off annual membership fee

- 4 The summary of the main financial issues arising from each leisure centre is detailed in the table below.

Chiltern Pools	<p>Total income was £68,273 lower than projected, offset by lower levels of expenditure of £107,150. Resulting in exceeding the budget by £38,877.</p> <p>Key reasons for the lower levels of income were due to a decrease in spend per customer. With lower levels of catering/vending purchases, reduced uptake of courses and reduce 'pay as you go' expenditure by customers. However, changes to management processes for the Gym supported income levels being £43,802 above the budget target.</p> <p>The lower levels of expenditure can be attributed to a staff restructure and the resulting savings arising from the recruitment and appointment process.</p>
Chesham Leisure Centre	<p>Total income was £101,612 lower than projected, offset partially by lower levels of expenditure totalling £47,063. Overall, the centre was £54,549 below anticipated budget.</p> <p>Key reasons for the lower levels of income were due to a fall in customer spend per visit, lower gym membership sales and member cancellations being higher than anticipated.</p> <p>The opening of budget gym operators in the local area had a major impact on the membership to the Gym, with income levels £56,003 below budget targets.</p> <p>The £47,063 underspend was due to a staff vacancies in gym and management staff following a centre restructure. Also the vending contract was centralised across the whole GLL estate which resulted in stock purchases no longer being undertaken by the centre.</p>
Chalfont Leisure Centre	<p>Total income was £12,378 higher than projected, improved further by lower levels of expenditure totalling £101,555. Overall, the centre was £113,932 above anticipated budget.</p> <p>The highlighted underspend of £101,555 can be attributed to the staff restructure that took place in 2012 which reduced the number of duty managers whilst at the same time increased the number of operational staff.</p>
Contract Administration	<p>The annual contract administration fee was £2,482 above the original budget due to higher marketing expenditure than originally anticipated.</p>
Summary	<p>Collectively during 2012 the centres recorded a total surplus of £433,416 which equates to the contract being £137,988 above GLL-Better's anticipated target.</p>

Finance – Capital

- 5 In 2012, GLL-Better invested £214,601 in its Repairs and Renewal Programme replacing and repairing buildings, plant and equipment including undertaking repairs to the Leisure Pool at Chiltern Pools.
- 6 Additionally GLL-Better invested £31,348 from the Planned Preventative programme, for the removal of Asbestos at Chalfont and for monitoring and equipment replacement. GLL-Better has set aside £342k from the Planned Preventative programme for future major works due at the centres, which includes refurbishment of the changing rooms and replacement of the boilers at Chesham.
- 7 Following the contract extension, GLL spent £600k in advance from the Reinvestment Fund (surplus share) funded against future profits. With additional investment by GLL-Better in a new spin studio and spin bikes at Chalfont LC at a cost of £45K, GLL-Better has now invested £358K more than the surplus share formula would indicate. The cumulative level since the contract commenced in 2005 is £1,246,105.
- 8 The Council invests £100,000/annum Capital to address the Council's contract liabilities for the building structure. Full details of all the various capital works during 2012/13 were detailed in a separate presented to Cabinet on 27th August 2013.

Year	Surplus available	Re-Investment	Areas of Investment
2005/6	81,764	99,588	Amersham and Chalfont gym refurbished and new Gym equipment, Spin Bikes in Chesham, Fencing at Chiltern Pools
2007	185,059	208,981	Chiltern Pools Changing Room refurbished
2008	110,168	214,019	Chesham gym refurbished
2009/2010	201,290	11,895	Chalfont and Chiltern Pools windows
2010	72,997	666,689	Chiltern Pools & Chalfont gyms refurbished, Chiltern Pools dry changing rooms, Disabled change creation, Chiltern Pools hot and cold water system replaced
2011	236,245	44,933	Chalfont Leisure Centre Spinning Studio
2012	202,688	0.00	No reinvestment during 2012
Total	1,090,211	1,246,105	(155,894) investment ahead of profits

Usage

- 9 During 2012, attendance at the leisure centres increased by 12,346 resulting in the highest number of annual centre visits of 842,300.
- 10 Participation from the exercise referral scheme attracted 8,460 usage and gym usage attracted an 249,288 visits.
- 11 Swim school participation (visits) increased from 99,442 to 117,423

Table 2 - Total Usage at the Leisure Centres

	2006	2007	2008	2009	2010	2011	2012
Attendance	713,262	733,624	759,423	779,672	810,949	829,954	842,300
Health Checks	718	638	653	499	476	697	133
Cardiac rehab	1,654	1,697	1,651	4,201	3,793	4,073	2,114
Prescription exercise	6,733	7,636	8,851	6,458	7,699	8,323	6,213
Children's Activities	3,193	2,781	1,631	4,866	3,775	3,001	3,871
Adult Wellness (Health and Wellbeing)	141,972	151,073	145,894	142,823	197,869	243,970	249,288
Complaints/1000 users	0.22	0.26	0.37	0.32	0.57	0.32	0.28

Service Quality

- 12 A major concern of both Community and Environment Overview Committee and CLAB has been ensuring that savings in expenditure do not impact on the quality of service. The Council's priority being that the standard of cleaning continually improves and that customer satisfaction achieves a score of 3.8. To further evaluate and improve service quality an annual customer survey is to be undertaken as part of the new leisure contract monitoring arrangements in 2014.
- 13 Customer monitoring of users combined with the Council's monthly monitoring of facilities and its knowledge of complaints, appears to confirm a continual improvement in customer experience. The increase in usage would also confirm this assessment
- 14 However several issues that occurred at Chiltern Pools adversely affected customer satisfaction levels. Comments from facility users have been focussed as follows;
- Water temperature being too cold in the leisure at Chiltern Pools
 - Water too hot in main pool at Chiltern Pools
 - Car parking charges at Chiltern Pools
 - High temperature in the Climb

Indicator	2006	2007	2008	2009	2010	2011	2012	Target
Customer satisfaction rating	3.5	3.62	3.70	3.71	3.69	3.56	3.73	3.8

Monitoring Service Quality

- 15 The contract requires GLL-Better to obtain independent assessments of the service quality at all centres. Following independent inspections by Leisure Client Ltd the results indicate that each centre is providing a high quality service as detailed below.
- 16 The assessment focuses on standards from the customers' perspective and is in the form of an unannounced visit. The auditor produces a report and makes suggestions for improvement – these suggestions are categorised by their degree of urgency and are then completed by the centre as recommended. Initially, the centre is assessed each month for three consecutive months with the benchmark set at 80%. Each centre is re-audited every month until this benchmark is reached.

Current scores at the centres;

- Chiltern Pools – 80.68% Good centre rating
 - Chesham – 84.3% Good centre rating
 - Chalfont – 89% Very good centre rating
- 17 Chiltern District Council utilise Quest accreditation to provide an independent assessment of service quality at each centre. Following significant changes to this process the scheme now assesses each centre on a pass or fail basis, evaluating performance in a number of key areas including:
- Business Planning
 - Continuous Improvement
 - Customer Experience
 - Environmental
- 18 Each centre has successfully achieved the new Quest accreditation charter mark as reported to CLAB earlier this year. Also as part of the Council's monitoring arrangements monthly inspections are undertaken at each leisure centre by the Principal Leisure and Community Officer. The benchmark of 70% was achieved with the average score for the year being 73.5%. The benchmark has been raised in 2013 to 75% helping to support on-going and continuous improvement.

Cleaning

- 19 With increasing user numbers, cleaning becomes more important whilst at the same time more challenging. Although there have been a few occasions where standards have fallen below the required level there has been an increase in the resources made available to centres and general standards have been improving. This area of service delivery will continued to be checked through on-going monitoring arrangements to ensure high standards of cleanliness are maintained.

Client Budget

- 20 The Client Budget underspend can be attributed to the new recharge settings as well as historical budget allocations that will be reviewed as part of the on-going budget review process.

Overview of the Council's client budget April 2012 / March 2013.

Item	Comments	2012/13 Full Year Budget £	Actual to 31st Mar 2013 £
<i>Revenue Budget:-</i>			
Management Fee		98,000	99,855
Staff costs		90,030	48,045
Internal support recharges		60,030	28,672
Premises related expenses		6,900	6,297
Community Organisations		29,500	21,302
Sundry and Misc expenses		19,000	4,318
Third party payments		0	3,048
Income (Grants and Misc)		-43,350	-30,450
Total Revenue		260,110	181,088
<i>Maintenance Budgets:-</i>			
Capital: General		122,715	7,617
Capital: Structural & Underwater Survey		7,084	0
Capital: DDA Works		15,000	0
Total Capital		144,799	7,617
R&R: General		35,218	17,309
R&R: DDA works		25,300	0
R&R: Prestwood		7,522	0
Total Repairs & Renewals		68,040	17,309

- 21 Savings in the Capital and R+R maintenance budget as agreed by Cabinet on 27th August 2013 have been rolled over into 2013/14 to assist with the Council's maintenance programme.

Health & Safety

22 From a contract monitoring perspective, GLL-Better have undertaken some of the major improvements to address matters that could have adversely affected the Health and Safety performance of the company. These include;

- Structural repairs to the purple flume at Chiltern Pools leisure centre
- Introduction of a new comprehensive water management system to reduce the risk of legionella and other forms of contamination
- The Floating Floor was brought up to current operating standards with alterations to controls and guarding
- Introduction of a new asbestos management plan
- Institute of Qualified Lifeguards accreditation implemented across all sites

Community Development

23 In addition to the operating the Council's leisure centre facilities, GLL-Better also provide a community development function comprising of three outreach officers. These officers are based with the Council's community team and deliver an extensive range of projects that have benefited local communities. Over the last twelve months these have included:

- Diversionary sports programmes including football, dance, parkour and street art delivered across the district to help to reduce anti-social behaviour
- Activities for elderly residents including exercise referral, gentle exercise, tai chi and Nordic walking encouraging more older people to participate in regular physical activity
- Disability sports/sensory activity programme at Chesham leisure centre in partnership with Heritage House school and Bucks County Council Aiming High children's disability team
- Successfully attracted over £20,000 funding to support community sports projects across Chiltern

Conclusion

24 The leisure contract financial performance for the period January 2012 to December 2012 delivered a surplus of £433,416 (subject to final auditing).

25 The Council's leisure client budget was £181,088 for 2012/13.

26 The contract has successfully delivered an extensive range of outreach community activities that support the Council's key corporate aims and objectives.

- 27 The contract achieved its highest visitor number level of 842,300 and continues its upward trend of year on year increases in leisure centre visits since the contract commenced in 2005.
- 28 Utilising financial performance data up to the end of June 2013 this year's leisure contract is on target to exceed 2012 surplus.

Background papers: None
