

<b>SUBJECT:</b>	<i>Chiltern Leisure Advisory Report – Leisure Contract Performance 2014</i>
<b>REPORT OF:</b>	<i>Councillor Peter Hudson – Cabinet Member for Community, Health &amp; Housing</i>
<b>RESPONSIBLE OFFICER</b>	<i>Martin Holt</i>
<b>REPORT AUTHOR</b>	<i>Paul Nanji (01494) 732110 <a href="mailto:pnanji@chiltern.gov.uk">pnanji@chiltern.gov.uk</a></i>
<b>WARD/S AFFECTED</b>	<i>All</i>

## 1. Purpose of Report

### RECOMMENDATION

That Services Overview Committee feedback to Chiltern’s Leisure Advisory Board regarding the 2014 leisure contract’s performance, highlighting any results that have exceeded expectations along with any issues of concern.

## 2. Reasons for Recommendations

Given the importance of the leisure contract both financially and in terms of the high numbers of residents who use the facilities it is imperative that the Council closely scrutinise and monitor Greenwich Leisure Limited - BETTER service operation at the Council’s three leisure centres. (Chalfont, Chesham and Chiltern Pools) Collectively the leisure centres attract over 927,000 visits annually and generate an annual turnover of in excess of £4,000,000. They are a major local employer (particularly of young people) and provide key services to local residents that directly support several of the Council’s key corporate objectives in relation to improving health and well-being. As detailed in the report the contract has evolved over recent years and now includes targeted outreach work that helps reduce health inequalities in targeted communities at no additional cost to the Council.

## 3. Content of Report

Chiltern Leisure Advisory Board (CLAB) considers the strategic overview of leisure in the district reporting to the Services Overview Committee. This report outlines the overall performance of the Chiltern’s Leisure Contract with GLL - BETTER from January 1<sup>st</sup> to 31<sup>st</sup> December 2014. The key themes covered, include visitor numbers, financial performance, investment in facilities, energy usage and outreach community development work.

GLL – BETTER’s out-turn report and annual accounts are attached as Appendices 1 and 2. Both papers provide more detailed information on Chiltern’s leisure contract. In 2014 the key outcomes are listed below.

- The contract achieved a total surplus of £320,348
- GLL-Better invested £369,349 in its 'Repairs and Renewal' programme which included various building and air handling unit repairs, new pool filtration and disinfection systems
- GLL-Better invested £140,101 in its 'Planned Preventative' programme including improved lighting and shower systems
- Since 2005 the contract has invested £1,246,105 from its surplus share improving a range of facilities across all three leisure centres sites including changing rooms, fitness studios and poolside areas.
- There is still £154,888 underspend still available from the surplus share to further develop and improve facilities
- The centres attracted 927,317 customer visits, up year on year, and a record number since the contract commenced in 2005
- Both internal and external inspections revealed a good quality of service, however there is plenty of scope for improvement
- Overall there were less reported health and safety issues. However there was one serious incident when school children experienced breathing difficulties when the pool circulation was turned on whilst the children were on pool side. All the necessary procedural changes have been made to avoid a similar incident occurring.
- Outreach community development work including diversionary projects, disability climbing programme and activities for elderly residents. (Tai Chi, Nordic walking)

#### **4. Consultation**

The report was developed in close partnership with senior managers from GLL through Chiltern's Leisure Advisory Board. (CLAB)

#### **5. Corporate Implications**

##### **5.1. Financial**

The Chiltern Leisure Contract delivered a surplus of £320,348. GLL-Better has continued to invest in facilities with;

- £140,101 being spent on centre improvement and refurbishment works, including the installation of a new lighting system at Chalfont Leisure Centre.
- £369,439 invested in Repairs and Renewal.

Based on existing surplus levels GLL-Better has forecast that it will be investing a further £750,000 between 2015 up until 2020.

##### **5.2 Environmental**

Collectively the leisure centres account for over 75% of the Council's energy usage and on-going investment to improve energy efficiency and reduce energy usage is a key performance target as detailed in Appendix 1.

### 5.3 Equalities

GLL-Better delivers a range of activities in support of the Council's equality standards. This includes 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 anti-social behaviour and the fear of crime, and the delivery of the exercise rehabilitation schemes for those suffering long term medical conditions. The centres have also improved building access, extended the range of activities for disabled users including adapted fitness studio equipment, climbing wall equipment and sensory play area.

### 6. Links to Council Objectives

Work towards safer and healthier local communities

Promote healthier communities

- Plan our leisure provision for the future

Strive to conserve the environment and promote sustainability

- Promote energy efficiency and encourage the reduction of carbon emissions

### 7. Next Step

*Feedback and comments from the Services Overview committee will be presented to the next Chiltern Leisure Advisory Board meeting on the 28<sup>th</sup> April 2015.*



## APPENDIX 1

### GLL-BETTER – CHILTERN PERFORMANCE REPORT 2015

#### Report

- 1 This report captures the key financial and operational performance of the Chiltern leisure contract against its financial year, 1 January 2014 – 31 December 2014. More detailed information regarding the contract's financial performance is detailed in **Appendix. 2.**

#### Finance – Revenue

2. Overall the contract has performed well with the total surplus of £320,348. This was achieved despite the challenging financial climate which for the reasons detailed below impacted negatively on overall income.
  - 16% 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 to attend more frequently at no additional cost.
  - 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
3. The summary of the main financial issues arising from each leisure centre is detailed in the table below.

<b>Chiltern Pools</b>	<p>Total income was £95,444 lower than the previous year, whilst expenditure increased by £9,972. Resulting in a drop in Surplus by £105,416.</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 reduced 'pay as you go' expenditure by customers. However, changes to management and processes for the Gym saw income levels improve in the 2<sup>nd</sup> half of 2014 showing sign of recovery into 2015.</p> <p>The increased expenditure can be attributed to inflationary increases on utilities and consumables.</p>
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<b>Chesham Leisure Centre</b>	<p>Total income was £20,017 higher than the previous year, in addition expenditure reduced by £38,531.</p> <p>Overall, the centre surplus increased by £58,548.</p> <p>Key reasons for the higher levels of income were due to increases to prepaid swim school, prepaid gym membership and club bookings across both the pool and sports hall.</p> <p>The changing room refurbishment completed towards the end of 2013 has been deemed to be a supporting factor in the increased revenue during 2014.</p> <p>The £38,531 underspend was due to staffing restructure at the beginning of 2014 to improve the balance of staffing to match the levels of income generated by those departments.</p>
<b>Chalfont Leisure Centre</b>	<p>Total income was £40,363 lower than the previous year, in addition the expenditure increased by £94,130</p> <p>Overall, the centre surplus decreased by £144,492.</p> <p>The reduced income levels were solely as a result of increased swim school competition with two rival swim schools opened in nearby proximity during early 2014. Prepaid membership for Swim school increased towards the end of 2014 showing customers are returning.</p> <p>The significantly higher expenditure was the result of increased staffing levels in comparison to the previous year and was planned for within the budgeted expenditure.</p>
<b>Contract Administration</b>	<p>The annual contract administration fee was <b>£103,960</b> GLL overheads reduced by <b>£136,193</b></p>
<b>Summary</b>	<p>Collectively during 2014 the centres recorded a total surplus of <b>£320,348</b>.</p>

### Finance – Capital

4. In 2014, GLL-Better invested £369,349 in its Repairs and Renewal Programme replacing and repairing buildings, plant and equipment including pool filtration and disinfection systems, air conditioning and air handling repairs and general building maintenance.
5. Additionally GLL-Better invested £140,101 from the Planned Preventative programme, for 2014. GLL-Better has set aside £143,000 from the Planned Preventative programme for future major works due at the centres, which includes refurbishment of shower areas and building lighting and air conditioning replacement.

6. Since the contract was extended in 2010, GLL has spent £600k in advance from the Reinvestment Fund (surplus share) funded against future profits. GLL-Better has now recouped the advanced funding and the cumulative position is £154,888 available to capitalise. The cumulative spend since the contract commenced in 2005 is £1,246,105.

<b>Year</b>	<b>Surplus available</b>	<b>Re-Investment</b>	<b>Areas of Investment</b>
<b>2005/6</b>	81,764	99,588	Amersham and Chalfont gym refurbished and new Gym equipment, Spin Bikes in Chesham, Fencing at Chiltern Pools
<b>2007</b>	185,059	208,981	Chiltern Pools Changing Room refurbished
<b>2008</b>	110,168	214,019	Chesham gym refurbished
<b>2009/2010</b>	201,290	11,895	Chalfont and Chiltern Pools windows
<b>2010</b>	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
<b>2011</b>	236,245	44,933	Chalfont Leisure Centre Spinning Studio
<b>2012</b>	202,688	0.00	None during period
<b>2013</b>	157,799	0.00	None during period
<b>2014</b>	152,983	0.00	None during period
<b>Total</b>	1,090,211	1,246,105	£154,888 available to capitalise

7. The Council invests £100,000/annum Capital to address the Council's contract liabilities for the building structure. Works this year have included repairs to the Steel Columns and pool under-croft at Chiltern Pools Full details of all the various capital works during 2012/13 were detailed in a separate presented to Cabinet on 27<sup>th</sup> August 2013.
8. The Council has just commissioned a specialist company to complete a new structural, mechanical and electrical survey across all the centres and this will be used to inform and prioritise future works up until 2020.

### **Usage**

9. Attendance at the leisure centres increased by 10% resulting in the highest number of annual centre visits of 927,317.
10. Participation from the swimming pools attracted 380,694 users and gym usage attracted 466,784 visits.
11. Swim school participation (visits) increased from 1,909 to 2,015.

### **Table 2 - Total Usage at the Leisure Centres**

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Attendance</b>	713,262	733,624	759,423	779,672	810,949	829,954	842,300	841,092	927,317

### Service Quality

- 12 A major concern of both the Council and Chiltern Leisure Advisory Board 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 monthly monitoring score achieve 75%. 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 April 2015.
- 13 Customer feedback and complaints combined with the data secured from the Council's monthly monitoring system shows an overall improvement in the customer experience. This is demonstrated by the record growth in usage during 2014.
- 14 However, several issues that occurred at Chiltern Pools that adversely affected customer satisfaction levels. Comments from facility users have been focussed as follows;
- Water temperature being too hot or too cold in the leisure at Chiltern Pools
  - Car parking charges at Chiltern Pools
  - Introduction of a new booking system
  - Inconsistent cleaning standards

### 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% Good centre rating
  - Chesham – 84% Good centre rating
  - Chalfont – 88% 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 75% was achieved with the average score for the year being 76%. The benchmark has been raised in 2015 to 80% 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. The council's monitoring systems have on several occasions identified when standards have fallen below the required level. Through Chiltern's Leisure Advisory Board and client monitoring arrangements appropriate actions to address cleanliness issues have been addressed. This area of service delivery will continue to be checked through on-going monitoring arrangements to ensure high standards of cleanliness are maintained.

### **Health & Safety**

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

- 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
- Installed improved fire and CCTV monitoring systems across all sites

### **Community Development**

21 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, cooking, parkour and cinema club delivered in Chesham helping support a reduction in 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 climbing programme developed at Chiltern Pools utilising specialist climbing equipment
- Successfully attracted over £10,000 funding to support community sports projects across Chiltern

## **Conclusion**

- 22 The leisure contract financial performance for the period January 2014 to December 2014 delivered a surplus of £320,348 (subject to final auditing).
- 23 The contract has successfully delivered an extensive range of outreach community activities that support the Councils key corporate aims and objectives.
24. The contract achieved its highest visitor number level of 927,317 and continues its upward trend of year on year increases in leisure centre visits since the contract commenced in 2005.

***APPENDIX 2 2015 GREENWICH LEISURE LIMITED MANAGEMENT ACCOUNTS 2014***



**Chiltern District Council  
Services Overview Committee**

**10<sup>th</sup> March 2015**

<b>GLL (Greenwich Leisure Ltd) - Management Accounts</b>										
<u>Year 2014 - Quarter 4 Oct - Dec 2014</u>										
<b>CHILTERN PARTNERSHIP - SUMMARY</b>										
	Jan-Mar 2014	Jan-Mar 2013	Apr-Jun 2014	Apr-Jun 2013	Jul-Sep 2014	Jul-Sep 2013	Oct-Dec 2014	Oct-Dec 2013	YTD 2014	YTD 2013
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
<b>NB02 - Chiltern Pools</b>										
Total Centre Income	475,812	507,211	423,159	442,571	435,235	442,289	331,693	369,272	1,665,899	1,761,343
Total Centre Expenditure	371,919	375,263	391,679	355,484	352,740	358,728	322,607	339,498	1,438,945	1,428,973
<b>Centre Surplus / (Deficit)</b>	<b>103,893</b>	<b>131,949</b>	<b>31,481</b>	<b>87,086</b>	<b>82,495</b>	<b>83,561</b>	<b>9,086</b>	<b>29,774</b>	<b>226,954</b>	<b>332,370</b>
<b>NB03 - Chesham Leisure Centre</b>										
Total Centre Income	344,934	316,251	278,635	272,889	257,416	259,501	249,591	261,917	1,130,575	1,110,558
Total Centre Expenditure	232,465	231,257	220,814	198,398	198,172	226,336	210,866	244,858	862,317	900,848
<b>Centre Surplus / (Deficit)</b>	<b>112,469</b>	<b>84,995</b>	<b>57,820</b>	<b>74,491</b>	<b>59,244</b>	<b>33,165</b>	<b>38,724</b>	<b>17,059</b>	<b>268,258</b>	<b>209,710</b>
<b>NB04 - Chalfont Leisure Centre</b>										
Total Centre Income	389,044	388,749	326,801	343,896	311,848	319,136	292,023	308,298	1,319,716	1,360,079
Total Centre Expenditure	232,019	203,880	232,827	211,380	220,018	202,140	198,500	171,834	883,364	789,234
<b>Centre Surplus / (Deficit)</b>	<b>157,025</b>	<b>184,869</b>	<b>93,974</b>	<b>132,515</b>	<b>91,830</b>	<b>116,996</b>	<b>93,523</b>	<b>136,463</b>	<b>436,352</b>	<b>570,844</b>
<b>All Centres Income</b>	<b>1,209,789</b>	<b>1,212,211</b>	<b>1,028,595</b>	<b>1,059,355</b>	<b>1,004,499</b>	<b>1,020,926</b>	<b>873,307</b>	<b>939,487</b>	<b>4,116,190</b>	<b>4,231,979</b>
<b>All Centres Expenditure</b>	<b>836,403</b>	<b>810,399</b>	<b>845,320</b>	<b>765,262</b>	<b>770,930</b>	<b>787,203</b>	<b>731,974</b>	<b>756,191</b>	<b>3,184,626</b>	<b>3,119,055</b>
<b>All Centres Surplus / (Deficit)</b>	<b>373,387</b>	<b>401,812</b>	<b>183,274</b>	<b>294,092</b>	<b>233,569</b>	<b>233,723</b>	<b>141,333</b>	<b>183,296</b>	<b>931,563</b>	<b>1,112,924</b>
<b>NB01 - Chiltern Partnership</b>										
Total Central Partnership Income	0	0	0	0	0	0	0	0	0	0
Total Central Partnership Expenditure	79,479	65,249	59,609	58,453	45,237	35,906	42,207	50,070	226,532	209,678
<b>Total Central Partnership Costs Surplus / (Deficit)</b>	<b>(79,479)</b>	<b>(65,249)</b>	<b>(59,609)</b>	<b>(58,453)</b>	<b>(45,237)</b>	<b>(35,906)</b>	<b>(42,207)</b>	<b>(50,070)</b>	<b>(226,532)</b>	<b>(209,678)</b>
<b>TOTAL TRADING INCOME (FOR PARTNERSHIP)</b>	<b>1,209,789</b>	<b>1,212,211</b>	<b>1,028,595</b>	<b>1,059,355</b>	<b>1,004,499</b>	<b>1,020,926</b>	<b>873,307</b>	<b>939,487</b>	<b>4,116,190</b>	<b>4,231,979</b>
<b>TOTAL TRADING EXPENDITURE (FOR PARTNERSHIP)</b>	<b>915,882</b>	<b>875,648</b>	<b>904,930</b>	<b>823,715</b>	<b>816,166</b>	<b>823,109</b>	<b>774,181</b>	<b>806,261</b>	<b>3,411,158</b>	<b>3,328,734</b>
<b>TRADING SURPLUS / (DEFICIT) for PARTNERSHIP</b>	<b>293,907</b>	<b>336,563</b>	<b>123,665</b>	<b>235,639</b>	<b>188,332</b>	<b>197,817</b>	<b>99,127</b>	<b>133,226</b>	<b>705,032</b>	<b>903,246</b>
<b>HO OVERHEADS</b>	<b>138,628</b>	<b>169,446</b>	<b>127,794</b>	<b>149,832</b>	<b>120,771</b>	<b>152,003</b>	<b>101,451</b>	<b>170,410</b>	<b>488,644</b>	<b>641,690</b>
<b>SURPLUS / (DEFICIT) INC HO OVERHEADS</b>	<b>155,279</b>	<b>167,117</b>	<b>-4,129</b>	<b>85,808</b>	<b>67,561</b>	<b>45,814</b>	<b>(2,325)</b>	<b>(37,184)</b>	<b>216,387</b>	<b>261,555</b>
<b>MANAGEMENT FEE</b>	<b>25,663</b>	<b>24,964</b>	<b>26,099</b>	<b>25,663</b>	<b>26,099</b>	<b>25,663</b>	<b>26,099</b>	<b>25,663</b>	<b>103,960</b>	<b>101,952</b>
<b>TOTAL SURPLUS / (DEFICIT)</b>	<b>180,942</b>	<b>192,081</b>	<b>21,971</b>	<b>111,470</b>	<b>93,660</b>	<b>71,477</b>	<b>23,774</b>	<b>(11,521)</b>	<b>320,348</b>	<b>363,508</b>