

# **Chichester District Council**

## **OVERVIEW AND SCRUTINY COMMITTEE**

**12 September 2017**

### **Leisure Services Performance Review**

#### **1. Contacts**

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#### **2. Recommendation**

**The committee is requested to:**

- 2.1. Consider the Post Project Evaluation (PPE) report for the leisure procurement project.**
- 2.2. Receive the 2016-17 Annual Report from Everyone Active (Sport and Leisure Management Ltd).**
- 2.3. Satisfy itself that the contractor is achieving satisfactory levels of performance against the outcomes at paragraph 3.0 in the annual report.**

#### **3. Background**

- 3.1 In April 2014, Cabinet agreed that an Options Appraisal be conducted to look at the various management options for the Council's leisure services. The key objective of the appraisal was to investigate, analyse and advise on the options open to the Council in relation to the future management and operation of its sport and leisure facilities.
- 3.2 In September 2014 the results of the Option Appraisal were presented to Cabinet. The Option Appraisal included a full operational review of the scope of services and identified areas for development to increase revenue. It considered the potential management options open to the Council and a suitable evaluation model to assess the options, given the Council's strategic and financial objectives. Each option was then evaluated against the current in house service delivery model.
- 3.3 The Option Appraisal identified that significant revenue savings could be achieved by the Council if it were to consider the option of procuring an external trust/private sector partner and further savings on support costs could also be expected.
- 3.4 Council, at their meeting on 23 September 2014 approved the Cabinet's recommendation that a procurement exercise was undertaken to test the market for future management of leisure services.

- 3.5 Cabinet on 26 January 2016 received the procurement evaluation of the tender returns and recommended to Full Council that the management of the Leisure Centres and Sports Development Service was outsourced. They also approved the preferred contractor as Sport and Leisure Management Limited (SLM Ltd) trading as Everyone Active.
- 3.6 Council approval for the management of the Leisure Centres and Sports Development Service to be outsourced was given at their meeting on 26 January 2016. They also agreed that the Task and Finish Group would continue in a monitoring role, to meet initially at least quarterly and that this would be reviewed 12 months after the contract commencement. They also stated that the Overview and Scrutiny Committee may also choose to review performance of the contract after a period of operation and at intervals thereafter.
- 3.7 The contract was awarded to Sport and Leisure Management Limited for a period of 10 years with the option of a further 5 years and commenced on 1 May 2016.
- 3.8 This report contains information regarding the post project evaluation for the project up to contract commencement in addition to a review of the year one performance and monitoring of the contract.

#### **4. Post Project Evaluation**

- 4.1 The Post Project Evaluation (PPE) provides a review of how the Leisure Management Procurement Project performed against the original intentions set out in the Project Initiation Document. It allows lessons learned to be passed on to other projects and ensures that provisions have been made to address all open issues and risks alongside follow on actions and recommendations where appropriate. It also provides the opportunity to assess any expected outcomes that have already been achieved and/or provide a review plan for those outcomes yet to be realised.
- 4.2 The original project objectives were fully achieved through outsourcing the services to a national leisure management contractor. It has been calculated that an average saving of £1.4 million per annum be achieved over the 10 year contract.
- 4.3 There were some additional costs incurred not initially anticipated for building condition surveys, VAT advice and pensions advice/actuary reports. Additional legal fees were also incurred due to further support required in the preparation of contract documents and advice regarding capital lending. A copy of the PPE can be found at Appendix 1.
- 4.4 The mobilisation period from award of contract to commencement of contract was very short. Everyone Active established a mobilisation team and although most areas of work were completed there was some delay in transferring some of the services including utilities and telephone lines. This however was managed jointly and transferred as soon as possible following the start of the contract.

#### **5. Contract Monitoring and Performance**

- 5.1 Following 1 May contract commencement daily calls were held between the client and contract manager. In addition to this weekly inspections of all three centres

were undertaken by the Council and the results from this fed back to the contractor.

- 5.2 Monthly reports are produced by the contractor identifying membership numbers and health and safety accidents/incidents in addition to customer compliments, comments and complaints and the details of maintenance schedules. This information is then discussed at a monthly meeting between contractor and the council.
- 5.3 On a quarterly basis a report is completed by the contractor which includes the monthly reports information but also provides an update on all of the Key Performance Indicators (KPI's) and the budgets for the contract. A meeting is then held between the Council and the contractor to discuss the quarterly reports.
- 5.4 The Members' Task and Finish Group meets on a quarterly basis and receives copies of the quarterly reports. The Contract Manager from Everyone Active attends these meetings to present the reports and to respond to any questions from the group.
- 5.5 Six months after the contract commencement, the Council's insurers Zurich were asked to review and comment on the health and safety monitoring arrangements in place to monitor the contract to ensure the Council's liability in relation to health and safety risks are reduced to a minimum. They noted many areas of good practice but recommended removing the weekly and monthly checks and implementing a new regime such as a six monthly visit to check on the health and safety operational aspects. This would be in addition to the annual auditing to check on management arrangements in place such as reviewing health and safety policy procedures, risk assessments and COSHH assessments etc.

## **6. Annual Report**

- 6.1 The Annual Report 2016-17 covered the 11 month period from 1 May 2016 to 31 March 2017. The report outlines the performance of the contractor in year one and pays particular attention to the effectiveness of the delivery of services against the method statements included in the contract.
- 6.2 Some of the successes for year one include a capital redevelopment project at Westgate Leisure Centre which increased the size and capacity of the fitness suite to 120 stations. A new dedicated spin studio was created and the existing first floor function room was refurbished to provide hot yoga.
- 6.3 The capital development works resulted in the loss of the two squash courts. SLM worked closely with the Westgate Casuals Squash Club to relocate to Westbourne House School and other centre members who played squash regularly were offered a reduction on their centre membership fee. Squash is still offered at The Grange and a junior squash club has also been created there.
- 6.4 Year one of the contract resulted in an increase in attendance across all three sites of 334,660. This is above the target of 200,000 customer visits increase identified in the contract bid. Membership numbers have also increased to 5,649 in year one which is nearly 800 members above the target of 4,850.

- 6.5 50 week swimming lessons have now been introduced and there are now over 900 swimmers enrolled. Growth has been slower than expected and further marketing will be required in year two to make sure the bid target for year 2 is achieved.
- 6.6 The Sports Development Plan and Key Performance Indicators have been approved for year 2 of the contract. The first quarter monitoring report has not identified any major concerns for these being achieved.

## 7. Consultation

- 7.1 A customer satisfaction survey was conducted by the Council in 2014 which resulted in a customer satisfaction score of 85%. The Contract target was to increase satisfaction by 1% year on year. Everyone Active conducted a customer satisfaction survey in December/January. The results from this survey resulted in a customer satisfaction score of 89%.
- 7.2 The Members' Task and Finish Group has met quarterly since the contract commencement reviewing the quarterly reports. The Members have also received the annual report and commented on the 2017-18 Key Performance Indicators and Sports Development Plan. The Task and Finish Group is happy with the performance of the contractor to date.

## 8. Community impact and corporate risks

- 8.1 A financial assessment is carried out on the contractor on an annual basis and is considered very low risk. The contract limit still far exceeds the full 10 year value of the contract and the current ratio is recorded as OK. Net profit is less than the previous financial year but the profit & loss reserve account has increased over the last 2 years.

## 9. Other Implications

	Yes	No
<b>Crime &amp; Disorder:</b>		X
<b>Climate Change:</b> Replacement LED lighting to reduce energy consumption.	X	
<b>Human Rights and Equality Impact:</b>		X
<b>Safeguarding:</b>		X

## 10. Appendices

- 5.1 Appendix 1- Post Project Evaluation Document Leisure Management Project
- 5.2 Appendix 2 – Chichester Leisure Management Contract Annual Report 2016-2017

## 11. Background Papers

Leisure Services Management Contract Report – Cabinet 26 January 2016 – published on the Council's website