

6. LEISURE CONTRACT UPDATE

REPORT OF: HEAD OF LEISURE & SUSTAINABILITY
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Wards Affected: All
Key Decision: Yes
Report to: Scrutiny Committee for Leisure and Community
14th January 2015

Purpose of Report

1. The purpose of this report is to provide members with an overview of the first six months of the Leisure Management Contract operated on behalf of the Council by Places for People Leisure (PFPL) which commenced on the 1st July 2014.

Summary

2. On the 26th February 2014, Council agreed to award a 15 year contract to Places for People Leisure, who were voted Leisure Operator of the Year 2014 by UKActive.
3. Following the commencement of the new contract a significant number of improvements have been made including new IT systems, equipment and furniture, new safety and cleaning regimes and improved use of technology.
4. Approximately £2million of facility improvements have been completed across the Council's three Leisure Centres, including new and extended gyms and improved reception and catering areas. A new ticket booking system has been introduced at the halls.
5. Operational issues were experienced in the first two months of the contract. The main issues were caused by problems associated with the IT systems related to data transfer from the previous contractor to PFPL and unavailability of the online booking facility which impacted upon reception booking functions and telecommunications.
6. Plans are now underway to re-launch the centres with open days and promotions in the New Year.

Recommendations

The Committee are recommended to note the contents of this report.

Background

7. This Committee has received regular reports throughout the leisure contract procurement process, most recently on the 2nd April 2014 when arrangements for the transitional handover period were outlined.
8. The report highlighted the experience and achievements of the incoming operator, their extensive experience of contract handovers, the staffing resources employed during the transition and the various aspects of the operation that were to be managed.
9. The handover from Freedom Leisure to Places for People Leisure took place on the 1st July 2014. This was the first time that the Council, centre staff and customers had experienced a handover between two external leisure operators.

10. The re-procurement of the Leisure management contract has provided the Council with significant immediate investment into the facilities by the incoming contractor in the gyms and fitness areas and public areas as well as significant savings on the operational costs of the contract. The medium term financial plan to be reported to Scrutiny for Leader and Service Delivery on the 13th January, shows that the savings on this contract will provide a total of £1.504m per annum from 2015/16 for the next three years reducing to £1.177m in year four.

Development Works

11. Following the start of the contract, there has been a six month programme of investment works with PFPL investing over £2million in improving the facilities.
12. Significant building works commenced at all three Leisure Centres from early July 2014 to provide new and refurbished facilities. This did require the temporary closure of some facilities however there were temporary facilities provided in their place until mid-December 2014. Works to improve reception areas and café servery areas in the Centres were also undertaken however facilities in the main remained open during the works.
13. Before the end of September 2014 at Kings Leisure Centre, work had been completed on the creation of a new 67 station gym in the former café area. This has increased the number of stations by 42 and extended male and female dry changing areas. Work was completed before Christmas on the relocated café and soft play area with new furniture, along with a new reception layout.
14. By early October the Dolphin Leisure Centre gym and free weights area were refurbished with replacement and additional gym equipment. In addition new reception flooring, new café furniture and a new reception desk were provided. A new Spin /MyRide cycling studio has been created in the former shop area.
15. The Triangle gym has been extended and completely refurbished providing an additional 20 fitness stations at the end of October. The health club has a new sauna cabin and steam room with new sun loungers. The main reception area was also refurbished with new flooring and new and improved reception counters before Christmas. At the same time the café seating areas were also refurbished with new furniture and flooring. A new Spin/MyRide cycling studio has been created in the former shop area.
16. Open days will be held at the Centres in January 2015 to promote the new facilities and programmes. There have been a significant number of improvements undertaken in the first few months of the contract.

General Improvements

17. New IT hardware, cabling and software have been introduced throughout all five facilities for the Leisure booking system and a completely new on line theatre booking system has also been introduced. The telephone systems at all five facilities have been replaced with new queuing systems and additional access for staff to incoming calls.
18. Five new fast track ticket kiosks have been installed across the three Leisure Centres allowing quicker access to activities such as courses, racket sports and fitness classes for both members and casual bookings.
19. Improved health and safety innovations have been installed within the wet-side areas through a poolview CCTV system for the main pools as the creation of new lifeguard positions in the health clubs' pools.

20. New IT based systems have been introduced including Swimtag, an information system for swimmers which logs details such as length of time in pool, frequency of visits and stroke/activity.
21. In the gym, MYZONE membership will be introduced in January 2015, where members can purchase a MYZONE body belt that measures and rewards effort – enabling them to download data every time they come into the Leisure Centre which is sent to the members' laptop, desktop or smartphone. This enables all age groups and fitness levels to increase their physical activity rates.
22. New cleaning staffing structures and regimes have been established at the Dolphin and Triangle Leisure Centres including the introduction of overnight cleaning at the Triangle to enable deep cleaning particularly in high usage areas such as the swimming pool changing rooms.
23. PfPL have created additional posts at both the Dolphin and Triangle to receive and deal with incoming telephone calls following Officers and customer feedback highlighted by problems in the first few weeks of the operation.
24. Following the transfer at the end of June approximately 10% of members chose to maintain their membership with Freedom Leisure, through their multi-site "Connected" membership. However, the number of members has risen each month from 7,883 at the end of July to 8,551 at the end of November 2014, an increase of over 9% across the three centres. The largest increase during this period has been at Kings Leisure Centre where membership numbers increased by 29%, whilst membership levels in November 2014 at the Dolphin and Triangle had both increased by approximately 6% compared to the July 2014 levels.

Handover Arrangements

25. A Council handover team was set up to oversee the transitional arrangements, composed of officers from services with expertise in the relevant areas, for example Leisure, Asset maintenance, Legal etc. The team met throughout the process to monitor the implementation of the handover plan that had been submitted by PFPL as part of the procurement process. The areas covered by the plan included the transfer of the membership database; completion of dilapidation works and redecorations; equipment inventory checks; stock valuation and transfer and TUPE transfer of staff.
26. The transfer of operator has created a period of change from one external operator to another. It was the first time customers and staff had experienced such a change with new booking systems and a new corporate culture being introduced.
27. Unfortunately access for PFPL to the Centres and staff was restricted by the outgoing operator and as the achievement of a seamless transfer is to a greater extent reliant upon the cooperation and flexibility of the outgoing operator especially in respect of information transfer and access to staff and buildings, this had a negative effect on the operation.
28. Following handover there were a number of issues that affected customer use of the facilities during this period. In the main these were regarding the Membership Database. Due to PFPL operating a different software system for on line member bookings, a labour intensive process of manually transferring over 7,000 members' details onto the new programme was required.

29. As Centre users make extensive use of the on line booking facility. The system was unavailable for a period of three weeks and customers were required to telephone the centres and / or book at reception which led to an increase in telephone calls. The situation was resolved following the re-launch of the online booking system and additional telephone answering personnel (see para 24 above).
30. In times of change there is often an increase in turnover of staff and during the pre-handover period there was evidence of this. As a result of this and a high number of vacancies there were lower staffing numbers at the commencement of the contract affecting areas such as cleaning and future planning. PFPL were not permitted to train staff on site in advance of the handover date and the staff therefore had to learn the new systems on the job.
31. Twenty four complaints were received by the Council between the 1st and 31st July 2014 regarding these issues. These have since reduced month on month with mainly queries and observations now being received with complaints averaging around four a month. Under normal operational circumstances an average of four or five complaints per month would be received by Officers.

Contract Management

32. Monthly Contract and Quarterly Partnership Meetings are being held in accordance with the agreed contract requirements. The Monthly meeting deals with day to day issues and items such as repairs & maintenance, monthly statistics and feedback from inspection visits. The quarterly meeting involves senior management from the Council and PfPL as well as the Cabinet Member for Leisure & Sustainability and covers quarterly performance statistics and financial performance as well as topics such as changes to cleaning regimes, development proposals and customer surveys.
33. The contract monitoring covers all aspects of the facility operation including cleaning, catering, staff training, programming, marketing, customer complaints, customer satisfaction levels, energy management, maintenance, health and safety, membership levels, membership sales, membership attrition rates, attendances, income and expenditure and rectifications.
34. Performance data agreed through the procurement process relate to total attendances, financial performance, membership levels, customer satisfaction levels, customer complaint levels, number of rectifications. Leisure Centre and Halls performance data is currently and will continue to be reported to the Leader and Service Delivery Scrutiny Committee as part of the Quarterly Council Performance report.
35. Formal monitoring of each centre has commenced and a list of rectifications is drawn up and actioned following the inspections, where required.
36. On each monitoring visit the facility is scored on eight separate areas of the service provided and an indication is given as to where points have been lost. The report identifies positive aspects of the service and areas requiring improvement.
37. The report is circulated to the Contract Manager and Facility Manager and the findings discussed at the Monthly Contract Meetings with discussion focusing on areas requiring improvement and the associated rectifications.

38. In Summer 2015, the process of securing Quest External Accreditation will commence at all three leisure centres, this forms part of the process of ensuring continuous improvement in delivery of service to the customer. This is an industry wide accreditation which has been used in the past at the Council's three Leisure Centres to assess and judge performance. The assessment is customer facing and covers all aspects of a Leisure Centre's operation.

Financial Implications

39. This report proposes no actions with financial implications.

Risk Management Implications

40. The transition process and all of the development works have now been completed and the facilities are now operating under normal conditions.

41. Monthly and Quarterly Contract Meetings are being held as planned.

42. The facilities are being operated in line with the Leisure Services Specification and PFPL's Method Statements.

43. The formal monitoring process including spot inspections and contract meetings has commenced.

Equality and Customer Service Implications

44. An Equality Impact Assessment (EIA) has been undertaken which indicated that the re-procurement of the leisure service would not have any negative impact on the well-being and opportunities of identified groups relative to others. Through the contract we actively seek to promote access to facilities for all groups.

45. The specification for this contract supports the achievement of the Council's participation targets by including a requirement to meet the needs of key target groups which include the most vulnerable residents in the district such as those with disabilities and on low incomes.

Other Material Implications

There are no other material implications of this report.