

Agenda Item No: 9.9 **Report No:** 131/17
Report Title: Wave Leisure Trust Annual Review 2016/2017
Report To: Cabinet **Date:** 27 September 2017
Cabinet Member: Cllr Tony Nicholson
Ward(s) Affected: All
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Purpose of Report:

To seek Cabinet approval of the objectives stated within the 2018-19 Annual Service Statement between Lewes District Council and Wave Leisure Trust.

Officers Recommendation(s):

- 1 To approve the objectives identified in the 2018/2019 Annual Service Statement.
- 2 To note Wave Leisure Trust's performance against the Annual Service Delivery Plan for 2016/2017.

Reasons for Recommendations

- 1 The agreement between the Council and Wave Leisure Trust requires Cabinet to approve a Service Statement on an annual basis and to receive a report on the performance of the Trust. Additionally, Cabinet is required to approve the joint objectives proposed for the forthcoming financial year.

Information

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- 2.1 Wave Leisure Trust (WLT) has now completed eleven successful years of operation. The partnership between the Council and WLT has matured over this period and the arrangements in place are considered

to be successful in bringing about positive outcomes for the local community.

- 2.2** Since WLT took over management of the Leisure Service for LDC, they have:
 - (a)** Reduced the annual Service Fee by £549,000 since 2010-2011.
 - (b)** Maintained visitor numbers at just under 1 million per year.
 - (c)** Increased turnover to £4.9 million per year.
- 2.3** WLT achieved an operating surplus of £30,000 in 2016/2017, compared with a budgeted deficit of £97,000. WLT held net reserves of £512,000 at the year end, with resources set aside to fund development projects as well as major building repairs and the replacement of equipment.
- 2.4** A summary of the Chief Executive's Annual report is attached at Appendix A.

Annual Service Statement

- 2.5** The contractual arrangements between the Council and WLT require the Council to prepare and approve an Annual Service Statement each year and to indicate the level of Service Fee to be paid for provision of services. In return, WLT Leisure is required to produce an Annual Service Delivery Plan (ASDP) and submit this to the Council for approval in January of each year.
- 2.6** The ASDP sets out how WLT intends to meet the Council's objectives based on the requirements of the Annual Statement which relates to services that are intended to be delivered in the next financial year.
- 2.7** The ASDP for the financial year 2018-19 will align with objectives of the Council as set out in the Council Plan. The specific objectives for this are set out at Appendix B. In addition, Appendix B sets out the objectives for Newhaven Fort.

Performance Against ASDP 2016/2017

- 2.8** WLT is required to report on its performance against a series of performance indicators agreed with the Client Officer responsible for monitoring the Trust. Performance targets are set taking account of the aims and objectives of the Council and are a means for encouraging the Trust to help meet the Council's overall priorities.
- 2.9** Site specific performance targets are reported by the Trust on a quarterly basis and annually for targets relating to corporate indicators. Performance monitoring is undertaken by the Client Officer throughout

the year. There are no ongoing concerns about the performance of the Trust.

2.10 Highlights from Wave's performance against the 2016-2017 Annual Service Delivery Plan include:

- (a)** Older Persons Activity Calendar of 24 weekly timetabled sessions which are specifically designed to help and support participation of older people across the District (age 65 years plus).

These sessions are at various levels of intensity and range from gentle exercise such as Chair-Based exercise and Strength and Balance classes, to higher intensity such as Pickle Ball, Table Tennis and Senior Gym sessions. The weekly 'Senior's Only' Gym sessions give attendees exclusive access to Wave's state-of-the-art facilities. These sessions have restricted general access which supports building confidence in taking part and allows specialised, personal instruction.

In all, there were 23,770 attendances which were specifically designed and delivered for older people.

- (b)** Young people have also been a key focus, with 1,548 attendances at reduced-cost activities for 13-18 year olds. Team Mates runs weekly during term-time at Shakespeare Hall in Newhaven. Children and young people can take part in a wide range of multisports including Boccia, Table Tennis, Table Cricket and numerous adapted ball games – plus inflatable fun on Wave's own magical bouncy castle.

Parents and Carers are also provided with a comfortable area where they can enjoy refreshments and talk with one another while their children participate in the activities with qualified coaches.

Working with partners, Wave has been able to fund or part fund 3,113 places for children to attend holiday activities who would have not been able to join in due to cost issues.

- (c)** Wave ensures its activities are accessible by the whole community. One of Wave's primary focuses is the activities it delivers to meet the needs of people and families on low incomes within the District. These opportunities are also available to rural communities to help increase participation and alleviate social exclusion. In total, there were 23,142 attendances in Wave's activities delivered in Centre, community venues and rural settings to address isolation and exclusion
- (d)** Wave continues to develop activity programmes to be delivered in residential care settings such as warden controlled, care and rest homes. Wave Activators have delivered weekly activities at Fitzroy House in Newhaven, a residential supported housing provision for adults with special educational needs and disabilities.
- (e)** Following the 2016 Seahaven ParaGames at Downs Leisure Centre, residents at Fitzroy House identified a need for activities which enabled

social engagement and participation in physical activity. Wave now delivers a weekly activity group within Fitzroy's communal lounge.

- (f) Wave works with TOLD (Tenants of Lewes District) to help support consultations and tenant engagement activities. This relationship helps with the development of activities which are accessible to those less likely to engage with physical activity; for example, where barriers to participation have been identified and addressed.
- (g) Wave continues to work with Seaford Downs Syndrome and Special Needs Group (SDSSNG) to increase the number of low cost sessions at Downs Leisure Centre in Seaford and Seahaven Swim & Fitness Centre in Newhaven leading to 3,312 attendances.

Financial Appraisal

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- 3.1 In return for WLT providing services and undertaking activities that meet the Council's stated objectives, the Council provides the Trust with an Annual Service Fee. The service fees for 2017/2018 are:-

Leisure Management Contract £313,000

Newhaven Fort Contract £104,000

- 3.2 As agreed with the Council in 2014, the Service Fee for the leisure management contract will reduce in 2018/2019 by £104,000 compared with 2017/2018. The fee will continue to reduce each year so that by 2020/2021, the Council will provide no annual funding for this element of the service. The service fee for Newhaven Fort will remain fixed through to 2024-25. This represents an overall saving to the Council of £2.3m over the 10 year period 2015-16 to 2024-25.

Legal Implications

The Legal Services Department has made the following comments:

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- 4.1 There are no legal implications arising from this report. Date: 14th August 2017 Ref. 006621-LDC-MR

Risk Management Implications

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- 5.1 There are no additional risks arising as a result of this monitoring report.

Equality Screening

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6.1 Attached after Appendices.

Background Papers

7 None

Appendices

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Appendix A: CEO 12 month report 2016/2017 Executive Summary and KPI performance

Appendix B: Annual Service Delivery Objectives 2018-2019

Executive Summary

Total Company

With a total year to date turnover of £4,897,996 and costs of £4,867,736 a surplus of £30,260 was achieved, exceeding budget by £127,720 (131.05%).

Leisure Balanced Score Card

Annual income of £4,586,321 was £16,921 ahead of budget (0.37%) and £40,074 (0.88%) more than that generated in the prior year, £4,546,247.

Annual expenditure was £21,424 less than budget (0.47%) and £77,586 more than the prior year (1.72%) which resulted in the outturn surplus for the year to date of £6,945, reducing by £37,512 (84.38%) in comparison to £44,457 in 2015/16.

Although the performance illustrates a small negative variance against prior year, it should be noted that trading performance in 2016/17 allowed contributions of £140,000 to be made to reserves to fund future developments and business opportunities.

Health and Fitness (Membership, Gym and Group Exercise Combined Income)

Total Health and Fitness for Q4 totalled £487,944 against a prior year total of £447,184; an increase of £40,760 (9.11%).

Annual income was £1,831,981 against a prior year total of £1,665,687; an increase of £166,294 (9.98%) and is a direct result of the increased number of members joining since the new committed membership was introduced in December 2015.

Live Total Memberships

Total live members have grown by 825 (21.3%) above projected in 2016/17. The growth is spread across all the membership options.

At the end of the year, total membership stood at 4,694, in comparison to 4,326 at the end of Q3, an improvement of 368. The average membership level across Q4 was 4,632; an increase of 288 on the average membership level across Q3 (4,344).

In line with the introduction of the new committed (12 month) membership, attrition rates (average) across all sites improved. Sales have exceeded cancellations every month, with the exception of May and December, resulting in the membership growth as presented.

Average monthly attrition has shown a steady downward trend as fewer members have cancelled each month. In April 2016, the attrition rate was 4.1%, by year end the rate had dropped to 1.6%, an all-time low.

Participation

With a 2016/17 twelve-month total dry side participation figure of 689,151 against 697,160 for the same period in the previous year there has been a decrease in dry side participation of 8,009 (-1.1%).

Total wet side participation in 2016/17 was 325,731 compared with 322,205 in the previous year, an overall increase of 3,526 visits (1.1%).

With a 2016/17 twelve month total children and young people participation figure of 388,379 against 389,568 for the previous year there has been a very small overall decrease in participation of 1,189 (-0.3%).

Operations

Accidents for 2016/17 totalled 574, compared to 596 in 2015/16, a decrease of 22 (3.7%) against the prior year.

A total of 36 incidents/near misses were reported during 2016/17 compared to 25 in the same period of the previous year. It is suggested that this is due to a greater awareness among staff about reporting incidents/ near misses. The number of RIDDOR Reportable Accidents in 2016/17 was 0, compared to 11 in the same period in 2015/16.

Newhaven Fort Balanced Score Card Financial

With a total annual income of £311,675 and costs of £288,360 a surplus of £23,315 was achieved, exceeding budget by £89,375 (135.29%) and compared to a deficit of £41,227 in 2015/16.

Q4 Trading Revenue exceeded budget by £2,723 (11.8%) and is £19,121 (10.1%) above budget for the year. Trading Revenue is £41,609 (16.27%) up on the previous year.

New revenue generated from the Christmas Market/Santa Experience weekends in December has boosted income during a period where previously no income had been generated.

Entrance Fees (including Events) were up over the Quarter (£909) and are now above the annual budget by £8,629. Shop trading has continued to be below expectations being £139 (4.0%) below target for Q4 and £3,165 (11.51%) down year to date. Feedback from other visitor attractions would suggest that this is a common trend.

Income from the Tea Rooms (Catering) was £1,482 (26.59%) above budget for Q4. This was due to a number of events and private hires. Annual income is £11,162 above budget (22.32%). Total Expenditure was £7,279 lower than budget (8.41%) in Q4 with Premises and Supplies and Services both showing positive savings against budget. Annual expenditure is £70,250 (19.59%) below budget.

Operations

Total visitor numbers for the year were up in comparison with 2015/16 by 4,398 (17.6%). This result is a reversal of the declining trend over the previous three years.

Total School visits and bookings for the financial year 2016/17 were up in comparison with 2015/16 by 1,176 (21.5%). As with total visitor numbers, this reversed the trend which had seen numbers decline in each of the previous three years.

Spend per head indicators for the Shop and Catering did not achieve the targets set but were up on the 2015/16 actuals. Catering and Shop Gross profit were slightly below target albeit by only 0.3% and 0.6% respectively.

Visitor Feedback

The number of actual visitor feedback forms received in Q4 was 41, a lower than average figure, reflective of the fact that the Fort was closed to general visits until mid-February. Of these 41 responses, 97.1% rated their visit as “Good” or “Excellent”.

Year to date feedback is also very positive with 98.8% of 305 visitors rating their visit as good or excellent. The Fort has also achieved a “Trip Advisor” Certificate of Excellence for consistently positive feedback. A total of 346 visitor feedback forms were received during the year with 76.3% rating the Fort as Excellent or Good. 0.9% of visitors felt that their overall experience of the visit was either Satisfactory or Poor.

In relation to “Trip Advisor,” at the end of the year the Fort had achieved a rating of 4.5 stars out of a maximum of 5 and awarded a “Certificate of Excellence” as rated by a total of 210 respondents and the “Number 1 place to visit in Newhaven”.

Duncan Kerr
Chief Executive

Performance against KPIs 2016-2017

		Downs Leisure Centre		Lewes Leisure Centre		Peacehaven Leisure Centre		Seahaven Swim & Fitness	
		16/17 Actual	16/17 Annual Target	16/17 Actual	16/17 Annual Target	16/17 Actual	16/17 Annual Target	16/17 Actual	16/17 Annual Target
1.	General Usage								
1.1a	Visits for dryside activities	272,869	300,000	249,549	237,000	133,388	137,000	12,398	12,000
1.1.b	Visits for wetside activities			144,341	144,000			108,571	115,000
1.2a	Total visits by children and young people	53,568	60,000	164,367	165,000	69,194	70,500	50,294	53,000
1.5	Membership retention rate	80%	68%	75%	67%	77%	67%	82%	67%
4.2	Visits at Health Walks	1,253	1,200	303	425	833	1,000		
2	Customer satisfaction								
2.1	Overall user satisfaction (net promoter score)	30%	45%	36%	45%	32%	60%	37%	30%
2.2	Mystery visit score	76%	85%	83%	85%	87%	85%	84%	85%
5	Quality								
5.1b	QUEST score	Very Good	Good	Good	Good	Excellent	Good	Very Good	Good
6	Environmental								
6.2a	Gas KWh per degree day	110	125	719	750	70	67	655	575
6.2b	Electricity KWh per user	0.96	1.00	1.46	1.72	0.98	1.00	2.84	2.85
6.2d	CO2 emissions (tonnes)	152	145	500	525	81	80	379	355
7	Financial								
7.1	Utilities cost per m2	£16.16	£19.00	£39.14	£40.00	£12.56	£13.00	£70.04	£67.00

Appendix B

Annual Service Delivery Objectives Leisure 2018/2019

Lewes District Council is required to furnish the Trust with an Annual Service Statement that will provide the Trust with a framework to produce an Annual Service Delivery Plan.

The Annual Service Delivery Plan that WLT produce should complement and support the Council's objective to promote healthy lifestyles by developing a district wide leisure strategy. The Council recognises that reducing hazards like cold houses and falls in homes could save the NHS over £1 million in treatment costs.

The Council will budget to improve the condition of both private and council homes to prevent accidents and ill health. We will continue to work with the NHS and other partners in the county to improve the health and wellbeing of Lewes District residents.

Besides the major contributions to ill-health prevention from our housing programme, we will work with local communities and companies to provide sport and recreation facilities where people need them. As a result, the Council wishes to set the following objectives for WLT in relation to the Leisure contract.

1. Increasing Participation & Reducing Health Inequality:

- Provision of activities to meet the needs of the ageing population of the District, inclusive of outreach work to provide opportunities of increasing participation and wellbeing, particularly in the rural communities, where people need them.
- Seek to develop new partners as well as enhancing existing relationships with the Council and other key partners, to increase the availability and take up of positive activities for children and young people with the aim of encouraging greater participation by young children and families on a low income.
- Provide a varied programme of activities including taster sessions that positively encourage and promote physical activity, particularly amongst those who are not currently active.
- Provision of a range of holiday activities for children and young people of all age ranges.
- Give due regard to the Equality Act 2010, particularly when there is a change to policy; project development or where new services are being provided or where existing services are discontinued.
- Provide opportunities and activities for Council tenants, which are either outreach or centre-based and which include tenants in rural communities.

- Provide opportunities to engage the rural population, increasing access to activities.

2. Improving Accessibility & Social Inclusion:

- Ensuring activities are accessible by the whole community, but working particularly with people and families on a low income, ensuring that activities are provided in such a way to meet the needs of specific groups within the community.
- Working with partners to identify appropriate funding to support sessions and activities that could be offered free to users at the point of delivery as a means of overcoming lack of income as a barrier to participation.
- Promote opportunities for workforce development to encourage training and skills development for individual staff.
- Explore opportunities to increase non centre-based activity to further reduce access barriers and to encourage participation from current non-users.
- To assist Lewes District Council with undertaking ongoing equalities assessments and monitoring.

3. Reducing Environmental Impact:

- Continue to look for opportunities to increase recycling for customers and staff wherever possible.
- When planning future investment with the Council, identify opportunities to reduce energy usage and help to reduce CO2 emissions. When replacing plant and equipment, cleaner and energy efficient technology should be considered that will help to generate future efficiency savings.

The Trust is required to provide an Annual Service Plan by November 2017 that takes account of the above Council priorities. This plan will then be considered by Cabinet in January 2018, for implementation from April 2018.

Annual Service Delivery Objectives Newhaven Fort 2018-2019

Lewes District Council is required to furnish the Trust with an Annual Service Statement that will provide the Trust with a framework to produce an Annual Service Delivery Plan.

On 1st May 2015 WLT was granted operational management responsibility for the Newhaven Fort. The following sets out the key actions that WLT will focus on for the 2018/19 financial year.

The Fort procurement exercise focused on four core outcomes, namely:

1. Enhance the regeneration opportunities in Newhaven by increasing the number of visitors to Newhaven Fort and generating local job opportunities.
2. Maintain and grow the heritage and educational potential of Newhaven Fort in a way which is accessible to the general public.
3. Improve the current facilities on offer.
4. Minimise the ongoing liabilities of the Council and potentially produce a revenue stream for the Council.

In order to achieve the four LDC outcomes, WLT has identified three separate but interlinked areas for the Fort Management and Operational Team to focus on, namely:

1. Experience.
2. Education.
3. Events.