

Agenda Item No: **Report No:**

Report Title: **Wave Leisure Annual Review**

Report To: **Cabinet** **Date:** **29 September 2014**

Lead Councillor: **Cllr Maskell**

Ward(s) Affected: **All**

Report By: **Gillian Marston, Director of Service Delivery**

Contact Officer(s)-

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Purpose of Report:

To seek Cabinet approval for the Service Fee for the remainder of the contract, and to seek approval of the objectives stated within the Annual Service Delivery Plan.

Officers Recommendation(s):

- 1** To approve the Service Fee as set out in the report for the period from 2015-2016 through to 2020-2021.
 - 2** To approve the proposed Service Fee for the management of Newhaven Fort for the period 2014-2015 to 2024-2025.
 - 3** To approve the objectives identified for the Annual Service Delivery Plan so that Wave Leisure and Lewes District Council jointly produce the plan in line with Council objectives.
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Reasons for Recommendations

- 1** The agreement between the Council and Wave Leisure requires Cabinet to approve a Service Statement and proposed Resource Allocation (Service Fee) on an annual basis and to receive a report on the performance of the Trust for 2013-14. Additionally, Cabinet is required to approve the joint objectives proposed for 2015-16.

Information

2 Background

Eight successful years of operation

- 2.1** Wave Leisure has now completed eight successful years of operation. The partnership between the Council and Wave Leisure 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 Wave took over management of the Leisure Service for LDC, they have:
- (a)** Provided savings of £2.4 million to the Council
 - (b)** Reduced the Service Fee by £340,000 since 2010-2011
 - (c)** Increased visitor numbers by 20% to just under 1 million per year
 - (d)** Increased turnover by 40% to £4.5 million per year
 - (e)** Provided capital investment of £800,000
 - (f)** Achieved the ISO 14001 Environmental Standard
 - (g)** Achieved the Social Enterprise Mark
 - (h)** Retained Quest accreditation (quality mark) across all sites
- 2.3** Specifically in 2013-14, Wave have carried out a number of improvements to the facilities including:
- (a)** An extension to Lewes Leisure Centre gym to provide a free weights area
 - (b)** Refurbishment of the showers and changing rooms at Peacehaven Leisure Centre
 - (c)** Improved signage and internal waste bins at all sites
 - (d)** Provision of storage facilities at Shakespeare Hall
 - (e)** Construction of a café outlet in the soft play facility at Downs Leisure Centre
- 2.4** Wave has managed to maintain and improve upon projected income levels. Through careful control of costs, Wave have ended 2013-2014 with a surplus of £182,688 and uncommitted reserves of £855,680.

Annual Service Statement

- 2.5** The arrangements between the Council and Wave Leisure 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, Wave Leisure is required to produce an Annual Service Delivery Plan and submit this to the Council for approval.

The Annual Service Delivery Plan sets out how Wave 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.

The Annual Service Plan for the financial year 2015-2016 will align with objectives of the Council as set out in the Council Plan. The specific objectives are set out at Appendix A.

Performance Monitoring

- 2.7** Wave Leisure is required to report on its performance against a series of performance indicators set by 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.

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.

Highlights of service performance results:

- Wave had some success with promoting activities for the 13-19 age group, with subsidised gym and badminton sessions attended by over 225 participants.
- The Seahaven Para Games drew in 26 participants plus carers and helpers.
- WLT welcomed nearly 400 participants to two Change 4 Life days, aimed at encouraging families with young children a range of activities to develop a more active lifestyle.
- Exercise referrals increased by 6%. In addition, to encourage people on a low income to exercise, GPs have provided free 7 day passes to people who do not meet the exercise referral criteria.
- The Healthy Walks programme has seen an increase in participation of 18% (360 people).

- Visits have increased by 4.7% across all age groups, with an increase of 1.8% by children and young people.
- Wave score significantly and consistently higher than most other leisure industry providers in terms of customer satisfaction and their business relies on referral and recommendation. As a result, they have moved from a traditional 'satisfaction survey' method of gathering customer information and now use the Net Promoter Score (NPS).
- NPS recognises that for every negative experience, the business needs to create a number of positive experiences to counteract the effect of the criticism. It groups users into 3 categories: promoters; passives; and detractors. The NPS value is the % difference between the promoters and detractors. The industry average is 44% and Wave have achieved the following results:
 - Seahaven SFC: 45%
 - Lewes LC: 49%
 - Downs LC: 57%
 - Peacehaven LC: 67%

Financial Appraisal

3 Resource Allocation (Service Fees)

- 3.1** In return for Wave Leisure providing services and undertaking activities that meet the Council's stated objectives, the Council provides the Trust with an Annual Service Fee. Appendix C sets out the proposed service fee for the leisure contract to 2020-2021 and for Newhaven Fort to 2024-2025.

Legal Implications

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4.1

Legal implications are set out in the exempt Appendix D – Confidential Legal Advice.

Environmental Implications

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- 5.1** Wave aim to reduce the environmental impact of their operation and have a number of KPIs to demonstrate how effective their

carbon management plan is (see Appendix B). They have attained ISO 14001 and are audited annually.

- 5.2 Since installation, the PV panels at Downs LC and Lewes LC have generated 83,758 kWh and saved 49 tonnes of carbon dioxide.

Risk Management Implications

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- 6.1 Reducing the Service Fee over the next six financial years may pose some risks for Wave. However, they have submitted a 'worst-case' Business Plan to demonstrate the affordability of the proposals which does not show the impact of other business opportunities that are either due to come online, or which they are actively pursuing.
- 6.2 Wave have stated that proposal will also enable the Trust to retain sufficient funds in reserves and balances to be able to react to any unforeseen situations, deliver any future business opportunities and be in a strong position to bid for the leisure contract when it comes up for renewal.

Equality Implications

- 7 I have completed an Equality Screening and the service has only a positive impact upon equalities. An equalities impact assessment has been carried out on the service and is currently being finalised.

Background Papers

None

Appendices

Appendix A: Annual Service Delivery Objectives 2015-2016

Appendix B: Service KPI results for 2013-2014

Appendix C: Proposed service fee - Exempt

Appendix D: Confidential Legal Advice - Exempt

Appendix A

Wave Leisure Annual Service Statement 2015-2016

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 Council is keen to see the take up of activities by specified groups through the Annual Service Fee. These activities are reflected in the Council Plan; the Sustainable Community Strategy; the Crime Reduction Strategy; and outputs from the Shadow Health and Wellbeing Board. They are as follows:

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.
- 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.

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 2014 that takes account of the above Council priorities. This plan will then be considered by Cabinet in January 2015, for implementation from April 2015.

Appendix B

		Downs Leisure Centre KPI's			Lewes Leisure Centre KPI's			Peacehaven Leisure Centre KPI's			Seahaven Swim and Fitness Centre KPI's		
		13/14 Target	13/14 Actual	14/15 Target	13/14 Target	13/14 Actual	14/15 Target	13/14 Target	13/14 Actual	14/15 Target	13/14 Target	13/14 Actual	14/15 Target
1	General usage												
1.1a	Visits for dryside activities	272,355	302,652	278,000	217,275	240,873	220,000	141,339	138,966	143,000	16,942	17,677	17,500
1.1b	Visits for wetside activities				162,778	148,159	172,000				111,043	116,856	114,000
1.2a	Total visits children and young people	37,586	54,831	39,000	176,365	164,694	180,000	68,857	68,890	70,000	55,147	55,687	56,000
1.5	Membership Retention rate	67.10%	62.50%	68%	68.4%	62.2%	69%	65%	60.7%	67%	60.10%	58.10%	62%
4.2	Visits at Health Walks	948	1,119	950	415	429	415	966	805	970			
2	Customer Satisfaction												
2.1	Overall user satisfaction (net promoter score)	26	42	35	26	36	35	26	56	35	26	25	35
2.2	Mystery Visit Score	78%	78%	78%	50%	50%	60%	71%	71%	71%	55%	55%	60%
5	Quality												
5.1b	Quest score	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good
6	Environmental												
6.2a	Gas KWh per degree day	169.00	109.9	167	752.72	658	745	75.836	66.7	75	664.02	470.8	657.4
6.2b	Electricity KWh per user	1.320	1.020	1.2	1.88	1.66	1.72	1.124	1.10	1.14	2.95	2.56	2.55
6.2d	CO2 Emissions - tonnes (NI185)	229.600	199.1	227.3	600.90	620.4	594.9	111.100	109.0	110	397.20	382.8	393.2

The total number of visits across the four sites was 965,183 which was 43,451 (4.7%) greater than the 2013/14 target figure. Of these 965,183 visits, 344,102 were by children & young people, which was 1.8% greater than the target figure.

The current economic climate & increased local competition were contributing factors in the decline in the Membership Retention rate.

Environmental indicators at all sites showed excellent results with all indicators at all four sites being ahead of target. Utility costs per m2 did however rise above target although this was not unexpected due to the recent sharp rises in energy prices.

Customer satisfaction levels also showed impressive results with 3 of the 4 sites being greater than the NPS target.

The Quest score at all sites remains in the 'Good' category.