
Meeting: Sustainable Communities Overview and Scrutiny Committee

Date: 22 June 2010

Subject: Value for money aspects of leisure and theatre facilities within the leisure management contracts for Central Bedfordshire

Report of: **Gary Alderson, Director of Sustainable Communities**

Summary: The report presents value for money aspects of the leisure and theatre facilities within the contracted services of Leisure Connection in the Community and Stevenage Leisure Limited.

Contact Officer: Jill Dickinson, Head of Leisure Services

Public/Exempt: Public

Wards Affected: All

Function of:

CORPORATE IMPLICATIONS

Council Priorities:

The investment in leisure facilities supports Central Bedfordshire Council's (CBC) Strategic Plan 2009-11 adopted by the shadow Executive on 5 August 2008 and supports all five council priorities for 2009-2011, contributes to the five Every Child Matters outcomes outlined in the Central Bedfordshire Children and Young People's Plan and the draft Central Bedfordshire Early Intervention and Prevention Strategy 2010 - 2013 where prevention measures involving a range of local authority and health services such as leisure services can achieve significant improvements in the health and wellbeing of our population. The services support delivering targets in NI 8 Adult Participation in Sport, NI56 Obesity among primary school age children in Year 6, NI110 Young people's participation in positive activities and NI11 Engagement in the arts.

Financial:

The annual contract cost of the leisure centres and theatre contracted to Leisure Connection and Stevenage Leisure totals £714,300 per annum. **Appendix A** details the leisure management facilities, contracts and costs to CBC. The Chartered Institute of Public Finance and Accountancy (CIPFA) figures for CBC and its family group are attached at **Appendix B**.

Legal:

Each contract is a legally binding agreement between CBC and the respective operator.

Risk Management:

Risk is managed via the contract which details the respective responsibilities of the contractor including liability, indemnity and insurance.

Staffing (including Trades Unions):

The contracts are monitored by a client officer, one for each former district contracts.

Equalities/Human Rights:

The contractors must have a policy to comply with its statutory obligations under the Equal Pay Act 1970, Sex Discrimination Act 1975, Race Relations Act 1976, Race Relations Amendment Act 2000 and the Disability Discrimination Act 1995, the Employment Rights Act 1996, the Employment Relations Act 1999, the Employment Act 2002, the Race Relations Act 1976 (statutory Duties) Order 2001 and any other legislation or any other codes of practice relating to discrimination.

Community Safety:

Leisure facilities provide opportunities for people to participate in active lifestyles reducing the potential for engagement in antisocial behaviour.

Sustainability:

All the leisure facilities undergo regular review for potential improvement to energy consumption, and investment from both contractor and the council is made to support sustainable outcomes.

RECOMMENDATION(S):

- 1. That the committee note the report and value for money aspects of the leisure and theatre facilities within the contracted services of Leisure Connection in the Community and Stevenage Leisure Limited.**

Purpose of the report

1. This report provides information related to the income and expenditure of facilities included in the two Leisure Management contracts, informing Members of how the current contracts were set up. The report provides some context from other local authorities regarding the value for money aspects and how Central Bedfordshire Council (CBC) compares to other local authorities.

Background

2. On 1 April 2009 CBC inherited two leisure management contracts from the former South Bedfordshire District Council (SBDC) and Mid Bedfordshire District Council (MBDC).

3. In the former South Bedfordshire facilities the contractor is Leisure Connection a professional leisure management company which operates in excess of 80 sports, leisure and arts facilities for local authorities, three Sport England National Sports Centres and the centre of excellence for disability sport, Stoke Mandeville Stadium.
4. There are two separate contracts in operation; the Grove Theatre in Dunstable, Tiddenfoot Leisure Centre in Leighton Linlade and Dunstable Leisure Centres managed through a single 25 year contract, signed in September 2005 at the start of the construction of the Grove Theatre. The 25 year contract was negotiated after Leisure Connection was approved as a preferred partner for operating the theatre via a competitive process, and later a capital investment from Leisure Connection of £1.5million was agreed. This contract is operated via an Industrial and Provident Society set up in order to save business rates because of the charitable status of the Society. Houghton Regis Leisure Centre is managed through a separate contract that expires in December 2011.
5. Tiddenfoot Leisure Centre had previously been managed by Leisure Connection via a contract entered into by SBDC on 31 March 2000 ending on 31 March 2012. Dunstable Leisure Centre had previously been managed via a contract entered into by SBDC dated 16 April 1996 ending in September 2005.
6. An opportunity was identified to integrate Tiddenfoot and Dunstable Leisure centre contracts with that for the Grove Theatre during the contracting process for the theatre. Houghton Regis leisure centre has been maintained as a separate contract in order to ensure that future development opportunities for the site are able to be pursued, if appropriate.
7. Tiddenfoot is a dual use facility. This means that Cedars Upper School attached to the centre is able to have defined, dedicated access and usage of the amenities. To facilitate this, joint use agreements between the Council and the School have been negotiated with which the contractor is obliged to comply.
8. The contract price is increased or decreased annually by the average Retail Price Index (RPI) in the previous 12 months.
9. Any profits over an agreed limit can be paid to CBC or deducted from payments of the management fee;

Excess profit	Authority's Share
Up to £50,000	50%
£50,001 - £100,000	25%
£100,000 +	10%

10. In the former Mid Bedfordshire facilities the contractor is Stevenage Leisure Limited, a professional leisure management Non Profit Distributing Organisation which operates 17 sports, leisure and arts facilities for local authorities.

11. There are two separate contracts in operation. A contract for Flitwick Leisure Centre and a separate contract for Saxon Pool Leisure Centre, Sandy Sports and Recreation Centre and Biggleswade Recreation Centre. They all end 31 March 2012.
12. The contracts for Flitwick and Saxon Pool were awarded in December 2003 to commence on 1 April 2004 until 31 March 2007. Sandy and Biggleswade Recreation Centre had been operated by MBDC and were added to the Saxon Pool contract in 2005 and the two contracts were extended until 31 March 2011. More recently, the contract has been extended to 31 March 2012 in order to harmonise the contract end date with Houghton Regis.
13. Sandy and Biggleswade Recreation Centres are dual use facilities. This means that Sandy Upper School and Stratton Community College respectively attached to the centres are able to have defined, dedicated access and usage of the amenities. To facilitate this, joint use agreements between the Council and the Schools have been negotiated with which the contractor is obliged to comply.
14. The contract price is increased or decreased annually by the RPI in August the previous year.
15. Any profits over an agreed limit are held by CBC in a profit share account dedicated to the specific facility and held as a council reserve as follows;

Centre	Excess profit	Authority's Share	Current reserve
Flitwick	£50,000	62.5%	£54,000
Sandy	£15,000	62.5%	£27,000
Biggleswade	£12,000	62.5%	£4,000
Saxon	£75,000	75%	£-13,000

In addition, CBC also receives £56k per annum from Stevenage Leisure towards gym equipment lease.

16. **Appendix A** details the leisure management facilities, contracts and costs to CBC.

Contract monitoring

17. The leisure contracts devolve management and operational responsibility to the contractor. Within this the Council has a client role, to monitor the contractual agreement, ensuring that the contractors' obligations and responsibilities are met. The Council also ensures that a proper mechanism exists for facilitating joint use and that maintenance responsibilities are carried out with minimal disruption to customers and operation. To achieve this, the Council liaises with, and monitors the performance of, the contractor in accordance with a monitoring mechanism.

18. The Council has Client Contractor Meetings. Day to day liaison and monitoring of the contract is carried out by the Council's Client Officers. This is supported by monthly management meetings with the contractor who provides operational compliance reports for these meetings. Quarterly and annual reviews are also held at a corporate management level to discuss performance, including programming, maintenance and customer service.
19. Monitoring is based on an overall operational plan produced by the contractor for the leisure centres and the Grove Theatre. This is supported by an annual business plan produced by the contractor for each leisure centre and the Grove Theatre, which details the contractor's aims and objectives for the coming year based on the operational plan.
20. Maintenance is undertaken in three ways:
 - Responsive, day to day maintenance, including domestic and pool cleaning, plant and equipment running repairs.
 - Planned, Preventative Maintenance (PPM) which is programmed scheduled maintenance of plant and equipment.
 - Lifecycle replacement, where agreed periodic replacement of worn out plant and equipment is carried out.

For both contracts, the contractor is responsible for responsive day to day maintenance, and PPM. CBC is responsible for lifecycle replacement.

Benchmarking Assessments

21. CBC undertakes a number of bench marking assessments. Via the Chartered Institute of Public Finance and Accountancy (CIPFA) £'s per head of population costs and total expenditure are calculated. Figures for CBC and its family group are attached at **Appendix B**.
22. Quest is the UK Quality Scheme for Sport and Leisure and a tool for continuous improvement, designed primarily for the management of leisure facilities and leisure development across 4 key areas; facility operations, customer relations, staffing, and service development and review. Assessment is undertaken every 2 years. Quest scores are classified into the following categories: Approved - above 60%, Commended - 68% to 74%, Highly Commended - 75% to 83%, Excellent - 84% and above. The Quest Scores are as follows;

Facility	2006	2007	2008	2009
Dunstable Leisure Centre	72%	-	73%	-
Houghton Regis Leisure Centre	69%	-	70%	-
Tiddenfoot Leisure Centre	74%	-	71%	-
Flitwick	-	75%	-	80%
Saxon Pool and Leisure Centre	-	73%	-	79%
Sandy Sport and Recreation Centre	-	70%	-	77%

23. The National Benchmarking Service (NBS) is a partnership approach to providing critical data on the performance of the leisure facility. The partnership brings together the expertise of Sport Industry Research Centre (SIRC) at Sheffield Hallam University, Ipsos MORI and Sport England to provide a collection and analysis of participation, financial and customer satisfaction data. The aim of the NBS is to provide local authorities with rigorous and robust information on the performance of their sports and leisure centres compared with that of equivalent 'family' facilities elsewhere in the country. Stevenage Leisure undertake NBS surveys every 2 years.
24. CBC Contract review. Executive agreed to undertake a review of all major contracts in September 2009, including the contracts managed by Stevenage Leisure and Leisure Connection. The review provided evidence on the relative performance of each of the contracts and fit with the Council's five priorities and establish evidence of:
- Service Delivery
 - Risk Management
 - Value for Money
 - Partnership Working
 - Efficiency Opportunities

The Leisure Connection Contract was scored a 'Good' contract and Stevenage Leisure as an 'Excellent' Contract. The next steps are to finalise both reports and agree an implementation plan by the end of June.

Conclusions

25. The report provides information about the leisure management contracts, facilities and relative cost to CBC, benchmarking the facilities with the CBC family group for the leisure and theatre. A broader assessment of customer satisfaction is gained by using continuous improvement tools and National Benchmarking.

Appendices:

- Appendix A – The leisure management facilities, contracts and costs to CBC.
Appendix B – The Chartered Institute of Public Finance and Accountancy (CIPFA) figures for CBC and its family group

Background Papers: (open to public inspection)

Contract specification for the contracted leisure facilities.

Location of papers: Priory House, Chicksands