

Guildford Borough Council

Report to: Overview & Scrutiny Committee

Date: 16 January 2024

Ward(s) affected: N/A

Report of Director: Transformation & Governance

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Report Status: Open

Operation of Leisure Management Contract 2022-23

1. Executive Summary

The Council entered into a 10-year Leisure Partnership Agreement (LPA) with Greenwich Leisure Ltd (GLL) with effect from 1 November 2011, to deliver leisure services throughout the borough at Guildford Spectrum, Guildford Lido and Ash Manor Sports Centre. GLL has subcontracted the service to Wealden Leisure Limited trading as Freedom Leisure (FL). In line with the contract two 2 year contract extensions have been granted, and the leisure contract will end in October 2025.

Each year, a review of the Annual Report from Freedom Leisure (FL) is undertaken. This report outlines the process by which this is carried out and gives a summary overview of the contractor's performance on its operation of the Council's leisure facilities; Guildford Spectrum, Guildford Lido and Ash Manor Sports Centre for the eleventh contract period (from 1 April 2022 to 31 March 2023).

This trading year has seen a return to pre-pandemic levels with swimming, ice skating and fitness seeing strong levels of usage throughout the year.

The declared position at the end of the financial year for the contract overall was a surplus position of £51,952.

The full Annual Presentation report for the contract period 2022/23 is shown at Appendix 1.

The Scrutiny sub-group considered Freedom Leisure's Presentation of their Annual Report. The sub-group recognised the challenges (such as recruitment, staffing levels and the cost-of-living crisis) faced by the leisure industry and the direct impact this is having on the operation. Discussion took place surrounding post-pandemic usage levels and slow recovery of certain aspects, such as membership growth. Customer feedback was also considered, with particular emphasis on the lack of context around some of the information. Overall, the sub-group were broadly happy with the day-to-day operation of the facilities and were pleased with how the facilities have recovered.

The minutes of the Annual Report presentation that took place on 3 October 2023 are included in Appendix 2.

2. Recommendation to Committee

Councillors may wish to consider whether: -

To comment on the performance of FL in relation to the operation of Guildford Spectrum, Guildford Lido and Ash Manor Sports Centre as detailed in the Annual Report at Appendix 1.

3. Reason(s) for Recommendation:

To enable councillors to comment on the performance of the contractor.

4. Exemption from publication

None.

5. Purpose of Report

To provide an overview of performance of the leisure contractor operating Guildford Spectrum, Guildford Lido and Ash Manor Sports Centre for the contract year period 1 April 2022 to 31 March 2023

Strategic Priorities

6. Strategic Priorities

The provision of the services detailed within this report support the principles of the Guildford Health and Wellbeing Strategy by supporting people to maintain physical activity whilst also contributing to its priorities;

- Improving children's health and wellbeing
- Developing a preventative approach
- Promoting emotional wellbeing and mental health
- Improving older adults' health and wellbeing
- Safeguarding the population

7. Background

- 7.1. The Council entered into a 10 year Leisure Partnership Agreement (LPA) with Greenwich Leisure Ltd (GLL) with effect from 1 November 2011, to deliver leisure services throughout the borough at Guildford Spectrum, Guildford Lido and Ash Manor Sports Centre. GLL has subcontracted the service to Wealden Leisure Limited trading as Freedom Leisure (FL). In line with the contract two 2 year contract extensions have been granted with the contract now ending in October 2025.
- 7.2. A very detailed and complex contractual agreement, the Leisure Partnership Agreement (LPA), is in place between GLL and the Council. GLL and FL have a contractual agreement that mirrors the contents of the LPA.
- 7.3. The LPA is a substantial document which includes as one of its component elements a detailed service specification specific to each site covering all aspects of service delivery e.g., opening and closing hours, water and air temperatures, maintenance regimes, health and safety compliance requirements, staffing levels and qualifications.
- 7.4. The LPA sets out the following objectives for the service provision: -
 - to improve the health and well-being of their communities through increased participation
 - to use sport and leisure to bring communities together.
 - to enable access to services by specific groups with identified needs

- to encourage and provide affordable and sustainable local facilities and services.
- to explore partnerships with other organisations where these will benefit the community.
- to work with clubs and voluntary organisations in the borough to develop their activities and skill levels.
- to encourage investment in the facilities to maintain and enhance the quality of service.
- to bear in mind the rights, needs and aspirations of facility users and staff.
- to demonstrate value for money and continuous improvement
- to recognise and maximise commercial opportunities in the facilities.
- to improve the financial 'bottom line' of the Council.

7.5. This report reviews the contract period from 1 April 2022 to 31 March 2023. The performance of the contractor has been monitored across the sites over a number of criteria.

Overview of the existing monitoring arrangements

7.6. The Council's Leisure Client team monitor the LPA. The monitoring arrangements during this period returned to normal operation. With regular walk arounds of each facility, review of customer feedback and a monthly client / operator meeting to review performance and adherence to the contract.

7.7. Asset meetings to review capital expenditure and repairs and maintenance priorities recommenced allowing the council to quantify expected expenditure on the contract to maintain services over the coming years. The team created a 10-year asset management plan giving clarity over the council's asset.

8. Performance of the Contractor – Key Performance Indicators

The presentation at Appendix 1 shows the return to pre pandemic levels demonstrating the popularity of the facilities in particular the Spectrum.

9. Overview and Scrutiny sub-group monitoring process 2022/23

- 9.1 The presentation of the Annual Report took place on 3 October 2023. The Freedom Leisure Area Manager, Brian Lamplough, delivered a presentation to the Overview and Scrutiny sub-group members, Cllr Houston and the Leisure Client Team.
- 9.2 In summary, the Scrutiny sub-group;
- Were broadly happy with the day-to-day operation of the facilities and were pleased with how the facilities have recovered following the pandemic.
 - Recognised the challenges faced by the leisure operator when looking after such a high number of users per year.

10. Financial Implications

- 10.1. The declared position at the end of the financial year for the contract overall was a surplus position of £51,952.
- 10.2. The contract management fee paid to the council in the period was £1,073,570.
- 10.3. Under the contract Guildford Borough Council are responsible for the utility costs over above a set tariff, this has been costly to the Council with the rise in energy costs. In 2021/22 these costs totalled £646,629 and in the contract year 2022/23 they were £2,034,599. The projected costs for 2023/24 are £1,126,900.

11. Legal Implications

- 11.1. Section 3 of the Local Government Act 1999 requires that the Council as a best value authority “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. Reviewing and, where required, monitoring the Council’s contractual approach is an important way in which that obligation can be fulfilled.

- 11.2. Any formal changes to the current contractual arrangements will have to be agreed with GLL/Freedom Leisure and varied by agreement.
- 11.3. As the Overview and Scrutiny Committee has no decision-making powers, any recommendations that may arise would need to be referred to the relevant decision-making body of the Council for a decision.

12. Human Resource Implications

There are no human resources implications arising from this report.

13. Equality and Diversity Implications

This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report. Prior to any future decision to change the leisure contract arrangements, an Equalities Impact Assessment will be required.

14. Climate Change/Sustainability Implications

The leisure contract is a substantial energy user, the largest within the Council. They equate to around 50% of the Council's carbon footprint.

Any investment within the building must have reference to the reduction in energy use to reduce the carbon footprint. It must be noted however that the current site could not become 'carbon neutral' it was not designed to be so and successfully retro-fitting is not a viable option.

15. Health and Safety

There was one reported incident during the period that required reporting to the Health & Safety Executive (HSE) under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations), the details of which are set out in the contractor's presentation in Appendix 1.

16. Suggested issues for overview and scrutiny

Councillors may wish to consider whether: -

To comment on the performance of FL in relation to the operation of Guildford Spectrum, Guildford Lido and Ash Manor Sports Centre as detailed in the Annual Report at Appendix 1

17. Summary of Options

This is an informative report to councillors.

18. Conclusion

- 18.1. The contract demonstrated its resilience bouncing back from the challenges of the pandemic.
- 18.2. There remains some concern over the level of investment into the facilities while the industry recovers from the pandemic. However, the reinstatement of assets meetings has assisted in highlighting priority areas for expenditure.
- 18.3. The sub-group recognised the challenges faced by the leisure industry but were generally pleased with the day-to-day operation of the facilities and how the contract has recovered following the pandemic.

19. Background Papers

None.

20. Appendices

Appendix 1 – Freedom Leisure Annual Report 2022/23

Appendix 2 – Minutes of Annual Report Presentation 3 October 2023