

Somerset West and Taunton Council

Community Scrutiny Committee 22nd February 2023

Sports and Leisure Management (Everyone Active) Bi-Annual Report

This matter is the responsibility of Executive Councillor Derek Perry

Report Author: Steve Hughes, Programme Manager (Coastal, Assets and Leisure) - External Operations

1 Executive Summary / Purpose of the Report

- 1.1 Sports & Leisure Management (trading as Everyone Active), the Council's Leisure Provider, is required, under the terms of the Leisure Operating Contract, to submit a Bi-Annual Service Report, in this case covering the period 1st April 2022 to 30th September.
- 1.2 The service report outlines progress against performance standards set out in the service specification which is part of the main contract. The report includes the following contents:
 - Service update
 - Customer Feedback Summary
 - Accidents and Incidents Report
 - Cleaning Summary
 - Membership and Utilisation Data
 - Operational Income and Expenditure
 - Maintenance Programme Update
 - Sports Development and Community Update
 - Environmental and Energy Management Plan Progress Report
 - Grounds Maintenance Update
 - Event Management Progress update
 - Centre Focus
- 1.3 The financial performance across the six-month period was positive compared with SLM revised financial performance targets set against the background of the impact of COVID-19, with the contract showing signs of improvement with higher-than-expected income generated in health and fitness memberships and swimming lessons.

Significant challenges remain in place whilst the business recovers from the pandemic, and the increase in utility prices has had a massive effect on both the contract and the industry. This issue must not be underestimated, facilities across the country are closing as a direct result of the utility cost increases and it is within this context that the report is presented.

Challenges remain across the contract with the recruitment and retention of staff which is consistent with what other Leisure Operators are experiencing currently. It is positive to note that considerable work is taking place to reduce carbon emissions at the centres. LED lighting work has been completed at both Blackbrook and Wellsprings centres and a new Building Management System at Wellington Sports Centre was overdue but of great help.

The hot summer helped to ensure that the golf course was busy

- 1.3 Appendix A provides the SLM (Everyone Active) Bi-Annual Service Report to cover the period 1st April – 30th September 2022.

2 Recommendations

- 2.1 The Community Scrutiny Committee is requested to support the following recommendations: -

- a) Note the contents of the six-monthly update for the period 1st April – 30th September 2022

3 Risk Assessment

- 3.1 Failure to regularly monitor performance could lead to the Council partner not delivering on some of its leisure priorities or key services or the Council being unaware of the pressures under which the operator is performing.

4 Background and Full details of the Report

- 4.1 The Council awarded a contract for the management and associated leases for the following Leisure sites to Sports and Leisure Management (Everyone Active) for an initial period of 8 months and 10 years with the option of an extension for up to 10 years, which commenced on 1 August 2019:

- Blackbrook Leisure Centre, Swimming Pool, and Spa
- Taunton Swimming Pool
- Wellington Sports Centre
- Wellsprings Leisure Centre
- Vivary Golf Course and High Ropes Centre

Due to the impact of COVID-19 the Council have opted to extend the contract for a further 5 years with no other changes to the terms and conditions of the contract. This extension is currently being progressed via Shape Legal.

- 4.2 The contract is a formal document, which is supported by a service specification, a set of leases and operator proposals. These arrangements provide a formal structure for both parties together with Key Performance Indicators (KPI's) and defined responsibilities for repairs and maintenance (Maintenance Responsibility Matrix).
- 4.3 The period in question has undoubtedly been a difficult one for SLM. New 'low cost' fitness facilities have been planned (and opened after the period of this report) on the Hankridge Retail Park. The consequences of the aggressive initial marketing stance

taken by such facilities results in pressure of SLM not to increase membership prices which remain substantially below where they were pre-covid.

Staff recruitment and retention has been difficult and the availability of trained swim teachers and lifeguards is a challenge.

Swimming pools have not been designated as energy intensive industries and will therefore not receive funding or energy cost relief under present Government plans.

All this at a time when utility costs are soaring and swimming pools in particular are intensive energy use facilities

This is a worrying conclusion by Central Government particularly when it is considered that 206 pools have closed either permanently or temporarily since the Covid Pandemic began (68 of these are public pools) – source “*a Decade of Decline – The Future of Swimming Pools in England 2021 – Swim England*”

- 4.4 It is accurate to say that it has been one of the most difficult periods imaginable for all operators and SLM is not immune to cost pressures and the effects of the ‘cost of living’ situation.

It is proposed by SLM that prices are increased by c11% ‘across the board’ from April 1st, 2023. The contract states that price increases (or reductions) are a matter for the operator as they are best placed both to understand the market and their budgets.

SLM are required contractually to discuss pricing with the Council, but SWT does not need to approve price changes.

Price increases must however be considered alongside the huge additional utility costs, general inflationary costs and increased wage costs. This is a decision that has not been taken lightly.

5 Links to Corporate Strategy

- 5.1 The provision of the Leisure Operator supports the following themes from the corporate strategy of an Enterprising Council:

- Pursue commercial investment opportunities that generate additional income that can be reinvested in service delivery to protect or enhance services on which our communities rely. Supported by a commercial investment strategy.
- Meet the challenge of Government completely withdrawing the Council’s grant funding
- Ensure our land and property assets support the achievement of the council’s objectives (including service delivery, regeneration projects and community initiatives).

6 Finance / Resource Implications for Somerset Council in future years

- 6.1 There are no financial implications for the Council associated with this report.
- 6.2 Since the commencement of the contract, Covid-19 resulted in the closure of the leisure facilities for prolonged periods until the government fully lifted restrictions in July 2021.

- 6.3 This has created financial pressures for the operator, and whilst they have been able to fully open since this date, like many other Leisure Operators SLM are continuing to rebuild their services which has an impact on revenue generated. In addition, the continued pressure on utility prices is creating significant challenges for the Contract. That said no further support has been required to be provided by the Council during the reporting period 1st April 2022 – 30th September 2022 (or subsequently).

7 Legal Implications

- 7.1 The Leisure Provision Contract is one of the Council's largest contracts. Reviewing performance and future plans is an important part of the management of the contract.

8 Climate, Ecology and Sustainability Implications

- 8.1 SLM by managing the Council's Leisure Centres with improvements and ongoing decarbonisation of its operation will help achieve the Council's Climate Emergency Strategy. As assets and equipment are due to be replaced consideration will be given to reducing its impact in consultation with the Climate Change Team. Through regular contract meetings and submission of the Environmental and Energy Management Plan Progress Report contained within the Bi-Annual Report the Council encourage the operator to make positive contributions to supporting the Council with Climate Change.

9 Safeguarding and/or Community Safety Implications

- 9.1 This update has no safeguarding or community safety implications. Through the Leisure Contract the operator is required to have safeguarding policies and safeguarding working procedures in place and regularly reviewed.

10 Social Value Implications

- 10.1 The Leisure Contract requires the operator to provide services to targeted groups of residents such as those on low income. This is administered through the Concessionary Pricing Policy and through targeted health and physical activity programmes provided at the Leisure Centres.

11 Partnership Implications

- 11.1 The provision of the Leisure Contract enables the Council to work pro-actively with their chosen operator to continually improve services. Mutual benefit can be achieved through formal contract meetings, submission of this Bi-Annual Report and annual plans.

12 Health and Wellbeing Implications

- 12.1 The Leisure Contract encourages the operator to focus on the Health and Well Being of residents by providing them with opportunities to participate in Sport and Physical Activities provide at the Centres they operate.

13 Asset Management Implications

- 13.1 The operator has responsibilities for maintaining the Council's Assets through the Maintenance Responsibility Matrix. Asset issues are discussed at regular contract

meetings and through progress within the maintenance programme update contained in the Bi-Annual Report.

Democratic Path:

- **Scrutiny / Audit and Governance Committee – No**
- **Executive – No**
- **Full Council – No**

Reporting Frequency: Twice-yearly

List of Appendices (background papers to the report) (delete if not applicable)

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| Appendix A | Bi-Annual Service Report- 1 st April 2022 – 30 th September 2022. |
| Appendix B | n/a |
| Appendix C | n/a |

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