

HEALTHIER COMMUNITIES SELECT COMMITTEE		
Title:	Leisure Contracts Update – Annual Review 2017/18	
Key decision:	No	Item No: 5
Ward:	All	
Contributors:	Executive Director for Community Services	
Class:	1	Date: 4 th April 2019

1. Summary and Purpose of Report

- 1.1 This report updates the Healthier Communities Select Committee on the 2017/18 performance of the two leisure centre contracts and their operators, 1Life for the Downham Health & Leisure Centre and Fusion Lifestyle for all the other leisure facilities across the borough.
- 1.2 The annual reports from both operators for the year 2017/18 are attached as appendices.

2. Recommendations

- 2.1 To note and comment on the contents of the report.

3. Background and History

- 3.1 The borough's leisure facilities are managed on behalf of the Council by two contractors, Fusion Lifestyle and 1Life.
- 3.2 On 1 June 2011, Mayor and Cabinet (Contracts) approved the award of the Leisure Services Contract to Fusion Lifestyle for a period of fifteen years. The contract commenced on 15 October 2011 with immediate transfer of The Bridge Leisure Centre, Ladywell Arena, Ladywell Leisure Centre and Wavelengths Leisure Centre.
- 3.3 In addition to these leisure centres the contract has since included the new centre on Loampit Vale (Glass Mill), Forest Hill Pools, Forest Hill School Sports Centre and the Warren Avenue playing fields. Bellingham Leisure and Lifestyles Centre transferred to Fusion 1st February 2014.
- 3.4 Fusion Lifestyle (Fusion) is a registered charity and as such is required to demonstrate charitable objectives. According to their website their objective is "to deliver high quality sport, health and wellbeing services that are inclusive and accessible to all without stigma or inequity. In particular we overcome barriers to participation, including socio-economic, age, gender, disability, cultural and ethnicity".
- 3.5 Downham Health & Leisure Centre opened in March 2007, and is managed by 1Life operating through an Industrial and Provident Society (IPS) or trust, Downham Lifestyles Limited.

- 3.6 1Life have a 32 year contract to manage the facility through a Private Finance Initiative (PFI). The centre includes health care facilities, library, community hall, and leisure services (including a 25m swimming pool, teaching pool, gym, studios, floodlit Astroturf, multi-use games area, and playing fields).

4. Leisure Contracts Update

- 4.1 The explicit financial performance of the two contracts is purposefully excluded from this report as it is deemed commercially sensitive. However, there is a strong correlation between the statistics in the report and the financial performance of the contracts. Officers can of course supply full financial information to Members upon request.

Participation

- 5.2.1 A key objective of the two leisure contracts is to increase participation in sport and physical activity by local residents, through the use of the leisure facilities. The data in the Table below shows the totals over the last three years.

Operator	2015/16	2016/17	2017/18
Fusion	1.26	1.48	1.28
1Life	0.49	0.51	0.51
Total	1.75	1.99	1.79

NB- figures are shown in millions and are rounded to 2 significant points.

- 5.2.2 After a period of sustained growth in participation, the footfall through the doors of the centres operated by Fusion has fallen back to the levels achieved in 2015/16. The reasons for this decline are many and varied and are developed in the report below. Indications are that the decline in attendance continues into 2018/19.

- 5.2.3 Meanwhile the attendance at Downham Health and Leisure Centre has held fairly constant over the last three years with indications of a substantial uplift into 2018/19. Causal factors at Downham are somewhat different to those within the Fusion centres and are also developed below.

5.2.4 Membership

The actual number of people who take out either monthly or annual membership with Fusion has fallen dramatically in 2017/8. Much of this decline centres on Glass Mill where the commercial sector has opened several premises in the neighbouring area. Other sites have suffered too but not to the same degree as Glass Mill. The short term commercial risk for this decline lays with Fusion who will have made an allowance for such an eventuality in their tender. Longer term this is also a Lewisham Council risk as the portfolio of leisure centres becomes less commercially attractive at any future round of tendering.

The commercial competition is able to charge much reduced prices compared to Fusion (roughly £20 versus £40 a month) as a consequence of only providing a narrow range of profit making facilities, lower levels of staffing, no concessionary discounts and focusing on adults to the exclusion of children.

Further, they often offer 24/7 availability which appeals to certain sections of the community.

Membership income accounts for the largest single income line in the accounts and a successful membership package is crucial to the overall viability of a contract. Some income lines have an improved trading position (e.g. swimming) but they are small by comparison and do not offset the losses on membership income.

Fusion Membership

Membership Category	Membership at March 2015	Membership at March 2016	Membership at March 2017	Membership at March 2018
Fusion				
Membership Full price	4545	4589	4179	3559
Membership Be Active	4252	3985	4180	2913
Membership Total	8797	8574	8359	6472

The numbers of people taking either monthly or annual membership at Downham Health and Leisure Centre has drifted downwards in the last 3 years. However, the levels of decline have not been of the order experienced by Fusion across the other parts of the Borough. A major investment into the gym and fitness facilities was part of the planned lifecycle spend for January 2019 and early indications are that this has had a major positive impact on numbers.

Downham Membership

	2015/16	2016/17	2017/18
No. Membership	2694	2352	2302

5.2.5 Target Group Attendance

The data below for the Fusion sites is primarily drawn from areas where personal details are captured e.g. memberships, Be Active (including 60+), lessons etc. This situation is not unusual across the industry and would require considerable capital investment to address. Some leisure operators require that each and every customer completes a form giving their personal details. So for instance a visitor to the Borough wanting to pay cash for a one off swim would be required to fill in a form. This is time consuming for the customer and requires additional administration from the operator. An assessment would need to be made as to whether the improved scope of the data was worth the investment.

The data is however comparable year on year. What it does demonstrate is the impact on some target groups has not be impacted as adversely as expected by the decline in memberships.

Despite this, there has been some worrying trends in relation to women and BAME attendees. As the commercial performance of the contract comes under

scrutiny, Fusion have paid close attention to the aerobics programme across the Borough. Fusion apply a traffic light system to individual class viability and where a class is not performing to the standards they apply, Fusion have been quick to remove it. This approach appears to have impacted on classes that are attended largely by BAME and women and officers are working with Fusion to ensure that they consider the impact of their policies are particular groups.

U16 participation has improved primarily as a consequence of the growth in the swimming lesson programme. This is despite the withdrawal of the free swimming initiative. 60+ participation is strong and much of the success can be claimed for regular 60+ mornings at Glass Mill where the General Manager captured the enthusiasm of a small number of people to create a self-help group who visit the centre for whole mornings of exercise. They have even set up a WhatsApp group and have gone on day trips together. Members of this group have benefitted enormously from the camaraderie and supported each other through wider issues in their lives. The value of such initiatives cannot be underestimated.

Fusion Target Group attendance

Target Group	2014/15	2015/16	2016/17	2017/18
60+	23287	23593	27,102	28,315
People with disabilities	18656	14594	16,276	17,285
BAME	233546	265021	254,551	223,211
U16	162194	238161	223,586	248,095
Women	433308	459531	461,538	429,414

Downham Health and Leisure Centre target group attendance is much more difficult to track as the categories under which the data has been recorded has only recently been changed to align with the rest of the Borough. Future reports of this type should be able to provide information on trends.

5.2.6 Customer feedback

Fusion uses a number of mechanisms and techniques to understand what its customers and the wider population think of the service they provide.

Fusion Customer Feedback

	March 15	March 16	March 17	March 18
	%	%	%	%
Staff	96	87	94	88
Range of activities	98	88	98	88
Building Condition	96	89	92	76
Cleanliness	90	76	81	71
Value for money	98	87	95	79
Equipment	94	83	86	69
Ease of booking	89	92	88	90
Ease of Gaining information	95	83	86	75
No. Forms	221	132	180	165

The data in the table is that collected by Fusion from feedback received by their customers through a comment card system. The figures shown are the summary percentages for the month of March averaged across the contract.

Of particular note is the low score achieved for cleanliness. Glass Mill regularly scores poorly on this indicator. Despite being aware of the feelings of their customers, Fusion have not been able to elevate the scores.

Also scoring poorly is the building condition and equipment. Officers have seen a marked decline in the response rate to maintenance issues and these levels of dissatisfaction correlate to the decline in memberships.

Scoring consistently (relatively) highly is the staffing and this sets Fusion aside from the commercial competition where staffing levels are low. On the limited evidence seen by Officers, the scores achieved in Lewisham are lower than those achieved in other contracts managed by Fusion.

Generally feedback from the Downham site is much more positive with particularly good feedback being receiving following recent refurbishments to the site – see Appendix 3. Local elected members have highlighted a number of areas for improvement and officers are liaising directly with them to ensure that these improvements are made as quickly as possible.

5.2.7 Sports Development and Outreach activity

Both operators continue to support Borough-wide schemes that are fundamental to reaching out to ‘hard to reach’ communities in order to encourage sports and physical activity participation. Some examples are listed below and are expanded upon in the respective Annual reports that are attached as Appendices.

- Programming – Swimming pool timetables include a number of women only, people with disabilities and 60+ sessions at various times through the week and across different pools. There is a women only session and a TransGender swimming session at Glass Mill.
- Pricing – The Be Active scheme is now administered by the respective operators and continues to maintain reduced price physical activity for those on means tested benefits, people with disabilities and full time students.
- Exercise on Referral – Health Professionals continue to refer patients to the leisure centres for a programme of discounted physical activity tailored to individual needs. There is a high drop-out rate for the scheme and Public Health are engaged in trying to reconfigure the scheme to ensure it effectively reaches the intended audience and remains an attractive proposition in changing lifestyle habits.
- 60+ free swim and gym – A universal offer to all those 60+ Lewisham.
- FitBus – operated by 1Life from Downham Health and Leisure Centre, this bus reaches out to local housing estates to offer a programme of physical health and wellbeing.
- Swim Lessons – are a growth area as more parents and carers realise the value of this life skill. Pool programme time has been expanded to accommodate the growing demand whilst still trying to retain opportunities for pay and play swim time for young people.

- Creche – A number of sites offer support to parents and carers wishing to exercise. This is a charged for service that coincides with popular aerobic activity.
- Holiday programmes – both operators provide an extensive holiday programme for young people.

5.6 Performance monitoring, customer feedback and complaints

- 5.6.1 Officers continue to respond to issues about the quality of facilities or services offered by both operators, undertaking monitoring by way of site visits and quarterly technical inspections; alongside contract meetings.
- 5.6.2 On a regular basis the Authorised Officer makes a more formal inspection of the facilities and measures performance against the Zone Data Sheets which set the standards for each area of the building. Any service issues are promptly reported to the operator and if not remedied within the prescribed period a financial penalty may be applied.
- 5.6.3 Technical inspections are made on a quarterly basis. They check for compliance on health and safety matters and to reassure the Council that the leisure operator is undertaking the necessary repairs and maintenance regimes in order to protect the Council assets. The council is now in its fourth year of these inspections which have improved standards. Recent monitoring has shown some gaps which are being addressed.
- 5.6.4 However, overall, Officers remain dissatisfied with overall performance across the Fusion contract. A degree of service failures, complaints and financial penalties are expected in leisure contracts the size of the two Lewisham have; and should be taken within the context of the very high usage figures despite recent drops (1.79 million visits is still a significant number). However, officers are increasingly unsatisfied with the performance of Fusion on several counts. There has been an increase in complaints being made directly to the council, including Cllrs, predominantly around building condition (e.g. broken equipment or slow repairs such as showers, air conditioning, lockers, disability hoists), cleanliness and cancelling of classes. This is mirrored in officer's informal and formal monitoring exercises; and lower customer satisfaction scores on all feedback categories detailed above.
- 5.6.6 As outlined above officers believe that Fusion are restricting spend in some areas due to continued loss on the contract, which is having an adverse impact on customer experience and maintenance of the buildings.
- 5.6.6 Officers have picked these issues up through the formal contract mechanisms and have been applying financial penalties where appropriate. In addition meetings have taken place with Fusion directors to outline the Council's concerns and seek assurances that improvements will be put in place.
- 5.6.7 To date these actions have not seen the improvement in performance that is expected under the terms of the contract and, as such, officers held a Strategic Contract Review meeting with Fusion's most senior directors on 5th March 2019.

- 5.6.8 At this meeting Fusion accepted that their current performance is below acceptable standard and they have submitted a detailed action plan for both short term improvements and long term sustainability.
- 5.6.9 The action plan includes particular focus on:
- Improving facility maintenance and presentation
 - Increasing staff recruitment across classes, lifeguards and swim instructors to ensure higher quality services and fewer cancellations
 - Planning and delivery of longer-term 'life-cycle' improvements across the sites
 - Improved levels of senior management oversight and support for the sites
- 5.6.10 This action plan will be monitored directly by officers and followed up with weekly calls with Fusion's Director of Operations. This will be supplemented by weekly site visits (three sites per week) by Fusion's Head of Business Improvement to ensure that all actions are having the required impact 'on the ground'.
- 5.6.11 Officers consider the successful delivery of this action plan to be essential to the development of an on-going, positive contractual relationship with Fusion.
- 5.6.12 By contrast the contractual relationship with 1Life remains positive although it should be noted that this is, in part, due to the favourable resourcing of this site through the PFI arrangements.

7. Equalities Implications

- 7.1 An Equalities Impact Assessment (EIA) for the Council's leisure services specification was conducted before both contracts were tendered. A number of the actions contained within the EIA aim to deliver a positive impact on equality in the Borough. Some highlights of this include:
- Free gym inductions have been offered for the Exercise on Referral and Active Heart programmes; and subsidised access for Be Active members.
 - Specific single sex sessions are being programmed including the continuation of the successful 'women's only' evening at Wavelengths.
 - Free access to facilities for national sportsmen and women of all ages is being provided for the duration of the contract (FANS scheme).
 - 70 hours of free access per year is being utilised by the Council's sports & Leisure Service. Emphasis will be placed on delivery of activities for the equalities groups listed within the EIA.
 - The TAGS (Trans **A**nd **G**ender non-conforming **S**wimming) group has become an established and popular session at Glass Mil.

9. Conclusion

- 9.1 Through the borough's two leisure providers, Fusion and 1Life, the Council can provide many benefits to local people such as; employment, state of the art

facilities, subsidised and free activities for those most in need, and health improvements.

- 9.2 Performance across the 1Life contract is positive but officers have serious concerns regarding the current level of service delivery by Fusion. These concerns have been escalated to the highest level within Fusion and a detailed action plan has been produced.
- 9.3 Officers will take a pro-active approach to monitoring this plan with future updates brought to the committee as required.

If there are any queries on this report please contact James Lee, Head of Culture and Community Development, 020 8314 6548.

Additional Documents

Appendix 1 – Fusion Lifestyle Annual Report 2017/18

Appendix 2 – 1Life Annual Report 2017/18

Appendix 3 - Downham Health & Leisure Centre's Improvements and further developments