

<b>HEALTHIER COMMUNITIES SELECT COMMITTEE</b>		
<b>Title:</b>	Leisure Contracts Performance	
<b>Key decision:</b>	No	<b>Item No:</b>
<b>Ward:</b>	All	
<b>Contributors:</b>	Director of Communities, Partnership and Leisure Leisure Services Manager	
<b>Class:</b>	PART 1	<b>Date:</b> 01/03/22

## **1. Summary and Purpose of Report**

- 1.1 This report updates the Healthier Communities Select Committee on the changes to one of the Council's the leisure contracts and the subsequent and ongoing recovery across all leisure services since the Covid-19 pandemic halted operation in March 2020.
- 1.2 In summary, the report demonstrates that performance across the leisure services is improving steadily in line with the national picture and there has been a significant improvement in the quality of the local offer under the new contractual arrangements. However, footfall remain below pre-pandemic levels and their remains considerable financial risk attached to leisure services.

## **2. Recommendations**

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

## **3. Background and History**

- 3.1 The last report to the Healthier Communities Select Committee in May 2019 detailed the leisure contract management arrangements, highlighting that Lewisham has two separate leisure contractors operating the local leisure centres.
- 3.2 Fusion Lifestyle (Fusion), a registered charity, were awarded a 15 year leisure services contract, which commenced on 15 October 2011 managing the majority of the borough's leisure centres on behalf of the London Borough of Lewisham (LBL).
- 3.3 Downham Health and Leisure Centre has been managed by 1 Life (formerly Leisure Connections Ltd) since March 2007. 1 Life have a 32 year contract through a Private Finance Initiative (PFI). In addition to the leisure facilities the centre includes health care facilities, library, community hall and playing fields
- 3.4 At the time the last report was written, there were significant concerns regarding the operation of the Fusion Lifestyle contract. A combination of increased competition with the influx of low cost gym facilities in the area, and

negative customer feedback resulted in the overall contract income falling some way behind the projected targets submitted as part of Fusion's successful tender. A specific Part 2 report outlined the details of these financial issues.

- 3.5 The difficulties within that contract were further exaggerated toward the end of 2019 as the mounting effects of the Covid-19 pandemic resulted in a significant decrease in footfall at all of the centres within the contract.
- 3.6 Then, on 20 March 2020, the Government announced the temporary closure of all gyms and leisure centres as part of its COVID-19 response to stop the spread of infection. The risks arising from COVID-19 for leisure services providers are currently considerable for a range of reasons including lack of direct access to government funding and extremely high fixed costs. All leisure centres in London were also closed under Tier 4 restrictions and have operated with severe restrictions until the middle of 2021.

### **Leisure Services Contract Transfer and Centre Re-openings Post Lockdown**

- 3.7 The enforced leisure centre closure period (from March 2020) allowed LBL and Fusion time to agree to cease the operating contract by mutual consent.
- 3.8 The Leisure Management Agreement with Fusion ceased on 7 October 2020, with Greenwich Leisure Limited (GLL trading as Better) appointed as leisure contractors from that date. The following facilities were transferred to GLL were:
  - Glass Mill Leisure Centre (Lewisham)
  - Forest Hill Pools (Forest Hill)
  - Wavelengths Leisure Centre (Deptford)
  - Ladywell Arena (Catford)
  - The Bellingham Leisure and Lifestyle Centre (Bellingham)
  - The Bridge Leisure Centre including the Lewisham Indoor Bowls Centre (Bellingham)
  - Warren Avenue Playing Fields (located in Bromley)
- 3.9 GLL were appointed on a two year contract with a three year extension option, subject to the approval of the Council. For the first two years (to October 2022) of the contract, LBL will underwrite the full financial responsibility of the contract. Should the optional 3 year extension be agreed, financial responsibility will be transferred to GLL until its conclusion in October 2025. Warren Avenue Playing Fields was transferred to Glendale Managed Services (the Council's parks and open spaces contractor) on the expiry of the Fusion contract.
- 3.10 GLL are a charitable social enterprise, meaning they don't have any shareholders and are committed to re-investing surpluses back in the leisure centres they operate. GLL operate a co-operative model with each member of staff and their society members owning a (non-dividend paying) share in the company.
- 3.11 On 13<sup>th</sup> January 2021 Mayor and Cabinet agreed a range of actions to allow for the reopening of leisure facilities as restrictions allowed while seeking to minimise short term costs and ensure that the overall portfolio of services is sustainable in the medium-long term.  
<https://councilmeetings.lewisham.gov.uk/documents/s76736/Leisure%20management%20arrangements.pdf>

- 3.12 As per this report, each of the above mentioned leisure centres re-opened to full operation as and when government restrictions allowed. This is with the exception of Ladywell Arena which has re-opened for club use only and the Bridge Leisure Centre.
- 3.13 Mayor and Cabinet agreed that officers should proceed with an Expression of Interest and subsequent tender process to gauge the appetite for a community based management of the arena to ensure the facility is operated as a publicly accessible facility.
- 3.14 On 3<sup>rd</sup> November 2021 Mayor and Cabinet agreed that the Bridge Leisure Centre should remain closed allowing a comprehensive feasibility study assess the viability of the re-provision a new leisure in the south of the borough.  
<https://councilmeetings.lewisham.gov.uk/documents/s90958/Leisure%20management%20arrangements.pdf>

#### 4. Leisure Centre Improvements

- 4.1 Upon the commencement of the new contract on October 2020, GLL and LBL partnered to deliver a range of leisure centre improvements to improve the look and feel of each facility, aiding the effective re-opening of the leisure centres as the leisure industry eased out of the pandemic closures and subsequent restrictions.
- 4.2 The reception areas of each facility have been transformed to include a cashless concierge system, self-service pods and upgraded speed turnstiles (figures 1 & 2 below). These improvements enhance the customer journey by allowing centre users to book classes and sessions via GLL's state of the art mobile app and reducing the lengthy queue previously experienced.



Figure 1. Concierge, self-service pod and speed turnstiles at Glass Mill Leisure Centre.

- 4.3 The pool tank of the 25m pool at Wavelengths Leisure centre was re-tiled ahead of re-opening the facility in July 2021. These works have not only improved the look and feel of the facility, but have extended its lifespan by 20 years (see figure 2 below).



**Figure 2.** 25m pool at Wavelengths

- 4.4 Extensive works to the Leisure Pool at Wavelengths Leisure Centre were also identified as this facility had been falling into disrepair in the period leading into the Covid-19 Pandemic. In June 2021, an £800k facility overhaul was agreed – refurbishing the pool plant machinery, improving the air handling equipment, re-decorating the family changing village and removing the slides to improve the financial viability of the facility. The re-furbished facility re-opened in January 2022 and has been well received by centre users.



**Figure 3.** New Leisure Pool at Wavelengths Leisure Centre



## 5. Leisure Centre Participation

- 5.1 As mentioned above, the footfall within the Fusion managed leisure centres was in decline at the time the last report was presented. This was largely down to the combination growth of the low-cost gym industry in Lewisham and an increase in negative feedback from centre users, predominantly around the lack of cleanliness at leisure centres.
- 5.2 The covid-19 pandemic put a halt to all leisure centre participation through the majority of 2020 and first quarter of 2021. Government messaging throughout that period emphasised the importance of staying physically active as research highlighted that increased fitness levels had a positive impact on the body's ability to deal with the symptoms of the virus. This created a large shift in the behaviour of the nation, with many taking to parks and open spaces to conduct their 1 hour of daily exercise.
- 5.3 As restrictions eased and were eventually lifted in July 21, with the leisure industry experiencing a delayed return to facilities.
- 5.4 In the year to October 21, Moving Communities (the body contracted by Central Government to monitor leisure centre recovery) were reporting that national participation figures had returned to 70% of pre Covid levels. Reports also stated that areas with a high population of ethnic minorities tended to recovery slower than others. This is reflective of the picture in Lewisham, with centre usage rising to c60% of pre Covid levels in the same period.
- 5.5 As displayed in Figure 4 below, since 'July 21, Moving Communities data shows that there have been monthly increases in Gym, Group Exercise Class and Swimming activity participation.

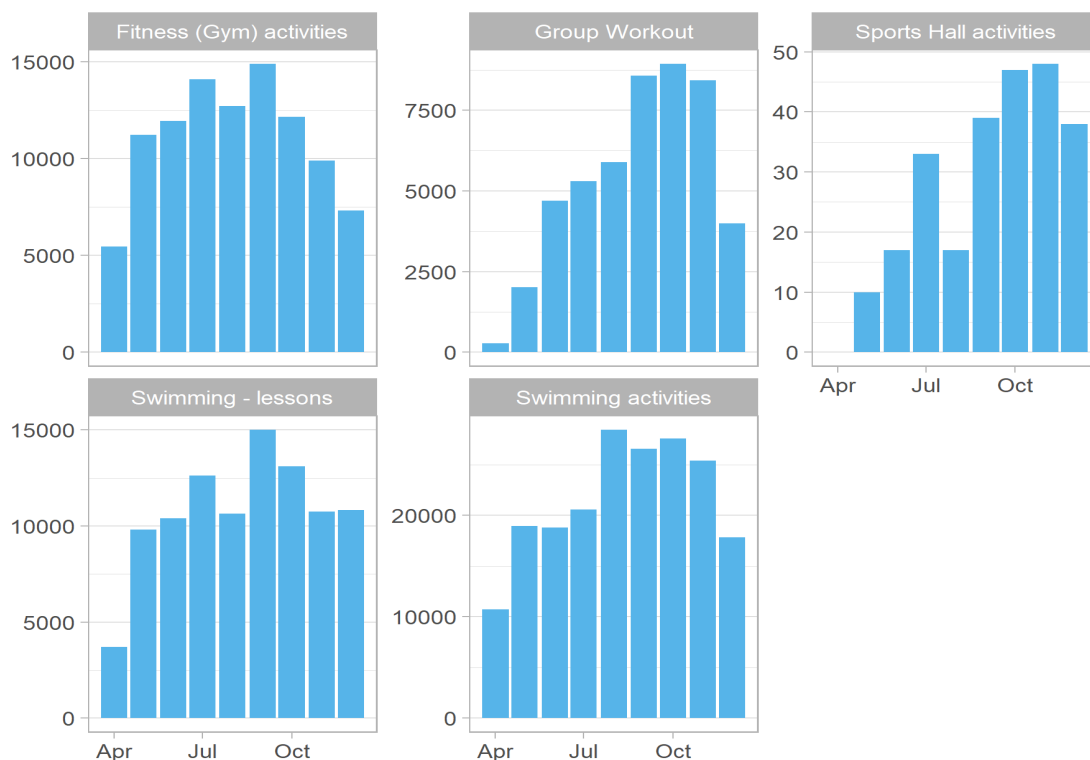


Figure 4. Attendance Totals by month from April 21

- 5.6 Year on year trends across the industry tend to display a downturn in participation towards the end of the year. This is attributed to the festive period in December. With fears of the Omicron variant mounting and infection numbers in Lewisham increasing, participation started to decrease earlier than usual (in November).
- 5.7 These figures are taken from national data but broadly reflect the experience of 1Life and GLL since re-opening the leisure centres in April 21. Participation is expected to experience another boost in figures as numbers increase as a result of the launch of the newly re-furbished leisure pool at Wavelengths Leisure Centre in January 22.
- 5.8 The long awaited launch of the Leisure Pool at Wavelengths has gone well so far, and when the data is available, we are expecting marked increases in participation for the Swimming Activities and Swimming Lessons once these sessions start and begin to mature. Overall participation to this site should then increase as a residual effect of the increase usage.
- 5.9 GLL customers have noted a marked improvement in leisure centre cleanliness, with overall all feedback remaining consistently positive since re-opening.
- 5.10 This is even more positive when considering the increasing month on month increases in participation at Downham Health and Leisure Centre (Figure 5 below).
- 5.11 The areas most impacted by the decline in participation were Fitness (Gym Activities) and the Group Exercise classes, suggesting that the public's confidence in swimming activities was less affected the rise in Covid cases. this supports the research finding of swimming National Governing Body – Swim England, who reported that the risk of transmission of Covid-19 in swimming pool water is incredibly low.



**Figure 5.** Leisure Centre participation of 4 main leisure centres

- 5.11 Figure 5 above offers a breakdown of participation when comparing the four mains leisure centres in Lewisham. As displayed, participation at Downham Health and Leisure Centre is higher than that of the GLL sites. This can be attributed to the fact that customers at Downham Health and Leisure were satisfied with the level of service provided by operators 1Life before the centres were closed due to the pandemic. In contrast, the dissatisfaction in the service provided at Fusion managed facilities prompted many members to cancel their memberships ahead of the change in leisure operation to GLL.
- 5.12 Downham Health and Leisure Centre is the only centre in Lewisham with a Sports Hall. Figure 5 shows the increase in usage for this facility.
- 5.13 Both leisure operators maintain Covid safety protocols in line with government directives, with enhanced cleaning programmes still in place even though the government have relaxed social distancing rules. This is done to ensure centre users feel re-assured that the facilities are kept as safe as possible.
- 5.14 Across all sites, but most pleasingly the GLL sites, complaints have been extremely low since the reopening and those that have been received relate mainly to Covid related restrictions and the ongoing closure of the Bridge Leisure Centre – see below.

### **The Bridge Leisure Centre**

- 5.15 Local participation has been impacted by the fact that the Bridge Leisure Centre has remained closed to the public (a decision approved in the 13 January Mayor and Cabinet report). This decision was recommended in recognition that the site needing considerable levels of investment to ensure its safe operation.
- 5.16 This closure has resulted in a pool water deficit in the borough with many users of the pool at the Bridge migrating to DHLC or Forest Hill Pools. DHLC has also managed to pick up some of the latent Badminton demand the Bridge closure created, though there is some work to do with local schools in the area to address the shortfall in sport hall space.
- 5.17 On 3 November 2021, Mayor and Cabinet agreed that a feasibility study be conducted to assess the viability of providing a new Leisure Centre in the south of the borough. Any centre would offer a longer term solution to the loss of pool water and sports hall space we are experiencing.
- 5.18 The Indoor Bowls Centre (located across the road from, but within the footprint of the Bridge Leisure Centre) re-opened in October 21, with GLL working in partnership with two local Bowls clubs to ensure the community can access this facility. This community led operating model has had a largely positive impact on participation, with 270+ members (many of which are aged 60+) signing up play the indoor bowls season. This facility is playing a major role in keeping Lewisham's older population active.

## **6 Financial Information**

- 6.1 The new Leisure contract with GLL is projected to cost the Council in the region of £1.5m in 21-22. As previously reported the new Leisure contract with GLL is an open book contract with the net cost of the service being borne by the Council. Covid continues to have a significant impact on Health &

Fitness income as only approx. 80% of the pre-pandemic customer numbers have returned and this has led to a reduction in income and an overall increase in the net cost of the contract.

- 6.2 These costs are, in the main, being met by Covid funding in recognition of the fact that previous leisure contracts were subject to a formal 'change in law' as a result of the nationally imposed closures.
- 6.3 Based on the recovery seen to date it is hoped that the GLL contract will return to surplus position, net of capital investment, by 2023/23 and inclusive of facility investments by the following financial year.

## **7 Wider Participation and local improvements**

### **Lewisham Football Partnership**

- 7.1 The purpose of the partnership will be to form a positive structure around some of the football developments happening in the borough.
- 7.2 Development activities will range from
- Better visibility of available opportunities for all local residents
  - Strengthened the lines of communication with ground contractor (Glendale)
  - Improving knowledge of, and ability to bid for, funding opportunities
  - Creating a structure to strengthen our district football team
  - Creating opportunities for disadvantaged youth in the borough
  - Ensuring grass roots clubs know what to do to book a pitch in the borough.

### **Sport Pitch Booking Platform**

- 7.3 The Sport and Physical Activity Team have been investigating the viability of rolling out an online sports pitch booking platform in Lewisham. This will help us to improve data capture of grassroots sports in Lewisham. Centralising the booking information will also make it easier for the local community to access our parks and open spaces.
- 7.4 The aim will be to have the platform in place for the new football season (summer 2022).

### **Local Authority Grass Pitch Programme**

- 7.5 The Football Foundation are aiming to revolutionise the state of grass football pitches across England, ensuring that by 2030, grassroots football has 20,000 'good' quality pitches to enjoy.
- 7.6 The Local Authority Pitch Programme has been created to enable Local Authorities to bid for funding to improve the standards of our grass pitches across the borough.
- 7.7 We successfully submitted an expression of interest in October enabling us to progress to the next stage (delivery plan production). We expect to receive confirmation of the next steps of the funding programme.



## **LTA Funding**

- 7.8 Last year, the LTA introduced an £8.5m Tennis court investment pot under the recognition that the majority of the public play their tennis outdoors in local parks. We were successful in obtaining an agreement in principle for investment to improve 9 courts across the borough. These courts would then be included in the Play Tennis Lewisham programme launched in 2017 which enables members easy access to our improving tennis court stock.
- 7.9 Courts at the following park sites will be including in this programme of improvement:
- Mountsfield Park
  - Ladywell fields (south)
  - Telegraph Hill
  - Hilly Fields
  - Chinbrook Meadows
- 7.10 Improvements to be delivered range from repainting/re-surfacing the courts, upgrading the fencing and installing the court access keypad systems.

## **Physical Activity Strategy**

- 7.11 A strategic framework and delivery plan for physical activity in Lewisham is in development which has been informed by the insight available to us and what we have learned from consulting with local people.
- 7.12 The many focus of the strategy will be to increase borough wide physical activity rates by working in partnership with local stakeholders. The role of the Council will be as a deliverer, partner, enabler and facilitator working with local residents, the public, private, third and education sectors to ensure that the vision is delivered.
- 7.13 Our pending stakeholder consultation will help to inform the delivery plan we will work towards over the next few years. Regular stakeholder meetings will help to monitor progress against set targets and ensure that the whole systems approach adopted is maintained throughout delivery.

## **8. Conclusion**

- 8.1 The pandemic has presented the leisure industry both a huge challenge and, potentially, a great opportunity. The closure of services has caused significant financial a difficulties for local operators and, ultimately, local authorities but has also highlighted the important of physical activity for health and wellbeing.
- 8.2 In recognition of the crossover in this activity across both the built and open environments Lewisham has merged its parks and sports and leisure services into a single team to help promote activity across all settings.
- 8.3 This new approach is helping to drive footfall across all venues and participation continues to grow at least in line with the national picture which is positive given the previous position outlined to the committee.

- 8.4 The next few years will remain challenging in financial terms but it is expected that this will be a short term problem and with continued investment the future for leisure services in Lewisham is brighter than it has been for many years.