

## Review of the Performance of Adur Community Leisure and South Downs Leisure

### Report by the Director for Communities

#### 1.0 Summary

- 1.1 The report provides a briefing on the performance of Adur Community Leisure and South Downs Leisure.

#### 2.0 Background

- 2.1 In Adur and Worthing the delivery of Council leisure services has been outsourced to two independent organisations.
- 2.2 In Adur District, the Councils' leisure services are delivered by Adur Community Leisure - a company limited by guarantee trading as "Impulse Leisure".
- 2.3 In Worthing, the Councils' leisure services are delivered by South Downs Leisure.
- 2.4 Adur Community Leisure was established over 10 years ago in 2005, while South Downs Leisure was established in 2015.
- 2.5 The Director for Communities provides the client side function for both Councils, representing the interests of the Councils in discussions and negotiations with Adur Community Leisure and South Downs Leisure.
- 2.6 Leisure falls in the Environment portfolio for both Councils. Both of the Executive Members for Environment have played an active part in their respective relationship with Adur Community Leisure and South Down Leisure and the provision of Council leisure services in Adur and Worthing more generally.

#### 3.0 Proposals

- 3.1 As part of its programme of work, Committee has requested a performance report from Adur Community Leisure and South Downs Leisure.

3.2 At Appendix One and Two performance review reports produced by officers of Adur Community Leisure and South Downs Leisure.

3.3 Officers from Adur Community Leisure and South Downs Leisure will be available to answer questions from members of the Committee on their respective performance reports

#### **4.0 Legal**

4.1 Section 19 Local Government (Miscellaneous Provisions) Act 1976 empowers the Council to provide recreational facilities as it thinks fit and that includes the power to provide buildings, facilities, equipment, supplies and assistance of any kind, either without charge or on such payment as the Authority thinks fit.

4.2 Section 1 Localism Act 2011 provides a Local Authority with a power to do anything that individuals generally may do, providing no other legislation exists to prevent it. This provision confers power on the Councils to enter into legal arrangements with others, for the provision of leisure and recreational facilities.

#### **5.0 Financial implications**

5.1 Reference to financial performance is included in the performance reports produced by Adur Community Leisure and South Downs Leisure.

5.2 There are no direct financial implications arising from the performance reports of Adur Community Leisure and South Downs Leisure.

#### **6.0 Recommendation**

**6.1 Committee is asked to note the performance reports of Adur Community Leisure and South Downs Leisure.**

#### **Local Government Act 1972**

**Background Papers: None**

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## **Schedule of Other Matters**

### **1.0 Council Priority**

- 1.1 Surf's Up: Cultivating Enterprising Communities:  
Create new social businesses, joint ventures and service delivery models that encourage and support the long term development of enterprising communities

Support the establishment and development of South Downs Leisure Trust and review Adur Council's relationship with Adur Community Leisure.

Public Health and Wellbeing:

Promote and support the role of SDLT and ACL in delivering access to health and wellbeing offers in leisure facilities and off site

### **2.0 Specific Action Plans**

- 2.1 Adur & Worthing Public Health Plan

### **3.0 Sustainability Issues**

- 3.1 Matter considered and no issues identified

### **4.0 Equality Issues**

- 4.1 ACL & SDL both deliver services and schemes to groups and clients who experience inequalities.

### **5.0 Community Safety Issues (Section 17)**

- 5.1 ACL & SDL both run schemes that help act as diversionary interventions to help reduce the risk of crime and antisocial behaviour

### **6.0 Human Rights Issues**

- 6.1 Matter considered and no issues identified

### **7.0 Reputation**

- 7.1 Matter considered and no issues identified

### **8.0 Consultations**

- 8.1 Matter considered and no issues identified

### **9.0 Risk Assessment**

9.1 Matter considered and no issues identified

**10.0 Health & Safety Issues**

10.1 Matter referred to in Performance Reports

**11.0 Procurement Strategy**

11.1 Matter considered and no issues identified

**12.0 Partnership Working**

12.1 Matter considered and no issues identified

## **Appendix One**

### **Adur Community Leisure Performance Report**

Adur Community Leisure (ACL) is a company limited by guarantee trading as Impulse Leisure. ACL was established in 2005 and is a registered charity providing the management of Lancing Manor Leisure Centre, Southwick Leisure Centre, Wadurs Community Swimming Pool and Chanctonbury Leisure Centre.

ACL is a charitable subsidiary of the Group Parent – Impulse Leisure (IL). IL is a Non-Profit-Distributing-Organisation (NPDO) that provides management, support and development services to its subsidiary companies. ACL pay IL for these services, but IL only charge an amount equal to its expenditure, and charging between Group members is tax efficient. An Intra Group Agreement governs the relationship between IL and the subsidiary companies.

ACL is dedicated to improving the quality of life in the local community by providing a variety of leisure opportunities. This is achieved through direct management of the four leisure centres, which together welcome over 600,000 visitors per year. In addition ACL provides 'Outreach' services in the community, to schools and 'hard to reach groups' for the benefit of the local community.

ACL is a 'Social Enterprise', an efficient business providing inclusive leisure and public benefit. ACL contributes to a cross cutting agenda, wider than the sporting and fitness services provided. This wider agenda, which relates well with the partners' aspirations includes contribution to physical and mental well-being, promotes social interaction and integration, encourages self-empowerment, contributes to crime and disorder reduction strategy, and above all, is fun!

ACL has continued to develop the services and facilities inherited from ADC and maintain a close working relationship with them. This partnership is managed through a thirty year lease and a rolling five year Funding and Management Agreement. The Funding and Management Agreement outlines a service fee payment schedule (using the current ACL Corporate Plan as a guide) which has historically delivered a reducing service fee payment on a sliding scale.

In 2006/07 this stood at £405,000 and is currently £170,000 for 2016/17, with the next review date in 2018.

To date ACL have invested approximately £3 million into the Adur sites.

Comprising Fitness Suites, Studios, Health Suites, Wellbeing Suites, external courts and ancillary facilities. These developments have encouraged an increased number of Adur inhabitants to take part in sport, health and fitness.

## Performance April 15–Jan 16 Financial

To date bottom line performance is worse than budget by £31k. Membership income has been the issue in 2015/16 however all sites continue to generate a surplus individually with Lancing Manor and Southwick just not reaching the same levels of surplus as the previous year.

Wadurs and Bar & Catering are both performing above previous years.

### Lancing Manor

Membership net gain has been the challenge this year. Local competition has been very strong with the opening of two gyms within a mile of Lancing Manor as well as the expansion of the Underground Gym.

This has most definitely diluted the current market and has resulted in a DD figure that is currently running approximately 6k behind target per month. There has been step change in the sales of 6 month contracts v's 18 month contracts. These are now running at a 50:50 split resulting in a decrease in upfront income.

However the positive compound impact of extended length of stay will be felt in 2016.

The introduction of heating within the Main Hall has had a positive impact on the attendance levels, particularly within the under 5's activities. This has had a positive knock on effect to the bar & catering performance.

The 3G pitches will provide some unbudgeted income in the final quarter (although weather delayed the construction process). It is anticipated that these will provide approximately 5k per month income.

### Southwick

Membership is currently down against budget by 3k per month and demonstrates a similar theme to the Lancing sales ratios.

However Southwick has stood up well to the local competition and continues to produce a surplus.

The Centre has seen a decrease against budget in terms of some longer term bookings. These have been due to cuts in the general funding streams e.g.

Albion in the Community Education department has seen cuts which have negatively impacted upon the number of courses being delivered at Southwick.

However the site has managed to combat this by forming partnerships with local schools / clubs to deliver an increase number of hall hire sessions.

## Wadurs

Wadurs is again the success story contributing a £51k surplus which is £27k upon budget and £17k up on last year.

The Swim School continues to run at over 90% capacity although a shortage of swim teachers has had an impact on numbers of classes.

Encouragingly all sites have performed well in January 16 and are on target to achieve their 1st April DD figures which bodes well for the 16/17 budget.

Overall Income is 2.2% better than the previous year although the target was a 14% increase.

Membership retention has been at 66% for the year, which is above our target of maintaining 60%. Staff costs as a % of income are at 52%. Income is up on the previous year but staff costs have also increased. We aim to maintain this ratio at 50%.

In terms of cash flow ACL started the year with £320k in reserves and forecast year end to be at £226k. The decrease is largely due to the continued capital investment into the current facilities agreed by the ACL Board including the Sports Hall heating (£29k) at Lancing and the Solar Panel Projects at Southwick and Lancing (£140k) both of which will deliver future efficiencies.

Other improvements to the facilities this year include a new café and Wellbeing Suite which opened in March / April 15 and two 3G pitches at Lancing Manor.

## Staffing

Staff turnover has been particularly high this year at 31% to date. The vast majority of staff have left to pursue careers in other industries.

We have also found it difficult within the last 10 months to recruit quality staff and in particular Recreation / Leisure Assistants, Membership Advisors and bar & catering staff.

On a positive note staff sickness absence has been well controlled at 1.5% year to date which is less than the targeted 2%. Quality All Adur sites have maintained their Quest registration.

## Health & Safety

We document accident rates from January – December. At the end of the year there were 163 recorded accidents and the rate is lower than the prior year at 3.7 accidents per 10,000 visits. For information we document every accident that is reported.

## Budget 2016/17

The budget for 16/17 will be one of consolidation whilst we await the car park expansion at Lancing Manor. This will allow for further investment by the ACL

Board into the fitness product at Lancing, which is much needed. The approved budget demonstrates a small surplus.

Planned improvements in 16/17 include new changing facilities at Wadurs (funded by ADC), refurbished health suites at both Lancing & Southwick and further investigation into improved usage of South wick's internal space and external courts.

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## Appendix Two

### Report by the CEO, South Downs Leisure

#### 1.0 Summary

- 1.1 South Downs Leisure has been in operation since May 2015
- 1.2 The Leisure Trust established a number of Key Performance Indicators (KPI's) and financial targets for the first 5 years of the contract with an internal review each year along with a joint review with the council in year 4 for years 6-10.

#### 2.0 Background

- 2.1 The Trust was established in response to a strategic assessment by the Council to provide and protect leisure services for the future whilst maximising the opportunities to develop new services and partnerships with others. .
- 2.2 One of the main rationales for the development of South Downs Leisure was the ability to re-invest any surpluses back into the facilities.
- 2.3 South Downs Leisure has a Board (Trustees) of 11 local people, 8 community Trustees, 2 council representatives and 1 staff representative.
- 2.4 There is also a good balance with 6 females and 5 male members on the Board.
- 2.5 Below are some of the KPI's and financial targets set for South Downs Leisure
  - 2.5.1 The agreement between SDL and WBC should achieve a saving of £250,000 per annum for Worthing Borough Council.
  - 2.5.2 To achieve an operational surplus for South Downs Leisure in the first year of £75,000.
  - 2.5.3 Potentially be able to deliver a gain share to the council in year 6 (2020-2021). Once our risk reserve has been reached of £560,000, we would initiate a gain share when South Downs Leisure achieve over £100,000 surplus in any one financial year after this time.

EXAMPLE OF GAIN SHARE	Surplus of £100,000	Surplus of £200,000	Surplus of £350,000
South Downs Leisure	£100,000	£100,000	£100,000
Worthing Borough Council	£0	£50,000	£125,000
South Downs Leisure	£0	£50,000	£125,000
<b>Total for South Downs Leisure</b>	<b>£100,000</b>	<b>£150,000</b>	<b>£225,000</b>

2.5.4 Achieve 1.5million visits to our sites in 2015-16

2.5.5 Increase the average number of swim school customers per week to 1,500

2.5.6 Increase the average number of Junior Fit4 members from 1900 to 2100

2.5.7 Deliver 5 different types of healthy living programmes across our sites

2.5.8 Increase usage within the referral scheme from 275 to 300 per year

2.5.9 Achieve 80% plus at the external H&S audits across our venues

2.5.10 Achieve an average score of 75% plus in our Quality Audits

2.5.11 Achieve Quest Accreditation (Quest: National Leisure Award)

2.5.12 The average 10,000 Fit4 members in the course of the year

2.5.13 We will be reviewing our KPI's over the next twelve months to come in line with national targets and new Sport England targets within the Sporting Future Government document "A New Strategy for an Active Nation" which include:

### **Sport England KPIs local to Worthing and how we will achieve these**

KPI 1 – Increase in percentage of the population taking part in sport and physical activity at least twice in the last month

KPI 2 – Decrease in percentage of people physically inactive (KPI 1 and 2 from Active Lives survey)

KPI 3 – Increase in the percentage of adults utilising outdoor space for exercise/ health reasons

**Encourage people to use the National Park, Park Runs, Street running Club, Walks, Mountain Biking and The Good Gym.**

KPI 4 – Increase in the percentage of children achieving physical literacy standards

**We will encourage children at an early age through our Creche, Amazon soft play, parent & Baby Swimming lessons, Tumbling Tinies, Mini Kickers and Bee Fit sessions.**

KPI 5 – Increase in the percentage of children achieving swimming proficiency  
**We will continue to grow the Swimming academy to create more space, Work with the schools to provide sessions during the day time and work with the swimming club to move our top end swimmers into the club through trials and galas.**

KPI 6 – Increase in the percentage of young people (11-18) with a positive attitude towards sport and being active (KPI 4, 5 and 6 from Taking Part)

KPI 7 – Increase in the number of people volunteering in sport at least twice in the last year (from Active Lives survey)

**We will establish how many volunteer hours we have across our sites to manage all the clubs from Worthing Thunder Basketball, Harriers Athletics, Worthing Swimming Club and the Phoenix over 50's.**

KPI 8 – The demographics of volunteers in sport to become more representative of society as a whole (from Active Lives survey and ONS population data)

KPI 16 – Employment in the sport sector (from Sport Satellite Account)

**As South Downs Leisure grows we will employ more people in the town.**

KPI 18 – Percentage of publicly owned facilities with under-utilised capacity (through revised National Benchmarking Service)

**We will continue to improve usage at our facilities**

### 3.0 Performance

#### 3.1

KPI's	End of year estimate
£75,000 surplus	£300,000 surplus
1.5m visits per year	1.5m
Swim school 1500 per week	1750
Junior Fit4 members 2100	2088
Exercise Referrals 300 per yr	291
80% scores in H&S Audit	89%
75% in Quality Audits	76%
Average 10,000 Fit4 members	10,200 Average

3.2 We have also delivered an expansive range of community activities, some of these include:

- Disability open day on 12<sup>th</sup> March 2016
- Given 10 Families from the Think Families a free 6 month family membership which equates to a value of £7,000.
- Introduced the only walking football league in Sussex with six teams

- Continue the strong partnership with Sustainable Sussex helping them build their model of gardening for the community and catering for all needs including physical and mental disabilities.
- Recently supported Worthing Churches for the Homeless with collection of food and design and print of posters.
- Working with the Sussex Wildlife Trust with a view to introduce nature walks on the Downs and along the sea front for both Adults and Children.
- Took part in both the Littlehampton Bonfire Parade and Worthing Carnival.
- Organising a Community Food and Greenspaces festival at Field Place on 2<sup>nd</sup> October, Green Dreams.
- Met with the Lawn Tennis Association focusing on a Tennis Development plan for the Town which includes sustainability of the current courts, improving facilities and access and sessions for customers in wheelchairs.
- Working with the South Downs National Park and Public Health England focusing on how we can work closer in partnership to get more people more active on the National Park.
- Added an Inclusive Access page on our website
- Introduced a new session called Junior Fit Boxing working in partnership with Network Rail who initially funded the project.

3.3 South Downs Leisure has also invested over £100,000 of its own resources into the sites with a £30,000 investment on new Fitness equipment at Splashpoint in December 2015, £20,000 investment into a changing room refurbishment at Worthing Leisure Centre in February 2016 and £57,000 on a new underwater CCTV to help assist Lifeguards with safety in our pools.

3.4 Later this year we will also be investing in the region of £140,000 on new Fitness Equipment at Worthing Leisure Centre.

3.5 We are also waiting on news for £70,000 of funding from Badminton England to increase badminton usage over the next decade at Worthing Leisure Centre. If we are successful with Badminton England we would like to add this to the capital bid for 2016-17 for a new sport hall floor to improve facilities in the sports hall and studio.

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