

## BOROUGH OF KETTERING

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<b>Report Originator</b>	Shirley Plenderleith, Head of Public Services	<i>Fwd Plan Ref No:</i>	
<b>Wards Affected</b>	ALL	25 <sup>th</sup> November 2020	
<b>Title</b>	<b>Leisure Management Contracts</b>		

### 1. PURPOSE OF REPORT

- 1.1 To provide information on the current Council contractual arrangements for the provision of leisure services in the Kettering Borough.

### 2. INFORMATION

- 2.1 The Council currently has two Leisure Management Contracts which include the management of seven leisure facilities as outlined in **Table 1**:

<b>Table 1 Leisure Management Contractors</b>	
<b>Contractor</b>	<b>Facility Management</b>
Legacy Leisure (Parkwood Leisure Ltd)	<ul style="list-style-type: none"> <li>• Kettering Swimming Pool and Gym</li> <li>• Kettering Athletics Track and Synthetic Pitch, Thurston Drive</li> <li>• Corn Market Hall</li> <li>• Desborough Leisure Centre (gym facility and sports hall – four badminton courts)</li> </ul>
Compass Contract Services Limited (Kettering Conference Centre)	<ul style="list-style-type: none"> <li>• Lighthouse Theatre</li> <li>• Arena (12 badminton courts and home of Volleyball England)</li> <li>• Four squash Courts</li> </ul>

#### 2.2 **Legacy Leisure Contract**

- 2.2.1 A contract was awarded to Parkwood Leisure Ltd, to manage the facilities shown in **Table 1**.
- 2.2.2 This was following a competitive tendering process which complied with the OJEU (Official Journal of the European Union) procurement process, with the contract awarded on the 17<sup>th</sup> January 2007.
- 2.2.3 The contract was awarded for a ten-year period from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2017 with an option to extend the contract for a further five years to 31<sup>st</sup> March 2022.
- 2.2.4 The Executive Committee on 9<sup>th</sup> September 2015 recommended that the Council extend the contract for a further 5 years from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2022 and also recommended that the Council move to an alternative model

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whereby the Council continued to contract directly with Parkwood Leisure, but the operation of the leisure centres are subcontracted to Legacy Leisure who are an independent registered charity. To facilitate this, a deed of variation was agreed. This resulted in annual savings to the Council of around £45,000.

2.2.5 The current contract is in the third year of a five-year extension and the cost of the current contract is around £35,000 per annum.

2.2.6 The Council has funded an extensive programme of refurbishment of the swimming pool in recent month. In the region of £360,000 has been invested; further details are provided in Section 7 of this report.

2.2.7 Legacy Leisure continues to meet their tenant obligations with ongoing maintenance and repairs to all sites.

### 2.3 Compass Contract Services Limited

2.3.1 The contract was initially with Phoenix Leisure Management Limited and is now with Compass Contract Services Limited has been in place since April 2000 and had an initial break point of July 2010 after which time the Council could serve notice of termination in order to competitively test the service provide by Compass. However, there was a variation to the contract in 2006 in order for a new theatre facility to be built in the existing sports hall. Part of the contract variation included an agreement to extend the break clause until 2025.

2.3.2 Compass Contract Services Ltd manage certain areas of Kettering Conference Centre (KCC) on behalf of the Council. The Council footprint at KCC covers:-

- The Lighthouse Theatre
- Large arena (houses 12 badminton courts)
- Space on the first floor – currently used by Volleyball England
- Squash Courts (four)
- Ground floor change facilities

2.3.3 KCC also includes a number of ‘commercial areas’ that do not form part of the contract that the Council has with Compass Contract Services Ltd. These include the fitness club, lakeside bar and conference facilities.

2.3.4 The Council pay an index-linked annual grant to Compass Contract Services Ltd for managing and delivering the above facilities, which currently stands at £250,000 per annum, plus and an additional £30,000 per annum in respect of the theatre.

2.3.5 The original contract includes a clause stating that any gross revenue in excess of £220,000 (excluding Council grant) for the facilities identified in **Table 1** should be shared with the Council on a 50:50 basis.

2.3.6 The index linked figure, which was £220,000 in 2000, was £382,425 for 2019/20 and £386,519 in 2020/21. The average revenue is £150,000 for this reason the Council has not received any share of the profit.

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2.3.7 A separate profit-sharing agreement exists for the theatre, with 20% of any profits in excess of £20,000 being payable to the Council.

2.3.8 The Council has not received any income through the profit-sharing arrangements since the start of the contract.

### **3. PERFORMANCE MONITORING**

3.1 Regular contract monitoring is undertaken with both contractors as outlined on **Table 2** below.

<b>Table 2 - Contract Monitoring</b>	
<b>Contractor</b>	<b>Contract Monitoring Meetings</b>
Legacy Leisure (Parkwood Leisure)	<ul style="list-style-type: none"><li>• Every six weeks</li></ul>
Compass Contract Services Limited	<ul style="list-style-type: none"><li>• Quarterly</li></ul>

3.2 Financial monitoring is undertaken by the Council's Group Accountants with accounts being submitted on a regular basis as set out below:

- a. Legacy Leisure
  - Monthly financial income and expenditure breakdown
- b. Compass Contract Services Limited
  - Annual Financial Statement
  - Quarterly finance income and expenditure breakdown

3.3 Service delivery monitoring is undertaken by officers from the Community Services Team, where appropriate with Finance and Legal officers and both Contractors provide information covering:

- Centre Usage
- Attendance Numbers
- Activities
- Marketing
- Health and Safety
- Maintenance

### **4. PERFORMANCE UPDATES AND INFORMATION**

#### **4.1 Operational Updates**

Due to the Covid-19 restrictions the leisure facilities operated by the contractors on behalf of the Council were closed between March and July 2020, reopening at the end of July through a phased approach. Following the Government's announcement on 31<sup>st</sup> October 2020, these leisure facilities closed from the 5<sup>th</sup> November 2020 and are due to reopen after the 2<sup>nd</sup> December 2020.

##### **4.1.1 Legacy Leisure**

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4.1.1.1 Due to Covid-19 restrictions all sites were closed in March and reopened in July, in line with government guidelines. The gym facilities were reopened from the 25<sup>th</sup> July 2020, with the pool initially opened for Kettering Amateur Swimming Club from the 7<sup>th</sup> September 2020 then for general public lane swimming and schools from the 1<sup>st</sup> October 2020. These facilities have now closed until 2<sup>nd</sup> December.

4.1.1.2 Legacy Leisure have provided the operational data for the period following reopening shown in **Table 3** below.

	Number of Sessions	Capacity	Booked	Average % Usage
Gym Usage at KSP	603	12,633	1,473	11.6
Classes at KSP	15	300	35	11.7
Gym Usage at DLC	584	14,016	1,524	10.9
Classes at DLC	63	843	497	59.0

4.1.1.3 In addition to the data, feedback from customers was sought by Legacy Leisure. Some examples from October 2020 are provided below:

- Kettering Amateur Swimming Club (KASC) are:
  - “pleased to be back in the water again”
  - “pleased with being kept informed of the progress with the refurbishment”
  - “pleased with the additional pool time being hired from October”
- Following the re-introduction of lockdown, KASC have commented that “On behalf of KASC, thanks for making it work over the last 3 months - it's been painless! See you in a few weeks. Stay well”
- Customers have positively commented on the additional cleaning and safety procedures that have been implemented to provide a Covid-19 secure environment, and the refurbishment work being undertaken.

### 4.1.2 **Compass Contract Services Limited**

4.1.2.1 Due to Covid-19 the Arena area was closed in March, including the squash courts, these reopened in July. The Lighthouse Theatre remains closed in line with government restrictions.

4.1.2.2 Compass Contract Services Ltd have provided the operational data for the period show in **Table 4**.

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<b>Table 4 – Operational Data July – September 2020</b>		
	Number of Sessions	Average % Usage
Squash Court Usage	541	22
Arena Usage – Other sports*	1,697	31
*includes badminton, table tennis & short tennis (following government guidance)		

### 4.1.3 Covid-19 Response

During the lockdown period both contractors have adapted their 'offer', including taking part in the Council's virtual Health & Wellbeing Festival held in June 2020.

4.1.3.1 During the lockdown period, Legacy Leisure offered activities via their social media content, which has included:

- Newsletters
- Digital Coach providing 100s of free workouts for Direct Debit members to access
- Hatton Boxing, a partner of Parkwood Leisure providing boxing for fitness training
- Les Mills at Home providing 800 workouts for Direct Debit members

4.1.3.2 Likewise, Compass Contract Services Ltd have adapted their provision, which included:

- Virtual classes run by personal trainers and studio instructors to encourage members of the public to keep active and healthy
- 10-12 classes a week were held, with approximately 20-30 people joining the virtual classes
- The virtual sessions have also been available after the classes and most have been viewed over 100 times
- Videos providing advice and tips on nutrition, mental health and fitness

4.1.3.3 Since the restrictions lessened various activities were re-introduced, in line with government guidance:

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**Table 5 – Reintroduction of Activities**

<b>Legacy Leisure</b>		<b>Covid-19 Secure Measures</b>
Gym Facilities	The gym facilities were the first to open at DLC and KSP. The equipment has been spaced out using additional areas: <ul style="list-style-type: none"> <li>• For KSP the Corn Market Hall has been utilised</li> <li>• For DLC the sports hall has been utilised</li> </ul>	<ul style="list-style-type: none"> <li>• Hand sanitiser stations throughout the buildings</li> <li>• Signage in place throughout the buildings</li> <li>• Member only access to the gym equipment based at the Corn Market Hall</li> <li>• Gym sessions must be pre-booked</li> <li>• Glass screens surround the reception desks</li> </ul>
Swimming Pool	This has been through a phased reopening, with KASC returning first on the 7 <sup>th</sup> September. With this working well, Legacy Leisure's own swim schools along with public bookable lane swimming reopened on the 1 <sup>st</sup> October. In addition, St Peter's School have also returned for their own school swim lessons.	<ul style="list-style-type: none"> <li>• Swimmers must arrive 'pool ready'</li> <li>• Limited change facilities for swimmers</li> <li>• New timetable for pool use, to allow additional cleaning between sessions</li> <li>• One-way system for pool access</li> <li>• Pool sessions must be pre-booked</li> </ul>
<b>Compass Contract Services Ltd</b>		
Arena Sports	Casual bookings are available for Badminton, Squash, Table Tennis, Short Tennis and Volleyball. In addition, the Over 50s Group and Badminton Coaching has also returned and managed via the group of six rule.	<ul style="list-style-type: none"> <li>• Automatic hand sanitising Stations throughout the site.</li> <li>• Floor signage to encourage social distancing</li> <li>• Increased PPE, including facemasks, aprons, and gloves</li> </ul>
Holiday Camp	Premier Education ran a holiday camp for two weeks offering educational and physical activities.	<ul style="list-style-type: none"> <li>• Installation of Perspex screen dividers in reception areas</li> <li>• Introduction of one-way systems for entry and exit.</li> <li>• Covid-19 signage across the site</li> </ul>
Volleyball England	A volleyball training programme has been running for the various squads.	<ul style="list-style-type: none"> <li>• Covid-19 site specific training and risk assessments</li> <li>• Additional barriers to create an entry and exit point to the business</li> </ul>
Lighthouse Theatre	Remains closed with shows either being cancelled or rearranged for 2021.	

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### 5. **CONSULTATION AND CUSTOMER IMPACT**

- 5.1 In response to the customer feedback and taking account of National Governing Body and government guidance, Parkwood Leisure have implemented a number of Covid-19 secure measures across their whole business.
- 5.2 In light of the re-introduction of government restrictions, all indoor sports facilities have been closed until 2<sup>nd</sup> December 2020, re-opening Covid-19 securely and in line with government guidance.
- 5.3 Parkwood Leisure ran a customer feedback survey for all their members, including those with Legacy Leisure, following the first lockdown, an extract is included in **Appendix 1** that shows the alternative activities members undertook during lockdown.
- 5.4 Feedback was also sought on which measures would give members reassurance that Parkwood Leisure was doing everything they could to keep their customer safe, and the results can be seen in **Appendix 1**.
- 5.5 The data also provided an indication of the potential return of customers back to the pool, with 72% of customers happy to return with additional safety measures in place.
- 5.6 A further members survey by Parkwood Leisure, showed that 74.3% of their members felt they had received enough information about the reopening of leisure centres and their safety measures.
- 5.7 Compass Contract Services Ltd have not undertaken a formal customer survey, however, they have sought feedback from specific user groups of the Arena, which are detailed in **Appendix 1**. As yet, no schools have returned to use the facilities, and Compass Contract Services Ltd believe they will not return for some time due to the Covid-19 restrictions.

### 6. **POLICY IMPLICATIONS**

- 6.1 A thriving leisure offer supports corporate objectives around health, wellbeing, and climate change.

### 7. **FINANCIAL/RESOURCE IMPLICATIONS**

- 7.1 **Table 6** below provides an outline summary of key dates relating to the council's two leisure contracts.

<b>Table 6 – Contract Summary</b>				
	Contract Length	Contract End	Management Fee	Contract Value
Legacy Leisure	10 years + 5	March 2022	£35,000	£1,815,000

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Compass Contract Services Ltd	125 years	July 2116	£280,000	£31,375,000
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- 7.2 Kettering Swimming Pool opened in 1984 with the last major works to the Swimming Pool Plant and equipment being undertaken approximately 15 years ago when the facility was expanded, the pool area refurbished and re-tiled. In 2016 some minor works were undertaken around the pool when the ceiling was repaired and lined.
- 7.3 A substantial programme of capital investment, of approximately £360,000, has been undertaken by the Council including the current work underway to improve the changing room facilities (as outlined in **Appendix 2**). This work has been carried out with support from relevant Legacy Leisure staff.

### **8. CLIMATE CHANGE IMPLICATIONS**

- 8.1 The Council and its partners are committed to ongoing improvements to combat climate change implications and will continue to seek to use on-going investment in facilities to reduce carbon footprint where possible.
- 8.2 Through the repair and refurbishment of existing locker units, the Council have been able to save approximately £2,000 and benefit from an extended 20-year life expectancy. The lockers have been 'upcycled', instead of being replaced and sent to landfill.
- 8.3 Throughout the refurbishment opportunities have been taken to 'upcycle' reducing the number of items being sent to landfill, such as using old cubicle doors to create a new poolside cupboard and increasing the poolside benching by reusing the benches from the changing rooms.
- 8.4 Consideration was also given to any items being purchased as part of the swimming pool works, in respect to being 'environmentally friendly', for example, using recycled plastic to create new benches for a shoe cover area.

### **9. RECOMMENDATIONS**

- 9.1 That Members note the current Council contractual arrangements for the provision of leisure services in the Kettering Borough.
- 9.2 That Members note the improvement works to Kettering Swimming Pool.

Background Papers:

Title

Date

Contact Officer

Previous Minutes/Reports:



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