

To: Scrutiny Committee
Date: 23 June 2014
Report of: Head of Leisure, Parks and Communities
Title of Report: Fusion Lifestyle - Contract Performance 2013/2014

Summary and Recommendations

Purpose of report: To provide a performance update of the city's leisure management contract with Fusion Lifestyle, April 2013 to March 2014.

Report Approved by:

Finance: James Marriot

Legal: Lindsay Cane

Policy Framework:

- Strong, Active Communities
- Efficient, Effective Council

Recommendation: That the Committee note the content of the 2013/14 performance update for the Council's Leisure Management Contract with Fusion Lifestyle.

Appendix one (Confidential): Supplementary financial report.-

Not for publication by virtue of paragraph (s) 3 of part 1 of schedule 12a of the Local Government Act 1972. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Appendix two: Oxford postcode sectors, including city boundary.

Appendix three: Example of Fusion's Outreach work log.

Appendix four: Active Women programme.

Appendix five: Active Women case study.

Appendix six: Exercise on referral scheme in city leisure centres.

Appendix seven: Targeted Free Swimming Lesson case study.

Introduction

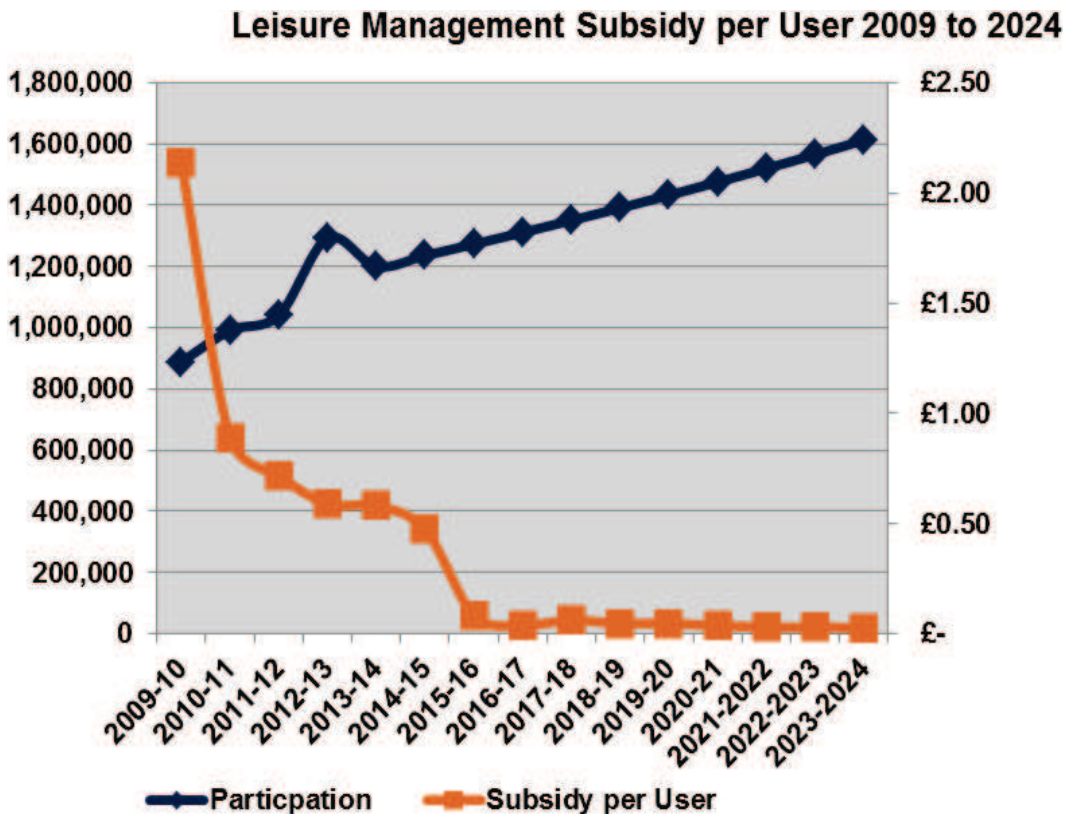
1. On the 30 March 2009 the Council transferred management of its leisure facilities to Fusion Lifestyle (Fusion), a registered charitable organisation, for a 10 year contract, with the option of a five year extension.
2. Prior to this time, the leisure service was high cost, poor quality with low levels of usage. Fusion took on the management of the centres when there was a high level of risk and a lot of work needed to improve the centres.
3. In February 2014 City Executive Board approved a further five year contract extension with Fusion, to April 2024.
4. The cost to the council is fixed over the period of the contract. This is based on improved quality facilities, charging the market rate for those who can afford it and offering concessions to those on income support.
5. The Leisure Management Contract incorporates the service delivery of the Council's seven leisure facilities;
 - Barton Leisure Centre
 - Blackbird Leys Leisure Centre
 - Blackbird Leys Swimming Pool
 - Ferry Leisure Centre
 - Hinksey Outdoor Pool
 - Oxford Ice Rink
 - Temple Cowley Pools.
6. This report sets out performance of the leisure facilities managed on behalf of the Council by Fusion April 2013 to March 2014, and where comparison data is available performance against previous year's delivery.

Value for money

7. The contract with a social enterprise whose sole focus and extensive expertise is operating leisure facilities has greatly improved the user experience, alongside achieving savings of around £660,000 per year.
8. Over the contract period facilities have been greatly improved with around £4.6 million of investment, which has in the main been funded by the contract savings.
9. The annual number of visits, management fee and utilities costs for March 2009 onwards has been used to demonstrate the overall subsidy per user. This is an industry based calculation and allows us to consistently performance benchmark delivery of leisure management.
10. The pre transfer subsidy for leisure centres was £2.14 per user. The subsidy per user in 2013/14 reduced to 62 pence.
11. A confidential appendix to this report gives the centre specific breakdown of Fusion costs and net subsidy per user (appendix one).
12. Competitor benchmarking against neighbouring leisure providers demonstrated that fees and charges in city leisure facilities are at least comparable.

13. Since the commencement of the contract there has been no increase to the price of the Bonus concessionary membership scheme. This offer gives those in receipt of one of 15 eligible benefits, and their dependents, reduced rates on activities at all our or leisure facilities.

14. The five year extension to April 2024 guarantees a saving and means the operation of the leisure centres including utilities and contract costs will be nil by Council by 2017.



15. By progressing the extension at the midway stage of the original contract, the Council are able to bank a significant revenue saving alongside advancing further contract improvements such as:

Staffing and Young People:

- Improved opportunities for apprenticeships
- Improved work experience opportunities
- Continued commitment to the Oxford Living Wage.

Facility Improvements:

- Utilisation of indoor sport S106 monies to enhance Barton Leisure Centre
- Re-launch of Hinksey Outdoor Pool following work to bring back into use redundant water tanks

- Commitment to finding a way forward to further improve Ferry Leisure Centre.

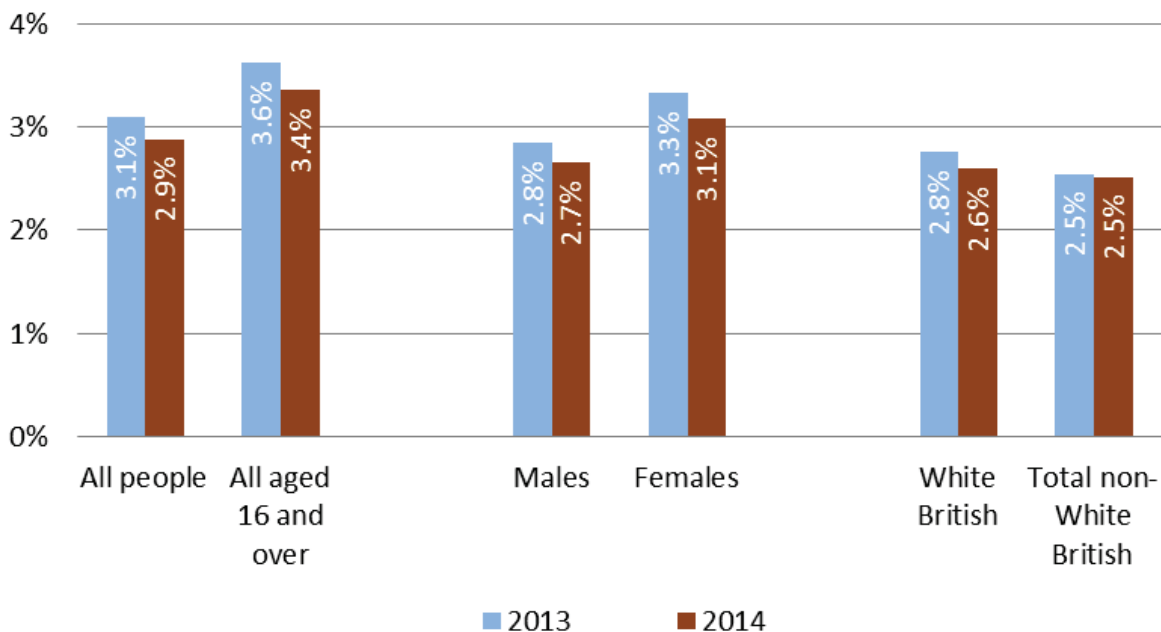
Analysis of Fusion Lifestyle membership rates

16. This analysis is based upon Fusion membership only data for leisure service members at mid-May 2014. Comparison is also made with a similar analysis of membership data for April 2013. It analyses the characteristics of Fusion members who live within the main postcode sectors in Oxford.

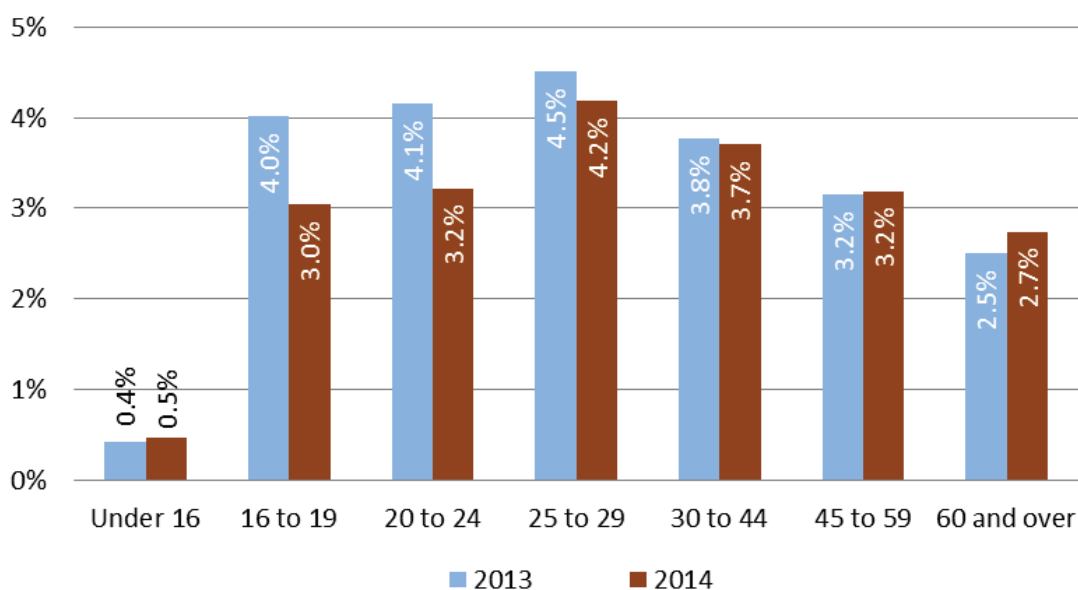
17. In total 4,468 members lived in these areas, a reduction of 324 (7%) since April 2013; a further 851 members lived outside these areas and were not included in this analysis. The postcode sectors included in this analysis are shown in appendix two. The areas which have been included outside the city boundaries are rural areas which do not contain any major settlements.

18. Population data from the 2011 Census has been used in this analysis, because this is the most accurate data we currently have. Therefore this assumes there has not been any significant population change between March 2011 and May 2014. In reality population estimates show that the city's population has increased over this period. A total of 155,100 people lived in this area in 2011.

Fusion membership rates by gender & ethnic group, April 2013 & May 2014



**Fusion membership rates by age group,
April 2013 & May 2014**

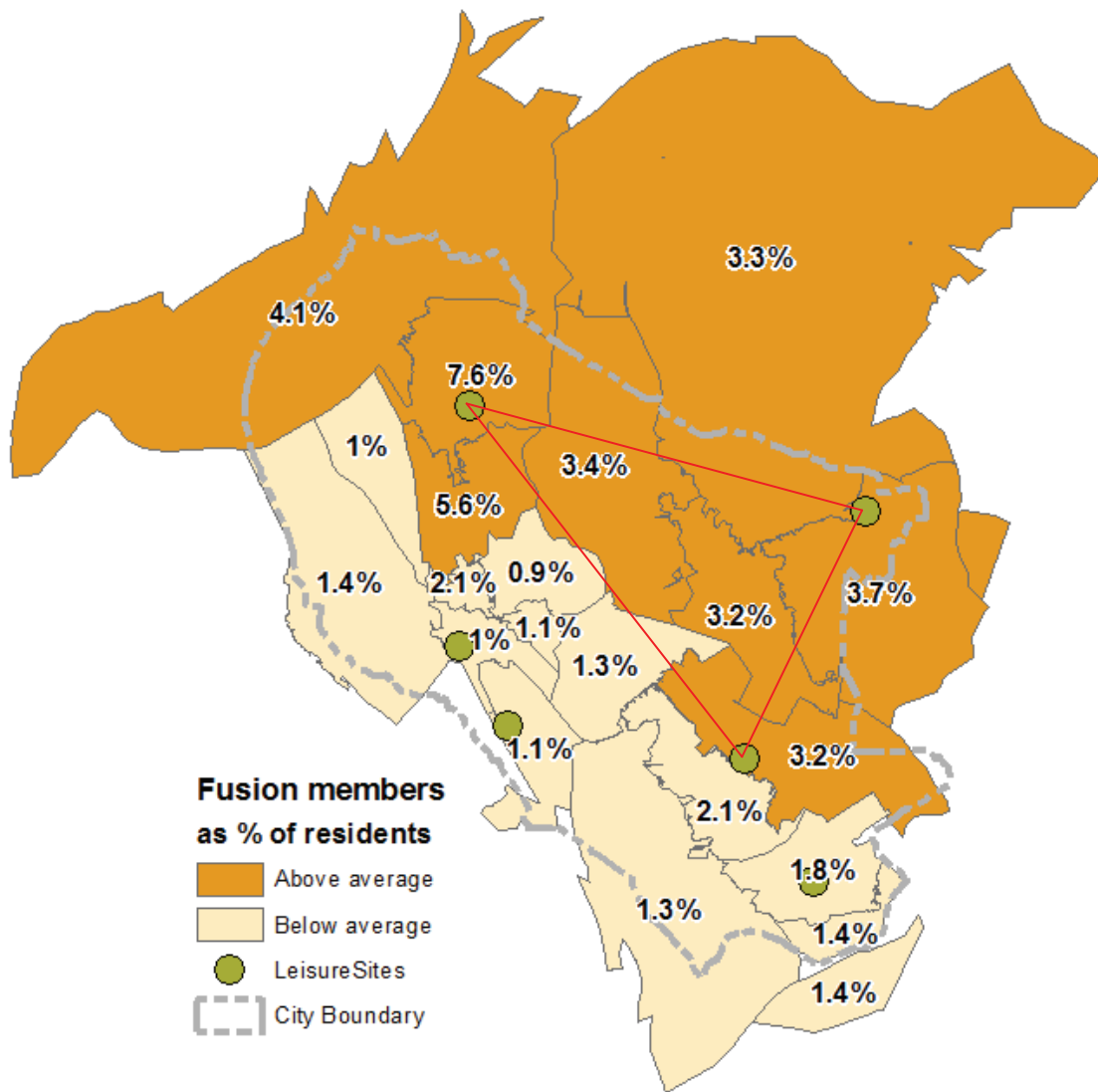


19. The main change is in the 16 to 24 category. In 2013 there were 1,408 members in this age group, which had declined by 323 to 1,085 in 2014. This accounts for the fall in the total number of Fusion members.

20. As in 2013, women are more likely than men to be Fusion members. There is little difference evident between people of White British ethnic group and people of other ethnic groups. Older people aged 60 and over are less likely to be members, although the numbers have increased over the last year.

21. The following map shows the membership rate by postcode sector, also showing the location of leisure facilities in the city. Within the triangle drawn by Ferry Sports Centre, Barton Leisure Centre and Temple Cowley pools membership rates are much higher than the rates outside this triangle. There has been little change since 2013.

**Leisure service members as percentage of residents
By postcode sector, May 2014**

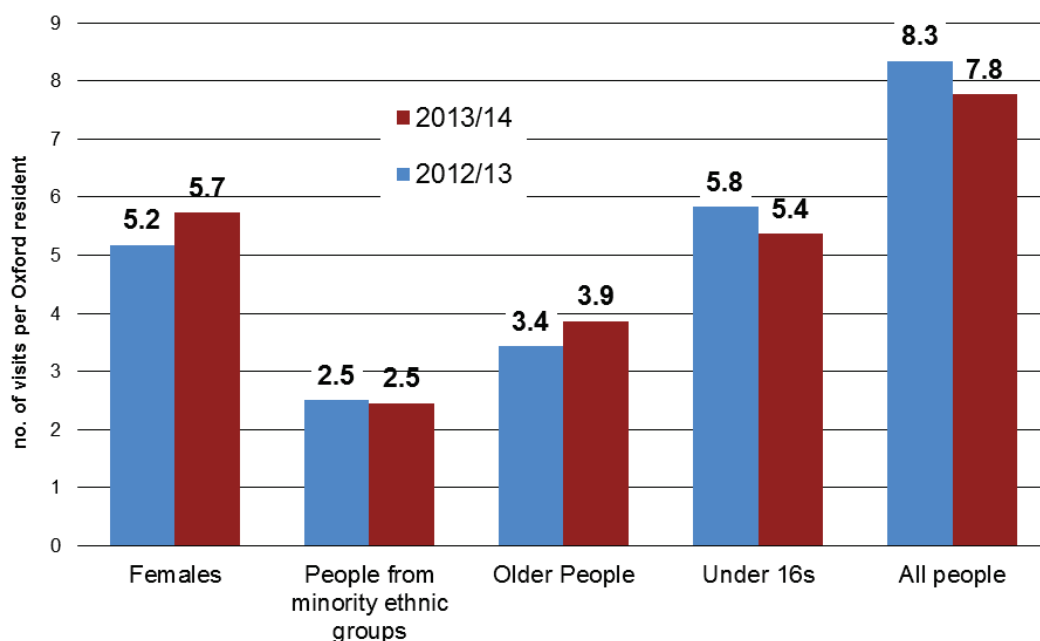


Usage analysis

22. Fusion has targets for numbers of visits for particular population groups that are monitored on a monthly basis. The chart below shows the number of visits per Oxford resident for these different population groups.

23. It should be noted that this presents a skewed picture, as not all visits are by Oxford residents. In addition, whilst Fusion has demographic characteristics about visitors who are members, they do not have this information for non-members so the chart below does not tell the whole story.

Usage rates per Oxford resident, 2012/13 and 2013/14

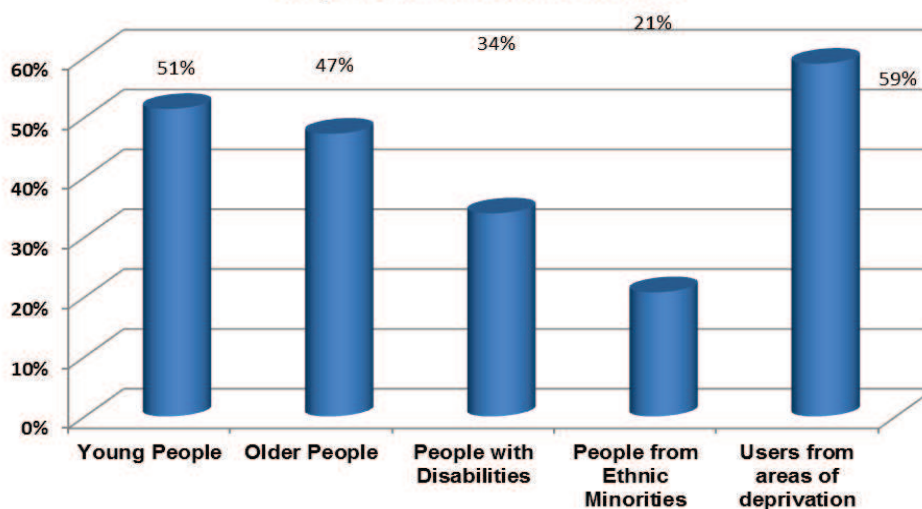


Participation

24. The overall number of visits to leisure facilities in 2013/14 has increased 42 per cent since contract commencement. Just less than 354,100 more visits when compared with the period prior to the transfer to Fusion.

25. In 2013/14 the number of visits to leisure facilities by target groups has increased 61 per cent from the 2009/10 baseline year. The biggest percentage uplift is in target groups. Just less than 165,000 more visits to leisure facilities when compared with the period prior to the transfer to Fusion.

Percentage increase in target group visits compared to the 2009/10 baseline



26. In order to maintain high rates of participation in leisure the Council continues to freeze Bonus concessionary rates and to provide free swimming for under-17s, and is planning to ensure women-only swimming sessions will be available at the new Blackbird Leys Pool when it opens. The Council will also look at the way in which public leisure opportunities are scheduled and advertised in order to maximise

participation, and how leisure can be a part of health and healthy eating initiatives even more than at present.

Carbon Management

27. Carbon reduction initiatives in leisure facilities since 2008 have included:

- Education and training of staff
- Mechanical pool covers
- Energy efficient lighting projects and replacement
- Waste heat reuse initiative
- Replacement of pool and ice rink mechanical equipment
- insulations
- Variable speed drives on air handling units and pool circulation pumps
- Photovoltaic panels.

28. Further energy saving projects being considered are:

- Bio-Mass boiler
- Additional motorised pool cover
- Further lighting replacements
- Boiler optimisation units
- Further photovoltaic panels.

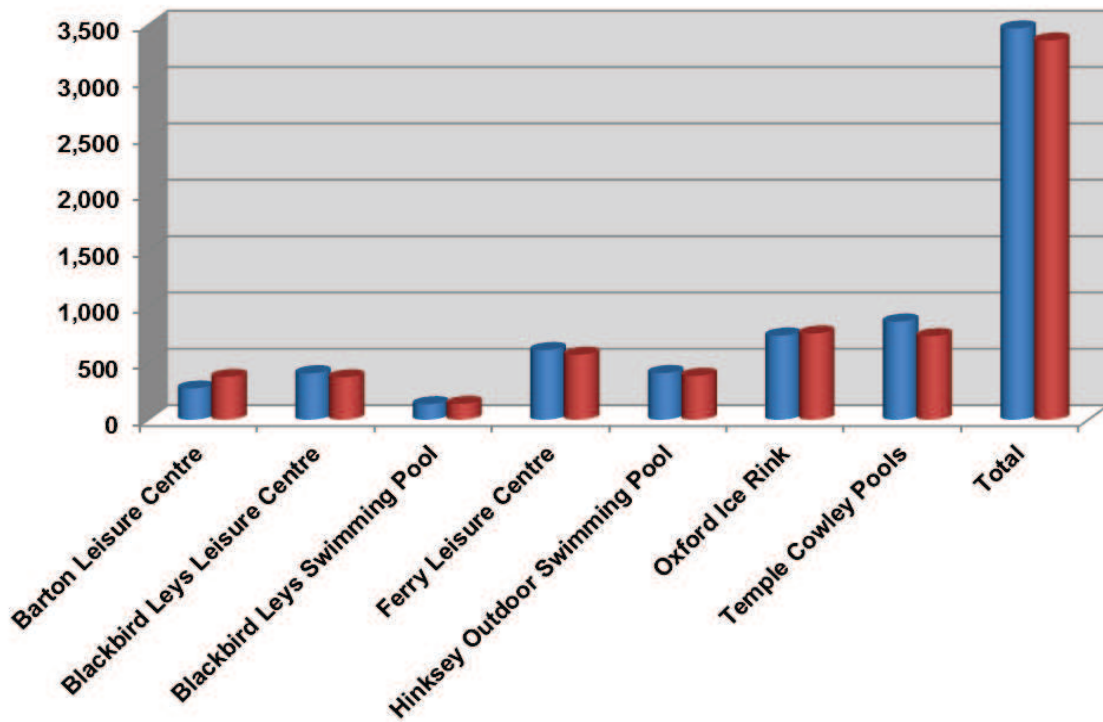
29. Regular meetings take place between Fusion and Council Environmental officers to review carbon efficiency across the portfolio of leisure facilities. The agenda includes:

- Utilities monitoring
- Salix projects
- Future development proposals
- New carbon initiatives.

30. In terms of overall performance year on year there is an overall 3 per cent increase in carbon emissions. The main issues may be attributed to:

- Impact of increased footfall
- Hotter summer in 2013 and therefore more demand on maintaining ice quality
- Due to legal challenges outside of Council control, transition to the new competition standard pool has been longer than planned leading to delay in closure of two inefficient facilities.

However, when compared with the period prior to the transfer to Fusion there has been an overall 3 per cent reduction of carbon emissions.



31. Fusion has environmental notice boards in each of the leisure facilities and staffs receive training in energy and carbon reduction.

32. Monthly excess energy consumption reports issued to facilities continue to highlight further potential operational energy/ carbon savings in leisure facilities. These are reviewed by:

- Each leisure facility
- Fusions Environmental Manager
- Council sustainability officers
- At regular meetings between council and Fusion officers.

Quality of service

33. Quality of provision continuously improves across leisure facilities.

34. International Standards 14001, 14002¹ and 9001² have been maintained following external assessments.

35. Five leisure facilities continue to be accredited with the UK quality award scheme for sport and leisure, QUEST:

Rank within Fusion facilities	Rank Nationally (604)
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¹ ISO 14001 and 14002 are a family of standards related to environmental management that exists to help organizations minimize how their operations negatively affect the environment, to comply with applicable laws, regulations, and other environmentally oriented requirements, and continually improve in the above.

² The ISO 9001 is a standard related to quality management systems and designed to help organizations ensure that they meet the needs of customers and other stakeholders.

	(81)	
Barton Leisure Centre	16	285
Blackbird Leys Leisure Centre	15	280
Ferry Leisure Centre	8	163
Hinksey Outdoor Pool	44	549
Oxford Ice Rink	31	453

Customer satisfaction.

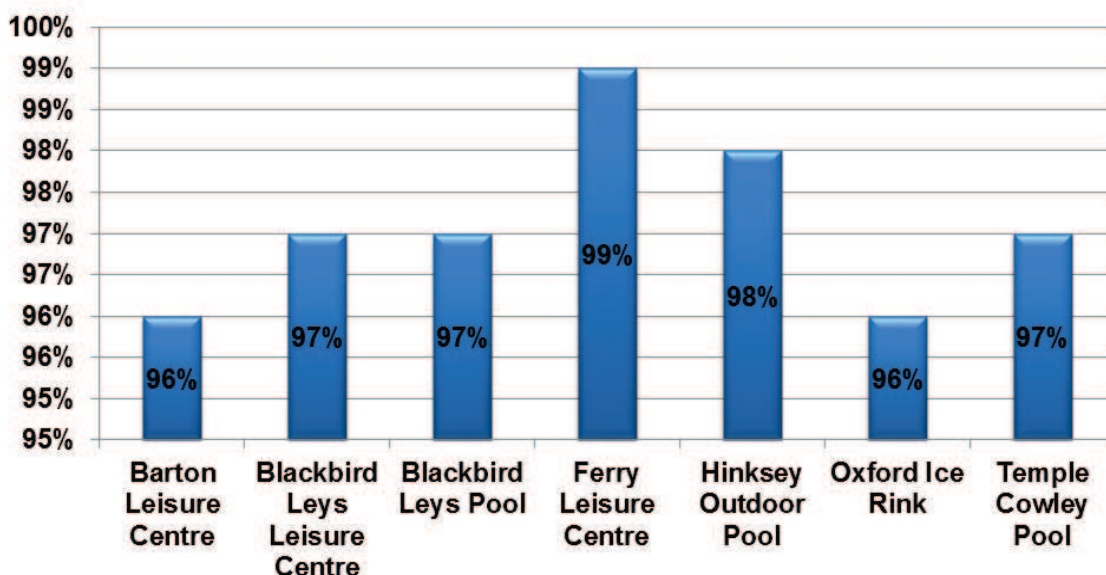
36. Fusion Lifestyles customer care process includes an approach to

- Facility presentation
- Customer enquiries and complaints
- Customer comments.

37. Overall customer satisfaction³ in 2013/14 was 96%.

Area	Score
• Knowledgeable, friendly staff	99 per cent
• Range of activities	98 per cent
• Condition of building	93 per cent
• Cleanliness	94 per cent
• Value for money	97 per cent
• Equipment	95 per cent
• Ease of booking and paying	98 per cent
• Ease of gaining information	98 per cent
• Website	96 per cent

³ 'Please Tell Us What You Think' the percentage of customers at least satisfied with leisure facility provision.



Outreach work

38. Fusion's Oxford Sports and Community Development Manager (SCD Manager) works closely with the Council's existing team and with other relevant partners to identify and deliver effective sports development processes and delivery.

39. The SCD Manager works alongside the Oxford Divisional Business Manager and each of the General Managers to develop facility sport programmes, to work with local partners and to create a structure for successful delivery of sport and physical activity across facilities.

(Appendix three: Example of Fusion's Outreach work log).

40. *Active Women*: Fusion continues to offer sessions on the Active Women scheme both in leisure centres and the wider community. This project in partnership with Sport England enables and encourages more women from disadvantaged communities and more women caring for children, to engage in sport by providing social, fun, local and affordable sessions at various venues across the city. All sessions are suitable for beginners or people returning to physical activity or sport and are run by qualified coaches and instructors.

- Total number of women engaged: 904
- Number of women from deprived areas: 324
- Number of women with children U16: 452
- Throughput: 7,074

(An example of the programme of activities offered is given in appendix four and a case study is given in appendix five).

41. *'Wake Up Shake Up'*: Fusion delivers sessions with primary schools and community events. This engages young people in simple movements to music as part of a fun warm up activity to prepare the children for the beginning of the day or events.

- 150 children took part from New Hinksey and Cutteslowe Primary Schools
- Approximately 500 children took part at Headington World Sports Day and Cowley Cricket Festival.



42. Fun, interactive water safety sessions were delivered by Fusion to an estimated engaged 500 children at:

- Marston Primary School
- Active Cutteslowe school event
- Headington World Sports Day.

43. To celebrate the Winter Olympics Fusion invited local primary schools to take part in Fun on the Ice workshops at Oxford Ice Rink. With the Winter Olympics taking place in 2013/14 it was a great opportunity to engage young people to take part in ice activities.

300 school children (years 5 & 6) attended workshops across three days. Two hour sessions ran consisting of free skate time, learn to skate group lesson and an interactive presentation on the winter Olympics and how an ice rink works. Schools participating included:

- Rose Hill Primary
- St Andrews Primary
- St Michaels Primary
- St Francis Primary.



Media Coverage was received through the Oxford Mail and featured on BBC South Oxford news.

44. In 2013/14 Fusion attended community outreach events across the city:

Oxford city Sport Relief Mile	Oxford United Family Fun Day
Active Cutteslowe	Cowley Road Carnival
Rose Hill Play Day	Barton Bash
Blackbird Leys Fair	Oxford Brookes & Universities Fresher's Fair
National Older Peoples Day Event	Headington Festival & Family Sports Day



45. Barton, Ferry and Blackbird Leys Leisure Centres and Temple Cowley Pool continue to offer an Exercise on referral, (143 referrals were received in 2013/14) and Junior Gym sessions. Blackbird Leys Leisure Centre also continues to host cardiac phase III rehabilitation sessions.

(Appendix six: Exercise on referral scheme summary).

Exercise on referral participant feedback example:

Facility: Blackbird Leys Leisure Centre

Referral reason: Obesity

Ethnicity: Other white background

No of sessions: 54

Impact: "Feel better, can work quicker, knees hardly ever hurt, whereas before were very painful".

46. Fusion also worked in partnership with the Council to deliver/ support:

- A programme of swim courses for city school teachers engaging with 12 staff
- The 2013 annual Parability Day, attended by more than 65 young people
- The Councils Youth Ambition strategy work through provision of free activity areas.

47. In partnership with the Council. Fusion continues to fund a GO Active Coordinator for the city. GO Active is a project that aims to help people in Oxfordshire to do more physical activity and exercise, getting more activity into their everyday lives. The project is led by the Oxfordshire Sports Partnership and has support and

funding from the City council and Fusion as well as Public Health Oxfordshire, Oxford Brookes University and Sport England.

48. GO Active offers a range of information, support and opportunities to try a new sport or activity where participants can have fun, be social and get active. With a local co-ordinator based in the city, there is someone available to speak to and get advice and information about activities on offer in the city. GO Active also offers talks on health and physical activity to community groups and organisations.

49. One of the projects delivered in 2013/14 was an over 50's Racketball at Ferry Leisure Centre. This partnership project with National Governing Body engaged more over 50's in sport whilst optimising utilisation of underused squash facilities. Initially the session ran as a six week course with England Squash and Racketball (ES&R) is providing the equipment, GO Active covering the coach costs and Fusion providing the court space in kind.

50. The course attracted 12 participants with an even split of six men and women, mainly from the north and north east wards of Oxford. Due to the success of the course the sessions became sustainable. ES&R donated the equipment, Fusion reserved the court space as an on-going Over 50's Racketball session at £1.20 per person and GO Active continued to support the session with marketing and promotion.

51. The Council continues to fund 50 free hours of swimming and targeted free swimming lessons to those under 17 years of age living in the city; the latter scheme for those in receipt of eligible benefits or Free School Meals and with targeted schools .

52. At the end of March 2013/14:

- 121 individual targeted free swimming lessons were approved



- More than 1,500 young people registered for free swimming session cards
- Circa 21,000 visits took place across the city pools (including Hinksey Outdoor Pool)
- Visits by facility were:

➤	Barton Leisure Centre	5,500
➤	Blackbird Leys Pool	1,600
➤	Ferry Leisure Centre	5,000
➤	Hinksey Outdoor Pool	2,700
➤	Temple Cowley Pool	6,000.

53. *Social Impact:* Fusion have committed to commissioning a specific study to assess the wider social impact within the Oxford contract during the course of 2014/15. This will specifically include consideration of the impact on public health and wellbeing within Oxford.

Staffing

54. There has been a growth in the number of people employed in the management and staffing of Oxford leisure facilities. Circa 10 full-time equivalent roles have been created to date.

55. The headcount of staff employed actively within the contract is approximately 260. Of these, 51 staff were subject to the original transfer from OCC to FL in March 2009. The terms and conditions, including relevant allowances, of these staff remain unchanged.

56. Further, since April 2012 the Oxford Living Wage has been employed across the leisure facility workforce, such that the aggregate hourly wage of all members of staff meets at least the Oxford Living Wage level set by the Council. Furthermore, there is an agreed mechanism whereby the staff enjoy the continued application of the Oxford Living Wage as and when it increases through the entire term of the contract.

57. In 2013/14 19 staff undertook National Vocational Qualifications as part of Fusions partnership arrangement with Lifetime Training. The qualifications incorporate a range of courses including Leadership and Management, Business and Administration, Active Leisure Fitness. Similar courses continue to be offered to relevant new staff when they start with Fusion.

Conclusion

58. Contract achievements to date are summarised as:

- Usage has increased by 42 per cent on pre contract levels, now totalling around 1.2 million visits a year
- Main increases in usage is in our target groups, which have increased by 61 per cent since 2009/10
- Net subsidy per user has reduced from over £2 in 2009/10 to 62 pence per user (including utilities)
- Customer satisfaction levels are at 96 per cent
- Quest (the sport and leisure industries quality assurance scheme) continues to be achieved at five facilities.
- Carbon emissions have decreased on pre contract levels
- Bonus concessionary membership offer has been held for a fifth consecutive year, supporting affordable access to leisure facilities and activities.

- Outreach programmes and interaction with other partners around public health issues sports and community development provision has improved giving good grounding for the future opportunities to be explored and implemented
- Fusion are committed to commissioning a study to assess this wider social impact within the Oxford contract
- Oxford Living Wage has been employed across the leisure facility workforce
- Significant council investment and improved quality of the leisure provision has been demonstrated through achievement of external accreditation schemes.

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Background papers:

None