

To: City Executive Board
Date: 11 May 2017
Report of: Head of Community Services
Title of Report: Fusion Lifestyle’s Annual Service Plan 2017/18

Summary and recommendations	
Purpose of report:	The report recommends that the City Executive Board endorse Fusion Lifestyle’s 2017/18 Annual Service Plan for the continuous development, management and operation of leisure services in Oxford– as recommended by the Leisure Partnership Board.
Key decision:	Yes
Executive Board Member:	Cllr Linda Smith, Board Member for Leisure, Parks and Sport
Corporate Priority:	Strong, Active Communities; Vibrant, Sustainable Economy; Cleaner, Greener Oxford City Council.
Policy Framework:	Leisure and Wellbeing Strategy, 2015 to 2020.
Recommendation: That the City Executive Board resolves to:	
1. Endorse the Fusion Lifestyle Annual Service Plan for 2017/18 as recommended by the Leisure Partnership Board.	

Appendices	
Appendix 1	Fusion Lifestyle’s Annual Service Plan 2017/18
Appendix 2	Risk Register
Appendix 3	Initial Equality Impact Assessment

Introduction and background

1. In March 2009 the Council entered into a contract with Fusion Lifestyle (Fusion) a social enterprise with charitable status for the continuous development, management and operation of leisure services in Oxford.
2. In February 2014 the City Executive Board agreed to extend the contract for the development, management and operation of the City’s leisure centres for a five year period to April 2024.

3. Fusion's 2017/18 Annual Service Plan (Plan) builds on the Council's approach to delivering world class leisure provision to Oxford's residents.
4. The contract with a social enterprise whose sole focus and extensive expertise is operating leisure facilities has greatly improved the user experience, alongside achieving increased cumulative cash savings of around £1.94 million per year.
5. The cost of the core leisure management contract to the Council was fixed according to an agreed payment schedule for the period of the contract. From April 2015 and for the remainder of the contract Fusion now pay the Council for the management of facilities. This equates to around £3 million pounds savings to the council over the remaining contract period.
6. Over this period facilities have been greatly improved with around £15 million of capital investment by the Council, which has in the main been funded by increased income.

Key achievements in 2016/17

7. Leisure provision in the city is continuously improving since the collaboration with Fusion in 2009 and supports the Council's strategic aims.
8. Accessible and affordable leisure opportunities through pricing structures at appropriate and inclusive levels.
 - Fees and charges are based on charging a market rate for those who can afford it, whilst offering concessions to those on low incomes.
 - The Bonus concessionary membership scheme for those in receipt of one of 15 eligible benefits, and their dependents, continues to give reduced rates on activities at all our leisure facilities and continues to offer affordable access to Oxford facilities.
 - The Bonus concessionary monthly membership has been discounted from £25 per month to £19.
 - A facility only membership is being piloted at Leys Pools and Leisure Centre.
9. Improving health and well-being by positively promoting and delivering the benefits of healthy living and active lifestyles.
 - Pilot of healthier choices vending schemes at Leys Pools & Leisure Centre.
 - In partnership with Oxfordshire Sport and Physical Activity (OxSPA) Active Women programmes were designed to overcome barriers that prevent women being active.
 - Provision of reduced cost facilities to local groups such as Oxford Swans disability swimming group.
 - Delivery of an Exercise on referral scheme in partnership with local Health Practitioners and OxSPA.
 - For a second year Leys Pools and Leisure Centre hosted the Oxfordshire College Games. The tournament was primarily about engaging students in the further education sector who have stopped participating in sport.

- Evaluation through Social Return on Investment (SROI) methodology, February 2016 found that Fusion generated £18,286,935 of gain from its work in Oxford during 2014.¹

10. Supporting the Council's Youth Ambition Programme.

- Continued to deliver Council funded free swimming sessions and lessons for those under 17 years of age and living in the city.
- Junior Gym sessions in city leisure facilities.
- Affordable leisure memberships offer for those less able to afford to participate.
- Venue provision for Youth Ambition projects.

11. Tackling climate change and promote sustainable environmental resource management providing quality through continuous improvement.

- OCC has been working in collaboration with Fusion on a range of Carbon reduction projects, such as:
 - Solar Photovoltaics
 - Biomass wood chip boiler
 - Voltage Optimisers
 - Waste Heat Recovery
 - LED Lighting
 - Pool covers
 - Boiler optimisation and upgrades
- Since 2011 an estimated 212 tonnes of carbon dioxide per year has been avoided and estimated £41,000 per year saving in energy spends (quantify??) . This has been achieved against a backdrop of a large increase in participation and indicates good progress and commitment with the Council's priority to reduce carbon emissions.

12. Driving value for money by ensuring that the leisure offering is of a high standard and innovative.

- Additional increases in the Oxford Living Wage and energy costs have been absorbed.
- Quest (the sport and leisure industry quality and customer assurance scheme) has been achieved and maintained at all the centres, with Ferry Leisure Centre achieving "Quest excellent."
- Fusion continues to maintain International Standards 14001, 14002 and 9001 following external assessments.
- Development on time and within budget of the new 3G multi-use games area and new parking bays at the Leys Pools and Leisure centre.

13. Delivering Service Excellence by striving to achieve an excellent customer satisfaction rating

¹ Ross, C. Barker, L. and Epsley, S. (2016) Fusion Lifestyle Social impact evaluation of selected projects, London, Fusion Lifestyle and Bates Wells & Braithwaite LLP

- Currently very high customer satisfaction levels - 92 per cent satisfied and 75 per cent of customers rate the centres as good or excellent.
- Fusion also uses Net Promoter Score² which is a methodology to measure the willingness of customers to recommend leisure services to others. In 2015/16 Oxford leisure services averaged 21 per cent, which is the second highest rating in the Fusion business. To further context this Virgin Active's average score in 2015 was 17 per cent across their 105 clubs.

Development of the 2017/18 Plan

14. The 2017/18 Plan was developed and agreed by the Leisure Partnership Board. The Board consists of representatives from the following groups:

- Leisure centre customers
- Older people
- Young people
- Executive member (labour) with the responsibility for leisure
- Liberal democrat with the responsibility for leisure
- Senior Council and Fusion Officers
- Public Health
- Oxfordshire County Council - Early Intervention

The function of the Board is to oversee the delivery of the city's corporate objectives through the leisure contract. An effort has been made to broaden input into the Board and over the last year there has been more attendance and contribution from Young People and Users.

15. Preparation of the 2017/18 Plan has incorporated:

- Review of performance from contract commencement
- Review of achievements in respect of national and industry relevant benchmarks
- Commitments and intentions set out in Fusion Lifestyles tender submission
- Liaison with stakeholders
- Linkage to the Council's corporate plan.

16. A summary document will clearly set out the Plan headlines and be available to customers, staff and other key stakeholders. The document will be printed in a format consistent to previous contract years. (Appendix One, Fusion's 2016/17 Summary Plan).

2017/18 Performance Targets ³

² The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.

³ Based on April 2016 to February 2017 visits

17. Key targets committed to in the 2017/18 Plan include:

	2016/17 estimated outcome	2017/18 target
Year-on-year increase in participation by residents in the most deprived wards in the city	90,000 visits	94,500 visits
Year-on-year increase in participation by people over 50 years of age	116,000 visits	133,400 visits
Year-on-year increase in participation by women and girls	421,000 visits	442,000 visits
Year-on-year increase in participation by people aged under 17 years	189,000 visits	198,500 visits
Year-on-year increase in participation by Black, Asian and Minority Ethnic people	78,800 visits	90,800 visits
Year-on-year increase in participation by people with a disability	16,800 visits	19,300 visits
Year-on-year increase in participation by key target groups ⁴	484,000 visits	508,200 visits
To maintain customer satisfaction levels at leisure facilities above 95% (Good, Satisfactory, Excellent).	92%	> 95%
Striving for excellence with the aim on achieving a good or excellent customer satisfaction rating.	60%	60%
To retain Quest accreditation at four facilities at least "good" level. One at Quest Excellence	5 facilities	5 facilities
Contribute to the Council's delivery of a 5% minimum reduction in carbon emissions year-on-year.	5 per cent	5 per cent

18. Overall visits have increased 32 per cent on pre contract levels, now totalling around 1.25 million visits a year.

19. The main increase in usage is in our target groups (people from areas of deprivation, Black, Asian and Minority Ethnic Groups (BAME), people, older people, disabled people, women and girls and under-17s), which have increased from 206,000 visits in 2009/10 to 445,000 visits in 2016/17.

20. The overall number of customer visits to leisure facilities in 2016/17, is expected to be 1.4 million, an increase of 36 per cent since contract commencement; approximately 504,000 more visits per annum when compared with the period prior to the transfer to Fusion.

21. The 2016/17 figures are provisional; we will have final participation figures from Fusion in early April 2017.

⁴ Young People, Older people, those with disabilities, BAME and those from areas of deprivation.

22. Over the next year we will be investing £50,000 in planned maintenance.
23. Competitor benchmarking against neighbouring leisure providers continues to demonstrate that fees and charges in city leisure facilities continue to be at least comparable.

Key focus areas for 2017/18

24. A number of commitments were agreed - by the Leisure Partnership Board - within the business planning process for inclusion in the 2017/18 Plan.
 - To look at the good/excellent rating of customer service, aiming for a 60% excellent rating in 2017/18.
 - To increase participation by a minimum of 5% and in some cases 15%.
 - For Fusion to increase income and reduce deficit in 2017/18 to sufficient levels to produce a surplus in all sites.
 - To contribute to the delivery of the Council's targets of reducing carbon emissions by a minimum 5% year-on-year.
 - To maintain at all facilities the UK quality award scheme accreditation QUEST score of at least 'Good', target Ferry Leisure Centre to maintain it's 'Excellent rating' and press Fusion to work towards an 'Excellent rating' for Leys Pools and Leisure Centre.
 - Review the Council funded free swimming session and lesson schemes and implement a communications plan to promote provision.
 - To prioritise feasibility opportunities for crèche facilities at Ferry Leisure Centre in 2017.
 - Development of the Horspath Sports village in partnership with key stakeholders (including Oxford City Athletics Club).

Performance Management

25. There will be an on-going review and monitoring process for the Plan. This will incorporate management scrutiny, monthly client performance reports, monthly meetings between key representatives of the Council and Fusion, quarterly Leisure Partnership Board meetings and a formal review in advance of the 2018/19 planning process.

Environmental

26. The Plan has targets and actions that will have a positive environmental impact. These contribute to the Council's commitment for tackling climate change, promoting sustainable environmental resources, and to the reduction of carbon and water. The partnership between the Council and Fusion will continue to stretch this and where additional investment is required it may be possible to build sound business case.

Financial implications

27. Savings from the contract with Fusion are already reflected in the council's budget and the risk for achieving these is Fusions. The management agreement also contains provisions to share Legal issues.
28. The Council has a contractual relationship under which the council's leisure facilities are managed by Fusion. The Leisure Management Agreement sets out the range of contractual requirements with which Fusion must comply. Fusion's delivery of the Service Plan is a contractual commitment.

Level of risk

29. There is a low level of risk to service provision. The contract has a good track record, strong contract management and member scrutiny. Descriptions and mitigation for this level of risk are demonstrated in the Risk Register, (Appendix Two).

Equalities impact

30. Targets and actions within the Plan ensure equitable access to improved facilities and encourage increased usage for underrepresented and concessionary groups, in accordance with the equalities impact assessments and action plan, (Appendix Three).

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Background Papers	
1	Fusion Lifestyle's Annual Service Plan summary 2016/2017 (proposed design of finished document)

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