

To: Cabinet
Date: 12 June 2019
Report of: Head of Community Services
Title of Report: Fusion Lifestyle's Annual Service Plan for Oxford leisure facilities (2019/20)

Summary and recommendations

Purpose of report:	To recommend that the Cabinet endorse Fusion Lifestyles 2019/20 Annual Service Plan for the continuous development, management and operation of leisure services in Oxford
Key decision:	Yes
Cabinet Member:	Deputy Leader, Leisure and Housing
Corporate Priority:	Strong Active Communities, Efficient Effective Council, A Cleaner Greener City.
Policy Framework:	Leisure and Wellbeing Strategy, 2015 to 2020.

Recommendations: That Cabinet resolves to:

1. **Note** the national and local context of the leisure market;
2. **Note** the overarching performance dashboard for 2018/19, as attached as Appendix 1; and
3. **Endorse** the Fusion Lifestyle Annual Service Plan as recommended by the Leisure Partnership Board and attached as Appendix 2.

Appendices

Appendix 1	Overarching performance dashboard, 2018/19
Appendix 2	Fusion Lifestyle's Annual Service Plan, 2019/20
Appendix 3	Risk Implications
Appendix 4	Initial Equality Impact Assessment

Introduction and background

1. In March 2009 the Council entered into a contract with Fusion Lifestyle (Fusion) for the continuous development, management and operation of leisure services in Oxford. Fusion are a social enterprise with charitable status whose sole focus and extensive expertise is operating leisure facilities.
2. Prior to starting the contract with Fusion in 2009, the leisure centres were costing the Council over £2million per year.

3. The cost to the Council is fixed according to a payment schedule for the contract period. This figure has reduced to just under £100,000 per year, alongside absorbing increases in living wage, utility costs and adding in additional free swimming sessions for young people.
4. In February 2014 the City Executive Board agreed to extend the contract for a five year period commencing 30 March 2019 to April 2024; following a contract review that led to an improved financial and service offer.
5. The savings made over the contract period have contributed towards a range of improvements to the leisure centres, with around circa £15 million of capital investment funded by the Council.
6. A study was undertaken in 2014 which showed Oxford's leisure centres deliver c£18m of social value each year.

State of the leisure industry

7. The last few years have seen significant changes in the market. This growth is being primarily driven from the private sector, which has more clubs, more members and a greater market value than ever before. The sector is transforming and challenging traditional service models and delivery.
8. The low cost (budget) market has continued to be the main driving force behind the private sector growth over recent years, with more clubs planned for the coming year.
9. More people are exercising outdoors, using technology to support their exercise and mass participation events are still increasing.
10. Whilst an increasing offer in the City is beneficial for our communities, recent research also suggests increased financial pressures on users, with people having less disposable income may see a reduction in longer term membership in favour of pay-as-you-go and shorter term options.
11. The ability to be flexible and respond to market changes is becoming increasingly important.
12. Sport England continues to encourage a collaborative approach with the development of hubs and facilities that deliver physical activity and provide other services rather than traditional 'sport' models.
13. Positively, Leeds has just become the first place in the UK to reduce obesity levels which they are putting down to a fully joined up approach that starts from birth. This can be seen as a full system approach where all the elements that impact someone's health and wellbeing are working effectively together.

Oxford context

14. Much of the Council's progress in recent years has been achieved through effective partnership working, taking a place leadership approach to increasing physical activity levels and delivering an offer broader than only focusing on leisure centres.

15. The Council's leisure provider Fusion Lifestyle is also feeling the squeeze that has resulted from a more competitive market place and they are continuing to work hard to try to tighten up their costs. That said Fusion's most recent accounts indicate good direction of improvement and they anticipate that this positive trend will continue in 2019.
16. After a fall in participation in 2017/18, the number of active participation visits increased in 2018/19 by 25%. Fusion are not sure why the usage dropped in 2017/18, however the dip may be attributed to a wide combination of economic, social and operational factors.
17. The Council has continued to deliver a strategic approach to increasing participation in sport and physical activity and has made a number of investments:
 - Community facilities (i.e. new multipurpose activity areas in Community Centres).
 - A gym at Oxford Spires Sport & Fitness Centre (Oxford Spires Academy).
 - Broader delivery through sport and physical activity programmes, community outreach and youth ambition.
 - Investment in the Council's green spaces (i.e. play areas, fitness trails, tennis courts and sports pavilions)
 - Oxford Sports Park (£4.9m).
18. The Council's Leisure & Wellbeing Strategy (2015 to 2020) recognised these changing trends with people wanting more variety and easily accessible opportunities to be active and the Council invested in opportunities to enable people to be active in the City's parks.
19. These trends have seen more people doing a broader range of activities such as mass participation events such as Park Runs, Race for Life and Tough Mudders. Alongside this there are now four budget gyms in Oxford. The quality and experience provided by these gyms has improved significantly in recent years and they are a lower price than council leisure facilities.
20. The Council's strategy has been successful and it has helped Oxford move from having one of the lowest levels of activity in country in 2007, to now the least inactive district in the country, while Oxfordshire has become the least inactive county in the UK - according to Sport England's latest Active Lives Survey.
21. The result builds on success earlier in the year in achieving the national award of Highest Achieving Active Communities Team and achieving OUTSTANDING in Quest for Active Communities. (Quest is the UK quality standard for sport and leisure).
22. Leisure centres are increasingly focusing on getting the inactive active, rather than trying to compete with budget gyms. These trend and market conditions are making it increasingly challenging to achieve the Council's ambitious participation targets.
23. All five of the Council's leisure facilities continue to be accredited to the UK quality award sachem for sport and leisure, Quest. In 2018/19 Barton and Ferry leisure Centres positively moved from a Good to Very Good rating.
24. Leisure Centres have a place in delivering the broader value and context of reaching the needs of those less active or inactive. They are an intrinsic vehicle and provider to part of a wider whole-systems approach for improving the quality of life physically, mentally, socially and economically for residents in our communities.

25. Fees and Charges are contractually proposed annually by Fusion¹ and approved by Council in line with budget process and timelines. In 2019/20 a review will be completed to explore how the Council can modernise leisure concessions. A future report will be brought to the Cabinet detailing any recommendation.

Steps to continuously improve

The steps are to:

26. Implement, monitor and report progress of the 2019/20 Fusion Lifestyle Service Plan for the continuous development, management and operation of leisure services in Oxford.
27. Maintain a positive client and contractor relationship to deliver growth whilst continuing with the depth and governance of service delivery.
28. Continue an approach of co-ordinated objectives and visions from the Council, Fusion, other health and wellbeing stakeholders and engagement with service users.
29. Continue to work with Fusion to understand the constraints of the existing contract specification and financial delivery model for continuous development, management and operation of leisure services in Oxford.
30. There is a clear vision and aspiration for world class leisure provision for everyone living, working or visiting the City. The Council aspires to ensure that City leisure facilities are available to all and offer the highest possible standards.
31. Fusion's 2019/20 Plan builds on the Council's approach to delivering world class leisure provision to Oxford's residents, recognising the changing market. As such, aspirational participation targets have been set for the year.
32. The 2019/20 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 member with the responsibility for leisure
 - Senior Council and Fusion Officers
 - Public Health
 - Oxfordshire Clinical Commissioning Group.
33. The function of the Board is to oversee the delivery of the Council's corporate objectives through the leisure contract.
34. Preparation of the 2019/20 Plan has incorporated:
- Review of performance from contract commencement.

¹ Appendix Two: Fusion Lifestyle's Annual Service Plan, 2019/2020. Fusion Annual Service Plan, 2019/20: Financial 1, Action Reference 2 *To ensure that pricing structures and levels across the leisure facilities are appropriate and inclusive.*

- Review of achievements in respect of national and industry relevant benchmarks.
- Consideration of the changing market
- Commitments and intentions set out in Fusion's tender submission.
- Liaison with stakeholders.
- Understanding the part the Council has in working to adapt its delivery model in light of the changing world.
- Linkage to the Council's Corporate Plan.

Performance Management

35. 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 2020/21 planning process.

Environmental

36. 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

37. Savings from the contract with Fusion are already reflected in the Council's budget.

Legal implications

38. By virtue of Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 the Council has discretion to provide, inside or outside its area, such recreational facilities as it thinks fit and those powers specifically include powers to provide indoor facilities for sports activities as well as premises for the use of clubs or societies having athletic, social or recreational objects

39. 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

40. The changing leisure market is a risk to service provision. The contract has a good track record, strong contract management and member scrutiny, alongside external quality accreditation and auditing. Descriptions and mitigation for this level of risk are demonstrated in the Risk Implications, (Appendix Three).

Equalities impact

41. 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 Four).

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Background Papers: None
