

Report to Stronger Place Select Committee

Date of meeting: 08 November 2022



Portfolio: Contracts & Commissioning Portfolio (Councillor N Avey)

Subject: Leisure Services Contract Update

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Recommendations/Decisions Required: To note and comment on the leisure services contract update.

Report:

1. Epping Forest District Council appointed Places for People Leisure (PFPL) as its partner for the development and management of its four leisure facilities. The agreement commenced in April 2017 and is a 20-year Design, Build, Operate and Maintain contract.

Contract Management

2. The contract is managed through monthly leisure contract managers meetings, where performance of the delivery of services in accordance with the agreed contract and against the performance standards are reviewed. Contract performance is monitored through monthly performance reports.

3. The Leisure Management Contract Partnership Board provides strategic oversight and robust challenges over the contract, providing effective dialogue and resolution of issues at senior officer and Member level.

Key Performance Indicators

4. The Council undertake monitoring of the services to ensure performance against set requirements and Key Performance Indicators (KPIs) in the contract. Key Performance Indicators are subject to effective scrutiny by Officers and Members as KPIs are reported to each operational meeting and Partnership Board. We are beginning to see a positive return to leisure centres compared to FY19-20 levels (see tables below).

Fitness Membership (Club Live)

Club Live	February 2020	July 2022	August 2022	September 2022	Var	%
Epping Sports Centre	1,691	1,234	1,233	1,243	- 448	-26%
Loughton Leisure Centre	4,348	3,948	3,950	3,943	- 405	-9%
Ongar Leisure Centre	1,320	1,133	1,131	1,115	- 205	-15%
Waltham Abbey Leisure Centre	2,586	2,437	2,422	2,403	- 183	-7%

Swimming Membership (Club Live)

Club Live	February 2020	July 2022	August 2022	September 2022	Var	%
Loughton Leisure Centre	524	517	526	517	- 7	-1%
Ongar Leisure Centre	115	166	161	164	+ 49	143%
Waltham Abbey Leisure Centre	376	436	436	446	+ 70	118%

Swimming Lessons

Swimming Lessons	February 2020	July 2022	August 2022	September 2022	Var	%
Loughton Leisure Centre	2,663	2,846	2,805	2,800	+ 137	105%
Ongar Leisure Centre	898	841	834	854	- 44	- 5%
Waltham Abbey Leisure Centre	1,480	1,704	1,748	1,808	+ 328	122%

Management Fee

5. During the Covid-19 pandemic, EFDC provided financial support to Places Leisure in order to maintain the operations of the leisure centres in the district. The financial support was provided by a monthly open book examination of Places Leisure's operating transactions and financial records. The recovery rates in leisure centre usage have enabled Places Leisure to resume the payment of management fees. Management fees for FY22-23 revert to fixed monthly fees as operational risk reverts to Places Leisure.

Energy Costs

6. The rising energy costs pose a significant challenge for the leisure industry. Officers and Places Leisure are continuing to work hard in mitigating the rising energy costs by implementing measures across the centres to reduce the levels of consumption. Initiatives that have already been introduced and good housekeeping has resulted in significant reductions in electricity and gas consumptions. Larger projects and opportunities being explored are pool covers in Waltham Abbey and Ongar; new BMS at Loughton; LED conversions at all centres; and variable speed drives on pool pumps at Loughton.

New Epping Leisure Centre

7. In January 2021, Cabinet agreed that the new leisure centre in Epping is to be delivered by Places Leisure under the DBOM contract (as the Waltham Abbey Leisure Centre). A formal Deed of Variation has been issued and an external legal adviser has been appointed to prepare and negotiate the DBOM contract variation. The new Epping Leisure Centre project is currently in the second stage of the procurement phase, with the contract award anticipated early 2023. The construction phase of the new Epping Leisure Centre is expected to commence Summer 2023, with a two-year construction period.

Reason for decision: To note good progress on leisure contract management.

Options considered and rejected: n/a

Consultation undertaken: n/a

Resource implications:

- Maintaining contract management processes via the EFDC Leisure and Parking Team.
- EFDC Procurement & Contracts Team to administer the procurement phase of the new Epping Leisure Centre project.
- External legal consultant for legal documents review and contract negotiations.
- EFDC Leisure and Parking Team and Places Leisure to oversee the new Epping Leisure Centre project.

Legal and Governance Implications: None.

Safer, Cleaner, Greener Implications:

Consultation Undertaken: None

Background Papers: None

Impact Assessments: N/a

Risk Management: The DBOM contractual arrangement reduces the risks to the Council by relying on the expertise of the leisure service provider to use their commercial and operational acumen to deliver and manage a facility at optimum cost ensuring the best commercial return. Leisure contract risks are assessed by Officers and kept under regular review.