

## Part A

**Report to:** Outsourced Services Scrutiny Panel (OSSP)

**Date of meeting:** 28 January 2019

**Report author:** Head of Community & Environmental Services

**Title:** End of Year 10 Report 2017-2018 - Leisure Centre Management Contract (LCMC)

### 1.0 Summary

1.1 The Outsourced Services Scrutiny Panel are responsible for reviewing those services outsourced by Watford Borough Council, which includes the contract with Everyone Active (SLM) for the leisure facilities.

1.2 On the 28 January 2019 members of the panel will have an opportunity to pose questions to representatives from Everyone Active (SLM) and the Council's Leisure and Community Team.

1.3 The attached appendices set out the following information that provides Portfolio Holders and Heads of Service the with background information to support the scrutiny of the contract –

1. End of Year Report by SLM/Everyone Active (2017 – 2018)
2. Copy of new KPIs for the LCMC (2018 - 2033) – Appendix 1
3. New LCMC governance and political oversight arrangements – Appendix 2

### 2.0 Risks

#### 2.1

<b>Nature of risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> (treat, tolerate, terminate or transfer)	<b>Risk Rating</b> (combination of severity and likelihood)
Unsuccessful close down of the old lease and contract arrangements.	Outstanding maintenance issues affect the performance (service delivery and financial) of the new LCMC.	Officer to review the councils and operators final dilapidation surveys reports to ensure that any outstanding maintenance works that are required under the old LCMC arrangements are carried out.	Treat	Unlikely (2) x High (3) = rating of 6

Implementation of new contract arrangements and service specification requirements not fully understood or comprehended by the council and operator.	The existing staff and client team continue using and implementing the old contract arrangements.	Officers to set up a series of meetings to implement the contract, service specification and KPI's framework of the new LCMC.	Treat	Unlikely (2) x High (3) = rating of 6
Contractors do not deliver contract and service specification.	The facility or services is not available for residents and customer to use.	Regular contract monitoring by the council to review the contract and KPI'S requirement are being met by the contractor alongside scrutiny by Cllrs.	Treat	Unlikely (2) x High (3) = rating of 6
Contractor goes into administration.	As above.	As above.  Regular review of contractors accounts.	Tolerate	Unlikely (2) x High (3) = rating of 6
Contractor is taken over by another company.	Could have no impact on the service.  Or  New company tries to alter the contract/SLA and KPI's which impacts on the activity programme or service.	As above.  Option to terminate the contract early.	Tolerate	Unlikely (2) x High (3) = rating of 6
Contractor fails to achieve the forecasted/stat ed levels of income in their tender submission.	Contractor tries to reduce level of positive management fee to council.  Potential reduction in income share to the council.	Regular review of contractor's accounts and credit rating.  Regular contract monitoring by the council to review the impact of new gyms or sports facilities entering the local market and the potential impact on the profitability of the LCMC.	Treat	Unlikely (2) x High (3) = rating of 6

Death or injury to a customer/user or member of staff.	Distress to injured parties.  Reputational risk to council and contractor in failings in health and safety compliance is identified.	Regular contract monitoring by the council to review the health and safety and contract requirements are being met and reviewed by the contracto.r	Treat	Unlikely (2) x High (3) = rating of 6
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### 3.0 Recommendations

- 3.1 To review the progress of the Year 10 performance of the old contract LCMC and consider whether any further action is required.

#### Further information:

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**Report approved by:** Alan Gough Head of Community & Environmental Services

### 4.0 Detailed proposal

- 4.1 The leisure centres are a high profile front facing public service which helps to deliver the council corporate objectives and links to the authority's wider social and wellbeing agenda.
- 4.2 The council awarded a 10 year (June 2008 - June 2018) leisure centre management contract to Sports and Leisure Management (SLM – Everyone Active) to operate the leisure centres. The company now operates over 160 leisure and cultural facilities across the UK in partnership with 47 different local authorities. Both facilities have obtained the external Quest accreditation for leisure facilities, Watford Woodside and Watford Central are currently rated as 'Excellent'.
- 4.3 This report is the last under the old contract arrangements. The end of year report produced in partnership with SLM/Everyone Active, details a snap shot of the positive outcomes and initiatives that have been delivered through the leisure contract over the last 12 months.
- 4.4 Each of the major contracts (SLM for the Leisure Centres, Veolia for the Waste, Streets and Parks and HQ Theatres for Watford Colosseum) has a bespoke service specification which details the KPIs required by the council. The previous KPIs were very much based upon a first generation contract and service specification. The new KPI's (Appendix 1) selected by the council will ensure that they are not data heavy or restrict the performance of the leisure operator. The indicators will provide the council with the information required to demonstrate that the facilities are having a positive impact and outcomes on the council's community wellbeing agenda.

- 4.5 A new Strategic Partnership Board (SPB) will be established for the LCMC based upon the same model as the current Veolia contract and principles. Appendix 2 details the new governance arrangements.
- 4.6 Alongside the new KPI's (detailed in Appendix 1), understanding the wider Social Value and the positive outcomes of the major contract investment is important to the Council. Since 2017 additional research has been conducted to establish a baseline dataset on the following topics (1) reducing the Carbon Footprint and evaluation of the wider supply chain and the economic benefit (2) local firms/companies employed by the major contracts to deliver services (3) workforce and volunteering information.
- 5.0 **Implications**
- 5.1 **Financial**
- 5.1.1 There are no financial implications or issues identified in this report
- 5.2 **Legal Issues**
- 5.2.1 There are no legal implications or issues identified in this report
- 5.3 **Equalities, Human Rights and Data Protection**
- 5.3.1 During the last 12 months the council and its appointed leisure provider have faced a number of challenges from customers and members of the general public to the swimming pool policy regarding single sex and women and girls only swimming sessions.
- 5.3.2 An Equality Impact Analysis (EIA) was completed as part of the new LCMC retender process and the full report has been published on the internet. The assessment has considered there are no identified emerging needs that are currently not met, through the proposed contract and service specification.
- 5.4 **Staffing**
- 5.4.1 There are no changes to WBC staffing arrangements identified in this report
- 5.5 **Accommodation**
- 5.5.1 There are no changes identified in this report relating to WBC office/town hall accommodation.
- 5.6 **Community Safety/Crime and Disorder**
- 5.6.1 The council has considered the crime and disorder implications of the old and new LCMC and ensured that the operator and service specification will make a positive contribution. The activities resulting from the services provided by many of the leisure operators particularly in relation to sport and physical and youth activities will contribute to a safer environment.

## **Appendices**

1. End of Year Report by SLM/Everyone Active (June 2017 – May 2018)
2. Copy of new KPIs for the LCMC (2018 - 2033) – Appendix 1
3. New LCMC governance and political oversight arrangements – Appendix 2