

Executive Committee

1 November 2016

Annual progress report for Dorchester Sports Centre

For Decision

Portfolio Holder:

Cllr Mary Penfold - Enabling

Senior Leadership Team Contact:

M Hamilton, Strategic Director

Report Author:

T. Hurley, Leisure Commissioning Manager

Statutory Authority:

Localism Act 2011 – ‘general power of competence’.

Purpose of Report

1. The purpose of the report is to:
 - a) inform the committee of the performance of the Dorchester Sports Centre and its operator, 1610 Ltd, in providing a service to the local community;
 - b) update the committee on progress with the resolution of building defects outstanding from the construction contract;
 - c) present to the committee proposals by 1610 Ltd for changes to the fees and charges at the centre;
 - d) present draft terms of reference for a stakeholder consultation group to contribute to the effective operation of the facility.

Officer Recommendations

2. That the Committee:
 - a) notes the performance of 1610 Ltd in the operation of the Dorchester Sports Centre in 2015-16 (Appendix A);
 - b) notes progress with resolution of outstanding building defects at the Dorchester Sports Centre.
 - c) approves the proposed changes to the fees and charges at the Dorchester Sports Centre (Appendix B) as submitted by 1610 Ltd for implementation from 1 January 2017;

- d) approves the terms of reference for the Dorchester Sports Centre Stakeholder Group (Appendix C) and nominates Cllrs Molly Rennie and Cllr Stella Jones to attend the Group as the council's representatives.

Reason for Decision

3. To inform members of progress with both the operation of the Sports Centre and the resolution of building defects, and to seek approval for both changes to the fees charged to users of the centre and the terms of reference for the Stakeholder Group.

Background and Reason Decision Needed

(a) Contractual arrangements

4. The contract for the operation of Dorchester Sports Centre commenced on 22nd October 2012 when the new centre opened to the public under the management of the leisure trust, 1610 Ltd. The council awarded both a 10-year operating contract and a full repairing lease to 1610 Ltd at that point.
5. The cost to the district council of the contract with 1610 Ltd in 2015-16 was £229,074 (excluding VAT). The management fee provides for local state schools to use the centre (pools and artificial turf pitch) for free but the district council is compensated for this by an annual payment from Dorset County Council, which totalled £159,587 in 2015-16. This payment is made in accordance with a legal agreement with Dorset County Council.
6. The new sports centre project and the demolition/refurbishment of the old Thomas Hardy Leisure Centre, was a joint initiative of the district council, Dorset County Council, the Thomas Hardy School and the Duchy of Cornwall. A 'partnering agreement' was entered into by the two councils and the school and secured the funding and leases needed to ensure the project's success.
7. When the Artificial Turf Pitch was re-surfaced in 2010 with the assistance of a grant from the Football Foundation, it was a requirement that the council established a sinking fund to cover the cost of a new surface in 10-15 years' time. As a result, the council sets aside £25,000 per year for this purpose and the total reserved is currently £125,000. There is no sinking fund specifically for the sport centre building.

(b) Operating performance

8. Since its opening on 22 October 2012 the Dorchester Sports Centre has proved extremely popular with the local community. In accordance with the contract, 1610 Ltd provides the council with quarterly performance figures and discusses operational issues at regular monitoring meetings. The information supplied by 1610 Ltd provides details of usage and the diversity of the customers using the centre.

9. **Appendix A** sets out the annual performance of the sports centre operation in the operating year October 2015 until September 2016, the fourth year of the contract (which began in October 2012). As an example of the centre's continuing popularity, the monthly attendance figure in September 2016 was 25,912 compared to 25,608 in September 2015.
10. It should be noted that occupancy levels in the swim school (weekly swimming lesson programme) has fallen to 79.3% in September 2016, however this is due to 1610 creating over 250 new spaces in the weekly programme in order to accommodate more customers. Across the last year, participation in the weekly swimming lesson scheme has increased from 1,057 to 1,231 customer enrolled. The extra capacity created (with the capacity for an extra 300 participants) will help to accommodate those displaced as a result of the planned closure of the small pool at Damers First School in Dorchester.
11. The performance report includes information on customer feedback and the Net Promoters Score (a customer satisfaction scheme used across the leisure industry). The score for the Dorchester Sports Centre (19%) is below the level that would be expected for a trust-run facility and 1610's aim is to increase this score to 40% by March 2017. An action plan to achieve this is set out on page 9 of Appendix A. The key areas for action, to improve customer satisfaction, are as follows:
 - Temperature in fitness areas – this relates to the problems of controlling internal air temperature in the building and overheating in the summer (see section C below).
 - Telephone systems – customers have experienced problems getting through to reception by phone and although online options exist and are growing in popularity, 1610 plan to establish a central 'contact centre' at its headquarters to handle all incoming calls. This is part of 1610's plans to increase self-service in the sports centre's reception and reduce the need for reception staff to handle routine enquiries.
 - There has been an adverse affect on the service as a result of staff shortages and recruitment problems at the site. 1610 is in the process of recruiting more staff and is committed to avoid any further disruption as a result of this issue.

c) Conclusion of construction contract

12. The Dorchester Sports Centre was built by Leadbitter (now Bouygues) for Dorset County Council and it is expected that the final cost will be approximately £6.9 million. However, the final payments to Bouygues have yet to be agreed by the county council and may still be subject to negotiation.
13. As is usual with buildings as complex as a sports centre, there are many defect or 'snags' which need to be resolved before the building contract is considered to have been completed. There are still the following significant outstanding problems that officers will seek to resolve in

partnership with Dorset County Council (which let the contract) and with the expert advice of the project manager, Deloitte:

- a) The ability of the air handling systems to discharge surplus warm air, which results in high internal temperatures – a problem which adversely affects customers in the fitness suite and exercise studio. The solution proposed by Bouygues is to re-set the building management system to its settings as at practical completion. A temporary measure taken by 1610 Ltd to address this problem over the summer has been to hire portable air conditioning units at its own expense.
- b) Roof covering – damage to the roof occurred earlier this year during high winds and the installers are currently arranging permanent repairs.

d) Community access to Thomas Hardy School's sports facilities

- 14. The Thomas Hardy School owns the old leisure centre buildings and has let a contract for their partial demolition and refurbishment. This work was completed by mid-2015 and was funded by the school, the district council (£925,000) and the government's Academies Capital Maintenance Programme. Now the refurbishment works are completed, these facilities compliment those at the adjacent Dorchester Sports Centre and provide a high quality 'campus' of sports provision for the community.
- 15. The district council's contract with 1610 is just for Dorchester Sports Centre and there is no contractual link with the Thomas Hardy School's facilities. Although the school initially trialled the joint management of the facilities via 1610, it has now decided to directly manage all its own facilities and to make these available to the public. However, the district council and 1610 will continue to liaise with the school to ensure community access is effectively managed across the whole site.

e) Proposed fees and charges for 2017.

- 16. In accordance with the operating contract, the council reserves the right to control certain 'core prices' but allows 1610 the commercial freedom to change the price of other products as it feels fit. 1610 has submitted to the council a report reviewing its current pricing policy (**Appendix B**) and has set out changes to the core prices (**figure 1**) which it would like to increase from January 2017. In addition, the report sets out the intended changes to other prices over which 1610 has commercial freedom.
- 17. In developing the proposed price increases, 1610 has undertaken a competitor analysis and has identified a significant gap between the prices charged at Dorchester Sports Centre and at other local centres
- 18. It should be noted that the core prices listed in Appendix B (figure 1) are 'pay as you go' prices and for the two fitness products (Fitness Suite Adult Casual and Fitness Suite Concession Casual) there will be no change to the membership price which is paid for on a monthly basis via direct debit. A key aim for 1610, therefore, is to make current membership rates

attractive by being significantly cheaper than the casual, pay-as-you-go rate.

19. However, although the prices for Adult Casual Swim, Junior/Concession Casual Swim and Swim Lessons are less than the competitors (particularly Bridport Leisure Centre), the committee may wish to retain these lower prices to ensure that local residents benefit from the financial subsidy provided by the district council.
20. This pricing proposal report has been discussed by the Stakeholder Group on 12th October 2016 and was recommended to the Executive Committee for approval. However, the Group did request that 1610 ensure it offers customers the option of paying for swimming lessons by means other than direct debit (perhaps in cash on a monthly basis) to ensure this service remains accessible to those whose personal financial situation is restricted.

f) Future service improvements

21. **Building improvements.** In addition to the improvements outlined in section B above, 1610 is planning to make changes in both the fitness suite and reception area in order to benefit customers. It is proposed to increase floorspace in the fitness suite by removing two small rooms – this will allow more fitness equipment to be installed. In the reception area, 1610 plans to install self-service ‘kiosks’ for customers to enable them to either access the centre (by payment or the swiping of a membership card) without needing to be served by staff. 1610 is currently in discussion with the council with regard to a capital grant for these works on a spend to save basis.
22. **Stakeholder engagement.** The contract with 1610 Ltd requires it to facilitate and support two liaison groups involving key local partners. The Site Management Board focuses on facility issues in and around the sports centre, and the Customer Liaison Group deals primarily with the service provided by 1610 and issues raised by customers and key users. The Customer Liaison Group is also asked to review 1610’s proposal for any price changes in advance of their consideration by the Executive Committee. Each group meets twice yearly and certain local partners (e.g. Thomas Hardye School, DCC and the Duchy of Cornwall) are invited to all the meetings.
23. Over the last two years, the meetings of these groups have not been well attended and not always minuted. However, attendance at these meetings may be affected by the absence of any major issues or problems for discussion. It is proposed, therefore, that the terms of reference and membership of the two groups are reviewed by the officers in consultation with 1610 Ltd and members of the previous groups. As a result of a meeting of the stakeholder group on 12th October, revised terms of reference and membership are now submitted to the committee for approval (**Appendix C**).
24. The district council members nominated to attend the previous two groups were Cllr Molly Rennie and Cllr Stella Jones. It is proposed that these members are invited to continue to service on the new Stakeholder Group

as representatives of the council. In addition, the Group agreed to invite Dorchester Town Council to nominate a representative to attend.

Implications

25. **Corporate Plan.** Priority: *Empowering Thriving and Inclusive Communities*: Actively promote health choices and lifestyles with our health partners so that people are able to improve their physical and mental health and well-being.
26. **Financial.** The contract with 1610 Ltd for the operation of the Dorchester Sports Centre is in accordance with agreed budgets. The management fee is offset by the payment received from DCC for schools' use of the centre. As a result, the current operation represents a considerable saving compared to the revenue cost of the Thomas Hardy Leisure Centre. The contract between Leadbitter (the construction contractor) and Dorset County Council has yet to be concluded and a retention sum is still held.
27. **Equalities.** The centre provides a range of activities that are accessible to the community, particularly those with disabilities and other specific needs.
28. **Economic Development.** Approximately 95 members of staff (full-time and part-time) are employed by 1610 Ltd at the Dorchester Sports Centre, with 56 living in the DT1 postcode. The centre is, therefore, a significant local employer.
29. **Risk Management (including Health & Safety).** Although a 10-year contract and full repairing lease for the sports centre have been awarded to 1610 Ltd and the building is new with a full set of warranties for the structure and plant, there are still financial and reputational risks to the council and these are kept under constant review by officers.
30. As part of the contractual arrangements, 1610 is required to provide a both a pensions bond and a performance bond to protect the council from financial risks. The council seeks confirmation from 1610 each year that the bonds are in place.

Consultation and Engagement

31. Many of the issues set out in this report have been presented to the Stakeholder Group for discussion and have also been discussed with the Portfolio-holder (Enabling).

Appendices

32. **Appendix A** – Dorchester Sports Centre – Annual Performance Data 2015-16.
Appendix B – Dorchester Sports Centre – 2017 Pricing Proposal.
Appendix C – Draft Terms of Reference for Dorchester Sports Centre Stakeholder Group.

Background Papers

33. Partnering Agreement between WDDC, DCC and the Thomas Hardy School. 2010
Specification for the operation of Dorchester Sports Centre. WDDC 2012.

Footnote

34. Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

Report Author: Tony Hurley (Leisure Commissioning Manager),

Telephone: (01305) 252317

Email: thurley@dorset.gov.uk