

# Community Wellbeing & Housing Committee

3 June 2025



<b>Title</b>	Leisure Operating Contract: Review of first 6 Months
<b>Purpose of the report</b>	To present to the Committee a review of the leisure operating contract performance for the period October 2024 to March 2025.
<b>Report Author</b>	Kamal Mehmood – Strategic Lead, Leisure & Community Development
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	<i>Report &amp; Appendix C – no</i> <i>Appendices A, B, D - yes</i>
<b>Exemption Reason</b>	Appendices A,B,D contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice authority's commercial interests.
<b>Corporate Priority</b>	Services
<b>Recommendations</b>	The Committee is asked to: <ul style="list-style-type: none"><li>consider the contents of this report and acknowledge the performance of the leisure operator for the period October 2024 to March 2025.</li></ul>
<b>Reason for Recommendation</b>	To ensure that Members are briefed on contract monitoring and progress being made by the leisure operator as well as plans for the next 12 months.

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"><li>The Leisure operating contract (LOC) sets out the governance arrangements and reporting mechanisms for the contract</li></ul>	<ul style="list-style-type: none"><li>To give members an opportunity to review LOC monitoring and comment on ongoing performance.</li></ul>

<ul style="list-style-type: none"> <li>In March 2025 this Committee agreed that in June 2025 a review of the first six months of operation would be presented to this Committee with future annual reports to follow each year.</li> </ul>	
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>To note challenges and successes experienced in the first six months of the LOC relating to both Sunbury Leisure Centre and Eclipse Leisure Centre.</li> </ul>	<ul style="list-style-type: none"> <li>Consider recommendations made by the Committee</li> <li>Continue to monitor the LOC.</li> </ul>

1.1 This report is intended to provide the Committee with a high level overview of the Leisure Operator's performance over the first six months of the Leisure Operating Contract (LOC) and give the Committee confidence in the contract monitoring arrangements that are in place and being implemented.

## 2. Background

2.1 On 20 April 2022 the Corporate Policy and Resources Committee (CPRC) approved the procurement of a leisure operator, through a competitive tender process, to manage Sunbury Leisure Centre and the new Eclipse Leisure Centre for a period of 10 years with the option of a 5-year extension (at the Council's sole discretion).

2.2 An extensive leisure operator procurement exercise was undertaken and in October 2024 CPRC appointed Places Leisure as the successful bidder.

2.3 The contract under which the managed service is to be delivered is based largely on a Sport England contract for this purpose. However, prior to the tender process the project team worked with the Council's appointed consultants, The Sports Consultancy (TSC), to draft tender documentation including a detailed specification setting out the Council's requirements and expectations for the delivery of the contract.

2.4 Reporting requirements were shared with the Committee in March 2025 and are set out in Schedule 5 of the Leisure Operating Contract (LOC) under the section on Performance Management and Reporting and briefly cover the following:

- Partnership Philosophy and Governance
- Strategic Priorities
- Managing Performance against Strategic Priorities
- Operational, Service and Performance Reporting

## 3. Governance

3.0 The Leisure Team are in regular contact with the Operator and have introduced a framework of effective meetings as prescribed by the contract.

- 3.1 In order to help build a strong foundation for the contractual relationship with the Operator, in the first six months we have gone above and beyond holding weekly meetings which have also helped to address issues as and when they have arisen.
- 3.2 In accordance with the contract a Strategic Partnership Board has been established consisting of:
- The Chair of CWHC
  - Head of Service (Community Wellbeing and Housing)
  - Contract Client Manager
  - Head of Asset Management
  - The Operators Operations /Regional Director (Operator) and their
  - Contract Manger (Operator)
- 3.3 The Board meets quarterly and has met twice to date. The Strategic Partnership Board focus is on matters including
- Annual Plan
  - Progress against priorities and contribution towards local Strategic Outcomes
  - Financial performance
  - Asset management Plan
  - Service Improvement opportunities
  - Variations to the contract and commissioning opportunities.
- 3.4 In addition to the Strategic Partnerships Board, and sitting beneath it, a Contract Monitoring Group meet on a monthly basis. The Contract Monitoring Group consists of:
- Contract Manager (SBC)
  - Property/ Assets Officer (SBC)
  - Contract Manager (Operator)
- 3.5 The operator produces monthly reports outlining financial and usage performance and these reports have been published on the Dash Board for transparency and Member review. The latest monthly report, Appendix A, and the latest Quarterly report, Appendix B, have been attached for reference. The Committee will hear from representatives of Places Leisure who will guide Members through a presentation covering the first six months of the LOC, how they have performed against performance indicators and also highlighting key achievements.
- 3.6 Appendix C is a tracker maintained by the Council to monitor other contract requirements.
- 3.7 Whilst the Sunbury Leisure Centre Manager is in regular contact with Sunbury Manor School, a separate Joint Liaison Group has also been established that

meet termly to enable the school, the Operator and the Council to address issues arising from the use of the Sunbury Leisure Centre.

- 3.8 In addition, recognizing the time it was taking for certain snagging issues with the Eclipse Leisure Centre to be resolved, fortnightly defects meetings have been established to work through issues and any new ones as they arise and to ensure that the build contractor, Willmott Dixon, is addressing them in a timely manner.
- 3.9 We are still relatively early in this process and the changes in staffing and the delayed appointment of a Healthy Communities Manager have impacted this, but despite these challenges, in the first six months we have built strong foundation for the contract based on mutual respect and shared vision and philosophy with a shared commitment to increase participation in sport and physical activity, championing inclusivity.
- 3.10 To this end the Council has also invited the Operator to participate in the Spelthorne Healthy Community Partnership, which they have embraced, to explore how they may work with the Council as well as our strategic partners to effect positive change.

#### **4. General Core Requirements**

- 4.1 The Operator provides services which contribute to the following Strategic Outcomes:

- 1) *A more active borough, leading to improved health & wellbeing through increased participation in sport and physical activity by Spelthorne residents.*
- 2) *Increased engagement with specific groups to expand the numbers participating and the frequency of participation in sport and physical activity amongst:*
  - *children and young people*
  - *older people*
  - *Black, Asian and Minority Ethnic (BAME) groups*
  - *people with disabilities*
  - *low-income groups*
  - *women and girls.*
- 3) *Increased engagement with communities living in less advantaged wards through outreach programmes that increase physical activity levels and deliver improved social outcomes.*
- 4) *High quality, accessible and safe services.*
- 5) *Providing local economic benefit.*
- 6) *Delivering long-term sustainable and well-maintained leisure facilities.*
- 7) *Significantly contributing towards the Local Authority's aim to become carbon neutral in the coming years.*
- 8) *Strong and positive engagement with the Local Authority to support relevant priorities and strategic objectives.*
- 9) *Strong and positive engagement with partners to help achieve other priority outcomes above.*

## **5. Reporting**

- 5.1 The performance indicators set out in the Service Specification Table 3 are designed to measure the Operator's performance against the Local Strategic Priorities. The Operator is obliged to report on its own performance in accordance with the Specification.
- 5.2 As mentioned above the Operator reported against these producing monthly and quarterly reports.
- 5.3 The first year of the contract is intended as a base-lining exercise. The Operator will work with the Council during year 1 of the contract to collate baseline information on the KPI set out in Table 3 to set targets for year 2 and then in each year thereafter on an annual basis as part of an annual service plan.

## **6. Measurement**

- 6.1 Performance Management Framework provides a methodology for identifying the Operator's performance against given performance standards set out in the LOC. These standards are expressed in the Services Specification and the Service Delivery Proposals.
- 6.2 A measure of performance is undertaken by the use of a Performance Adjustment Points system, which awards Performance Adjustment Points for Facility Performance Failures. Subject to this system Quarterly Performance Adjustment Payments can be charged. However, it should be noted that the contract is subject to a bedding in period set out in 3.8 and 3.9 below.
- 6.3 Whilst performance is being measured and points recorded, during this period the Operator cannot be penalised for points accrued and will begin formally in accordance with the time frames set out below.
- 6.4 In respect of the Eclipse Leisure Centre, the bedding in period is six months for operational and technical issues; and 12 calendar months for technical issues related to Passivhaus technology.
- 6.5 In respect of Sunbury LC, the bedding in period lasts for 6 calendar months for operational and technical issues.

## **7. Active Communities Outreach Programme**

- 7.1 The Operator is required to work closely with the Council and support the delivery of a Community Outreach Programme.
- 7.2 The Active Communities Outreach Programme provides increased opportunities for inactive and under-represented groups in priority areas to be engaged in regular physical activity.
- 7.3 The programme includes :
  - 12 week GP (Exercise) Referral adult course ( 2 sessions per week)
  - 12 week weight management adult course (2 sessions/hours per week)
  - 10 week mental health courses ( age 18+)
  - Any other 8 week priority course as need arise, to be agreed between the Authority and the Operator.

7.4 Whilst provision has transitioned over from the previous contract progress in this area has been hampered as the Operator was unsuccessful recruiting to the post of Community Outreach Manager until April 2025. Since in post the Community Outreach Manager has helped to develop the Action Plan which sets out how the operator will fulfil this obligation over the course of the coming year. Key points of the Action Plan as set out in 4.1.

7.5 In addition, the Council, in partnership with Active Surrey and other stakeholders has been successful in securing Priority Place funding from Sport England to deliver development work in Stanwell. Whilst the project is still in its infancy, the Operator is already involved and will be a key partner in the project's success moving forward.

## **8. Key issues**

8.1 Over the first six months at Eclipse Leisure Centre there have been issues with regards temperature fluctuations within various spaces across Eclipse Leisure Centre, with turnstiles, the learner pool and its moveable floor, the sauna and steam room, and sports hall floor which have impacted on the Operator's ability to deliver services at various times. To keep abreast of these issues the Project Team has been meeting weekly, and a separate Defects Group has been established to address snagging issues as they arise, meeting every two weeks since February 2025.

8.2 Whilst positive working relationships have been established, changes in staffing and an inability to recruit to the role of Healthy Communities Manager despite several attempts have presented challenges and delayed the delivery of the Annual Service Plan. The Plan has now been submitted and is currently being considered. A new Contract Manager was appointed in April 2025 and the role of Healthy Communities Manager was filled on 22 April 2025.

## **9. Passivhaus Measures**

9.1 Whilst systems have been commissioned and relevant data is being captured, at this stage adjustments are still being made and it is too early to report on the impact of the measures that have been introduced.

9.2 That said, initial indications compiled over the first 5 months suggest that the Passivhaus measures have already returned performance savings of 57% over this period, with estimated savings of £180k (assuming £0.30/kWh tariff) compared to other modelled facilities that have not been designed to Passivhaus standards. This figure may change subject to validation with the Operator's actual tariff.

9.3 It should be noted that monitoring is continuing to highlight further efficiencies that can still be made to further optimise performance and this will be monitored on an ongoing basis. Performance will be reported on a monthly basis and reported back to the board quarterly.

9.4 Future annual reports will provide an opportunity for the impact that Passivhaus measures have had on utility costs to be considered and reviewed.

## **10. Options analysis and proposal**

10.1 Option 1: To agree the LOC performance review for the period October 2024 to March 2025.

- 10.2 Option 2: To request supplementary information.
- 10.3 Option 3: To not agree the LOC performance review for the period from October 2024 to March 2025.

## **11. Financial management comments**

- 11.1 A profile of committed Management Fee across the term of the contract is set out in Appendix D.
- 11.2 During the period from October 2024 to date the Council has incurred/ is committed to incur additional expenditure in addressing matters which are outside of the scope of the construction contract. These have been reported separately to the relevant service committee.

## **12. Risk management comments**

- 12.1 Regular monitoring allows the Council to hold the Operator to account and to ensure that the standards that we expect, as set out in the LOC, are maintained. Without regular monitoring there is a risk to the Council's reputation should standards be allowed to slip.
- 12.2 If the Operator under-performs over a sustained period this could have a negative impact on public perception of the Council, the leisure centres being regarded as Council facilities, as well as impacting on any potential profit share that the Council could benefit from over and above the agreed management fee. As such regular monitoring will enable the Council to hold the Operator to account and monitor their performance against the deliverables set out in the LOC.
- 12.3 There is a higher risk of contract failure without thorough continuing contract monitoring and maintaining good relationship with the Operator. Robust contract monitoring measures protect the Council's capital investment.

## **13. Procurement comments:**

- 13.1 None.

## **14. Legal comments**

- 14.1 There are no legal implications arising directly from this report.

## **15. Other considerations**

- 15.1 There are none

## **16. Equality and Diversity**

- 16.1 The decision has no bearing on equality and diversity.
- 16.2 The Services provided adopt a holistic and inclusive approach to equality of access and participation for all users, regardless of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.
- 16.3 The Active Communities Outreach Programme ( a contractual requirement) is intended to provide increased opportunities for inactive and under-represented groups to engage in regular physical activity. The Programme targets the following priority groups,:
- Children and young people
  - Older people

- BME groups
  - People with disabilities
  - Low-income groups
  - Women and girls
- 16.4 The Facilities and Services, including signage to and within the facilities, are fully accessible for people with disabilities as per the Equality Act 2010.
- 17. Sustainability/Climate Change Implications**
- 17.1 Facilities are operated in an environmentally sensitive and sustainable manner to reduce energy consumption, minimise chemical usage , recycle appropriate non- hazardous waste and contribute to the delivery of the Council's policies for safeguarding the environment and promoting sustainability.
- 18. Timetable for implementation**
- 18.1 N/A
- 19. Contact**
- 19.1 Kamal Mehmood – [k.mehmood@spelthorne.gov.uk](mailto:k.mehmood@spelthorne.gov.uk)

**Please submit any material questions to the Committee Chair and Officer  
Contact by two days in advance of the meeting.**

**Background papers:** *(These are unpublished papers upon which you have relied in preparing this report). If none state, Leisure Operating Contract (LOC)*

**Appendices:**

**Appendix A – Places Leisure Monitoring March 2025 (Exempt)**

**Appendix B – Places Leisure Quarterly Monitoring January '25 to March '25 (Exempt)**

**Appendix C – Contract Reporting and Monitoring Template**

**Appendix D – Management Fee Profile (Exempt)**