

REPORT TO / STRATEGIC SCRUTINY COMMITTEE

Date of Meeting: June 06th 2024

Report of: Catherine Hill, Service Lead – Culture, Leisure & Tourism

Title: Leisure Service Update

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

Leisure service update – 2020/2024

An update on the running of the Leisure service from 2020, when ECC took the facilities back in-house.

2. Recommendations:

For scrutiny to note and comment on

3. Reasons for the recommendation:

N/A

4. What are the resource implications including non-financial resources

None

5. What are the legal aspects?

N/A

6. Report details:

6.1 Background

In September 2020, in the middle of the COVID-19 pandemic when the leisure economy was damaged and changed, and recovery prospects looked to be long and slow, elected Members voted to bring the leisure service back in house. This decision allowed ECC to have complete ownership in the shaping of the service and therefore a greater emphasis on reaching all areas of the community to deliver on our priority of being an Active & Healthy City.

The pandemic caused traditional fitness to experience a dramatic change in its landscape. Whilst we navigated our way through closed facilities and recurrent, prolonged lockdowns, synergy between physical and digital fitness models was needed to align consumer mind set and meet changing customer need and expectation. Even after its initial impact, the pandemic long continued to shape consumer behaviour, paving the way for a digital fitness revolution and technology centred fitness solutions. Trend forecasts at

the time suggested that digital fitness would rise and dominate throughout 2021; with an estimated national growth of nearly £4bn in the following four years. Digital, connected, and social fitness became a massive driving force in not just the growth, but the survival of gyms and leisure centres.

In March 2021, UKactive approximated that 400 gyms, pools and leisure facilities permanently closed across the UK, due to financial pressures caused by lockdown and operating procedures, with a further 2400 facilities and up to 100,000 jobs at risk without greater Government support. Prior to the pandemic, the sector was growing 6% year on year, however, due to forced closures of 8 months out of 12 by the end of March 2021, 39% of facilities across the UK were at risk of permanent closure.

Where many gyms and leisure centres were unable to keep their heads above water and closed their doors for good, Exeter Leisure demonstrated a resilience and ability to adapt, and the explosion of digital industry solutions allowed the evolution of a service that was able to prosper in the newly created market, by the introduction of the Exeter Leisure App in Jan 2021.

6.2 COVID-19 Recovery

When the leisure service transferred from Parkwood Leisure to Exeter City Council in September 2020, 177 staff (93 contracted and 84 casual) were TUPE, and 4044 leisure members were transferred across. As a result of the pandemic, 32% of the pre-existing membership base was lost when Exeter City Council re-opened the services following the final lockdown.

Recovery of the service was slow and staggered due to Government and industry restrictions, and recurrent subsequent lockdown periods. As a result, membership fees were frozen (Sept 2020 – Dec 2020, Feb-Jun 2021) and new sale acquisition was suspended (Sept 2020 – Apr 2021).

To aid attrition of the remaining members, the launch of a digital model of fitness (live streamed group exercise classes and virtual gym programmes) was introduced in January 2021, via the Exeter Leisure App. In total 197 group exercise classes were live streamed, with a total of 850 viewers, ensuring the continuation of activity provision whilst the centres recovered. To date, the Exeter Leisure App has had over 62,000 downloads, and is accessible to anyone who users our centres. The app allows our customers to learn about each centre's offering, sign up for a membership, make class and activity bookings, and manage their own account, as well as giving access to exclusive offers from local partners.

Supported by a 'COVID-19 reassurance' marketing campaign, which focused on the measures we were taking to make our services COVID safe, April 2021 saw the re-opening of gym and pool facilities for single or family groups only, along with the reinstatement of new membership sales, and a new membership model.

Group exercise and indoor sporting facilities re-opened from May 2021, which also saw the introduction of a junior and family membership.

With the easing of national restrictions direct debits were re-instated in June 2021. By May 2022, 11 months after the reinstatement of membership fees, the pre-covid net member base of c.5000 members was achieved.

6.3 Re-opening of Riverside Leisure Centre Swimming Pool

In July 2021, following 4 years of closure after a devastating fire, the swimming pool at Riverside Leisure Centre was re-opened. To promote the re-opening, a family friendly open day was held with free family swimming sessions which included a pool inflatable, live music, and children's activities. Demand was so high that the event sold out on the first day of promotion. By the end of Q2 and after a summer of celebrating the re-opening, the net membership base had increased by 27% and 76% of the pre-covid membership had been recovered.

6.4 Exeter Leisure Swim School & Junior Membership

Due to the COVID-19 pandemic, Swim England estimated that nearly 1 million children across the UK had missed out on learn to swim programmes, highlighting the importance of the correct positioning of our own swim school in the recovery effort. To add more value and opportunity, as well as swimming lessons, casual swimming, teen gym, and teen sports were included within the family and junior membership option.

To date, the swim school has grown by 1737 swimmers, with a current net swim school swimmer base of 2023.

Our family and junior membership option has grown by 2589 members since the launch of our family and junior offering in May 2021.

Additionally, we have 25 different schools and swimming clubs using our facilities to provide swimming lessons and group instruction, totalling 72 hours per week, allowing us to support school swimming and extra - curriculum activity.

6.5 GP Referral Scheme

The easing of national pandemic restrictions enabled the reintroduction of the GP Referral Scheme. Starting with just two classes of 8 people a week, the scheme now runs 35 referral sessions per week, some of which are in conjunction with the NHS, supporting the rehabilitation of over 200 people every week, and holds an impressive consistent (and frustrating) waiting list of between 80-100.

The initial scheme just covered Exeter, however after building successful relationships with all Exeter based GP surgeries who now refer into the scheme, it has expanded and accepts referrals from Cornwall, North Devon, Teignbridge, Somerset, Torbay, Mid & East Devon, and South Hams.

The scheme, which costs £50 for 12 weeks, is now making a profit, which is unique in the referral industry where schemes normally run at a loss. However, due to successful partnership relationships with external medical teams, including the hospitals cardiac rehab and heart failure teams, and FORCE who rent studio space to provide their own classes, the scheme can make a small profit. The NHS additionally fund for the instructors to run their own classes and the cardia rehab team have relocated their classes to the Isca Centre to achieve this (the first time in Exeter they have moved a class outside of a hospital setting).

The scheme also runs the only heart failure and cancer rehab classes for non-curative patients in collaboration with FORCE, in Devon.

This scheme has also attracted some incredibly positive media attention. The 'Falls Management' exercise programme appeared on BBC Spotlight and ITV News West County covered a story on the scheme which later went on to feature in FORCE magazine.

6.6 St Sidwell's Point (SSP)

In October 2021, the pre-sale for the opening of St Sidwell's Point commenced. As well as opening a 'pop-up information point' in the City Centre, extensive marketing campaigns rolled out on social media and the Exeter Leisure App, as well as numerous outreach events in the City Centre to promote the facilities, membership offer and opening date.

The pre-sale period achieved over 2200 additional membership sales in advance of the building opening, providing an additional £56k on the previous month's income, and an increase in the membership yield of £1.

To date the building has had over 2.5 million visitors and holds a membership base of over 6500 monthly/annual members, and 34,500 pay-as-you-go members.

6.7 Operational Changes

Within Q1 of 2023 the service faced challenging conditions with a once in a generation increase in energy costs and a significant rise in staffing costs. At the same time, tasked with reducing the subsidy to the MTFP from £3.6 million to £1.8 million across 22/23. To facilitate this, several changes had to be made to the operation of the leisure service, namely, the increase in leisure membership fees, the restructuring of the staff establishment, removal of the spa membership bolt-on, closure of the creche at St Sidwell's Point and changes to the centre opening times. One of the biggest impacts of the staff restructure was the loss of floor-based gym staff. The reduction of 'shop-floor hours' meant that services such as 'Teen Gym' had to be reduced across the portfolio, and in some centres, replaced entirely.

With less customer engagement, retention became a challenge and even with the introduction of multiple member campaigns, without the previous level of staff-customer interaction, membership net figures began to reduce.

Financial stability returned to the portfolio by P11, however, to date, we are still trying to recover the memberships lost from the operational changes.

6.8 Membership & Income

Background

When the City Council took the leisure services back in house, there was a total of 4,044 leisure members. Due to the continued closures and unpredictability regarding the lifting of restrictions, membership fees were frozen whilst the service re-opened in accordance with Government guidelines. Retention initiatives such as free live streamed classes and

virtual gym programmes were introduced to provide a level of service whilst the facilities remained closed.

In conjunction with the launch of a new membership model which promoted flexibility and choice, membership fees were reinstated in June 2021, three months after the re-opening of the centres to encourage member retention. Despite this, a total of 2736 members remained at the start of the month.

Direct Debit Membership Growth

Over the course of Q2-Q4 direct debit membership sales averaged at 409 per month, with a growth of 1807 members, bringing the direct debit club live to 4543 by the end of the **Year 1**.

Year 2 saw continued growth of the leisure direct debit membership base, with an average of 926 membership sales per month, and a year-end growth of 6682.

In **Year 3** saw a decline in not only average monthly sales (530) but also year-end growth (-658) as the service recovered from the operational changes implemented in Q1.

To date, (P2 **Year 4**) we have a total of **10260 direct debit members** and have grown the membership base by **7524** members.

Our Club Live (total member) to date stands at **11787** of which 10260 are DD members and the rest are attributed to linked family members, corporate members, annual up-front-payment members and ECC staff.

Membership Income

Q2-Q4 in Year 1, membership direct debit income totalled **£1,039,450**, with an average monthly yield of £28.

Year 2 membership direct debit income totalled **£2,870,189**, with an average monthly yield of £28.

Year 3 membership direct debit income totalled **£3,723,592**, with an average monthly yield of £32.

Between Year 1 - Year 3, a total of **£7,633,231** in income was achieved in direct debit membership fees, with membership direct debit yield seeing an increase of £4.

Pay-as-you-go Income

As well as our various membership options, the service offers a pay-as-you-go (PAYG) option. This allows visitors to utilise our facilities as and when they visit our facilities on a casual basis. This ensures the leisure service is accessible to all our residents and visitors to the city. These charges are aligned with Exeter City Council's Fees and Charges.

We currently have 47,056 PAYG users which generated £709,000 income in 22/23.

Other income

- 1) The Spa @SSP £124,000
- 2) The Living Café @SSP £171,000
- 3) Vending £60k (approx. still being verified)
- 4) Food & beverage £77,000
- 5) Soft play £6,000
- 6) Retail £43,000

In 22/23 this amounted to **£481,000**

6.9 Corporate memberships/ECC Staff

We offer a corporate membership which offers a tiered discount scheme to employers' dependant on the number of employees that join the scheme and allows employers to purchase memberships on their employees' behalf. The objective being to encourage active and healthy workplaces and aid in the reduction of staff absenteeism.

We have 233 live corporate memberships and work with 15 local companies including the third sector and social impact organisations.

We have 76 on the ECC staff corporate membership.

As part of Mental Health Awareness week, all ECC staff were invited to take advantage of 1 week's complimentary access to St Sidwell's Point. Activities included gym, swimming, group exercise classes, thermal spa & complimentary mini treatment, and a run group. In total, 32 members of staff signed up.

6.10 Community initiatives

In addition to the GP Referral scheme and Live & Move pilot programmes, we also work to support all areas of our community with the following initiatives.

This Girl Can – 12 week fully funded programme for women who are physically inactive. Based at Wonford sports centre, the programme saw a total of 31 women participate in a range of activity including gym, group exercise classes, self-defence classes and racket sports, and provided an introduction to the leisure services and a pathway for full leisure membership.

NHS – fully funded 12-week programme for NHS staff, designed with the RD&E's Health & Wellbeing Lead, as a means to access physical activity as a preventative measure to reduce the referral rate and waiting lists of the NHS Occupational Health service and decrease staff sickness levels. Over 300 staff members took part in a timetabled offer of activity across all our centres, including gym, swimming, group exercise, and racket sports.

Further work is currently being done with Live & Move and the NHS to explore barriers to physical activity, with the aim of providing a self-sustained programme and partnership between local health services and leisure, specifically for staff. Whilst we carry out this work, Exeter Leisure continuously supports the RD&E with any staff initiatives they run i.e. their mental health awareness week in July.

Pelican Project – working with a group of young people with learning disabilities from across Devon to support in their application to Sport England to run accessible group exercises classes from St Sidwell's Point. A total of 6 weekly sessions were provided where participants took part in a Pilates based class.

DPT – working alongside the Devon Partnership trust on a nationwide project to deliver physical activity sessions to people with severe mental health conditions, with the intention of improving mental wellbeing and exploring current barriers. Due to start towards the end of this year, the sessions will run for 18 weeks and will support people at Wonford Sports Centre. There is the additional opportunity to provide training opportunities for our staff teams and continuation projects upon completion.

John Lewis – continued partnership work on a range of projects, the main one being co-hosting their 'All Things Baby' event which is regularly held at St Sidwell's Point and supports the promotion of local services available to new parents. We are also in conversation regarding partnering with their customer weekends, and summer sport campaigns.

Nuffield - initial discussions are taking place regarding partnership work with Nuffield Health Exeter regarding connecting with the community through health education events.

Action For Children – New opportunity for leisure to work with local Children's Centres/Family Hubs which support children and families in Exeter from 0-19 years. Currently exploring ways of collaborative working and how Action for Children can better utilise community spaces such as leisure centres to support local families.

Bthechange – exploring partnership opportunities with a Prison and Community Transition Coordinator in Exeter to support women before, during and after prison, utilising physical activity to aid the reintegration process back into society.

Battle Cancer – National scheme to support people in remission to aid recovery from cancer through progressive fitness. Sessions are open to anyone who has been affected by cancer and we are currently working in partnership with Battle Cancer, local providers, and neighbouring authorities to provide a joined-up provision in Exeter. The programme will provide a progression pathway for members who have completed our GP Referral Programme, offering ongoing support for people at various stages of their recovery.

Exeter Northcott Theatre – supporting the expansion of the Northcott's drama sessions (Northcott Infant and Junior Young Companies) for children aged 5-11 years old. Held at St Sidwell's Point, all members will be offered a 20% discount to the sessions, adding further value to the membership offer and availability of activity sessions for children.

Exeter College – initial discussions are taking place regarding the provision of extra-curricular activities for students (16-18 years) of Exeter College, both during term time and summer holidays i.e. swim and gym passes funded by the college, funded NPLQ courses for students, and corporate memberships and activities for their staff team.

6.11 Marketing Campaigns

We have an annual marketing plans which we adhere to for all areas of the business, to retain existing customers and attract new acquisitions. Campaigns have included;

Class of the month – promotion of our group exercise classes, detailing the session times and benefits. Every month an instructor will pick a ‘member of the month’ who receives a prize for dedication, achievement, or personal goal celebration. These are supported by quarterly group exercise launches, whereby members and non-members are invited to take part in large scale group exercise events to celebrate new releases.

Gym challenge of the month – promotion of our in-house gym challenges where members can compete to complete a variety of different gym-based challenges. Creates a sense of community, engagement and motivation within the membership base and aids retention.

Sid’s Swim Club – regular promotion of our swimming facilities aimed at our junior audience by utilising our mascot, Sid the Dog. In addition to regular family fun sessions, children can also take part in our school holiday special sessions whereby a prize attained by completing a swim stamp cards in addition to other seasonal activities around the centres such as easter egg hunts offers in the cafe, activity sheets and certificates.

Spa campaigns - The Spa at St Sidwell’s Point regularly runs an array of promotional events, with 17 to date in total. Examples include valentines, Mother’s Day & Father’s Day packages, twilight evenings and winter wonderland shopping events.

Outreach events – Exeter Leisure regularly support local promotional events by offering our services (group exercise demonstrations, taster spa treatments, gym challenges and advice) and promote our membership options. We have attended over 20 local events, with our most recent event being Princesshay’s ‘Let’s Chalk for Mental Health’.

Member campaigns – we have run several large-scale member campaigns to encourage member engagement over a prolonged period. For example, our ‘Let’s Move for a Better World’ campaign, run in conjunction with Technogym took place over two weeks and saw members compete to make the most moves. We have also run our own Exeter Leisure Tri-Challenge, where members had three months to either run, row, or cycle the furthest, as well as ‘Beat the Team.’

6.12 The Future of Public Leisure in Devon

Active Devon’s report *The Future of Public Leisure in Devon* succinctly highlights the challenges of inactivity and social inequality faced by the leisure services in Devon. The report makes suggestions for an opportunity to participate in ‘leisure’ in the form of physical activity, sport, and movement as an underpinning component of healthy, cohesive, and vibrant communities. Furthermore, it recommends we work together to support, protect, and maximise our leisure assets in communities as they are foundational to enhancing quality of life and well-being outcomes, and key to addressing deep rooted health inequalities.

There is compelling evidence to support the social, health and well-being impact of public leisure services. In 2022 it was estimated that Devon public services received 4,680,000 visits, and sport and physical activity contributed £42 billion per year to the nation's wellbeing (more than three times the total NHS spending on mental health in England in 2018).

Out of the ten local councils operating leisure facilities in Devon, Exeter has the highest estimated annual visitor footfall rate.

Through their work with public and health sectors, Active Devon have identified emerging themes to support system change, address social need, tackle stubborn inequality, and provide positive accessible opportunities for the population of Devon (see appendix 1), many of which the leisure service is already meeting or working towards. For example, through the leisure services work with community initiatives and the GP referral scheme, we can demonstrate a dedication to redefining and reframing the service to tackle social and health inequalities, specifically in place-based health improvements and prevention. The leisure service has also convened collaborative spaces with wider civic and health systems, enabling a greater level of mutual understanding of place-based social need and delivering on health and social outcomes through physical activity.

6.13 Moving forward

We have now reduced the subsidy of the Leisure service circa **£1.1 million**, significantly better than the **£2.1 million budgeted including an underspend of circa £1million**, which is our final outturn position for the 23/24 financial year (all figures excluding depreciation).

With the majority of our leisure stock aging, we are seeing a significant increase in repairs and maintenance costs, meaning our gains in income are coming short of our building up-keep costs and not contributing towards the subsidy.

The cost-of-living crisis and increased energy costs have meant that according to a UKActive survey published in May 2024, almost a quarter of all of council areas will be at risk of seeing their leisure centres close or services reduced before September 2024. 12.5% of all private operators have closed some or all of their sites since October 2023. To respond to these pressures, public facilities in 15% of council areas have introduced changes to their financial or operational models to protect against the impact of further energy price rises. We find ourselves bucking this trend but continue to feel the impact of energy costs and aging stock.

Officers are exploring peak and off-peak membership options to address capacity issues, particularly at St Sidwell's Point.

Continued development of the swim-school programme and community initiatives, including a focus on social prescribing.

7. How does the decision contribute to the Council’s Corporate Plan?

Priority: Healthy & Active City

8. What risks are there and how can they be reduced?

Ongoing commitment to reduce the subsidy of the leisure service from the council

9. Equality Act 2010 (The Act)

No potential impact has been identified on people with protected characteristics as determined by the Act because the report is for noting only.

10. Carbon Footprint (Environmental) Implications:

None at this time as this report is for noting only.

11. Are there any other options?

11.1 None at this time.

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report: -

Contact for enquires:
Democratic Services (Committees)
Room 4.36
01392 265115

Appendix 1

Emerging Themes for Future Focus
The Future of Public Leisure in Devon
Active Devon

1. Redefine and reframe public leisure in Devon as a valued contributor in tackling inequality, and specifically as a key factor in place-based health improvement and prevention agenda. We believe a culture shift is needed in how we think about leisure services across the public and health sector. A reframing of the story needs to move away from a ‘problem to be solved’ and towards ‘unlocking the hidden potential’ in delivering an Active Wellbeing service.

2. Convene spaces to build cross-system relationships and learning. We believe that by convening collaborative spaces between public leisure and wider

civic and health systems there will be a greater level of mutual understanding of place-based social need and collaborative opportunities - helping co-design leisure services to deliver on health and social outcomes through physical activity. We think that Active Devon is well placed to support this.

3. Develop a constructive shared language. We believe by exploring, initiating and developing new shared narratives across leisure, health and wider partners, we will enhance relationships and enable collaborative impact for improved population health outcomes in identified localities. The new shared language will help us tackle challenging issues like how we ensure every child has access to 'learn to swim' opportunities through school and community programmes.

4. Help establish a clear commitment from Devon's emerging integrated care system and public leisure to explore working collaboratively to achieve mutual outcomes. We believe by exploring ways for leisure to be a fundamental aspect of strategic and delivery work in partnership with health systems, we will see positive outcomes for health and wellbeing of local people, especially in the prevention and management of long-term conditions. It is important to consider how this can be built into learning processes and success measures.

5. Initiate a new focus on leadership in the sport and leisure sector as part of building systems understanding, strategic advocacy, and a refreshed drive towards leisure as a valid career path in helping enable active places and robust practices. We believe by investing in leadership capacity and capability to support the Future of Public Leisure in Devon we will be able to ensure the right conversations can be held in the right places. Alongside this we believe that there is potential to re-energise sport, physical activity and leisure in Devon as a valid career path, enabling places and practices conducive to population health and vitality.

6. Prioritise shared data, insight and technology development as means of assessing social impact of services across Devon, to understand barriers to engagement and adjust accordingly, especially for groups with protected characteristics. We believe working with data and insight is fundamental to helping new innovations for improved health outcomes. Good gathering of data enables better communication in addressing inequalities and helps shape new collaborative ways of working. We think the Moving Communities data platform is an excellent tool to support this.

7. Consider environmental sustainability as a priority – work towards a reduction in carbon footprint of leisure services through decarbonisation schemes and initiating energy efficiency practice alongside supporting and integrating wider active travel approaches. Also, to consider collaborative ways to address rising costs of energy by sharing information that can lead to more effective energy contracts.

8. Co-design of procurement and contract approaches – to consider a fresh approach in how we design, shape and commission public leisure services for social benefit. We believe there is an opportunity to re-look at how services are procured especially within a changing culture of commissioning approaches. The potential to 'write in' clear social benefit outcomes is much greater as our health, care, and public systems lean more to an integrated and 'trust-based' way of working and begin to value prevention.

9. Formally recognise the community run provision - inclusion of rural pools in capacity support, social impact understanding and business mentoring opportunities. We believe that by recognising rurality within our county, and by

advocating for, and supporting our rural community pools with practices such as business skills, technical knowledge and partnership working, we will begin to further harness the value of these facilities in delivering greater community wellbeing.

10. Recognise the value of Active Partnerships and national partners such as Sport England in convening and supporting system change work in local places and help advocate for leisure services to address inactivity and in turn tackle intrinsically linked, wider inequalities. We believe Active Partnerships have a crucial role to play in supporting systemic change in place through sport, physical activity and movement, and are key to helping support and shape the services that leisure can provide within this space.