

Annual Report Presentation Meeting Minutes

Wednesday 21st August 2019 at 10:00

Present;

From GBC:

Jonathan Sewell (JBS)

Charlotte Cox (CC)

Kevin Hopkins (KH)

Cllr James Steel (JS)

From Freedom Leisure;

Steve May (SM), Area Manager (Guildford and Woking)

Matt Hunt (MH), Business Development Manager

Ref:	ITEM	Action
1.0	Apologies for absence	
1.1	Apologies were received from Peter O’Connell, Cllr Nigel Manning, Cllr Dennis Booth, Cllr George Potter and James Dearling.	Info
2.0	Presentation of the Annual Report by Steve May	
2.1	SM welcomed everyone to the meeting. SM began by presenting a summary of the Annual Report, which covers the period from 1 st April 2018 to 31 st March 2019.	Info
2.2	The first slide looked at Freedom Leisure’s (FL’s) commitment, which is to continue to develop the 3 facilities to offer a high quality and inclusive leisure service for Guildford and work with GBC to minimise the environmental impact of the facilities. SM made reference to the recent installation of the Combined Heat & Power (CHP) unit by GBC which has helped to reduce the Spectrum’s carbon footprint.	Info
2.3	<p>SM then went on to summarise some of the activities and achievements for 2018/19.</p> <ul style="list-style-type: none"> • The Spectrum hosted 101 hockey matches in the year (a combination of junior games and of course Guildford Flames’ games). Spectrum achieved the highest accreditation for the bowl which allows FL to host league games and competitions. FL’s charity of the year was Jigsaw, which is a bereavement charity supporting young children and their families. The partnership with FL allows the charity to access the leisure facilities for free, using the active card points that have been donated by customers. • The Lifeguard Triathlon was also a success, FL claimed second place this year in this national competition. SM was pleased to report that 9 male staff and 3 female staff came in the top 20 positions in the UK. • SM provided an overview of the family fitness sessions that run all year round at Spectrum and Ash Manor. The Aquathon events at the Lido were also a success, with 200 participants taking part in each of the 4 events and attracting a variety of age groups. This had grown from last year, when only 2 events took place. Parties were very popular in 2018/19, with 1137 taking place in the year. 	Info

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2.4	SM reported that £1.5m has been invested in repairs and maintenance for the three sites in order to keep the facilities up and running. This is detailed in the annual report and touched upon later in the presentation, under item 2.16.	Info
2.5	SM is pleased with the attendance figures for 2018/19, with just under 2 million visits to Spectrum, Lido and Ash Manor Sports Centre. SM highlighted that in the contract there were 3,258 customers on the learn to swim programme, 3,206 health and fitness members, and 4,358 members of the Concessionary (Green Active card) scheme. The venues have also attracted 23,000 Facebook 'likes'.	Info
2.6	SM then summarised the income for 2018/19. SM reminded the meeting of the facility closures last year (2017/18). This is important to note as some of the figures are not comparable as a result. The Contract turned over £12.5m, of which £11.3m was Spectrum's turnover. This figure includes the catering turnover of £2.04m. SM highlighted the changes to catering, such as the changeover from Wimpy to Burrito Loco. SM explained that the catering used to be outsourced and so the catering figures are reported separately as required by the Council. Ash Manor's turnover was 8% up on last year, however it is important to note that there was some downtime in the previous year (approx. 4 weeks) while the All Weather Pitch (AWP) was being replaced. The Lido performed very well, with £723k taken in the year (35% up on last year). SM confirmed that this is a true comparison, and the weather plays a big part in the success of the facility.	Info
2.7	SM then outlined some of the income highlights, whereby casual swimming was up by 10% against last year. Lido's income was £332k more than last year, which is almost double. SM was also pleased with Ash Manor's performance, where you can see a steady improvement which is a positive given the ever-increasing competition.	Info
2.8	SM highlighted some of the areas that were not so successful. The Lido saw a drop in memberships, which resulted in FL being £10k down on last year. SM explained that this was mainly down to some gym equipment breakdowns, which resulted in members leaving. FL is now seeing members return following the replacement of the gym equipment. The Spectrum again saw a drop in memberships, by 6% (£70k). FL is trying to understand the reasons for these results and SM indicated that FL are working hard to understand customers' expectations and how to keep ahead of the game so that membership numbers do not continue to reduce.	Info
2.9	The expenditure for each site was also noted; £10.3m at Spectrum, £338k at Ash, and £715k at Lido. SM explained that the net financial position had improved this year. Spectrum saw a huge swing, with a reported operating surplus of £79k against last year's £391k deficit. SM explained that a surplus payment had not been made due to the level of capital expenditure that had been made in the period. JBS commented that he agreed in so far as a surplus payment would not	

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	<p>be made to GBC, however capital expenditure should not be taken into account for IPP as this is irrelevant.</p> <p>JBS referred to the management fee figures used for each site in the Annual Report. JBS pointed out that the average management fee budget figures have been used as opposed to the specific year budget management fee figures for 2018/19, which he believed to be the correct ones.</p> <p>JBS is happy to meet with SM so that this can be discussed outside of the meeting so that GBC/FL can agree the figures used.</p>	JBS/SM
2.10	SM reported 1.76m attendances for Spectrum. Ash Manor made a small operating surplus (£7k) and Lido performed very well (£108k operating surplus). The Lido also saw significant attendance figures due to the weather.	Info
2.11	The Learn to Skate and Learn to Swim programmes have also continued to do well, with small increases on last year. SM added that various other activities take place such as sports tuition for dance, gymnastics etc.	Info
2.12	<p>SM explained that FL continue to keep up with the ever-changing social media trends so that FL can maintain communication with existing and potential customers via the appropriate channels. SM explained that a variety of social media platforms are used depending on the age of the customer and so FL have to keep in touch with these trends and use existing and new platforms in order to capture such a wide audience.</p> <p>FL continue to issue their regular email newsletter, however the data base has been reduced significantly following the changes to the General Data Protection Regulations (GDPR). FL also continue to reach customers via forums, surveys, Friends groups and monthly customer satisfaction surveys.</p>	Info
2.13	SM then summarised some of the activities and events that have taken place, such as the British Gymnastics Championships, a qualifier for the Cheerleading World Championships, the Ice Pantomime and Open Air Cinema nights at the Lido. SM has seen a drop in popularity for the cinema nights as competition increases.	Info
2.14	SM then summarised 'what's coming' for 2019/20 in terms of events; the Ice Pantomime, Lifeguard Triathlon and Swim for Life at the Lido where participants aim to swim 24 miles in 24 hours.	Info
2.15	FL also hopes to secure an extension to the contract which is nearing the end of its initial contract term. SM commented that this would allow further investment into the facilities.	Info
2.16	SM then went on to highlight some of the major repair and maintenance items for the year, such as the dive platform replacement at Spectrum (£196k) , Spectrum scenic lift replacements (£147k) and athletics track surface replacement (£168k). The ductwork at Spectrum was also surveyed (£27k) and FL is in the process of addressing the works arising from those surveys. The filters at the Lido were also replaced at a cost of £43k. SM commented that much of the investment for maintenance and repairs are not always visible to customers as a lot of the work is undertaken behind the scenes and so customers would not see a material change to the building. Obviously other items, such as the athletics track surface replacement is noticeable. JS confirmed that he had noticed a significant improvement when attending a GCFC	Info

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	match. The meeting agreed that the GBC Parks team have worked very hard and continue to do a good job in maintaining the pitch.	
2.17	Some of the major items were then listed under 'future projects', such as the major pump replacement (£240k), AHU replacement (£500k), car park re-surfacing (£280k), spectator seating replacement (£100k), Zamboni replacement (£110k). SM explained that the 10 Year Plan/ LCM Programme is reviewed on an ongoing basis. Items are moved forward/ back according to their condition and works required. This ongoing review allows FL to budget as appropriately as possible, given that it is difficult to predict when equipment will exactly fail/ need significant repair or replacement.	Info
2.18	SM then reported the Health & Safety stats for 2018/19. There were 710 accidents, which is 123 fewer than last year and well under the industry standard of 1 accident per 1000 visitors. SM confirmed that there were 2 RIDDOR incidents. Based on the number of visitors, this is not a bad result, however FL would always like to have zero reportable incidents.	Info
2.19	SM then summarised the main works for 'next year', some of which have already been completed as we are well in to 2019/20. The CCTV at the Lido has been installed, and the additional ice chiller at Spectrum was also commissioned recently. The remaining works to the ice rink floor surround is currently underway, and an order has been raised for the required replacement fire doors at Spectrum.	Info
2.20	Quest excellence at Spectrum was also awarded, and both Ash and Lido passed their Quest accreditations. The crèche also achieved their Ofsted inspection.	Info
2.21	SM finished the presentation by highlighting what FL do in terms of partnership working, such as their liaison with Active Surrey and the Sports Foundation. SM then welcomed questions.	Info
3.0	Questions	
3.1	<p><u>Attendances</u></p> <p>JS asked what FL perceive to be the main reason for the increased attendance figures. SM commented that of the 13.5% increase in attendances, probably around 11% of that was as a result of the closures the year before.</p> <p>MH added that one of Spectrum's main competitors, Coral Reef, had also closed for a period during major refurbishment and so this naturally has an impact on attendance figures. SM/MH confirmed that attendance is difficult to track year on year as there will always be anomalies that will impact on attendances, such as facility closures, the weather, competing facilities etc. FL continue to work hard on driving footfall.</p> <p>MH commented that usually, when the Lido performs very well and attendance is up, the Spectrum is often adversely affected and vice versa however interestingly both sites proved to have increased attendances for 2018/19.</p> <p>FL has also completed a lot more target marketing and used other social media platforms (as mentioned earlier) to attract further custom. The GDPR changes will also have an impact on FL's ability to promote the facilities in the way FL used to.</p> <p>JBS asked how confident FL is in the attendance figures. SM</p>	Info

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	<p>confirmed that it is difficult as some assumptions have to be made, such as the attendances for club hires. MH commented that despite this, he is confident that there is consistency year on year and therefore the growth or shrinkages in attendances is consistent. MH added that without turn-styles at each site, it is impossible to get exact figures.</p> <p>JBS referred to the income figures in the detail monthly reports and how these do not correlate with some of the attendance figures. Some of the detail income per attendances has changed so radically that it is causing JBS to question the attendances. JBS accepts that there has been some changes to the catering provision with the transfer to Burrito Loco, however the ratio of visit number to income still feels wrong to him. SM accepted that there may be some variances but he did not feel they were significant.</p> <p>SM referred to the changes in Synergy dance whereby it used to be run in-house but has recently been externalised. This has meant that the attendance figures remain but the income has changed. JBS accepts that this is complicated product and variations will be made but JBS is not 100% confident on the attendance figures and has expressed this to SM previously. JBS is pleased to see that corrective action has been made this year to improve the consistency of the attendance figures but it does leave JBS questioning how it fits if the anomalies are not specified or explained. SM referred to the Lido's visitor numbers and how although the attendance figures had increased significantly, a significant percentage of the attendees (such as customers under 3 years) were free and so the income per visitor would be impacted greatly as a result.</p>	
3.2	<p><u>Memberships</u> JS noted a decrease in memberships and asked if FL believe there to be any other factors causing this, other than increases in local competition and budget/ 24 hour gyms.</p> <p>SM confirmed that a lot of work is still being done to try and understand the current health and fitness demands. SM confirmed that research by Loughborough University has suggested that membership packages that offer a more diverse programme tend to be more appealing as people tend to want to do different activities/sessions each week at different locations as opposed to attending a single gym on a routine basis.</p> <p>MH explained that FL have signed up to Hussle, which is a company that enables people to have access to multiple gyms across the country. MH confirmed that this is not an ideal situation, however FL need to ensure they are not shutting themselves off from arrangements such as these which are proving to be increasing in popularity.</p>	Info
3.3	<p><u>Athletics track re-surfacing works</u> JS asked why the re-surfacing of the athletics track was delayed.</p> <p>SM outlined what he felt had been the issues with the project including the unanticipated discovery of a sub base issue which was</p>	Info

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	<p>GBC's responsibility to resolve. The resolution of this problem by GBC meant the works took longer than expected. When the contractor returned to complete the works, the weather was not suitable for the re-surfacing works. SM confirmed that had the additional works not been required, then the works would have been completed in time.</p> <p>SM added that contractor resources could have been increased, however as this work was unknown, the resources may not have been available at short notice.</p> <p>JBS highlighted that GBC had repeatedly asked FL to start the works in March however, the works did not start until July. If the works had started in March as requested, then the works would have been completed as there would have been sufficient time to cope with any unforeseen delays and the clubs would not have needed to be re-located and the disruption would have been far less.</p> <p>As GBC had used Freedom's contractor for the sub base works, JBS believed that there was still sufficient time to complete the work if it had been resourced and planned appropriately. JBS gave an example of using a labour histogram which would have allowed FL to have a proper perspective of the contractor resources required to complete the works in the required timeframe. JBS also commented that the weather quality could not have been much better.</p> <p>MH added that FL may have approached the project differently if it was known that some of the works fell under GBC's responsibility. JBS believes the worst of the disruption might have been avoided if a detailed risk assessment had been completed prior to commencement as this could have highlighted a risk of additional works and therefore a contingency would have been built in as a mitigation measure. SM confirmed that a risk assessment was completed from a H&S perspective. SM added that the contractor's sole job is re-surfacing and that they too were very surprised of the need for the sub-base works.</p>	
3.4	<p><u>Customer complaints/ feedback</u></p> <p>JS asked why there is less customer feedback, particularly as attendances are significantly up for the year.</p> <p>SM agreed and has already spent some time trying to find out why this is the case. SM explained that some methods of feedback, although they are responded to and dealt with, are not recorded. This is the case for Facebook and Twitter. It appears feedback via these platforms is becoming increasingly popular. Work needs to be done to see if these should be recorded and if so, what the best way of recording this is.</p>	Info
3.5	<p><u>Swimming lessons</u></p> <p>JS asked why the 1:1 sessions had dropped. SM confirmed that this was down to swim teacher availability. MH explained that although FL never want to cancel lessons, it makes more commercial sense to cancel 1:1's over group lessons. CC asked how FL dealt with this operationally i.e. did they cancel the lessons or move the pupils to a different slot. CC asked whether FL knew where these 1:1 customers went i.e. did they move in to group lessons or did they leave Spectrum altogether. SM confirmed that the 1:1 blocks were</p>	

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	<p>completed (there were no cancellations part way through the course). SM confirmed that the Swim Schools Manager (Amy Garnett) would be able to provide the data to CC of the number of retained customers.</p> <p>MH confirmed that there has been an industry wide shortage of swim teachers and so many facilities have experienced the same problems.</p>	CC/AG
3.6	<p><u>Staff sickness</u></p> <p>JS referred to the section of the Annual Report where it mentions a reduction in sickness rate from 668 in 2017/18 to 466 days in 2018/19 as a result of a change made to FL's internal management of sickness. JS asked what these changes were. SM confirmed that the sickness policy was changed 18 months ago and one of the key changes is that staff (on new contracts) do not get paid for the first 3 days of sickness absence. SM confirmed that FL has been ensuring this policy is implemented. SM added that if a staff member is off sick for three or more times in a 12 month period, then the staff member will be brought in for an interview to see what FL can do to support them.</p>	Info
3.7	<p><u>Health & Safety</u></p> <p>JS asked SM to explain the types of Health & Safety incidents that have occurred in the year. SM explained that there is always a huge range, from slips, trips, falls to sporting injuries. SM commented that the number of falls had reduced significantly on pool-side following the installation of the rubber crumb which is a better surface than the floor tiles. SM provided examples of incidents to portray the variety of incidents that can occur across the sites. SM explained that there were other isolated incidents, such as the ice plant ammonia leak that meant that it was required to be reported under RIDDOR. SM referred to a recent pool rescue at the Lido whereby there was a near drowning. The staff dealt with the situation very well and the customer was ok, however this was also an incident that required reporting under RIDDOR.</p>	Info
3.8	<p>There were no further questions. MH thanked Cllr JS for his questions on the annual report. The meeting closed.</p>	Info