Future of Public Sector Leisure: Report

1. INTRODUCTION

This report is the result of insight gathered by ukactive, from a leisure delivery provider perspective, including in-house management, social enterprises, charitable trusts, management companies and community interest companies, on the perceived challenges and opportunities in the delivery of public sector leisure. It is hoped that this insight, will help to inform a wider piece of work with other agencies and key stakeholders, local authorities and the various sport councils in order for collective action to be taken to drive forward the much-needed transformation of public sector leisure.

It should be noted that this report is a live document was we continue to seek input from a wider cross section of the membership to either challenge or build on the findings, and to ensure it adequately reflects the landscape and challenges for the delivery of public sector leisure which are continually shifting.

2. PROCESS

2.1 Through the use of thematic analysis to interpret the transcript from the interviews key themes and patterns emerged and these anonymised findings are provided within this report.

2.2 All interviews focused on the same key lines of enquiry (KLOE) which were provided to all interviewees in advance of the consultation alongside a series of questions. The KLOE were;

- **Current and Future models**
- **Facilities and Operation management**
- **Workforce**
- **Collaboration and Partnerships**
- **Demonstrating Impact**

3. PURPOSE AND VISION FOR PUBLIC SECTOR LEISURE

3.1 At the outset of the consultation all respondents were asked to describe what they felt the purpose of public sector leisure was. Whilst the majority of respondents had very similar views on the purpose there was no one phrase that was used throughout that summed this up.

3.2 Analysis of the interviews and the language used by respondents a fair and accurate description to sum up how the majority described the purpose is;

'The delivery of social, economic and health outcomes on both a local and national level whilst also providing affordable, accessible leisure services and facilities to local communities.'

3.3 It was evident during discussions regarding purpose that many respondents felt that PSL had in recent years, 'lost its way'. As the landscape it operates in has shifted and new challenges have emerged the approach to the delivery of PSL has diversified dramatically resulting in a fragmented, confusing sector with, crucially, a lack of strategic vision or direction

3.4 Many respondents also felt that whilst they knew and believed in the genuine purpose of the sector the need to focus on income generation meant they were increasingly unable to live and breathe that purpose.

3.5 There was alignment from the majority of respondents with regard to future vision (looking to 2030 and beyond). There was an overwhelming passion and belief amongst all, of the key role PSL can, and in fact does already play, in contributing to the wellness of the nation.

3.6 Descriptors used by respondents included; essential, a thriving sector, joined up and integral to health delivered in partnership with local authority clients. Valued, invested and strategically delivered at both a national and Local level. No longer a means to generate income but also as a valuable asset to drive health outcomes and reduce inequalities.

3.7 Despite the differing contracting and operating models that each of the providers deliver within, there was an overwhelming agreement from respondents of the direction the sector needs to go in in order to transform.

4. CHALLENGES

There is a significant coverage within this report on the challenges for PSL. A focus of the consultation was reflecting on where the sector has come from and what can be learnt from the failures and the challenges that respondents felt inhibited progression and the ability to truly transform.

The challenges raised by respondents have been grouped by the KLOE in which they were discussed.

5. CHALLENGES – CURRENT AND FUTURE MODELS

5.1 *Contracting*

5.1.1 The competitive procurement process used for many local authority leisure contracts is no longer a sustainable approach to leisure contracting.

5.1.2 The 'race to the bottom' culture that has been created by all working with the PSL eco-system coupled with other external factors, including but not limited to austerity, a competitive over-crowded market and deteriorating facilities has resulted in PSL becoming ever more commercialised creating an inability to focus time, energy and resource into targeted activities or interventions.

5.1.3 Respondents felt that when undertaking a procurement exercise the local authority client has every intention of securing a provider with whom they would have a strategic relationship of shared goals and risks, working in partnership to lower costs, increase quality, drive innovation and importantly to deliver real tangible outcomes for the local community.

5.1.4 However, owing to the significant challenges local authorities are under there appears, in more recent years, to be an added pressure to make the most out of the leisure assets from a financial perspective with very little weight given to the social impact and value. The result being a default to an adversarial mindset and, in many cases a more transactional contracting approach begins to be taken.

5.1.5 The way a contract is both negotiated and managed sets the foundations for the working relationship. Fostering negative behaviours from the outset undermines the relationship, and the contract itself, and inevitably leads to a complete lack of trust and confidence for both parties which is hugely detrimental to the success of the service.

5.1.6 Respondents described many of their current contracts or agreements as over specified and heavily managed requiring the leisure delivery provider to focus on onerous requirements that waste resources and force them to work in a restrictive way.

5.2 *Leisure Delivery Providers have acted as enablers*

5.2.1 Respondents acknowledged that despite the change in landscape for leisure they have continued to compete to win what they describe as unsustainable contracts and in doing so have contributed to the creation of the proverbial 'race to the bottom'.

5.2.2 Respondents recognise that not being open book enough and withholding certain financial information from the client has created mis-trust. It was felt that this lack of transparency contributed heavily to the breakdown of relationship with the client and is damaging to future relationships between providers and client.

5.2.3 A recurrent theme was the emergence of full risk transfer to leisure delivery providers. Whilst it can have its place and work well, with an abundance of ageing facilities and risk that is not properly modelled, the result is often little or no investment and further deteriorating facilities that then impacts significantly on quality and service to the local community.

5.3 *Leisure Consultants*

5.3.1 Significant cuts to local government budgets have seen the level of leisure expertise within local authorities reduce dramatically. This has led to a lack of knowledge of the complexities of the provision of public sector leisure and has resulted in an increase in the use of leisure consultants, particularly to support the leisure procurement process.

5.3.2 As the financial pressures for local authorities mount they increasingly seek the skills of leisure consultants that can, and have, saved councils millions through identifying cost savings and efficiencies within leisure contracts. Whilst there is no doubt amongst respondents that leisure consultants are an extremely valuable and important asset to the PSL eco-system, utilising their skill-set in this way has also contributed to the 'race to the bottom' culture.

5.4 *Short Termism*

5.4.1 Short termism was a phrase that was used on multiple occasions throughout the interviews. The continued focus on short term results at the expense of long-term interests that have real lasting impact.

5.4.2 Those respondents that had long term contracts or partnership agreements, cited the ability to invest in people, resources and facilities enabling them to create impact on a local level unlike those who are awarded short term contracts.

5.4.3 Respondents raised the issue of some more risk adverse local authorities and their pursuit to re-tender even, when there is no legal obligation to do so and the partnership is achieving what it set out to is damaging and detrimental to long term planning

5.4.4 The short-term nature of the political cycle both locally and nationally further contributes to uncertainty and the ability to plan long-term.

5.4.5 The financial challenges local authorities are under creates an aspiration to own leisure facilities that are cost neutral or create a surplus. Whilst this does put money back into the LA purse it removes the ability for providers to use the profit from commercial income to cross subsidise targeted activities or to make significant investment in the facilities.

5.5 *Additional Challenges to note*

5.5.1 The current external perception of PSL is extremely damaging to the credibility of what is actually provided and significantly under values the community benefit provided.

5.5.2 The way PSL has been referred to throughout the pandemic has shone a light on the lack of understanding and value associated with the sector. Referred to by central government as part and parcel of 'hospitality and leisure industry' and the medias reference to the use of the term 'gyms' creates a specific image and is misrepresentative of what PSL actually is.

5.5.3 It was recognised by respondents that if PSL has 'lost its way' and cannot itself clearly articulate its true purpose, there can be little expectation of government, media or general public to recognise and value public sector leisure for what it really does.

6. CHALLENGE – FACILITIES AND OPERATION MANAGEMENT

6.1 *Current Standards and Code of Practice*

6.1.1 Respondents felt that the current standards and codes of practice within PSL had their place and had been beneficial to the delivery of their service but needed updating.

6.1.2 Respondents were of the view that the current standards have not evolved at the same pace as the sector.

6.1.3 There was a need for a standard that reflects the new landscape for public sector leisure. Crucial to this is a standard that can reflect outcomes, particularly linked to health, is based on customer led insight and that actually influences consumer behaviour and confidence.

6.2 *Facilities*

6.2.1 Much of the stock of leisure buildings is from an earlier era and if not decaying, certainly energy inefficient and restricted. The need for investment in stock to address this was reflected throughout the discussions.

6.2.2 Leisure assets are not viewed as a priority for investment by local authorities under significant budget pressures unless they can see a significant return on investment.

6.2.3 Respondents felt the lack there are limited opportunities for external capital funding for leisure infrastructure.

6.2.4 These ageing facilities, and lack of investment represent a significant issue with regard to life cycle of a facility but also represent a significant challenge with regard to how accessible they are to local communities.

6.2.5 Covid has and will continue to have a significant impact on operations, with capacity continuing to be limited and re-modelling required to ensure safe distances are kept.

6.2.6 There are indications that facilities which have seen the highest return of customers, following lockdown, are those that have had the most significant investment in recent years.

6.2.7 The older, tired facilities that were already in need of investment are going to be severely impacted. Many are unable to open because they cannot physically meet the new guidelines or they are able to open but seeing a low return of customers because of perceived safety and cleanliness.

6.2.8 Many respondents felt that there should be a strategic rationalisation/investment programme as many facilities within their portfolio no longer reflect the needs of the community in which they are located.

6.2.9 Ultimately respondents felt that any decision to rationalise, close underperforming facilities or invest is not done strategically and is too often politically motivated.

6.3 *Swimming*

6.3.1 The high operational cost of swimming is largely offset by swimming lessons and health and fitness provision, which is steadily becoming a less viable approach.

6.3.2 In order to offset the operational cost of swimming provision respondents cited more flexibility was required with regard to programming of pool timetables. Respondents felt this would allow a much more effective and efficient use of space increasing profitability from swimming provision without impacting the affordability to the end user.

6.3.3 Swimming clubs are an extremely important partner of leisure delivery providers. There is a legacy of clubs operating as businesses and providing swimming lessons, in direct competition with leisure delivery providers. This and the expectation for significant pool time and pool hire discounts impact on overall swimming viability.

6.3.4 Despite the significant cost to operate swimming pools, swimming, as an activity has a poorly perceived value amongst the public.

6.4 *Falling behind in climate race*

6.4.1 The leisure industry is a significant consumer of energy in the UK and, as it stands, many respondents felt that PSL is at risk of falling behind in its attempts to reduce net carbon emissions.

6.4.2 Current regulations that centres have to follow in order to be covid secure is not supportive of the green agenda but instead is increasing the sectors footprint and driving energy costs up further.

6.4.3 A large portion of respondents felt that they and their local authority clients need support (education and financial) to navigate and understanding the significant emerging market of products and technology to help the sector to reduce emissions and be more energy efficient.

7. CHALLENGE – WORKFORCE

7.1 *Recruitment and retention*

7.1.1 Staffing is one of the most significant costs to leisure delivery providers. When savings need to be made, which is becoming an increasingly regular occurrence, this is often through salary reductions or redundancies, resulting in lower paid roles with increased responsibilities.

7.1.2 The National Living Wage and National Minimum wage measures, whilst welcome, will result in significant organisational decision having to be made. Leisure delivery providers operate on razor tight margins with an inability to pass these costs on to the end user through increased prices, and as such are an industry which will feel the impact of these measures more than most.

7.2 *Quality of Existing Leadership*

7.2.1 Respondents stated that there is a poor management structure within PSL delivery providers and the sector lacks clear progression routes. In comparison to other industries this creates a real lack of credibility associated with employment in leisure.

7.2.2 Employees working within PSL often progress into more senior roles having been developed as task orientated leaders, a leadership style that stifles ground breaking or creative approaches to work. Resulting in the quality and experience of existing leadership within the sector as lacking some of the essential skills needed to take the sector forward.

7.3 *Stagnant Workforce*

7.3.1 Lack of credibility and low wage economy contribute to the stagnant nature and the inability of PSL to attract experienced professionals from other fields that would be able to drive transformational change in the delivery of products and services.

7.3.2 Some respondents felt that the sector is too inward facing with regard to learning and development and that there is the fantastic opportunity to learn a significant amount from other more advanced industries.

7.3.3 Too often it was felt that the time is not taken to stop and consider what skills are required of the workforce and how are the sector is failing to move the industry forward by not adequately supporting the development of staff that can effectively deliver the vision for public sector leisure.

7.3.4 Finally, the workforce demographics, from board level to front-line consumer facing employees the staff in public sector leisure do not, on the whole, reflect the communities we seek to serve. There is a recognition that we need to get better at representation in a bid to develop services that are truly inclusive and accessible.

8. CHALLENGE – PARTNERSHIPS AND COLLABORATION

8.1 Essential, crucial and core were the recurrent words used within the discussion on partnerships and collaboration.

8.2 An overwhelming appreciation of how fundamental this area is to the success of the delivery of effective PSL provision.

8.3 There is a lack of capacity and resource within both the local authority and the leisure delivery provider to work together over and above the operational requirements of the service, and this is reflected in the limited local partnerships created external to this relationship.

8.4 Discussions with respondents focussed on the lack of a strategic and formal approach to partnerships, from both a national and local perspective.

8.5 A significant strength of feeling that more needs to be done at a national level to engage key partners, particularly health, to ensure there is clear understanding of their priorities and challenges. This would enable a more strategic approach of how to utilise the assets that public sector leisure has to support these partners.

9. CHALLENGE – DEMONSTRATING IMPACT

9.1 *Social Value*

9.1.1 98% of respondents agreed that PSL makes a substantial contribution to UK society. Despite this, evidencing social value was not an integral part of many contracts or an expectation of the client.

9.1.2 The social value agenda has been seen as a ‘nice to have’ especially against the backdrop of austerity and has been weakened by an inconsistent approach to both its interpretation and its evaluation.

9.1.3 Leisure delivery providers identified a need to be supported confidently use social value, respond to challenges in its validity and to bring it to life at a local level.

9.2 *Inclusion and Accessibility*

9.2.1 When discussing how inclusive and accessible the sector as a whole is with particular regard to ethnically diverse communities, disability, LGBTQI+, women and girls over 60% of respondents stated that their personal feeling was 'over and above legal and legislative requirements we are not as inclusive and accessible as we could be'.

9.2.2 The lack of local and national partnerships, the ongoing focus to increase commercial revenue and the need to deliver operationally on over specified contracts all contribute to the inability to develop and deliver targeted activities and programmes.

9.2.3 The inclusion of concessionary prices within contracts were often the local authorities attempt to support inclusion amongst specific groups. More often than not however they create concessions for large groups that are not in need, negatively impacting on income generation and the ability for leisure delivery providers too tackle health inequalities.

9.2.4 In order to have real tangible impact on health outcomes and address health inequalities a much more refined and targeted partnership approach is needed to actively support and engage specific groups within communities local to the facility.

9.2.5 As previously mentioned the leisure workforce is on the whole not reflective of these groups, more need to be done to recruit from a workforce that reflects a diverse society and encourages 'diversity of thought' in how the public leisure sector approach and deliver services.

10. OPPORTUNITIES FOR PUBLIC SECTOR LEISURE

A huge sense from all respondents that now more than ever before is the time to coalesce and start to work towards transforming PSL. Respondents were asked to identify where they felt the opportunities lay in order to address the challenges impacting the development of PSL. The key findings from the discussions regarding opportunity were grouped according to their theme and are presented below.

10.1 *Opportunity – Lobby for PSL to be an Essential Service*

10.1.1 Overarching view is that leisure is and should be essential and that the services provided by public leisure are crucial in supporting the health service with both protection and prevention.

10.1.2 Whilst it would undeniably be welcome there was a sense of caution in placing too much emphasis on becoming a statutory service as this potentially deflects from the true transformation that is needed for PSL.

10.2 *Opportunity — Develop a National Strategy for PSL*

10.2.1 The lack of a robust national strategy or blueprint for public sector leisure is hugely detrimental in the ability for the sector to move forward as a collective and to effectively identify itself as the wellness arm of the NHS.

10.2.2 There is the need for a national strategy that clearly outlines the purpose & vision for public sector leisure. Accompanying this should be a detailed framework for how this translates at a local level to support the delivery of local place-based priorities and partnerships.

10.3 *Opportunity – Define PSL role in Whole systems approaches to physical activity*

10.3.1 PSL needs to be much closer aligned to health and education and the sectors role in reducing health inequalities and securing the physical and mental health of the nation needs to be explicit and understood.

10.3.2 As one respondent said, 'we must stop trying to shoehorn leisure in but work with the key agencies to ensure there is a well-defined and strategic role for us going forward'.

10.4 *Opportunity – Review current contracting arrangements and approaches*

10.4.1 What is clear from the challenges is that the current contracting model and management of contracts significantly impacts on the overall delivery of PSL services.

10.4.2 Moving away from what could be referred to as a transactional contractual approach towards more formal relational contracts would have a significantly positive impact. Much more partnership driven in its approach, this would encourage the development of shared objectives and goals, encouraging trust and collaboration whilst establishing governance structures that manage expectations and keep interests aligned over the long term.

10.4.3 This type of contracting model would enforce a more transparent and open book approach to contracts and also provide the agility and flexibility to adjust pricing and programming to enable leisure delivery providers to react in a timely manner to external pressures on the business model.

10.5 *Opportunity – Build Back Better*

10.5.1 A National Public Leisure Infrastructure strategy that supports investment, rationalisation and consolidation of the leisure stock. Influencing a new way of thinking with regard to leisure facility assets across the UK, driven at a national level and not politically motivated from a local level.

10.6 *Opportunity – More coordinated approach to demonstrating Social Value*

10.6.1 More consistency in what is measured, the interpretation and use of evidence would enable the sector to communicate accurate, robust data on a national level and demonstrate tangible impact on health outcomes.

10.7 *Opportunity – Enhance the image and profile of the sector*

10.7.1 The implementation of a sector standard that drives continuous service improvements produces specific outcomes and utilises customer led insight will provide much needed credibility amongst strategic partners (health and education) and ensure the sector is accountable.

10.7.2 A sector wide commitment to work collectively on targeted campaigns, consistently use appropriate language and imagery that truly demonstrates the community benefit provided by PSL and that is reflective of both existing members and those the sector want to engage with.

10.8 *Opportunity– Long-Term Workforce Planning*

10.8.1 The creation of a long-term workforce development plan for public sector leisure. This will enhance the sectors credibility as an employer supporting recruitment from a wider pool of experts and ensure the leisure workforce, at all levels, continues to be equipped with the skills needed to deliver on the purpose and vision for public sector leisure.

10.9 *Opportunity– Together we are Stronger*

10.9.1 The coronavirus pandemic of 2020 has created a common purpose that has united everyone within the leisure eco-system, removed silos and enforced collaboration that was not there before.

10.9.2 This collaboration was identified with regard to the relationship between the leisure delivery provider and the client, amongst public leisure delivery providers, the public and private sector and the joint working of the multiple national agencies representing the wider sector.

10.9.3 It was agreed that together the leisure industry, public and private sector, are stronger. It is crucial that the sector is supported to continue to build on the common ground created and there is not a return to the silo working experienced pre-covid.

10.9.4 The general consensus of respondents was that the key national organisations, across the four nations, need to come together and agree next steps and the way forward with regard to PSL and the role it plays in securing the health of the nation.

11. CONCLUSION

The challenges experienced in the delivery of PSL are abundant but so are the opportunities for progression. In many instances' services are not being delivered as they were originally intended, large swathes of communities who should be utilising and accessing public leisure facilities are not. In order to address this inconsistency, the challenges and opportunities identified in this report need to be addressed and followed up.

This is by no means the final word of how public leisure sector should change going forward. Our intention at ukactive was to start that conversation with our members who are just one piece of a large puzzle. There needs to be a collective call to action, further consultation with all of the other key stakeholders and a commitment to work together to change public leisure sector for the better.

5.