

Report for: Cabinet

Date of Meeting:	4 th June 2024
Subject:	Leisure Management System
Cabinet Member:	Cllr David Wulff
Responsible Officer:	Dean Emery – Head of Revenues, Benefits & Leisure
Exempt:	Main Report – None
Wards Affected:	All
Enclosures:	N/A

Summary: To inform Cabinet of the business reasons, as presented in this paper, for the digital transformation to help modernise service delivery, allowing customers to ‘self-serve’

Recommendation: Cabinet approves the digital transformation for the Leisure Service via a full tender process based on the four ‘lots’ proposed in (2.0) (2.1) (2.2) (2.3)

Introduction/Background

- 1.0 Mid Devon Leisure (MDL) is a non-statutory service within Mid Devon District Council (MDDC), operating sites in; Crediton, Cullompton and Tiverton. The assets include; Artificial Turf Pitches, Fitness Studios, Multipurpose Studios, Sports Halls, Squash Courts, Swimming Pools, Teaching Pools, Tennis Courts, Training Rooms and Saunas
- 1.1 The last 12 months has been a very positive time for Mid Devon Leisure with membership numbers, income and participation exceeding pre COVID levels. Income exceeded £3m for the first time and resulted in the service surpassing the budget by £419k. £332.1k is due to the change in VAT treatment for some services, with £86.9k as a result of growth. In 2023/24, the Leisure service was subsidised by £1.4m however, the budget for 2024/25 is set at £983k showing a reduction of £419k to the taxpayer. This saving has been delivered as a consequence to our proactive

decarbonisation investments, further cost control measures and some assumed income growth.

- 1.2 The service to date has circa 3,750 adult members and 2,430 junior members, in addition to walk-in pay and play customers. Mid Devon Leisure sites are the base for over 60 schools, clubs and organisations that access the swimming pools and 'dry' areas such as sports halls, studios, racquet courts and artificial-turf pitches.
- 1.3 In 2023, Max Associates were commissioned to undertake an independent review for Mid Devon District Council on the Leisure service. The Council was keen to understand how current performance compares to the wider public leisure sector and its offer against local competition. Leisure have taken account of the external professional advice with regards to their digital review summary, other advice is being looked into:
 - The Leisure Management System is outdated and requires updating;
 - The existing manual processes are not as effective or efficient as a comprehensive digital approach. They are resource intensive and have greater opportunity for human error;
 - The ability to monitor, report and improve is limited by the systems currently in place;
 - It is difficult to create a customer driven approach to digital marketing due to limitations within the existing systems.
- 1.4 The existing Leisure Management System was procured, and built, over twelve years ago. The system does not support modern needs of the service and customers, changes have been difficult to implement as a result. This has led to process being determined by system capabilities rather than business, and customer, needs, automation is not in place for reporting or customer communications.
 - 1.4.1 It is timely that an overhaul of the current system is considered. Given recent success in the service income position we must ensure customers receive the service they deserve. This will be achieved with a system that safeguards the future of the service, is value for money for the taxpayer and allows for efficiencies and future growth moving forwards.
- 1.5 The swimming lesson programme in its current format is managed through a combination of the Leisure Management System and complex manual processes, this is not cost effective. The implementation of a swimming lesson software system will allow the lesson programme, which currently has over 2.4k customers enrolled, more streamlined, customer friendly, self-management and will release resource to other areas of the business. The swimming lesson software, links directly so, must be compatible with the Leisure Management System. The current manual administration of the lesson programme opens us up to human error and health and safety implications.
- 1.6 Our current Leisure Management System and app, does not allow us to effectively manage unauthorised access to our facilities. Installation of an

access control system will free up staff resource, protect income and work in conjunction with the LMS and improved app for an improved customer experience. Unauthorised access is a serious health and safety concern that must be addressed.

1.7 The current app is predominantly geared towards fitness customers as opposed to all leisure users. An improved app will allow us to communicate effectively with all users, open up options for marketing and revenue, could assist with access control, accurately record attendance and allow customers to fully control their membership, which will free up staff resource.

1.8 A soft market exercise was undertaken prior to this report being submitted. The exercise included supplier presentations, site visits to centres, Devon, Cornwall, Dorset and Gloucestershire in order to explore the digital changes required, valuable end user feedback was given to help map out our much needed changes.

Based on the information presented by suppliers, and end users, the project team have been able to research and analyse information in order to obtain a thorough understanding of the technology available. Mid Devon District Council Procurement and ICT departments have been informed of the process throughout and the tender process shall be followed in accordance of financial regulations to ensure fairness to all.

Proposal

2.0 Based on our findings a full tender exercise of the Leisure Management System is required for the following reasons:

- A review of system capability to ensure best practice and value for money
- Improved customer experience
- Move to a hosted system reducing internal ICT maintenance for a service with reduced resources and reduced overheads to the Leisure service
- Continuation of GDPR compliance
- Straightforward user interface for staff and customers
- Integrations with recommended interfaces
- Requirement for established reports, with the option of further development which would meet financial, asset management and audit requirements
- Future interface opportunities
- Web based systems ensuring compatibility with all devices including PC, tablet and mobile

2.1 Based on our findings we recommend the introduction of software for the swimming lesson programme, via a full tender process, for the following reasons;

- Software integrates with LMS

- Improved recording of customers details reducing Health & Safety concerns
- Fully automated system reducing labour intensive administration
- Release staff resource to other areas of the business or contribute to staff savings
- Improved digital experience for customers allowing access to progress reports
- Fully branded Home Portal with company colours and logos at no extra cost
- Coach portal is password and PIN protected in compliance with GDPR

2.2 Based on our findings we recommend a full tender for the introduction of access control infrastructure for the following reasons;

- Integrates with LMS
- Prevents unauthorised access to the facilities which in turn protects income
- Controls access to areas of the buildings reducing H&S concerns
- No ground work required for installation
- Self-check in for customers allows efficiencies to staff resource
- Improved member experience
- Accurate data recording to ensure accurate participation and headcount figures

2.3 Based on our findings we recommend a market tender of the Leisure app, via a full tender process, for the following reasons;

- Improved digital experience for all users to help increase customer loyalty and attract new digital members
- Increase conversion of leads to new members
- Content marketing which is fully GDPR compliant and completely controlled by the customer
- Automated communication with the flexibility to message individuals, target groups or all users
- Option to utilise for access control
- Potential advertising revenue stream
- Option to introduce home video platform increasing value for money, revenue and retention

3.0 Financial Implications

3.1 The service has had a successful year resulting in the highest membership and income to date. The commercial nature of the industry means that Mid Devon Leisure is vulnerable to threats from competition, substitutions as well as consideration to the ongoing cost of living challenge.

3.2 Implementation of the Leisure Management System/Channel Shift will drive retention, growth and income into the organisation for 2024/25 onwards, whilst marketing strategies strive to increase market share.

- 3.3 There is £200k capital and £160k revenue set aside the 2024/25 budget for this project. The final costs vs budget will be clearer after the tender and suppliers have been chosen. The estimated costs for this project are c£372k, but as noted the below estimates are prudent. Revenue and capital, already budgeted for will need to be revised as the change moves forward.
- 3.4 Our current systems cost circa £35k per annum. The introduction of industry leading software and hardware will increase costs by circa £28k per annum, however the following will offset this;
- Staff efficiency savings estimated financial savings could be c£34k
 - Revenue increase of c£87k per annum based on 5% growth
 - Increased retention and attrition rates resulting in circa £10k revenue increase per annum

Please note these assessments have been prudently estimated and are aligned with our soft market research as noted in (1.8)

4.0 Conclusion

- 4.1 Mid Devon Leisure strive to remain competitive, innovative and customer focused and an overhaul the leisure management system will ensure an improved customer experience through new leading software.
- 4.2 Throughout our soft market exercise it is clear our current system will not meet the needs of the Leisure business going forward, which generates over £3 million in annual income, or the needs of our customers. An efficient system is crucial to the continued success of the business which is why this proposal is being brought forward for your consideration.
- 4.3 Implementing digital change will ensure the Leisure service is aligned with modern day service delivery for our customers. Being able to 'self-serve' brings the service into people's homes where 24hr access can help them and us.
- 4.4 When the procurement process has been concluded, and suppliers chosen, an update to this report will be brought back to Leadership Team and Cabinet. This will allow everyone to be kept up to date with the journey and refined costs can be given.
- 4.5 The delivery timeline is yet to be agreed, however changes should be seen by the end of this year. Full rollout of the proposed systems could be achieved over a 12-month period.

Legal Implications: There is a legal obligation to ensure all systems are GDPR compliant

Risk Assessment: The commercial nature of the industry means that Mid Devon Leisure can be vulnerable to threats from competition, substitutions and price sensitivity. Implementation of a new Leisure Management System would ensure the digital ecosystem is aligned resulting in improved customer service and continued growth and retention

Impact on Climate Change: None

Equalities Impact Assessment: Mid Devon Leisure continues to support those members of the community to fully access their facilities. There will always be a member of staff to serve, or assist, with service and all access control barriers will be DDA compliant to ensure access for all

Relationship to Corporate Plan: Work with the NHS and other health bodies to promote use of our leisure centres and seek opportunities to address public health issues and disparities to improve the health and wellbeing of everyone in Mid Devon.

Economy Objectives: Explore commercial opportunities that deliver new or innovative services for customers that can generate revenue for the council

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett
Agreed by or on behalf of the Section 151
Date: 21/05/24

Statutory Officer: Maria De Leiburne
Agreed on behalf of the Monitoring Officer
Date: 21/05/24

Chief Officer: Stephen Walford
Agreed by or on behalf of the Chief Executive
Date: 21/05/24

Performance and risk: Steve Carr
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: 20/05/2024

Cabinet member notified: (Yes)

Report: Exclusion of the press and public from this item of business on the published agenda on the grounds that it involves the likely disclosure of exempt information. (No)

Appendix: Exclusion of the press and public from this item of business on the published agenda on the grounds that it involves the likely disclosure of exempt information. (Yes)

Section 4 - Contact Details and Background Papers

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