

Relevant Information for Council

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TO: Lord Mayor and Councillors

FROM: Veronica Lee, Director City Services

THROUGH: Monica Barone, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.4 – Contract Variation – Future Management and Operation of Aquatic Leisure Centres and Belgravia Leisure

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 11 September 2023, further information was sought in relation to the Contract Variation – Future Management and Operation of Aquatic Leisure Centres and Belgravia Leisure. Further information was also sought out of session on matters relating to the proposed contract extension with Belgravia.

Consideration that a public version of the evaluation report be made available

In completing the Aquatic Leisure Services Management Options Evaluation process, Warren Green Consulting (WGC) has undertaken a comprehensive process involving internal and external consultation, detailed research and the application of extensive intellectual property. The overall aim was to provide the City with a comprehensive report of potential management model options inclusive of all background details and assumptions. As some of this information has been provided by third parties, in confidence, or is the consultant's intellectual property, or sensitive information, the report has been written as a commercial in confidence document for internal purposes only and not for broad distribution. The report, and in particular the financial and attendance modelling, is confidential because if it were made public it could compromise the City's ability to obtain competitive responses to tendering of the service.

Further information on the impact of increasing wages (to inflation) and the impact on costs/modellings (consideration of higher Award rates)

Wages modelling over the five years has been projected between three and four percent. Both the State Award and Fitness Industry Award have been assumed to increase each year at similar levels. For wages to achieve parity there would need to be an increase in the Fitness Industry Award of an additional 10 per cent over five years which is unlikely to occur. The Reserve Bank of Australia forecast for CPI over the next five years is shown below.

Table 5.1: Output Growth and Inflation Forecasts(a) Per cent						
	Year-ended					
	June 2023	Dec 2023	June 2024	Dec 2024	June 2025	Dec 2025
CPI inflation	6.0	4¼	3½	3¼	3	2¾
(previous)	(6¼)	(4½)	(3½)	(3¼)	(3)	(n/a)

Management of industrial relations issues and staff wages

The two contracts with Belgravia require the use an Industrial Agreement that includes a Modern Award or Enterprise Agreement. The predominant award used is the Fitness Industry Award that applies to between 70-80 per cent of workers.

Transition from gas to electricity use at pools (financial and contractual implications of any shut down periods)

Electrification plans across the aquatic portfolio are being developed to align with both asset renewal and strategic objectives of each aquatic centre. Timing of works will be scheduled within annual shutdown periods or delivered with minimal disruption to operations with further details provided in Confidential Attachment A:

Risks, current management approach and contract with Belgravia

This is the City's largest outward facing service and it is complex to manage the assets, services and risks across the six centres. Service provision has many moving parts - building and pool plant and equipment maintenance, cleaning, front line services, swimming lessons, fitness, cafes, creche, hydrotherapy, sports field etc.

The new contract will address the issues raised in the consultant's report and give a new opportunity for enhanced measures for scrutinising the success of the service and management activities. Belgravia is managed through a comprehensive and structured approach to management of performance that includes quarterly meetings with senior managers.

Areas being managed through this forum in the short-term extension include:

- Child protection - Belgravia has completed the City's Evidence of Compliance and Maturity Assessment against the NSW Child Safe Standards. Their policy is supported by procedures, processes and training. Child safety learning modules form part of general induction (Level 1 - all employees) and must be completed within the first month of employment. Managers receive additional and specific training (Level 2). Refresher training for both levels is required every 12-months.
- Personal data protection and control - this is a developing area. This is an important piece of work for the City to ensure it is effectively protecting the privacy and confidentiality of the people and organisations that have entrusted us (through Belgravia) with their information. Data breach events by Optus, Medibank Private and others last year further highlighted the increasing risks of collection and management (storage, sharing, governance and disposal) of sensitive personal and confidential information. The City is working with Belgravia on an ongoing basis to understand issues and risks, and to guide and plan improvement.

The City has received the NSW Aquatic and Recreation Institute Facility of the Year Award four times - Gunyama (2021), Ian Thorpe Aquatic Centre (2009), Cook and Phillip Park Pool (2011) and Prince Alfred Park Pool (2015). The Access and Inclusion Award for Gunyama Park Access Key was also awarded to the City in 2022.

Effective monitoring of service quality is critical to ensure the required performance standards, as detailed in the services specification, are achieved. Cleaning and presentation are satisfactory and is a work in progress. Monitoring of quality is done using a combination of methods, including centre visits monthly by City staff and annual customer surveys completed by the University of South Australia CERM. For 2023, 89 per cent of all respondents indicated they were satisfied with the centre they attended. The highest score was recorded equally by Andrew (Boy) Charlton and Prince Alfred Park pools.

Service improvement/innovation - we regularly work with Belgravia to use innovative approaches to community-wide engagement to attract new users to our centres and to be on top of new and emerging trends in program delivery, service provision and improving community health and wellbeing. Notable successes have included:

- Delivery of an Innovate Reconciliation Action Plan.
- Establishing a dedicated call centre for all enquiries and working towards a fully integrated CRM system. The call centre has over 30,000 interactions per month.
- New website suite - online membership sign up and ongoing membership management, group fitness class bookings, lap lane availability etc.
- Introduced new roles into the local leadership structure, including Director of Swimming (learn to swim, schools, swim club, private lessons), Community Engagement Coordinator (Innovate Reconciliation Action Plan, migrant swim program, Monthly Meet the Manager session at each centre, working with Souths Cares), Sustainability and Operations Manager (delivering 80KL per year water savings from introducing pressure driven backwash protocol, public place recycling).

- Established third party relationships to deliver niche programs such as open water and Triathlon training, Chinese speaking learn to swim, fear of water lessons, adult advanced stroke correction. Introduced Take Charge program that assists people experiencing mental health challenges to improve their biopsychosocial well-being through exercise.

The following are scoped to explore implementation this financial year:

- Immersion Therapy TM - innovative service for people living with disability, illness and injury. It gives participants the chance to experience movements that might otherwise be impossible. Research confirms participants typically experience enhanced physical, mental, emotional and social wellbeing.
- Hydro Functional Program TM - aquatic exercise program designed to alleviate knee pain and arthritis symptoms.
- Introduce recovery stations - integration of relaxation stations that could include massage chairs and leg compression stations that could be booked to help aid member recovery.
- City Access Card – administration for new and renewed City Access Card applications devolved to the six centres to make the process easier for patrons.

Community benefits and social benefits

Through the Community Engagement Coordinator role, Belgravia has focused on key areas of establishing ongoing partnerships and programs, supporting major community engagement events and celebrations and recognition of national initiatives and awareness days to continue to further grow staff and patron awareness of diversity, accessibility and inclusivity.

Through the Community Engagement Coordinator role, we delivered a number of initiatives and programs that connect our service with the community and catchment. This includes:

- Expanded eligibility for the City's Access Card to people from low socio-economic backgrounds living outside of our local area.
- Learn to swim community partnerships to run programs to reach their target groups, e.g., Yurungai Swimming Lessons in partnership with Barnardos Aboriginal Services and The Settlement After School Program, provided access to a learn to swim program.
- Collaboration with The Asylum Seekers Centre to provide a migrant swimming program that promotes learning to swim with free access for participants.
- Hosted a special Olympics' SPLASH event at Andrew (Boy) Charlton Pool, with multiple Olympians competing alongside local organisations.

Through our programs and services, social value indicators demonstrate how we have assisted to reduce the community's risk to a number of health indicators. The most significant value indicator in FY23 was the benefits offered to supporting mental health. Over the last 18 months improving the mental health and wellbeing of our community following extended lockdowns and social isolation was crucial and our programs and services were planned to cater to this outcome.

There was also a marked contribution to educational benefits and a reduction in the risk of drowning, showing our commitment to continue aiding the Local Government Area to learn about living a healthier lifestyle and gaining greater aquatic literacy.

The strategic framework that incorporates a set of guiding principles outlined in the Evaluation Report will serve as the strategic policy for the new contract specification and ensure outcomes remain in line with the Council's vision and corporate objectives. They will inform development of the key contract performance indicators and will be monitored and tracked to maximise outcomes for the community.

Assessment of risk / learnings from other outsourced services

This is considered a low risk. The City's contracts and service provision have been stable, despite the significant impact of Covid on staffing and service delivery. The City has implemented a range of controls to mitigate the risk of our service being impacted by the liquidation of a company. This includes receiving Belgravia's Statutory Accounts annually and these are reviewed by the City's Finance team. Any issues are addressed directly with Belgravia and/or their external auditors. Bank guarantees are also held against the company.

Increased usage projections due to a hotter climate increasing demand for pools and airconditioned spaces.

The focus of the Management Options Evaluation Report is an assessment and comparison of different management models. Additional attendances due to climate change have not been factored into attendance projections. However, City staff will review the City of Sydney Resilience Strategy to determine how we can align the actions to operations of the aquatic centres.

Memo from Veronica Lee, Director City Services

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Attachments

Attachment A. Electrification - Financial and Contractual Implications (Confidential)

Approved

P. M. Barone

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Chief Executive Officer

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