

7. LEISURE MANAGEMENT CONTRACT UPDATE

REPORT OF: HEAD OF LEISURE AND SUSTAINABILITY
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Wards Affected: All
Key Decision: No
Report to: Scrutiny Committee for Leisure and Community
25 November 2015

Purpose of Report

1. The purpose of this report is to provide Members with an overview of the first twelve months of the Leisure management contract operated on behalf of the Council by Places for People Leisure (PfPL) and specifically;
2. To outline the performance management and monitoring regime and associated initiatives that are being pursued to ensure that the leisure contract is being delivered to the standards outlined within the leisure contract specification.
3. To report on facility improvements, customer satisfaction levels, attendances and membership levels in the first year of the contract.

Recommendation

4. **The Committee are recommended to note the contents of this report.**
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Background

5. Following a tendering process, Places for People Leisure Limited (PfPL) were awarded a 15 year contract to operate the Council's leisure contract commencing on 1 July 2014.
6. As part of the procurement process documentation, the Council developed a leisure service specification which outlined our requirements of the successful bidder in delivering the service being tendered.
7. In response to the Council's specification, bidders submitted Method Statements detailing how they would ensure they met the Council's specified standards set.
8. As part of the contract documentation, there is a Performance Monitoring system laid down which identifies performance standards, rectification periods and penalties in the event of poor performance. This covers all main aspects of the service from maintenance and environmental issues through to Sports Development and Marketing. This system forms part of the monitoring regime and clearly identifies remedial actions that can and will be taken by the Council in the event of performance failure.

Monitoring Regime

9. The Monitoring regime established is effective and efficient, and consists of reasonable and prudent checks.

10. As part of the monitoring regime, ad hoc site visits are undertaken on a weekly basis and these can take place at any time, including evenings and weekends and without advanced notice of the visit taking place.
11. All areas of the facilities are accessed and all aspects of the service can be observed and reported upon.
12. Following each formal site inspection, a report is produced outlining the findings of the visit and associated actions, with deadlines for completion. This is sent to the Contract Manager and Centre Manager of Places for People Leisure (PfPL) for action.
13. Follow up site visits are undertaken to check the actions outlined have been rectified.
14. Failure to rectify problems within the set timescale can result in financial penalties being imposed on the operator.
15. Issues identified following onsite inspections in the first 12 months include faults with lockers, toilets, hairdryers and lights not working; missing ceiling tiles; cleanliness; litter in and around the buildings; temperature fluctuations in the pool, sauna and steam room (not within specified parameters); gym equipment out of action; telephones not being answered.
16. There has been general improvement on a month by month basis over the first 12 months of the contract in terms of a reduction in the number of customer complaints, an increase in customer compliments and customer satisfaction levels.
17. The site inspection reports include a scoring system which has been developed in-house, where 8 different aspects of the service are given a rating of between 0-4. A maximum score of 32 is achievable and scores are converted into a percentage figure.
18. Areas which are scored include cleanliness, maintenance, signage, health and safety, accessibility, environmental conditions (heating, lighting and water temperature levels), customer care (including staff interaction on site and over the telephone, online bookings, ticket kiosks, customer information on site and on the web site) and the condition of showers, changing rooms and toilets. To date the scores achieved have ranged between 59.4% and 75% with the average being 69.2%.
19. The results of the site inspections were :

| Site | Dec'14/Jan'15 | Mar'15/Apr'15 | May'15/June'15 | Average Score |
|----------|---------------|---------------|----------------|---------------|
| Triangle | 62.5% | 68.8% | 71.9% | 67.7% |
| Dolphin | 71.8% | 75.0% | 71.9% | 72.9% |
| Kings | 65.6% | 68.8% | 59.4% | 64.6% |

20. All three Centres are showing a broadly improving picture of performances although Kings Centre in the May/June 2015 inspection showed a drop in score due to a number of issues highlighted as recurring cleaning issues. Since that time changes have been made to the cleaning regime and the areas concerned have subsequently improved

Monthly contract reports and meetings

21. Each month PfPL produce a detailed monthly report which includes attendance figures for all of the facilities, membership figures (including new sales and cancellation levels), income and expenditure figures, maintenance issues, any individual facility closures, accidents, staffing changes, customer satisfaction levels and utility consumption.
22. The Council meets with PfPL management team on a monthly basis attended by the area and contract managers from PfPL and the Leisure Partnerships Officer and BUL for Leisure Operations, Community Services & Culture, to review the monthly report and the results of the facility visits / inspections. These are discussed and any actions required are identified in the minutes of the meeting.
23. In addition the number of complaints the Council has received directly from Councillors and/or Centre users are recorded and fed back.
24. Complaints are dealt with at the time they are received and are, in the main, resolved prior to the monthly meetings taking place.

Quarterly and Annual Partnership Board Meetings

25. The quarterly meetings are attended by senior management and the Cabinet Member from both the Council and senior directors from PfPL and take more of an overview of the service looking at performance over each three month period with the information more clearly showing any trends that are forming and indicating the general direction of travel of the service.
26. At the end of each contract year an annual meeting is held to evaluate performance achieved in the previous 12 months and how it compares with the previous year(s).
27. There is also an annual meeting attended by the same senior officers and Cabinet Member which provides the opportunity to look ahead and discuss plans and expectations of the forthcoming 12 month period and beyond including continuous improvement initiatives such as Quest Accreditation and future development options aimed at exceeding targets set and refreshing the leisure offer.

Facility Improvements in 2014/15

28. Over £2million of facility improvements were invested by PfPL in the first 8 months of the contract across the three Leisure Centres including new and extended gyms and fitness areas and improved receptions and catering areas.
29. Kings Leisure Centre benefitted from a major transformation with the Council completely refurbishing the swimming pool changing village with new flooring, lockers, tiling, cubicles, showers and lighting plus retiling of the pool surrounds a few months in advance of the new contract starting. PfPL then commenced work in July 2014 on creating a large new gym with 55 stations in the area previously utilised as a café and the size of the male and female dry changing areas have also been increased. The reception and foyer have been completely revamped and the previous gym and changing room spaces have been converted to a new kitchen, servery, café seating area, children's soft play facility and meeting / training room / party function space.

30. The Dolphin Leisure Centre café was upgraded, the reception and foyer were refurbished, the gym and free weights room were re-equipped with 81 stations and a spinning studio was installed.
31. The Triangle Leisure Centres had a similar development with a refurbishment of the reception area and new cycling studio. In addition the gym was extended to provide 70 exercise stations and the health suite had a new sauna cabin and steam room installed.
32. All three Centres have had pool view safety cameras installed to enhance the Health and Safety of their operation.

Customer Satisfaction

33. Customer satisfaction is monitored on two levels.

Complaints & Compliments

34. Firstly complaints and compliments received directly by the Council are logged and reported. In the early stages of the contract complaints received each month were significant. These have reduced to an average of 4 per month during April-June 2015. Overall there were 17 communications received during the last quarter – 3 queries, 2 compliments and 12 complaints which were mainly regarding cleanliness (2), availability of facilities and classes (8) and the online booking system (2).

Net Promoter Score

35. The second method is undertaken by PfPL who assess customer satisfaction levels through a system called the Net Promoter Score (NPS). NPS is a system of measuring customer satisfaction used by 65% of the top global companies.
36. Customers are contacted and asked on a scale of 0-10 “How likely is it that you would recommend our company/product/service to a friend or colleague? “
37. Respondents scoring the service from 0-6 are rated as detractors (those scoring 7 or 8 are passive and don’t count) and those scoring 9 or 10 are known as promoters. The NPS score is calculated by subtracting the number of detractors from the number of promoters with the aim being to achieve as high a positive score as possible.
38. In the first six months of the contract customer satisfaction levels were unusually low due to the problems encountered with the transfer of Member’s details across from the outgoing operator, teething troubles experienced with the new online booking system and disruption caused by works to improve the facilities. However the results are showing consistent improvement following completion of the building works and all of the new facilities being fully operational.
39. A positive score (i.e. higher than zero) is felt to be good, whilst a score of **50+** is considered to be excellent.
40. The following scores chart the progress from the beginning of the contract to the end of the first year.
41. During the year, Kings Leisure Centre scored particularly well from a low score of -33 to a top score of **+42** which equals an improvement of 75 points.
42. The Triangle saw an even greater improvement from a low score of -70 to a top score of **+11.6** which equals an improvement of 81.6 points.

43. The Dolphin has also improved its score from a low of -44 to a top score of -6 which equals an improvement of 38 points.
44. The aim is to have all three Centres achieving as high a positive score as possible. This will be achieved by finding out what customers are unhappy with and addressing these issues where possible. The Triangle scores demonstrate this and can be attributed to the change of cleaning regime undertaken during the year.
45. The Dolphin's score is particularly affected by problems customers are experiencing when trying to find a parking space at peak times and difficulties securing spaces in the very popular exercise class programme.
46. The Council is presently investigating the options available in respect of increasing the number of car parking spaces available on the Dolphin site to allow the Centre to be able to accommodate demand.

Attendance Levels

47. The recorded attendance levels during the July 2014 – June 2015 contract period were as follows:

| | Quarter One (Jul-Sept) | Quarter Two (Oct-Dec) | Quarter Three (Jan-Mar) | Quarter Four (Apr-Jun) | Annual |
|-----------------|---------------------------|--------------------------|----------------------------|---------------------------|-----------|
| Target | 401,594 | 379,365 | 441,768 | 427,873 | 1,650,600 |
| Actual recorded | 285,165* | 319,393** | 422,369*** | 451,260 | 1,478,187 |
| Variance | -116,429 | -59,972 | -19,399 | + 23,387 | -172,413 |

*All gyms swipes and some leisure booking recording systems were not operating in the quarter

** Triangle and Dolphin gyms swipes were not operational during the quarter

*** Dolphin gyms swipe not operational until March 2015

48. At the start of the contract, difficulties were experienced in capturing accurate attendance data across the three Leisure Centres due to IT changes and the building works affecting the swipe card mechanisms that are used to register usage.
49. These recorded figures have consistently improved as the facility works were finished and the new swipe systems came on-line. By March 2015 accurate data was being gathered. These figures show that the Performance Indicator established, requiring a 1% per annum increase on the previous year's attendances, is being exceeded.
50. Although due to the technical difficulties outlined above it is not possible to provide a totally accurate attendance figure for the year, officers are confident that in 2014-15 there was no large decrease in attendance at the Centres. Much of the fall was associated with gym admissions which were not captured through the swipe system. Once this was resolved in March 2015, overall performance in the 4th quarter showed a real growth of over 5% and these continue to do so into the first quarter of 2015/16.

Memberships

51. Memberships have been accurately recorded throughout the contract period showing that memberships have increased every month during the year.
52. Membership in July 2014 at the point of transfer was 7,883, at the end of the first year of the contract that had risen by 2,157 to 10,040, their highest ever level since memberships were introduced (i.e. an increase of over 27%).
53. Kings Centre has shown the highest increase of 82% which would be expected from starting from a relatively low base of 1056 members.
54. The Triangle membership has increased by 25% and Dolphin by 14% over the year both of which are significant increases for a 12 month period.

Initiatives and Events

55. A number of new initiatives and activities have been delivered by PfPL over the past year including:
56. Free under 8's swimming during public swimming sessions and accompanied by an adult member or fee paying adult was introduced in the summer of 2014 to encourage both children and their parents to swim more regularly. This has proven to be a popular scheme at PfPL sites across the country.
57. The Swimtag sports monitor wristband was introduced which gathers data regarding the distances and times swam and allow users to look at the details online, users can also devise training plans.
58. PfPL also have introduced the 'Myzone belt' which is worn across the chest whilst doing exercise. The belt monitors heart rate and effort and the results are all uploaded to an online log book of all physical activity undertaken. These initiatives are used to help monitor individuals exercise levels and to motivate them to achieve greater levels of health and fitness.
59. As part of the contract PfPL are responsible for organising the Mid Sussex Marathon, which was undertaken the first time in May 2015 with the support of the Marathon Board which comprises a group of Councillors and staff from the Council and the three Town Councils. The event was a success with the overall level of entries for the marathon races and the Mid Sussex Miles being comparable to previous years. Plans for 2016 are well underway.
60. A long standing and highly valued arrangement for free swimming on selected days in June and July for children from Chernobyl at the Triangle has been continued by PfPL as part of the new contract.
61. The Triangle also played host to the Parallel Youth Games in June where more than 400 school children with disabilities participated in a wide range of sporting activities throughout the day.
62. For the second year running PfPL's sports activity and health and fitness staff supported the Council-run 'Play Days' held in each of the three towns during August. The days are free and provide a wide range of healthy, challenging and educational activities for young children and their parents.

Quest Accreditation

63. All three Leisure Centres are registered to go through this external assessment process that assists operators in achieving continuous improvement in the delivery of their services.
64. Areas to be specifically focused upon include health and safety; quality management systems; financial management; swimming lessons; lifeguarding and sales and retention.
65. These specific elements will be assessed and scored against national best practice with recommendations of areas for improvement which will be used to formulate action plans for implementation.
66. This process should be complete in early 2016 with actions to be implemented almost immediately afterwards.

Financial Implications

67. There are no direct financial effects embodied within this report.

Equality and Customer Impact Implications

68. There are no direct Equality or customer impacts as a result of this report.

Background papers

None.