

6. Leisure Management Contract – Annual Report for 2017/18

REPORT OF: Divisional Leader – Commercial Services and Contracts
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Wards Affected: All
Key Decision: No
Report to: Scrutiny Committee for Customer Services and Service Delivery
11th July 2018

Purpose of Report

1. The purpose of this report is to provide Members with an overview of the Leisure Management Contract operated on behalf of the Council by Places for People Leisure (PfPL) for the period April 2017-March 2018.

Recommendation

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

3. The Council's Leisure Contract with PfPL covers the management of the Council's three Leisure Centres and two Halls.
4. Following a tendering process, PfPL was awarded a 15 year contract to operate the Council's Leisure Contract commencing on 1st July 2014. This provides a return to the Council of just over £1.2m pa.

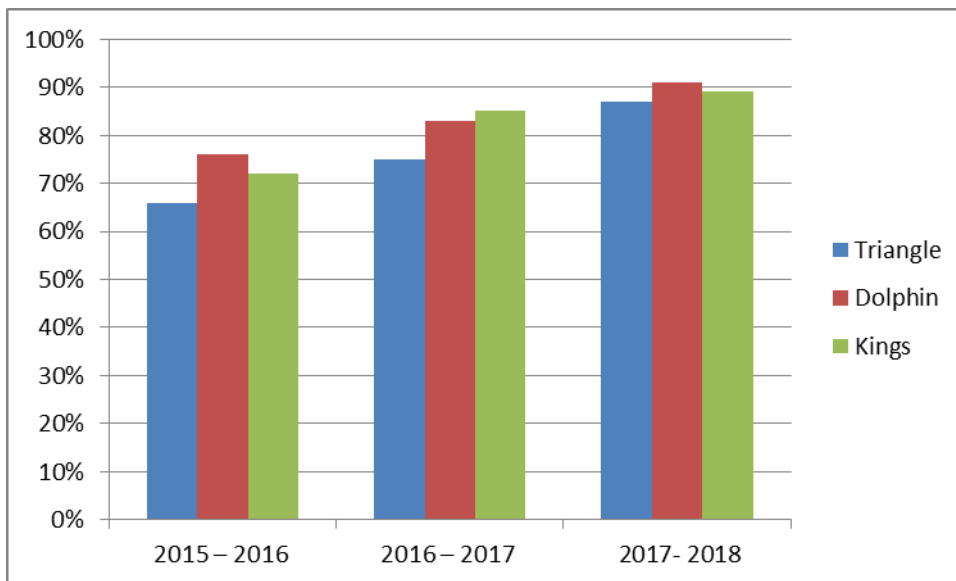
Contract Monitoring Regime

5. Formal monthly and quarterly meetings and regular ad hoc site visits are carried out which often involve participation in activities and attendance at classes held both midweek and at weekends. Quarterly meetings include the Cabinet Member and Senior Officers from both the Council and PfPL.
6. Following each formal site inspection a report is produced for PfPL outlining the findings of the visit with required actions listed. Follow-up site visits are undertaken to check that the actions outlined have been implemented.
7. Issues identified following onsite inspections are generally minor, and have included faults with lockers, toilets, hairdryers, lights, ceiling tiles, cleanliness, litter, air temperatures, equipment condition and facility check sheet completion.
8. Failure to operate the facilities to the standard specified can result in financial penalties being imposed on the operator.
9. The site inspection reports include a scoring system where 11 aspects of the service are rated using an agreed process.
10. Areas scored are:
 - (a) External areas

- (b) Reception and staffing
- (c) Changing rooms and showers
- (d) Toilets
- (e) Activity areas
- (f) Spectator areas
- (g) Lockers
- (h) Lighting
- (i) Corridors, notice boards and lifts
- (j) Environmental conditions
- (k) Customer care

11. A Performance Indicator target score of 75% was set for 2015/16.
12. As part of the aim to achieve continuous improvement in the level of service provided the target level was raised to 80% for 2016/17 and 85% for 2017/18.
13. The Dolphin and Kings Centre have achieved or exceeded the 85% target every month throughout 2017/18.
14. The Triangle failed to achieve the target on three occasions, scoring 82% in April, 84% in May and 80% in October. This was due mainly to problems with locker maintenance, missing ceiling tiles, cleanliness, general maintenance issues (including speed of response) and the rear compound area being untidy. The 14 month period of continuous building works within the Centre during 2017 certainly contributed to some of the issues as well as eventually resolving a number of them.
15. In the final five months of 2017/18 all of the Centres maintained scores of between 89-93%.
16. The average scores of the site inspections over the last three years of the contract show an improvement in performance over time, as follows:

Average Inspection Scores 2015-2018



Monthly Contract Reports / Meetings

17. PfPL's Contract Manager produces a detailed monthly report which includes information on:
 - (a) attendance figures for all facilities
 - (b) membership figures (including new sales and cancellation levels)
 - (c) income and expenditure figures
 - (d) maintenance issues
 - (e) facility closures
 - (f) accidents
 - (g) staff vacancies
 - (h) staffing changes
 - (i) customer satisfaction levels
 - (j) utility consumption etc.

Quarterly and Annual Partnership Board Meetings

18. Quarterly meetings are attended by senior officers from both the Council and PfPL and MSDC's Cabinet Member for Service Delivery. These meetings provide the opportunity to review performance over the three month period.
19. There is also an annual meeting which is held to evaluate the levels of performance achieved in the previous twelve months and how it compares with the previous year(s); as well as looking ahead and considering plans and expectations for the coming twelve month period and beyond. This includes continuous improvement initiatives such as Quest Accreditation and future development options aimed at refreshing the leisure offer and increasing attendances and membership levels.

Customer Satisfaction Levels

20. PfPL carry out regular customer satisfaction surveys using "Net Promoter Scores" (NPS). NPS is a system of measuring customer satisfaction, and is used by 65% of the top global companies. Customers are contacted at random and asked to score the service they have received out of ten and to say whether they would recommend the Centres to a friend.
21. Respondents scoring the service from nought to six are rated as detractors, those scoring seven or eight are considered to be passive and don't count, with those scoring nine or ten known as promoters. The NPS score is calculated by subtracting the percentage of detractors from the percentage of promoters with the aim being to achieve as high a positive score as possible.
22. The NPS system was introduced at the start of the contract in August 2014. All three Centres began with negative scores, and all three gradually achieved positive scores which The Triangle and Kings have been able to sustain.
23. Overall the contract score across all three Centres has been positive from April 2015 to March 2018 with the exception of September 2017. All of the scores are shown in **Appendices A, B, C & D**.
24. Complaints received directly by the Council are logged and reported on a monthly basis and are shown below:

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Tot
2015/16	5	6	5	4	3	1	0	1	1	1	3	6	36
2016/17	1	3	0	2	3	4	1	2	2	1	1	3	23
2017/18	1	1	1	7	0	4	1	1	2	3	4	3	28

25. To put the above into perspective one complaint was received by the Council per 50,573 attendances in 2015/16, per 82,028 attendances in 2016/17 and per 66,247 attendances in 2017/18.
26. Complaints have revolved around a variety of issues including cleanliness, maintenance, online booking system, ticket kiosks, room temperatures, closure of flumes and outdoor rapids.
27. Many of the issues reported had already been identified and were being addressed.
28. As of 31 March 2018 a total of £14,600 in financial penalties were imposed as a result of failures to open some leisure pool water features due to staff shortages. These have been utilised to finance the following improvement works at the Centres:
- i. Provision of ceiling hoist and adjustable wall mounted bench in the disabled changing room at the Dolphin.
 - ii. Removal of trees at The Triangle which have been lifting the paving slabs in the picnic bench seating area.
 - iii. Cost of one week extension of the operation of the splash pad at Victoria Park at the end of the summer of 2017.
 - iv. Additional cost of increasing the size of the new sauna cabin installed at the Dolphin.
 - v. Provision of soundproofing the wall between the new exercise studio and Health Suite and installing mirrors across the same wall at the Triangle.

Attendance Levels

29. The Leisure Contract set a target of a year-on-year 1% increase in participation levels on an initial base line figure for attendances, which was established at the start of the contract based on a known annual performance for the facilities.
30. The last full year's attendance figures received from the previous operator were increased by 1% per annum to provide target figures for each year of the contract.
31. The recorded attendance levels against target for 2015/16, 2016/17 and 2017/18 are as follows:

	2015/16	2016/17	2017/18
Target	1,671,519	1,688,240	1,705,124
Actual	1,820,658	1,866,646	1,854,920
Variance	+149,399	+198,406	+149,796

32. All of the five facilities managed under the Leisure Contract have exceeded their target attendances. Attendances will continue to be monitored, recorded, reported on and discussed at the Monthly, Quarterly and Annual Meetings.
33. In addition to general attendances the number of attendances made by individuals eligible for concessionary usage is recorded and reported on a quarterly basis. Presently the number of people taking advantage of concessionary rates equates to 32 % of total usage which is in line with the target set.

Membership Levels

34. Leisure Centre Membership in July 2014 at the commencement of the contract totalled 7,833.
35. At the end of March 2018 the number had increased by 6,365 to the highest level recorded of 14,198 which was an increase of 81% on 2014.
36. **Appendix H** provides a graph depicting the membership increases over the period in question.

Mid Sussex Marathon 2018

37. As part of the contract PfPL have responsibility for the Mid Sussex Marathon. The event held in 2018 was once again a great success.
38. The overall level of entries for the Marathon and the Mid Sussex Mile races were 1,821, an increase of 113 (6.6%) on 2017.
39. It also saw the highest number of entrants for the marathon and each leg of the event resulting in the highest number of total entries since the event began in 2012.

Quest Accreditation

40. Quest is a nationally operated quality management scheme supported by Sport England to promote the achievement of continuous improvement in the delivery of services at leisure centres.
41. The scheme defines industry standards and good practice, and encourages their ongoing development and delivery within a customer focused framework. This is achieved by a self-assessment improvement programme followed by an external independent assessment.
42. All three Leisure Centres successfully achieved Quest Accreditation in late 2015 / early 2016, with all sites achieving a 'Good' rating when there were four assessment bandings of Unsatisfactory/Satisfactory/Good/ Excellent
43. Prior to the re-assessment of the Centres in late 2017 / early 2018 a fifth banding of Very Good was created in between Good and Excellent. All three Centres have been awarded a Very Good rating which shows an improvement in performance between 2015 and 2018.
44. Areas of operation inspected and graded were as follows:
 - (a) Cleaning and Housekeeping
 - (b) Maintenance and Equipment
 - (c) Environmental
 - (d) Customer Experience

- (e) Team and Skills Development
- (f) Planning to Improve
- (g) Community Outcomes
- (h) Financial Management and Performance
- (i) Health and Safety Management
- (j) Quality/Integrated Management Systems
- (k) Exercise Referral Programming
- (l) Safeguarding
- (m) Engaging with 0-11 years
- (n) Lifeguarding
- (o) Swimming Lessons
- (p) Programming for All
- (q) Sports Specific Development

45. Improvement Action Plans are being developed which include issues such as:
- i. Community Outcomes and Wellbeing Planning – a local action plan will be developed from the recently launched PfPL National Strategy.
 - ii. New Key Performance Indicators to measure the impact of activities – new Healthy Communities Plan Performance Indicators will be developed.
 - iii. Improved Business Planning – a consistent approach will be developed across the sites.
 - iv. Refine the Junior Activities Programmes – involving the sharing of best practice from the Sports Programming Plan across the sites.
 - v. Improve Telephone Answering – The Triangle phone system has been reviewed and new call monitoring software is planned to be introduced.
 - vi. Improve Customer Feedback Reporting – the feedback process will be better promoted on site to increase the amount of feedback received, the information will be analysed and trends identified which will result in more effective actions/responses.

Halls

46. Clair Hall and Martlets Hall provided a wide variety of entertainment for people of all ages including film, tribute bands, comedy evenings and popular speakers. Whilst numerous local groups used the facilities for regular meetings and annual events including fund raising activities.
47. In June 2018 the Martlets Hall will close to make way for re-development of the Town Centre. The relocation of Martlets Hall user-groups to alternative premises has been successfully progressed with financial support given where appropriate via the Martlets Relocation Specific Reserve.
48. The Martlets Relocation Specific Reserve is a sum of £250,000 received from New River Retail Ltd to cover costs relating to the relocation of Martlets Hall user groups affected by the town centre redevelopment. A total of £71,746 was awarded to cover the relocation costs of Sussex Gymnastics Club, U3A, HAMSV (now MSVA) and Clubbercise (an exercise group).

49. The Council is not aware of any groups who have been unable to secure alternative accommodation and is currently aware of only two more groups who may submit a grant application seeking financial support for their move to new premises. Officers continue to work proactively with these groups.

Leisure Investment Programme

50. Improvement works were undertaken over a 17 month period. £3.2m was jointly invested from October 2016 to February 2018 providing new and improved facilities at all three Leisure Centres. The Council invested £1.2m and negotiated a 5% annual return on its investment, the first payment of which will be received quarterly in arrears during the current financial year 2018/19.
51. At Kings Centre, the improvement works were - tiling the swimming pool, changing room floor and poolside and the refurbishment of the male, female and disabled toilets in the reception area.
52. At the Dolphin Leisure Centre the male and female Member's Changing Rooms were completely refurbished and upgraded and the Health Suite received a new larger sauna cabin, steam room and spa pool. In addition new lockers were installed in the wet changing rooms and the male and female dry side changing rooms.
53. The Triangle saw a new larger Gym provided on the first floor allowing the old gym area to be converted into a large exercise studio to better cater for the increasing demand for classes. A new Reception and Costa Cafe was then built in the area adjacent to the squash courts and Antics to allow a Clip n Climb facility to be provided in the old reception area. New lockers were provided throughout the Centre and there was a complete refurbishment of the male and female Members Changing Rooms.
54. A comprehensive programme of LED lighting installation at all three Centres was also implemented to significantly reduce energy consumption, improve lighting levels and increase the durability and reliability of the lights.
55. The improvements made were well received by existing users and helped to increase membership levels and attract new users to the facilities. In 2018/19 the Council will commence receipt of 5% per annum on the £1.2m investment which equates to £60k per annum for the remainder of the contract term and subject to annual indexation.
56. Further investment of over £800k in Leisure Pool improvements at The Triangle and an increase in car parking spaces, refurbished male and female toilets, wet change floor tiling and an upgrade of the cafe at The Dolphin are planned to be completed in 2018.

Financial Performance

57. In the first year of the contract it was in the Council's interests not to receive a management fee payment from PfPL. It was agreed that the outstanding amount would be paid over the last three years in addition to the annual contractual sum.
58. The basic annual management fee is just over £1.2m per annum, in 2017/18 the Council received a total sum of just over £1.6m which will reduce to just under £1.3m in 2018/19.

59. As is often the case in the early stages of contract of this type, the first four years of the Leisure Management Contract have been financially challenging for PfPL. Despite very strong performance on visitor and membership levels, there have been a number of cost pressures, which have been compounded by the inevitable disruption caused by the development work across all sites over recent years.
60. With the reduction in the annual management fee of approximately £300k, the new and improved facilities drawing in more customers and the completion of the current programme of works, a period of consolidation will enable PfPL to start to reap the benefits of the investment in the facilities and see the financial performance of the contract improve significantly.

Summary of the Year April 2017 to March 2018

61. As outlined above this year's performance shows positive improvements in service provision in terms of increased membership levels, attendances exceeding target, concessionary usage levels, income levels, site inspection scores and Quest assessment results.
62. In terms of improving the Centres, £3.2m of new and improved facilities have been successfully delivered in 2017 and progress is now being made on a further £800k of investment in 2018.
63. It is expected that the effects of the full Leisure Investment Programme, completed in 2017 and 2018, will be realised in 2019/20 in terms of improved service standards, operational statistics and financial performance.

Financial Implications

64. There are no direct financial implications as a result of this report.

Equality and Customer Impact Implications

65. There are no direct equality or customer impacts as a result of this report.

Background papers

66. Reports to Scrutiny Committee on 25th November 2015, 22nd November 2016 and 5th July 2017