

EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE - 22 APRIL 2008

REPORT BY DIRECTOR OF CUSTOMER AND COMMUNITY SERVICES

11. LEISURE CENTRE CONTRACT MONITORING

WARD(S) AFFECTED: All

'D' RECOMMENDATION - that the report be received.

1.0 Purpose of Report

To update the committee on the monitoring and operation of the leisure management contract.

2.0 Consultation to the Councils Corporate Objectives

2.1 Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.

2.2 Deliver responsible Community Leadership strategies with our partners and the public.

3.0 Background

3.1 A Member and Officer Working Party tasked with reviewing corporate performance indicators resolved to adopt the range of indicators as presented at Appendix 'A' (Page 11.6). These indicators were adopted as part of a corporate basket at Corporate Business Scrutiny 18 March 2008. It was noted and resolved that these indicators and a range of other indicators would be negotiated as part of the new leisure contracts procurement process and would be collected, monitored and presented to Community Scrutiny from the start of the new contract in October 2008. As noted elsewhere on this agenda, the new target contracts start date is now 1 January 2009.

- 3.2 It is anticipated that from 1 January 2009, as a result of negotiations and prescriptions around the data collection element of the new contracts procurement process, the information on performance that officers will be able to present to the committee for scrutiny, will be of a very substantially improved quality, in respect of, for example, trend analysis, programme performance and, particularly, customer satisfaction. Members' attention is drawn to the extract of the specification relating to performance management and continuous improvement, as issued to tenderers, presented at Appendix 'B' (Pages 11.7 - 11.13).
- 3.3 In the interim, between the negotiation of a temporary contract with Stevenage Leisure Ltd (SLL) and the tender process for the new contracts, a range of financial and usage performance indicators has been presented for scrutiny. However, as a result of the tender process for the new contracts having progressed to within a week of the tender return close date of 25 April 2008, the performance management information presented to Community Scrutiny has been reviewed to reflect the sensitivity around the disclosure of certain information at this time. For more general reasons, the opportunity has also been taken to simplify the information presented.
- 3.4 Rather than the presentation of detailed monthly SLL income and expenditure figures for each of the five facilities, a combined position is presented for the position at the end of February 2008. Note: these figures do not include commitments and do not include a range of other costs e.g. planned maintenance, fixed management fee or income from Hertfordshire County Council. The figures have not been audited.
- 3.5 The year on year monthly usage trend comparisons for casual swim programmes are presented, but in data form only; the previously presented graphs have been assessed as adding no particular value to the presentation of the figures.
- 3.6 Levels of direct debit membership are presented in the report.
- 3.7 As previously, there is no systematic customer satisfaction survey information available.

4.0 Report

4.1 Financial

4.2 Appendix 'C' (Page 11.14) sets out the indicative financial performance as at the end of February 2008, as provided by SLL income and expenditure returns for that period. The situation is complex however and caution is required if conclusions are to be drawn

- The Council set an original budget for the year of £716,000 for this element of the cost of delivering leisure services (subject to the exclusions referred to in paragraph 3.4 above).
- The original SLL budget figure for this element was £858,663
- SLL revised this figure down to £783,544
- The director subsequently agreed an incentive scheme whereby a year end outturn figure better than £716,000 by SLL would allow for the two parties to share the benefits 30/70 in favour of the council
- The figures at Appendix C (page 11.14) are presented by SLL in the context of their revised budget of £783,544 and subsequent monthly profile;
- The figures **are income and expenditure only** and do not take account of liabilities and commitments in the form of un-received /unpaid utility bills etc or for monies received in advance for services that clients have paid for in advance, e.g. blocks of swimming lessons, or annual gym memberships. Utility bills and forward paid swimming lessons have been estimated to be of the order of £30,000 based on previous exercises to estimate these sums. No figure is available for the value of forward paid annual gym memberships
- SLL's profiling performance for the penultimate month of the year shows a £82,494 positive variance (excluding commitments) against their £783,544 full year budget.
- **If** this trend continued, **and** the total value of year end liabilities and commitments is of the order of £30,000 or less, **then** the contract could achieve a year end out-turn of £731,050, (783,544 – 82,494 + 30,000). This figure is approximately 2% greater than the Council's original budget of £716,000 but would still present a significant closing of the circa £150,000 gap that was envisaged in June 2007

4.3 Casual swimming usage/throughput.

4.4 Appendix 'D' (Page 11.15) sets out a summary of casual swimming usage figures comparing 2006/07 with 2007/08. These figures highlight the following:

- Casual swimming as a whole has declined reflecting the national trend in this area
- Casual swimming rates have been poorest at Hartham
- Casual swimming rates have increased at both Grange Paddocks and Leventhorpe by 2%

4.5 Appendix 'E' (Pages 11.16 - 11.19) sets out usage figures in more detail, i.e. monthly usage figures and annual month on month changes.

4.6 Direct debit memberships

The table below shows direct debit memberships for the four gyms (and pools). Members are requested to note that direct debit memberships at all facilities continue to strengthen reflecting both the marketing input undertaken by Stevenage Leisure Ltd via direct marketing and internet based marketing and the price re-positioning in relation to the private sector.

	Grange Paddocks	Hartham	Fanshawe	Leventhorpe	Total
No. Of DD Memberships					
Oct 07	182	557	391	83	1213
Nov 07	167	597	407	89	1260
Dec 07	234	612	432	93	1371
Jan 08	248	579	441	98	1366
Feb 08	264	654	490	103	1511
Mar 08	321	701	490	132	1644

5.0 Consultation

Stevenage Leisure Ltd has been consulted on the contents of the report.

6.0 Legal Implications

There are no new legal implications associated with the report.

7.0 Financial Implications

The implication in relation to the end of year budget figure will be reported to committee.

8.0 Human Resource Implications

There are no human resource implications within this report.

9.0 Risk Management Implications

9.1 There are no new risk management implications.

Background Papers

None

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