

EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE – 10 MARCH 2015

REPORT BY HEAD OF ENVIRONMENTAL SERVICES
ANNUAL LEISURE CONTRACT PERFORMANCE REPORT FOR 2014

SLM LEISURE CONTRACT – SIXTH YEAR PERFORMANCE

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To present the sixth annual review of the council's ten year leisure contract with Sport & Leisure Management Ltd (SLM) – trading as Everyone Active.

RECOMMENDATIONS FOR COMMUNITY SCRUTINY:

That:

(A)	the committee scrutinise and comment on the sixth year's performance by the council's leisure contractor Sport & Leisure Management Ltd.
------------	---

1.0 Background

- 1.1 On 1 January 2009, following a competitive tender process, the Council entered in to a ten year fixed fee contract with the leisure provider SLM, trading as Everyone Active.
- 1.2 As part of the tendering process for the leisure contract, potential contractors submitted a variant bid to their base bids that showed indicative development proposals for investment in the council's facilities at Grange Paddocks and Hartham that would reduce ongoing revenue costs while improving the quality of services.
- 1.3 After consideration by Community Scrutiny, the Executive on 5 May 2009 approved a capital investment of £3.58m for major refurbishment and development at Grange Paddocks and Hartham leisure centres.

1.4 This sixth annual review covers two main elements:

- a) Performance in relation to the specification of the contract.
- b) Qualitative successes and improvements.

2.0 Report

Performance

- 2.1 Officers have been pleased with the overall performance and professionalism of the SLM team. Generally feedback from the public is positive and there are a number of areas that suggest the contract is proving a success for all parties, i.e. the Council, the residents and the contractor.
- 2.2 **Essential Reference Paper 'B'** 'Performance Review Information' sets out SLM's performance against the main elements of the contract. It includes the performance indicators that the Council requires the contractor to report on and provides an assessment of current performance and commentary to provide context. These include: the biennial Resident Survey (2013); Performance Indicators for Customer Satisfaction, Gym & Swim throughput and the 'Net cost of the Leisure Service per user' previously called the 'Net cost/subsidy per visit'.

Service

- 2.3 Grange Paddocks Leisure Centre and Hartham Leisure Centre, the two largest sites managed by SLM are assessed using QUEST, a Sport England continuous improvement tool - to help managers enhance, improve and continue to improve the quality of service to customers. This involves an independent onsite inspection / audit with recommendations for improvement.
- 2.4 Sport England's QUEST assessors carried out a one day Directional Review Report at Grange Paddocks Leisure Centre in May following on from its 'Excellent' banded result through 'QUEST Plus' assessment. The resultant report highlighted the key strengths of the site and management of the facility and suggested areas for potential improvement. The process also generates, with the management, a Service Improvement Plan to work to. The report was highly complementary of the centres' new management and its clear vision on forward thinking and business development and the good team spirit amongst the staff. The report did touch on the challenges the centre faces and highlighted the need to commit a vision and priorities of the management 'to paper' and generate colleagues ownership of

management commitments; development of the facilities Business Plan and Continuous Improvement Plan; commissioning a National Benchmarking Survey to gain base line information to assist in creating a greater integration with the community for example; working outside the centre with local groups or developing ways to get those same groups to visit and use Grange Paddocks as a resource and consider a review of how it measures customer satisfaction to assist it to meet both the Clients and Centre's needs.

- 2.5 Hartham Leisure Centre achieved scores in the highest band available in its November QUEST Assessment achieving an 'Excellent' banded result through 'QUEST Plus', a two-day assessment, in November 2014 and they will be due their site based one day 'Directional Review' in November 2015. This result gives the centre the opportunity to upgrade to 'QUEST Stretch' if it wishes. The report was complimentary of the centres' management style and it's performance against its financial and social targets; the overall presentation of the site; the welcoming and friendly atmosphere enjoyed by the users spoken to during the assessment and the Centres clearly defined purpose and set of objectives which feeds into the client reporting process. The report did touch on the challenges the centre faces regarding improving monitoring of the cleaning standards, ensuring that small things are not ignored, little bits of litter, empty "over shoe" holders, not leaving jobs for others to complete etc.; recycling and environmental information and success could be given a higher priority; added benefit may be added to the Centre through some refresher customer services training with the front desk team and the potential benefit of adopting a centre improvement plan to allow monitoring of all service issues.
- 2.6 The three Joint Use Provision (JUP) facilities; Fanshawe Pool & Gym, Leventhorpe Pool & Gym and Ward Freman Pool are assessed internally through SLM's own continuous monitoring and improvement tool; a six monthly inspection called the Gold Standard Assessment audits, covering Health & Safety and Swimming lessons. The Gold Standard Grading Assessment follows the standards set out in The Everyone Active Management System and best practise. It specifically identifies areas that are vital to business performance and indicates any potential redevelopment and training needs. It is largely dependent on evidence being produced as to what has been achieved and is consistently demonstrated at the site. Whilst this assessment does not form part of the Council's official monitoring regime it is viewed by the Council's Leisure Services Manager as part of an overall view of SLMs internal performance monitoring. For 2015 theses assessments are being reviewed with SLM to allow the possibility of making it more

inclusive and comparable to the QUEST process carried out at the larger two leisure centres.

- 2.7 The combined 2014 audits scores for Fanshawe resulted in 81.66% compliance across Health and Safety procedures and Swimming lessons, this score is low in comparison with the other two sites. The assessments generate actions for site management in the areas that fall below requirements with appropriate timescales. The assessments generate Action Plans for management to work to increase compliance; these actions can range from ensuring that staff communication boards are regularly updated to ensuring Swim Stroke clinics are instigated within the swim lesson timetables and staff maintaining appropriate H&S training.
- 2.8 Leventhorpe achieved an 87.34% compliance score measured over the assessment areas. The drop below 90% was due to a few, now rectified, procedural processes with swim lessons and account targets.
- 2.9 Ward Freman achieved a 94.38% compliance score measured over the assessment areas.
- 2.10 Action plans generated from QUEST and the SLM internal Gold Standard Assessments audits are discussed and monitored through the monthly Contract Compliance meetings to enable sharing of good practices, troubleshooting areas of poor performance, to ensure that overall standards of performance are being maintained and the assessment tools are operating as intended.
- 2.11 At present it is deemed to be financially prohibitive to carry out the QUEST procedures at the smaller Joint Provision pools.

Public Satisfaction

- 2.12 The Council measures public satisfaction with its services through its biennial Residents' Survey, the most recent being in autumn 2013. A sample of residents was asked how satisfied they were with sports and leisure services in the district. The last survey showed a 4% increase in public satisfaction compared with the previous survey in 2011.
- 2.13 The Residents' survey is of limited use in assessing overall satisfaction as the majority of responders were not customers of the five leisure centres. It does, however provide a comparative trend over time which indicates rising public satisfaction and the value of a non-user survey is that it can help SLM to focus their marketing campaigns particularly in respect of people who are not currently active or at least it should do

but the right questions do need to be asked to generate useful feedback.

2.14 The next Residents' Survey is expected to take place in autumn 2015.

Customer Satisfaction

2.15 Having reviewed the data provided by the Net Promoter Score method used by SLM at a corporate level, officers were not satisfied it provided the customer satisfaction information in the form the Council would find most useful. Following on from this review it was decided from 2015 the Service will be introducing a new way of capturing customer satisfaction, using 'exit surveys' as part of a National Benchmarking Service (NBS) approach. A full annual NBS survey will be carried out at both Hartham and Grange Paddocks leisure centres and this will be complemented by 6 monthly smaller Customer Satisfaction 'exit surveys' at all sites.

2.16 The new survey is due to be instigated by the end of March 2015 with the NBS survey taking place in April 2015 at the Hartham and Grange Paddocks leisure centres.

2.17 Because of the way the collection of Customer Satisfaction is to be collected in the future the six customer satisfaction performance indicators for leisure services have seen a change in the way satisfaction data is captured therefore an outturn cannot be produced for 2014/15. Customer Satisfaction performance indicators will be reported in 2015/16.

2.18 Corporately SLM employ a system of gauging the complete customer experience at the sites they manage, called 'Net Promoter Score' (NPS), this is essentially a way of measuring customer 'loyalty'. We are able to compare this with the 2013 results.

2.19 "Net Promoter Score" (NPS) is based on the fundamental perspective that every company's customers can be divided into three categories: Promoters, Passives, and Detractors. By asking questions like — "How likely is it that you would recommend "Everyone Active" to a friend or colleague?" — It is possible to track these groups and get a clear measure of the company's performance through its customers. Customers respond on a 0 to -10 point rating scale and are categorised as follows:

- Promoters (score 9-10) are loyal enthusiasts who will keep using the service and refer others, fuelling growth.

- Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings.
- Detractors (score 0-6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth.

To calculate the NPS, take the percentage of customers who are Promoters and subtract the percentage who are Detractors.

The scoring for this answer is most often based on a 0 to 10 scale.

Companies are encouraged to follow this question with an open-ended request for elaboration, soliciting the reasons for a customer's rating of that company or product. These reasons can then be provided to front-line employees and management teams for follow-up action.

- 2.20 **Essential Reference Paper 'C'** 'Customer Experience Summary' presents the NPS findings in more detail with data gathered up to 31 December 2014. The information for the survey is collected using 'GovMetric', an electronic customer feedback system using touch screen panels permanently placed in all the leisure facilities. The customer feedback, which underpins the summary in more detail, is available at; <http://www.eastherts.gov.uk/leisurecustomersurveys>
- 2.21 GovMetric feedback stations are permanently installed and hard wired at all sites, enabling users to comment in a manner that is complementary to existing methods of feedback i.e. verbal, written and email. The Leisure Centre Manager receives the GovMetric customer comments at the beginning of the following day and a monthly report of all responses is produced. Customers also have the opportunity to complete a questionnaire and three monthly summaries are sent to site managers which are collated and used to assist in gauging customer satisfaction / experience.
- 2.22 Customers are asked to rate a number of elements including Swimming lessons; fitness facilities; group exercise; swimming; reception area and overall cleanliness of the site. The GovMetric user survey shows that overall quality of the service, as rated by the users through the NPS findings, has been banded as a 'Good' banding in 2014 for all of the five sites, when reviewing the main areas as required by the Leisure Contract. Leventhorpe was banded in the upper quartile score for customer satisfaction/experience against other SLM facilities with Ward Freman, Fanshawe, Hartham and Grange Paddocks a second quartile banding. It is worth noting that SLM operates over 99 sites across the UK.
- 2.23 All of the sites show overall customer experience scores in the 'Good' band. Customer rating was 'Good' on Swimming, Swimming Lessons,

Group Exercise and Gym. All facilities received lower scores for the receptions and cleanliness but still achieved 'Average' scores.

Customer perceptions of issues such as cleanliness can be somewhat subjective. This can result in a lower perception of cleanliness that is difficult to address. SLM Management recognises this as a challenge and is constantly looking to see whether it is possible to improve upon the standards of cleanliness at all the sites at all times, for example; new pool vacuum for Grange Paddocks pool, overnight deep cleans and reviewing of effectiveness of current cleaning agents.

- 2.24 SLM's NPS score system provides useful information for SLM management about the customer's views of the service but it does not tie in with the Council's Performance Indicators for customer satisfaction although it can be compared to NPS figures obtained in 2013.

Customer Throughput

- 2.25 A key measure for the Council to assess the performance of the contractor in providing services that are attractive to local residents is the number of customers using the five facilities. These statistics are broken down by age group and by gym and swim use.
- 2.26 Customer visits to the gym for both the 16 – 60 and 60+ age groups in 2014 exceeded the 2013 visits by 10,650, and it is worth noting that gym visits for these combined age groups has increased by 267% from 80,243 visits in 2009 to 214,721 visits in 2014.
- 2.27 Total swim visit figures have shown an increase of 0.2% compared with 2013, and also exceeded contract target levels, measured against the baseline established in 2009. In 2014 there were 178,043 swims compared to 177,680 swims in 2013.
- 2.28 The Active People Survey 8 (Sport England, 2013-14) shows that as a sport swimming has over 2.7m adults taking part at least once a week in swimming, this is over 500,000 more participants compared to the next largest participant sport of running and 800,000 more than football.
- 2.29 For the 16 – 60 age group, swim visits for 2014 was 96,260 against a contractual target of 74,642. There was a dip of 6% in swim visits between 2013 and 2014 and this is generally in line with a 6.16% declining National swimming trend for the 16+ age group (Active People Survey 8 (Sport England, 2013-14)). However SLM recognise the performance drop in this area and to address this situation have

increased the opportunity for morning swimmers to attend at an earlier time in the mornings after listening to customer comments.

- 2.30 The Under 16 age group swims visits exceeded its 2009 baseline target of 48,702 with 53,087 visits. 2014 saw an increase of 4,704 swims, 9.7%, compared to the 48,383 swims recorded in 2013. The increase in Junior swims was due to SLM continuing the marketing of fun swim sessions and further investment in a new inflatable at Ward Freman pool.
- 2.31 Visits from the 60+ age group have also exceeded the baseline swim target, set in 2009 + 1% increase each year = 18,943, and there was a 5.4% increase in swim visits between 2013 (27,184) and 2014 (28,696).
- 2.32 In 2014 there were over 49,529 visits, swim & gym, to the leisure facilities by the 60+ age group.
- 2.33 Some examples of how SLM is seeking to improve attendance for the 60+ age group include expanding the popular Forever Fit exercise group sessions at Hartham, the continuation of the 'Active 4 Life' exercise referral scheme open to residents of the district at its gyms at both Hartham and Grange Paddocks and the successful Cardiac Rehab Phase IV Referral scheme 'Healthy Herts'.
- 2.34 At the five sites in the district there were 733,366 recorded visits attending the gym, group exercise classes, casual swimming, pool parties, school, private and Everyone Active swim lessons and outdoor activities including; tennis, bowls and football. This figure does not include swim spectators; public swims and lessons or football spectators.
- 2.35 The average monthly membership numbers from 2010 to 2014 was 6151. In 2014 the average monthly memberships recorded was 6233 compared to an average of 6504 in 2013 and although this shows a drop in membership across the contract over the year the £500,000 investment in new gym equipment carried out at the end of 2014 is expected to have a positive effect on membership numbers in 2015.
- 2.36 In addition to formal set monitoring arrangements, the council's Leisure Services Manager undertakes a mixture of monthly unannounced and announced inspections recording service delivery, marketing, Health & Safety and monitoring procedure standards. These inspections have shown an acceptable level of performance in the quality of the leisure service delivered across the four sections.

Health and Safety

- 2.37 With over 733,300 visits there were 369 reportable accidents across all sites in 2014, which equates to an annual accident rate per 1,000 visits of 0.50. In 2013 the accident rate was 0.50 accidents per 1,000 visits. The main cause of the injuries being from slips and trips; this represents a consistently high level of commitment to an already good record towards Health & Safety.
- 2.38 All pools are tested by East Herts Council's Environmental Health Team on a quarterly basis as well as independently tested by Kingfisher Environmental Services Ltd monthly for Pseudomonas, E-Coli and Coliforms. We are happy to report the quality of the water is of a generally high standard; ranging between Satisfactory and Highly Satisfactory, all based on Treatment and Quantity Standards for Pool Water Treatment Advisory Group 2nd Edition 2009.

Financial Performance

- 2.39 Performance Indicator EHPI2 'Net cost of the Leisure Service per user' is the primary cost indicator for the service and reflects the total cost to the council of running leisure centres (including on-costs), users include those attending the gym, group exercise classes, casual swimming, pool parties, school, private and Everyone Active swim lessons and outdoor activities including; tennis, bowls and football and is in line with the way the Council calculates the unit costs for other contracts such as Waste Services.
- 2.40 The estimated 'Net cost of the Leisure Service per user' has been calculated as £0.97 in 2014. This has been calculated by dividing the probable net expenditure for Leisure Services in 2014, £708,500, by the 733,366 recorded visits, as set out in paragraph 2.31, in 2013 the estimated 'Net cost of the Leisure Service per user' was calculated as £0.91, £660,150 (management fee) divided by the 725,500 (recorded visits) .
- 2.41 In 2014 SLM's income from the five sites totalled £4.13m, SLM incurred expenditure of £3.91m for the same period. Under the contract if the contract makes a profit in excess of £420,000 over a three yearly period, the next period being between 2013 and 2015, there may be an opportunity for profit share with the Council, but, this threshold has not been achieved as yet.
- 2.42 Based on the work performed during the 2013 SIAS Leisure Management Contract - Contractor Accounts audit, they were able to

provide overall moderate assurance that there are effective controls in operation for those elements of the risk management processes covered by their review.

- 2.43 The medium term financial planning savings targets are being achieved; there were no variations to the contract in 2014.
- 2.44 In 2014 the Leisure contract fees to SLM were £280,447 less the £31,894 reduction in the Management Fee due to previous 'invest to save' Capital Investments, totalling a bottom line 2014 Management Fee of £248,553.

Qualitative successes

- 2.45 There have been a number of notable activities to promote and encourage sport, healthy exercise and leisure within the last 12 months.
- 2.46 Throughout the year SLM were involved in community and charity events such as; Buntingford, Hertford and Ware Carnivals; Easter Egg hunts in the open spaces around the leisure centres; Anthony Nolan testing days; Stortfest; Isobel Hospice Starlight Walk; the British Gas free swim promotion; Everyone Active open days; Sport Relief Mile; World's Biggest Swim event in aid of Sport Relief raising around £2500; "Go Tri" Hartham Aquathon; the swim section of the Puckeridge – Western Pony Club triathlon and hosted the start of the Buntingford Fun Run.
- 2.47 SLM continues to working in partnership with the 'Aspire' charity and again has accepted a 12 week placement for someone to complete their Instructability course (a course specifically designed to encourage people with disabilities into the leisure industry). Their work includes conducting outreach in the community to encourage other disabled people to be active within the centre.
- 2.48 Working in partnership with the council and the Primary Care Trust, SLM has continued with 'Active 4 Life' an exercise referral scheme open to residents of the district at its gyms. In addition Grange Paddocks offers the successful Cardiac Rehab Phase IV Referral scheme 'Healthy Herts' and Hartham offers a site for the delivery of externally managed Pulmonary Rehabilitation classes.
- 2.49 As part of the European 'Move Week', an annual European wide campaign promoting sport and physical activity and their positive impact on societies, SLM offered lane swimming for sponsored swimmers of an organised range of programmed activities across the district,

coordinated and funded by Active East Herts the districts Community Sport Network.

- 2.50 Hartham Leisure Centre has developed a successful 'Forever Fit' scheme and 2014 saw the addition of an extra class due to its popularity. This scheme offers participants, in the 60+ market, the opportunity to carry out both gym and studio based exercise classes, covering cardiovascular and strength based functional exercises with an instructor offering guidance and advice.
- 2.51 SLM hold Customer Forums at sites where customer representatives meet with the Managers to feedback on the centres performance, these include Football Forums, Gym Forums and Swimmers Forums.
- 2.52 SLM invested around £500,000 replacing gym equipment at both Hartham and Grange Paddocks leisure centres in September and December 2014 respectively, including £17,000 on new spin bikes for the Group Exercise classes at Grange Paddocks, at Hartham Leisure Centre there was an additional £20,000 invested in the 'dry-side' changing rooms which included increasing the number of lockers from 56 to 86 following on from customer feedback. The investment has helped increase both the membership and gym visits in the months post the refurbishments at Grange Paddocks and it is anticipated that the same will be true following Hartham's refurbishment, this was carried out at the end of December 2014.
- 2.53 Following on from the gym redevelopments Hartham Leisure Centre extended its morning swim session start times from 6:30am starts Monday to Friday to 6.00am starts, Grange Paddocks Leisure Centre has increased its three early morning swim sessions start times for 2015 from 7am to 6:15am.
- 2.54 Working with the council, SLM has worked hard to reduce energy consumption across all sites and therefore reduced operating costs. CO2 reductions from this investment will contribute to achieving the Councils carbon reduction targets. At the Grange Paddocks Leisure Centre 116 various value and pipe wraps were installed in the plant room to insulate them and prevent the loss of heat offering an estimated £3,400 saving over a year. At Hartham Leisure Centre the reception lighting has been replaced at a cost of £3,600 with energy saving LED light fittings it is estimated that payback on this investment should be within the remaining contract period. At the Leventhorpe Gym the roof covering has been reinsulated and new energy efficient air conditioning is being installed

2.55 The present contract management relationship is continuing to be professional, positive and problem solving in a partnership style that delivers optimum outcomes.

New developments

2.56 As part of Environmental Services Service Plan, agreed in March 2013, officers are working with SLM to ensure the council's leisure centre assets are maintained effectively and looking for opportunities to improve environmental performance and reduce carbon emissions.

2.57 SLM is looking to extend the plant room 'valve & pipe wrap' scheme to all facilities in 2015. Hartham Leisure Centre is planning a £6,000 LED replacement lighting scheme in the Studio area to generate more energy savings. With Council officers, SLM are working on schemes to replace the Hartham Leisure Centre Pool Air Handling Unit which will make significant energy savings in gas consumption and create a better pool side environment and at Fanshawe Pool working with the council on a proposal to replace old pool hall extract fans with variable speed drive fans which would also result in energy savings and an improvement in the pool side environment.

2.58 Officers are working with SLM to integrate the Council's Health and Wellbeing policies with those of the contractor. This includes, looking to further develop opportunities for older residents to exercise more as part of the aging well agenda and are working with the council in helping to develop the Sport England Community Sport Activation Fund bid. In 2014 SLM played an active role in the Active East Herts Community Sport Network supporting the development of this community group and raising its profile to the sporting community.

2.59 Officers are also working with SLM on schemes to further develop and enhance the councils existing assets and leisure provision such as the Hartham Leisure Centre 3G football pitch conversion, Hartham Leisure Centre Pavilion refurbishment and the Grange Paddocks Leisure Centre small pool relining project. These have a potential to offer financial savings of around £60,000 over the next four years of the contract.

2.60 The service is working with SLM to integrate into each others events and activities, for example SLM continues to attend 'Love Parks' week events and the new 'Warrior Adrenaline Race' at Hartham Common.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Contact Member: Councillor Linda Haysey – Executive Member for Health, Housing and Community Support
linda.haysey@eastherts.gov.uk

Contact Officer: Cliff Cardoza – Head of Environmental Services –
Contact tel Ext No 3507
cliff.cardoza@eastherts.gov.uk

Report Author: Mark Kingsland – Leisure Services Manager – Contact
tel Ext No 3507
mark.kingsland@eastherts.gov.uk