

Scrutiny Committee report

23 June 2011



Report of head of economy leisure and property

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To: SCRUTINY COMMITTEE

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Report no. 5/11

Leisure contract monitoring: performance review of DC Leisure Ltd

RECOMMENDATION

That the committee considers DC Leisure's performance in delivering the leisure management contract for the period 2010/11 for the White Horse Leisure and Tennis Centre and makes any recommendations to the cabinet member for leisure to enable her to make a final assessment on performance.

PURPOSE OF REPORT

1. The report considers the performance of DC Leisure Ltd in providing the leisure management contract at the White Horse Leisure and Tennis Centre for the period 1 April 2010 to 31 March 2011.

STRATEGIC OBJECTIVES

2. The performance review of DC Leisure Ltd helps ensure that the Vale Council is achieving its strategic objectives and corporate priorities, particularly the following:
strategic objective 2: managing our business effectively, and corporate priority EB1: provide value for money services that meet the needs of our residents and service users – through negotiations with DC Leisure the Vale Council has procured an extension to the existing contract, which delivers an income stream up to 2014 when the contract will be aligned with the Vale Council's other leisure management contract. Annual customer satisfaction surveys are undertaken to monitor that

customer needs are being met and action plans put in place to address areas in need of improvement.

strategic objective 2: managing our business effectively, and corporate priority EB2: optimise access to our services – by working collaboratively with DC Leisure and our various customer panels we will increase awareness of the Access to Leisure scheme. With the introduction of schemes such as Go Active into the centre's programme, officers anticipate that new users will be encouraged to visit the centre, as well as regular users continuing to participate in activities.

strategic objective 5: helping to maintain a safe Vale, and corporate priorities SV1: help to maintain, or further reduce, low levels of crime and anti-social behaviour and SV2: reduce the fear of crime and anti-social behaviour – structured leisure activities can divert people from crime and anti-social behaviour. Those participating in regular physical activity tend to have a lower fear of crime and anti-social behaviour.

BACKGROUND

3. The DC Leisure Ltd contract for the White Horse Leisure and Tennis Centre was let from 1 April 2002 for a ten year period ending on 31 March 2012. Due to improved tax benefits, the Vale Council allowed DC Leisure to sub-let the contract to a charitable not for profit organisation, the former Community Leisure Services (now known as Active Nation). Both companies were involved in the centre from the design stage. However, for the purposes of this report, DC Leisure is the main contractor and the organisation that is accountable to the Vale Council for the centre's performance. The original contract required the Vale Council to pay DC Leisure a small annual grant.
4. In 2009/10 the Vale Council negotiated an extension to the original contract, which allows DC Leisure to continue its arrangements with Active Nation up to 31 August 2014. In return for this extension, the Vale Council receives a monthly payment from DC Leisure from 1 April 2010 until 31 August 2014. The change in end date allows all of the Vale of White Horse and South Oxfordshire leisure management contracts to run conterminously; presenting opportunities for increased shared working in the future.
5. DC Leisure and Active Nation have maintained their performance during 2010/11, by increasing the size and skill base of their management team at the centre and ensuring the whole team performs to the best of its abilities. Since the centre opened in 2002, there has been a significant increase in competition to the centre in the local area in the form of built leisure facilities and the trend towards private training and other lifestyle providers. Despite this, the centre continues to perform well in all areas of its programmed activities.
6. The Vale Council monitors this contract on a monthly basis; each visit is unannounced and follows a detailed check list. Throughout the year, eight of these visits will be normal operational inspections and four will be based on health and safety. Areas that require immediate improvement are notified to the contractor before the officer leaves site and a full report detailing all findings is issued to the contractor within two days of the inspection; along with a summary section detailing required actions and deadlines for completion.
7. In addition to the formal inspections, there are formal monthly client / contractor meetings at the centre where any relevant issues are discussed. These visits also allow for ad-hoc inspections to take place. There are quarterly strategic meetings,

which allow for medium to long-term issues to be discussed and planned for but any important issues can be raised and resolved should they arise.

8. Managing contractor performance is essential for delivering the council's objectives and targets. The Vale Council cannot deliver excellent service to its residents unless its contractors are excellent. Working jointly with contractors to review performance regularly is therefore essential.
9. The Vale Council's process for managing contractor performance focuses on continuous improvement and action planning. The success of the performance review framework depends on contractors and the council working together to set and review realistic, jointly agreed and measurable targets.
10. The overall framework is designed to be:
 - a consistent way for the council to consistently measure contractor performance, to help highlight and resolve operational issues
 - flexible enough to suit each contract, including smaller contracts which may not require all elements of the framework
 - a step towards managing risk more effectively and improving performance through action planning.

OVERVIEW OF THE REVIEW FRAMEWORK

11. The review process consists of three essential dimensions:
 1. performance measured against key performance indicators (KPIs)
 2. customer satisfaction with the total service experience
 3. Vale Council satisfaction as client.
12. Each dimension is assessed and the head of service makes a judgement of classification. Contractor feedback and an assessment of strengths and areas for improvement are also included. Where some dimensions are not relevant, or difficult to apply fairly to certain types of contract, the framework may be adjusted or simplified at the discretion of the heads of service. In the case of this review, there are no key performance indicators to measure performance against in dimension 1, so trend monitoring is used to track performance instead.

DIMENSION 1 – TREND MONITORING

13. The DC Leisure contract was not set up using key performance targets as measures of achievement. The client team has introduced a monitoring process, which provides a trend analysis of key areas of performance. Detailed trend analysis of the data appears in confidential annex A attached to this report.
14. The data is based on the following criteria monitored on a quarterly basis:

- **number of visits (the total number of users who pay to use the facility as either casual customers or members)**

attendance at the centre in 2010/11 (558,024 visits) has recovered well after the major pool pipe failure in 2009/10 (477,158 visits), although is still lower than

usage in 2008/09 (603,045) and 2007/08 (698,099). Active Nation has launched a number of initiatives to encourage an increase in participation; trying to resist the national trend of reducing numbers of people taking part in formal indoor activities. One area of potential growth is outdoor-based fitness and Active Nation is working with officers to consider the options for implementing an outdoor-based programme at the site.

- **subsidy per visit (the management fee paid by the council divided by the number of visits)**

the subsidy arrangements for the centre changed in April 2009. Since 2002, the council had paid a nominal sum of £500 a year to DC Leisure to operate the centre. Since April 2010, DC Leisure has paid the council a significant annual sum for an extension to the contract until 31 August 2014.

- **maintenance costs (the expenditure from the contractor for maintenance is divided by the square meterage of the facility)**

the centre has been maintained to a good level and continues to retain its core customer base. The expenditure on maintenance is at a level expected for the age and needs of the facility and will need to be enhanced as age inevitably takes its toll. Maintenance costs have remained within 11 per cent over the past three years, which is considered commendable with material costs increasing and the building requiring more and more work; it is unlikely that these costs will reduce despite the best procurement skills of the contractor.

- **utility costs (the contractor's expenditure on utilities is divided by the square meterage of the facility)**

costs associated with utilities will continue to rise despite DC Leisure's and the Vale Council's best efforts to reduce consumption. The Vale Council is working closely with DC Leisure to introduce green technology and agreements to recover council investment costs and share savings were introduced during 2010/11. Lighting projects and the installation of a pool cover are already underway, with estimated savings of £11,849 a year being achieved from the pool cover alone.

15. In comparison to our other leisure management contract (for Wantage and Faringdon leisure centres and Tilsley Park), the above trends are largely comparable taking into account the older age of these buildings and the design and technologies used in the White Horse Leisure and Tennis Centre (which is eight years younger than Tilsley Park and 28 years younger than Wantage Leisure Centre).

16. It is recognised that the outcomes of these key areas of performance are to some extent outside of the contractor's control. The criteria that are monitored as part of this contract do not give a basis to form a score as there is no requirement within the contract for the contractor to improve performance. Therefore, the head of service recommends that this dimension of the review is not scored.

DIMENSION 2 – CUSTOMER SATISFACTION

17. A customer satisfaction survey was developed by officers and DC Leisure. Centre staff encouraged customers to complete the survey. A total of 143 completed surveys were received (171 surveys were returned in 2009/10). The survey covers a range of customer-related issues from the start of their relationship with the facility to the time they leave the building. The survey also captures equalities data, which will assist in

developing the leisure equalities impact assessments potentially leading to future service improvements. Customers were asked to score each of the 32 satisfaction categories on a scale of 1 (poor) - 5 (excellent). This resulted in an average score of 3.59, which is similar to last year's score of 3.6.

18. Consideration was given to undertaking electronic surveys but based on response rates received by other contractors who have trialled this; it was decided to continue with face to face surveys to ensure a valid response rate.
19. Additional comments were encouraged on the completed survey documents where customers could provide more feedback as to how various elements of the service could be improved or changed. These comments ranged from better standards of cleanliness to changes in the menu in the café, pool temperature and car parking. All of these comments will form the basis of an action plan, which will aim to improve the service in these particular areas. An analysis of customer satisfaction performance appears in annex B attached to this report.
20. Whilst cleanliness still remains the area where the greatest number of comments are received, the number of customers who raised this as part of the customer satisfaction survey has reduced from 42 in 2009/10 to 25 in 2010/11. This is due to a concerted effort to respond to the previous years survey results by introducing regular deep cleaning of the pool changing area and a trial of using external contractors to undertake the majority of cleaning in the centre. The reduction in comments is positive and further efforts in this area will hopefully reduce the number further.
21. The other areas where a high number of comments were received included the telephone system where 10 comments were recorded in both 2009/10 and 2010/11. The telephone system was upgraded in 2009 with facilities to filter calls and provide a menu option to try and reduce the number of calls requiring an operator. The client team will further investigate additional improvements to the system with DC Leisure and Active Nation as part of the 2011/12 action plan.
22. An action plan based on the key areas of both customer and council satisfaction comments has been agreed with the contractor. This will be reported on as part of the report for 2011/12 and can be compared against future satisfaction reports.
23. For reasons of consistency with previous assessments and for fairness between contractors, the following is a rough guide to the assessment of contractors on customer satisfaction:

Score	4.3 – 5.0	3.9 – 4.3	3.4 – 3.9	3.0 – 3.4	<3.0
Classification	Excellent	Good	Fair	Weak	Poor

24. Based on this performance, the head of service has made a judgement on customer satisfaction as follows:

Customer satisfaction judgement

Fair

DIMENSION 3 – COUNCIL SATISFACTION

25. A number of council officers have professional interaction with the DC Leisure and Active Nation teams and have provided feedback on their experiences of the contractor. An analysis of council satisfaction performance appears in annex C attached to this report, along with the calculations giving the overall rating. This produced a score of 3.41 out of a maximum score of 5. DC Leisure was awarded its highest scores for their approach to partnership working and health and safety. Its lowest score was for compliance with the Vale Council's corporate identity, a matter which is to be challenged in the forthcoming year. Areas where improvements are required will be included within an action plan, which is being developed.
26. Based on this performance, the head of service has made a judgement on council satisfaction as fair; this is consistent with the fair judgement that was awarded in 2009/10.

Council satisfaction judgement

Fair

OVERALL ASSESSMENT

27. The Vale Council considers that DC Leisure has continued to provide a consistent level of service throughout 2010/11. Overall user figures appear to have recovered from the low in 2009/10 experienced due to the unforeseeable closure of the pool following the pool pipe failure. The wet side figures are still lower than in 2009/10 but this is almost certainly due to the accuracy of the raw data capture and the open design of the centre's reception desk, which allows customers to bypass the desk if they are members. In 2009/10 there was an experiment to position turnstiles at the entrance to the pools. This assisted in distorting the user figures to a higher level as every spectator and person accompanying a swimmer would have been counted rather than just the swimmer themselves. The client team will be working with DC Leisure and Active Nation to improve both the reception layout and accuracy of data capture in 2011/12.
28. This will provide a significant challenge to both DC Leisure and Active Nation in the year ahead; however there is a determination to provide accurate data as well as maximising direct interaction at reception with all customers coming into the centre. This may require a new reception design and layout but the improvements will be a benefit in terms of user information gathered.
29. Taking into account the performance of the contractor against customer satisfaction and council satisfaction, the head of service has made an overall judgement as follows. Recognising the high importance of customer satisfaction, this dimension is accorded greater weight in the judgement.

Overall assessment

Fair

STRENGTHS AND AREAS FOR IMPROVEMENT

30. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment, including suggestions for improvements to council processes. This is included in annex D attached to this report.

FINANCIAL IMPLICATIONS

31. There are no financial implications arising from this report.

LEGAL IMPLICATIONS

32. There are no legal implications arising from this report.

CONCLUSION

33. The head of economy, leisure and property has assessed DC Leisure's performance as **Fair** for its delivery of the leisure management contract for the White Horse Leisure and Tennis Centre. The committee is asked to make any recommendations to the cabinet member for leisure to enable her to make a final assessment on performance and to enhance the action plan, which is currently being developed.

BACKGROUND PAPERS

34. None

Annex B – Customer satisfaction

Customers were asked to score each element of their visit to the White Horse Leisure and Tennis Centre on a scale of 1 (poor) – 5 (Excellent). Average scores per question are shown in the table below:

WHLTC		CENTRE PERFORMANCE
ACCESS		
1	Ease of getting through on telephone	3.01
2	Activity available at convenient times	3.78
3	Ease of booking	3.53
4	Ease of parking	3.45
5	Waiting time at reception	3.35
6	Activity charge	3.55
7	Range of activities available	4.06
8	Ease of contacting the centre with issues	3.33
9	If any issues, how well were they dealt with	3.41
QUALITY OF FACILITIES / SERVICES		
10	Quality of equipment	3.78
11	Water quality in the swimming pool	3.78
12	Water temperature in the swimming pool	3.44
13	Quality of food and drink	3.29
14	Quality of brochures / leaflets/websites	3.21
15	Availability of information	3.36
16	Quality of information on notice boards	3.29
17	Quality of flooring in sports hall/activity area	3.64
18	Quality of lighting in sports hall/activity area	3.83
CLEANLINESS		
19	Cleanliness of changing rooms	3.47
20	Cleanliness of activity space	3.64
21	Cleanliness of cafeteria area	3.52
22	Overall impression on cleanliness of centre	3.60
CAFETERIA / FOOD & DRINK		
23	Range of food and drink	3.17
24	Quality of food and drink	3.23
25	Value for money of food and drink	3.30
STAFF		
26	Helpfulness of reception staff	4.02
27	Helpfulness of other staff	4.09
28	Standard of coaching / instruction	4.20
29	Availability of staff	3.83
30	Visibility of staff including uniform	4.03

VALUE FOR MONEY		
31	Value for money of activities	3.86
32	Overall satisfaction with your visit today	3.98
TOTAL AVERAGE		3.59

In addition to the marking above, there was space on the survey forms for additional comment. These comments will form the action plan for service improvement by DC Leisure in 2011/12 and concentrate on the areas which generated most adverse comment in the survey. A summary of the comments received is shown in the table below:

Summary of customer satisfaction questionnaire comments	Number of customers raising issue
operations of gym - poor layout, no involvement of clients	1
swimming pool temperature too cold	11
RPM booking needs improving	4
cleanliness of poolside changing rooms - dirty floors/shower area	13
gym flooring - needs improving	2
two people at 6:30am on reception.	3
new rowers in gym	2
squat rack in the gym	1
more food choice in the cafe - healthier options	10
more staff in cafe	2
better phone system	10
attitude of reception staff could be improved	3
fixing of lockers	4
more/better activities	2
more RPM classes	1
cleanliness of cafe needs improving - dirty	6
not enough parking	9
reception waiting time to long	2
more than 2 lanes available for lane swimming	1
policing of disabled parking	1
poolside staff attitude could be improved	1
too many queues for classes due to swim bookings	1
cleanliness of disabled toilet	1
more TV channels in the gym	1
badminton set ups could be better - on time	1
preferential rates on court bookings for members	1
more fans in the classes	1
attitude of gym staff could be improved	1
not enough showers for women	2
better air conditioning in the gym	1
more X-trainers in gym	1
cleanliness of main studio needs improving	2

gym equipment needs to be fixed quicker - some delays	2
fewer disruptions to adult lane swimming	1
better range of free weights equipment	2
increase class numbers	1
improve booking facilities (online)	1
heavier weights - up to 50kg dumbbells	3
larger gym area	1
centre user forums would be a good idea, has been raised previously.	1
fast track desk for classes	1
overcrowding in gym and body combat classes	1
more kids activities	1
unruly children in the cafe	3
no lane change before 8:30am in the pool	1
double lanes for early riser swimmers	1
open at 6:25am so we can be in the water for 6:30am	2
centre open at 6:00am	1
better value for money for swim memberships	1
timetable needs to be in larger scale - easier to read	2
website not always up to date	1
classes to start on time	1
air conditioning on squash courts	1
availability of classes at weekends could be better	1
too many swimming lessons	1
more lane swimming	1
gym change cleanliness could be better	2
main Hall floor needs cleaning more often	1
more Staff in the gym	1
great Facility	2
staff friendly and helpful	2
RPM colour and layout good	1
fantastic centre	1
timetable is brilliant	1
Tennis is excellent	1

Annex C - Council satisfaction

This assessment allows the Vale Council (as a client) to record its own satisfaction with aspects of a contractor's performance which lie outside Key Performance Targets and customer satisfaction. Each officer with direct knowledge and who frequently interacts with the contractor has completed this form and an average score of 3.41 has been recorded.

Contractor / supplier / partner name | DC Leisure

From (date) | 1 April 2010 | To | 31 March 2011

SERVICE DELIVERY

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
1 Understanding of the client's needs			3.8		
2 Response time			3.33		
3 Delivers to time			3.17		
4 Delivers to budget			3.67		
5 Efficiency of invoicing			3.25		
6 Approach to health & safety		4			

* These spaces are deliberately left blank for the addition of any performance criteria which are specific to this particular contract / service.

COMMUNICATIONS AND RELATIONS

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
7 Easy to deal with			3.86		
8 Communications / keeping the client informed			3.36		
9 Quality of written documentation			3.4		
10 Compliance with council's corporate identity				2.25	
11 Listening			3.71		
12 Quality of relationship			3.86		

IMPROVEMENT AND INNOVATION

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
13 Offers suggestions beyond the scope of work				2.83	
14 Degree of innovation			3.17		
15 Goes the extra mile			3.17		
16 Supports the council's sustainability objectives			3.75		
17 Supports the council's equality objectives			3.75		
18 Degree of partnership working		3.67			

KEY DOCUMENTS

If required, has the contractor provided the council with annual updates of the following documents?

1. Annual Corporate Governance Assurance Statement? (Yes / No)	N/A
2. Updated risk register (Yes / No)	N/A
3. Annual business plan (Yes / No)	N/A
4. Updated business continuity plan (Yes / No)	N/A

STRENGTHS AND AREAS FOR IMPROVEMENT

Strengths	
	Positive, proactive approach
	Responds positively to feedback received from client team
	Team on site keen to get job done and are generally easy to work with
	Varied activity programme on offer
	Keen to be involved in partnership working, such as GO Active and Active Women
	Low complaint levels to council about good levels of cleanliness

Areas for improvement	
	Keep council officers better informed, especially regarding items/issues already discussed

Response times to messages or requests for call backs
Lack of management knowledge on site, particularly in terms of pool plant issues
In-house maintenance responsibilities need to be carried out more quickly and back of house tidiness needs improvement

Score	4.3 – 5.0	3.9 – 4.3	3.4 – 3.9	3.0 – 3.4	<3.0
Classification	Excellent	Good	Fair	Weak	Poor

Annex D - Contractor 360° feedback

CONTRACTOR'S REACTION / FEEDBACK ON COUNCIL'S ASSESSMENT

DC Leisure / Active Nation accept that the report represents an accurate summary of the findings from the Customer Satisfaction Survey which the Charity undertook and we are working with the Authority to further develop the centre and to attempt to rectify any areas of concern. Active Nation are continually striving to improve their standards and are already fitting a new heat exchanger to improve the consistency of the pool temperature in the Teaching Pool and working closely with the Council in finding a more customer friendly telephone system which allows callers to be filtered to relevant areas within the facility and therefore improve this particular area highlighted within the survey results.

In addition, Active Nation are looking at a more robust Fault Defect Ordering system for all maintenance responsibilities with individual defect history and revised defect response times. The appointment of a new Operations Manager has been very positive and will continue to provide operational robustness and quality, whilst also developing the Operational team's capability. Active Nation has also developed their scope of work by developing new fitness and swim propositions, together with launching an apprentice scheme within their Tennis program, with plans to grow other areas of activity and participation within and outside the centre.

ANY AREAS WHERE CONTRACTOR DISAGREES WITH ASSESSMENT

WHAT COULD / SHOULD THE COUNCIL DO DIFFERENTLY TO ENABLE THE CONTRACTOR TO DELIVER THE SERVICE MORE EFFICIENTLY / EFFECTIVELY / ECONOMICALLY?

D C Leisure and Active Nation believe the Council may wish to consider how the Customer Survey scoring format is calculated. There are currently five categories for the customer to decide upon when answering the specific questions. To achieve an average score of Good, i.e. in excess of 80% (4 out of 5), the majority of customers would need to respond - Good or Very Good. Whilst there remains an option to respond of "fair", undoubtedly a large number of respondees will take this "middle ground". If "fair" were removed and the options were "poor" or "good", without doubt, the survey results would see a significant improvement. Another issue to consider when reviewing the overall report is the weighting between the Customer Survey and the Council's view. Because the weighting is greater for the Customer Survey, if the Council view is "good" and the customer view is "fair" as was the case for 09/10, the overall result was "fair".

By revising the number of answers from five to four and reconsidering the relationship in weighting between the Council and Customer opinion, we believe the scoring would provide a more reasonable reflection of how the Operator's are performing. "

Feedback provided by

Date