

# Scrutiny Committee

## 24 August 2011

Report of head of economy leisure and property

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To: SCRUTINY COMMITTEE

DATE: 24 August 2011

Report no. 16/11

## DC Leisure performance review 2010/11

### 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 delivering the leisure management contract at the White Horse Leisure and Tennis Centre for the period 1 April 2010 to 31 March 2011. Following the scrutiny committee's meeting on 23 June 2011, officers amended the report to address points raised by the committee.

### 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 managing 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 nominal annual sum.
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.

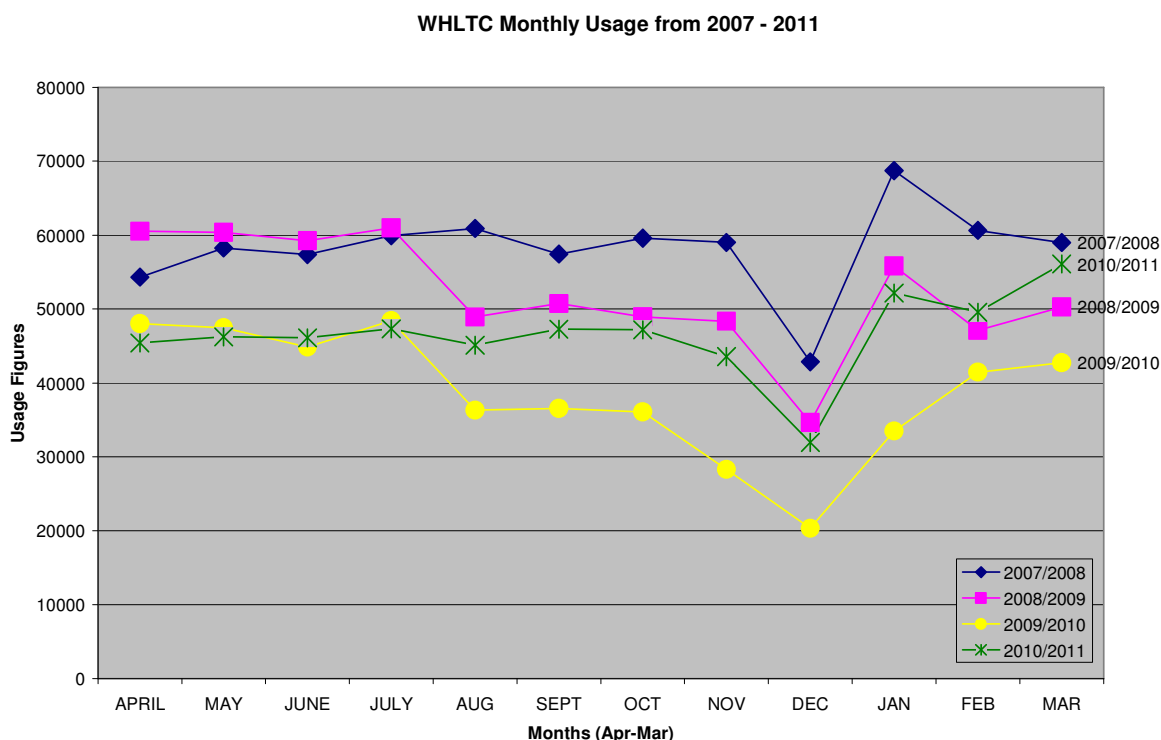
## OVERVIEW OF THE REVIEW FRAMEWORK

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 November - December 2009/10 (477,158 visits),

although is still lower than usage in 2008/09 (603,045) and 2007/08 (698,099). Monthly usage figures for 2007-2011 are shown in the following graph:



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 are being negotiated during 2011/12. Lighting projects and the procurement and installation of a pool cover are already underway, with estimated savings of £11,849 a year being achieved from the pool covers alone these installations were completed in June 2011.

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) which represents only 0.003 per cent of total visits (558,024) and so results should be treated with an element of caution. 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 which resulted in a mark of fair. Many of the scores for the different elements across the two years are similar.
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. An analysis of customer satisfaction performance appears in annex B attached.
20. An action plan based on the key areas of both customer and council satisfaction comments during the 2010/11 performance review can be found in annex C of this report. Progress against this action plan will be reported as part of the 2011/12 performance review and can be compared against future satisfaction reports. To assist the committee, the action plan for 2010/11, based on the 2009/10 performance review, has been included as annex D.
21. 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 year's 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.

22. The 2009/10 survey suggested that a review of the range of food and drink available from the café was required. As a result, the sandwich supplier has been changed and the range of food available in the café amended to add more variety for customers and provide a wider range of healthier options. The on-going review of food options features on the 2011/12 action plan also.
23. The tidiness of the reception desk was also a source of customer dissatisfaction from the 2009/10 customer survey. Active Nation has incorporated this as a check on the opening/closing procedures for this area and no concerns have been raised through the monthly inspections regime. No further comments have been received from customers regarding this.
24. 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.
25. The three areas showing the largest difference in scores between the 2009/10 and 2010/11 surveys were as follows:
- how customer issues were dealt with – this element showed an improvement of 0.41 per cent which can largely be attributed to the emphasis and additional training given to the reception and duty manager team as well as changes to some of those teams in terms of personnel
  - quality of information on notice boards - a decrease in satisfaction of 0.21 per cent was noticed in comparison to the 2009/10 survey results. This is due to a policy change within Active Nation to encourage customers to talk to staff by decreasing the amount of posters etc cluttering the centre. This is an item on the action plan for 2011/12
  - quality of lighting in the sports hall/activity area - an increase in satisfaction of 0.43 per cent achieved due to the re-lamping of all of the main areas of the centre, including the sports hall.
26. 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	<b>Fair</b>	Weak	Poor

27. Based on this performance and an average score of 3.59, the head of service has made a judgement on customer satisfaction as fair; this is consistent with the fair judgement that was awarded in 2009/10.

Customer satisfaction judgement Fair

### **DIMENSION 3 – COUNCIL SATISFACTION**

28. Various officers have professional interaction with the DC Leisure and Active Nation teams and nine of these officers provided feedback on their experiences of the contractor. An analysis of council satisfaction performance appears in annex E attached to this report, along with the calculations that resulted in a score of 3.44 out of a maximum of 5. DC Leisure was awarded its highest scores for its approach to health and safety, being easy to deal with and the quality of the relationship. 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 are included within the 2011/12 action plan, which can be found in annex C.
29. Based on this performance and a score of 3.44, the head of service has made a judgement on council satisfaction as fair; this is lower than the good judgement that was awarded in 2009/10 with a mark of 3.96. The difference in scores can be largely attributed to the positive approach that Active Nation demonstrated during the 2009 swimming pool closure, which contributed to the higher 2009/10 council satisfaction rating.

Council satisfaction judgement Fair

### **OVERALL ASSESSMENT**

30. 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 picked up from the low in 2009/10 experienced due to the unforeseeable closure of the pool following the pool pipe failure.
31. Despite total usage figures having recovered from the swimming pool closure, the 2010/11 wet side figures are still lower than in 2009/10. This is almost certainly due to the accuracy of the raw data captured and the open design of the centre's reception desk, which allows customers to bypass the desk if they are members. In 2008 there was an experiment to position turnstiles at the entrance to the pools in order to control entry into this area. These remained in place until mid 2009. This assisted in distorting the user figures to a higher level as every spectator and person accompanying a swimmer was counted every time they passed through the turnstiles (in the case of parents with children on swimming lessons this could be several additional swims recorded for each swimmer), rather than just the swimmer themselves. Since the removal of the turnstiles, some users will have reverted to not swiping in at reception, meaning that having gone from a position of over recording usage we are now under-representing this. 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.
32. 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.

33. 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. This is consistent with the fair judgement that was awarded in 2009/10.

Overall assessment

Fair
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## **STRENGTHS AND AREAS FOR IMPROVEMENT**

34. 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 F attached to this report.

## **FINANCIAL IMPLICATIONS**

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

## **LEGAL IMPLICATIONS**

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

## **CONCLUSION**

37. 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**

- none