

**LEISURE SERVICES CONTRACT
MONITORING REPORT – Q2 2017/18**

Presented by the Director of Finance & Resources

EXECUTIVE SUMMARY

The purpose of this report is to provide Members of the Executive Committee with a breakdown of Lee Valley Leisure Trust Ltd's performance against its Key Performance Indicators during the second quarter of the third year of the Leisure Services Contract. This incorporates financial, customer, internal process and sustainability measures that have been agreed with Lee Valley Leisure Trust Ltd as part of the Leisure Services Contract.

The scorecard provides an overview of performance across all facilities within Lee Valley Leisure Trust Ltd; analysing all operational venues with their related performance indicators. Appendix A to this report contains the report of Lee Valley Leisure Trust Ltd and the scorecard for Q2 2017/18 – reporting actual performance from July to September 2017.

Summary of the key achievements against the Key Performance Indicators (KPIs) for the second quarter of 2017/18:

- the management fee is estimated at £2.8 million for 2017/18. Based on performance to date and projections to year end it is anticipated that Lee Valley Leisure Trust Ltd (the Trust) will achieve target with the exception of Lee Valley Ice Centre due to its closure between July and September for remedial works. The current projection to year end shows a shortfall against budget due to the closure but this may recover during the Centre's busiest periods over the winter months – as agreed this will be reviewed jointly between the Trust/Authority following the year-end and any required adjustments to the management fee will be reported to the Executive/Trust Board;
- a high level of customer satisfaction has been maintained across the venues (83%), which is above the overall UK customer satisfaction index (UKCSI) of 78% and the individual scores for the UK leisure (80%) and tourism (81%) sectors;
- the net promoter score gives an indication of the relationship that customers have with the venues, asking customers how likely they would be to recommend the venue they visited to friends or colleagues. The score can range from -100% to 100%, with a leisure industry average of 24%.

The overall score for the first half of the year is 40%, which is just below the score of 42% last year. The lowest score was at Lee Valley Camping and Caravan Park, Edmonton, which has fallen to -2%. The main reason for the fall was due to identified issues with cleanliness and maintenance, which coincided with an unauthorised traveller encampment on the Picketts Lock site in front of the campsite during July, which even once cleared, left significant fly tipping that required clean up. The Trust expects this score to increase back to previous levels now that the matter has been resolved;

- 29% of all visits were still defined as regional. This percentage is slightly below last year (30%), but due to increased usage this equates to 482,000 visits, which is a slight increase from 480,000 in the same period last year;
- there were 1,661,091 visits to the venues – a 1% increase from the same period last year. This is despite Lee Valley Ice Centre having 40,000 less visits due to the closure and the negative impact from the summer weather in the second quarter;
- with exception of a potential shortfall at Lee Valley Ice Centre the other projected variances at venues can be offset by increased income from one-off corporate bookings at Lee Valley VeloPark during the first quarter; additional income from venue hire at Lee Valley Waterworks site; additional income from boat sale commission at Lee Valley Marina, Springfield; and the contingency set aside for 2017/18 in the Trust's budget.

RECOMMENDATION

Members Note (1) the report.

BACKGROUND

- 1 As part of the Leisure Services Contract (LSC) between the Authority and the Trust it was agreed that a range of KPIs should be used for the Authority to monitor the Trust's performance and that this should act as a method by which the Authority can ensure that the required standards within the contract are achieved.
- 2 Commencing on 1 April 2015 the LSC included KPIs based on the KPIs originally set and agreed by the Scrutiny Committee as part of the balanced scorecard which provided an overview of performance across the Authority. It was agreed that officers from the Trust would provide an update of KPIs to the Authority to report to Executive Committee on a quarterly basis.
- 3 The KPI and venue scorecard attached to the Trust report contains data for Q2 from July to 30 September 2017.

FINANCIAL IMPLICATIONS

- 4 The Trust are currently projecting that the total Management Fee (£2.8m) is sufficient to fulfil the contract in 2017/18 with the one exception of Lee Valley Ice Centre. The Authority agreed to meet any net shortfall at Lee Valley Ice Centre in 2017/18 following the year-end when actual costs/income can be accurately assessed. The Trust's current projection of £250,000 will be subject to a joint review between the Trust/Authority following the year-end and any required

adjustments to the management fee will be reported to the Executive/Trust Board.

HUMAN RESOURCE IMPLICATIONS

- 5 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

- 6 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

- 7 Failure to deliver the contract in all aspects is a major risk for both the Authority and the Trust. As well as Executive Committee, contract compliance and performance is checked regularly and scrutinised through the Chairs/Chief Officers meeting; the Senior Officers Contract Monitoring Team; the Authority's own performance monitoring team and through planned audits as part of the internal audit contract.

EQUALITY IMPLICATIONS

- 8 There are no equality implications arising directly from the recommendations in this report.

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APPENDIX ATTACHED

Appendix A Trust Report and Key Performance Indicators Q2 2017/18

LIST OF ABBREVIATIONS

KPI	Key Performance Indicator
LSC	Leisure Services Contract
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)

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 <p>VIBRANT PARTNERSHIPS</p> <p>BOARD MEETING</p> <p>6 NOVEMBER 2017</p>	<p><u>Agenda Item No:</u> 4a</p> <p><u>Report No:</u> B/56/17</p>
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LVRPA CONTRACT - 2017/18 Q2 PERFORMANCE REPORT

Presentation by the Director of Business Support

EXECUTIVE SUMMARY

This report presents the half year performance for 2017/18 across the 14 venues the Trust manages on behalf of the Lee Valley Regional Park Authority (LVRPA).

The management fee set for 2017/18 is £2.8 million, and based on performance to date and projections to year end it is anticipated that we will achieve target with the exception of Lee Valley Ice Centre (described below). The forecast outturn is a £250,000 shortfall against budget. The main variances against the Management Fee are:

- The planned closure of Lee Valley Ice Centre between July and September for remedial works. This has resulted in lost income during the closure, and sales have been slow after its reopening. Additional marketing effort has been put in place and we are hopeful that sales will pick up, which should result in a year end position of a £250,000 shortfall as agreed with the LVRPA.
- The weather in the first half of the year has been variable. The Spring was warmer and drier than the previous year, but Summer has been colder with more than double the rainfall. The weather during the peak summer season had an impact on activity and income, particularly affecting Lee Valley White Water Centre.
- Lee Valley Park Farms has had its best year to date in terms of income and net position. However expenditure is forecast to overspend due to additional staffing costs, as two new positions have been created to improve maintenance and health and safety standards, and customer experience.
- Lee Valley Riding Centre is forecasting a shortfall against budget due to additional staffing costs to cover colleagues taking promotions elsewhere, maternity leave and sickness.
- Lee Valley Athletics Centre is forecasting a shortfall due to increased expenditure on business rates and maintenance costs.
- Sewardstone campsite have seen slightly reduced visitor numbers, with touring bookings affected by the summer weather, in line with the wider campsite market.
- With the exception of £250,000 shortfall at the Lee Valley Ice Centre, the other variances can be offset by the increased income from one-off corporate bookings at Lee Valley VeloPark during the first quarter; the additional income from venue hire at the Lee Valley Waterworks site; the additional income from boat sale commission

at Lee Valley Marina, Springfield; and the contingency set aside for 2017/18.

Visitor numbers have continued to grow during the first half year of 2017/18 and high levels of customer satisfaction have been maintained:

- There were 1,661,000 visits to the venues – a 1% increase from the same period last year. This is despite Lee Valley Ice Centre having 40,000 less visits due to the closure and the negative impact from the summer weather.
- A high level of customer satisfaction has been maintained across the venues (83%), which is above the overall UK customer satisfaction index (UKCSI) of 78% and the individual scores for the UK leisure (80%) and tourism (81%) sectors.

A number of events were held in the first six months:

- The Beach & Play Park at Lee Valley White Water Centre was successfully opened and attracted 17,000 visits, despite 25% of sessions having to be cancelled due to the weather.
- The 'Lee Valley Big 50' giveaway which had over 1,000 entries on the first day and received coverage in The Sun and on BBC Three Counties Radio.
- In June Lee Valley Hockey and Tennis Centre hosted The Hockey World League Semi-Finals and two Investec Internationals – England vs Argentina and England Vs The Netherlands.
- The Easter Weekender at Lee Valley White Water Centre, which seamlessly combined an elite sporting event (Team GB Canoe Slalom Selection) with a family fun day out attracting over 6,000 visitors.
- Lee Valley Hockey and Tennis Centre hosted a Great British Tennis Weekend event where young and old visitors alike were invited to play on its outdoor courts for free. Over 100 people signed up to participate within the first two hours of the session, filling all six outdoor courts. This is a fantastic example of us delivering on our promise to provide community focused, accessible programmes through sport, leisure and entertainment
- Over 6,000 visitors attended Lee Valley White Water Centre's Summer Splash family fun event and Beer Festival.
- Schools Festivals have been successfully held at Lee Valley Hockey and Tennis Centre and Lee Valley White Water Centre, giving hundreds of children from London, Hertfordshire and Essex the opportunity to experience these iconic venues for free.
- Over 3,700 visitors engaged in a host of Easter activities at the farm which included bottle feeding baby lambs and an Easter egg hunt.
- The WaterWorks centre hosted a temporary campsite for the second year running as part of the Shell eco-marathon event on Queen Elizabeth Olympic Park that attracted 3,000 students from across Europe.

RECOMMENDATIONS		
Trustees note:	(1)	The report.

BACKGROUND

1	Performance of the Lee Valley Regional Park LVRPA venues has been reported quarterly to its Scrutiny Committee since 2010.
2	This report was based on the Authority's performance framework, which included key

	performance indicators (KPIs) and a venue scorecard.
3	As part of the Lee Valley Leisure Services Contract, performance of the LVRPA venues managed by the Lee Valley Leisure Trust is to be reported quarterly to LVRPA Members.
4	The data included in this report to Trustees will form the basis of the report that Authority officers will present to Authority Members.
5	The scorecard in Appendix A to this report contains data for the first half year of 2017/18 (April – September 2017). The following paragraphs summarise the key messages from the data.

LV LEISURE SERVICES CONTRACT KEY PERFORMANCE INDICATORS (KPIs)

6	<p>KPI 1: Management Fee</p> <p>The management fee for 2017/18 has been set at £2.8m, a reduction from the 2016/17 fee of £3.2m and the 2015/16 fee of £3.5m.</p> <p>Based on performance to date and projections to year end it is anticipated that we will achieve target with the exception of Lee Valley Ice Centre. The forecast outturn is a £250,000 shortfall against the agreed management fee. Venues forecast to vary from budget at year end are explained below:</p> <p>Lee Valley VeloPark is forecast to over achieve budget at year end. The biggest growth has been one-off corporate bookings during the first quarter.</p> <p>Lee Valley White Water Centre is forecast to under achieve budget at year end. The new Beach & Play Park was successfully opened; however the bad weather meant that 25% of all sessions had to be cancelled, impacting income. This resulted in a first year net loss of £80,000 against a target of £40,000 net income. Due to the slippage of the café counter development, the café was closed in September which is the busiest month for corporate and rafting sales, resulting in a loss of income and £210,000 under achievement of the budget.</p> <p>The planned closure of Lee Valley Ice Centre between July and September for remedial works has resulted in lost income during the closure, and sales have been slow after its reopening. Additional marketing effort has been put in place and we are hopeful that sales will pick up, which will result in a year end position of a £250,000 shortfall as agreed with the Authority.</p> <p>Lee Valley Riding Centre is forecast to under achieve budget at year end due to increased expenditure on staffing. A number of working pupils and one of our Assistant Managers have secured promotions at other equestrian centres; and a colleague has been on long term sickness and maternity leave. In order to cover these positions we have had to use more casual hours and overtime.</p> <p>Lee Valley Park Farms has had its best year to date in terms of income and net position. However expenditure is forecast to overspend due to increased staffing costs. Two new positions have been added this year since the budget was agreed – an</p>
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	<p>additional Duty Manager to improve maintenance and health and safety standards, and an Entertainments Supervisor whose focus is to improve the customer experience and increase income. Casual staffing expenditure was planned to reduce with these new positions but this hasn't been achieved. A further review of resources required for the enhanced entertainment offer is to take place.</p> <p>Lee Valley Athletics Centre is forecasting a shortfall due to increased expenditure. The business rates bill for the venue has increased by £9,000 this year. There has been an increase in maintenance costs, some of which should be covered by the repairs and renewals budget which should result in an improved position at year end.</p> <p>Sewardstone campsite have seen slightly reduced visitor numbers, with touring bookings affected by the summer weather, in line with the wider campsite market.</p> <p>Lee Valley Marina, Springfield is forecast to achieve a significant increase in income due to commission on an unexpectedly high number of large boat sales.</p> <p>We are continuing to work closely with Grant Thornton and Geary and Partners to maximise the VAT efficiency on expenditure. It is estimated that by the year end irrecoverable VAT on expenditure may exceed the budget allocation by £67,000. In addition, an adjustment of £289,000 additional income to the Management Fee is to be requested from the Authority. This relates to £250,000 loss of income due to the closure of Lee Valley Ice Centre, and £39,000 for Authority accommodation that Trust employees occupy.</p>
<p>7</p>	<p>KPI 2: Customer Satisfaction</p> <p>In the first half of the year our research agency has been undertaking interviews with customers at venues. Feedback has been good and generally in line with last year, with Lee Valley VeloPark achieving the highest score of 91%.</p> <p>Across all venues the average customer satisfaction score is 83%. This is the same as last year and is on target. This is above the overall UK customer satisfaction index (UKCSI) of 78% and the individual scores for the UK leisure (80%) and tourism (81%) sectors.</p>
<p>8</p>	<p>KPI 3: Net Promoter Score</p> <p>The net promoter score gives an indication of the relationship that customers have with our venues, with a higher score potentially indicating positive future business through repeat visits and recommendations. It is generated by asking customers how likely they would be to recommend the venue they visited to friends or colleagues. This categorises customers into 'promoters', 'neutrals' and 'detractors'. The score can range from 100% to -100%, with a leisure industry average of 24%.</p> <p>The overall score for the first half of the year is 40%, which is in line with a slight fall from the score of 42% last year. The lowest score was at Lee Valley Camping and Caravan Park, Edmonton, which has fallen to -2%. The main reason for the fall was due to an increase in detractors who have identified issues with cleanliness and maintenance, which coincided with an unauthorised traveller encampment on the Picketts Lock site in front of the campsite during July, which even once cleared left significant fly tipping that required clean up. We expect this score to increase back to</p>

	<p>previous levels now that the matter has been resolved.</p> <p>Also on the Picketts Lock site, Lee Valley Golf Course has seen a decreased score. As Trustees/Members are aware, the Picketts Lock site is under review by LVRPA and no improvements have been made to Lee Valley Golf Course facilities for several years.</p> <p>The score at Lee Valley Caravan Park, Dobbs Weir has fallen slightly. The site has building work being undertaken as part of the final phase of development, and once this is completed we expect this score to increase.</p>
<p>9</p>	<p>KPI 4: Regionality</p> <p>The regionality of the venues is measured by capturing postcodes across bookings, memberships and surveys. In the first quarter 29% of all visits were defined as regional – where the visitor lives within the London, Hertfordshire and Essex region, but lives outside of the riparian boroughs whose boundaries cross into the Lee Valley Regional Park. This percentage is slightly below last year (30%), but due to increased usage (described below) this equates to 482,000 visits, which is a slight increase from 480,000 in the same period last year.</p>
<p>10</p>	<p>KPI 5: Usage</p> <p>In the first half of the year there were 1,661,000 visits to the venues – a 1% increase from the same period last year. Below are some explanations around significant increases and decreases:</p> <p>There were 549,000 visits to Lee Valley VeloPark – 50,000 less than the same period last year. This was due to the last year’s visits being increased by the World Track Championships.</p> <p>Lee Valley Hockey and Tennis Centre had 88,000 visits, which is 35,000 less than the same period last year. This is due to the major events programme, with more events, attracting high numbers of spectators, held last year than this year, including the NEC Wheelchair Masters.</p> <p>There were 452,000 visits to Lee Valley White Water Centre – 93,000 more than the same period last year. This is due to the widened appeal of the venue, including the opening of the Beach & Play Park, increased visitors to the cafe, the new play area and events including the Easter weekender, summer splash and beer festival. This is despite the poor summer weather that resulted in 25% of all Beach & Play Park sessions having to be cancelled, and the café being closed in September for the counter redevelopment.</p> <p>Lee Valley Ice Centre had 107,000 visits, which is 42,000 less than the same period last year. This is due to the planned closure between July and September for remedial works.</p> <p>Both Edmonton and Sewardstone campsites had slightly reduced visitor numbers, with touring bookings affected by the summer weather, in line with the wider campsite market.</p> <p>Visitor numbers at the Lee Valley Park Farms have increased to 106,000 in what has</p>

	<p>been their best year to date, however although income has increased it has not reached target, with the poor summer weather having a negative impact.</p> <p>Visit England's latest findings show that both the attractions and accommodation markets had a good start to the year, but business slowed during the summer. Campsites in particular have been affected by this slowdown.</p>

OTHER VENUE PERFORMANCE

11	<p>Compliments and Complaints</p> <p>In the first half of the year the number of complaints and compliments has been consistent with last year. The reduced number of major events this year at Lee Valley VeloPark and Lee Valley Hockey and Tennis Centre has resulted in fewer compliments, whilst the introduction of the Beach & Play Park resulted in more compliments at Lee Valley White Water Centre.</p>
12	<p>Quality</p> <p>Lee Valley Hockey and Tennis Centre undertook its first Quest accreditation and achieved the banding of 'Very Good', which is impressive for a first time assessment. Lee Valley Athletics Centre, Lee Valley Ice Centre and Lee Valley Riding Centre have also been re-assessed this year, all achieving 'Very Good'.</p>
13	<p>Utility Consumption</p> <p>Utility consumption has reduced by 6% from last year. This is mainly due to reduced energy consumption during the closure of Lee Valley Ice Centre.</p>

ENVIRONMENTAL IMPLICATIONS

14	<p>Increased visits and activity across venues increases utility consumption. Although consumption has reduced from last year due to the Lee Valley Ice Centre closure, this can be expected to increase in the future if visits and activity continue to increase.</p>
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EQUALITY IMPLICATIONS

15	<p>The impact of attracting a wider audience to venues is that visitors from across all groups are more likely to visit.</p>
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FINANCIAL IMPLICATIONS

16	<p>The report explains the financial performance to date of the venues.</p>
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HUMAN RESOURCE IMPLICATIONS

17	<p>There are no human resource implications arising directly out of the recommendations in this report.</p>
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LEGAL IMPLICATIONS

18	There are no legal implications arising directly out of the recommendations in this report.
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RISK MANAGEMENT IMPLICATIONS

19	There are no risk management implications arising directly out of the recommendations in this report.
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LVRPA IMPLICATIONS

20	There are no LVRPA implications arising directly out of the recommendations in this report.
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PREVIOUS TRUST BOARD REPORTS

TRUST BOARD	REPORT NO.	REPORT NAME	DATE
Board	Item 4	LVRPA Contract 2015/16 Q2 Performance	16-11-15
Board	B/4/16	Leisure Services Contract Performance Q3	9-2-16
Board	B/7/16	LVRPA Contract - 2015/16 Provisional Outturn	9-5-16
Board	B/16/16	LVRPA Contract -2015/16 Provisional Outturn	6-6-16
Board	B/29/17	LVRPA Contract – 2016/17 Q3 Performance	17-1-17
Board	B/43/17	LVRPA Contract – 2016/17 Q4 Performance	June 17
Board	B/48/17	LVRPA Contract – 2017/18 Q1 Performance	28-9-17

APPENDICES ATTACHED

Appendix A	Trust KPI and Venue Scorecard
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LIST OF ABBREVIATIONS

ABBREVIATION	IN FULL
KPI	Key Performance Indicator
LVVP	Lee Valley VeloPark
LVHTC	Lee Valley Hockey and Tennis Centre
LVWWC	Lee Valley White Water Centre
LVAC	Lee Valley Athletics Centre
LVIC	Lee Valley Ice Centre
LVRC	Lee Valley Riding Centre
LVPF	Lee Valley Park Farms

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Reporting Period		2017/18 Q2																				
Venues	Income (£000's)		Usage		Customer Satisfaction		Net Promoter Score		Regionality		Formal Complaints		Formal Compliments		H&S Audit		Quality Score		Utility Consumption (000 kwh)		Asset Protection	
	16/17	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17	17/18
	9,642	10,332	1,642,152	1,642,152	80-85%	45-55%	31%	123	1,062	85%	80%	6,033	6,033	95%								
Overall Target																						
Lee Valley VeloPark	2,377	2,459	599,577	549,168	92%	79%	45%	37	429	99%	96%	945	779	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Hockey & Tennis Centre	498	607	123,416	88,085	84%	59%	30%	1	63	98%	88%	462	424	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley White Water Centre	2,826	3,171	359,586	452,209	88%	80%	36%	38	413	95%	95%	2,510	2,663	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Athletics Centre	332	402	99,325	107,272	85%	73%	29%	3	25	92%	76%	232	234	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Ice Centre	542	341	148,447	105,773	83%	80%	39%	5	13	98%	86%	1,172	921	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Riding Centre	548	549	110,081	133,613	86%	55%	32%	6	2	91%	75%	67	70	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley WaterWorks Centre	147	171	41,915	43,443				1	0	90%	70%	62	81	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Golf Course	133	131	10,156	10,801	84%	48%	28%	1	1	81%	89%	39	35	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Camping & Caravan Park, Edmonton	370	305	30,217	25,033	82%	20%	14%	5	15	96%	89%	240	210	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Campsite, Sewardstone	286	325	24,902	21,695	88%	52%	12%	2	13	91%	90%	54	48	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Caravan Park, Dobbs Weir	380	393	16,865	16,066	86%	35%	19%	7	24	94%	92%	23	26	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Park Farms	482	554	77,665	105,913	85%	33%	32%	10	14	91%	73%	53	54	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Marina, Springfield	383	469			51%	-55%	25%	0	0	95%	93%	119	112	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
Lee Valley Marina, Stanstead	358	417			79%	28%	34%	7	0	99%	85%	55	60	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4
ALL VENUES	9,642	10,332	1,642,152	1,642,152	83%	42%	30%	123	1,062	94%	86%	6,033	6,033	Q4	Q4	n/a	n/a	n/a	n/a	n/a	n/a	Q4

Financial Measure
Customer Measure
Internal Process Measure
Sustainability Measure

Performance against target
Achieving or exceeding target
Just missed target
Below target
N/A for site