



Lee Valley
Regional Park Authority

LEE VALLEY REGIONAL PARK AUTHORITY

EXECUTIVE COMMITTEE

26 NOVEMBER 2015 AT 10:30

Agenda Item No:

5

Report No:

E/425/15

LEISURE SERVICES CONTRACT MONITORING REPORT – Q2 2015

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 the Trust's performance against its Key Performance Indicators during the second quarter of the first year of the Leisure Services Contract. This incorporates financial, customer, internal process and sustainability measures that have been agreed with the Trust as part of the Leisure Services Contract.

The scorecard provides an overview of performance across all facilities within the Trust; analysing all operational venues with their related performance indicators. Appendix A to this report contains the Trust report and the Trust scorecard for Q2 2015/16 – reporting actual performance from April to September 2015.

A summary of the key achievements in the first quarter of 2015:

- management fee in line with expectations (as reported at the October Executive Committee as part of the Revenue Monitoring Report E/421/15);
- financial performance across venues is good with the overall budget expected to be on target;
- average customer satisfaction score in the second quarter was 83%. This is the same as last year and is on target;
- there has been an upward trend in net promoter score across the venues from 44% last year to 45%;
- 30% of all visits were defined as regional. This performance is in line with last year but slightly below target;
- there were 1.3 million visits to the Trust's venues during the first quarter – a 16% increase from the same period last year.

RECOMMENDATION

Members Note (1) the report.

BACKGROUND

- 1 As part of the Leisure Service Contract (LSC) between the Authority and the Trust (Vibrant Partnerships) it was agreed that a range of Key Performance Indicators

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 Key Performance Indicators (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 the KPIs to the Authority to report to the Executive Committee on a Quarterly basis.
- 3 The KPI and venue scorecard attached to the Trust report contains data for Q2 from April to 30 September 2015.

FINANCIAL IMPLICATIONS

- 4 There are no financial implications arising directly out of the recommendations in this report.

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 2015/16

LIST OF ABBREVIATIONS

KPI	Key Performance Indicator
LSC	Leisure Services Contract

 <p>LEE VALLEY LEISURE TRUST</p> <p>BOARD MEETING</p> <p><i>16 NOVEMBER 2015</i></p>	<p align="center"><u>Agenda Item</u></p> <p align="center"><u>No:</u></p>
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LVRPA Contract - 2015/16 Q2 Performance Report

Presentation by Director of Business Support

SUMMARY

This report presents the mid-year performance for 2015/16 across the 14 venues the Trust manages on behalf of the Lee Valley Regional Park Authority (LVRPA).

RECOMMENDATION

Trustees note: (1) the report.

BACKGROUND

- 1 Performance of the Lee Valley Regional Park Authority 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 LVLT is to be reported quarterly to Authority 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 two quarters of 2015/16 (April-September). The following paragraphs summarise the key messages from the data.

LV LEISURE SERVICES CONTRACT KEY PERFORMANCE INDICATORS (KPIs)

6 KPI 1: Management Fee

The adjusted management fee for the first year of the contract is £3.607m. To date payments totalling £2.039m have been made. Indications are that the original management fee may still need further adjustment (circa £250K) for any level of VAT benefits that may not accrue from the transfer. The VAT benefit is also intrinsically linked to the volume and type of sales that are transacted over the year. Certainty in this area is only likely to materialise as the Trust submits its quarterly VAT claims over the next two quarters. Officers view is that a

prudent estimate of £250,000 against a targeted £500,000 saving is more likely for this year and may improve as the Trust continues to develop its own business model.

Eighty per cent mandatory business rate relief on all the eligible venues has been secured from the 1 April 2015 achieving the target saving of circa £1.7m as set out in the financial model.

Work is continuing in a number of areas including staff training and development, food and beverage offer, customer experience/service, marketing, packaging of products/services, cross selling and developing partnerships. This will enable the shift from sporting venues to leisure destinations and assist in increasing footfall, participation and income.

Overall financial performance across venues is good; and is broadly on budget to hit its management fee. The following venues are worthy of note:

The **VeloPark** is forecast to over achieve budget by £47,000 through additional income, predominantly through conferencing, banqueting and event bookings.

The **White Water Centre** is projected to under achieve budget by £391,000. This includes a £150,000 over estimation of VAT savings/income as explained in the above. Food and beverage income has increased by approx. 36% compared to the same period last year. This is as a result of the introduction of a new menu, look and feel and staff training. Officers are carrying out further work on improving cost of sales, portion control, staffing levels, stock control, procurement and counter display to encourage impulse buys which will significantly improve profit margins in the coming season. The operation is forecast to generate a projected £34,000 surplus (2014/15 £15,000). Electricity costs have followed the trend of last year and are £150,000 above budget and will be picked up as part of the 2016/17 budget process. This is as a result of increased usage and utility price increases. Officers are continuing to optimise occupancy in each session.

The **Athletics Centre** is projected to overspend by £10,000. This is due to Business Rates being charged at £73,000 against a budget of £65,000.

Dobbs Weir campsite is projected to over achieve budget by £43,000. This has been achieved through the sale of caravans ahead of schedule with 31 sold against a target of 10, which has resulted in additional site rents being collected.

Springfield Marina is projected to over achieve budget by £24,000. This is through increased mooring income - as part of the pontoon replacement works there has been a reconfiguration of moorings to create a small increase in capacity.

The **WaterWorks Centre** is projected to over achieve budget by £20,000 which is due to efficiencies generated by sharing staff with the Ice Centre.

7 KPI 2: Customer Satisfaction

Across all venues the average customer satisfaction score was 83%. This is the same as last year and is on target. This score is captured through a robust sample of exit surveys undertaken by an external research agency and self-completion surveys.

The highest scoring venues were the VeloPark, Riding Centre, Athletics Centre and White Water Centre, all scoring 90% or above.

As Trustees are aware, Picketts Lock Golf Course is under review and no improvements have been made to facilities since last year. As a result, satisfaction has fallen below target, with negative feedback from customers regarding the lack of a clubhouse and catering / changing facilities. The review of the golf management has been undertaken; and expressions of interest that could include facilities for golfers have been invited and are currently being reviewed and will be reported to the Board in the Autumn.

8 KPI 3: Net Promoter Score

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%.

There has been a slight upward trend in net promoter score across the venues from 44% last year to 45%, which is ahead of the target of 44%.

Picketts Lock Golf Course saw a fall in its score from last year. This can be attributed to the reasons above, and also because regular users of the course gave more positive feedback last year when they were concerned about the closure of the course and perhaps wanted to show their support to keep it open.

Hayes Hill has seen a slight fall in its score from last year. Last year's score was one of the highest of all the venues. This year's score is still relatively high, but customers have given some underwhelming feedback about certain parts of their experience. Officers have identified actions to improve the areas and are implementing them.

9 KPI 4: Regionality

The regionality of the venues is measured by capturing postcodes across bookings, memberships and surveys. In the first half of the year 30% 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. Visitors from these riparian boroughs are defined as 'local'. This performance is a slight fall from last year. This has been caused by slightly more visitors being defined as 'national' – coming from outside of London, Hertfordshire and Essex.

10 KPI 5: Usage

There were 1.3 million visits to the Trust's venues during the first half of the year

– a 16% increase from the same period last year. This has mainly been the result of the Hockey & Tennis Centre being fully open to the public this year, and a 20% increase in visits to the VeloPark as the venue has established and developed its programme attracting more visitors.

The remaining increase was spread across other venues, where there is a focus on increasing and widening the appeal, notably:

The Riding Centre increased usage by 5,000 (5%) compared to last year. This has been due to significant increases in group and adult lesson bookings, reflected in the £87,000 (21%) increase in income compared to last year.

Dobbs Weir Campsite has increased usage by 5,000 (40%) compared to last year. Despite the issues mentioned in this report, the touring business has been grown with income up 16% on last year.

The Ice Centre has seen a fall in usage by 7,000 (5%) compared to last year. This is due to price increases to public skating sessions in April which led to reduced visits. Once this issue was identified promotional offers were introduced which have since had a positive impact in bringing usage up to the same level as last year.

The White Water Centre had 3,000 visitors on the 19th July, at its first Family Fun Day. Feedback was very positive from visitors and officers are looking to build on this next year.

Weather can have an impact on visitor numbers. Compared to the same period last year temperatures were 7% colder, there was 2% more rainfall (with the summer months being especially wet – experiencing twice as much rain as last year) and 2% less sunshine.

The half year performance is in line with industry trends, with Visit England's latest findings showing that both the attractions and accommodation markets continue to grow compared to last year, although the wet summer had an impact on those with an outdoor element to the experience.

OTHER VENUE PERFORMANCE

11 Compliments

The number of formal compliments received has increased from 297 last year to 1,020. The majority of this increase in compliments was received at the VeloPark, White Water Centre, Hockey & Tennis Centre and Hayes Hill Farm and can be attributed to increased usage and greater engagement with social media.

12 Complaints

In the context of increased visitor numbers and positive feedback, there was also an increase in formal complaints, with 86 received in the first half of the year.

The increase has mainly come from the VeloPark that received 27 formal complaints compared to 12 last year. The most prominent themes in these complaints were value for money, problems with making bookings and service received during sessions. To date the taster sessions at the peak times continue

to sell out very quickly indeed – sometimes within hours of being released. More sessions have been programmed into the venue. The feedback to customers who are 'referred' (fail to pass the track accreditation) has been reviewed and customers are provided with additional feedback on the requirements of bike skills and general length of time on the track that is normally needed to gain the accreditation.

Hayes Hill received 21 formal complaints compared to 3 last year. These complaints were about a range of operational issues which were responded to and dealt with in line with the Trust's complaints procedure.

These increases at the VeloPark and Hayes Hill should be viewed in the context of an increase in visitor numbers, increase in compliments (see above) and the achievement of the TripAdvisor certificate of excellence at both venues – awarded to attractions that consistently achieve outstanding reviews.

13 Utility Consumption

Utility consumption has increased by 21% across all the venues compared to last year. This should be seen in the context of usage increasing by 16%. This increase has been caused specifically by increased use of the pumps at the White Water Centre for the World Championships where pumps were turned on for both courses for 13 hours a day for two weeks. The associated cost is being charged to British Canoeing. The Trust is looking at ways of increasing energy efficiency.

ENVIRONMENTAL IMPLICATIONS

- 14 There are no environmental implications arising directly out of the recommendations in this report.

EQUALITY IMPLICATIONS

- 15 There are no equality implications arising directly out of the recommendations in this report.

FINANCIAL IMPLICATIONS

- 16 There are no financial implications arising directly out of the recommendations in this report.

HUMAN RESOURCE IMPLICATIONS

- 17 There are no human resource implications arising directly out of the recommendations in this report.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

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APPENDIX ATTACHED

Appendix A Trust KPI and Venue Scorecard

LIST OF ABBREVIATIONS

ABBREVIATION	IN FULL
KPI	Key Performance Indicator

Reporting Period		2015/16 Q2						
Key Performance Indicators		14/15 Q2 Actual	Annual Target	Stretch Target	Performance	Q2 Actual	Expected at Year End	Comments
Management Fee		n/a	£3,607,000	£3,607,000	↑	£2,039,400	£3,607,000	
Customer satisfaction		83%	83%	85%	↔	83%	83%	
Net promoter Score		44%	44%	46%	↑	45%	45%	
Regionality (non-riparian)		31%	31%	33%	↔	30%	30%	
Usage		1.1m	1.9m	1.95m	↑	1.3m	2.0m	

Direction of travel
↑ Performance has improved
↓ Performance has worsened
↔ Performance has remained the same

N/A

Performance against target
Achieving or exceeding target
Just missed target
Below target

Financial Measure
Customer Measure
Internal Process Measure
Sustainability Measure

2015/16 Q2

Reporting Period

Trust 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		
	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	
Overall Target				1.9m		83%		44%		31%		55		297		95%		80%		5,413		95%	
Venues																							
VeloPark	1,365		342,428		87%		62%		47%		12	23	122		98%	Q4	91%	Q4	791		841	n/a	Q4
Hockey & Tennis Centre	123		76,713		81%		15%		33%		3		4		92%	Q4	80%	Q4	10		234	n/a	Q4
White Water Centre	2,002		241,479		91%		99%		38%		8	13	109		96%	Q4	81%	Q4	2,298		3,145	n/a	Q4
Athletics Centre	179		96,866		89%		73%		38%		0		3		90%	Q4	83%	Q4	212			n/a	Q4
Ice Centre	586		158,013		82%		42%		43%		3		6		96%	Q4	87%	Q4	1,144			n/a	Q4
Riding Centre	411		106,927		89%		56%		35%		4		3		88%	Q4	74%	Q4	58			n/a	Q4
WaterWorks	12		19,274								1		13	0	88%	Q4	73%	Q4	58			n/a	Q4
Picketts Lock Golf	130		10,000		86%		77%		22%		15		1		88%	Q4	77%	Q4	29			n/a	Q4
Edmonton Campsite	369		31,455		87%		43%		9%		0	4	2		98%	Q4	77%	Q4	187		220	n/a	Q4
Sewardstone Campsite	396		26,235		85%		49%		12%		4		4		97%	Q4	79%	Q4	47			n/a	Q4
Dobbs Weir Campsite	197		13,175		85%		50%		38%		2	6	18		83%	Q4	n/a	Q4	88			n/a	Q4
Hayes Hill Farm	399		82,312		85%		67%		33%		3	21	11		88%	Q4	64%	Q4	96			n/a	Q4
Springfield Marina	320				62%		-4%		25%		0		0		87%	Q4	85%	Q4	111			n/a	Q4
Stanstead Marina	304				68%		-1%		34%		0		1		91%	Q4	88%	Q4	50			n/a	Q4
ALL VENUES	6,796	6,098	1,144,267	1,322,494	83%	33%	44%	45%	31%	30%	55	86	297	1,020	91%	Q4	80%	Q4	5,179	6,270	n/a	n/a	Q4

Performance against target	
Achieving or exceeding target	<5%
Just missed target	5-10%
Below target	>10%

Financial Measure
Customer Measure
Internal Process Measure
Sustainability Measure

N/A for site