 <p><b>LEE VALLEY REGIONAL PARK AUTHORITY</b></p> <p><b>EXECUTIVE COMMITTEE</b></p> <p><b>25 FEBRUARY 2016 AT 11:00</b></p>	<p><b>Agenda Item No:</b></p> <p style="text-align: center;"><b>7</b></p> <p><b>Report No:</b></p> <p style="text-align: center;"><b>E/438/16</b></p>
--	---

## **LEISURE SERVICES CONTRACT MONITORING REPORT – Q3 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 Lee Valley Leisure Trust's (the Trust) performance against its Key Performance Indicators (KPIs) during the third quarter of the first year of the Leisure Services Contract (LSC). This incorporates financial, customer, internal process and sustainability measures that have been agreed with the Trust as part of the LSC.

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 Q3 2015/16 – reporting actual performance from April to December 2015.

A summary of the key achievements up to the third quarter of 2015:

- management fee in line with expectations (as reported in the Revenue Monitoring Report paper E/437/16);
- financial performance across venues is good with the overall budget expected to be on or above target;
- average customer satisfaction score in the third 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 46% meeting the stretch target;
- 30% of all visits were still defined as regional. This performance is in line with last year but slightly below target;
- there were 1.8 million visits to the Trust's venues during the third quarter – a 20% increase from the same period last year.

### **RECOMMENDATION**

Members Note (1) the report.

### **BACKGROUND**

- 1 As part of the LSC between the Authority and the Trust (Vibrant Partnerships) 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 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 Q3 from April to 31 December 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.

---


Author: Simon Sheldon, 01992 709 859, [ssheldon@leevalleypark.org.uk](mailto:ssheldon@leevalleypark.org.uk)

#### **APPENDIX ATTACHED**

Appendix A Trust Report and Key Performance Indicators Q3 2015/16

#### **LIST OF ABBREVIATIONS**

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

 <p><b>VIBRANT PARTNERSHIPS</b></p> <p><b>BOARD MEETING</b></p> <p><i>9 FEBRUARY 2016</i></p>	<p><b><u>Agenda Item No:</u></b> 6</p> <p><b><u>Report No</u></b> <b>B/4/16</b></p>
--	---

***LVRPA Contract - 2015/16 Q3 Performance Report***

Presentation by Director of Business Support

**SUMMARY**

This report presents the third quarter 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 three quarters of 2015/16 (April-December). 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 £2.539m have been made. Indications are that the original management fee may still need further adjustment (circa £250K) for any level of VAT

## Appendix A to Paper E/438/16

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. The Managing Director and Authority's Finance and Resources Director 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 £207,000 through additional income, predominantly through conferencing, banqueting and event bookings.

The **White Water Centre** is projected to under achieve budget by £393,000. 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 £20,000 surplus (2014/15 £15,000). Electricity costs are projected to be £550,000 against a budget of £396,000 and a previous year actual of £487,000. This overspend is due to a 6% increase in supply cost along with significant increased pump running time predominately as a result of the recent World Championships and pre-tournament team training and selection event.

The **Ice Centre** is projected to over achieve budget by £16,000 through additional income and reduced expenditure. The centre is following the trend of recent years and continues to operate at capacity. However, the building and infrastructure is over 30 years old. Officers have been able to successfully carry out remedial works to the brine pipe failure reported to November board meeting with minimal impact on programme and without requiring a full shut down.

The **Riding Centre** is projected to over achieve budget by £23,000 through increased income and reduced expenditure. This includes an improvement in income of £99,000 compared to the previous year. The majority of Riding Centre activities were already VAT exempt due to their educational nature and so this has been achieved through increased usage and new activities. One off

savings have arisen this year due to difficulties in recruiting instructors through the first 6 months of the year. Through a focus on continuing professional development opportunities for instructors, including mentoring opportunities with industry recognised leading instructors, officers have been successful in attracting additional instructors and officers are currently considering a proposal to increase the pay of instructors with advanced qualifications.

**Dobbs Weir campsite** is projected to over achieve budget by £138,000. This has been achieved through the sale of caravans ahead of schedule with 34 sold against a target of 10, which has resulted in additional site rents being collected. In addition, it was anticipated that a net profit of 25% would be achieved per caravan sale, currently an average net profit of 34% is being realised per sale.

**Springfield Marina** is projected to over achieve budget by £10,000. 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.

**Stanstead Marina** is projected to achieve a £57,000 net surplus. This is an improvement of £41,700 compared to the previous year, but falls short of the budgeted net surplus of £87,000. Whilst there has been continued growth in the rechargeable works and chandlery operations there was a delay in being granted planning consent for the extended chandlery operation. The introduction of the first phase Rye House Gate House was also implemented later than planned. The combined delayed introduction of the extended chandlery operation and the Rye House Gate House moorings will result in a one-off budget variance.

The **WaterWorks Centre** is projected to over achieve budget by £22,000 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 Athletics Centre, Riding Centre and White Water Centre, all scoring 90% or above.

As Trustees are aware, the Picketts Lock site is under review and no improvements have been made to Golf Course 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. Expressions of interest from partners interested in the development platform have been received, and it is envisaged that any new development would include facilities for golfers.

### 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 46%, 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.

The Park Farms has seen a slight fall. Last year's score was one of the highest of all the venues. This year's score is still relatively high, but customers have raised some issues about certain parts of their experience. Officers have identified actions to improve the areas and are implementing them. Although the net promoter score is down the number of compliments have increased.

### 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 of 30% is a slight fall from 31% 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 1.8 million visits to the Trust's venues during the first three quarters 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 22% 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 6,000 (5%) compared to last year. This has been due to significant increases in group and adult lesson bookings, reflected in the £99,000 (15%) increase in income compared to last year.

Dobbs Weir Campsite has increased usage by 5,000 (35%) compared to last year. The touring business has been grown with income up 15% on last year.

The White Water Centre had 3,000 visitors on the 19<sup>th</sup> 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 0.2% colder (summer was colder, winter was warmer), there was 9% less rainfall (the summer months experienced twice as much rain as last year, while the winter months saw 28% less rainfall) and 12% less sunshine. Officers have been working to minimise any weather impact on usage, however a number of the venues do require weatherproofing. Officers are in discussions with the authority to make improvements particularly at the Park Farm and the Riding Centre.

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. Large attractions and those with both indoor and outdoor provision have seen the most growth, although the wet summer had an impact on those with an outdoor element to the experience. Nationally, campsites have seen growth, but have been outperformed by all other types of accommodation.

### OTHER VENUE PERFORMANCE

#### 11 Compliments

The number of formal compliments received has increased from 498 last year to 1,325. The majority of this increase in compliments was received at the VeloPark, White Water Centre, Hockey & Tennis Centre and the Park Farms 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 a slight increase in formal complaints, with 108 received in the first three quarters of the year.

The increase has mainly come from the VeloPark that received 42 formal complaints compared to 34 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.

The Park Farms received 23 formal complaints compared to 7 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 the Park Farms 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 13% 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

## Appendix A to Paper E/438/16

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.

### AUTHORITY IMPLICATIONS

- 20 There are no Authority implications arising directly out of the recommendations in this report.

---

Author: Michael Sterry, Performance & Information Manager

### APPENDIX ATTACHED

Appendix A Trust KPI and Venue Scorecard

### LIST OF ABBREVIATIONS

ABBREVIATION	IN FULL
KPI	Key Performance Indicator



Reporting Period		2015/16 Q3																					
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	14/15
Overall Target				1.9m	83%	44%	31%	102	498	95%	80%	9,057											
VeloPark	2,134	485,153	87%	62%	47%	34	42	250	602	98%	Q4	1,361	n/a	Q4	1,360	n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Hockey & Tennis Centre	190	34,057	81%	19%	33%	8		12		92%	Q4	424	n/a	Q4	643	n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
White Water Centre	2,342	278,052	91%	99%	38%	11	13	141		96%	Q4	3,220	n/a	Q4	4,088	n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Athletics Centre	481	138,992	89%	73%	38%	1		9		90%	Q4	389	n/a	Q4	437	n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Ice Centre	883	245,609	82%	42%	43%	4		17	12	96%	Q4	1,734	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Riding Centre	640	126,612	89%	56%	35%	6		4		88%	Q4	101	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
WaterWorks	16	27,302				2		16		88%	Q4	115	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Picketts Lock Golf	164	13,000	86%	76%	22%	15		1		88%	Q4	56	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Edmonton Campsite	465	39,745	87%	43%	9%	6		6		98%	Q4	354	n/a	Q4	311	n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Sewardstone Campsite	471	33,278	85%	49%	12%	6		6		97%	Q4	108	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Dobbs Weir Campsite	237	15,101	85%	50%	38%	2	7	20		83%	Q4	120	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Park Farms	456	94,861	85%	67%	33%	7	23	15		88%	Q4	122	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Springfield Marina	500		62%	-44%	25%	0		0		87%	Q4	224	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
Stanstead Marina	444		68%	-11%	34%	0		1		91%	Q4	86	n/a	Q4		n/a	Q4	n/a	Q4	n/a	Q4	n/a	Q4
<b>ALL VENUES</b>	<b>9,424</b>	<b>1,531,763</b>	<b>83%</b>	<b>44%</b>	<b>31%</b>	<b>102</b>	<b>108</b>	<b>498</b>	<b>1,325</b>	<b>91%</b>	<b>Q4</b>	<b>8,414</b>	<b>n/a</b>	<b>Q4</b>	<b>9,503</b>	<b>n/a</b>	<b>Q4</b>	<b>80%</b>	<b>Q4</b>	<b>8,414</b>	<b>9,503</b>	<b>n/a</b>	<b>Q4</b>

Financial Measure
Customer Measure
Internal Process Measure
Sustainability Measure

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

N/A for site

Reporting Period 2015/16 Q3

Key Performance Indicators	14/15 Q3 Actual	Annual Target	Stretch Target	Performance	Q3 Actual	Expected at Year End	Comments
Management Fee	n/a	£3,607,000	£3,607,000	↑	£2,539,000	£3,607,000	
Customer satisfaction	83%	83%	85%	↔	83%	83%	
Net promoter Score	44%	44%	46%	↑	46%	46%	
Regionality (non-riparian)	31%	31%	33%	↔	30%	30%	
Usage	1.5m	1.9m	1.95m	↑	1.8m	2.1m	

**Direction of travel**

↑	Performance has improved
↓	Performance has worsened
↔	Performance has remained the same

N/A

**Performance against target**

Green	Achieving or exceeding target
Yellow	Just missed target
Red	Below target

Blue	Financial Measure
Orange	Customer Measure
Pink	Internal Process Measure
Green	Sustainability Measure