

AUDIT COMMITTEE – 11th September 2007**MONITORING REPORT – Leisure Centres, Sport and Healthy Lifestyle Contract****Report of Head of Landscape and Leisure**

Statutory Powers: Various

Financial Implications: The payments to Tone Leisure for the contract management of the leisure centres and delivery of sport and healthy lifestyles are in accordance with the agreed service level payments.

Purpose

This report highlights the overall performance and current key issues of the leisure centre management arrangements with Tone Leisure.

The contract contributes towards the Council's cross-cutting theme of healthy lifestyle and specifically to objective CP6 Value for Money.

Recommendations

That the Audit Committee note the content of the Leisure Contract Monitoring Report

Background

1. This report provides further information and update on the performance of the leisure contract with the Council's strategic partner, Tone Leisure (South Hams) Ltd. It follows on from the previous report set out to this committee back in June.
2. A summary and update of the leisure contract performance is attached in Tone Leisure's Corporate Scorecard – see Appendix 1. Also attached is the performance and update on the Sports and Healthy Lifestyle plan – see Appendix 2.
3. Several key issues are highlighted below, along with a brief overview on some of the performance goals and measures highlighted in the Corporate Scorecard.

Key Issues**Dartmouth Dual Use Agreement**

4. Members expressed concern about the lack of a formal signed agreement with Devon County Council (DCC) for shared use of Dartmouth Leisure Centre by the College. Although such an agreement is not yet signed significant progress has been made over recent

months with the college and County Council on the principles and specifics of a user agreement. Shared use of the facilities at the leisure centre during school time has been agreed, with particular emphasis that the community have use of the fitness and health facilities and use of the main hall at certain times.

5. A final dual use agreement is now with DCC and financial payments for the use of the leisure centre have been agreed since the centre opened 3 years ago.

Tadpool

6. Recent meetings between Tone and Tadpool have identified management issues that need to be addressed leading to some changes to operations at Totnes Pavilion that will effect catering, Tone staffing and crèche provision. Discussions about these are on going with Tadpool and Unison. Any further developments will be reported at the meeting.

Single Status

7. Members will be aware of the delay to the anticipated timescale on delivering Single Status within the Council, this will in turn impact upon staff transferred to Tone as part of the contract. A meeting has been held to discuss how best to address the Leisure staff job evaluation process following the legal advice received by the Council, in particular the casual staff that could now be affected. Work has begun on checking the staff numbers that were transferred and identifying those who will need to be part on the revised process.

Financial

8. Contract payments have been made to Tone on a monthly basis, as set out in the FMA document. The initial investments to the gym's at Quayside and South Dartmoor Leisure Centres has led to increased membership sales and are on track in terms of predictions. There are however, variances on certain areas of budget against targets e.g. catering that have been identified. These are being addressed in order to deliver the year 1 business plan.

Customers & People

9. Usage figures are available for April and May of this year, however June and July figures are still being worked on following the transfer to the new Leisure Management System. As reported at the last meeting, health and fitness use has seen significant increases at Quayside and South Dartmoor leisure centres. Indeed SDLC has seen a 50% increase in casual gym use compared to last year. In addition an increase in health and fitness use has taken place at Dartmouth and Totnes Pavilion.

10. The swimming and overall wet side usage has fallen from last year during April and May at SDLC and TP, though at QLC wet side use has managed a small increase.
11. Projects identified in the Sports and Health development programme are being progressed, see Appendix 2 for further details. In particular on the Youth Nights project, accurate additional costs have been identified. Also the project has received recognition and publicity from Sport England.

Quality / Systems

12. Much work has taken place on the energy audit and review across the centres with an application being submitted to the Carbon Trust. However this now needs a partnership approach with the council and discussions are to take place with Property Services to consider how best to continue inline with Council's other priorities relating to Climate Change. The new Leisure Management System is now up and running at the centres, though there have been a few early problems in migrating information from the old to new system. Also this has involved lots of staff training for actual delivery and customer service.
13. It is important to note that some of the system programmes highlighted in the plan have had their delivery timescales revised. This is due to additional time commitment that has been required for key priorities, particularly relating to staff, within Tone's business plan during the first year.

Innovation / Improvement

14. The Giant holiday camps for children were launched this summer across all 4 centres. This was a huge project involving lots of planning, staff training and the successful completion of a considerable piece of work to gain Ofsted registration. Participation on the activity camps has been slow but this will increase as marketing and brand awareness develops, however, at Totnes they have proved popular already.
15. Funding applications to improve health walks has been submitted and also a bid to increase children and youth activities through Playful Ideas, is being worked up.

Risk Assessment

Risk	Mitigation
A contract failure leading to loss of reputation of the Council.	Consider Risk Management outcomes quarterly, manage identified risks within timescales.
Tone fails to make investment payments.	Monitoring of finance detail quarterly.
Contract financial failure and failure to deliver income projections.	Detailed contract monitoring arrangements in place, open book financial accounting.

Operational programming issues, pricing leading to customer resistance to change	Monthly operations meeting with Tone and Council's Leisure & Recreation Officer.
Community demand for facilities conflict with school's Dual Use Agreement.	Tone, Council and third parties to meet to consider programming of community use.
Quality of service deadlines with increased customer complaints re progress or facilities.	Monitoring of contract quality through KPI (Quest) reporting and balanced scorecard, feedback from users.
Property condition declines	Monthly monitoring and quarterly reports on R&M works.
Condition of outdoor facilities decline due to inappropriate use or over booking.	Monthly monitoring and quarterly reports on outdoor facilities (e.g. Borough Park, Norton Pitches).
Partnership failure due to inappropriate PR leading to lost support for contract arrangements.	Tone and Council consider PR protocol. Report at quarterly monitoring on past and future PR issues.
Increasing demand for leisure facilities beyond scope of contract and service payments.	Monthly and quarterly reporting to identify issues at early stage so Tone and Council can plan appropriate response.
Disputes over changes in service delivery, driven by Tone or by the Council, leading to increase in service fee.	Highlight any potential issues at early stage and plan appropriate response.
Contractor fails to meet equality policy of the Council in delivery of L&R.	Consider as part of Equality Impact Assessment work.
Statutory obligations to health and safety.	Monthly operations meeting between Tone and Council's L&R officer to consider.

Conclusion

The partnership and management contract with Tone Leisure is now becoming firmly established with a considerable amount of staff development having taken place. The project programme is making reasonable progress and should benefit from the time devoted to staff and systems development. Some of the new systems and processes have taken a little longer than expected to deliver but it is important that these are correctly introduced. Also after the initial six months of settling in, Tone Leisure are now looking to implement some operational changes where needed.

Ken Carter
Head of Landscape & Leisure

Audit Committee
11th September 2007

Jon Parkinson
Leisure and Recreation Officer

Background Documents:

Financial and Management Agreement
Business Transfer Agreement
Lease documents for four leisure centres

* Note that certain provisions in each of these agreements are subject to commercial confidentiality conditions and are therefore exempt from inspection by members of the public under both the Local Government (Access to Information) Act 1985 and the Freedom of Information Act 20

