

AUDIT COMMITTEE – 26 June 2007**MONITORING REPORT – LEISURE CENTRES, SPORT AND HEALTHY LIFESTYLE CONTRACT****Report of Head of Landscape and Leisure**

Statutory Powers: Various

Financial Implications: The Council is now 6 months into its 10 year leisure contract with Tone Leisure (South Hams) Ltd for the management of its leisure centres and outreach delivery of sport and healthy lifestyles. The financial payments for this service have been in line with the profiled payments outlined in the contract agreement and a quarterly financial performance is outlined in this report.

Purpose

This report highlights the overall performance and key issues of the leisure centre management arrangements with Tone Leisure. It provides an update on the first 6 months of operation and also outlines the new monitoring procedures and format that have been developed for the new leisure contract.

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

RECOMMENDATION

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

Background

1. A previous report on the new leisure contract was taken to the Business Board in February and this outlined the new monitoring and review arrangements that have been set up. Tone Leisure is providing a delivery and management service in accordance to a Sport and Healthy Lifestyle contract specification based upon the four Leisure Centres.

In summary the three main objectives of the new leisure contract are to;

- Increase participation in sport and recreation
- Reduce costs to the Council
- Maintain quality service performance

The partnership between the Council and Tone Leisure is based the following comprehensive legal documents;

- Financial and Management Agreement (FMA)
- Business Transfer Agreement
- Four leases covering the leisure centres

Tone Leisure have informed the Council that they have been accepted as a charity by the Charity Commission, with the registration number being 1119626.

Key Issues

Current Performance & Monitoring to Date

2. The delivery of the leisure service contract by Tone Leisure is being regularly monitored and reviewed by a series of monthly meetings by the Leisure & Recreation Officer of the Council and Managing Director of Tone Leisure. Such regular meetings will be in addition to more formal quarterly review reports and a single annual performance review meeting.

A summary of the leisure contract performance is attached in their Corporate Scorecard - see Appendix 1. This is set against the following four key delivery areas ;

- Financial Overview & Performance
- Systems & Quality
- Customers & People
- Innovation & Improvements

A brief overview of performance is listed below;

Financial

3. Contract payments have been made to Tone on a monthly basis, as set out in the FMA document. An additional sum of £9,963 was agreed as compensation to Tone for income lost while the Council carried out essential repairs to pool plant at South Dartmoor Leisure Centre. The works necessitated the closure of the pool for the duration of the works, and the payment represents a fair estimate of income that would otherwise have been taken during this period. IT arrangements are being concluded and SHDC support time charged for. Officers have inspected the detailed Management accounts for each of the Centres and whilst the overall position does not give undue cause for concern, current Catering performance needs to be reviewed as a priority. Tone have identified this themselves and are in the process of reviewing Catering across the Group. Members will be informed of the outcome of the investigation.

Memberships

4. Following the successful completion of improved health and fitness facilities at Quayside and South Dartmoor Leisure Centres, early progress has been made in attracting new members to both of these centres. Also with new prices and membership packages introduced from January, increases in participation have occurred across all four sites; however, more detailed management information is needed to assess attendance against targets, especially priority groups. Total fitness memberships across all the centres were 1,913 at the end of March.

Quality / Systems

5. Work has started on a comprehensive energy review across all the centres with possible savings being identified on current operations and existing supply contracts. This work will assist the development of an Environmental Management System and future quality accreditation. Also a new Leisure Management IT System is to be introduced this month and this will greatly assist monitoring of usage. Over the next few months work on introducing on-line bookings will be developed.

Customers / People

6. This has been a key area of work and development. Considerable staff training has taken place across several areas; sales, health / fitness, youth nights and Ofsted. Staff surveys have been carried out and with the launch of Tone's staff scheme, Right* Stuff, this will assist the work to gain Investors In People recognition. Under this section, the delivery of the outreach programme on sport and health is very important. During the first year several projects have been identified to co-ordinate and develop, such as the leisure youth nights, GP referrals and health walks.

Innovation / Improvement

7. New programmes and potential schemes are being developed. A significant area of new leisure centre programming involves the launch of junior holiday activities and memberships. Tone are also contributing to the multi-agency partnership, Active South Hams, which is co-ordinating and promoting physical activity and sport across the district, reporting direct to the South Hams Strategic Partnership. Current status of the Lifestyle Development Plan is attached as Appendix 2.

Key Objectives for Tone Leisure;

8. These are set out in the Service Plan Appendix 3 and include links to Council priorities and key action points up to 2010.

Partner / Third Party Issues

9. Dartmouth Dual Use

The legal agreement, that outlines the shared use of the sports facilities at the Norton site (mainly the Leisure Centre and pitches) between this Council and Devon County Council has not been signed since it formally opened in September 2004. However financial payments have been agreed with the County Council on usage and work is progressing on finalising the dual use agreement and updating it with current leisure practice. It should be noted that proposed exclusive school use during the day at the Leisure Centre, especially using the fitness gym and dance studio, would considerably limit public accessibility and further discussions on this are required.

10. Totnes Pavilion - Tadpool Agreement

Good working relations were experienced throughout the leisure transfer of the centres and following the handover to Tone. The original management agreement with the Council and Tadpool dates back to 1990 and an updated amendment is required to reflect current working arrangements with Tone. A draft version is currently being discussed with Tadpool.

11. The agreement with South Hams Indoor Bowls Club at Quayside Leisure Centre is being renewed later this year and the other school dual use agreement with Kingsbridge College is being updated to reflect current arrangements. In addition, the management agreement for the All Weather Pitch at KEVICS, Totnes, has been extended for a short period until March 2008 while the future of the facility is considered.

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 fail 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.
Risk	Mitigation
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

Overall the first 6 months of the new leisure contract with Tone has gone well and considerable work with staff, customers and partners and achievements in performance have already taken place. Members are asked to note the contract monitoring arrangements and performance to date.

Ken Carter
Head of Landscape & Leisure

Audit Committee
26 June 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 2000



SOUTH HAMS CORPORATE GOALS AND PERFORMANCE MEASUREMENT: YEAR 2007/2008

FINANCE AND PERFORMANCE		
GOALS	MEASURES	CURRENT STATUS
F1. To maintain the business's revenue budget to within the agreed contract sum.	F1. The final accounts for the first year period to reflect contract sum within the Financial and Management Agreement.	F1 Contract payment as specified
F2. To maintain a positive cash position throughout the period.	F2. A positive trading account is consistently maintained.	F2. Achieved to date.
F3. To ensure that the agreed loans to fund the investment programmes at South Dartmoor Leisure Centre and Quayside are met.	F3. To make the agreed payments to Alliance Leisure during 2007/08.	F3. Achieved to date.
F4. To focus on the main income generation areas, as projected in year one of the business plan.	F4. To generate increased membership sales. F4. To increase total membership to 2,200 by the end of year. F4. To increase Swimskool places to 1,145 (560 at SDLC and 585 at QLC).	F4 On Track F4 Current 1,913 members F4 SDLC 513 (+18%) QLC 564 (+12%)
F5. To undertake full business performance reviews on a regular basis.	F5. Managers to present performance reviews to the Senior Management Team on a quarterly basis - July, October, January, April.	F5. Balanced Scorecards now produced at site level - will be used as basis for performance review.

SYSTEMS AND QUALITY

GOALS	MEASURES	CURRENT STATUS
S1. To continuously improve the overall quality of Tone Leisure (South Hams) services.	S1. To maintain QUEST at South Dartmoor Leisure Centre, Quayside and Dartmouth working on action plans that will improve existing scores (min. threshold = 65%).	S1. Positive maintenance review undertaken at Quayside.
S2. To review and improve the Asset Management arrangements, taking account of the Funding and Lease Agreements.	S1. To introduce the principles of QUEST at Totnes Pavilion, with an improvement plan in place by June 2007.	S1. Requires co-operation from Tadpool.
S2. To review and improve the Asset Management arrangements, taking account of the Funding and Lease Agreements.	S2. In conjunction with the Operations Director, review the efficiency and effectiveness of various options and make firm recommendations by September 2007.	S2. Not yet due.
S2. To review and improve the Asset Management arrangements, taking account of the Funding and Lease Agreements.	S2. To approve the recommendation and implement by December 2007.	S2. Not yet due.
S3. To develop and manage an Environmental Management System.	S3. To have undertaken Carbon Trust study (or equivalent) by September 2007.	S3. Carbon Trust application submitted May 2007.
S3. To develop and manage an Environmental Management System.	S3. To work with Lean Energy and SHDC to achieve utility savings.	S3. Commenced work with Lean Energy - utility savings at Dartmouth already achieved.
S4. To integrate and implement a new Leisure Management System.	S4. To install and implement the front-of-house IT system by June 2007.	S4. SDA went live 1st June 2007.
S4. To integrate and implement a new Leisure Management System.	S4. To introduce on-line booking system by September 2007.	S4. Not yet due.
S5. To install and implement the selected Human Resource Information System (HRIS).	S5. To complete HRIS training and implement the new system by July 2007.	S5. Suitable HRIS system has now been selected.
S6. To incorporate Tone Leisure's Risk Management Strategy into South Hams.	S6. To form a Risk Management Committee by June 2007.	S6. To be formed.
S6. To incorporate Tone Leisure's Risk Management Strategy into South Hams.	S6. To produce a corporate Risk Register by July 2007.	S6. To be established.
S7. To fully implement the Right* Management System.	S7. To have trained all relevant staff in the 5 Right Management Manuals by September 2007	S7. Not yet due

CUSTOMERS AND PEOPLE

GOALS	MEASURES	CURRENT STATUS
<p>C1. To continuously strive to achieve our vision of 'More PEOPLE, More ACTIVE, More OFTEN'.</p> <p>C2. To work towards IIP accreditation.</p> <p>C3. Through delivery of the Sports and Health Development Programmes to contribute to achievement of SHDC's Corporate Objects - with particular regard to Youth and Health.</p> <p>C4. To deliver the 2007/08 aspects of the HR Strategy</p> <p>C5. To deliver and implement 2007/08 Corporate Marketing Plan.</p> <p>C6. To provide customer focused services, putting the customers at the forefront of everything that we do.</p>	<p>C1. To achieve 20,000 increase in number of visits by March 2008 (+ 3.5%).</p> <p>C2. To implement the action plan emanating from the IIP Diagnostic Review. C2. To have set assessment dates by March 2008.</p> <p>C3. Regular monitoring and review of the Sports and Health Development Plan. C3. To increase average Vibe Leisure Youth Night participations to 270 per Friday night across the four sites. C3. To review the GP Referral Programme and re-launch the scheme by October 2007.</p> <p>C4. To launch the staff Right* Stuff brand and reward and recognition scheme. C4. Undertake employee survey.</p> <p>C4. Review appraisal scheme. C4. Reduction in staff absence.</p> <p>C5. To ensure 80% delivery of the Marketing Plan.</p> <p>C6. Introduction of mystery visits at all sites. C6. Implementation of consultation plan. C6. Reduction in number of repeated complaints. C6. Increased number of customer comments through the Right* Station, informal feedback and the website.</p>	<p>C1 April visits = 45,924 (-7%). Casual Swim down, due to hot weather.</p> <p>C2. Diagnostic Review undertaken. C2. Work in progress.</p> <p>C3. See enclosed Development Plan. C3. 606 visits across all sites in May. (Target to be reviewed with stakeholders) C3. Audit undertaken, priority actions agreed.</p> <p>C4. Launch planned for 3rd/4th July 2007. C4. Survey undertaken - results being analysed. C4. Not yet due. C4. Will be monitored post HRIS implementation.</p> <p>C5. On track.</p> <p>C6. Call Focus completed in April. C6. On track. C6. Too early to assess. C6. Right* Stations now in place.</p>

INNOVATION AND IMPROVEMENT

GOALS	MEASURES	CURRENT STATUS
<p>11. To launch the Giant brand and introduce Holiday Camp Programmes at all four sites.</p> <p>12. To continue developing and building new partnerships in South Hams, exploring and pursuing any suitable funding streams.</p> <p>13. To complete the review of the Catering Option.</p> <p>14. To review and revise sports club pricing policy across all sites.</p>	<p>11. To submit Ofsted applications and seek registration by summer 2007. 11. To submit funding applications to Devon County Council by June 2007. 11. To launch Holiday Camp programmes by July 2007.</p> <p>12. To liaise regularly with Devon County Youth Service, Devon PCT, Active South Hams, Sport South Hams, Devon County Sports Partnership etc. 12. To submit expression of interest to Playful Ideas by September 2007. 12 To source potential Health Walk funding to assist SHDC in maintaining sustainability.</p> <p>13. To complete review by June 2007. 13. To implement proposals by March 2008.</p> <p>14. To produce streamlined proposals that deliver Tone Leisure's pricing objectives by end of June 2007. 14. To consult/liaise with all relevant clubs and implement by September 2007.</p>	<p>11. Ofsted applications submitted for the four sites. 11. Funding bid submitted to Devon County Council. 11. Staff training undertaken in readiness for July launch.</p> <p>12. Ongoing.</p> <p>12. Not due yet.</p> <p>12. Funding application submitted to Age Concern.</p> <p>13. Review being completed. 13. Not due yet.</p> <p>14. Work commenced. 14. Not due yet.</p>

Appendix 2

Year 1

Target Group	Activity Examples	Active South Hams Strategic Objective	Measure of Success - Outcomes	Partners	Resources Annual Hours	Current Status
Older People	Health Walks - build on existing activity	<p>Creating the opportunity for people to be active.</p> <p>Developing Local Access.</p>	Work with SHDC to expand programme of walks and leaders and volunteers.	Health Development Volunteer leaders	<p>8 hrs x 2 training workshops = 16 hrs</p> <p>5 hrs admin per workshops = 10 hrs</p> <p>20 hrs on design, print and marketing</p> <p>Total = 46 hrs</p>	Submitted funding application to Age Concern to include a health walks co-ordinator, volunteer training and production of walks leaflets and marketing.
	Flexercise Programme - Elderly care home exercise programme providing training for care home staff to deliver exercise with full support manual	Creating the opportunity for people to be active	Provide training and support for a member of staff to lead programme and deliver 2 training workshops with 10 participants on each workshop (approximately 10 homes)	Health Development, Care Homes, Devon Health Forum	<p>8 hrs x 2 training workshops = 16hrs</p> <p>5 hrs admin per workshops = 10hrs</p> <p>Total = 26hrs</p>	Identified a member of staff to lead programme. They have attended training and are working on collating a database of homes.

Target Group	Activity Examples	Active South Hams Strategic Objective	Measure of Success - Outcomes	Partners	Resources Annual Hours	Current Status
Health Referrals	GP referral scheme - build on existing programme to increase the range of provision and accept a wide range of conditions	Creating the opportunity for people to be active Developing Local Access	More varied programme of activities. Increased number of referrals. Retention of clients and maintenance of activity after scheme. More advanced level 3 instructors. Improve recording and reporting system.	Health Development, Sports Centres, Doctors' Surgeries, PCT	8 hours/week co-ordination – Julie Thompson Total = 416hrs	Appointed Scheme co-ordinator who has completed a comprehensive audit of Quayside, South Dartmoor and Dartmouth leisure centre schemes. Working on new paperwork and scheme pack for all staff, promotion of scheme to Health professionals and programming of new sessions and moving clients forward.

Target Group	Activity Examples	Active South Hams Strategic Objective	Measure of Success - Outcomes	Partners	Resources Annual Hours	Current Status
	Cardiac Rehabilitation - build on existing programme	Creating the opportunity for people to be active Developing Local Access	More varied programme of activities. Increased number of referrals. Retention of clients and maintenance of activity after scheme, feed into GP scheme	Health Development, PCT - CHD lead for Health Improvement, cardiac rehabilitation team at hospital, heart support groups		Main focus to improve GP Referral Schemes initially.
Young People	Develop Youth Leisure Nights programme - a multi-activity youth session for 13-19 year olds (All sites - dependent on funding)	Creating the opportunity for people to be active Developing Local Access Supporting community sports clubs	Support weekly sessions at the 4 centres, continue sessions April 07 subject to funding Support development of coaches and centre staff alongside Youth Service	Sports Development, Sports Centres, Sports Coaches, Sports Clubs, County Youth Service,	12 hours training x 2 staff = 24hrs 12 hrs - Site visit (each site 3 x 1hr) 18 hrs – meetings (approx 3hrs every 8 weeks) Total = 54hrs	Delivered a 2-hour training session with County Youth Service at each centre and revised joint working protocol. Changed name and now producing 3-month programmes designed and produced at Tone.

Target Group	Activity Examples	Active South Hams Strategic Objective	Measure of Success - Outcomes	Partners	Resources Annual Hours	Current Status
	Develop Giant Holiday Camps for Under and Over 8	Creating the opportunity for people to be active Developing Local Access	Run Multi skills programmes starting Summer 07	Sports centres, Schools	Hours so far: 15 hrs training 24hrs recruitment 30 hrs meetings 20hrs prep for funding 20hrs prep for ofsted Total = 109 hrs	35 staff done initial camp activity training. Initial funding bid to DCC has been submitted June 07 All 4 sites have completed and submitted forms for ofsted registration. Camps due to start July 07
	Continue to work in partnership with School Sports Partnership Scheme	Creating the opportunity for people to be active Supporting community sports clubs	Continue to support and promote the work of the partnership.	Sports Development, sports centres, Sports Clubs, Sports Coaches, School Sports Partnership	8 hrs – meetings (approx 2hrs every 12 weeks) Total = 8hrs	Attending meetings to help establish the multi skills programme.

Target Group	Activity Examples	Active South Hams Strategic Objective	Measure of Success - Outcomes	Partners	Resources Annual Hours	Current Status
	Have an active role in Active South Hams Group	Creating the opportunity for people to be active Encouraging co-ordination and information sharing	Attend Active South Hams meetings and work with partners where appropriate	Sports Development, School Sport Partnerships, CSP, Sport England, NGBs, Sport South Hams, Youth Service, PCT, Community Safety	12 hrs – meetings (approx 3hrs every 12 weeks) Total = 12hrs	Attended all Active South Hams meetings
	Continue to work in partnership with Sport South Hams to develop local coaches and sports clubs	Creating the opportunity for people to be active Supporting community sports clubs	Continue to support SHDC and CSP to work with Town based sports groups and Sport South Hams to support Club Development and Coach education.	Sports Development, Sport South Hams, Sports Clubs, Coaches, NGBs, County Sports Partnership, CSN		Scheduled to attend Sports South Hams on 18th June.
Those in Rural Areas	Carry out audit of Sports and Leisure activity taking place in community venues, including villages and parish halls.	Creating the opportunity for people to be active Developing Local Access Supporting community sports clubs	Produce a database of local provision to be able to promote opportunities and to identify areas of need.	Sports Development, SHDC Community Development, Parish Councils, Sports Clubs, Sport South Hams, School Sports partnership	hrs admin work to create database Total = hrs	Not yet started due to additional work required on Leisure Youth Nights and GP Referral Schemes.

Appendix 3

(b) Tone Leisure (South Hams) Service Plan 2007-10

Vision

'More PEOPLE, More ACTIVE, More OFTEN'.

Key Objectives for Tone Leisure (South Hams)

	Service objectives	Links to Council Priorities	Links to strategy
1	To work with our partners to achieve our vision 'More People, More Active, More Often' and to increase mass participation in physical activity.	CP6	Leisure & Recreation
2	To reduce the financial costs to South Hams District Council for managing the leisure centres and providing sports and healthy lifestyle development.	CP6	Leisure & Recreation
3	To continuously improve the overall quality and level of service provided by Tone Leisure.	CP6	Leisure & Recreation
4	To adopt a more market focused approach in response to a competitive marketplace and increasing customer expectation.	CP5 & 6	Leisure & Recreation
5	To recruit, develop and retain a workforce that delivers a customer experience that consistently exceeds customer expectations.	CP6	HR
6	To work with partners to promote health, physical activity and sports development programmes that meet the needs of the wider community and specific target groups.	CP5 & 6 Healthy Lifestyle	Community Strategy
7	To be recognised and respected as a proactive leisure company who is dynamic and innovative in responding to customer needs.	CP5 & 6	Landscape & Recreation

Summary key action points for 2006/2010

	Key Action Point	Links to Council Priorities	Links to strategy	Smart target	Dead-line
1	To increase participation rates paying particular regard to specified target groups.	CP6	L&R	To increase participation by 15% (approx. 80,000 visits)	March 2010
2	To reduce the overall leisure service costs.	CP6	L&R	To deliver the service at a cost of	By 2009/10

	Key Action Point	Links to Council Priorities	Links to strategy	Smart target	Dead-line
3	(i) To implement QUEST action plans at South Dartmoor, Quayside and Dartmouth. To implement QUEST principles at Totnes Pavilion.	CP6		Minimum QUEST scores of 65%	On-going rolling programme
	(ii) To develop an Environmental Management System.	CP3 & 4 Climate Change	Climate Change	Achievement of recognised accreditation	April 2009
4	To deliver and implement corporate and site specific Marketing Plans.	CP6	L&R	Ensure 80% delivery of all Plans	March 2008 March 2009 March 2010
5	(i) To implement the IIP Diagnostic Review Action Plan.	CP6	HR	Achieve IIP	April 2010
	(ii) To deliver the HR Strategy and associated action plans.	CP6	HR	80% delivery of Action Plans	March 2010
6	Delivery of the Sports and Healthy Lifestyle Development Plan 2006-2009.	CP5 & 6 Healthy Lifestyle	Community Strategy	See attached Plan	2009
7	To continuously review the leisure programme and provide activities that are appealing, affordable and accessible to all sectors of the community.	CP5 & 6	L&R	Implement new Pricing Strategy	January 2007
				Implement new member-ship packages	January 2007
				Implement GOgx Classes Programme	January 2007
				Implement new Swimskool Programme	2007/08
				Launch Giant Camps and activities	Summer 2007
				Introduce 'Prime' brand	2008