

**LEISURE SERVICES CONTRACT
MONITORING REPORT – Q1 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 (the Trust) performance against its Key Performance Indicators during the first quarter of the third 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 draft Trust report and the Trust scorecard for Q1 2017/18 – reporting actual performance from April to June 2017.

A summary of the key achievements following the first quarter of 2017/18:

- Financial performance across most venues is good 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 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.
- Income across the 14 venues is ahead of target, with £5.7m generated against a budget of £5.4m; 13% ahead of last year's first quarter income of £5.0m. This is mainly due to increased income from food and beverage, corporates, events and new product development.
- In the first quarter there were 818,000 visits to the venues – a 25% increase from the same period last year.
- A high level of customer satisfaction has been maintained across the venues (85%), which is above the overall UK customer satisfaction index (UKCSI) of 78% and the individual scores for the UK leisure (80%) and tourism (80%) sectors.

RECOMMENDATION

Members Note (1) the report.

BACKGROUND

- 1 As part of the LSC between the Authority and the Trust (trading as Vibrant Partnerships) it was agreed that a range of Key Performance Indicators (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 Executive Committee on a quarterly basis.
- 3 The KPI and venue scorecard attached to the Trust report contains data for Q1 from 1 April to 30 June 2017.

FINANCIAL IMPLICATIONS

- 4 There are no financial implications arising directly out of the recommendations in this report. The positive performance in quarter 1 was due to very warm/dry weather up until the end of June. A fuller picture will become clearer when Members receive the half year position (at its meeting in November), as Members will be aware the second quarter has been cooler/wetter and this may have had an adverse impact on usage/income during the Trust's busiest period.

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.


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APPENDIX ATTACHED

Appendix A Draft Trust Report and Key Performance Indicators Q1 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>CIRCULATED TO BOARD</p> <p>September 2017</p> | <p><u>Agenda Item No:</u></p> <p>-</p> <p><u>Report No:</u></p> <p>B/48/17</p> |
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LVRPA Contract - 2017/18 Q1 Performance Report

SUMMARY

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

The first three months of 2017/18 have been a success and at this stage in the financial year the Trust is expecting to achieve budget at the year end, with the possible exception of the Ice Centre:

- Financial performance across most venues is good 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 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.
- Income across the 14 venues is ahead of target, with £5.7m generated against a budget of £5.4m; 13% ahead of last year's first quarter income of £5.0m. This is mainly due to increased income from food and beverage, corporates, events and new product development, the Trust is projecting to achieve its net budget at the year end, with the possible exception of the LV Ice Centre.
- In the first quarter there were 818,000 visits to the venues – a 25% increase from the same period last year.
- A high level of customer satisfaction has been maintained across the venues (85%), which is above the overall UK customer satisfaction index (UKCSI) of 78% and the individual scores for the UK leisure (80%) and tourism (80%) sectors.

The weather in the first quarter has been considerably better than last year. Temperatures have been 9% warmer, there has been a third less rain and 24% more sunshine. This has had a positive impact on visitor numbers, income and utility consumption. However the second quarter has so far been notably wetter with an impact on activity and potential income resulting in the majority of centres unlikely to maintain their over performance of income and therefore projecting to achieve budget.

A number of events were held in the first quarter that attracted visitors, generated income and opened the venues to a wider audience:

- 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.

- 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 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.
- Hundreds of visitors braved the showers on 1 May to visit Lee Valley Park Farms and secure their very first taste of Super Fresh Milk as well as attending the launch of Sheep Week for the start of half term.
- 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.
- 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 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.

| RECOMMENDATION | | |
|----------------|-----|-------------|
| Trustees note: | (1) | The report. |

BACKGROUND

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| 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 quarter of 2017/18 (April – June 2017). The following paragraphs summarise the key messages from the data. |

LV LEISURE SERVICES CONTRACT KEY PERFORMANCE INDICATORS (KPIs)

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| 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. To date no payments have been made.</p> |
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Financial performance across most venues is good 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 potential shortfall against the management fee of due to the closure – this will be reassessed following the re-opening in September.

The following venues are worthy of note:

Lee Valley VeloPark has achieved £1,548,000 income against a budget of £1,426,000, 11% ahead of the £1,389,000 achieved in the first quarter of last year. The biggest growth has been the velodrome programme, events and track centre hire. At this time in the year we are forecasting to achieve budget at year end.

Lee Valley Hockey and Tennis Centre has achieved £252,000 income against a budget of £228,000. Expenditure is £20,000 over budget in Quarter 1. At this time in the year the venue is forecast to achieve budget by the year end.

Lee Valley White Water Centre has achieved £1,688,000 income against a budget of £1,610,000, 11% ahead of the £1,514,000 achieved in the first quarter of last year. Food and beverage performance has improved significantly following a number of initiatives to improve the café offer, achieving £345,000 income against a budget of £275,000, 37% ahead of the £252,000 achieved in the first quarter of last year. The venue is forecast to achieve budget at year end.

Lee Valley Ice Centre has achieved £243,000 income against a budget of £326,000, 7% behind the £292,000 achieved in the first quarter of last year. Income has been reduced due to decreased demand for learn to skate courses (which coincided with the announcement to temporarily close the venue) and a negative impact on visits from under 16s to public sessions due to the bus stop outside the venue being closed. The venue was closed from mid-July to early September in order to carry out repairs to keep it fully functioning until any possible new venue would begin construction. The work will replace the equipment and plant which are most at risk of breaking down. By doing this we hope to prevent a major unplanned closure which could last for at least 20 weeks. The repairs are taking place during the venue's quietest period and include the construction of a new ice pad – the actual skating surface, a new cooling system, a new rink barrier, and the servicing and re-commission of the existing chillers. The venue is forecast to under achieve budget at year end. It is expected that this may have an impact on the management fee and this will be reviewed accordingly based on an analysis of Lee Valley Ice Centre's performance following the reopening in September.

Lee Valley Riding Centre is forecast to under achieve budget by £31,000 at year end due to increased expenditure on staffing to manage work associated with having more full time livery customers.

The **WaterWorks** Centre has achieved £146,000 income against a budget of £84,000 which is due to the site hire fee for the temporary campsite as part of the Shell eco-marathon event on Queen Elizabeth Olympic Park. This increase in income is offset by increased expenditure for infrastructure/services costs to host this event. The venue is forecast to achieve budget at year end.

Lee Valley Camping and Caravan Park, Edmonton has achieved £141,000 income against a budget of £156,000, 9% behind the £156,000 achieved in the first quarter of last year. Touring income is down from last year but is expected to recover with the venue forecast to achieve budget at year end.

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| | <p>Lee Valley Marina, Springfield has received £234,000 income against a budget of £213,000. This is due to cash flow as a result of direct debit payments. The venue is forecast to achieve budget at year end.</p> |
| 7 | <p>KPI 2: Customer Satisfaction</p> <p>In the first quarter 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. Results will be updated on the scorecard in Q2 when sufficient sample sizes have been reached.</p> <p>Across all venues the average customer satisfaction score is 85%. This is the same as last year and is on target. This is above the overall UK customer satisfaction index (UKCSI) of 77% and the individual scores for the UK leisure (79%) and tourism (80%) sectors.</p> <p>We are currently collating feedback and the results will be reported in Quarter 2. Initial feedback is positive.</p> |
| 8 | <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>We are currently collating feedback and the results will be reported in Quarter 2. Initial feedback is positive.</p> |
| 9 | <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 the same as last year, but due to increased usage (described below) this equates to 239,000 visits, which is an increase from 224,000 in the same period last year.</p> |
| 10 | <p>KPI 5: Usage</p> <p>In the first quarter there were 818,000 visits to the venues – a 6% increase from the same period last year. Below are some explanations around significant increases and decreases:</p> <p>There were 291,000 visits to LVVP - 87,000 more than the same period last year. This reflects the growth in the programme, increased footfall in Queen Elizabeth Olympic Park and increased events.</p> <p>LVHTC had 77,000 visits, which is 18,000 more than the same period last year. This is</p> |

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| | <p>due to hosting the Hockey World League Semi Finals and other international matches in June which attracted 39,000 spectators.</p> <p>There were 123,000 visits to LVWWC – 8,000 more than the same period last year. This is due to the widened appeal of the venue, including increased visitors to the cafe, the new play area and events including the Easter weekender, summer splash and beer festival. Visitor numbers are expected to continue to grow with the introduction of the beach and play park from July.</p> <p>LVIC has seen a fall in visits – 71,000 down from 76,000 last year. This has been due to decreased demand for learn to skate courses (which coincided with the announcement to temporarily close the venue) and a negative impact on visits from under 16s to public sessions due to the bus stop outside the venue being closed. The closure of the rink will result in significantly reduced usage this year.</p> <p>There were 90,000 visits to LVRC – 24,000 more than the same period last year. This is a recovery from last year when visits fell, largely due to bad weather in the spring deterring non-paying visitors to the centre who come to see the horses and enjoy the atmosphere.</p> <p>There were 26,000 visits to the WaterWorks centre, increased from 9,000 last year. The centre hosted a temporary campsite as part of the Shell eco-marathon event on Queen Elizabeth Olympic Park that attracted 3,000 students from across Europe.</p> <p>Visit England’s latest findings show that both the attractions and accommodation markets had a good start to the year, particularly larger and outdoor attractions, and campsites.</p> |
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OTHER VENUE PERFORMANCE

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| 11 | <p>Compliments and Complaints</p> <p>In the first quarter there has been an increase in both complaints and compliments compared to last year. This is in line with the increased number of visits, and increased engagement with social media.</p> <p>LVVP received an increased number of complaints. The majority were negative comments on Twitter, with several relating to car parking charges and the parking management company.</p> |
| 12 | <p>Utility Consumption</p> <p>Utility consumption has remained consistent with last year, with less than a 1% reduction. This should be seen in the context of usage increasing by 6% and income increasing by 13%. This has been achieved through efficient use of energy and the positive impact of the good weather.</p> |

ENVIRONMENTAL IMPLICATIONS

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| 13 | <p>Increased visits and activity across venues increases utility consumption. Although favourable weather has meant that consumption has remained at the same level as last year this can be expected to increase in the future if visits and activity continue to increase.</p> |
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EQUALITY IMPLICATIONS

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| 14 | The impact of attracting a wider audience to venues is that visitors from across all groups are more likely to visit. |
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FINANCIAL IMPLICATIONS

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| 15 | The report explains the financial performance to date of the venues. |
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HUMAN RESOURCE IMPLICATIONS

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| 16 | There are no human resource implications arising directly out of the recommendations in this report. |
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LEGAL IMPLICATIONS

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| 17 | There are no legal implications arising directly out of the recommendations in this report. |
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RISK MANAGEMENT IMPLICATIONS

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| 18 | There are no risk management implications arising directly out of the recommendations in this report. |
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AUTHORITY IMPLICATIONS

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| 19 | There are no Authority implications arising directly out of the recommendations in this report. |
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Author: Michael Sterry, Performance & Information Manager

APPENDIX ATTACHED

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| 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 |

| Reporting Period | 2017/18 Q1 | 16/17 Q1 Actual | Annual Target |
|-----------------------------------|---------------|-----------------|---------------|
| Key Performance Indicators | | | |
| Management Fee | £800,000 | £2.8m | |
| Customer satisfaction | 85% | 80-85% | |
| Net promoter Score | 51% | 45-55% | |
| Regionality (non-riparian) | 29% (224,000) | 30% (780,000) | |
| Usage | 772,846 | 2.5-2.7m | |

| Performance | Q1 Actual | Expected at Year End | Comments |
|-------------|---------------|----------------------|----------|
| ↑ | £0 | £2.8m | |
| ↔ | 85% | 85% | |
| ↔ | 51% | 51% | |
| ↔ | 29% (239,000) | 30% (780,000) | |
| ↑ | 818,476 | 2.6m | |

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

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

| |
|-----|
| N/A |
|-----|

| |
|--------------------------|
| Financial Measure |
| Customer Measure |
| Internal Process Measure |
| Sustainability Measure |

| Reporting Period | | 2017/18 Q1 | | | | | | | | | | | | | | | | | | |
|---|-----------------|------------|---------|---------|-----------------------|--------|--------------------|-------|-------------|-------|------------------|-------|-----------|-------|---------------|-------|-------------------------------|-------|------------------|-------|
| Venues | Income (£000's) | | Usage | | Customer Satisfaction | | Net Promoter Score | | Regionality | | Formal Complains | | 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 |
| Overall Target | 5,046 | 5,046 | 653,418 | 653,418 | 80-85% | 40-50% | 31% | 30 | 271 | 85% | 80% | 2,968 | 2,968 | 95% | | | | | | |
| Lee Valley VeloPark | 1,389 | 1,545 | 204,179 | 291,215 | 92% | 77% | 43% | 2 | 19 | 91 | 99% | Q4 | 480 | 407 | Q4 | n/a | Q4 | | | |
| Lee Valley Hockey & Tennis Centre | 113 | 252 | 58,799 | 76,935 | 86% | 55% | 27% | 0 | 6 | 1 | 98% | Q4 | 224 | 226 | Q4 | n/a | Q4 | | | |
| Lee Valley White Water Centre | 1,514 | 1,668 | 115,000 | 123,302 | 88% | 80% | 37% | 4 | 9 | 142 | 95% | Q4 | 1,181 | 1,266 | Q4 | n/a | Q4 | | | |
| Lee Valley Athletics Centre | 185 | 235 | 52,478 | 61,025 | 86% | 53% | 36% | 0 | 2 | 5 | 92% | Q4 | 122 | 121 | Q4 | n/a | Q4 | | | |
| Lee Valley Ice Centre | 292 | 243 | 76,360 | 70,656 | 83% | 58% | 39% | 3 | 2 | 4 | 98% | Q4 | 556 | 536 | Q4 | n/a | Q4 | | | |
| Lee Valley Riding Centre | 264 | 267 | 66,044 | 90,303 | 86% | 58% | 31% | 2 | 1 | 2 | 91% | Q4 | 38 | 40 | Q4 | n/a | Q4 | | | |
| Lee Valley WaterWorks Centre | 133 | 146 | 8,807 | 29,115 | | | | 0 | 0 | 0 | 90% | Q4 | 37 | 38 | Q4 | n/a | Q4 | | | |
| Lee Valley Golf Course | 70 | 76 | 4,878 | 5,864 | 83% | 23% | 24% | 1 | 1 | 0 | 81% | Q4 | 24 | 24 | Q4 | n/a | Q4 | | | |
| Lee Valley Camping & Caravan Park, Edmonton | 156 | 141 | 10,417 | 10,967 | 89% | 20% | 12% | 5 | 7 | 4 | 96% | Q4 | 129 | 129 | Q4 | n/a | Q4 | | | |
| Lee Valley Campsite, Sewardstone | 91 | 163 | 7,946 | 7,764 | 89% | 52% | 14% | 1 | 6 | 2 | 91% | Q4 | 27 | 23 | Q4 | n/a | Q4 | | | |
| Lee Valley Caravan Park, Dobbs Weir | 247 | 226 | 4,698 | 6,252 | 86% | 35% | 36% | 0 | 3 | 4 | 94% | Q4 | 10 | 13 | Q4 | n/a | Q4 | | | |
| Lee Valley Park Farms | 237 | 287 | 43,812 | 40,029 | 86% | 49% | 31% | 11 | 12 | 16 | 91% | Q4 | 26 | 27 | Q4 | n/a | Q4 | | | |
| Lee Valley Marina, Springfield | 179 | 234 | | | 74% | 32% | 21% | 0 | 0 | 0 | 95% | Q4 | 81 | 66 | Q4 | n/a | Q4 | | | |
| Lee Valley Marina, Stanstead | 174 | 205 | | | 84% | 71% | 28% | 1 | 0 | 0 | 99% | Q4 | 33 | 37 | Q4 | n/a | Q4 | | | |
| ALL VENUES | 5,046 | 5,711 | 653,418 | 819,476 | 85% | 61% | 29% | 30 | 63 | 271 | 94% | Q4 | 2,968 | 2,968 | Q4 | n/a | Q4 | | | |

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|--------------------------|
| 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 | |