

OUTSOURCED SERVICES SCRUTINY PANEL

26 NOVEMBER 2012

Present: Councillor S Rackett (Chair)
Councillor
Councillors S Counter, G Derbyshire, S Greenslade and
A Joynes

Also present: Matthew Nicholson, Area Contracts Manager for SLM

Officers: Culture and Community Section Head
Partnerships and Performance Section Head
Commissioning Manager
Sports Development Officer
Committee and Scrutiny Officer

7 APOLOGIES FOR ABSENCE/ COMMITTEE MEMBERSHIP

There were no apologies for absence.

8 DISCLOSURES OF INTEREST

Councillor Counter stated that she was a member of Watford Leisure Centre.
Councillor Derbyshire said that he was an Everyone Active cardholder.

9 MINUTES

The minutes of the meeting held on 18 September 2012 were submitted and signed.

10 THE CONTRACT- BACKGROUND AND MONITORING ARRANGEMENTS

The Panel received information from the Culture and Community Section Head summarising key points of the contract and how they were monitored by Community Services.

The Culture and Community Section Head informed the Scrutiny Panel that the contract with SLM had been signed in 2008 for a 10-year period. Prior to the contract, the Council had two facilities which were old and in poor condition. They required extensive work. The Council invested a substantial capital sum to create two state of the art centres. A good range of facilities and activities were on offer. SLM had taken on the operational role of the centres and the Council relied on the company's skill to manage the premises day to day.

The Culture and Community Section Head explained that the Council's role was to monitor the contract and there were various reporting mechanisms used to do this. There were also mechanisms in the contract if things were not going to plan. If the worst case scenario were to happen the Council could issue a variety of notices for breach of contract. The ultimate sanction was a Termination Notice. The actual contract was very detailed and over 90 pages in length.

The Commissioning Manager informed Members of the areas included in the contract and the key points in those areas and how the Council monitored them. She explained that the document setting out the monitoring arrangements was to provide Members with an overview on the mechanisms used to monitor the contract. She added that a meeting had been arranged for the following day to start discussions on a Green Travel Plan for Watford Leisure Centre Central. She referred the Scrutiny Panel to the Proposal form which SLM completed should they wish to change the building or the services provided. The document included details of the various monthly performance indicators collected by SLM, although only the swim and gym usage were contained in the quarterly report.

Councillor Joynes noted that the contract referred to '...adequate regime ...'. She asked if this could be clarified.

The Commissioning Manager and Mr Nicholson confirmed that there was a detailed operational manual which included a checklist.

The Commissioning Manager explained the various types of faults and remedies that could be implemented should the contractor default on the contract.

Councillor Derbyshire noted the reference to staff employment and the requirement for sufficient training. He asked what the Council, as the client, did to assure itself that SLM had met this obligation.

The Culture and Community Section Head advised that the Council required qualified staff on the poolside. A regular training programme was provided by the company across all of its sites. The Council could request that certificates were produced as proof.

Mr Nicholson added that there were a number of internal mechanisms in place. For example, lifeguards were required to undertake a two-hour training programme each month. If this course was not completed the lifeguard could not carry out their work until the training had been done. Mr Nicholson commented that all staff had Criminal Record Bureau checks carried out.

Councillor Derbyshire asked whether the Council carried out an audit of the company's staff to establish the validity of their qualifications.

The Culture and Community Section Head responded that a formal audit had not been carried out. He informed Members that as part of the contract the company was required to obtain the Quest Award. Part of the award's

assessment involved qualifications and training. The company had received high scores which reassured the Council.

Councillor Derbyshire noted that reassurance was obtained by the reliance on an external service.

The Culture and Community Section Head commented that the Quest Award had a good reputation. SLM also had its own quality awards.

Mr Nicholson explained that the company had obtained Investors in People and had its own Gold standards. He was able to provide the Council with a list of staff with their qualifications and when the qualifications were due to expire.

Councillor Derbyshire then referred to the section on Remedy Notices. He asked whether the Council had had to issue any of these notices over the four years the contract had been running.

The Culture and Community Section Head advised that the Council had not been required to issue any Remedy Notices.

Councillor Derbyshire suggested that the number of remedy notices served could be included as a performance indicator.

The Culture and Community Section Head said that it would be possible to add this and any other additional performance indicators. He would discuss any suggestions with SLM.

Following a question from Councillor Counter it was confirmed that the number of compliments were collated as well as complaints.

Councillor Counter asked whether the centres' staff were asked for their views about the leisure centres and service provided.

The Culture and Community Section Head advised that the Council did not receive any formal feedback from staff employed by SLM. It was something that could be carried out if it were felt necessary. The Council could work with SLM to do this.

Mr Nicholson added that instructors reported back verbally if there were any issues they had encountered. Recently the company had undertaken a staff survey. The survey had been carried out electronically.

11

PERFORMANCE REPORT

The Panel received a report of the Partnerships and Performance Section Head giving details of performance information collected and appending the performance indicators for SLM for the second quarter of 2012/13.

The Partnerships and Performance Section Head said that she had included some examples of other potential performance indicators the Scrutiny Panel might be interested in receiving. The Head of Planning has asked that Members were reminded that there was an Annual report from the Parking service.

The Chair noted that indicator CS2, the gym usage and group participation at Watford Leisure Centre Central, had substantially declined. He asked if there were an explanation as to why this had happened.

Mr Nicholson explained that it was believed this was due to budget gyms opening in the town. This had affected the Central site. There had been a loss of £55,000 in direct debit memberships, which had been due to the additional competition in the town. He confirmed that the company made profit from the direct debit sales for the gym.

Following a further question from the Chair, Mr Nicholson explained that in September and October 2011 the company had invested in additional equipment at the Central gym.

Councillor Derbyshire noted that the swimming usage at Central had increased more than at Woodside. He felt there was a reason the gym usage had gone down. He was aware that the machines were of a high quality. He asked whether the company had looked at the competitors to look at the experience they offered compared to Watford Leisure Centre Central. He wondered whether it might be a short-term reduction.

Mr Nicholson confirmed that he had visited one particular site. No instructors were available in the gym to meet people or discuss any issues that might arise. The quality of the equipment was not the same. A number of people had returned to the Central gym. In addition SLM did not require a 12-month contract whereas some of the competitors did require a minimum 12-month contract.

Councillor Rackett noted that there were issues about car parking. He asked whether the operator had considered introducing special offers in connection with public transport. For example, passengers on Southern Trains could present their train ticket and receive a 2 for 1 deal at certain leisure centres.

Mr Nicholson explained that there were some incentives in place. For example the Everyone Active entitled the cardholder to a 10 or 20 % discount on buses. Work had been done to encourage colleagues not to park at the centre.

The Culture and Community Section Head advised that the Green Travel Plan Group at Woodside had worked on a number of issues. The first meeting of the Green Travel Plan Group for Central would be meeting the next day. The details of the improvements could be circulated to Members.

The Contract Monitoring Officer added that the plan would be developed to suit Central.

Councillor Derbyshire suggested that there should not be any parking difficulties in the evenings or weekends as West Herts College's car park was available to the public outside college hours. The contractor should take action to bring this facility to the attention of its users.

The Culture and Community Section Head thanked the Councillor for this information. He explained that part of the approach taken for Woodside was to promote alternative travel methods and alternative parking arrangements.

It was agreed that the Green Travel Plan for the Central site would be circulated to the Scrutiny Panel once it was complete.

RESOLVED –

that the performance of the identified outsourced service indicators at the end of quarter 2 2012/13 be noted along with the Panel's comments.

12

PARTNERSHIP INITIATIVES

The Scrutiny Panel received information on the partnership initiatives developed with SLM.

The Culture and Community Section Head informed Members that there were two priorities which were supported by the Council's Sports Development Framework 2011-2014. The SLM Sports Development action plan contributed to the Framework. The first priority followed an active people survey which had identified various groups that should be targeted to encourage participation. The second priority was connected to club development. As an example of the partnership work, the Culture and Community Section Head explained that following the Council's free swimming for under 19s in the summer, SLM agreed to fund free swimming for the same age group during the Easter break in 2012.

The Chair referred to the women only running session at the athletics stadium. He asked what the company was doing to market these sessions and to encourage participation in athletics and other sports.

Mr Nicholson explained that the evening session at the athletics stadium had been a joint initiative between SLM and Watford Harriers. He would report back to Members with further information.

Following a question from Councillor Joynes, Mr Nicholson confirmed that taster sessions were organised quarterly. For the over 55s there was also table tennis available.

Councillor Derbyshire stated that earlier in the year he had attended the Joint Consultative Committee at West Herts Golf Club. At the meeting the Golf Club had said that there was a problem in identifying Watford Council Taxpayers, who

were entitled to a discounted round of golf. He asked whether the issue had been resolved.

The Culture and Community Section Head advised that officers were aware of the problem. It had been considered whether card readers could be used, however, due to Data Protection this was not possible. The solution needed to be low cost, an example might be for the customer to show their driving licence as proof of residence. It affected a very small number of users. Further discussions needed to take place with the Golf Club.

13

FINANCIAL BACKGROUND

The Scrutiny Panel received a spreadsheet of the Council's budgeted accounts since 2008.

The Culture and Community Section Head informed Members that prior to the contract with SLM, it had cost the Council £1.6 million to run the two leisure centres. The net cost was now in the region of £700,000. A large proportion was the depreciation of the buildings, which was a book entry. There was a small allocation the Council had to pay for employees and supplies and services.

Councillor Derbyshire noted the problems related to the above inflation increase for utilities. He considered it was time this was settled.

The Culture and Community Section Head explained that this was a difficult and complex issue. It was related to the interpretation of the contract. It was commercially sensitive and he was unable to provide any more details. He did advise that both parties had met on numerous occasions since 2009.

Agreement had not yet been reached and therefore both parties had agreed to go to arbitration. He assured Members that the Legal teams for both parties had been involved in the discussions.

Councillor Derbyshire said that he felt reassured it had been agreed to go to arbitration. He said that his next question related to the pricing for services. He had noted that officers negotiated the prices with SLM. He asked what the service was seeking to achieve, for example operational neutrality which would be a reasonable objective or a small surplus.

The Culture and Community Section Head advised that under the terms of contract the Council had control of fees and charges. Officers were mindful of the impact on residents and what was happening in the market place. SLM was also aware of the increase to customers but it was a commercial organisation. For example, the Council wanted to promote athletics and therefore was mindful of holding the prices at the same level in order to encourage users. Competitors' prices were checked. Officers were also aware of political imperatives. It was necessary to pay attention to the impact on SLM. Officers wanted to ensure that residents received value for money.

Councillor Derbyshire asked whether the support services charges related to officers' work carried out in monitoring The Colosseum.

The Culture and Community Section Head said that Support Service charges were a difficult area to explain. A proportion of each officer's time was attributed to the employee line for that contract.

The Committee and Scrutiny Officer added that the Support Service charges reflected charges from other internal services, for example ICT, Human Resources and Legal.

14

FOLLOW UP ON PREVIOUS SCRUTINY

The Scrutiny Panel received a document setting out the latest update on the recommendations from the Call-in and Performance Scrutiny Committee held on 23 September 2010.

The Chair felt there were two particular items of concern. The first related to cleanliness at the centre which had also been referred to by one of the user groups. The second was about equalities.

The Culture and Community Section Head advised that officers regularly received a complaints analysis from SLM. Officers followed up any complaints, visited the site, spoke to operational managers and then considered if the complaint was valid. He said that he was aware of issues about cleanliness. Officers had met with Mr Nicholson and discussed the concerns. SLM had reviewed the matter and was not satisfied with the results. The company was looking at three options and a decision would be made by the end of the month as to which course of action would be taken. One option was to change the cleaning contractor. Once the change had been implemented the Council would monitor the cleanliness. If the company failed to resolve the problem a Remedy Notice could be issued. He acknowledged that SLM had taken responsibility and the positive action it was taking.

Mr Nicholson added that option three, an in-house cleaning service, would not be taken forward. The cleaning contract required 95 hours per week of cleaning at Central and 135 hours per week at Woodside. The contract was worth £100,000 per year. The cleaning problems had been taken very seriously. He said that to put the situation into perspective there were over 100,000 visits across both sites per month. The number of complaints compared to the number of users was small.

Following a further question from the Chair, Mr Nicholson said that he hoped the new contract would be in place by January. The contractor would be given three months to prove it could do the job. He confirmed that the different amount of time for cleaning each site was due to the difference in size. Woodside was much larger than Central.

The Culture and Community Section Head suggested that a month by month comparison could be produced and that if no improvements were made a remedy notice would be issued.

15 **FEEDBACK FROM USER GROUPS**

The Chair noted that two further user group surveys had been returned since the agenda had been published.

16 **CONCLUSIONS**

The Chair outlined the conclusions from the meeting –

- Green Travel Plan for Watford Leisure Centre Central to be provided to the Scrutiny Panel once complete.
- SLM to ensure that Watford Leisure Centre Central's users are aware of the alternative parking facilities available at West Herts College.
- An audit to be carried out of the accreditation of staff employed by SLM.
- Quarterly cleaning statistics to be circulated to the Scrutiny Panel.
- An update to be provided on marketing of services to women's only and other hard to reach groups.
- The number of remedy notices issued to SLM to be included on the quarterly performance report to the Scrutiny Panel.

RESOLVED –

that the conclusions from the meeting be agreed.

17 **DATE OF NEXT MEETING**

The Committee and Scrutiny Officer informed the Scrutiny Panel that the next meeting was due to take place on Tuesday 5 February 2013.

It was agreed that the Scrutiny Panel would review the Parking Service contract.

RESOLVED –

that the Parking Service Contract be reviewed at the next meeting.

Chair

The Meeting started at 7.00 pm
and finished at 8.15 pm