

Cheltenham Borough Council

Social & Community Overview Scrutiny Committee:

2 June 2003

Sport & Leisure Management Contract – Progress Report

Report of Assistant Director Health & Wellbeing

1. Summary and recommendation

- 1.1 My report provides an overview of the performance and financial position of the Sport & Leisure Management contract following the handover of the contract from Leisure Connection to the council on 31st March 2003.
- 1.2 With the council having been responsible for the direct management and operation of the service for only six weeks, at this stage, it is too early to provide members with a robust assessment of performance in terms of both service delivery and financial outturn. However, this report does highlight a number of key issues, particularly in relation to the budget forecast, which have become evident since the handover.
- 1.3 **I recommend that the report be noted**

2. Introduction

- 2.1 At the recommendation of the O&S Committee (Social & Community), the cabinet approved the decision to bring the Sport & Leisure Management Contract under the direct control of the council and to terminate the contract with Leisure Connection.
- 2.2 Members may recall that approval was made on the basis of a budget forecast, which had been prepared with notable caution, as a consequence of the limited financial and management information available to the council.

3. Service Standards

- 3.1 At the time of the contract handover the redevelopment project of the Cheltenham Recreation Centre had reached a critical stage on site. With the partial closure of the car park, the temporary closure of the reception, and relocation of the Health & Fitness Suite, disruption to business on the site, has been at its greatest. Despite this, however customer comments and satisfaction levels have been good, and the morale amongst staff positive.
- 3.2 To date, there have been no negative customer comments received, with regard to the standards of service being provided by the council. Comments have been received with regard to the improvements made in the areas of cleanliness, maintenance and repairs. This compares to eighteen complaints regarding service failure received for the same period last year.
- 3.3 A meeting of the Cheltenham Recreation Centre Customer Forum is to be held on 22 May, which will provide the council with a more focused and direct analysis of customer views, and which will be verbally reported to this Committee.

- 3.4 Total attendances for the month of April 2003 were recorded at 19,678. This compares with 48,452 for the same period last year when the pool was open. 22,500 attendances in April 2002 were recorded as “wet activities”.

4. Financial Performance

- 4.1 At the current time, it is impossible to provide a robust assessment of the financial performance of the contract. However, at this early stage of the direct service provision, there have been several significant issues which need to be reported which will ultimately impact on financial outturn:

EXPENDITURE:

Salaries & wages: It is unlikely that harmonisation of the workforce will complete until the end of the year. The budget was, however, prepared on the basis that local government terms and conditions of employment would be reinstated throughout the workforce from 1st April 2003.

Human Resources: Despite an additional £7,900 having been built into the base budget for internal HR support, there are a number of potentially significant employment related issues that remain outstanding as a consequence of the TUPE transfer process and which must be addressed as a matter of urgency in order to protect the Council's position as a responsible employer.

ICT: As a result of the investigations that have taken place on site since the handover, the need to upgrade the ICT systems at the Recreation Centre is critical. This is not only to ensure that the management information system is able to provide the council with the necessary analysis in relation to performance management, but more importantly, that all systems are both compliant and compatible to those of the council. As a result of investigations on the site, the Recreation Centre will become the next area within the council to have XP/Windows 2000 installed. The original budget predication for ICT was £20k. The XP rollout will require a budget of £13k, which excludes any additional cost for an upgrade to the LeisureFlex Management Information System, which may still be required.

INCOME: Turnover for April shows a downturn to that forecast. This is due to the negative impact on business of the Redevelopment Project, as highlighted in para., 3.1, notably the partial closure of the car park, the temporary closure of the reception and the relocation of the health and fitness suite. Particular activities where a downturn in business is been noted are in the areas of health & fitness, children's activities, and workout classes.

5. Conclusion

- 5.1 This report comes at too early stage to provide an accurate assessment of the financial performance of the Sport & Leisure Management Contract, following the handover to the council. Early indications show that the customers have responded positively to the decision and that service standards have improved, however, the financial position indicates the need to retain the £50,000 contingency sum allowed for within the budget, due to the downturn of income forecast.
- 5.2 It is anticipated, that a revised budget forecast will be presented to the Overview & Scrutiny Committee in July.

6. Implications

6.1 Financial	As set out within the report. As set out within the report. The bringing back “ in-house” of a major service does transfer some risks back to the council, as set out in the report approved by Cabinet on 26 th November 2002. This will undoubtedly include some financial risk in operating and income targets, especially during the first year until a full actual year has been undertaken. Bearing this in mind, this was the underlying principle behind allocating a £50,000 contingency sum within the budget agreed by Council in February 2003.
6.2 Legal	None as a direct consequence of this report
5.3 Human resources	The Human resources issues will need to be resolved as quickly as possible so as to avoid or minimise any potential claims against the Council as Employer.
6.4 Equal opportunities, social justice and anti-poverty	None as a direct consequence of this report
6.5 Environmental	None as a direct consequence of this report
Background papers	Cabinet report 26 November 2002 Overview & Scrutiny Committee June/November 2002 Sport & Leisure Management Contract 1996-2003 Best value review of sports facilities & development - Baseline position statement Sport & leisure management contract - User/non-user survey (Peter Mann Partnership) Sport & Leisure Management options appraisal (PMP)
Contact officer	Sonia Phillips : Assistant Director Tel: 01242 262626 e-mail: soniap@cheltenham.gov.uk

