

Cheltenham Borough Council**Social & Community Overview and Scrutiny Committee:****5th July 2004****Sport & Leisure Management Contract – Performance & 2003-4
Financial Outturn Report****Report of Assistant Director Health & Wellbeing****1. Summary and recommendation**

1.1 My report provides an overview of the performance and financial outturn of the Sport & Leisure Management contract, for the period 1st April – 31st March 2004 twelve months after the handover from Leisure Connection to the council on 31st March 2003.

1.2 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 at the end of the contract with Leisure Connection.

2.2 Members of the Overview and Scrutiny Committee have been provided with progress reports with regard to the performance of this service area since the handover. As with previous reports, it provides performance and management information with regard to service standards, utilisation statistics, and, within Appendix 1, gives the outturn for the financial year.

3. Service Standards

3.1 During the past twelve months the redevelopment project of the Cheltenham Recreation Centre has seen the facility transformed into a modern leisure facility that has been well received by the local community. The Centre has been successfully managed throughout a period of change and service standards have continued to improve.

3.2 As reported at this Committee, since the handover 125 customer comments were received during the period 1st April – 31st December of which 12 were complaints in relation to service failures.

3.3 Within the final quarter, the period 1st January to 31st March 2004, 114 comments were received through the Centres customer feedback systems, of which 14 were complaints regarding service standards. 7 complaints were in connection with cleanliness, 4 concerning the telephone / reception service, 1 concerning the quality of café food and 2 related to building maintenance defects.

- 3.4 Whilst a rise in complaints in the last quarter is evident, it should be noted that the ratio of complaints to visitors is considerably less than the previous quarter. Cleanliness is an issue that is given high priority and officers are currently reviewing in-house systems to ensure a high standard at all times. A review of the cleaning contractor provision is also taking place with the aim of ensuring a consistently high level of cleanliness and hygiene.
- 3.5 The increase in business has in turn increased the demands on the reception service and analysis of the telephone service indicates a need for improvements in this area. In the short-term additional resources have been made available to deal with this matter. Investigations are currently underway to assess the integration of an automated telephone service. This is dependant on the capabilities of the new system being introduced throughout the Councils telephone network. In addition to this, funding has been awarded for the introduction of on-line bookings; this project commences in September 2004, with the aim of bookings being made "on-line" in 2005.
- 3.6 The complaints regarding building maintenance defects related to redevelopment snagging items that have since been rectified by the building contractor.
- 3.7 Officers have met on a regular formal and informal basis with customers, user groups and the Customer Forum. Feedback from these meetings has been generally positive.

4. Utilisation statistics

- 4.1 Attendances for the period 1st January – 31st March 2004 were recorded at 155,991. This figure indicates a steady growth in attendances compared to the 77,493 attendances for the period September to December 2003. The introduction of swimschool and educational swimming lessons, in addition to a noticeable growth in casual swimming and fitness attendances has contributed to this.
- 4.2 The attendance figures for the final quarter have shown a marked increase in casual swimming with 41,830 casual swimmers. The last comparable quarter when the pool was fully operational (Jan 2002 – March 2002) achieved a casual swimming attendance of 31,687.
- 4.3 The introduction of teenage and family roller-discos have attracted in excess of 3,000 additional attendances for the period February and March.

5. Financial Performance

- 5.1 Members may recall cabinet approved the decision to bring the services back under the control of the council, having given full consideration to the financial risk identified within the first year of operation due to the significant impact on the business of the redevelopment project and the handover of the contract from Leisure Connection.
- 5.2 The need to build this sum into the base budget was reported to members in October 2003, as a result of specific "one-off" expenditure in respect of the following areas:
- External HR support required to support the council in the harmonisation process of terms and conditions of employment transferred from Leisure Connection
 - Additional securing requirements during the latter stages of the redevelopment project in respect of the temporary relocation of the reception

- Continued facilitation of swimming provision for the Cheltenham & District Sports Association for the Disabled, throughout the redevelopment project, with the hire of facilities at the Ullenwood Star Centre.

5.3 Within Appendix A, the 2003/4 outturn budget shows a deficit to the outturn forecast of £6,582, this compares to the outturn forecast of £1,003 reported to Committee in February. Whilst income targets for the final quarter were exceeded by £24,843 the deficit increase within the final quarter as due to unexpected essential dryside mechanical and electrical maintenance works being required in March 2004, resulting in the final deficit outturn figure of £6,582.

5.4 Financial performance for the first two months of the new financial year indicate a need for stringent financial controls in addition for a need to evaluate key income generating areas. Income targets within the areas of swim membership, fitness and catering are proving difficult to achieve. The pricing policy and levels of subsidy afforded to certain activities will require a further review, and payroll costs will need to be closely scrutinised in order to achieve the budget. Furthermore, new income generating activities and diversification into other markets (other with increases required for income targets to be achieved than sports use) will be essential in order that full use of the facilities can be made.

5.5 The budget monitoring report in respect of the first quarter of the current financial year will be presented to the next meeting of Committee.

6. Conclusion

6.1 Customers and staff have responded positively to the decision to bring the service back under the direct control of the council and that service standards have improved.

6.2 Notwithstanding the concerns with regard to the financial performance within it's first year, the Sports and Leisure Management contract operated to a deficit of £556,400 in its first year under in-house management. This represents a saving of £53,600 had the contract been managed under contract with Leisure Connection, where the annual management fee payment would have been £610,000. This figure is based on the company's proposals in respect of a renegotiated contract, which, of note, included a reduction in the contract facility mix. Therefore costs in addition to the management fee payment fee stated would have been required in order to run the service on a like for like basis.

7. Implications

7.1 Financial

The bringing back "in-house" of a major service transferred some risks back to the council, as set out in the report approved by Cabinet on 26th November 2002. This undoubtedly includes some financial risk in operating and income targets, especially during the first year until a full actual year has been undertaken. This was the underlying principle behind allocating a £50,000 contingency sum within the budget agreed by Council in February 2003.

7.2 Legal

None as a direct consequence of this report

7.3 Human resources

None as a direct consequence of this report

7.4 Equal opportunities, social justice and anti-poverty	None as a direct consequence of this report
7.5 Environmental	None as a direct consequence of this report
Background papers	<p>Cabinet report 26 November 2002</p> <p>Overview & Scrutiny Committee June 2002 – February 2004</p> <p>Sport & Leisure Management Contract 1996-2003</p> <p>Best value review of sports facilities & development - Baseline position statement</p> <p>Sport & leisure management contract - User/non-user survey (Peter Mann Partnership)</p> <p>Sport & Leisure Management options appraisal (PMP)</p>
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