

Cheltenham Borough Council

Social & Community 19th February 2007

Leisure @ Cheltenham year to date report

Report of the Commercial Manager, Leisure @ Cheltenham

1. Executive Summary and recommendation

1.1 This report provides an overview of the performance for leisure@cheltenham for the period 1 April 2006 to 31 January 2007 & the financial out turn forecast for 2006/7.

1.2 I recommend that the report be noted.

1.3 Summary of implications

1.3.1 Financial As detailed in 3.3

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1.3.2 Legal None

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1.3.3 Human Resources None

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1.4 Links to Business Plan & Corporate Objectives

1.4.1 The service directly supports the Council's priorities of building strong healthy communities & enriching sport, play & cultural experience.

1.5 Statement on Risk

1.5.1 Leisure@cheltenham is identified within the health & wellbeing risk register.

2. Introduction

2.1 This following report will outline for Members of the Overview & Scrutiny Committee the current position of leisure@cheltenham in terms of its performance & financial position for ten months of the current financial year, 2006 -2007.

3. Background

3.1 Service Standards

- 3.1.1** The process of change continues within the service with the demands on service delivery remaining high, particularly within the operations section of the business.
- 3.1.2** 198 comments have been received during the ten month period, of which 31 constituted service delivery failure. This represents a 60% improvement in comparison to the previous year. It is expected that number of service delivery failures received during the year will over achieve the target number of 50.
- 3.1.3** Cleaning comments continue to be received but the situation has significantly improved over the current year. The outside cleaning contractor has been replaced with our own staff and at times temporary workers, enabling a more tailored approach to be made whilst also achieving some savings on cost over the original contracts.
- 3.1.4** Another part of the business that has seen significant improvement is within the area of cancelled classes. In the first half of 2006 we have seen 3 cancellations out of 1560 classes delivered. This contrasts against the 25 cancellations of classes that occurred in the last quarter of the previous financial year. This trend has continued as the year has progressed, to date less than 10 classes have now been cancelled out of 2860 programmed, which represents a 99% delivery of service.

3.2 Utilisation Statistics

- 3.2.1** 281,642 attendances were recorded for the ten month period, which is below the expected level for the period. It is anticipated that 353,000 attendances will be recorded this year, against a target of 384,000. This compares to an annual attendance figure last year of 334,000, representing a growth of 5.5%.
- 3.2.2** Attendances in some areas were adversely affected by the warm weather during the June / July period. Swimmers preferred the lido for their recreational swimming and also the difficulties with respect to air-conditioning in the Gym & Dance Studio had negative impacts on numbers. Closures due to floods, power failures, roof leaks and repair works also impacted on attendances.
- 3.2.3** Membership numbers have been strong at an average of 87 new members per month for the first half of the year. Quarter three produced a slowing of new memberships, due to the seasonality & that quarter being the weakest of the years trading. New Year membership numbers have exceeded expectation and showed growth of 30% over previous year. The positive trend is forecast to continue in quarter four, however our emphasis on retention and sustainability of the membership level is vital as attrition rates are currently 12%.

3.3 Financial Performance

- 3.3.1** Appendix A summarises the outturn financial position of Leisure@ for the current year. Most noticeable is the projected shortfall in income at £42k which will be partially offset by savings in expenditure totalling £17k. The net outturn budget is expected to produce an additional cost of £25k.
- 3.3.2** Savings on cost are expected to be achieved through the controllable areas within the budget. Aggressive and on going management of the expenditures on site within existing constraints will continue to keep expenditure in hand notwithstanding

uncontrollable factors such as utilities, business rates and licenses for example.

- 3.3.3** Income has produced a mixed performance. The expected shortfall of £42k is primarily linked to the health & fitness business (£25k) and mirrors the challenges that were faced during the first half of the year with respect to the membership systems and outfall of rectifying that situation. The fitness business is particularly vulnerable to private sector competition aggressive sales, fixed term contracts (causing a freeze in migration from club to club) combined with a national trend of declining health & fitness market reported by Deloitte, www.deloitte.com published in August 2006 and reported in Leisure Opportunities Magazine.
- 3.3.4** Other shortfalls can be attributed to the partial/complete closure of facilities during the summer/autumn period as follows:
- Inoperable pool boom for a 2 week period resulting in a reduced pool programme being available and a pool closure on 18th December, whilst repairs were being carried out.
 - Electricity power failure – resulted in the closure of the site on Sunday 3rd December
 - Roof leaks within the squash court area resulted in closure of all courts for a 5 day period in November.
- 3.3.5** A series of targets have been set at the site specifically aimed at developing income streams & strengthening our position in a competitive market place. This has been particularly pertinent in relation to membership where retention is a key issue and not just sales. Improved monthly monitoring and reporting has been introduced, which is also providing supportive evidence of improvement as the year progresses, and enables close management of staff performance in this area.
- 3.3.6** There has been positive growth in a number of the areas of the business (pool hire, swimming courses and Stadium hire) which are projected to outturn ahead of the income target set. Of particular note, swimming course income is projected to have grown by 40% over the year (2005/6 income figure £120,551 v 2006/7 forecast £164,062).

3.4 Developments Update

- 3.4.1** The spin studio is now open and proving popular with customers achieving over 100 participants per week on average.
- 3.4.2** The pool inflatable was introduced on time and has proved popular with the young, leisure swimmers and has attracted in excess of the sixty per session average at weekends and during the school holidays.
- 3.4.3** New equipments have been purchased to deliver the children's programmes. Attendance to Sport zone is now averaging 15 or more per session on all day programmes and we anticipate the average to rise to 25 per session in the last quarter of the current year, February half term.
- 3.4.4** Soft-land redevelopment has been amended in response to customer request to reflect a soft play and more structured programme of activities for under 8 year olds. This will utilise existing space and the facility will be moveable increasing its flexibility & cross functionality with early years programming & birthday parties. A more comprehensive programme commenced in January 2007, for example drop in pre

school gymnastics, additional trampolining & dance classes (starting after the February half term). All the additional dry course programmes have been fully subscribed.

- 3.4.5** The projects at the Prince of Wales Stadium have commenced with the studio conversion & meeting rooms completed. The CARP project with respect to perimeter fencing & bed covers is complete with some minor work remaining. The outstanding issues of changing, ablution areas & foyer are scheduled to be completed by February 2007. This element is behind schedule and has delayed the selling of space to new business adversely affecting the potential to generate income.
- 3.4.6** New furnishings have been purchased to lift the specification of the facility to prospective clients to the meeting rooms for training and conferencing events. We have already secured some significant new business as a result of this investment.
- 3.4.7** The customer service area in the main building has been opened up and refurbished improving the access & service delivery in this critical area and also improving the working environment for employees.
- 3.4.8** The car parks have now been resurfaced with improved access provision for disabled users & parents with children parking.
- 3.4.9** New colour coded and large signage has been installed around the main complex accompanied by a site map. This assists in the navigation of the property and follows recommendations from this committee.
- 3.4.10** A new hoist has been purchased to enable access to the pools following a request made under the DDA although we are yet to see any significant impact of its introduction in terms of usage by customers.
- 3.4.11** The swimming development plan has now been completed. This will be of significance locally in terms of swimming development at all levels and involves partnership working with governing bodies, the education service & clubs. In addition Leisure @ is on schedule to achieve accredited centre status & aqua mark status and potential to hopefully become one of three regional centres for swimming in the south west.
- 3.4.12** The athletics development plan is in the final stage of acceptance and comprises part of the CARP funding process. This work as with the swimming development plan aims to improve the provision and development of athletics locally in partnership with stakeholders.
- 3.4.13** Family memberships in swimming & premier plus, Active Life Classes & Aqua Aerobics, Active Life Swimming & combo tickets and an over 50's spin cycling class have been launched for families and the over 50's segments of the community to contribute to active lifestyles and their overall health & wellbeing. This is complimented by additional children's courses in both wet & dry activities.

4. Business development

4.1 Finally there are a number of exciting business opportunities, which are currently being considered for the site, these include:

- It is expected that the ground works to enable the reopening of the cafeteria will be completed within this financial year, in readiness for the service to recommence at

the start of the new financial year.

- A new tenant has been found for the vacant health and beauty therapy suite which will generate additional rental income.
- An expression of interest has been received from a company wishing to lease space within the Prince of Wales Stadium which, if successful, will also generate additional rental income from that area.

Background Papers	Social & Community Overview & Scrutiny Committee – February 2006, Cabinet Member Committee Briefings
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Accountability	Cllr Chris Ryder cabinet member Quality of Life
Scrutiny Function	Social & Community