

Discussion Paper

Social & Community Overview and Scrutiny

9 May 2011

leisure@cheltenham outturn 2010/11 and future plans

This note contains the information to keep Members informed of matters relating to the work of the Committee, but where no decisions from Members are needed

1. Why has this come to scrutiny?

- 1.1 This discussion paper provides the overview and scrutiny committee with information to on two main areas. Firstly leisure@cheltenham financial performance projected for the year 2010/11 out turn and key performance indicators. Secondly an overview of the plans for the service going forward.

2. Summary

- 2.1 2010/11 proved a good year for the service in terms of trading with expenditures well managed and income exceeding expectations. These combined to result in a projected net operating outturn position of under-spend at £78k, as reported in the Cabinet budget monitoring report dated 19th April 2011.
- 2.2 The future challenges faced by the service include a tightening public spending environment, uncertain economic situation amongst the public, increasing value demand combined with a reduced ability to pay. There is a need to maximise commercial activity and opportunity in order to sustain and grow the targeted healthy lifestyle outcomes. Seek ways to reduce the level of operating subsidy required to deliver the service and meet the outcomes as set by the commissioning board of the council.

3. Summary of evidence/information

- 3.1 Table of headline financial outcomes (estimated net out turn as reported to leisure@finance board) Carry forward requests are not included in the tabled figures below.

Expenditure	Estimated Outturn	Variance to Revised Budget	Income	Estimated Outturn	Variance to Revised Budget
Employee Costs	£1,143,211	£16,289 under spend	Health & Fitness	£592,858	+£17,458 surplus
Premises Costs	£717,930	£32,770 under spend	Retail	£37,054	+£2,554 surplus

Transport Costs	£1,925	£2,875 under spend	Aquatics	£564,903	-£1,697 shortfall
Supplies & Services	£261,112	£2,588 under spend	Dry Sport	£272,038	+£4,638 surplus
TOTAL	£2,124,178	£54,522 net underspend	TOTAL	£1,466,853	£22,953 net surplus

3.2 As per the budget monitoring report, April 2011, there is an expected net under spend of £78,000 in leisure@ for the financial year, made up as follows. There is an expected net under spend in employee costs of £16,300 due to the management of vacant posts and staff restructuring in the second half of the financial year. A request will be made at the year end for £5,000 of this under spend to be carried forward, to cover the backfilling costs associated with planned systems thinking work within leisure @ in 2011/12.

There is an expected under spend of £32,800 in premises budgets, including £16,200 in the NNDR budget due to an unexpected refund relating to 2008, and an estimated under spend in the utility budgets of £23,000 for the year.

There is an expected under spend of £5,000 in the hire of outside services budget, set aside to fund a feasibility study on options for the future provision of new leisure facilities, as part of the Leisure and Culture commissioning review. This feasibility study is expected to be undertaken in 2011/12 and a request will be made at the year end to carry the money forward for this purpose.

Leisure@ income has continued to grow and it is pleasing to report that there is an expected over-achievement of income of £23,000 at the year end. It should be noted that this is in addition to the £30,000 additional income that was incorporated into the revised budget 2010/11 and original budget 2011/12 due to increased activity at that time. A decision was made not to pass on the VAT rate increase in prices to customers (statutory increase to 20% effective 4th January 2011) until 1st April 2011. This has resulted in approximately £5,000 of lost income being absorbed by the service, included in the £23,000 surplus income above.

3.3 2010 -2011 Summary of key performance indicators

Indicator	Target	Actual	Variance
General Footfall	288000	291613	+ 3613
Reactive Referrals	188	296	+108
Reactive Concession	1700	2176	+ 476
Active Life(inc conc)	30100	43445	+13345

Under 16 free swim	48500	47506	- 994
£1 concession swim	16150	15545	- 605
Service Failures	40	37	- 3

Footfalls overall were ahead of target with most areas exceeding expectations. Swimming has been less well attended with December and March contributing the main shortfalls against target. We believe this to be largely weather related with the cold snap in December and fair weather in March.

The attendance on Reactive and Reactive concession schemes continues to go from strength to strength with the service provided being the way-shower across the county. Held up as good practice, the physiotherapy services and others using the reactive concession schemes have identified these partnerships as delivery excellent outcomes and quality to patients. The employee training and expertise in these areas compliments the programmes and reflects a level of qualification exceeding the local competitors generally. Health represents a great opportunity for the future in terms of commissioning for health and social outcomes.

The coaching programmes in aquatics and dry sports have performed exceptionally well in 2010/2011. Swim coaching has a projected outturn of £226,697, £2,597 ahead of revised budget and £40,000 ahead of the previous year. The courses in trampolining and gymnastics are projected to achieve £22,486; this is £2,886 higher than revised budget and £7,540 ahead of the previous year.

Service delivery was showing a consistent level of improved service over the year with unique service failures falling short of the target level of 40 at 37. Cleaning remains a major aspect of operations with efforts being made to review, reorganise and improve efficiency with the goal to reduce where possible preventable poor housekeeping.

3.4 2011 – 2012 Financial Targets

Operating subsidy is set within the budget at £714k based upon an operating income of £1.481m and expenditures of £2.195m.

Employee Costs	£1,181,800	Health & Fitness	£589,800
Premises Costs	£774,300	Retail	£35,400
Transport Costs	£4,600	Aquatics	£580,800
Supplies & Services	£234,500	Sports	£275,200
Total Expenditure	£2,195,200	Total Income	£1,481,200

3.5 2011 – 2012 performance indicators

Footfall (transactional)	294500
Active life attendance (concession & 50+)	35000
Under 16 free swim	49700
£1 concession swim	16900
Reactive GP referral	250
Reactive concession (Physio led)	150
Reactive attendance	1000
Concession membership	2000

3.6 The year ahead 2011 – 2012

In terms of the overall business the year ahead will focus on

- **Retention** of members, the existing customer base and general business. This will be achieved through ensuring that we continue to engage with customers, where possible meet the customer expectation in terms of quality and value. Quality includes the range of services available and the delivery of those services, the housekeeping of the facilities in terms of ease of access, cleaning and information. Staff rostering will be focussed at busy times and on job support will be given to encourage strong customer care behaviours. Our biggest strength is the quality, range of services and the calibre of personnel delivering them.
- **New business** to be achieved through growth in the membership to meet the available latent demand in the market where possible. Secure further sale of vacant space and maximise the rental potential of empty business units if applicable. This will also be achieved by strengthening the partnerships with existing stakeholders e.g. Schools, Clubs and the University for example, developing and growing the health related work with the local PCT and Hospitals.
- This combined with exploring wider opportunity to maximise the potential income generation of the site in terms of investment / development. These seek to build on the diversification of income streams and reduction of reliance upon one or two key drivers of the business.
- Investments – POW, Cricket Hall lines (netball), Hall Floors strip resurface & condition, Squash Roof, Floors and repaint plus repairs to squash windows,

gallery floors.

- **Communications & Sales** will be focussed around an independent website function; this will have links into the social media and CBC websites. Customers will have ease of access to information, links to partners and services, online booking and payment options.
- New brand and advertising will all link back through the web service as a hub for information and access to services. The self service facility is due to be upgraded this month which will enable customers and members to book, pay and book again for certain activities.
- There will be a reduction in print leaflets and posters and a refresh of the frontage and signage throughout the buildings. Tests and tracks of print materials has demonstrated that some individual items and certainly quantities can be reduced without a detrimental effect. This enables the resource to be directed where return will be greatest.
- This will reduce pressure further on the front desk and face to face service at reception. Front line staff will be given training in order to brush up on sales skills and develop a stronger selling culture to ensure that opportunities are taken and business generated. Linkages to back office, front desk will be strengthened with customers having direct access to service delivery coordinators where possible to reduce contact points for customers.
- **Efficiencies & Savings.** Systems thinking is in process within the service currently and it is hoped that further efficiencies and opportunities can be realised through this work once the check and design phases are completed.
- Beyond the systems thinking managers and staff are seeking ways to generate both new business and further reduce costs.

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