A

PORTFOLIO: LEISURE

CABINET – 2 OCTOBER 2002

OPTIONS FOR FUTURE SERVICE DELIVERY

1. INTRODUCTION

1.1 Last year the Council agreed an approach to evaluating the possible options for the future delivery of the Recreation Centre Service.

1.2 Central to the approach was the Recreation Centre Benchmarking exercise, which compared the performance of the Centres with other providers in the Public and Private Sector. The Options to be pursued would then be linked to how the Centres were performing across the range of Benchmarks chosen.

1.3 The approach was summarised as follows:

Service Option	Performance Quartile Achieved				
	Bottom Quartile	Lower Quartile	Upper Quartile	Top Quartile	Mix of Quartiles
Service Cessation/Strategic Shift					
Externalise	*				
VCT	*	*			
Partnership		*	*		*
Re-structure/Re-position In House			*	*	*
Trust	*	*	*	*	*

1.4 The purpose of this report is to inform the Cabinet of the results of the benchmarking and agree a way forward for future delivery of the Service.

2. BENCHMARKING

2.1 The Benchmarking exercises are now complete and the organisations involved were:

2.1.1 Public Sector - Sport England

Sport England undertook a National Benchmarking exercise in 2000/2001 and the initial results were published in May 2001. The exercise involved over 100 Centres across England and 36 performance indicators as
shown in Appendix 1.

2.2 The results were analysed by the Leisure Industries Research Centre at Sheffield University and the final up to date comparisons published in July 2002.

2.2.1 Private Sector - D C Leisure

D C Leisure are one of the largest Private Sector operators in the Country operating more than 100 Recreation Centres. They agreed to share information from 7 of their sites for the purposes of benchmarking across
a wide range of performance indicators, as shown in Appendix 2.

Although their Centres in general are larger than ours the comparative information did offer some valuable indications of performance.

2.3 Benchmarking has two distinct elements they are:

2.3.1 Performance Benchmarking
This is the first stage of Benchmarking where comparative data is collected for a number of different organisations and analysed in order to find our how performance compares with other similar service providers.

2.3.2 Process Benchmarking
This follows Performance Benchmarking and involves an investigation of the reasons for the differences in performance between organisations and informs any strategy to improve.

2.4 The Recreation Centre Benchmarking exercise is now at stage where Performance Benchmarking has been completed and the results have been reported to a Special Meeting of the Leisure Review Panel.

3. RESULTS OF PERFORMANCE BENCHMARKING

3.1 Sport England

3.1.1 As to be expected given the number and range of indicators used the results were mixed but overall the Centres compare quite favourably with 66% of the benchmarks for Finance Utilization and Access being on or over the 50% benchmark and 35% being above the 75% benchmark. Although costs are high so is income and this seems to reflect the business strategy of recent years in that as customer expectations have heightened and markets have changed, so we have added value to activities and also reflected that in the price.

3.1.2 What has emerged is that there are 3 key influences on performance:

a) Centre Size
b) Centre Catchment
c) Local Competition.

3.1.3 The larger Centres in bigger catchment areas perform best on most cost indicators as while the cost base is similar the income levels are higher. However local competition eg Totton Swimming and Ringwood Gym does affect performance at a local level. What is most noticeable is that Lymington with the most limited facility performs the worst on most financial indicators and performance will be significantly improved once the planned Phase II activity facilities are in place.

3.1.4 Customer Satisfaction is good across the whole range with results tending to cluster around the 4 score where 1 is poor and 5 is excellent. In comparative terms over half of our scores are at or above the 50% benchmark.

3.1.5 The key area which requires further investigation is the seemly high level of operating costs for the Centres.

3.1.6 A summary of the results is shown in Appendix 3.

3.2 D C Leisure

3.2.1 In general the Recreation Centres compared favourably with the private sector and this reflected the nature of the service provided.

3.2.2 Across the 10 key performance indicators used comparisons were as good or better in all of them except Health and Fitness where the private sector gym generated almost 60% more income than the Council.

3.2.3 In general it was concluded that the Council compares very favourably in activities where effort goes into programming varied activities for a number of different target groups, whereas the private sector performance is good in areas which have strong sales related activities.

3.2.4 The key area which requires further investigation is the disparity in Health and Fitness Income.

3.2.5 A summary of the results is shown in Appendix 4.

4. REVIEW PANEL

4.1 Overall the Review Panel felt that the comparisons were favourable and particularly so when taken in the context of the joint use nature of the Centres and the size of the catchment, given the rural nature of the district. They also felt that the results re-enforced the findings of the Citizen Panel Surveys and the Best Value Review and inspection.

4.2 In respect of the previously agreed approach to evaluation of the future options for service delivery the Panel felt that the comparative results put the Council very firmly in the "mix of quartiles" column of the evaluation grade shown in paragraph 1.3 of the report. In this respect they felt that the option to be pursued would be to work with our private sector partners and the best performers in the public sector to identify ways in which performance could be improved. The initial work will involve Process Benchmarking mentioned earlier in the report.

4.3 The outcome of this approach would be an action plan which identifies improvements in areas where performance did not compare favourably. In this respect potential outcomes could range from more direct involvement with external agencies in delivering our service to a repositioning of the current business. In particular the process should focus on seemingly high cost base of the service and the disparity in Health and Fitness income between the Council and Private Sector.

4.4 The Panel also felt that if in the early part of the process benchmarking, action to improve the service were identified which could be implemented quickly, these should be vigorously pursued if appropriate.

4.5 With regard to the Trust Option the Panel felt that this should not be pursued currently giving the resources available. However, it still remain an option for the future depending on the outcome of the Process benchmarking and the level of improvement identified in the Action Plan.

5. FINANCIAL IMPLICATIONS

5.1 Although the full financial effect of the Review will not be known until the Process Benchmarking exercise is completed. It is anticipated that the Centres financial performance will improve as a result of either increased income or reduced costs.

5.2 As such a sum of £25,000.00 has been identified in the current Expenditure Plan process as a saving in 2003/4.

6. CRIME AND DISORDER IMPLICATIONS

6.1 Although no crime and disorder issues arise directly from the Report the Council recognises the value of the Recreation Centres in providing activities for young people and the beneficial effect the programme of the activity projects for young people has had on vandalism and crime in local communities.

7. CONSULTATION

7.1 The process by its' very nature has involved consultation with our benchmarking partners, key stakeholders and some local members. In general they support the recommendation.

7.2 Any employee implications coming out of the process would be the subject of full consultation with employee side representatives.

8. PORTFOLIO HOLDERS COMMENTS

8.1 The Portfolio Holder supports the recommendations.

9. ENVIRONMENTAL IMPLICATIONS

9.1 There are none

10. RECOMMENDATIONS

10.1 It is recommended that the Cabinet agree a partnership approach as set out in paragraph 4.2 of the report, incorporating Process Benchmarking as the option to be pursued for the delivery of the Recreation Centre Service.

10.2 Following the Process Benchmarking exercise an Action Plan identifying proposals to improve the financial performance of the Service is submitted to the Leisure Review Panel and Cabinet for approval.

For further information contact:

In respect of Recreation Centre Benchmarking:
Bob Millard
Assistant Director
Leisure Services
Tel: (023) 8028 5469
Fax: (023) 8028 5457
E-mail: bob.millard@nfdc.gov.uk

APPENDIX 1

Access Performance

- % visits 11-19 years ÷ % catchment population 11-19 years
- % visits from social classes DE ÷ % catchment population in social classes DE
- % visits from black, Asian & other ethnic groups ÷ % catchment population in same ethnic groups
- % of visits 20-59 years ÷ % of catchment population 20-59 years
- % of visits 60+ years ÷ % of catchment population 60+ years
- % of visits with discount card
- % of visits with discount cards for 'disadvantage'
- % of visits disabled, <60 years
- % of visits disabled, 60+ years
- % of visits unemployed
- % cost recovery

Financial Performance

- subsidy per visit
- subsidy per catchment resident
- total operating cost per visit
- total operating cost per sq. m.
- maintenance and repair costs per sq. m.
- energy costs per sq. m
- total income per visit
- total income per sq. m.
- direct income per visit

Utilisation Performance

- annual visits per sq. m.
- % of total programmed time not used
  - i) halls and pools
  - ii) halls only
  - iii) pools only
- % of total programmed time available for use but not used
  - i) halls and pools
  - ii) halls only
- % of total programmed time available for use but not used
  - i) halls and pools
  - ii) halls only
  - iii) pools only
- weekly number of people visiting the facility as % of catchment population

Satisfaction Performance

- Quality of facility used
- Helpfulness of reception staff
- Helpfulness of sports/pool attendants
- General cleanliness of reception area
- General cleanliness of changing area
- General cleanliness of café/bar
- Range of activities on Offer
- Availability of coaching/tuition
- Activity charge
- Availability of activity
- Advance booking system

APPENDIX 2

- Health & Fitness Income
- Number of Gym stations
- Health & Fitness Income per Station
- Gym Staff Costs (less sales staff)
- Health & Fitness Profit
- Swimming Lessons Income
- Number of Weeks Courses
- Income/Week
- Swim Instructor Costs
- Swimming Lessons Profit
- Income in Main Hall
- Number of Court
- Main Hall Income per Court
- Income for Squash
- Number of Squash Courts
- Squash Income per Court
- Casual Swimming Income
- Number of Hours Casual swimming
- Casual Swimming Income/Hour
- Total Swimming Income
- Aerobics Income
- Number of Aerobics Classes per week
- Aerobics Income per Class
- Aerobics Instructor Costs
- Dryside Courses Income
- Dryside Instructors
- Dryside Courses Profit
- Holiday Income
- Holiday Staff Costs
- Holiday Activities Profit
- Party Income
- Party Staff Costs
- Party Profit
- STAFF COSTS - costs as % of centre income

APPENDIX 3

SUMMARY OF PERFORMANCE: APPLEMORE

A relatively strong income performance compared with national benchmarks, combined with operating costs per visit at 75% benchmark level, and also high visits per m^2 and low under utilisation. This combination leads to above median cost recovery & median subsidy per visit compared with national benchmarks.

High direct income per visit relative to national benchmarks, yet satisfaction with activity charges has a mean score of 3.68 out of 5, well above the neutral score of 3.

Low scores relative to the national benchmarks for access by a few socially excluded target groups, i.e. DE; disabled <60; and unemployed. Access by black and other ethnic minorities is also below the median level. This is despite achieving 75% benchmark level use of discount cards, both generally and by those with disadvantaged eligibility criteria.

Two types of service characteristic rank low in satisfaction compared with the other service attributes and compared with national benchmarks, i.e. cleanliness (although cleanliness of the changing area is at the median level, with a mean satisfaction score of 3.76 out of 5) and activity charges.

Two main strengths of the centre in absolute scores are staff (reception and coaching/tuition) and the range of activities. Relative to the national benchmarks for satisfaction, however, it is the range and availability of activities which score highest, at the 75% benchmark levels.

SUMMARY OF PERFORMANCE: LYMINGTON

Income performance is around the median national benchmark levels; high visits per m^2 and low under utilisation; but operating costs performance is typically below the median levels. This combination leads to cost recovery and subsidy per visit in the lowest quartiles compared with national benchmarks.

Relatively low scores for access by a couple of socially excluded target groups, i.e. ethnic minorities and disabled <60 years. This despite relatively high use of discount cards compared with national benchmarks, particularly by those with disadvantaged eligibility criteria.

High scores relative to national benchmarks for access by 11-19, DE, and 60+.

Three service characteristics rank relatively low in the absolute satisfaction scores, i.e. activity charges, cleanliness (changing), and activity availability, but several others have scores which position them at the 25% benchmark levels. However, these are not absolute problems – e.g. cleanliness of the changing area has a mean satisfaction score of 3.62 out of 5; activity charges have a mean satisfaction score of 3.64.

Staff are the strengths of the centre for quality/effectiveness according to the absolute satisfaction scores from users. However, relative to national benchmarks, only reception staff manage to reach median performance.

APPENDIX 3

SUMMARY OF PERFORMANCE: NEW MILTON

Income performance is at or above the median benchmark levels; so is operating cost performance; below median visits per m^2 but low under utilisation. This combination leads to median cost recovery & subsidy per visit relative to national benchmarks.

Energy costs per m^2 are at the 75% benchmark level.

Generally strong access performance relative to the national benchmarks, with median or better scores for access by most socially excluded target groups. Only 60+ has a score below the median benchmark, which may be the result of a particularly high 60+ population in the catchment area. NB relatively high use of discount cards, especially for disadvantaged eligibility criteria.

Three service characteristics rank relatively low in absolute satisfaction scores, i.e. activity charges, cleanliness (changing), and activity availability. However, none of these is an absolute problem, since the mean satisfaction scores from customers for all three are well above 3, the neutral score. Furthermore, only one of these, activity charges, has a score which is very low compared with national benchmarks.

Two main strengths of the centre in terms of absolute satisfaction scores are staff (reception and coaching/tuition) and the range of activities. Several characteristics perform at the 75% benchmark levels for satisfaction.

SUMMARY OF PERFORMANCE: TOTTON

Relatively strong income performance, mostly at the 75% benchmark levels; relatively strong utilisation with visits per m^2 at the 75% benchmark level and low under utilisation; but operating cost performance at or below the median level. This combination leads to cost recovery at above median benchmark level and subsidy performance at or below the median levels.

Relatively low scores for access by DE socio-economic groups; but otherwise median or better access performance for a number of social target groups, with 11-19 years and disabled 60+ above the 75% benchmark performance. Relatively high use of discount cards.

The lowest scoring service characteristics for satisfaction in absolute scores are cleanliness and activity charges. Relative to the national benchmarks for satisfaction, helpfulness of reception staff join activity charge at the 25% benchmark levels. Cleanliness, although scoring absolutely rather low, does reach the median benchmark levels for satisfaction. None of the attributes has a mean satisfaction score from customers of 3 or less, so there are no absolute problems.

The strengths of the centre according to both absolute satisfaction scores and relative to national benchmarks are the quality of the facility and the helpfulness of attendants.

APPENDIX 3

SUMMARY OF PERFORMANCE: RINGWOOD

Income performance is at the median level compared with national benchmarks; operating cost performance is at or below the median level; median visits per m^2 but low under utilisation. This combination leads to cost recovery and subsidy performance around the 25% benchmark levels.

Relatively low scores for access by some socially excluded target groups, i.e. DE; black and other ethnic minorities, disabled <60, and the unemployed are all at the 25% benchmark levels, despite median use of discount cards relative to national benchmarks.

High scores relative to the national benchmarks for access by 11-19 years, 60+ and disabled 60+.

Two types of service characteristic rank relatively low in absolute satisfaction scores, i.e. cleanliness and activity charges. These are joined at below 25% benchmark performance by availability of coaching. However these are not absolute problems according to customers' mean satisfaction scores, all being above three. The worst is cleanliness of changing, at 3.23, with 21% of customers expressing dissatisfaction with this attribute.

Two main strengths of the centre in absolute satisfaction scores are staff (reception and coaching/tuition) and the quality of the facility. However, relative to the national benchmarks, only the quality of the facility reaches the median benchmark level.

APPENDIX 4

CUSTOMER SATISFACTION SURVEYS - COMPARISON BETWEEN NFDC AND DC LEISURE
SUMMARY BY AREA HEADING

	DC Leisure	NFDC	Applemore	New Milton	Ringwood	Lymington	Totton
Telephone	4.7	4.9	4.5	5.7	4.3	5.1	4.9
Car Park	4.5	4.3	5	4.2	4	4.4	4.1
Reception	4.8	5	4.8	5.1	4.7	5.3	4.9
Changing	4.2	4.2	4.4	4.6	3.4	4.7	3.9
Facilities	5	4.8	5.1	5.1	4	5	5
Cafeteria	4.4	4.2	3.8	4.5	3.9		4.5
Staff	5	5.1	5.1	5.3	4.8	5.4	5.1
General	4.8	4.7	4.9	5	4	5	4.7
SITE AVERAGE 2000/01	4.6	4.6	4.6	4.9	4	4.9	4.6
Satisfaction %	77%	77%	77%	81%	67%	82%	76%

APPENDIX 4

NFDC / DC LEISURE BENCHMARKING COMPARISONS
FOR THE PERIOD APRIL 2001 - MARCH 2002

	DC Leisure	NFDC
Health & Fitness Income	438,615	176,294
Number of Gym stations	53	35
Health & Fitness Income per Station	8,276	5,010
Gym Staff Costs (less sales staff)	58,744	34,394
Health & Fitness Profit	379,871	141,899
Aerobics Income	32,179	34,261
Number of Aerobics Classes per week	36	16
Aerobics Income per Class	868	2,222
Aerobics Instructor Costs	32,345	14,799
Swimming Lessons Income	96,334	110,762
Number of Weeks Courses	46	37
Income/Week	2,114	2,977
Swim Instructor Costs	35,789	41,632
Swimming Lessons Profit	60,545	69,130
Casual Swimming Income	136,096	88,856
Number of Hours Casual swimming	3,809	2,670
Casual Swimming Income/Hour	36	33
Total Swimming Income	275,182	270,255
Income in Main Hall	42,199	114,117
Number of Courts	5	5
Main Hall Income per Court	7,984	24,808
Income for Squash	19,938	16,256
Number of Squash Courts	4	2
Squash Income per Court	4,985	6,658
Dryside Courses Income	18,988	33,190
Dryside Instructors	10,123	13,585
Dryside Courses Profit	8,864	19,606
Holiday Income	15,749	18,769
Holiday Staff Costs	12,457	10,009
Holiday Activities Profit	3,291	8,760
Party Income	11,566	10,509
Party Staff Costs	3,432	3,749
Party Profit	8,134	6,759
STAFF COSTS - costs as % of centre income	46%	86%