

## REPORT TO CABINET – 5 NOVEMBER 2003

## RECREATION CENTRE – FUTURE SERVICE DELIVERY

**1. BACKGROUND**

- 1.1 The Council has agreed an approach to the evaluation of how the Recreation Centre Service should be delivered in the future, based on a comparison of performance with other providers in both the public and private sector.
- 1.2 The method of comparison is called Benchmarking and has two elements. These are:
- 1.2.1 Performance Benchmarking - this involves comparing actual performance with partners via a range of performance indicators and identifying where differences exist.
- 1.2.2 Process Benchmarking, this involves working with these partners to discover why the gaps in performance exist and what action can be taken to close those gaps.
- 1.3 The Benchmarking exercise is now complete and the purpose of this document is to report the results to Members and outline an Action Plan for their approval.

**2. BENCHMARKING RESULTS**

- 2.1 The performance benchmarking comparisons were completed and reported to Cabinet in October 2002 and the key outcomes were:
- 2.1.1 Public Sector
- a) 75% of our performance indicators were at or above the 50% benchmark and 35% in the top quartile.
  - b) Our income was at or above the level of the top quartile.
  - c) Our operating costs were comparatively high
- 2.1.2 Private Sector
- a) Our performance was as good or better in over 80% of the indicators.
  - b) Our performance compared favourably in Community Programming and access issues.
  - c) Our Health and Fitness Income was 40% below that generated by the private sector.
- 2.2 The Cabinet agreed that overall the results were favourable and based on these results the option to be pursued would be:
- a) Work with private sector partners and the best performers in the Public Sector to identify ways in which performance could be improved (Process Benchmarking).
  - b) To formulate an Improvement Plan which identifies actions in areas where performance did not compare favourably.

- c) To pursue vigorously any appropriate action to improve the service which could be implemented quickly.
  - d) To disregard investigation of the outsourcing options pending the outcome of the process benchmarking and the level of improvement identified in the Action Plan, which remains the position to date. Currently members have indicated their support for developing the Improvement Plan and as such no further options are being pursued.
- 2.3 An analysis of the results of the performance benchmarking identified a number of key areas which needed to be the subject of the process benchmarking. They were:
- 2.3.1 A seemingly high level of operating costs when compared with the public sector.
  - 2.3.2 Comparatively low levels of Health and Fitness income when compared with the private sector.
  - 2.3.3 The ratio of employee costs to income seemed high when compared to the private sector.
- 2.4 The process benchmarking involved an exchange of detailed financial and usage information and a programme of visits to both public and private sector sites in order to see how the services were delivered.
- 2.5 The analysis of the results revealed that:
- 2.5.1 The levels of operational cover varied across partner sites but in general was less intensive than that provided by this council.
  - 2.5.2 Management structures tended to reflect more business and operational specialisms than is the case in New Forest.
  - 2.5.3 Service Activities such as cleaning and catering were undertaken by centre employed staff rather than external contractors and in some cases cleaning costs were up to 50% lower than the Councils.
  - 2.5.4 Procurement costs including utilities were lower in the private sector.
  - 2.5.5 The private sector invested substantially more resources in Marketing Sales and Promotion, particularly in areas of high income potential.
  - 2.5.6 There was less emphasis in the Private Sector on the Social Agenda and Community Programming.
  - 2.5.7 Generally there were lower standards of pay and conditions in the private sector.

### **3. IMPROVEMENT PLAN**

3.1 An analysis of these results have led to the formulation of an Improvement Plan which is designed to take the business forward in the future.

# 3.2 The proposed Plan is summarized in Appendix 1.

- 3.3 In line with the decision of Cabinet in October 2002 a number of initiatives have already been undertaken which could lead to substantial improvements in performance. They include:
- 3.3.1 A pilot partnership in Sales and Marketing with the private sector which if successful will “roll out” across the other Recreation Centres. This could result in additional income to the Council in excess of £200,000 in a full year.
  - 3.3.2 A pilot restructure at Ringwood Recreation Centre based on greater business and operational specialisms within the Management structure. This is currently being monitored and will be introduced at other Centres as appropriate.
  - 3.3.3 Initial investigations indicate that terms and conditions including pay and leave entitlement are worse in the private sector leisure organisations. The council has a corporate pay and reward strategy, and a commitment to achieve a single set of terms and conditions for all employees. Leisure services have been fully involved in the ongoing review of the pay and reward strategy, including an assessment of the costs of moving to full single status. There is no scope for varying terms and conditions for leisure employees, except as part of the council's overall pay and reward strategy, therefore no specific action is proposed on this point.
  - 3.3.4 However, there is scope to ensure that operational employees are deployed in the most efficient way, therefore a review of operational job roles and an initial move to introduce more generic contracts is taking place across the sites
- 3.4 A concurrent theme which arises throughout the process and which is reflected in the Action Plan, is a recognition of the need to identify where existing resources can be used most effectively and which objectives are seen as priorities. Currently the Service is delivering a widening social agenda through community programmes while still managing to reduce its net deficit
- 3.5 This is a source of increasing tension on which members need reflect and draw some conclusions for the future. The issues which need to be debated are:
- 3.5.1 Whether existing resources are sufficient to continue the current commitment to expanding the community programme while further reducing the net deficit.
  - 3.5.2 Whether the service objectives should be clearly prioritised so that existing resources can be more closely aligned to the achievement of these objectives.
  - 3.5.3 Whether partnerships should play a stronger role in supporting existing resources to achieve the identified objectives.
- 3.6 Proposals for taking the service forward in the short and medium term are included in the Action Plan.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 A number of the proposals outlined in the Action Plan are likely to have financial implications for the Council and some projections have been included in the current Expenditure Plan proposals. Others are to a great extent unknown at present and will only become clear once the proposals have been worked up in detail.

#### **5. CRIME AND DISORDER IMPLICATIONS**

- 5.1 A number of the Action Plan proposals will affect activity programmes for young people and as such levels of vandalism and petty crime in the community

#### **6. EMPLOYEE SIDE COMMENTS**

- 6.1 Results of the Benchmarking on performance indicators are favourable, a formulated Improvement Plan to identify areas for improvement is a way forward, but implementing any action quickly is a concern. Consultation from Employee Side would assure that employees futures are protected.
- 6.2 Disregarding investigation of the outsourcing options at this moment is supported until all other avenues of 'In-House' have been exhausted.
- 6.3 As regards to process benchmarking and the results regarding the cost of the Cleaning service, Employee Side cannot comment as no documents with results have been shown to Employee Side, or consultation with the appropriate service provider been undertaken. Further investigation into cost would need to be resumed with the service provider.
- 6.4 For the skills, commitment, experience and morale of all staff the cost of the Employees must remain within the Councils Corporate Pay Structure as part of working towards Single Status.
- 6.5 Employee Side recommend full consultation with regard to generic contracts before any initial moves take place to introduce and also for any structural changes in any job roles as this could be detrimental to the morale of staff, possible loss of income in some positions and possible redundancies.
- 6.6 Investment in a service that is high priority on the public's agenda would be advantageous. Recreation Centres are the service of the past and future and with options investigated and processed with the Councils values to the forefront such as openness and trust, and consultation with Employee Side this would be a way forward.
- 6.7 Employee Side have to comment that time to fully investigate the options has not been undertaken by Employee Side but accept the reports recommendation in principle.

#### **7. PORTFOLIO HOLDERS COMMENTS**

- 7.1 The portfolio holder fully supports the recommendation, the proposed way forward for the service and the implications for future service delivery.

## **8. RECOMMENDATIONS**

- # 8.1 It is recommended that cabinet approve the Action Plan and timetable outlined in Appendix 1.

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### **Background Papers:**

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**COSTS**

<b>PROCESS CATEGORY</b>	<b>ACTION PROPOSED</b>	<b>PRIORITY</b>	<b>TIMESCALE</b>	<b>OUTCOME</b>
<b>Costs</b> <b>Levels of Operational Cover</b>	<ul style="list-style-type: none"> <li>• Review operational cover arrangements and procedures</li> </ul>	Medium	March 2004	<ul style="list-style-type: none"> <li>• Possible reduction in management presence on site</li> <li>• Possible reduction in costs</li> </ul>
	<ul style="list-style-type: none"> <li>• Review key operating procedures</li> </ul>	Medium		
<b>Integrated Cleaning and Catering</b>	<ul style="list-style-type: none"> <li>• Evaluate with Commercial Services alternative arrangements to Building Cleaning</li> </ul>	High	2004/05	<ul style="list-style-type: none"> <li>• Improved value of money-through improved standards/reduced costs</li> <li>• Improved Standards and income levels</li> </ul>
	<ul style="list-style-type: none"> <li>• Fully develop catering integration</li> </ul>	High	March 2004	
<b>Procurement Costs</b>	<ul style="list-style-type: none"> <li>• Comparison of internal and external procurement costs</li> </ul>	High	March 2004	<ul style="list-style-type: none"> <li>• Cost reduction</li> </ul>
	<ul style="list-style-type: none"> <li>• Initiate discussions with                             <ul style="list-style-type: none"> <li>○ Central Purchasing</li> <li>○ Private Sector Partners</li> </ul> </li> </ul>	High	March 2004	<ul style="list-style-type: none"> <li>• Cost reduction</li> </ul>
<b>Pay and Conditions</b>	<ul style="list-style-type: none"> <li>• Review Instructors competencies based on pay structure</li> </ul>	Medium	December 2003	<ul style="list-style-type: none"> <li>• Simplified grading structure</li> <li>• More effective administration</li> </ul>

## INCOME

PROCESS CATEGORY	ACTION PROPOSED	PRIORITY	TIMESCALE	OUTCOME
<b>Income Management Structures</b>	<ul style="list-style-type: none"> <li>• Develop proposals to maximise benefit</li> <li>• Consider impact of move to specialisms: <ul style="list-style-type: none"> <li>○ Costs and Income</li> <li>○ Programme Development</li> <li>○ Employee Development</li> </ul> </li> </ul>	High	July 2004	<ul style="list-style-type: none"> <li>• More effective and efficient management arrangements</li> <li>• Improvements to service/ financial performance</li> </ul>
<b>Marketing Sales and Promotion</b>	<ul style="list-style-type: none"> <li>• Develop Partnership with Private Sector in Membership Sales</li> <li>• Increase Sales and Marketing Resources</li> <li>• Review the strategic approach to pricing to include <ul style="list-style-type: none"> <li>○ Monthly memberships</li> <li>○ Casual Activity</li> </ul> </li> </ul>	High	October 2003 – March 2004	<ul style="list-style-type: none"> <li>• Increased levels of income</li> </ul>
<b>Programming</b>	<p>Review programme to</p> <ul style="list-style-type: none"> <li>• Identify potential higher income generating activities</li> <li>• Assess balance between financial and social objectives</li> <li>• Review 'Benefit' of the social aspect of the programme</li> </ul>	High	Jan 2004	<ul style="list-style-type: none"> <li>• A programme which properly reflects members financial and social objectives for the service</li> </ul>