

OVERVIEW & SCRUTINY (ECONOMIC 14TH OCTOBER 2010 WELL-BEING)

LEISURE CENTRES HOSPITALITY PERFORMANCE AND FUTURE PLANS (Report by General Manager, One Leisure)

1. BACKGROUND

- 1.1 A report on Burgess Hall performance was presented to Overview & Scrutiny in June 2010 and further information regarding the overall performance of the hospitality section was subsequently requested, along with further developmental plans.

2. CURRENT PERFORMANCE

- 2.1 In the case of One Leisure, "hospitality" constitutes the bars and catering performance. The canvass upon which our hospitality provision is presented has changed over the years and we aspire to keep abreast of changing tastes and habits.
- 2.2 The biggest single change has seen a decrease in beer sales. We have recognised this shift and have made significant progress in changing the way we cater for the general public.
- 2.3 The catering mix, in 2008/09 offered the Sportman's Bar (St Ivo Outdoor), St Ives Indoor Sports Bar, the Burgess Bar and bars at St Neots and Huntingdon. In the following year Huntingdon added Caffé Zest whilst St Neots was closed for the most part during the course of its major re-development (re-opened 2010). Caffé Zest at Huntingdon was an additional outlet to enhance the attraction of the new Leo's Fun Zone, a soft play area to younger children, and targeted these children and their parents with an array of drinks and snacks. The bar remained open at this site.
- 2.4 Income/expenditure over all sites over the period 2008-2010 (current – 31/7/10) is as follows:

| £K | | Expenditure | | | Income | | | | Net +/- |
|------------|---------------------|-------------|----------|------------|--------|----------|---------|------------|---------|
| | | Staff | Supplies | Total | Bar | Catering | Vending | Total | +/- |
| St Neots | 08/09 | 62 | 43 | 105 | 28 | 38 | 4 | 70 | -35 |
| | 09/10 | 23 | 21 | 44 | 8 | 11 | 1 | 20 | -24 |
| | 10/11 (4 months) | 24 | 17 | 41 | 7 | 23 | 2 | 32 | -9 |
| Huntingdon | 08/09 | 90 | 81 | 171 | 42 | 67 | 7 | 116 | -54 |
| | 09/10 | 98 | 68 | 166 | 41 | 77 | 8 | 126 | -40 |
| | 10/11 (4 months) | 33 | 16 | 49 | 12 | 27 | 2 | 41 | -8 |

| | | Expenditure | | | Income | | | Net +/- | |
|-------------|---------------------|-------------|----------|------------|--------|----------|---------|------------|-----|
| £K | | Staff | Supplies | Total | Bar | Catering | Vending | Total | +/- |
| Burgess Bar | 08/09 | 36 | 74 | 110 | 141 | 33 | 0 | 174 | +64 |
| | 09/10 | 31 | 67 | 98 | 141 | 30 | 0 | 173 | +75 |
| | 10/11 (4 months) | 10 | 16 | 26 | 47 | 5 | 1 | 53 | +27 |

| | | | | | | | | | |
|----------------|--|------------|------------|------------|------------|------------|-----------|------------|------------|
| Sports Bar | 08/09 | 71 | 83 | 154 | 50 | 51 | 34 | 135 | -19 |
| | 09/10 | 66 | 84 | 150 | 37 | 48 | 47 | 132 | -18 |
| | 10/11 (4 months) | 23 | 23 | 46 | 12 | 13 | 16 | 41 | -5 |
| Outdoor Centre | 08/09 | 24 | 45 | 69 | 63 | 16 | 9 | 88 | +19 |
| | 09/10 | 21 | 42 | 63 | 62 | 12 | 8 | 82 | +19 |
| | 10/11 (4 months) | 8 | 16 | 24 | 25 | 6 | 3 | 34 | +10 |
| Total All | 08/09 | 283 | 326 | 609 | 324 | 205 | 54 | 583 | -26 |
| | 09/10 | 239 | 281 | 520 | 289 | 178 | 64 | 532 | +12 |
| | 10/11 (4 months) | 98 | 88 | 186 | 103 | 74 | 24 | 201 | +15 |
| | | | | | | | | | |
| | 10/11 projected full year | 294 | 264 | 558 | 309 | 222 | 72 | 603 | +45 |

- 2.5 A loss overall in 2008/09 of £26k became a small profit (£12k) in 2009/10 which had become a £15k profit for the first 1/3rd of 2010/11. Expectations are that this growth will continue for the remainder of the year, particularly when the new St Neots re-opens and a £45k profit is expected, a £71k increase in 2 years. It is also recognised that this can be improved and deficiencies in the current set-up are being addressed.
- 2.6 At One Leisure, Huntingdon there is an issue over the simultaneous staffing of two separate outlets, the bar and Caffé Zest. As a result, the bar hours have recently been reduced from 10am–10pm to 11am–2pm and 6.30pm–9.30pm (Caffé Zest remains open 9am–5pm) and a reduction in staff costs will be accrued. At St Ivo Outdoor Centre plans are in motion to close the building to public (schools excepted) from October which will also reduce staff costs.
- 2.7 The future of St Ives Sports Bar has centred around development plans for the Centre as a whole. Whilst these plans are still in their infancy there is an underlying intention to create a Caffé Zest style area adjacent to the main (re-modelled) reception and rid the centre of its out-dated existing provision.

3. MONITORING

- 3.1 The performance of the hospitality section of the centre's is under constant review under the leadership of the St Ives Centre Manager

and Hospitality Co-ordinator. A pro-active approach to streamlining the operation has been taken with a consistent pricing and supplies policy, reduction in opening hours where necessary, and a revision of menu options. An obstacle yet to be successfully negotiated is that of hourly pay for variable hours staff which, at more than £7 per hour, is more than any local competitors..

- 3.2 On a monthly basis, all centre's hospitality income, expenditure and profitability is carefully monitored and action taken or recommended to address any perceived issues.

4. STAFFING

4.1 St Ives has a Bars and Catering Manager who covers all aspects of the 3 bars, co-ordination of any catering or bar requirements for any event or function including numerous weddings. As the senior Bars and Catering Manager in the District, the post-holder also provides leadership and support to the other two outlets and co-ordinates pricing, purchasing, training and stock management. All staff beneath Bars and Catering Manager are on casual, variable hours.

4.2 Elsewhere, Huntingdon has a Hospitality Manager and a Hospitality Supervisor with a collection of casual, variable staff. St Neots does not have a Hospitality Manager but has a Supervisor with a casual, variable team. The position of Hospitality Manager at One Leisure, Huntingdon is currently under review.

5. PERFORMANCE

5.1 Hospitality income did decrease in 2009/10 by £51k on previous year. A disrupted sports programme at St Ivo Outdoor Centre due to adverse weather, and the closure of St Neots were major factors. However, expenditure dropped by £89k in the same period with reduced staff and supply expenditure.

5.2 Related to the income/expense details for hospitality, it should be noted that income for St Ives functions, both centre run and privately booked, rose from £209k in 2008/09 to £230k in 2009/10, an increase of 10% with a proliferation of conferences, seminars and meetings taking place on site albeit with a decrease in larger company events particularly over the Christmas period.

6. SUMMARY

6.1 The performance of the hospitality section of One Leisure has improved greatly over the past 18 months from a £26k loss in 2008/09 to a potential £45k profit in 2010/11. This signifies a major step forward and there are further improvements in place to improve the position.

- Continued reduction of hours
- Streamlining of staff structure
- Reduction in casual hourly rate
- Amendments to menus and bar produce
- Redevelopment of St Ives Sports Bar towards branded Caffe Zest environment
- Scope to close bar at Huntingdon

It is recognised that further success in the longer term is very much dependent on the public acceptance of the new developments. Caffe Zest at St Neots is set to make a significant difference to performance but future results are sensitive to the success of the new format. With the extension to facilities at St Neots due to be completed at the end of September, there is high expectation that profit will continue to increase in the foreseeable future

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