

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	One Leisure - Six Monthly Update Report
Meeting/Date:	Overview and Scrutiny (Social Well-being) – 1 September 2015 Cabinet – 17 September 2015
Executive Portfolio:	Councillor Robin Howe – Executive Member for Commercial Activities
Report by:	Head of Leisure and Health
Ward(s) affected:	All

Executive Summary:

The purpose of the report is to provide a six month update to Cabinet on progress following the meeting in March 2015. Progress made is as follows:-

- The 2015/16 financial performance improved significantly towards the end of the year as some of the cost saving and marketing measures began to take effect. The final outturn showed a full year loss of -£61k , an improvement of £314 compared with the prior year.
- OL was in profit for the final quarter of last year and once the expenses and income have been correctly profiled, remains in monthly profit ytd.
- 2014/15 admissions showed an increase in attendance of 9% against the previous year and is currently showing a year to date improvement of 2%
- The outcome of Phase I management restructure has been implemented and Phase II is currently in progress
- Following a review of financial performance and usage patterns at One Leisure Sawtry and a consultation exercise with current users, a rationalisation of opening times will be implemented commencing September. The purpose of this is to reduce the operational cost base of the centre and ensure that it is financially sustainable in the future.
- The implementation of the 'new' membership packages was introduced in April, this has shown a net growth in the membership base to July of 427 members compared to a net loss of 391 member for the same period in 2014.
- A strategic review will be undertaken during the Autumn leading to the publication of a 5 year strategic plan for One Leisure before the end December this year.
- The latest forecast suggests the Group is on target to reach the annual budget surplus of £343k (before capital charges of £165k); which should produce a 3% return on sales.

Recommendation(s):

There are no recommendations arising from this report

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

1.1 To provide Members with a performance update for One Leisure

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

2.1 It was agreed following the One Leisure Cabinet report in March that a Six Month update was reported on progress.

3. ANALYSIS

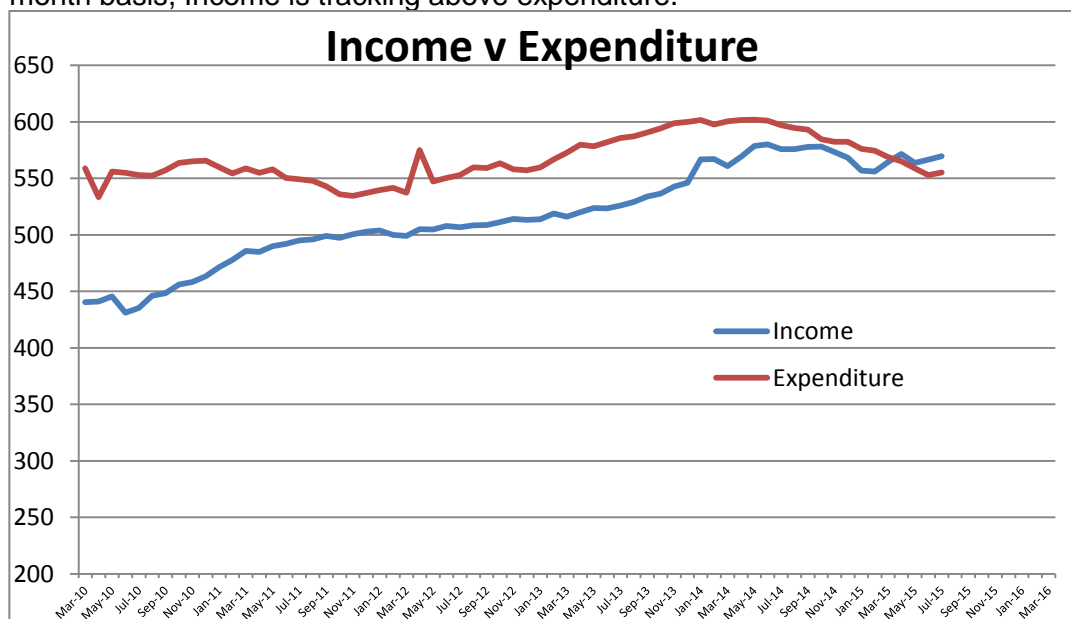
3.1 Performance

The 2014/5 financial outturn for One Leisure reported a deficit of £61K. This is an improvement on the net deficit of £125K predicted through a mid-year management reforecast (as part of the tranche 1 ZBB process). This is also a significant improvement on the 2013/4 out-turn of a net deficit of £375K, a shift of £314K. This improved financial performance is primarily attributable to managing expenditure and increased accountability at a centre level.

The financial performance for this financial year to the end of July 2015 is summarised in the table below, with comparisons to budget and previous year. It was always going to be a challenge to hit this year's budget, however early indications are showing that performance is heading in the right direction and One Leisure has turned into a surplus operational position. The profiled actuals column below has been included to provide the current position whereby significant receipts or payments already made / received have been profiled across the whole financial year.

Budget 2015/6	Actuals to date 2014/5	Actuals to date 2015/6	Profiled Actuals to date
(343,392)	295,836	79,005	(106,153)

The following MAT graph illustrates the shift in the financial position of One Leisure. As previously reported, the income and expenditure lines were converging, however this financial year they have crossed and on a month by month basis, Income is tracking above expenditure.



Financial performance continues to be closely monitored and is scrutinised on a monthly basis through the Leisure Board meetings.

The attendance figures across all sites for 2014/5 were 2,306,758, which was an increase of over 9% on the previous year. The current year to date attendance figure is 586,102, which is 2% increase on the previous year to date.

3.2 Management Restructure

Phase I of the management re-structure is now complete and two Business Managers are now in place. Paul France – Business Manager Operations and Brian Gray – Business Manager Development. These posts have replaced the three Centre Manager posts and the Business Development Manager Post. The purpose of this re-structure was to provide cleaner and clearer lines for reporting and accountability, as well leading the strategic direction of One Leisure from an operational and commercial perspective.

Phase II of the Management Restructure has now commenced and is in the consultation process. This proposes changes to the structure that sits directly below the Business Development Managers posts. The key drivers for the proposed structure are to;-

- Provide an efficient and effective structure that avoids duplication.
- Operationally managing the procedures and processes at a site level to drive and deliver a customer focussed service.
- Deliver of a consistent operational model across all of the One Leisure facilities.

The proposal is to redefine the role of the current Deputy Managers, ensuring there is operational responsibility and accountability on a site by site basis. This new role will be termed Operations Manager and there will be four posts in the proposed structure – with one of the posts working across the two smaller sites of Ramsey and Sawtry. The consultation also includes the current ‘Operations Manager’ posts – these will be called Duty Managers and there is a net reduction of two posts (currently holding vacant posts). This proposal will look at the skills mix across the Duty Manager post holders. Staff will be deployed according to their skills to ensure there is a relevant and suitable combination across all sites.

The management restructure is expected to reduce annual expenses by £147K, however this full amount will not be realised within this financial year due to salary protection for staff moving into suitable alternative roles. The actual in year saving will not be known until the end of the consultation period and subsequent recruitment process

3.3 Sawtry Review and Implementation

As reported to Cabinet in March, a review of operations and staffing at One Leisure Sawtry has been undertaken and concluded. The purpose of this is to reduce the net operating cost of the centre which is currently not sustainable and a significant drain on the overall financial performance of One Leisure. This out-turned at -£183K for 2014/5. A comprehensive review of usage patterns was undertaken, along with a consultation process with users to ascertain current and future usage patterns. This provided the relevant evidence to make decisions on rationalising opening times and staffing requirement. The outcome of this is the following reduced opening times.

Proposed Centre Opening times 03.09.15						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
0900 – 1600 Fitness Only	0630 - 0830	0630 - 0830 Fitness Only	0900 – 1600 Fitness Only	0630 – 0830 Fitness Only	0830 - 1300	0800 - 1600
1600 - 2030	1600 - 2030	1600 - 2030	1600 - 2030	Closed at 1600	Closed	Closed
Swimming Pool general timetable from 03.09.15						
Closed	Public Swim 0630 - 0830	Public Swim 0630 - 0830	Closed	Public Swim 0630 – 0830	Closed	Closed
Closed	Closed	Closed	Closed	Closed	Swim Lessons 0830 - 1100	Public Sessions 0800 - 1600
Swim Lessons 1600 - 1800	Public Sessions 1600 - 2030	Swim Lessons 1600 - 1800	Swim Lessons 1600 - 1800	Closed	Public Sessions 1100 - 1300	
Public Sessions 1800 - 2030		Public Sessions 1800 - 2030	Public Sessions 1800 - 2030	Closed		
Impressions Opening Times from 03.09.15 [Fitness Classes programmed around gym times]						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
0900 - 2030	0630 - 2030	0630 - 2030	0900 - 2030	0630 – 1600	0830 - 1300	0800 - 1600
Crèche Opening Times from 01.09.15						
Closed	AM	AM	Closed	AM	Closed	Closed

The Staffing structure for implementing the operation will combine the Sawtry and Ramsey teams with 1 x Operations Manager, 5 x Duty Managers and a Team Leader working across both sites – a reduction of headcount of 3. Along with the reduced requirements for Reception cover, Crèche staff and Lifeguards there will be savings across Sawtry and Ramsey of £130K on an annualised basis. This will reduce the annual deficit from c£180-200k to under £100k, with a slightly longer term aim to take this down to £50-60k pa.

Discussions with Sawtry Academy have commenced regarding rebuilding relationships between One Leisure and the Academy Management Team, with a view to increasing the access for the academy to use the facilities when they are not open to public access, specifically the swimming pool and sports hall.

3.4 Implementation of Membership packages

The new membership options were introduced in April 2015. The purpose of the new membership options was to create packages so members are only paying for what they use at a fairer and more competitive price.

The impact of the new membership packages is demonstrated in the table below. With significantly more people joining Impressions in the current financial year than previously. However, the relevant factor is that Impressions is increasing its membership base rather than losing. The current monthly yield by membership type is; monthly direct debit £32.71 (£32.48) and annual direct debit £30.22 (£26.59). The previous membership yield figure is in brackets.

2014	April	May	June	July	Total
Joiners	335	352	418	448	1553
Leavers	509	417	492	526	1944
Loss / Gain	-174	-35	-74	-78	-391
2015	April	May	June	July	Total
Joiners	510	396	665	408	1979
Leavers	380	464	404	304	1552
Loss / Gain	130	-68	261	104	427

The current attrition rate is 5.5% of current member's cancelling each month this is better than the industry standard. Additionally the average length of membership is 9 months (retention). A key focus is on customer retention to extend memberships beyond the average nine months. This is being achieved by the following measures;-

- Improved customer satisfaction
 - Higher standards
 - More contact
 - Better results
 - More communication
 - More fun
- Monitoring performance
 - Monitor points of contact
 - Manage communication with members and users

3.4 Investment Programme

The following is an update on the progress of the Capital projects

- OLSN 3G Pitch. Sport England funding of £274K confirmed. Work due to commence in March 2016, to mitigate the impact on current users
- OLH Impressions Extension – Project team established and due to review and agree the scope of the project. A recent analysis by an industry expert would indicate the eventual scope of the redevelopment may not be as extensive as originally envisaged. A full business case to be developed
- Impressions rolling programme of replacement of equipment. A Business case to be developed and approved – giving consideration to lease rather than purchase)

4. **COMMENTS OF OVERVIEW & SCRUTINY PANEL**

4.1 To include following meeting of Overview and Scrutiny on September 2015

5. **KEY IMPACTS AND RISKS**

5.1 The key impact and risk to One Leisure and the Council is that the financial performance does not achieve budget. However through the Leisure Board structure, the financial and general performance of One Leisure and each individual centre is monitored and challenged on a month by month basis.

Underperformance is identified early and mitigations put in place to improve performance.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

6.1 Not applicable

7. LINK TO THE CORPORATE PLAN

7.1 A strong local economy – One Leisure provides good quality services that make the district a better place to live and work. Additionally providing significant employment opportunities within the centres, as well as developing and investing in the skills of the workforce

Enabling Sustainable Growth - Enhancing the built environment through the capital investment programme

Working with our communities – to improve the range of facilities and opportunities for the community to improve their health and wellbeing.

Ensuring we are a customer focussed and service led council – Currently the Centre admissions is up on previous years. This is also enhance by the introduction of a new ‘communicate’ programme alongside customer focus groups and NPS surveys.

8. CONSULTATION

8.1 Not applicable

9. LEGAL IMPLICATIONS

9.1 None arising from this report

10. RESOURCE IMPLICATIONS

10.1 None specifically arising from this report – that has not been covered in the previous sections

11. OTHER IMPLICATIONS

11.1 None arising from this report

12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 None arising from this report.

13. LIST OF APPENDICES INCLUDED

13.1 None

BACKGROUND PAPERS

None

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