

**REPORT TO:** Best Value Sub Committee – 1 November 2000  
**REPORT ON:** Best Value Review of Sports Centres  
**REPORT BY:** Chief Executive  
**REPORT NO:** 682-2000

## **1. PURPOSE OF REPORT**

This report is the result of a Best Value Review into Sports Centres conducted by the Leisure & Parks Department as part of the Council's Best Value Review process.

## **2 RECOMMENDATIONS**

It is recommended that the Sub Committee:

2.1 Agrees the outcome of the review as contained in this report

2.2 Notes the areas identified for continuous improvement in section 13 of this report.

## **3 FINANCIAL IMPLICATIONS**

3.1 The review accounts for 10.8% of the Department's gross Revenue Budget in financial year 1999/2000 and 100% of the total revenue expenditure reviewed by this Department this year.

## **4 LOCAL AGENDA 21 IMPLICATIONS**

4.1 Recreation Opportunities are protected and enhanced through the continual operation of Sports Centres.

## **5 EQUAL OPPORTUNITY IMPLICATIONS**

5.1 A Customer Survey and specific consultation has taken place with target groups to assess needs thus ensuring a better overall balance of the facility's allocation for all competing interests.

## **6 DEFINITION OF SERVICE REVIEWED**

6.1 The services reviewed included the Leisure Management of the following Sports Centres:

Dick McTaggart Sports Centres  
Lynch Sports Centre  
Dundee International Sports Complex (DISC)  
Douglas Sports Centre

The Centres serve local needs, other Council Departments, clubs and organisations, as well as acting as a venue for sporting activities and competition for visitors to the City.

6.2 The review therefore entailed a performance evaluation of usage, income and expenditure for each of the individual facilities and activities, an evaluation of how the current service is delivered and an appraisal of any improvement options.

6.3 The current staffing levels at the Sports Centres are as follows:-

Sports Centres Officer	1
Duty Officers	3

In addition there are currently 21 Attendants including relief staff plus 5 supply staff for the facilities. This is subject to variation. A breakdown of the current posts is available within the Best Value Audit file.

The post of Leisure Centres Officer oversees the general operations of both Swim and Sports Centres along with Sports Development and building. The Building Services Officer has an overall responsibility for the facility maintenance for Sports Centres. Due to the complexity of the plant at the Olympia, approx 75% of time is allocated to the Olympia.

The Senior Sports Development Officer in charge of the Sports Development unit also has a vital role in promoting and developing the full sports development potential of the four Sports Centres.

## 7. JUSTIFICATION FOR REVIEWING SERVICE

The Sports Centres are key facilities that accounts for 10.8% of the Department's gross budget. The service delivery is subject to Leisure Management Compulsory Competitive Tendering (CCT).

A review was required to accurately evaluate functional areas of the Sports Centres in order to determine the performance of these areas for future benchmark comparison and improvement. In addition as revenue income and access are major considerations there is a need to balance customer needs with efficient practice.

Figures produced by the Accounts Commission for Scotland indicate that Sports Centres in Dundee, consistent with all other Scottish Local Authority Leisure facilities, are heavily subsidised. This along with other considerations may account for the fact that as there was no interest from the private sector when tenders were advertised under CCT legislation.

## 8. REVIEW METHODOLOGY

8.1 The review team consisted of a Review Team Leader (from Personnel & Management Services Department), a Lead Officer (Leisure & Sports Manager), representatives from Finance Department along with Officers from Operations, Leisure Development and Administration functions within the Leisure & Parks Department.

8.2 At the present moment the Sports Centres services are delivered through Leisure Management CCT, the Contract being awarded in 2 tranches with no other organisation bidding for the work. For this reason the approach by the team was one of benchmarking and seeking actions which would add value to the performance of the

facility. DISC is used by the Education Department for 500 hours per annum and therefore is not subject to CCT.

A review of current performance of the service delivery and cost was undertaken and compared against the relevant Accounts Commission Performance Indicator data.

## 9. CRITICAL SUCCESS FACTORS

### 9.1 Stakeholder

The Sports Centres are used by a number of groups such as the general public, combinations of individual school groups, clubs and other groups.

The Council itself is a key stakeholder and has a duty to ensure that quality, accessible and effective services are delivered efficiently and at optimum cost.

### 9.2 Consultation

The Department commissioned a customer survey to be carried out by System Three which focused on the uses of the Centres. A copy of the report 'Dundee Sports Centres Survey' is available within the Best Value file.

The main findings indicate:-

- 1) There is focus on two main income activities – indoor football and fitness/gym. Allowance is given to minority sports within the opening times of the facility.
- 2) Use of facilities tends to be on an individual basis or as a member of team/club.
- 3) Catchment area was relatively limited with average journey distance of just under 3 miles, a pattern confirmed by the fact that it was the 'nearest' facility.
- 4) Private car was the dominant means of transport.
- 5) From the rating of the Sports Centres on a number of criteria including:
  - cleanliness
  - helpfulness of staff
  - range of activities etc

DISC came out the best in all categories, therefore the standards and practices employed at DISC should be used as a target and future baseline for continuous improvement at the other sports centres.

- 6) From the three options of Annual Membership, Season Ticket or Loyalty Card presented to users to encourage increased usage, the Loyalty Card was the preferred option.

Any improvements identified from the conclusions of the survey are taken into account within the continuous improvement proposals outlined in 13.

Further to the survey the Department received feedback from the Scottish Tourist Board under the Visitor Attraction Grading Scheme for DISC. This has improved from 1999/2000 with a three star award to a four star awarded in May 2000. Feedback was also received from the Council's Annual Consumer Survey and this was taken into account within the review.

Reference was also made to the Accounts Commission for Scotland findings on the performance of Local Authorities in respect of Leisure Management which provides comparative information on efficiency and usage.

- 9.3 From this the critical success factors were identified as:-

- Cost** - charges, income and expenditure
- In particular the variability of these factors in relationship to each other have a major impact on the financial efficiency and visitor numbers at each facility.
- Usage** - Optimum use of the available time slots
- Quality** - Customer Care, quality and variety of activities, quality of the environment, customer services and quality management. The quality of the facilities and how the service is delivered has a direct impact on customer satisfaction, operational management of the facility and thus overall performance of the service.

## 10. PERFORMANCE REVIEW

- 10.1 Performance in relation to the critical success factors was reviewed by conducting a financial and usage appraisal of the facility and through comparisons of data from the Accounts Commission for Scotland. In addition a review was undertaken of the key findings from customer surveys.

### 10.2 Cost

- (i) Charges -

An evaluation of the current charges was undertaken and compared to current and previous years income targets. A copy of

the Income Targets Review which includes charges is available within the Best Value file.

(ii) Income/Expenditure

The performance of each activity was reviewed in relation to the income, expenditure and visitor numbers. Activity based performance data relative to each of the key areas of sports centres is available within the Best Value audit file.

• **Financial information for years 1997/98 and 1998/99 is as follows:-**

	<u>1997/98</u>	<u>1998/99</u>
Gross expenditure	£1,227,632	£1,341,557
Client Income	£503,432	£654,447
Net Expenditure	£724,200	£696,110
No of Users	465,420	492,108

**Cost per head based on 'Gross Expenditure'**

Expenditure	2.64	2.73
Subsidy per head	1.56	1.41

The financial information includes both the Leisure and Parks Client and DSO costs. The Leisure Management Contract was awarded for a six year period up to 31 December 1995 and through Government regulation has been extended through a moratorium on CCT. The DSO has a target of contributing approximately £20,000 to the Council's General Fund from any surpluses from the income received for the management fee from the Council. These targets have been met and sometimes exceeded on most occasions in the past few years, however they have been excluded from the above figures.

The increase recorded between 1997/98 and 1998/99 was due to the new sports centre (DISC) being opened.

• **Income/Expenditure mix**

The income/expenditure mix provides the basis of a cost efficiency measure which is consistent with one of the efficiency measures for Leisure Management as required by the Accounts Commission for Scotland. The critical success factors of costs which includes an income and expenditure mix is therefore measured as 'the percentage of the total operating expenditure met from income'.

Comparative data from 30 Councils:-

	<u>1997/98</u>	<u>1998/99</u>
Highest	67.2%	61.8%
Lowest	16.4%	26.9%
Average	40.5%	41.8%
Dundee	40.4%	40.9%

It is proposed that the efficiency targets are increased so that by the end of the financial year 2001/02 a percentage of 43% of the total operating expenditure for Sports Centres is met from income.

While national Performance Indicators do not take into account local situations such as measures of improved access for disadvantaged groups e.g. schemes such as the use of Concession Cards, they are a useful tool in demonstrating improvement.

- **Future Benchmarking Options**

Operational benchmarking relating to Leisure Management is currently being developed by ADLO and it is proposed that in the long-term benchmark comparisons with other Authorities will be utilised as a method of comparison and assist in determining best practice. However, from initial consultation there appears to be a diverse approach to Council structuring, budget allocation and approach to Leisure Management and comparison is therefore seen as a continual process.

- **Longterm Investment**

A more comprehensive review in respect of the repair, maintenance and long term investment of the buildings is currently being assisted and a future capital programme will be determined by the end of October 2000. A copy of the current programme is in the Best Value file. Implementation is dependent on available finance and Council priorities.

- **Human Resources**

As part of the analysis of costs the overtime and sickness rates were investigated.

On overtime the total cost for 1999/2000 for Sports Centres was £14,519 on the Client Budget with £23,984 on the DSO budget. The high overtime figure was attributed to the structure changes and vacancies in the Department during the 99/00 financial year. This situation is now stable.

The average sickness of the 12 month period 1 August 1999 to 31 July 2000 was 10.80 days per employee.

The conclusion of the analysis is that sickness and overtime compare favourably within the Council, however both are subject to constant monitoring and control.

A copy of the analysis is in the Best Value file.

### 10.3 **Usage**

The average attendance per square metre for our indoor sport and leisure facilities as reported to the Accounts Commission for Scotland is 46.6 persons per hour in financial year 1998/99. While this represents an increase in previous years by 3.3% it is still around about average when compared with other Council statutory performance indicators.

- Comparative data from 32 Scottish Council is as follows:-

	<u>1997/98</u>	<u>1998/99</u>
Highest	77.9	81.9
Lowest	15.9	25.9
Average	48	53.7
Dundee	43	46.6

The proposed target is to increase the visitor numbers per hour to the Sports Centres by 1.5% every year for the next 3 years. The increase on previous years has been through one off marketing initiatives increase coaching programmes and Summer of Sport Programme. It is the view that this can be sustained.

This target will be reflected within the key measures and financial plans within the Department's Performance Plan.

It is noted that this measure is programmed to change to 'the number of visitors to the facility per 1000 population' in 1999/2000. Thereafter it is recommended that for the new financial year, in addition to the measure per opening hour the new measure is calculated. The baseline figure is calculated as:-

Total attendance for indoor sports	337,485
Population figure	146,690
Number of attendances per 1000 population	2,301

- **Facility Programming**

In respect of the usage patterns analysis of records both on the Quota Leisure Management system and from booking records determined that the Centres are under-utilised at certain periods mainly in mornings and afternoons during the week. At other times such as 6pm onward demand is great and on occasion bookings cannot be taken. There currently is no off peak charge and concessionary prices for minority sports are available at all times. This highlights a conflict between maximising income while encouraging social inclusion and minority sport use.

This is an issue that needs further investigation with a report detailing the findings and recommendations to be brought forward for completion by 1 February 2001.

#### 10.4 **Quality**

##### 10.4.1 **Customer Care**

From the System Three Survey carried out on the Sports Centre those elements which affected customer care and quality of the visit, scored very high. On a five point rating where plus 2 was very good to minus 2 was very poor the average figures were as follows:-

Cleanliness of facility	1.22
Helpfulness of staff	1.44
Standard of Coaching Instruction	1.52
Range of activities on offer	1.25
Booking System	1.09
Value for money	0.99
Overall appearance	1.07
Quality of facility	1.16

Overall DISC measured the highest in every category with the exception of the standard of coaching/instruction which is carried out by a separate unit. The results, therefore, fall into the very good category and they will act as a baseline figure for improvements in future years.

##### 10.4.2 **Performance Measures**

Further to 10.4.1 above and to ensure that the critical success factors of the overall quality of the Sports Centres is improved, it is proposed that the results from the Council's Annual Consumer Survey and Scottish Tourist Board Visitor Attraction Grading Scheme will be continued to be utilised in order to compare results and take appropriate continuous improvement action.

Specific proposals to improve current performance are recommended in Section 13 of this report.

## 11. **RESULT OF COMPARISONS**

11.1 Reference is made to section 10 above and data is presented which summarises comparisons with other Local Authorities in Scotland and information from the System Three Survey.

A full copy of the data is available in the Best Value Audit file.

## 12. **OPTION APPRAISAL**

### 12.1 **Dick McTaggart Sports Centre Pilot**

During the review the Department was approached by Dundee College in respect of the lease and management of the Dick



McTaggart Centre. The Council has subsequently agreed in principle to a strict condition of the lease for two years which will guarantee both access and cost of entry for the public. The arrangement will allow the College to maximise and develop leisure related courses to the City of Dundee and maximise use of the facility outwith the normal opening times as well as guaranteeing entry to the public during the normal opening times as previously operated by the Council. This agreement is unique in that it has benefits for Dundee as a whole both in enhancing its education base as well as sustaining a quality service to the public. The agreement has also provided a net saving to the Council of £100,000 in 2000/01 financial year.

While the opportunities posed by discussions with Dundee College outlined major benefits to the City in terms of education and sport provision this is as seen as being unique. It is proposed that there should be no further transfer or disposal of facilities unless they demonstrate a positive benefit to the City and sports provision whereupon consultations would be held by staff and Trade Unions prior to any decision on progressing.

The situation will be further reviewed during 2002.

#### 12.2 Conversion to a Leisure Trust

Initial research indicates that there are potential benefits through a Leisure Trust approach in respect of VAT and rates savings. This has to be balanced against issues such as staffing requirements and democratic accountability and ensuring that regard to the future viability of the facility would be secure. The intention is to examine this option further.

#### 12.3 Management of the Sports Centres by competitive tendering

Submitting the service to competition by competitive tender is not recommended on the basis of previous experience where no alternative offer was received from the tenders invited as part of the Local Government Act 1989. There is no further evidence that this situation is likely to change in the near future.

In addition the Client/Contractor split created from CCT legislation involves a degree of bureaucracy and duplication. For example two revenue monitoring systems are currently in operation. This will have to be further examined to eliminate duplication of costs.

#### 12.4 Management of Sports Centres through In-house provision

It is recommended that the facility continues to be managed by the Council on the basis of added value which includes the continuous improvement proposals outlined in section 13 below which will enhance performance in regard to efficiency measures and customer care through the eventual removal of the Client/Contractor split.

During the review the opportunity was taken to consider the opening times and crossover times with shifts and as part of the Single Status

agreement both shift patterns were altered and opening times curtailed at very low usage periods at the weekend. This met the aims of reducing the working week in line with Single Status but minimising the impact.

#### 12.5 Recommendation

It is recommended that option 12.4 is adoption.

### 13. **CONTINUOUS IMPROVEMENT PROPOSALS**

Noting the recommendations in Section 12 Option Appraisal above and until further reports are considered, as a result of the review, a number of key areas were identified for improvement as outlined below. In general, however, there is an initial need to improve the business planning process and management information system which are reflected in the continual improvement proposals below.

#### 13.1 Cost

Continuous improval proposals for addressing issue of costs include the following:-

- Improve business planning – it is recommended that the overall business planning for Sports Centres be continually improved to include financial targets both for expenditure and income for each of the Centres. The outcomes of this business planning will include a review of the facility programme, marketing and planning.

The output will be to:-

- Improve on the efficiency targets identified in the Statutory Performance Indicator as the percentage of total operating expenditure met from income, by over 1% per annum.
- Ensure that minority sports are allocated programmed time while maximising income at peak usage periods. A further review on facility programming to be carried out with a report on the findings and recommendations to the Leisure Services Committee by February 2001.

The target percentage at 98/99 of 40.9% will rise to 43% by the end of 2001/2002.

#### 13.2 Usage

Continuous improvement proposals to enhance usage include the following:-

- A Membership Scheme be introduced during 2000/01 which will encourage greater usage through both ordinary membership and corporate membership.
- It is proposed that a feasibility study will be undertaken in respect of increasing the hours of opening at the Douglas Centre by one

hour per day, therefore opening at 9.00am. This would be done in consultation with staff and Trade Unions, however there would be no additional revenue costs involved.

- In order to improve usage monitoring to assist market decision making, the existing IT Management System for ticketing and administration will be upgraded so that reports are available directly to frontline Supervisors and Management both timeously, accurate and in a user friendly manner. This will have the effect of enhancing the opportunity for efficient use of resources and customer care. In particular the technology will allow usage patterns to be determined quickly, allowing immediate actions to be taken to remedy quiet periods and therefore increase usage.
- In the interest of sustaining and increasing the number of participants at coaching classes, a number of casual coaches have been building up a reputation which have led to high attendance at some coaching classes. In order to maximise any potential benefits from this it is further proposed that the existing casual coach pay structure is reviewed to see if there is an opportunity for an incentive scheme. These options will be evaluated in consultation with the Director of Personnel and the Trade Unions. Evaluation to be completed by November 2000.

The outputs are therefore:-

- Enhance usage by 1.5% per annum as measured by the new statutory indicator to the baseline figure outlined earlier in 10.3 of the report.

### 13.3 **Quality**

The general objective is to improve customer services thus establishing a wider customer base and a greater number of repeat visits as well as supporting any Membership Schemes. The specific proposals include the following:

- **Physical Improvements**

3 year programme of physical improvements is being evaluated to include décor improvements, floor replacement, fitness equipment renewals as well as non-recurring items such as structural repairs and improvements. Final programme will depend on available finance, however funding has been identified within the Leisure & Parks Capital Budgets 2001/03.

- **Quality Care and Quality Assurance**

In light of gradual incorporation of best management practice Officers will bring forward a report in relation to introducing a quality management tool for Leisure Centres which will best suit the principle of continuous improvement of services delivery and performance. Specific consideration will be given to 'QUEST' which is based on ISO 9001 Quality Management System for

leisure facilities, Chartermark and 'Scotland's Best' supported by Scottish Enterprise.

The outputs will include the identification of a quality system which effectively administrates quality processes, a programme which delivers appropriate customer care training and assists in culture change and a review of methods and procedures which improves throughput and enhances customer experience both on route to and within facilities. Report to be completed by end of 2000.

- Consultation

The Department will continue to consult user groups and gather information from surveys such as the Annual Consumer Survey and Tourist Board Visitor Attracting Grading Scheme in order to consider further service improvements.

- Best Practice

In order to enhance existing facilities the examples of best practice, as demonstrated at DISC, is seen as a baseline for improvements.

The target is to identify the areas of best practice, and subject to resources, staff and Trade Union consultations, adopt them within the other Centres by 2002.

The output is to enhance the general quality of experience within the Centres and attract repeat visits and non-users thus contributing to the usage outputs.

In addition the objective is to obtain a 5 star rating under the Scottish Tourist Board Ratings by 2002 at DISC and 3 star ratings for the Lynch and Douglas Centres.

#### 14. **CONSULTATION**

Director of Leisure & Parks, Director of Finance, Director of Support Services, Director of Personnel and Management Services and the Chief Corporate Planning Officer have been consulted in the preparation of this report.

#### 15. **BACKGROUND PAPERS**

Best Value Submission to the Secretary of State for Scotland, December 1997. Policy & Resources Committee – 11 December 1997.

Audit Commission for Scotland – Company the Performance of Scottish Councils Leisure & Libraries 1997/98.

Dundee Sports Centre Survey – report by System Three February 2000

16. **SIGNED**

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**Chief Executive**

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**Date**