

TRADING BOARD

24 SEPTEMBER 2014

Present :- Councillor Julia Havis (Chairman)
Councillors Kevin Bentley, Roger Buston, Mark Cory,
Robert Davidson, Bill Frame, Justin Knight, Rosalind
Scott

Also Present: - Councillor Smith, Councillor Turrell

20. Minutes

RESOLVED that the minutes of the meeting on 6 August 2014 be confirmed as a correct record.

21. Commercial Enterprises in the Sport and Leisure Environment

The Board considered a report from the Head of Operational Services examining the typical measures in a sport and leisure commercial enterprise and the progress made towards greater commercialisation in the Council's sport and leisure service following the Fundamental Service Review (FSR) of Sport and Leisure. Matthew Young, Head of Operational Services, and Tim Swallow, Group Manager, Sport and Leisure, attended to present the report and assist the Panel. Mike Hill, Managing Director of Leisure Net Solutions Ltd, also attended to give an independent expert view on developments and best practice within the sport and leisure industry and how the Council's service compared to this.

Matthew Young introduced the report and explained the background to the FSR. The main aims of the business case had been to deliver an improved facility at Leisure World and an improved commercial performance. Considerable progress had been made towards these aims, but the service was not resting on its laurels and was continually looking to see how it could develop further. The service was operating in an intensely competitive environment and its "offer" needed to be attractive to wide range of age groups and also be delivered in a quality and customer focused way.

Mike Hill explained that he had established Leisure Net Solutions thirteen years ago. It specialised in providing customer intelligence to the leisure industry and had worked with over 50 local authorities and 20 trusts. He set out what he believed were the key trends in the sport and leisure industry:-

- The pressure on services resulting from the need to find efficiencies. Providers sought to deal with this pressure in a numbers of ways, including the rationalization of facilities, particularly through the closure of inefficient buildings. Increasing income generation was key either through maximising the delivery of traditional services such as swimming pools or exercise gyms, or expanding into non-traditional activities such as climbing walls.

- Linkages to the health and well-being agenda. There was increased awareness and interest from both central and local government in health and well-being issues. Accordingly there were increasing opportunities for the sport and leisure industry to tap into this and possibly secure other sources of funding.
- The range of alternative delivery methods. Approximately 30-35% of sports centres were still run under direct local authority control. The remainder were run either as Trusts or as fully commercial operations, although the distinctions between the latter two categories were increasingly blurred.
- There were clear trends in the types of activities/offers that were growing in popularity:-
 - Group activities;
 - Outdoor activities;
 - Mass participation events;
 - Wearable technology and equipment;
 - Budget/micro-gyms.

Mike went on to outline what he perceived as the strengths and weaknesses of Leisure World and opportunities and threats it faced.

Strengths

- The mix of facilities was exceptional and kept improving. The multi-use areas enabled a flexible provision of sports and activities and a quick response to new trends.
- The commercial attitude of management.
- The links with other areas of the Council which gave it the ability to tap into sources of expertise e.g. communications and marketing.
- The use of Information Technology to improve customer service and understand customer profile.
- The Welcome Zone with catering at the front of house provided a welcoming and attractive environment.

Opportunities

- Improve the range of non-traditional activities offered, such as a climbing wall, or indoor skateboarding, to try and engage the teenage market that was not attracted to traditional sport.
- Improve the links with the health and well-being agenda.
- Improve the use of the customer data that was collected.
- Develop links with rest of the Council further, particularly around the sharing of data.
- Develop corporate links with local businesses.

Weaknesses

- The older parts of the building needed improving.
- The mix of facilities was very traditional.
- The catering was not particularly profitable, although it was accepted that this was an industry wide problem.
- There was a need to undertake benchmarking against other facilities nationally.

Threats

- Increased competition from a wide range of leisure facilities and pursuits.
- Rise in customer expectations.

In discussion, members of the Board raised the following issues and made the following points:-

- In response to queries about the financial performance of Leisure World it was confirmed that the service was now in surplus, before indirect costs were taken into account. It was difficult to predict when the service would break even once indirect costs were taken into account, but it was clear that operating costs had been reduced significantly. The business plan agreed as part of the FSR process would end at the conclusion of the 2014/15 municipal year. A new business plan aimed at further growth would be submitted to Cabinet for approval in due course and it was suggested that it would be useful for this to be considered by the Trading Board in advance of submission to Cabinet.
- Members explored the range and pricing of memberships offers. Mike Hill confirmed that a price review had been conducted and that the pricing structure had been simplified. This was in line with national trends. Evidence suggested that Leisure World was still continuing to attract the main customer groups.
- Members of the Board suggested a number of other commercial avenues that could be explored including:-
 - The development of an agency of personal trainers/instructors that could potentially be subcontracted out to other clubs and facilities;
 - Development of links with the 16th Air Assault Brigade;
 - Development of commercial opportunities within the car park, such as car washing;
 - Groupon offers;
 - Improved and more imaginative marketing, including membership incentives, hotel packages, the development of leagues and competitions.

It was confirmed that many of these initiatives were already in place. However, officers were now looking to focus more on commercial opportunities beyond the core activities and member's suggestions were welcomed and would be investigated further, where appropriate. In terms of offers and promotions, Leisure World tended to rely on its own business development team, but would now begin to look at wider promotion deals, such as those offered through companies such as Groupon.

- Members asked whether a full audit of sports facilities across the borough had been undertaken and whether there were facilities that could be developed further. For instance playing fields were under-utilised for most of the week. Officers explained that the use of playing fields would be dealt with through the Playing Pitch Strategy. However, there were other facilities such as Aqua Springs which could benefit from further development or promotion.
- Whether there were plans to outsource the catering at Leisure World. In response, officers explained that it was planned to maintain the catering in-house for another year and then analyse the commercial performance of the catering arm and review the options. It was recognised that the catering did attract a wider range of clientele to Leisure World and that the provision of in-house catering ensured the use of local suppliers and a health conscious menu.
- It was confirmed that the tennis centre at Shrub End are likely to be market tested,

but this was at early stages of discussion with the Portfolio Holder.

- Members considered issues of accessibility and noted that there continued to be no public transport links direct to Leisure World. Officer stressed that they continued to liaise with bus companies over the issue but congestion on Cowdray Avenue meant this was an unattractive route. It was possible that the opening of NAR3 could help by reducing traffic flows on Cowdray Avenue.
- The need to take into account the indirect benefits from the service, as well as the indirect costs.
- Members of the Board also indicated that they would welcome the opportunity for a tour of Leisure World.

RESOLVED that:-

- (a) The contents of the Head of Operational Services report be noted;
- (b) A tour of Leisure World be arranged for members of the Trading Board;

For action by:	Target Date
Democratic Services Officer	October 2014

- (c) The draft business case for Leisure World 2015/16 onwards be referred to Trading Board in advance of its consideration by Cabinet.

For action by:	Target Date
Business Development Manager/Democratic Services Officer	11 March 2015

22. Work Programme 2014-15

RESOLVED that the work programme for the Trading Board 2014-15 be noted.