

## Leisure trends in cost and service quality

This briefing provides details of the performance information available from APSE's performance networks service looking at performance indicators and current policy issues for councils who deliver sports and manage leisure facilities.

**Key indicators:**

- The overall average subsidy per head for all facilities (including dual use) was £1.89 representing a decrease on previous year's figure of £2.16
- Wet facilities saw a 5% increase in usage per FTE after several years of decline.
- There was been a 10% rise in customer spending overall, with significantly more at combined rather than single wet and dry sites.

**Overview**

APSE piloted performance networks performance indicators for sports and leisure facility management in 1998/99. Its subsequent roll-out to other areas of services has positioned it as by far the most extensive source of actual performance information for these critical areas of local authority commissioning and service delivery.

The current economic climate and the ever increasing demands on local authorities to evidence Value for Money means that it is more important than ever to collect performance data and to provide genuine benchmark comparison and to utilise this information to set targets within a performance framework of continuous improvement.

The importance of established data collection routines and the ability to analyse performance in terms of trends over time is certainly not diminished by any future policy to reduce external inspection. Established models like performance networks will have an increasing role in this scenario for the future.

At the time of writing submissions had been received in respect of 363 facilities. It is rewarding to see such high numbers continuing to provide data for analysis, the process becomes less easy as it becomes built into the annual cycle of work and the greatest value will be for those facilities who can interrogate their performance in the context of 12 year trends.

The severity of the impact of the Government spending review will again challenge resource allocation to non statutory services such as Leisure. We have said before that the true worth is in the contribution that they make to wider corporate themes of social inclusion, community cohesion and healthy lifestyles. We can argue that reducing leisure provision will impact adversely

but our advocacy will be more powerful when we draw on evidence to support the effectiveness of our municipal leisure facilities.

**The introduction Health and Wellbeing Boards and the return of the public health function to local authorities will undoubtedly open up commissioning opportunities. Demonstration of Value for money and evidence of outputs/outcomes is likely to rank highly, significantly increasing the need to collect the underlying performance data.**

The latest data included in this report is referred to as year 12 in performance networks and relates to the financial year 2009/10.

## Trend analysis

Participant numbers have remained constant since last year.

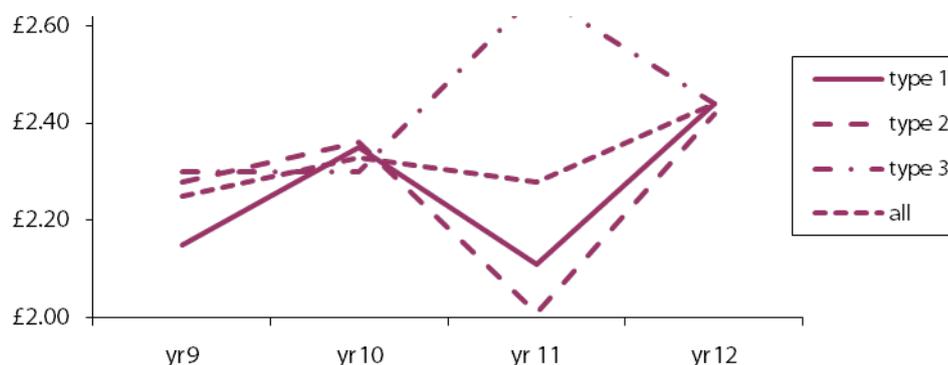
Each year we have looked at some of the key performance indicators and have added some commentary in terms of apparent trends or preliminary conclusions.

This year we have focussed on mainstream facility types 1 -3 although the average trend line data does include all dual use facilities (but exclude specialist category facilities). Below is a key to the facility types:

- Type 1 facilities (standard - wet only)
- Type 2 facilities (standard - dry only)
- Type 3 facilities (standard - wet and dry)
- Type 4 facilities (dual use - wet only)
- Type 5 facilities (dual use - dry only)
- Type 6 facilities (dual use - wet and dry)

### Customer spend per head (PI 04)

Customer receipts are essential to recovering expenditure not related to grant funding or ring fenced activity. The current economic position inevitably means not only that many people will have less disposable income but they will be far more selective in determining value for money in managing personal finances.

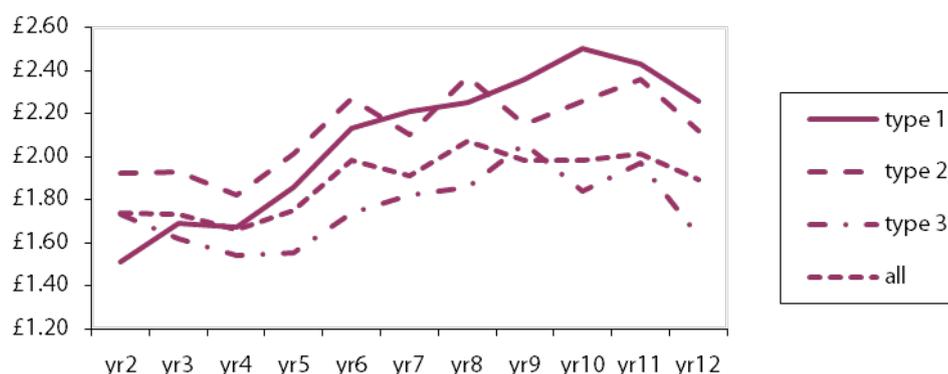


It may therefore appear surprising that although the last four years has shown a growth in customer spending as previously demonstrated by programming initiatives and greater focus on secondary selling, in the last year there was a 20% rise in spending within type 1 and type 2 facilities and a 10% rise in customer spending overall. Within the mainstream facilities the larger wet and dry centres were the only type of facility to record a reduction.

### Subsidy per head (PI 01a)

To help understand the impact of rising spend per head, we have to assess both overall usage or operational expenditure (since a decline in usage or rise in expenditure could still mean deficit subsidies would rise).

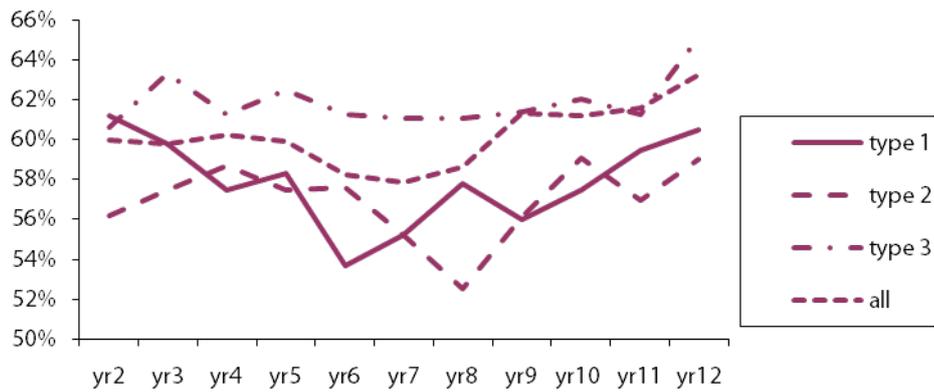
In previous years we have looked at net subsidy by reference to PI01a, subsidy per visit, which includes central charges and all active and non participatory community use but excludes free school usage (year 1 is generally discounted for the purpose of trend analysis given the early developing nature of the data collection).



The overall average subsidy under this indicator for all facilities (including dual use) is £1.89 representing a decrease on last year's figure of £2.16. All mainstream categories recorded a decrease on last year's subsidy figure and the average subsidy for type 3 facilities is now lower than it was in 1999/2000. Even though the average customer spend reduced in type 3 last year as we have seen above, this represents a significant reduction in real terms once annual inflation indices are taken into account.

### Operational Recovery (PI 03)

Given the positive trend results above we should not be surprised to see that the average operational expenditure recovery rate of all mainstream facility types has risen again this year. The last 5 years show more or less continuous year on year improvement and offer strong evidence of improved efficiencies within Leisure facility management.

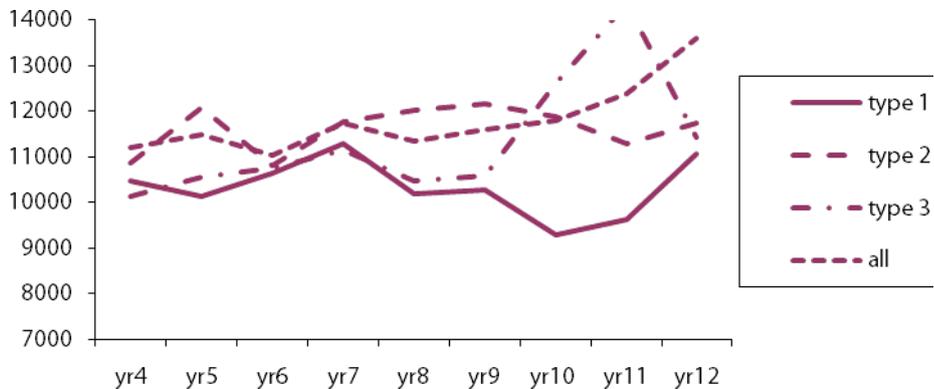


### Staffing

We regularly collect three data sets in respect of staffing. This year we have looked at these in the light of the reduction in average subsidy and increased income recovery.

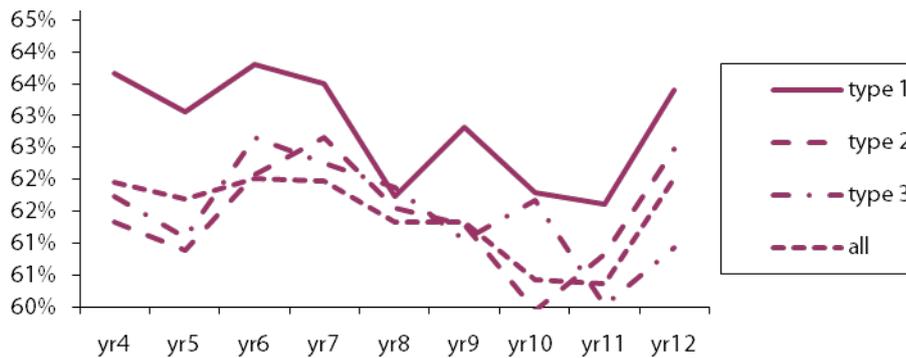
### Usage per FTE

This data was first collected in 2001/02. Type 3 is clearly more volatile but typically the ratio between usage and staffing numbers has increased in types 2 and 3 since 2001/02 by 8% and 12% respectively since that time. Type 1 (wet facilities) saw a 5% increase in usage per FTE after several years of decline, possibly due to free swimming initiatives.



### Staffing as percentage of total expenditure (PI 09)

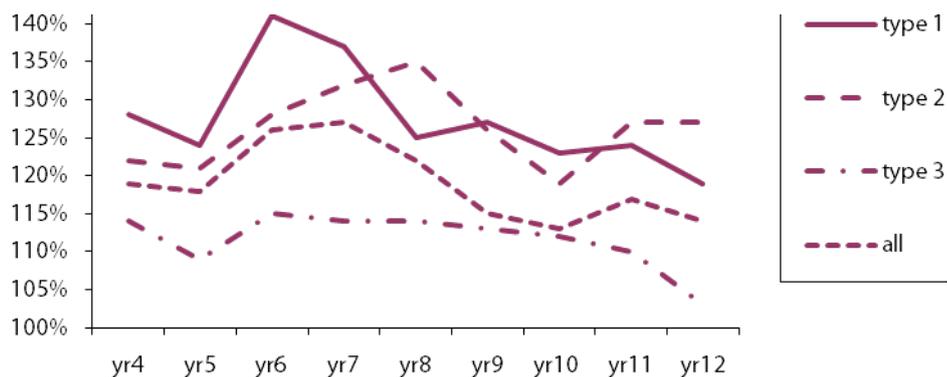
Staffing in respect of a ratio of total expenditure is useful for management information but is not a measure of performance in itself. Staffing remains the largest cost associated with facility expenditure.



There is clear indication in all facility types that the ratio of expenditure related to staffing has increased this year. However, given that subsidy levels are down and expenditure recovery is up, this does not mean that staffing costs have necessarily risen in real terms.

### Income as percentage of staffing cost (PI 08)

We have also looked at the relationship between staffing costs and income generated.



Although staff costs are still fully recovered by income, the trend in the average recovery is down in all groups. Considering all the indicator trends shown above it is likely that non staffing expenditure has decreased and usage has started to fall. Where economy is the principal driver, a more sustainable longer term scenario would be gained by targets, linking staff costs (the largest expenditure heading) to income generated.

The overall picture suggests that whilst usage could be starting to decline, spend per head is up. The higher ratio of expenditure for staff further suggests that non staffing costs are being curtailed as the first defence against budget reductions. This explains the lower subsidies and higher expenditure recovery at a time of falling attendance but may well present problems in terms of future development of programmes and maintenance of facilities. It is an area for further scrutiny particularly bearing in mind where the sector has been previously criticised for inadequate maintenance of the facility stock.

### Interpretation of data

The data outputs are mostly informed by cost, income receipts and throughput.

Although Pricing and cost control will both impact upon the financial outputs, usage levels is critical to the any argument for justification of public subsidy to leisure activity.

As always care should be taken in using a single indicator as a measure of performance. A basket of Performance indicators will offer balance and some triangulation of data outputs to ensure assumptions are well informed and providing both credible argument for debate and identifications of areas of excellence as well as generating targets for improvement.

## **Future focus**

Across the UK, public sector performance management will form the basis of achieving efficiencies and value for money within local government. Performance management is about how the best use can be made of limited resources to maximise performance in terms of both cost and quality. Local robust performance measurement tools are increasingly being recognised as a means for improving services and as a result systems that have been developed and refined over the years by local authorities such as APSE's performance networks will be a more invaluable tool than ever. The recent Christie Commission for the Scottish Government called for increased oversight and accountability of public services, introducing consistent data gathering, benchmarking and performance comparators.

The ability of local authorities to allocate resources to leisure provision will be severely tested in the coming year. Leisure and sport will need a strong local advocacy for its importance to the quality of community life and individual personal development. Using the data provided through performance networks and the network of peer based experience it can utilise are going to be powerful tool in framing the advocacy arguments.

The Comprehensive Spending Review and budget settlements will mean a reduction in revenue funding and there is an unprecedented challenge facing councils throughout the UK in both managing a reduction in funding as well as a greater demand for public services. Local authorities will need to develop innovative and imaginative ways of addressing the funding gap and performance measurement is one means of demonstrating competitiveness, evidencing the value of services, identifying cost savings and identifying new opportunities for income generation and service improvement.

The abolition of the Audit Commission and the introduction of a new regime after Comprehensive Area Assessment will see a greater reliance on existing sources of unit cost data such as APSE performance networks. The new Communities Secretary Rt. Hon Eric Pickles M.P. referred to APSE performance networks in a response to the House of Commons Communities and Local Government Committee on 13 September 2010 as "a means of councils measuring their performance after the abolition of the Audit Commission." This is consistent with the Coalition Government's approach to performance assessment through a new national improvement and efficiency programme a key aim of which is create a "bank of productivity data" for local government which will provide better financial information with evidence on what works in reducing costs in practice.

APSE have been working with national bodies throughout the UK, including Audit Scotland, Welsh Assembly Government, Communities and Local Government and Department of Environment in Northern Ireland to advocate performance networks as a robust method of measuring the performance of councils. APSE recently provided written evidence to the Parliamentary Select Committee on the Audit and Inspection of Local Authorities and were subsequently invited to provide oral evidence on 21 March 2011. This response highlighted the possibility of developing a localised set of performance information based on, amongst other data sources, APSE performance networks data. The theme was recently reinforced by the CLG Select Committee report 'Audit and inspection of local authorities' of June 2011 which heralded the need for comparative performance data

Across the UK, public sector performance management will form the basis of achieving efficiencies and value for money within local government. APSE performance networks will continue to build on its already robust unit costs and value for money measures, as well as increasingly facilitate process benchmarking to assist councils throughout the UK in redesigning and streamlining processes.

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