

NORTH LINCOLNSHIRE COUNCIL

**CUSTOMER SERVICES, SPORT & LEISURE
CABINET MEMBER**

**SPORTS FACILITIES – UPGRADE OF LEISURE MANAGEMENT SOFTWARE
AND ASSOCIATED CLERICAL SUPPORT**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To seek approval to upgrade leisure management software and create additional staffing resource.
- 1.2 The key points of the report are as follows:
- We have been very successful in increasing the number of members on monthly payment arrangements.
 - We have the opportunity to introduce new technology that will help us increase our income streams and improve our marketing effort.
 - We have declared budget savings from bringing direct debit collection in-house.
 - To make these savings we need to establish additional posts to support sales, membership and the collection of direct debit payments.

2. BACKGROUND INFORMATION

- 2.1 Xn Leisure supply our leisure management software. We first introduced Xn Leisure's 'Advantage' product in 2002. 'Advantage' provides Sports Facilities with the following capabilities:
- fast ticketing
 - facility and activity booking
 - membership management
 - tills and cash receipting
 - management reporting
- 2.2 Xn Leisure also provide the kiosk arrangements in the Pods and Xn 'Horizons' will shortly provide on-line booking opportunities. Currently, six leisure sites operate the system. There are some links between sites but fundamentally each site has its own discrete database. The system works well. However, because of the current set up we are unable to take advantage of recent software developments.
- 2.3 Xn Leisure has now introduced 'Dimensions' as their operating standard. This replaces 'Advantage'. 'Dimensions' is a web based

product and has a number of functions not provided by 'Advantage'. The key benefits are:

- Central control of memberships, schemes and prices
- Central member management
- Central BACS
- Central control of estate-wide data

- 2.4 Of most interest to us is that the software will allow us to manage the direct debit function in-house.
- 2.5 Payment options offered to customers have improved over the past few years. We have successfully introduced initiatives such as monthly direct debit payments for health and fitness, swimming and golf. They have proved very popular.
- 2.6 Since 1 April 2013 we have processed 2,850 new gym members. Of these 1,500 have become direct debit members. However, we are not making the most of the potential demand for gym membership. Our ability to process more gym members and to improve the take up of direct debits is hindered by a lack of customer service resource.
- 2.7 Sports Facilities has 5,400 people signed up to direct debit and other monthly payment schemes. We receive payments worth around £130,000 each month.
- 2.8 We contract out the collection of most of these payments. However, there remains a large administrative workload on in-house staff to process payments.
- 2.9 In March last year we introduced monthly swim lesson payments. This proved very successful. Around 1,500 people have already signed up on the scheme. By the end of the third quarter there was an overall increase in 'Swimlincs' visits of 15,000. Income had exceeded target by £100,000. To make this happen we made a short term secondment to administer the direct debit scheme and the 'Swimlincs' programme. To sustain this however, a more permanent allocation of dedicated staff resource is required.
- 2.10 We are introducing Xn 'On-Course'. This is a swimming lesson management product. It is based on the use of smart phone technology. This software will further improve the service we give to our Swimlincs customers. It will also improve the efficiency of our internal procedures.
- 2.11 Sports Facilities also maintain golf and indoor bowls memberships through the 'Advantage' system. At present, we have 407 golf members and 451 indoor bowls members.
- 2.12 There are 20,000 records on our user database. Potentially, this is a resource which, with proactive management, could provide huge

opportunities to market our facilities better and significantly increase the take up of services.

2.13 The Sales and Marketing Manager is responsible for sales and marketing across all indoor and outdoor sports sites. Two part-time Customer Services Advisors support the Sales and Marketing Manager and a Receptionist informally redeployed to look after Swimlincs administration. The team, whilst doing an excellent job, is overstretched and we could not expect the team, in the current form, to manage a bigger workload.

2.14 The preceding information identifies a number of potential opportunities to improve the service offer to customers and increase the take up of services. This is consistent with achieving the aspirations set out in the council's Commercial Policy as well as our objectives to increase participation in sport and active recreation.

3. OPTIONS FOR CONSIDERATION

3.1 Option 1 - Upgrade from Xn Advantage to Xn Dimensions and create the additional staffing resource needed to take full advantage of the opportunities to develop the service offer to customers and increase service take up.

3.2 Option 2 – Maintain the current arrangements.

4. ANALYSIS OF OPTIONS

4.1 Option 1 - Upgrade from Xn Advantage to Xn Dimensions and create clerical support.

4.1.1 We are seeking to upgrade our leisure management information system from the 'Advantage' product to 'Dimensions'. This will yield significant benefits. In particular, we will be able to:

- bring direct debit collection back in-house
- make financial savings from processing monthly payments in-house
- centrally manage the 'Swimlincs' programme
- have the ability to carry out more effective, targeted marketing initiatives

4.1.2 Without sufficient staff resources we cannot take full advantage of the benefits offered by 'Dimensions'. Therefore, we are seeking to create two full-time equivalent posts to support the Sales and Marketing Manager. The additional posts will support:

- 'in-house' direct debit collection

- the centralised management of Swimlincs and the Swimlincs monthly payment scheme
- indoor bowls and golf course membership

The proposed posts have been evaluated at grade 3.

4.1.3 More Customer Service Advisor resource will help us in providing a better service to our customers. We believe that an additional 20 hour post (0.54 FTE) will enable us to meet predicted demand. We will process more potential customers, convert more casual members into direct debit members and improve retention figures.

4.2 Option 2 - Maintain the current arrangements.

4.2.1 If we do not introduce the new software and associated clerical support we cannot take on the 'in-house' collection of direct debits.

4.2.2 A halfway house approach of introducing the software will give us some marketing benefits but without appropriate clerical support we will not be able to make best use of the system.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Finance

A full financial appraisal is attached as an appendix to this paper. It illustrates the following:

5.1.1 The estimated annual net savings resulting from introducing the software and associated staffing support amounts to £30,000. The saving is part of the Budget Plan for 2013/14.

5.1.2 The introduction of 'Dimensions' will require an initial investment of £15,000. We calculate that the payback period on the investment is five months. We will fund this from in-house budgets.

5.1.3 We will meet the costs of one post from savings made from bringing the direct debit collection in-house. We will fund the second post from increased 'Swimlincs' income.

5.1.4 We will fund the Customer Services Advisor post from the additional income that the post will generate.

5.2 Staffing

5.2.1 We need to create two full-time equivalent grade 3 posts to support the direct debit and Swimlincs schemes.

5.2.2 We need to create an additional 20 hour per week part-time (0.54 FTE) Customer Services Advisor post. Initially, we propose to establish the post on a temporary one year contract.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 – CRIME AND DISORDER, RISK AND OTHER)

6.1 None

7. OUTCOMES OF CONSULTATION

7.1 We have consulted with Finance Officers over the introduction of a system to collect direct debit payments in-house. They are supportive of the project.

7.2 We have sent the relevant full-time trade union officials a copy of the report. They have not raised any queries or made any comments regarding it.

7.3 We have consulted with IT Services. They are happy with the proposal and believe that minimum effort is required to implement the upgrade.

8. RECOMMENDATIONS

8.1 That the Cabinet Member approves the following:

- Upgrade the leisure management software to the 'Dimensions' product.
- Establish 2 full time equivalent grade 3 posts of Membership and Swimlincs Coordinator to support the direct debit and Swimlincs schemes.
- Establish one part time (20 hours) grade 3 Customer Services Advisor post.

DIRECTOR OF PLACES

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Background Papers used in the preparation of this report: None

Xn Dimensions Report - Funding the Posts

1. Membership & Swimlincs Co-ordinator (x2)

In-house Direct Debits

		<u>Notes</u>
Savings from bringing DD collection back in - house	-£53,000	
Additional costs of administering DD in-house (transaction costs, bank charges)	£2,000	
Cost of employing 1 x full time grade 3 employee	£17,500	
Full year savings	-£33,500	
Pro rata savings in 2013/14 - assuming in-house DD collection begins 1 Oct 13	-£18,000	Savings are greater in the second half of the year because of the surge in membership after the Christmas break!

Increased income from Swimlincs

Estimated additional Swimlincs income 2013/14 based on enrolment numbers on course 5. (Assuming that Swimlincs enrolments are maintained at course 5 level)	-£39,400	Enrolments - Course 1 2012/13 = 2,654 , Enrolments - Course 5 = 2,867 .This represents an increase of 213 enrolments. Average income per enrolment is £37. We run 5 x 10 week courses each year.
Cost of employing 1 x full time grade 3 employee	£17,500	
Full year savings	-£21,900	
Pro Rata savings 2013/14 - assuming recruitment by beginning of course 3 (5 Aug - 7 Oct 13)	-£12,000	

Net Saving from membership and Swimlincs Coordinator - 2013/14 **-£30,000**

2. Customer Services Advisor (x 1pt)

Increased member sales

Increased member sales through more efficient and effective sales based on achieving better conversion levels and reduced cancellation levels	-£23,000	Through 2012/13 2,860 new users had first inductions in our gyms. Of these 1,810 became health & fitness (monthly payment) members but 1,650 cancelled their memberships. We missed the opportunity of converting more users to gym members because of a lack of sales staff. The current conversion rate of user to member is <u>52%</u> and the cancellation rate is <u>110%</u> [ie a net loss of members]. The proposal to increase CSA establishment is based targets of converting <u>60%</u> of users and reducing cancellation rates to <u>96%</u> .
Cost of employing 1 x 0.54 Customer Services Advisor	£9,500	
Potential Full year savings (based on achieving conversion and cancellation percentages)	-£13,500	
