

Report of: Strategic Director, Physical Environment

To: Finance and Environment Scrutiny Committees

Date: 12th April 2007

Item No:

Title of Report : Leisure Best Value Review

Summary and Recommendations

Purpose of report: To report on the conclusion of the Best Value Review to make recommendations on the next step for the development of the Council's leisure service.

Key decision: No

Portfolio Holder: Cllr Alan Armitage

Scrutiny Responsibility: Finance Scrutiny

Ward(s) affected: All

Report Approved by Sharon Cosgrove

Policy Framework: Be an effective and responsive organisation, providing for money services

Recommendation(s):

1. To recommend that Executive Board endorse this report

2. To recommend to the Executive Board that the Best Value Review Board continues to oversee the development of work flowing out of the review.

3. To recommend to the Executive Board that the Business Units work programme should be reprioritised to follow the recommendations in Appendix and that officers prepare a single comprehensive action plan

4. To recommend that further work on management options be carried out in order to complete this Review.

Introduction

1. In 2005 Finance Scrutiny identified Leisure Services as a high cost service and commissioned a Best Value Review. This Review follows the Best Value Review methodology approved by Executive Board on 23rd April 2002, subsequently refined in the Procurement Strategy in 2004.

Version number: 1.3

Date: 2nd April 2007

2. Best Value was a Government regime introduced in 2000 aimed at improving the quality of local government services. It was introduced as a replacement for the competitive compulsory tendering (CCT) regime and it was the original intention that within five years all council services would achieve performance levels that were only achieved by the top 25% of councils at the start of the five years. The Audit Commission administered the scheme by carrying out regular Best Value inspections on council services until CPA and a 'whole council' inspection was introduced.
3. The new CPA assessment brought some changes; most significantly that councils were no longer required to review all their services using Best Value as a matter of course. They were asked instead to focus on the services that were highlighted by the CPA as being in need of review.
4. Formal Best Value Reviews are not commonly carried out now, as Councils are now free to choose from a variety of different types of improvement activity, many of which have a direct impact on service provision. However Best Value is still the underlying principle that governs the way that local government does business and provides a methodology to assess current services, challenge the need for that provision, identify issues for service improvement and make recommendations to improve value for money.

Methodology

5. The Best Value Review was commissioned to:
 - Consult on the City Council's provision of sport in line with community needs
 - Compare whether the sports services deliver value for money when compared to other local authorities and external leisure providers
 - Review the provision of non-council sports facilities within Oxford City
 - Challenge why the Council provides the leisure function
 - Analyse alternative delivery options
 - Produce recommendations for the potential to improve current sports infrastructure
6. The Best Value Review project was managed on Prince2 principles and overseen by a cross-party Member Board chaired by the Strategic Director. Gatenby Sanderson, the Council's improvement partner, provided external challenge to the Board throughout the Review.
7. A cross-authority working group of officers undertook the data collection and analysis and produced baseline statements.
8. The Best Value Review Project Board also commissioned KPMG the authority's internal auditors, to undertake benchmarking and a full options analysis. The Board commissioned KPMG to undertake these two pieces of work due to their specialist nature. Both these KPMG reports were brought to Finance Scrutiny and the Audit and Governance Committees on completion (Appendices 2 and 3).

Best Value Review Draft Report

9. An earlier draft of the Best Value Review was brought to Finance Scrutiny in October 2006. There was some discussion in that Scrutiny meeting about the lack of clarity of the report and recommended that Officers recast the recommendations to align with the Strategic Priorities of the Council, address the key issues that are impeding performance improvement in a clear action plan.
10. The Strategic Director advised the Committee that the Audit Commission would be undertaking a Cultural Inspection of the whole Council 2007 and explained that the structure of the report had been deliberately chosen to follow the Key Lines of Inquiry guidance issued by the Commission. The BVR Board had judged that this would assist in the Council's forthcoming assessment.
11. The previous covering report to Finance Scrutiny recommended that further work be undertaken on the management options to complete the "competition" element of the Best Value Review. Finance Scrutiny rejected this recommendation at the time and Council later rejected a funding bid for further investigation of management options as part of the Council's 2007/08 budget setting process.

The Final Report

12. The draft report and the Members' recommendations were discussed with our external challenger, who has undertaken many Best Value Reviews and inspections for the Audit Commission. She agreed that the action plan could be improved but also thought that the review took place at a time when the service was facing considerable challenges and we should recognise progress made since then.
13. In particular, she advised that the Council's leisure service should receive a score of "poor with uncertain prospects for improvement" was rather harsh given the changes that had been implemented. She also advised that, as the "compete" element of the Review had not been finished, the review could only be considered as partially complete. Officers require guidance on whether or not this further work should be built into the action plan.
14. The Final Best Value Report (Appendix 1) whilst lacking the competition element takes account of changes over the last 12 months and outlines the findings in terms of how good the service is and its prospects for improvement. It is recognised that progress had been made over the last 12 months, whilst acknowledging that there is still much to do. As the Service is not underpinned by a Council vision that is informed by a robust community needs analysis, it is not clear what the Service is trying to achieve and whether or not finances are available to deliver these required improvements.

15. One improvement recently confirmed is that we have reduced the cost of provision of Oxford's indoor facilities. In 2005/06 the net cost of the service was £14.14 per head of population and in 2006/07 this had reduced to £11.39. This reduction has improved the rank position of the cost of the service from 13th highest of the 142 responding districts in 2005/06 to 24th highest out of the 113 districts who responded in 2006/07.
16. The report concludes that Oxford City Council has a fair leisure service but with promising prospects for improvement. For the Audit Commission to concur with this judgement in October, the Council must ensure that improvements continue to be delivered over the next 6 months.
17. The Report finds that there are many issues that need to be addressed if the service is to meet its future potential. The starting point is the absence of overall long-term vision or strategic plan for the leisure services that the Council wishes to provide. The Strategic Improvement Action Plan within the report highlights the significant and strategic issues that are necessary to improve the service and its value for money. They need to be fully resourced; some actions will need additional resources to progress whilst others could be addressed within existing resources, however actions agreed elsewhere will need to be reprioritised.
18. Attached in Appendix D to the Best Value Report is a fuller Service Improvement Plan, which also contains the many operational issues that need to be addressed. The items in this plan have been balanced against those contained in the Leisure strategy documents but again will need to be balanced against actions agreed elsewhere.
19. Much work has been undertaken on operational issues and an update is provided in the Service Improvement Plan. Progress has also been made on two of the key strategic issues; firstly on a facilities review, which is an essential first step in the development of the Council's Vision, and secondly the review of staffing contracts. Both of these are key to reducing our costs and therefore improving our VFM score. The Committee will be aware that staff illness has impacted on our strategic improvement capacity in recent months but steps have been to address that. Members will also be aware that considerable work has been undertaken on the whole Council Cultural Inspection which has produced additional evidence of improvement and identified other areas for action.

Legal, financial and staffing implications

20. There are no immediate legal or staffing implications arising from this report. Where issues arise on particular actions, these will be subject to further reports.

Conclusion and Recommendations

21. This represents one of the biggest policy reviews facing the Council and progress on the items set out in the action plan will be critical to the Council's improvement.
22. Confirmation is sought from Members that these actions should take priority in the Business Unit's future work programme and that officers should quickly produce a single comprehensive improvement plan for the service that is fully costed with milestones and responsibilities for Members consideration.
23. The Committee is asked to endorse the recommendations set out at the front of this report.

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Background papers:

Outdoor Facilities Baseline Statement (copy in the Members' Rooms)

