

LEISURE AND ENVIRONMENT COMMITTEE

26 JUNE 2018

ACTIVE4TODAY – ANNUAL REPORT, 2017/18

1.0 Purpose of Report

1.1 This report is to update the Committee on the performance of Active4Today for the financial year ending 31 March 2018.

2.0 Background Information

2.1 Active4Today is the Council's wholly owned leisure company, which was created to provide leisure and sports development services on the Council's behalf. The Company has now completed its third year of trading and is obliged to report its annual performance to the Leisure and Environment Committee, which is responsible for setting the strategic direction of the Company.

2.2 The appendices to this covering report contain:

- The 2017/18 annual report provided by Active4Today
- Final Accounts outlining the period of trading by Active4Today (Appendix I)
- An overview of performance against the basket of indicators agreed by Leisure and Environment Committee (Appendix II).
- An overview of sports development activities (Appendix III)

3.0 Annual report

3.1 Members will see from the annual report that the Company has traded positively in 2017/18. Company turnover has increased by almost 10 per cent, buoyed, in particular, by growth in children's memberships of more than 12%. The adult and children's membership bases remain the best indicators of the underlying strength of the Company.

Overview of performance

3.2 Leisure and Environment Committee has overall responsibility for setting the strategic direction of the Company through the annual approval of the Active4Today business plan, which sets out the outcomes the Committee wishes the Company to work toward in return for a management fee. Performance is monitored through a framework agreed by Leisure and Environment Committee.

3.3 A summary of performance is contained in Appendix II. In addition to the children's membership base, adult memberships are slightly up year on year, whilst there has been considerable growth in leisure centre visits from the over 60s, with, what the Company believes is, a corresponding drop in the number of individuals referred to A4T from a health professional. The issues with ICT and reporting have been communicated previously to the Committee, whilst there has been a significant reduction year on year in the number of people from deprived areas taking part in Sports Development programmes as the grant funding for additional officers came to an end.

Overview of finance

- 3.4 During the period 1 April 2017 to 31 March 2018, the financial statements at Appendix I show that the Company recorded a net operating surplus of £178,553. At the end of the last financial year, 2016/17, the company made a provision in its accounts, totalling £116,000, for repairs that were planned to be undertaken in the 2017/18 year. These works were not undertaken by the company in the year because of the pending review of leisure facilities in the West of the District. The commitment of £116,000 has therefore been reversed in the income and expenditure account and forms part of the year end surplus of £178,553. The operating surplus represents further, strong financial performance from the Company in 17/18.
- 3.5 It should be noted that within the accounts the provision for pension deficit is shown for the first time as a net liability in the Balance sheet and is in accordance with generally accepted accounting treatment. The net liability has always existed, however as the company's accounts were not subject to audit in previous years, (as the company was treated as a "small company" for the purposes of filing requirements with Companies House), the liability was not provided for in the company's accounts and was, instead, disclosed as a note to the accounts. This year, the company, as a wholly owned subsidiary of the Council, has been required to have an audit and therefore has accounted for assets and liabilities of the pension fund on the face of the Balance Sheet. The value of the assets and liabilities will be re-valued every 3 years with the next review being in 2019.
- 3.6 The Company's earmarked usable reserves, as at 31 March 2018 stand at £377,677, as follows:

Repairs and Renewals Reserve	£100,000
Repairs and Renewals Development Reserve	£70,000
Contingency Reserve	£120,675
Total Usable Reserves	£377,677

The Company has agreed a maximum level of usable reserves of £750,000

4.0 Issues for Leisure and Environment Committee

Future funding

- 4.1 Members will recall that, at the February meeting of Leisure and Environment Committee, a decision was taken to pay over half of the identified £121,220 management fee for 2018/19 on April 1, 2018, with the remainder to be held in abeyance pending the financial performance of the Company through the year.
- 4.2 This decision would continue to look prudent at this time given the surplus position achieved at year-end, the significant reserves held by the Company and the fact that Leisure and Environment Committee approved price increases in junior memberships of up to £2 and the significant year on year growth that has been achieved in these memberships.
- 4.3 The company started trading on 1st June 2015 and has therefore completed its third complete year of trading. It continues to demonstrate strong operational and financial

resilience, and, therefore, now is an appropriate time to review and revise the management agreement between the Council and Active4Today. Officers of the Council have begun work on revising the agreement and have, accordingly, had discussions with the management of Active4Today. A report will be brought to a future meeting of the Committee setting out any significant changes.

Southwell Leisure Centre Trust

- 4.4 In addition to paying a management fee to Active4Today to operate leisure and sports development services, the Council also pays a cash sum to the Company to provide strategic management support to Southwell Leisure Centre Trust, as well as ‘donating’ a number of central services such as human resources and ICT.
- 4.5 The cash element the Council is due to pay Active4Today for providing strategic management support to the Trust in 2018/19 is £95,850. Members will see from Appendix II that Southwell has seen growth in both its adult and children’s membership bases. The Council has opened a dialogue with the Trustees to seek a contribution towards the A4T costs and is awaiting a meeting with the Trustees in the near future to understand the contribution that will be made. In February, members took the decision to pay half of the management fee to A4T on April 1 with any remainder to be paid once agreement had been reached with the Trustees.

5.0 Equalities Implications

- 5.1 There are no new equalities implications arising from this report.

6.0 Impact on Budget/Policy Framework

- 6.1 There are no budget implications for the Council contained in the report. Any future proposals will be considered when presented to the Committee.

7.0 RECOMMENDATIONS that:

- (a) the Committee note the positive performance of Active4Today in 2017/18**
- (b) the Committee note that the operating agreement between the Council and the Company is under review and any significant changes to the agreement will be brought to a future meeting of the Committee.**

Reason for Recommendations

To ensure the Company is delivering the outcomes required by the Council in the most efficient and effective way.

Background Papers

For further information please contact Matthew Finch on Ext 5716.

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