



Report to: Executive Shareholder Meeting: 5 March 2024

Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance  
Councillor Susan Crosby, Health, Wellbeing & Leisure

Director Lead: Suzanne Shead, Director - Housing, Health & Wellbeing

Lead Officer: Cara Clarkson, Business Manager Regeneration & Housing Strategy, x5923

| Report Summary                        |                                                                                                                                                                                                                        |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Type of Report</b>                 | Open Report / Non-Key Decision                                                                                                                                                                                         |
| <b>Report Title</b>                   | Active 4 Today Performance Outturn                                                                                                                                                                                     |
| <b>Purpose of Report</b>              | This report presents the performance of Active4Today for the period to 31 <sup>st</sup> December 2023 (Period 9).                                                                                                      |
| <b>Report Recommendations</b>         | That the Executive Shareholder Committee note the performance of Active4Today to Period 9, and, approve the draft Business Plan 2024-2025 at appendix D to the report.                                                 |
| <b>Alternative Options Considered</b> | None                                                                                                                                                                                                                   |
| <b>Reason for Recommendations</b>     | To ensure that the shareholder has assurance and oversight of the company's performance ensuring that the Company continues to deliver the outcomes required by the Council as aligned to the Councils Community Plan. |

## 1.0 **Background**

- 1.1 The Council's wholly owned 'not for profit' leisure company, Active4Today (A4T) has been delivering leisure and sports development on behalf of the Council since 2015. This includes the management of four leisure centres: Blidworth, Dukeries, Newark Sports and Fitness Centre and Southwell Leisure Centre.
- 1.2 Prior to the establishment of the Executive Shareholder Committee, performance of the Company was overseen by the Leisure & Environment Committee.
- 1.3 The appended documents attached to this report are:
- A. Active4Today Update Report 1 April to 31 December 2023
  - B. Active4Today Performance Indicators 1 April to 31 December 2023
  - C. Active4Today Sports Development Report 1 April to 31 December 2023
  - D. Active4Today Draft Business Plan for 2024-2025

## 2.0 Performance Overview

### Business Performance – Income and Expenditure

- 2.1 An overview report from the Managing Director of Active4Today, Appendix A, sets out the current position in relation to income and expenditure for the company as at 31 December 2023 (Period 9) which takes into account the impact of the unscheduled closure of the main pool at Southwell Leisure Centre.
- 2.2 The initial impact of the closure was estimated at £20K per calendar month to year end resulting in an additional uplift of £120K to the forecast management fee of £456,930. This figure is broadly in line with the original year end outturn management figure of £450,795 which has been achieved by positive interventions to generate additional income and reduce costs within the business to mitigate the negative impacts of the closure as highlighted in Section 3 of Appendix A.
- 2.3 In addition to the closure of the main pool there have been other disruptions to the leisure offer at Southwell linked to health and safety compliance works required to ensure it remains a safe, compliant and functioning centre. The temporary closure of some areas has been offset by the delivery of additional classes to mitigate the impact on the member experience and to maintain a strong membership base which has reduced a number of potential membership cancellations. Further works are scheduled for the Summer (financial year 2024-2025) and the Company will monitor these works and the associated impact on users closely and will keep Members informed as appropriate in respect of the ongoing performance of the Company linked to these works.
- 2.4 In terms of Income and expenditure table 1 below sets out the Company's current position as monitored by the Board, as part of its role in managing the operations of the business. The table shows full year budget revised at period 6 2023, the profiled budget up to period 9 2023, the actual income and expenditure to period 9 2023 and the variance between the profiled budget and actual income/expenditure. Further explanations of variances contained within the table are explained in paragraph 4.2 of Appendix A.

|                      | Full year revised budget 2023-24 completed at period 6 | 2023-24 Profiled Budget to period 9 | Actual Income/ Expenditure | Variance between the period 9 profiled budget and the actual to period 9 |
|----------------------|--------------------------------------------------------|-------------------------------------|----------------------------|--------------------------------------------------------------------------|
| Membership Income    | -£3,562,900.00                                         | -£2,656,707.65                      | -£2,665,467.50             | <b>-£8,759.85</b>                                                        |
| Pay and Play Income  | -£329,800.00                                           | -£247,350.00                        | -£250,459.80               | <b>-£3,109.80</b>                                                        |
| Facility Hire Income | -£443,750.00                                           | -£314,025.00                        | -£343,434.52               | <b>-£29,409.52</b>                                                       |
| Other Income         | -£79,800.00                                            | -£36,422.04                         | -£41,703.23                | <b>-£5,281.19</b>                                                        |
| <b>Total income</b>  | <b>-£4,416,250.00</b>                                  | <b>-£3,254,504.69</b>               | <b>-£3,301,065.05</b>      | <b>-£46,560.36</b>                                                       |

|                          |                      |                                                          |                      |                     |
|--------------------------|----------------------|----------------------------------------------------------|----------------------|---------------------|
| Staff                    | £2,556,975.00        | £1,896,624.81                                            | £1,863,173.06        | <b>-£33,451.75</b>  |
| Premises                 | £1,254,800.00        | £898,903.62                                              | £704,027.87          | <b>-£194,875.75</b> |
| Supplies and services    | £1,005,270.00        | £699,943.86                                              | £450,558.73          | <b>-£249,385.13</b> |
| Transfer to Reserves     | £50,000.00           | £0.00                                                    | £0.00                | <b>£0.00</b>        |
| <b>Total expenditure</b> | <b>£4,867,045.00</b> | <b>£3,495,472.29</b>                                     | <b>£3,017,759.66</b> | <b>-£477,712.63</b> |
|                          |                      |                                                          |                      |                     |
| <b>Surplus/Deficit</b>   | <b>£450,795.00</b>   | <b>Forecasted year end position at period 9 £456,930</b> |                      |                     |

Table 1 Financial performance update

- 2.4 In addition to the financial performance overview the Company has now completed three 'internal audit' reviews by its Auditor, Wright Vigar, of 'direct debit membership', 'card and on-line income' and 'VAT processes and returns' and received positive opinion in each instance that *"Process systems are well implemented and documented and no major or minor non-conformances have been found"*.
- 2.5 In addition to the direct income and expenditure outlined in table 1 above, the Company also assisted the District Council with its successful submission to the Sport England administered 'Swimming Pool Support Fund' Phase 1 which secured a revenue grant award of £187,539 towards operating costs for its three pool sites at Newark, Southwell and Dukeries Ollerton and assisted in the Phase 11 submission for a grant towards capital schemes to improve the energy efficiency and long-term sustainability of the Council's swimming pools, which successfully secured an additional award of £61,356 towards pool covers and LED lighting upgrades at Newark Sports and Fitness Centre.

### Usage Performance

- 2.6 The Company's performance indicators are highlighted in Paragraph 6 and 7 of Appendix A and further supplemented by Appendix B and C. Particular attention is drawn to the table at 7.1 of Appendix A which highlights progress against the Company's three performance Aims of 'Healthy and Active Lifestyles', 'Accessible Facilities' and 'Financial Viability'. Within the three Aims there are 18 sub-aims and 45 targets which the Company has reported against.
- 2.7 User visits were forecast to reach 1,100,000 to year end and strong performance in the first two quarters of the year indicates that the target will be achieved despite the implications of closures and service disruption at Southwell Leisure Centre. At the end of Period 9 users figures were at 818,751 across all sites, an increase of 93,750 over the same period in 2022. However, the user numbers will continue to be closely monitored and the Company will maintain its promotions and marketing campaigns to promote its services to encourage footfall through its leisure centres and satellite sites alongside creative programming at its facilities as outlined in paragraph 7.5 of Appendix A.
- 2.8 In terms of specific areas of work Referrals from Healthcare Professionals reached 239 at 31 December 2023 with a conversion rate to memberships of 38% with 91 new memberships through the scheme. Equally the recruitment of new staff to the Sports

Development Team has seen engagements with community partners grow to 114 and this work will continue to grow and specific details are contained in Appendix C.

- 2.9 Membership performance at 31 December 2023 was 11,102 a reduction of 658 compared with 31 March 2023 which is consistent with typical trends in the sector and seasonal variations. Whilst there are reductions in memberships at Southwell, Dukeries and Blidworth, the performance of Newark Sports and Fitness Centre with 3,976 adult and 1,486 junior members has helped the Company maintain a healthy membership base overall.

### **Business Performance – Compliance**

- 2.10 Section 7.28 of Appendix A sets out the compliance checks that have been carried out by the Company as detailed in paragraph 7.28.1 and by the Council in paragraph 7.28.2 and no additional compliance issues have been currently identified.
- 2.11 In terms of Strategic Risks, the only current issue is being addressed by the Council in conjunction with the Company through works being undertaken at Southwell Leisure Centre as identified at paragraph 7.29.1 with no other strategic risks currently identified.
- 2.12 Paragraph 7.30 provides a summary of customer comments received by the Company up to 31 December 2023 which totalled 73 and are a mix of positive and negative feedback and suggestions as outlined in paragraphs 7.30.6 to 7.30.9 of Appendix A.

### **Proposed Draft Budget and Business Plan 2024-2025**

- 2.13 Paragraph 8 sets out the Company's proposals for 2024-2025 and highlights predictions of where cost increases will hit the Company's operating budget which includes utility costs (15%), rises linked to cost of living increases including wages (5%), health and safety compliance responsibilities and costs associated with keeping the Company on the 'front foot' in terms of its interaction with its customer base through the use of new technologies. At the same time the Company also recognises the impacts on customers disposable income and the difficult choices that have to be made which can lead to the cancellation of memberships in some instances.
- 2.14 In considering the above the Company is forecasting a deficit of £749,100 and will request a management fee of this amount as its starting point for 2024-2025 to cover operating costs for the Council's 4 leisure sites and the Sports Development Team that delivers important outreach support to the wider community. This represents an increase of £298,305 on the forecast management fee of £450,795 for 2023-2024.
- 2.15 The Company has set out in table 2 below, the current financial position of the Company to period 9, which is monitored by the Board, as part of its role in managing the operations of the business. This shows the 2023-2024 full year budget, which was revised at period 6 and the forecasted full year budget for 2024-2025 and the variance between the two which has been approved by the Board.

|                                 | Full year revised budget<br>2023-2024 | Full year budget<br>2024-2025 | Variance         |
|---------------------------------|---------------------------------------|-------------------------------|------------------|
| Adults Memberships              | -£2,544,780                           | -£2,583,400                   | -£38,620         |
| Junior Memberships              | -1,018,120                            | -£894,800                     | £123,320         |
| Pay and Play Income             | -£329,800                             | -£295,500                     | £34,300          |
| Facility Hire Income            | -£443,750                             | -£424,000                     | £19,750          |
| Other Income                    | -£79,800                              | -£101,300                     | -£21,500         |
| <b>Total income</b>             | <b>-£4,416,250</b>                    | <b>-£4,299,000</b>            | <b>£117,250</b>  |
| Staff                           | £2,556,975                            | £2,614,600                    | £57,625          |
| Premises                        | £1,254,800                            | £1,321,200                    | £66,400          |
| Supplies and services           | £1,005,270                            | £1,062,300                    | £57,030          |
| Transfer to Reserves            | £50,000                               | £50,000                       | £0               |
| <b>Total expenditure</b>        | <b>£4,867,045</b>                     | <b>£5,048,100</b>             | <b>£181,055</b>  |
| <b>Deficit (management fee)</b> | <b>-£450,795</b>                      | <b>-£749,100</b>              | <b>-£298,305</b> |

Table 2. Period 09, full year budget plus 2024-2025 full year budget.

2.16 Further details of the changes in anticipated income and expenditure forecasts are highlighted in paragraph 8.11 for information.

2.17 The Draft Business Plan 2024-2025 is also included at Appendix D and is presented to Shareholder Committee for approval.

### **3.0 Recommendations**

3.1 That the performance of the company at **Appendices A, B and C** are noted and that the Draft Business Plan for 2024-2025 **Appendix D** is approved.

### **4.0 Implications**

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability, and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

#### **Financial Implications – FIN23-24/2548**

4.1 The current budgeted management fee payment to Active4today within the Council's financial system is £486,670 for financial year 2023/24. The update report at Appendix A for Active4today for the period up to 31st December 2023 indicates a slight increase in the forecast deficit to £456,930 at para 2.2 factoring in the impacts of the closure of the main pool at Southwell Leisure Centre. However, the ongoing impacts of the

closure at Southwell will only be known at year end and therefore will be closely monitored over the final quarter of 2023-24.

- 4.2 The planned management fee for 2024-2025 of £749,100 will be included in the Council's 2024-2025 Revenue Budget that will be presented for approval and adoption by Full Council at its meeting on 7 March 2024.

**Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None