

5th MARCH 2024

UPDATE REPORT 1st APRIL 2022 – 31ST DECEMBER 2023



1. REPORT PURPOSE

- 1.1 To provide the Shareholder Committee with an update on the operations of Active4Today, for the period 1st April 2023 to 31st December 2023 (period 09).
- 1.2 To provide the Shareholder Committee with the proposed budget for 2024-2025, the draft business plan which supports this and the potential management fee, which will be required from Newark and Sherwood District Council for the coming year.

2. BACKGROUND

- 2.1 The Shareholder Committee will be aware, the Company had a positive start to the 2023-2024 financial year, as membership numbers were higher than expected at the finish of the 2022-2023 financial year. In addition, general usage of the facilities was higher than forecasted with 1,008,319 visits registered throughout the year. This was an increase on the previous year of 168,834.
- 2.2 During the year in period 6 the Company revised the forecasted income budget position across the Company up by £340,000, as a result of the increased membership and facility hire budget lines.
- 2.3 Utility costs were increased for the 2023-2024 budget by 8%. However, due to the increased price of utilities (which was only known on 1st April 2023), the revenue budget was increased by the Company in September's revised budget process by £152,000 (19%), to meet the current and forecasted financial commitment.
- 2.4 In addition to the above, VAT finance was also increased by £65,000 to support the increased costs of utilities and also increases to the maintenance and contractual services finance.
- 2.5 The cost-of-living award for 2023-2024 has now been settled and as expected, it was agreed with Unions for a flat rate payment of £1,925 per FTE, in line with the previous year's award. As reported, this added an additional £74,000 to the salaries budget, which was agreed with the Board when the revised budget was approved.
- 2.6 The budget for investment interest has increased by £28,000 and could rise further by year end. This is due to a combination of increased bank of England interest rates and the company having a healthy level of reserves to invest, over and above those of previous financial years.

2.7 At period 6, the Company was forecasting a management fee of £450,795 from The District Council, however, this did not include any losses resulting from the temporary closure of the Southwell main swimming pool.

3. CURRENT SITUATION

3.1 At close of play on 29th October 2023, the Southwell Leisure Centre main swimming pool was unfortunately closed temporarily, due to major defects being identified by a specialist swimming pool contractor. This led to more detailed investigations being undertaken that proved there was a significant leak of pool water of approximately 8,750 litres a day. The investigations concluded that the leak was most likely the result of heavily corroded pipework, which was part of the original construction of the pool in the 1960s.

3.2 The only feasible repair option was to line the pool, the cost of which was estimated at £645,000. The Council concluded that this did not represent good value for money for taxpayers, due to the ongoing risk of other repairs surfacing within the 60-year-old building.

3.3 At its meeting on 19 December 2023, the Council's Cabinet agreed to the closure of the main pool on a permanent basis; however, to set aside £5.5million to build a new swimming facility, adjacent to the current leisure centre comprising a new main pool and learner pool. This decision was subject to agreement with the principal landowners, namely Southwell Leisure Centre Trust and Southwell Town Council. In making this decision, the Cabinet agreed that the provision of a new swimming pool facility would be first phase of a wider development of a new leisure centre on the same site.

3.4 In view of the above, the Company temporarily ceased taking payments from any person who's membership identified the main swimming pool as the primary activity.

3.5 The Company had originally indicated to the Council that the net loss would be circa £20,000 per month and that this was expected for the remainder of the financial year. This would have resulted in a management fee of approximately £570,795, an increase of £120,000 e.g. six months at £20,000, added to the current forecasted management fee of £450,795.

3.6 As at period 9 the income budget for Southwell, as expected, has experienced several losses, however not quite to the level initially forecasted. This is due to the Company working hard to accommodate members at the other facilities, which has enabled them to continue to use the swimming facilities. It is expected that the level of cancellations, however, will increase in the coming months, as the closure of the main pool is now permanent.

3.7 Whilst the Southwell Leisure Centre has experienced losses, the Company has managed to increase income at the other leisure centres and partner sites which it operates, all of which has supported the forecasted year end position.

3.8 As a result of the information above the Company is currently forecasting to have a year-end deficit figure of £456,930, despite the loss of income from Southwell. This is broadly in line with the original forecasted management fee figure of £450,795 and approximately £115,000 less than the expected management fee, with the pool now was closed.

3.9 In addition to the pool closure, essential maintenance relating to fire safety works has also taken place at Southwell, resulting in the closure of one of the first-floor fitness suite rooms for approximately 5 weeks. These works are part of the £740,000 being invested by Newark and Sherwood District Council to ensure the leisure centre remains compliant and is fit for purpose for the next several years. During the partial closure of the fitness suite, additional classes were added to the leisure centre programme and these assisted in retaining customers and mitigating any financial losses.

3.10 Further works will however, be taking place at Southwell Leisure Centre to complete the essential maintenance work identified. These works are scheduled for summer 2024, and once the full extent of these works is known, the impact on the customers and Company can be assessed.

4. FINANCIAL HEADLINES UP TO 31st DECEMBER 2023

4.1 Set out in the table below (fig 1), A4T has provided the current financial position of the Company, which is monitored by the Board, as part of its role in managing the operations of the business. The table below 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.

	Full year revised budget 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	-£8,759.85
Pay and Play Income	-£329,800.00	-£247,350.00	-£250,459.80	-£3,109.80
Facility Hire Income	-£443,750.00	-£314,025.00	-£343,434.52	-£29,409.52
Other Income	-£79,800.00	-£36,422.04	-£41,703.23	-£5,281.19
Total income	-£4,416,250.00	-£3,254,504.69	-£3,301,065.05	-£46,560.36
Staff	£2,556,975.00	£1,896,624.81	£1,863,173.06	-£33,451.75
Premises	£1,254,800.00	£898,903.62	£704,027.87	-£194,875.75
Supplies and services	£1,005,270.00	£699,943.86	£450,558.73	-£249,385.13
Transfer to Reserves	£50,000.00	£0.00	£0.00	£0.00
Total expenditure	£4,867,045.00	£3,495,472.29	£3,017,759.66	-£477,712.63
Surplus/Deficit	£450,795.00	Forecasted year end position at period 9 £456,930		

Fig 1 Financial performance update

4.2 This budget may be subject to further change, with the Company aiming to provide the most up to date financial position for the Board and Shareholder committee. Below are the

highlights from the financial information, in a bid to provide some narrative for the Committee.

- I. **Membership Income** – This income line is currently overachieving to period 9 by £9,000, taking into account the loss of income within the Southwell Leisure Centre budget of £32,000, which is attributed to the main pool closure. In the event this closure had not taken place, the membership income budget across all sites would have been outperforming the budget by £23,000 to period 9.
- II. **Facility hire/ Pay and Play income**– This income line is currently overachieving to period 9 by £33,000, against its budgeted total. This is also taking into account the loss of income within the Southwell Leisure Centre budget of £11,500, which is attributed to the main pool closure. Whilst £33,000 is very positive for the Company, this total includes £11,000 upfront payments, meaning the true overachievement to period 9 is £22,000.
- III. **Staffing** – This budget is currently showing an underspend to period 9 of £33,000. This is a very good position for the Company, as it has absorbed the issues at Southwell Leisure Centre, which involved increased staffing in the fitness suite, it has increased capacity where required to meet the increased income lines and it has met the cost-of-living increase, as set out above.

This budget however, will be fully committed at year end, as it will cover the costs for the additional March hours, which is paid in arrears and it will cover the holiday pay calculation, which is also paid in the following year, to the year it was worked in.

- IV. **Premises** – This budget is currently showing an underspend to period 9 of £195,000. This is made up of £104,00 in utility invoices, which are paid in arrears, as well as £91,000 in repairs and maintenance. It is expected however, that this budget will be fully committed at year end. Works have been scheduled for the remaining periods, as well as outstanding invoices, which the Company have not yet received for works completed.
- V. **Supplies and Services** – This section of the budget is made up of several budget lines, all of which are currently projected to be in line with the revised budget figure, despite several showing as underspent. Some of the larger underspends are, irrecoverable VAT, which is process quarterly in arrears, so will not show until period 10, NSDC recharge invoices, which have now been agreed for quarter 3 and are currently being processed for payment and contractual services, which is also typically raised quarterly or monthly in arrears.
- VI. **Transfer from Balances** – This line represents the expected shortfall between income and expenditure for the Company for the financial year 2023-2024. This line also gauges

the amount of management fee required from the District Council, to help financially support the Company. This is currently forecasted at £456,930 as set out in 3.8.

- VII. **Reserves** - The Company will continue to maintain its reserve of £450,722. This will be supported with an in-year contribution by the Company into reserves of £50,000, at year end.

5. **FURTHER FINANCIAL UPDATES**

- 5.1 Following on from the previous update to the Shareholders Committee, the Company has now completed three planned internal audits; which were undertaken by Wright Vigar (external audit company). The first audit focused on the direct debit membership and the Company received excellent feedback from the audit regarding its processes and procedures. The second audit focused on card and online income and once again, the Company has received excellent feedback on its performance. The final audit on VAT processes and returns has also now been completed. All three audits received the positive opinion that *“Process, systems are well implemented and documented and no major, or minor non-conformances have been found”*.
- 5.2 The Company has now completed its audit scopes for the next phase of its internal audits, which will take place on various aspects of the Company’s finances, over the next four years:
- Creditors
 - Payroll
 - Income
 - VAT
- 5.3 The Company has supported the District Council’s application to the Swimming Pool Support Fund, which is being administered by Sport England. Members will be aware that in phase 1 the NSDC/A4T submission was successful and received a grant totalling £187,539 for support in the operation of the three leisure centres, operating five swimming pools (at the time of the application Southwell was operating with two pools).
- 5.4 The Phase 2 application for funding towards capital works has been submitted and the outcome is expected during January 2024. This phase contains items including new and replacement pool covers, upgrades to LED lighting and external glass replacement.
- 5.5 Funding was available for the installation of solar panels, however as the Council had already committed funds towards this programme of installation at DLC and NSFC, Sport England would not award funding for retrospective projects, therefore this cannot be included in the application. The total request was £343,559, broken down to £32,203 for DLC, £250,000 for SLC (submitted prior to receiving external pool report), and £61,356 for NSFC.

6. USAGE PERFORMANCE

- 6.1 As the Committee may be aware, the performance of the Company is monitored against a small set of indicators, which focus on usage and membership sales. These indicators have been agreed and used for the past several years, which has allowed for comparative data to be available. Attached at appendix I, are the indicators for the Company.
- 6.2 In addition to the quantitative data set out above, case studies and more qualitative performance information is provided separately within this report and focuses on the performance of the Company's Sports Development team. This is attached at appendix II.
- 6.3 Finally to provide compliance reassurance to the Council, the following list now forms part of the update report.
- I. Performance against Business Plan Actions and Performance Indicators
 - II. By exception: update on regulatory compliance
 - III. By exception: Strategic Risk
 - IV. Outcome of any formal complaints
 - V. Inclusion of customer satisfaction data

7. PERFORMANCE TO PERIOD 9, TO 31ST DECEMBER 2023

7.1 Performance against Business Plan Actions and Performance Indicators:

	AIMS	LINKS TO H&WB STRATEGY	ACTION	PROGRESS TO 31ST DECEMBER
1.	Healthy and active lifestyles			
1.1	Childhood obesity - develop and provide opportunities for young people	Ensuring a Best Start/ Improving Healthy Lifestyles/ Tackling Physical Activity	<p>a) Co-ordinate a series of free-swimming sessions for children, especially focused on the new swimming pool in Ollerton. This will take place during the main holiday periods of Easter and summer and will be for a day per week for an open session.</p> <p>b) Develop 10 bursaries for identified young people living with physical and/or mental health conditions, to access a free 12-month gym membership at each of our leisure centre sites DLC, NSFC, SLC, BLC</p> <p>c) Develop the school holiday provision to include developmental sports clubs and provide experience for VISPA volunteers</p>	<p>Free swimming sessions held in Easter and Summer holidays. These attracted 28 young people and families to the pool at DLC.</p> <p>Bursary scheme criteria and process developed and launched. Information sent to a range of partners including Secondary School SEN teams, NHS, CAHMS, ShawMind, NCC and Youth Service. Received 6 applications and all approved.</p> <p>School holiday activities delivered at the end of each term. Programmes included Southwell Junior Badminton Club at SLC and Game on</p>

			<p>d) Development of an annual swimming competition to identify talented swimmers and signpost to local clubs</p>	<p>(Football) at DLC. Two VISPA volunteers engaged and delivered on summer programme.</p> <p>Meeting with Southwell and Newark SC's to ensure the pathway.</p>
1.2	Inactive people - develop and provide opportunities for inactive people	Ensuring a Best Start/ Improving Healthy Lifestyles/ Tackling Physical Activity/ Recognising Mental Health	<p>a) Develop 4 x 8-week pilot sessions, with Shaw Mind and local secondary schools to support small groups of targeted young people with mental health problems into structured physical activity, gym use</p> <p>b) Explore, pilot and develop one session targeting people with a disability and new parents engaging with a minimum of 10 people per session, over a 10-week period.</p> <p>c) Relaunch disability sports sessions at NSFC and ensure communication takes place with previous attendees as well as new customers.</p> <p>d) Work with community partners to develop 2 new inclusive disability sports sessions within our centres.</p> <p>e) Join National Disability Awareness campaigns to raise awareness of the disability offer and broaden the spread of publicity</p>	<p>Delivery of sessions at SLC with Minster School students. There were 8 students engaged. Minster School continue to access the gym at SLC now bringing 2 groups of 10 students weekly.</p> <p>Dukeries, Magnus and Newark Academies still to be planned. Additional training to follow with key individuals. Extension of 121's at DLC for trampoline.</p> <p>Disability swim at NSFC extended to the teaching pool during the school holidays to support disabled young people to access the pool.</p> <p>Engaged with Ollerton and Boughton Children's centre. Buggy Walk identified as preferred activity. ALO identified suitable walks and is identifying Walk Leader training to support future sustainability. New session started at NSFC in April attracting 20 people and their carers to participate in multi sports activities.</p> <p>Funding sought to enable Reach Newark group to continue until April 2024. Engaged with MySight Newark to explore sports sessions at NSFC for their service users.</p> <p>Supported group with Boccia balls so they can access the sport in a 'familiar' environment where they are confident.</p> <p>Development of a 'talking map' to support access for individuals with sight loss to access current offer at the leisure centre. Session for group of partially</p>

				<p>sighted/blind adults planned to start later in the year with aim of an event/session on World Sight Day 2024.</p> <p>Calendar of campaigns created focusing on those disability groups already accessing the centres whilst raising awareness of accessible sessions across a range of disabilities.</p>
1.3	Recognising the mental health issues which may have resulted due to the pandemic	Recognising Mental Health/ Tackling Physical Activity	<p>a) Working directly with CAMHS and mental health professionals to increase physical activity levels and improve health and wellbeing</p> <p>b) Support the N&S Sports Council to develop a team of Mental Health ambassadors across the district.</p> <p>c) Work with partners to develop and organise/deliver mental health training for identified staff</p>	<p>Training planned for sports club ambassadors through Sports Council</p> <p>CAHMS services under extreme pressure, so partnership development with ShawMind - youth mental health charity. ShawMind has developed and delivered a training programme to help young people understand their own mental health and how physical activity can improve it. This was delivered with Minster students alongside group gym sessions.</p> <p>Mental health information provided by ShawMind has been added to the A4T website to ensure help and support can be accessed by all.</p> <p>Training planned for sports club ambassadors through Sports Council. Training will take place in the next 2 months, sports clubs identified suitable participants.</p> <p>Complete – online training identified and rolled out to staff. Added into induction process</p>
1.4	NSEC 6-8 - develop and provide opportunities for people living in high NSEC 6-8	Tackling Physical Activity	<p>a) Offer 20 bursaries, for a free 12-month membership to working age adults through partnership with DWP living in NSEC groups 6-8, in targeted areas at DLC and NSFC</p>	<p>Scheme developed, reengage with DWP colleagues to relaunch</p>
1.5	Development of the VISPA and VISPA Academy to provide volunteering opportunities for young people	Tackling Physical Activity	<p>a) Continue with the work in the schools to develop volunteering opportunities for children aged 14 and over. Engagement with 5 schools and a target of 40 young people on the VISPA programme</p>	<p>Review of VISPA volunteer scheme undertaken. Current cohort of volunteers reengaged. Contacted all secondary schools to hold stalls at Open/Parent's Evenings in Spring term. Attended Newark College volunteer event and</p>

			<p>b) Development of qualification opportunities for VISPA Academy volunteers, which include sports leadership and best practice in leading groups of activities for children</p> <p>c) Engage with the VISPA volunteering cohort to assist with the development of a large competition within A4T, as part of their learning and development</p> <p>d) Development of a digital platform to record training, hours and progress</p>	<p>attracted 8 new applications. Linked with N&SCVS to broaden the spread of publicity and attract new volunteers from other voluntary youth organisations.</p> <p>On hold – roll forward to 24/25 New qualification and training pathway planned for VISPA and VISPA Academy volunteers.</p> <p>Volunteers will be engaged in the planned swimming competition.</p> <p>In progress. VISPA volunteers to be integrated onto Staffmis portal for recording hours, induction and further training.</p>
1.6	Secure funding to deliver a range of activities in priority areas	Tackling Physical Activity	a) Explore the options for establishing a charitable arm of the company, in a bid to attract external funding	In progress. Options appraisal to be completed.
1.7	Development of Corporate health and wellbeing memberships, as part of a wider network of organisations i.e., Beaumont House Business Club, School Groups, NHS or similar	Improving Healthy Lifestyles/ Tackling Physical Activity	<p>a) Commence with wellbeing roadshows within companies located across Newark and Sherwood and use the networking opportunities developed through the Beaumont House Business Club partnership, to promote the NSDC 'Wellbeing at Work' scheme</p> <p>b) Create digital promotional material for companies that take up corporate membership packages, with a view to improving the health and wellbeing of their workforce</p> <p>c) Develop and host a charity event at NSFC with the Beaumont House Business Club members, to bring organisations to the facilities and experience the offer</p>	<p>Wellbeing Roadshows planned in Spring for 4 new businesses. Reengaged with current corporate business members to develop more opportunities for employees to be more physical active. Linked with Newark Town Council to promote opportunities to cycle to work.</p> <p>Complete – to be used at forthcoming Roadshows.</p> <p>In progress – meeting planned with contact at Beaumont House.</p>
2.	Accessible facilities			
2.1	Development of a new disability swimming programme across Newark, Southwell and Ollerton	Improving Healthy Lifestyles/ Tackling Physical Activity	a) Set up a structure of 1-2-1 swimming lessons for persons with a disability, providing structured lessons where the person is unable to participate in group lessons	Complete – 20 individuals with a disability having weekly swimming lessons that are appropriate to their needs.

			b) Develop a specific swimming session at Newark, Southwell and Ollerton for non-structured access for persons with a disability and their carers	Complete – began in September 2023.
2.2	Increase the profile of the GP referral scheme and pathway	Improving Healthy Lifestyles/ Tackling Physical Activity/ Addressing the needs of an ageing population	<p>a) Review and evaluate the current GP referral scheme, identify potential improvements to increase access and participation and retention beyond minimum period</p> <p>b) Target 10 new referral agencies/surgeries within the district and on the borders of the district per month, advising them of the benefits of engaging with the GP referral programme.</p> <p>c) Ensure there are a minimum of 3 qualified GP referral instructors available within the Company and who can deliver a structured programme for clients in a bid to support them through their journey</p>	<p>In progress. Referral form to be made digital with NHS contacts. One new staff member identified to attend Level 3 GP Referral Course to expand capacity.</p> <p>Reengaged with current referral partners and re-established links with partners who had low referral numbers. Approached 5 new referral partners who are located on the fringes of the district.</p> <p>One individual identified to attend course in Spring.</p>
2.3	Work with NSDC on new facilities across the district	Tackling Physical Activity	a) Work with the Council to explore the opportunities available for additional all-weather facilities within the district operated by A4T. This work will link into the Council's playing pitch strategy	A4T involved in PPS review. PPS review completed with potential opportunities for development of facilities at Minster School (hockey refurbishment, rugby development) and Dukeries Academy (hockey – resurface for football/rugby use).
2.4	Identify further opportunities for partner sites	Improving Healthy Lifestyles/ Tackling Physical Activity	<p>a) Map out the schools within the district and over its borders, with leisure provision on their campus and who may be interested in working with A4T as their management partner.</p> <p>b) Based on the feedback from the above work, contact schools each month with the offer to work with A4T with a target of developing two further partner sites within 2023-2024</p> <p>c) Improve community access through partner facilities and put in place SLAs with each partner site</p>	<p>Mapping exercise undertaken and contact made with 4 schools/academies. Follow up meetings took place with 2 schools. Contact has been made with 20 schools/academies across Mansfield, Ashfield and Bassetlaw.</p> <p>Follow up meetings took place with 2 schools and awaiting final approval from Board of Governors.</p> <p>Completed – SLA's in place</p>

2.5	Development of tender for new fitness equipment across all centres	Improving Healthy Lifestyles/ Tackling Physical Activity/ Addressing the needs of an ageing population	<p>a) Assess the current fitness offer provided by the Company in its fitness suites and studios and assess the need for the Company over the next seven to eight years</p> <p>b) Work with the Council using the above information to develop an understanding of the proposed offer in the future and how this can be translated into a tendering opportunity, for suitably qualified fitness equipment suppliers</p> <p>c) Work with the Council to update the current capital budget identified for replacement fitness equipment and ensure sufficient finance is available before any tendering process is advertised</p>	<p>In progress</p> <p>In progress</p> <p>In progress</p>
2.6	Refugees	Tackling Physical Activity	a) Working with the Council continue to roll out the support for refugees within the district, by allowing 6 months free access to the leisure centres for adults and juniors	Ongoing. After initial 6 month free membership period, all refugees offered concessionary membership fees to continue.
2.7	Improve the range of technology utilised to enhance the customer experience	Improving Healthy Lifestyles/ Tackling Physical Activity	<p>a) With a suitable App developer, provide an App for the Company which is integrated into the Company's Leisure Management System and improves/enhances the customer journey</p> <p>b) Roll out the App to the customer, ensuring sufficient support is provided by the customer services team (both on the telephones and in person on the sites) to support the customer through the set-up period</p> <p>c) Develop a digital customer survey which can be sent out annually by the Company, to assess the feedback on the company regarding customer satisfaction</p> <p>d) Continue to develop and roll out the self-service offer within the Company, moving all grant aid forms and applications online to speed the process up for the applicant and improve the quality of offer by the Company</p>	<p>Complete - launched in July, content build planned for the rest of the year to drive usage.</p> <p>Further content to be developed including job vacancies</p> <p>Customer satisfaction survey drafted, online link to be circulated in February on social media with hard copy available at sites.</p> <p>Booking forms and grant aid forms have been developed online and will be launched to the public in Spring for the next round of bookings/applications.</p>
3.	Financial viability			

3.1	Online user focus groups	Improving Healthy Lifestyles/ Tackling Physical Activity	<p>a) Develop three virtual customer focus groups for the Company during 2023-2024 to assist with the customer journey, by understanding feedback from the customer</p> <p>b) Use the feedback from the customer to develop suitable programmes to meet the needs of the users and develop further opportunities to attract new customers</p>	<p>Customer Focus Group meetings held virtually with limited attendance. Next group taking place in March.</p> <p>Evidence of customer feedback provided in reports and actions taken to improve the offer.</p>
3.2	Assess the impact of the cost-of-living situation and undertake a pricing review at quarter 2, ahead of 2024-2025 business planning process	Improving Healthy Lifestyles/ Tackling Physical Activity	<p>a) Undertake the remaining price re-alignments for the memberships with a target of achieving a full re-alignment of all memberships by the end of the financial year 2023-2024</p> <p>b) Develop an understanding of potential price increases for the remaining 6-months of the 2023-2024 financial year, based on the analysis of the data at quarter 2</p>	<p>Price realignment and revalidation took place in October for several membership types including Student and Corporate members.</p> <p>On hold – working with NSDC within full review of fees and charges.</p>
3.3	Development of direct debit for external organisations and groups	Improving Healthy Lifestyles/ Tackling Physical Activity	a) Approach suitably large sporting organisations to offer the opportunity for A4T to collect and administer the subscriptions made by members, through the Company's already established and successful direct debit memberships	Discussion held during sports council meeting. Majority of clubs in attendance no longer have weekly cash subs, instead asking for monthly or yearly payment by standing order, opportunity to develop this for direct debit.
3.4	Accredited training centres	Improving Healthy Lifestyles/ Tackling Physical Activity	<p>a) Continue to develop the build upon the successful training centres which the Company has already set up through the STA to improve quality of the aquatics programme</p> <p>b) Run three STA courses including Level 1 and Level 2 swimming teacher courses and 3 pool lifeguard courses</p>	<p>1 swimming teacher award (asst coach) held in June</p> <p>1 lifeguard course held in July</p> <p>1 lifeguard course held in October</p> <p>1 swimming teacher certificate (coach) held in November</p> <p>1 swimming teacher award course held in December</p>

Fig 2. Performance against Business Plan Actions and Performance Indicators

7.2 The number of user visits is currently following seasonal trends and continues to increase as previously. Before the pool closure during October 2023 and first floor fitness suite works at SLC, the Company expected to reach the predicted target of 1,100,000 visits by 31st March 2024.

7.3 Despite these challenges, for the period to 31st December 2023, user visits reached 818,751 across all leisure centres and partner sites. This is an increase on the same period last year of 93,750, (725,001) which equates to an average increase of approximately 10,000 users per

month. Whilst the Company is monitoring the usage closely, the Company is still hopeful it will achieve the yearly usage of 1,100,000.

- 7.4 This reduction of usage at SLC is estimated on a monthly basis to be worth approximately 2,000 visits; this relates to main pool swimming lessons and swim in lanes. For December only (relating to the fitness suite works), there was a reduction of 1,200 users of the fitness suite. Whilst December is traditionally a quiet month, this is lower than normal, for this period.
- 7.5 On a positive note, there has been increased usage at partners sites, particularly Magnus and an increase in capacity created at NSFC in the sports hall, following the reprogramming of gymnastics sessions for children. The reprogramming exercise has not affected the number of children participated in gymnastics, as the sessions have been consolidated and utilisation maximised.
- 7.6 The number of referrals received from healthcare professionals up to 31st December 2023 reached 239, which is on trend with previous years. Referrals are performing at a consistent rate in relation to conversions and are currently operating at 38% in terms of successful sign ups, with 91 individuals taking out the subsidised membership.
- 7.7 Following the appointment of an active lifestyles officer to the sports development team, the GP referral scheme will be a priority for the remainder of the financial year.
- 7.8 The number of community groups supported has reached 114 across the team of sports development officers. This has increased in the last quarter due to the new postholders (active lifestyles officer and inclusion and engagement officer), starting in post. More details regarding the progress and performance of the sports development team are included in appendix II.
- 7.9 Overall since 1st April 2023, there has been 3,397 new adult membership sales across the various membership types sold and 1,208 junior memberships. There were also 69 members that have purchased an annual 'upfront' membership.
- 7.10 Within the industry, studies have proven that when members train with a friend, there is more likely to be sustained participation and membership longevity. The December 'Bring a friend on Thursdays' campaign attracted 20 new people into the centres, with the majority attending NSFC, as expected.
- 7.11 Whilst this number is not large, this has enabled habits to form in a short space of time, just before the Christmas and New Year period, where traditionally as mentioned earlier, December participation is lower than average. Further promotions for introducing a friend and referral campaigns are planned for the rest of the year.

7.12 On 31st December 2023 there were 11,102 live memberships held across all sites. All memberships have experienced a slight reduction in number. This is in line with seasonal variations and reflects the main pool closure at SLC. The table below provides the committee with direct debit membership data and how this has performed since 1st March 2023.

Month	BLC Adult	DLC Adult	NSFC Adult	SLC Adult	BLC Child	DLC Child	NSFC Child	SLC Child	TOTAL
March 2023	712	1,353	3,928	2,130	84	502	1,621	1,430	11,760
April	700	1,345	3,914	2,118	84	499	1,617	1,411	11,688
May	685	1,310	3,901	2,104	83	490	1,599	1,410	11,582
June	689	1,324	3,965	2,125	84	492	1,584	1,411	11,674
July	670	1,356	4,074	2,145	85	495	1,570	1,415	11,810
August	689	1,346	4,045	2,144	84	495	1,571	1,420	11,794
September	688	1,347	4,048	2,139	84	494	1,569	1,419	11,788
October	691	1,308	4,025	2,104	84	480	1,541	1,405	11,638
November	694	1,270	4,021	1,972	84	479	1,524	1,302	11,346
December	680	1,222	3,976	1,924	83	420	1,486	1,311	11,102

7.13 The children's membership base at SLC, has experienced a small loss so far, despite building capacity and offering lessons at DLC and NSFC. The Memberships and Finance teams are now undertaking the process of transferring memberships to other sites to ensure from 1st April 2024, the membership numbers are representative of the correct centre usage.

7.14 All customers on swim only and children's main pool lessons will be contacted (w/c 8th January 2024), to confirm that their membership direct debit payments will recommence from 1st February 2024. It is expected that this will create a flurry of members contacting the customer service team to rearrange lessons, or to confirm they would like their membership cancelling. A further update will be presented during the next meeting.

7.15 During this period of uncertainty at SLC, there has been 334 cancellations. In direct comparison to the same period in 2023, this is an increase of +42 (292). Whilst this is not at this stage a large amount, it is still significant and has an impact on the financial performance overall. Whilst it is regrettable that cancellations have occurred, this was factored in by the Company and the information was shared with the Council with regards to the potential impact on the management fee.

7.16 On a positive note, there have 84 children that have moved their weekly 30-minute main pool swimming lesson to DLC or NSFC and filled existing gaps in provision, therefore not requiring any further staffing resource.

7.17 The live adult membership base at BLC is remaining steady and consistently at almost 700 adult members. It is performing slightly below target currently reaching 680 adult members against a target of 704 (-24). The membership has experienced some growth in comparison to the same period last year where it reached 648, (+32).

- 7.18 The live children's membership base at BLC is still performing well, with more young people joining the XP Student membership as it includes access to the fitness suite. Throughout the last year this had built up to 83 young people holding a live membership at BLC, an increase from December 2022 of +11 (72). This has also reached the target of 83 at December 2023.
- 7.19 The live adult membership base at DLC has not quite reached its December target of 1,269, achieving 1,222 (-47); however this is a small increase on the same period last year of 1,219 (+3).
- 7.20 The live membership base for children at DLC has seen a reduction in the last quarter, achieving a membership of 420 on 31st December 2023. In comparison to the same period in 2022, this membership has experienced a decrease of -48 (468). This is being monitored closely by the team, looking at lesson capacity, teacher quality and bottle necks which sometimes occurs, from the beginners sessions, to the more advanced swimmers. In addition, we may now be experiencing the effects of the cost-of-living impact.
- 7.21 An STA Swimming Teacher Award course was held at DLC in December, with 8 attendees undertaking the course. From this course, the Company recruited 4 new members of staff, which will support an increase in the capacity of the swimming lesson provision across the Company and specifically at that site.
- 7.22 The live adult membership base at NSFC, since April has exceeded the monthly budgeted targets. This growth therefore supports the Company, when other sites do not achieve their target. On 31st December, the adult membership base had reached 3,976 against a target of 3,623 (+353). In comparison to 2022, this is an increase of +290 (3,686).
- 7.23 The children's membership base at NSFC is currently at a standstill position. This is possibly due to the many other physical activity opportunities available in Newark. The number of children currently holding a live membership is 1,486 in comparison to 1,624 on 31st December 2022, a decrease of -138. Whilst this is a large number, the Company has managed to consolidate these lessons, meaning savings have been made on expenditure. In addition, free time has been made available for additional lane swimming and sports hall activities, meaning extra income can be earned, to off-set the membership loss.
- 7.24 As expected due to the main pool closure and first floor fitness suite works, the live adult membership base at SLC has decreased in the last quarter, to 1,924 a reduction of -100 (2,024) in comparison to the same period in 2022. It has also not achieved the target of 1,940 by -16.
- 7.25 The children's membership base at SLC on 31st December has again been impacted by the main pool closure and reduced to 1,311 in comparison to 1,408 (-97) at the same point in 2022.

7.26 In addition to the group swimming lessons, 1-2-1 swimming lessons for people with a disability have been introduced, with 18 children taking part in a weekly lesson. This has been a steady rise in take up since April when there were 8 children having a weekly 1-2-1s. Information about the lessons is continually sent to all local primary schools in the area, via the Special Educational Needs Coordinators.

7.27 Children who were having regular 1-2-1's in the main pool at SLC have been offered alternative sessions at DLC and NSFC.

7.28 By exception: Update on regulatory compliance

7.28.1 Since 1st April, several inspections and checks have been undertaken by A4T staff, supported by external contractors where necessary. During the last period, the following checks were undertaken:

- Legionella flushing
- Lifts inspections
- Inflatable inspections and certification of usage
- Air handling unit inspections and servicing
- All weather pitch maintenance visit
- Pool Pod service and maintenance
- Combined Heat and Power unit servicing and inspection
- Pool water sampling (bacteriological tests)
- Intruder alarm service
- Fire alarm servicing
- Electric entrance door testing and servicing
- Air Conditioning service and inspections
- Service and inspection for the swimming pools at NSFC
- Service and inspection fitness equipment at all sites

7.28.2 There are also a number of checks and tests, which are the responsibility of the Council as the building owner, or which have been commissioned by the Council on behalf of A4T. These are managed on a regular basis with Council staff from Corporate Property and Safety and Risk. These have included:

- EICR inspections (electrical testing)
- Legionella inspections and tank cleaning
- Pressure vessel testing
- Fire door replacements
- Fire risk assessments and associated works
- Fire extinguisher inspections
- Zurich Insurance inspections

- Fire damper inspection and servicing
- PAT Testing (electrical testing)
- Gas safety certifications
- Emergency lighting at all sites

7.28.3 There are currently no other compliance issues identified.

7.29 **By exception: Strategic Risk**

7.29.1 As reported in the last report to the Committee, the Company, in conjunction with the Council, has identified one strategic risk which includes the essential maintenance work that will take place at SLC. Some of this work was undertaken during November and December to the first-floor fitness suite. The remainder of the works are scheduled for summer 2024 and is being progressed by the Council's Corporate Property Team.

7.29.2 There are currently no other strategic risks identified.

7.30 **Outcome of any formal complaints and customer satisfaction data**

7.30.1 Currently A4T has a process of collecting customer comments and feedback through various means. This includes verbal interaction with staff members, emails sent directly to the Company through the enquiry's inbox, completing an on-line form on the webpage, or via the Council's customer services team.

7.30.2 These various forms are then either actioned by the Operations Manager on duty, (if they are able to answer the query, question, or complaint) or passed through to the Director of Development and Operations, who will then action the feedback by arranging a meeting with the customer/s and/or respond in writing.

7.30.3 In turn, where the feedback involves praise for the Company or an individual, this is passed on to the person/s in question, with a supporting email from the Director of Development and Operations.

7.30.4 The feedback into the Company can range from general operational items for example cleanliness of the buildings, car parking, to programme changes, feedback on staff, and suggestions for new activities.

7.30.5 The online form, which allows comments, complaints and customer feedback to be submitted digitally through the website, is collated into a spreadsheet and reviewed on a weekly basis, to determine the correct course of action. This is managed internally by the Director of Development and Operations to ensure consistency of message and application of policy.

7.30.6 Currently there has been 73 customer comments received in totality across the Company from April to December 2023. These are split down as follows, with often multiple comments covering more than one area of the business:

- Issues related to accidents and incidents – 2
- Issues related to facilities including cleaning, maintenance, provision – 33
- Positive customer feedback (staff) – 26
- Negative customer feedback (staff) – 10
- Feedback with regards to programming – 16
- Feedback with regards to systems and pricing – 8
- Miscellaneous – 13

7.30.7 Examples of some of the comments during the last quarter are:

- Membership costs unaffordable
- Pilates classes at SLC are enjoyable, but also hard work and are encouraging people to exercise
- Length of lane swim at DLC reduced to 40 mins due to a previous school swimming session over running
- Limited availability of badminton on Saturday afternoons at SLC
- Availability of popular classes and 7 day booking period
- Impressed by the pool at DLC, however would like the lane widths to be double rather than single
- Volume level of music in the fitness suite at SLC is too high
- Disappointment that the squash courts at NSFC are being used for other purposes
- Praise for swimming teacher at NSFC for provision of a fun and enjoyable swimming lesson for a child with autism

7.30.8 The breakdown of scores relating to the comments are as follows, with 1 being the lowest score and 5 being the highest:

- Score of 1/5 – 22
- Score of 2/5 – 7
- Score of 3/5 – 13
- Score of 4/5 – 10
- Score of 5/5 – 21

7.30.9 The A4T Senior Management Team would consider comments above 3/5 to be a good standard of performance and given the above, that equates to 44/73 (60%). It is worth noting that as a result of the closure of the main pool at SLC, there has been several emails received by the Company from customers. A series of responses have been sent back to these customers, either by A4T, or by the Council.

8. PROPOSED DRAFT 2024-2025 BUDGET and BUSINESS PLAN

- 8.1 When developing the budgets for 2024-2025, the Company has made provision for areas which have historically increased over the past several years and includes, cost of living increases, utilities, national insurance increases, and insurance. These have been factored into the 2024-2025 draft budget, with the information that is known at the current time. From the list above, utility charges are expected to continue to increase throughout the year. In 2023-2024, the Company had estimated a percentage price increase of circa 8%, however, this was revised upwards to 19%, due to the increased costs of utilities. In view of this, the Company is estimating an increase of 15% in utility prices for 2024-2025.
- 8.2 In addition to the above, the Company is also increasing its budgets for VAT, licenses (software development) and compliance. These increases have been borne out of the 2023-2024 financial year, with VAT increasing significantly, due to the impact of the increased utility charges and the VAT which supports this. Software is also now becoming a significant spend for the Company with various pieces of technology required. These applications are all required to support the smooth operation of the Company and enhance the customer experience for the users of the business. These applications include, a leisure management system, LeisureHub, a newly developed App, Staffmis, kiosks and door entry systems.
- 8.3 With regards to compliance, the Company undertakes a plethora of checks which are required for the safeguarding of the Company, its employees, and the customers. These checks include building compliance, financial compliance, employment compliance and ICT security. Several of the compliance works are discharged via the service level agreements with the Council, with the remainder being identified and procured by the Company. These tend to be 'Company or leisure specific' and include areas such as pool lifeguard qualifications, first aid, coaching qualifications, BACS direct debits and membership compliance.
- 8.4 In year pension contribution costs, which support any shortfall in pensions continue to remain at nil for 2024-2025. This is due to the 2022-2023 triennial evaluation, which came into effect from 1st April 2023 and runs through until March 2026. The Company continues to pay the employees superannuation contribution attached to the salaries (the 'secondary rate') with the 2024-2025 contribution at 17.6%.
- 8.5 The current proposed budget for 2024-2025 has been developed along the same lines as the 2023-2024 financial year, which has included a 'nil' management fee from the Council, for the leisure centres and the sports development operations. This will be reviewed throughout the year to agree the final management fee required, before the close of accounts.
- 8.6 Due to the current environment which the Company is operating in with regards to the increased costs associated with staffing, utilities, suppliers, contractors, and specific goods including, maintenance works and chemicals, 2024-2025 will be a challenging financial year for expenditure.

8.7 In addition to this, costs have increased for all households including, mortgages, rents, household utilities, etc; this will inevitably result in people’s available income being affected. Whilst this does not automatically mean cancellations will increase and membership sales will decrease, the Company will have to monitor memberships more closely than it currently does, in a bid to track changes that may be occurring and will impact on the net position of the Company in the future.

8.8 As a result of the above information, assumptions have been made when compiling this budget which includes:

- Cost of living increases for salaries set at 5%
- Utility increases set at 15%
- Memberships continuing the current trajectory with regards sales, cancellations, and attrition (with the exception of Southwell Leisure Centre)

8.9 In view of the above, A4T are forecasting a management fee for the 2024-2025 financial year of £749,100, to supports its operations. This forecasted figure supports the operations of four leisure centres and the sports development team, which the committee will be aware, brings no income into the Company, with the exception of grant funding, which is specifically attributed to the projects it supports. The sports development team however, contribute to the exceptionally important social benefits within the district, directly supporting hard to reach individuals and organisations and promoting the benefits of an active and healthy lifestyle.

8.10 Set out in the table below (fig 2), A4T has provided 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. The table below shows the 2023-2024 full year budget, which was revised at period 6 and the forecasted full year budget for 2024-2025, which has been approved by the Board. The variance between the two has then been provided.

	Full year revised budget 2023-2024	Full year budget 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
Total income	-£4,416,250	-£4,299,000	£117,250
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
Total expenditure	£4,867,045	£5,048,100	£181,055
Deficit (management fee)	-£450,795	-£749,100	-£298,305

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

8.11 Below are the highlights from the financial information above, in a bid to provide some narrative for the Committee.

- I. **Adult Membership Income** - This budget line has seen an increase of £39,000, despite the forecasted loss of membership income at Southwell leisure centre resulting from the closure of the main pool. The adult swim only memberships was projected to achieve approximately £50,000 in the 2023-2024 financial year, which has now been reduced to nil. The membership base has a projected growth across all sites with sales consistently outweighing cancellations throughout the year.
- II. **Junior memberships** - This budget line has seen a large decrease of £123,000. This is mainly due to the expected loss of members of approximately 500 children on a swimming membership at Southwell. This equates to approximately £137,000 of lost income as a direct result of children's swimming membership cancellations. The Company has mitigated these losses by making more swimming lessons available across the Newark and Dukeries programmes. The other sites have seen small growth on their programmes, due to the accommodation of Southwell members.
- III. **Pay and Pay Income** – This budget has also seen a large projected decrease of £34,300. This is made up of a slight increase in income in the fitness and dryside of £8,200, however, a large loss of £42,500 in the wetside pay and play income. This is a direct result of the Southwell closure, as the other sites are showing similar levels of income as the 2023-2024 financial year.
- IV. **Facility Hire Income** – This budget line has had a decrease of £19,750 in comparison with this year's budget. This is made up of a large decrease of £40,000 of wetside facility hire, due to the closure of Southwell swimming pool. This has been partly off-set however, with an increase on the dryside facility hire of £20,250.
- V. **Staff budget** – This budget line has increased by £57,625 with an overall percentage of 5% for salary rates. There has however been reductions in staffing at Southwell, through moving some staff to other sites, to undertake their contracted hours. This has helped to mitigate the overall increase to the salary budget.
- VI. **Premises Budgets** – This budget line has increased by £66,400, which is made up of a 15% increase in utility rates as well as an inflationary increase to the repairs budget. The increase has been offset by a saving at Southwell, as the Company has forecasted a lower utility usage at that site, as a result of the pool closure.

- VII. **Supplies and Services Budget-** This budget line shows an overall increase of £57,000 across several different budget headers. The majority of budget lines have been adjusted in line with the expected outturn of this financial year, with an inflationary increase added on. The majority of the variance of this budget relates to the increase in irrecoverable VAT, which is affected by other areas of spend e.g. utilities and maintenance.
- VIII. **Transfer to reserves-** This identifies a £50,000 provision on an annual basis into the Companies reserves, in order it can continue to increase its total reserve to £750,000, which is the amount identified for the Company. Currently the Company has £450,722 in reserve and it is expecting to add a further £50,000 to this amount at the end of the 2023-2024 financial year, based on the period 09 forecast. With this additional £50,000 added, it would still take the Company approximately 5 years (at £50,000 per annum) to reach £750,000, based on there being no further amount to support this from residual amounts at year end. This approach has been agreed within the governance documents, which identifies that A4T can retain any balances at year end and role these into the reserves until the £750,000 threshold is met.
- IX. **Deficit (management fee)-** A4T are predicting a current shortfall of £749,100 for the 2024-2025 budget, to balance this to zero. This is an increase of £298,305 on the 2023-2024 revised budget and forecasted management fee required. This increase is specifically connected with the loss of income at Southwell Leisure Centre, which had been forecasted at £20,000 per month and the increases in utilities. The Company has managed to mitigate some of these forecasted losses with improved performance at the other facilities and reductions where possible in expenditure.

8.12 In addition to the proposed budget for 2024-2025, the Company also develops a business plan which identifies some of the key areas of work, which the Company will undertake within the district, as part of its management fee.

8.13 Attached at appendix III is the draft 2024-2025 business plan for the Company. The plan focuses on income and usage and also supports those areas within the community, where traditionally activity levels are low. The plan identifies initiatives which may encourage participation in the future and provide the Company with opportunities to develop long term health and fitness habits, with these individuals and groups. This work in the main is led by the sports development team, with exit routes back into the leisure centres.

9. **SUMMARY:**

- I. In view of the above, A4T are predicting a current shortfall of £749,100 for the 2024-2025 budget, to balance this to zero. This is an increase of £298,305 on the 2023-2024 revised budget and forecasted management fee required. This amount has been shared with the Council and although the management fee has not been agreed at this stage,

the Council are seeking to identify sufficient finance within their budget, in order to support the Company with this predicted shortfall. This increase is specifically connected with the loss of income at Southwell Leisure Centre, which had been forecasted at £20,000 per month and the increases in utilities.

- II. The Company has managed to mitigate some of these forecasted losses with improved performance at the other facilities and reductions where possible in expenditure.

10. BUDGET IMPLICATIONS

- 10.1 There are significant budget implications contained within this report and this will continue to be discussed with the Council's Senior Leadership team, in order they are fully appraised of the most recent financial position of the Company.

11. EQUALITY & DIVERSITY IMPLICATIONS

- 11.1 The swimming pool at the Dukeries Leisure Centre has continued to provide an excellent resource in the Sherwood area of the district. This has been supported by a pricing strategy offering concessionary pricing, in a bid to ensure that price is not a barrier to entry.
- 11.2 All information will continue to be available in a number of formats in line with Active4Today's access requirements and those set out in the equalities and diversity policy.

For further information please contact Andy Carolan – Managing Director