



Report to: Executive Shareholder Meeting 23 July 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	
Type of Report	Open Report / Non-Key Decision
Report Title	Active 4 Today Performance Outturn 2023 - 2024
Purpose of Report	This report presents the performance of Active 4 Today for the period to 1 st April 2023 to 31 st March 2024.
Report Recommendations	That the Executive Shareholder Committee note the performance of Active4Today 2023 – 2024.
Alternative Options Considered	None
Reason for Recommendations	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, the 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 Outturn Report 1st April to 31st March 2024
 - B. Active4Today Performance Indicators 1st April to 31st March 2024
 - C. Active4Today Sports Development Report 1st April to 31st March 2024
 - D. Active4Today Annual Compliance Schedule

2.0 Performance Overview

Business Performance – Usage, Memberships, Income and Expenditure

- 2.1 An overview report from the Managing Director of Active4Today as attached at Appendix A, sets out the outturn position in relation to income and expenditure for the company as at 31st March 2024 (Year-end) taking into consideration the impact of the unscheduled closure of the main pool at Southwell Leisure Centre.
- 2.2 The overall performance of the Company during the year remained strong overall, despite the impacts of the closure of the pool at Southwell, with an increase in user visits at 1,101,987 an increase of 93,668 on the previous year or approximately 7,800 additional users per month.
- 2.3 In terms of live memberships, during the year 3,501 new adult membership sales across all types were sold and 1,194 junior memberships. There were also 84 members purchasing an annual ‘upfront’ membership totalling 11,170 members at 31st March 2024 across all sites. It is important to note however, that the new memberships are critical to mitigate against the high percentage of membership cancellations each year.
- 2.4 Table 1 below provides Committee with direct debit membership performance data over the 12-month period to 31st March 2024. Although the overall figure has fallen by 590 this is largely attributable to the closure of the pool at Southwell which accounted for the loss of 546 juniors and 215 adult memberships at the Southwell site although a number of memberships transferred to other sites as outlined in Appendix A, thereby reducing the overall impact of the pool closure and additional health and safety compliance works at Southwell on total membership numbers at year-end.

Month	BLC Adult	DLC Adult	NSFC Adult	SLC Adult	BLC Child	DLC Child	NSFC Child	SLC Child	TOTAL
March 23	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
January 24	714	1,260	4,124	1,915	84	439	1,513	1,067	11,116
February	728	1,259	4,168	1,899	88	444	1,527	984	11,097
March	731	1,262	4,169	1,915	91	507	1,611	884	11,170

Table 1 Active Membership Profile 2023-2024

2.5 In respect of income and expenditure the Company has received the draft unaudited final accounts for the 2023-2024 financial year. Table 2 below shows the final figures across income and expenditure compared with the revised budget as period 6, as this was the latest reported position for the Company. The original budget has also been included for reference.

	Original 2023-2024 budget	Full year revised budget completed at period 6	31 March 2024 Year-end draft statement position	Variance between revised budget and draft year end position
Total income	-£4,075,580	-£4,416,250	-£4,443,926	-£27,676
Staff	£2,483,025	£2,556,975	£2,534,129	-22,846
Premises	£1,102,980	£1,254,800	£1,252,170	-£2,630
Supplies and services	£920,120	£1,005,270	£1,018,161	£12,891
Transfer to Reserves	£50,000	£50,000	£50,000	£0
Total expenditure	£4,556,125	£4,867,045	4,854,460	-£12,585
Surplus/Deficit	£480,545	£450,795	£410,534	-£40,261

Table 2 Income and expenditure analysis

2.6 Below are the highlights from the financial information;

- I. **Total Income** – Despite a loss of income due to the Southwell pool closure of approximately £110,000 the income budget has outperformed the revised budget by £27,676. This is largely due to maintaining low attrition rates throughout the year across all the centres, as well as a higher sales output. Investment interest income has also increased by £18,000, on the forecast in period 6.
- II. **Staffing** – This budget was £22,847 lower than the latest revised budget. These savings were primarily due to contracted staff at Southwell being relocated to other A4T sites to fill various vacancies. In addition, there was a small saving in the sports development budget, due to delays in filling the two positions, earlier within the year.
- III. **Premises** – This budget was £2,630 lower than the latest revised budget. This was made up of a £19,000 saving on utilities, primarily due to the main pool closure at Southwell. This saving in utilities was however off-set by an increase in compliance checks, which supports the Company’s health and safety requirements.
- IV. **Supplies and Services** – The cost was £12,891 over the latest revised budget linked to a number of small overspends across several budget areas including bank charges, marketing, equipment costs, cleaning materials and contractual services.

- V. **Company Reserves** – Table 3 below provides a summary of the year-end outturn in terms of the Company’s reserves and factors in the impact of the year’s performance on reserve balances. The Company is declaring an outturn deficit position of £410,534. This is a positive position for the Company, given the increases in expenditure during the year and specifically in salaries and utilities. In addition to this, the Company has managed to absorb the loss of £110,000 of income due to the closure of the Southwell Leisure Centre main pool and the works to the Southwell Leisure Centre’s fitness suite.
- VI. The Company has continued to maintain its reserve of £450,722 after the contribution of £120,357 from the 2022–2023 financial year. This is a good position for the Company’s strategy to develop a reserve of £750,000 which has been supplemented further with a budgeted in-year contribution of £50,000 and an additional £89,466 in management fee.
- VII. The Company is now requesting the full budgeted management fee of £500,000 for 2023-2024 from the Council and will place the difference between the forecasted deficit position at the start of the financial year and the actual deficit at the end of the year (approximately £140,000) into the Company’s reserves.
- VIII. This reserve strategy is agreed by the Council within its governance documents with and undertaking to develop a reserve of £750,000. The agreed approach allows for an in-year contribution by the Company, supported by any balances at year end, being rolled into the reserve until the £750,000 threshold is reached as detailed in Table 3 below.

Reserve movement	
Original Reserve position	£450,722
Surplus/Deficit (includes £50,000 reserve contribution)	£410,534
Management Fee	£500,000
Transfer to Reserves	£139,466
New reserves position	£590,188

Table 3 Company Reserves

- 2.7 However, since the 2024-2025 budget process was undertaken in December 2023, the financial position of the Company has further improved in terms of income generation and although this has been offset by increases in expenditure, the Company still remains in a more positive position than it originally forecasted.
- 2.8 In view of this improved financial position, the Company will be revising the 2024-2025 budget after Quarter 1. Whilst the detail is still being worked through, it is expected

that an improved financial position will be reported, as income generation continues to do well and savings are expected in utilities, based on their latest prices, which the Company received in April 2024.

Business Performance – Usage, Memberships, Income and Expenditure

2.9 The Company's performance against its annual business plan actions and performance indicators across its three primary aims of 'Healthy and Active Lifestyles', 'Accessible Facilities' and 'Financial Viability' is outlined in paragraph 3.3 of Appendix A for information. Within the three aims there are 18 sub-aims and 45 targets against which the Company has reported. Further details in respect of KPI's and Sports Development and Outreach engagement is available in Appendix B and C.

3.0 Statement of regulatory compliance (inc. Fire Safety, any reportable incidents etc)

3.1 The Company through a service level agreement (SLA) with the Council, undertakes a host of health and safety and compliance works to ensure the fabric of the buildings are maintained correctly and are fit for purpose and use. In addition, the Company ensures that the employees and customers working and using the facilities are safe when in the buildings and the Council as Landlord has compliance assurance comfort through the operator.

3.2 To aid and support this compliance assurance, the Company employs external specialists/contractors through the Council's corporate property services who provide specialist advice with regards identifying appropriate contactors.

3.3 Throughout the year the Company works through its compliance requirements, and these can be seen at Appendix D of this report with further compliance areas/requirements added to this list as appropriate.

3.4 For the year 2023-2024 all compliance issues identified were actioned with all remedial works undertaken by appropriately qualified individuals or companies.

3.5 Currently there remains items of works which were identified for Southwell Leisure Centre; these are currently being programmed in by the District Council, with a competent contractor.

3.6 In addition to the above compliance checks the Company also undertakes internal compliance checks, and these have been set out in section 5 of Appendix A.

Business Performance – Strategic Risk Review and Customer Satisfaction

3.7 Section 8 of Appendix A provides a summary of the current strategic risks that are being managed and monitored closely around utility costs and the data shows that improvements have been made in respect reducing energy consumption and accordingly a corresponding reduction in CO2 emissions which will contribute positively to the Council's overall target to improve its future operational sustainability.

3.8 Sections 9 and 10 of Appendix A provide a summary of complaints received and customer satisfaction data including a Customer Satisfaction Survey conducted for the first time which attracted 547 responses with an overall satisfaction score of 3.9 out of 5 broken down as follows:-

- Cleanliness – **3.89 / 5**
- Digital experience / app – **3.33 / 5**
- Friendliness of staff – **4.24 / 5**
- Knowledge and expertise of staff – **4.12 / 5**
- Value for money – **3.84 / 5**

3.9 Throughout the year, there have been 170 comments reported with an associated score applied to the visit/experience. The method provides consistency and balance in dealing with feedback, with relevant comments shared wider across the workforce. In type of customer feedback received is as follows:-

- Accidents and incidents - 2
- Facilities - 46
- Positive staff feedback - 44
- Negative staff feedback - 11
- Programming - 33
- Systems and pricing - 16
- Miscellaneous - 18

4.0 Recommendations

3.1 That the performance of the company at **Appendices A, B, C and D** are noted.

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 – FIN24-25/2308

4.1 The current budgeted management fee payment to Active4today within the Council's financial system is £500,000 for financial year 2023/24. The outturn report at Appendix A for Active4today for year-end 2023-2024 reports a deficit of £410,534. However, given the overall financial position for the Council it is felt appropriate that the full management fee be released and the overall surplus of £139,466 be transferred to the Company Reserve in this instance.

4.2 The planned management fee for 2024-2025 of £749,100 has been included in the Council's 2024-2025 Revenue Budget.

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