

Report to: Health, Wellbeing & Leisure
 Decision Date: 3 January 2025)
 Portfolio Holder: Cllr Susan Crosby
 Director Lead: Suzanne Shead – Housing, Health & Wellbeing
 Lead Officer: Cara Clarkson, Business Manager, Regeneration and Housing Strategy

Report Summary	
Type of Report	Open Report – Non Key Decision
Report Title	Active4Today - Business Case for Investment in Inflatables
Purpose of Report	To seek approval for the purchase of two inflatables for the Dukeries Leisure Centre – one for within the pool and one for within the main hall.
Recommendation	That the Portfolio Holder approves an increase of £75,795.00 to the General Fund Capital Programme for 2024/25 to be financed by a revenue contribution to capital from the management fee's favourable variance.
Alternative Options Considered	The alternative is to not purchase inflatables – this has been discounted on the strength of the business case presented at Appendix 1.
Reason for Recommendation	As set out in the business case and covering report – the recommendation will support the Council’s key objective of improving health and wellbeing.
Decision Taken	As per recommendation

1.0 Background

- 1.1 At a joint session of the Board of Active4Today and NSDC representatives on 14 August 2024 (to discuss Future Plans and Investment in Leisure Centre Provision) it was proposed that investment in inflatable activities for the Dukeries Leisure Centre could be a cost effective approach to both raising activity levels amongst Ollerton and Boughton residents and providing a commercially sound investment.
- 1.2 A business case for investment was presented to the Senior Leadership Team (SLT) on 10 December 2024 for consideration and to endorse referral to the relevant Member for decision. The minute from this meeting is included below for completeness:

Recommendations:

- i. **That the Senior Leadership Team approves for a summary business case is referred to the Portfolio Holder for Health and Leisure requesting an increase to the capital budget 2024/25 to purchase inflatables for the Dukeries Leisure Centre.**

SLT Decision:

SLT are supportive of the above recommendation, subject to a further discussion on the income levels and projections with A4T at the meeting this afternoon (10.12.24). Sue Bearman to confirm how the decision should be phrased and that it can be a Portfolio Holder decision.

- 1.3 On 10 December 2024, in line with the above minute, the Chief Executive, Section 151 Officer and Director – Housing, Health & Wellbeing further discussed the business case with the Managing Director of Active4Today to seek additional clarification and comfort on the income projections. These assurances were provided.

2.0 Proposal

- 2.1 **Appendix 1** sets out the business case from Active4Today for investment in two inflatables – one inflatable for the swimming pool and one to be located in the main sports hall.

- 2.2 Key points to note from the business case:

- i. The proposal is to help utilise excess capacity within the main hall at the Dukeries Leisure Centre in Ollerton and to provide an enhanced offer within the swimming pool.
- ii. The proposal aims to encourage activity levels in a new way that helps adults and children get active in a less formal and fun setting to help address significant health inequalities within the area.
- iii. The cost of the pool inflatable is £5,295 (+VAT) with an expected payback period of 5 years.
- iv. The cost of the sports hall inflatable is £75,795 (+VAT) with an expected pay-back of 3 years.
- v. Total capital investment requested is £81,090 (+VAT).
- vi. The products are expected to last circa seven years – with repairs and maintenance costs budgeted for within the annual running costs.
- vii. The received business case shows a competitive pricing structure when compared to similar offers. It is welcome to see provision within the payment schedule for one adult to access for free with a child – this should encourage an increase in activity levels.

3.0 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 FIN24-25/1363

The quarter 2 forecast for the Active4today management fee showed a favourable variance of £593,100. Within this figure, a provision was made to use part of the favourable variance for an income-generating initiative.

Since the proposed cost of the pool inflatable is £5,295, which is below the Council's capital expenditure threshold of £15,000, it will be procured directly from revenue and covered by the management fee's favourable variance.

The proposed cost of the sports hall inflatable is £75,795. This amount needs to be added to the Council's General Fund Capital Programme for 2024/25 and will be financed by a revenue contribution to capital from the management fee's favourable variance.

The future years impact of the proposed income generating initiative on the management fee will be built into future years budget setting process once the actual figures are established.

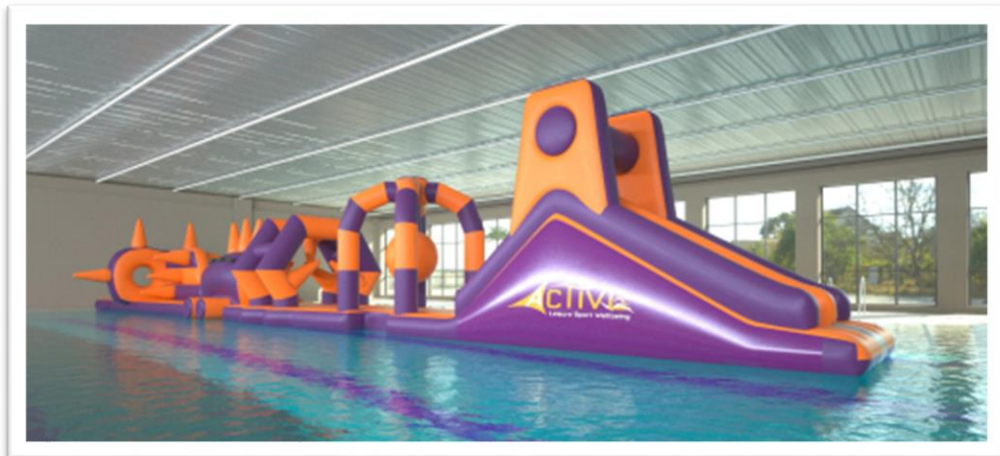
Equalities Implications

The proposals should have positive equality implications helping to address health inequalities within the area through increased opportunities for activity. The proposal also includes opportunities for sessions for younger service users and also those service users with disabilities.



BUSINESS CASE

**AIR -X and POOL INFLATABLE AT
DUKERIES LEISURE CENTRE**



1. BACKGROUND:

- 1.1. This business case has been developed for the purchase and operation of two activity inflatables at Dukeries Leisure Centre, which will enhance the existing programme and engagement with the community, but also reach further afield, making the leisure centre a 'destination' activity for a wider audience.
- 1.2. Active4Today is seeking investment from Newark and Sherwood District Council for the purchase of an indoor Air-X inflatable and a pool inflatable, both bespoke, to be sited in the sports hall and pool at Dukeries Leisure Centre, Ollerton. This would add significant value to the existing centre, by offering additional activities which are unique, attractive and has huge potential to increase physical activity levels of children and young people in the area.
- 1.3. The Council's Community Plan has clear objectives, and this project would contribute towards them, including reducing health inequalities in the targeted area of Ollerton and Boughton, seeking to increase local access to services, and showcasing the existing services that are offered, including the £2.3m pool investment, which opened in July 2021.
- 1.4. The project would also engage young people in the early intervention by delivering diversionary activities to prevent crime and anti-social behaviour and the sports development team members have established strong relationships with key agencies, including the Young People's Centre and local sports clubs.
- 1.5. Physical activity levels in Newark and Sherwood amongst children and young people aged 5 to 16 years old, (Sport England Active Lives Survey, academic year 2022-2023) highlights that 45% of young people are classed as 'active' where they have an average of 60+ minutes of participation in physical activity per day.
- 1.6. In order to make a relative comparison for the smaller area of Ollerton, this figure is compared to the most deprived decile which resulted in 46.6% of children averaging 60+ minutes of participation per day.
- 1.7. When looking further into the data regarding participation within, and outside school settings, Newark and Sherwood performs well against the most deprived decile, reaching 53.3% compared to 52.6%.
- 1.8. The current children's membership base at Dukeries Leisure Centre is 477 at 30th September 2024. This is split between the dryside and wetside courses with 79 children enrolled on a gymnastics or trampoline course and 414 on a weekly swimming lesson.
- 1.9. In recent months, the centre has experienced a reduction of children attending gymnastics and trampoline lessons and despite advertising for higher level qualified staff, the Company have been unable to recruit suitable staff to build the developmental and competitive pathway.
- 1.10. Quality of tuition is always a concern and A4T has encountered challenges in the expansion of the existing coaching programme due to the lack of individuals to coach at the beginner level; however, in addition, at the other end of the programme, the company also struggles to recruit more advanced coaches, which means the pathways for children are limited with regards progression and it is harder to motivate and retain the gymnasts on the programme.
- 1.11. Around the Ollerton area, the main competitors of the proposed inflatable sessions are I-jump, The Beehive, and Captain Jacks Adventure, which offer similar activities for children and families, such as trampoline, soft play and inflatable play all in purpose built facilities.

1.12. The table below summarises the main features and prices of each competitor, as well as the proposed inflatable sessions, for comparison. The locations of the competitors are also included, as they may affect the accessibility and convenience of the customers.

Competitor	Activity	Price per child	Price per adult	Party price per guest	Location
I-jump	Trampoline and soft play	£7.00 off peak, £9.00 peak	Regular price	£5.50 - £15.00	Mansfield
The Beehive	Soft play	£6.50 for 2 hours	£1.50	£9.99	Ollerton
Captain Jacks Adventure	Soft play	£6.95 unlimited time	£1.50	£8.95 - £15.95	Retford
Proposed Air-X inflatable at DLC	Large Inflatable play	£7.00 for 1 hour	1 for free (extra £3.00)	£200 (total for exclusive hire), or for small party groups, customers can pay the pay and play price	Ollerton

Table 1 – Comparisons and prices

1.13. The comparison shows that the proposed inflatable sessions have a competitive advantage over the other competitors in terms of the price per adult, which is free for the first adult and £3.00 for the extra adult, while the other competitors charge £1.50 or the regular price for adults. This may attract more families, where one or more adults want to join their children on the activity. The proposed child session price, is proposed at £7.00 per child and is comparable to other competitors.

1.14. The Air-X inflatable bespoke design is fully inclusive, accommodating for very young children with the removeable section that specifically caters for toddler age children (12 months to 4 years), as well as customers with additional needs i.e. learning disabilities of all ages.

2. FINANCIAL CONSIDERATIONS:

2.1. The total initial investment cost for the inflatables, including fans, manometers, delivery, noise restriction covers, installation, and operational training is £75,795 + VAT (sports hall) and £5,295 + VAT (swimming pool), £81,090 + VAT in total. This is a significant investment that requires a financial plan to ensure it is sustainable, shows a return on investment and also provides value for money and meets social responsibilities, for the target market.

3. AIR X OVERVIEW:

3.1. Due to the size of the proposed sports hall inflatable, some minor electrical works are required to increase the number of power sockets to accommodate up to 8 air fans, lighting and music to improve the ambience. This is anticipated to cost in the region of £2,500 and will be procured through Corporate Property, by Active4Today, if the capital finance is secured from the council.

3.2. The inflatables can be used for birthday parties and open activity sessions at weekends (including Friday evenings), which presents two main revenue streams. There will be a price list for charges for birthday party bookings, which will be comparable to existing process for swimming pool parties offered, and a separate fee for open activity sessions (pay and play). At table 2 is a typical year-round timetable, which shows a variety of sessions to accommodate all and whilst this is not being put forward as the final plan, provides a flavour of a typical programme, whilst at the same time recognising that flexibility is vital to ensure the capital

investment supports as many individuals and groups as possible and provides a good return on investment for the council and Active4Today.

- 3.3. It is proposed that the sports hall inflatable, will be erected from a Friday to maximise the session times and to allow regular classes and block bookings to continue during the weekdays (the most popular times for classes, individual use of racket sports and club hires). The inflatable when deflated, will cover up to one full, half of a full, or a quarter of a full badminton court, depending on if the inflatable needs to be transported or not. Time is required also at the set up and break down periods (the start and end of the sessions) and as set out above, this time can be minimised, if there is less of a requirement to make available all courts (four) after the sessions. This is why sessions are consolidated in a bid to avoid multiple set up and break downs, which take more staff resource.

Fridays	Time	Saturdays	Time	Sundays	Time
Set up Time	10:00	Set up Time (dependant on the evening pack away)	08:30	Family Session	09:30
Disability Session	11:30	Inflatable session	09:30	Family Session	10:30
Under 5's	12:30	Inflatable session	10:30	Inflatable session	11:30
Under 5's	13:30	Inflatable session	11:30	Party	12:30
Inflatable session	16:00	Party	12:30	Party	13:30
Inflatable session	17:00	Party	13:30	Family Session	14:30
Pack Away – flexible depending on whether the whole hall is required that evening		Family Session	14:30	Inflatable session	15:30
		Inflatable session	15:30	Pack Away - required for cleaning and Monday mornings activities	

Table 2 – Typical weekend sessions

- 3.4. An additional draft timetable has been put together for midweek sessions during the school holidays. This has been included in the proposed budget for 10 weeks of the year. These sessions once again need to have flexibility built into them to ensure opportunities are maximised including targeted sessions such as HAF.

Monday	Time	Wednesday	Time
Already up from Sunday		Set up Time	08:30
Inflatable session	10:00	Inflatable session	10:00
Inflatable session	11:00	Inflatable session	11:00
Inflatable session	12:00	Inflatable session	12:00
Pack Away – required for cleaning and the evening programme		Pack Away - required for cleaning and the evening programme	

Table 3 – Holiday programme sessions

- 3.5. Operational costs and financial projections – below is a table containing operational costs such as staffing, maintenance, contractual services, licences and utilities. The income is based on the expected number of users, which has been averaged at 20 children per session and the ticket price, proposed in table 1. This gives an understanding when the investment will start to see a return. This will also help in setting realistic financial goals.

- 3.6. Below is an estimated budget of what a typical full year of operation may look like financially. The table indicates that the inflatable could return a net profit of £32,000 during the year. This would mean an expected surplus during the 3rd year of operation. Depending on usage, the estimated life expectancy of the inflatable is approximately 7 years.

Cost/Income Code	Budget
Salaries	£29,300
NI	£2,900
Superannuation	£5,000
Staffing costs	£37,200
Electricity	£5,000
Licences	£1,000
Contractual Services	£4,000
Repairs and maintenance	£2,000
Income	-£81,200
Net Profit	-£32,000

Table 4 – Operational Costs and financial predictions

- 3.7. As part of the financial modelling for the Air-X, this has taken account of any potential loss of income within the sports hall, which may be displaced by the inflatable. However, weekends are traditionally under utilised and as such, there is little income loss identified. What the company is expecting is for the limited usage which may of taken place (pay and play traditionally at weekends, or free with the full membership), will use the facility during the week, or use one of the other sports halls at Southwell or Newark.
- 3.8. Any main hall full hires, such as the ‘Bug Fair’ will continue and the inflatable sessions will be cancelled that weekend. This is usual custom and practise within industry hires.

4. POOL INFLATABLE:

- 4.1. This equipment requires no additional infrastructure changes like that of the Air-X.
- 4.2. The inflatables can be used as above for birthday parties and open activity sessions (within the week and at weekends), which presents two main revenue streams. There already exists a price list for charges for wetside birthday party bookings, which includes inflatables, as these are used at the Newark site.
- 4.3. At table 5 is a typical year-round timetable, which shows a variety of sessions to accommodate children’s pay and play sessions (families also), and which is working around our existing wetside commitments.
- 4.4. It is proposed that the pool inflatable, will be provided within specific family session (already on the programme at weekends) and also for specific young people sessions, which may compliment the Air-X activity. In addition, for specific pool parties, as set out above.
- 4.5. The equipment will be packed away after each session (unless there are back-to-back opportunities e.g. parties) and stored within the pool store on poolside.

Fridays	Time	Saturdays	Time	Sundays	Time
Inflatable session	18:45	Family session	11:15	Family session	10:30
		Party	13:00	Party	13:00
		Party	14:00	Inflatable session	14:00

Table 5- Typical weekend sessions

- 4.6. An additional draft timetable has been put together for midweek sessions during the school holidays. This has been included in the proposed budget for 10 weeks of the year. These sessions once again need to have flexibility built into them to ensure opportunities are maximised including targeted sessions such as HAF.

Monday	Time	Wednesday	Time
Inflatable session	10:30	Inflatable session	10:30
Inflatable session	11:30	Inflatable session	11:30

Table 6- Holiday programme sessions

- 4.7. Below is a table containing operational costs and income predictions and includes, staffing, maintenance, contractual services, licences and utilities. The income is based on the expected number of users, which has been averaged at 15 children per session and the ticket price. This gives an understanding when the investment will start to see a return. This will also help in setting realistic financial goals.
- 4.8. Below is an estimated budget of what a typical full year of operation may look like financially. The table indicates that the inflatable could return a net profit of £700 during the year. This would mean an expected surplus during the 5th year of operation.

Cost/Income Code	Budget
Salaries	£14,100
NI	£1,400
Superannuation	£2,500
Staffing costs	£18,000
Electricity	£2,000
Licences	£500
Contractual Services	£2,000
Repairs and Maintenance	£2,000
Income	-£25,500
Net Profit	-£1,000

- 4.9. As part of the financial modelling for the pool inflatable, this has taken account of any potential loss of income within the pool, which may be displaced by the inflatable. However, several of the sessions which are planned are already on the programme and the inflatable will be used to enhance these sessions, which currently have just floats and toys in. This should increase numbers and provide a small amount of additional income.
- 4.10. For the new sessions planned, these are taking new pool time at weekends which currently stand empty. These sessions have been worked out with the necessary costs included and whilst the sessions themselves will not provide a huge financial return, they will make a small return and more importantly increase utilisation. This will raise awareness of the centre, which in the long run should provide a greater return on investment.
- 4.11. Any main pool hires, such as the 'scouts swimming sessions' will continue and the inflatable sessions will be cancelled during that period. This is usual custom and practise within industry hires. Depending on usage, the estimated life expectancy of the inflatables is approximately 7 years

5. ADDITIONAL INFORMATION:

- 5.1. A marketing plan will be developed to reach key audiences to promote the new inflatables and sessions available. This will include social media advertising, local partnerships, and special promotions.

- 5.2. Ensuring the safety of users is paramount and adherence to all safety regulations and guidelines for operating inflatables. This includes regular inspections and staff training. The annual budget will include an external inspection undertaken by a specialist contractor, who will also identify potential upgrades and repairs required to maintain the safety.
- 5.3. The installation of the Photo Voltaic panels on the pool building at the leisure centre will support the operation of the equipment, using renewable energy to ensure a sustainable operation for the future.
- 5.4. There is potential of secondary spend opportunities and as part of the initial period, vending machines will be upgraded to ensure participants can access hot and cold drinks and snacks. Once the offering is established, Active4Today will investigate the further catering options, with the possibility of securing an external provider to offer a wider range of food and drink options on a franchise basis.

6. SUMMARY:

- 6.1 The request is made to the Council for the purchase of the equipment for Active4Today to use. This will generate further income and build footfall at Dukeries Leisure Centre, advertising the other facilities that are on offer.
- 6.2 This will, in turn, potentially decrease the management fee, payable annually by the Council to Active4Today, and contribute towards achieving a zero-management fee goal. The Company will provide the relevant revenue budget to ensure the equipment is maintained to the required standard, as per the lease agreement in place.

7. RECOMMENDATIONS:

- 7.1. The Council provides the financial investment to purchase the equipment to enable Active4Today to offer pool and sports hall inflatable activities at Dukeries Leisure Centre.
- 7.2. That this investment is agreed within this financial year, to enable Active4Today to agree the purchase with the contractor and use the framework agreement, to undertake a direct order.
- 7.3. It is recommended that the financial investment is made using the forecasted savings identified to date by Active4Today at period 06, mainly the reduction currently of the management fee in year from £749,100 to a current forecasted position of £81,200, a reduction from the original budget of £667,900.
- 7.4. The Company explores the options for secondary spend including vending and catering providers.
- 7.5. The Company creates a work schedule, which includes the electrical works to be completed in advance, with a possible opening date for public from February 2025 (this financial year).

For further information please contact Andy Carolan – Managing Director