

LEISURE & ENVIRONMENT COMMITTEE
18 SEPTEMBER 2018

ACTIVE4TODAY – COVERING REPORT

1.0 Purpose of Report

1.1 This purpose of this covering report is to appraise members of the Leisure and Environment Committee about the performance of Active4Today during the period between April 1 and July 31, 2018. The report also sets out some key issues arising from the information presented and some proposals in response to the issues.

2.0 Background Information

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

2.2 The appendices to this covering report contain:

- A management report from Active4Today (Appendix I)
- A performance update (Appendix II)
- A narrative on the work of Sports Development (Appendix III)

3.0 Proposals

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

Overview of performance

3.2 Within the leisure centre sites owned by the Council, adult memberships are up on the same period in 2017 by 1.87%, whilst junior memberships are down slightly by less than one percentage point.

3.3 When adult and junior memberships at Southwell Leisure Centre, which is run by a Trust, are included, the overall adult and junior membership bases are up 4.55% and 0.59% respectively. The performance within the membership bases are the best indicators of the underlying financial performance of the company.

3.4 However, whilst overall performance across the centres is up, challenges have emerged at the Dukeries Leisure Centre with a significant decrease in adult memberships of 101 members compared to the same period in the previous year. As members will recall, up to July 2017, the Council used to hire the school pool but this arrangements was terminated by the Trust which runs the Academy at very short notice. A4T would seem to suggest that the two-site offer since that time has seen parents perhaps focussing on enabling their

children's memberships and lessons to take priority with a subsequent decrease in adult memberships.

- 3.5 Similarly, there are also issues within the children's membership base at the Dukeries. The nuance with children's memberships, however, is that this reduction has taken place from April 2018, which corresponds to the decision taken by South Forest to end the pool hire agreement with Active4Today. Since the move to South Forest late last July, children's memberships actually grew to net off the impact of fewer adult memberships, but this has now reversed with 97 children's memberships being cancelled since April of this year so that the figure now stands at 461 which is the level it was at when A4T moved from the Dukeries to South Forest in July of last year. The report from A4T does not state whether these losses from the Dukeries have resulted in corresponding increases at the other sites and the Committee may wish to ask the Company whether this has been the case.
- 3.6 Within the management report from Active4Today, the Company highlights some of the work it has been undertaking to try to increase memberships through discounted passes over the summer period. Over June and July a number of promotional passes were sold across the sites and members may wish to ask A4T for information on how many of those have now converted to one of the Company's membership packages.
- 3.7 GP referrals are up 34% year on year whilst the participation of the over 60s in activities within the leisure centres has also increased significantly at nearly 40%. A narrative on the work of Sports Development over the period is contained within Appendix III.

Overview of finance

- 3.8 At the end of July, A4T are reporting that they are £12,000 ahead of where they had budgeted to be in terms of income. And, subject to that performance continuing to year end, are forecasting that they will be £72,000 ahead on income at year end. When the forecasted position on expenditure is applied, the net effect is a forecasted surplus of £17,000 at year end. This forecast is inclusive of the issues currently being experienced within the Dukeries membership but, as is noted in the A4T report, this needs to continue to be closely monitored.
- 3.9 As members will recall from the March Committee meeting, Councillors agreed to pay A4T half of this year's management fee on April 1 and to hold the remaining 50% in abeyance pending the financial performance of the Company over the year.

Key issues

Swimming provision at the Dukeries

- 3.10 Committee members will be aware of the challenges in the Dukeries offer since the Trust which runs the Dukeries Academy took a decision to close the pool at very short notice last July. Since that time A4T struck an agreement to provide swimming access at South Forest Leisure Centre and, when that came to an end, have entered into an agreement with Wellow House School. The long-term future of that arrangement is uncertain and, as can be seen from the performance data from A4T, the move to Wellow has coincided with a significant reduction in children's memberships at the Dukeries.

- 3.11 Over the previous year, the Council undertook a review of leisure centre provision in the Sherwood area and presented a report on the findings to the Committee in June. The Committee took a decision not to progress with the option of building a new pool hall with additional improvements on the grounds that the £7.9-million scheme would have to be funded through almost the entire use of the Council's change management reserves as it would only deliver a revenue return of around 1% and could not therefore be financed through prudential borrowing.
- 3.12 Since that time, it has emerged that although the Trust which runs the Dukeries Academy stated that the pool at the site would be filled in upon closure, this has not yet materialised. Therefore, officers have been asked to look at whether this is a viable option.
- 3.13 In justifying the decision to close the pool, the Trust sent the Council a condition survey on the pool. It noted that mechanical and electrical improvements to bring the pool up to a usable standard were forecast at £450,000 whilst also going on to recommend that, due to concerns about water leakage from the pool, further surveys would have to be commissioned to understand water leakage, subsidence and, if they were apparent, a structural survey to understand the impact on the building.
- 3.14 Asset Management has estimated that the three surveys would cost £20,000 each and recommended that if the Council was to pursue this as an option, a further survey would also be required in relation to asbestos as well as Council commissioned surveys on the mechanical and electrical findings from the Trust to give the Council assurance as to their validity or otherwise. As such, it is estimated that this survey work could cost in the region of £100,000 to £120,000 in order to understand the risks involved in undertaking the project. That does not then include the costs associated with developing the scheme and undertaking the improvement works.
- 3.15 A more appropriate solution might be to look at the potential of a modular pool being put at the site. This would not incur anything like the risks associated with taking on the existing pool and would provide a pool facility alongside the existing offer at the leisure centre site. The Council and Active4Today are undertaking a review into the feasibility of such a solution and will aim to bring a more detailed report to the next meeting of Leisure and Environment Committee.

Southwell Leisure Centre Trust

- 3.16 Members will be aware that representatives from the Committee have met with the Trustees with a view to the Trust paying a contribution to A4T for the strategic management support that is provided to them. This year worth £95,850, a meeting was due to take place with the Trustees on September 11 and, as the Committee papers would have already been despatched by the time the meeting took place, it is proposed to give the Committee a verbal update on progress.

4.0 Equalities Implications

- 4.1 The Company has highlighted the work it is undertaking in areas of deprivation and the specific campaigns it has launched with the aim of attracting segments of the community to activities provided by Active4Today.

5.0 Impact on Budget/Policy Framework - (FIN18-19/1757)

- 5.1 The costs of a modular pool are currently being investigated and if deemed a viable solution, will be brought back to members once these are better understood and will be included within a future business case developed in conjunction with Active4Today.
- 5.2 Active4Today is forecasting a small surplus at year-end, but greater certainty will be achieved further through the financial year. The Committee previously took a decision to pay A4T half of the management fee on April 1 and continues to hold the remaining 50% in abeyance.
- 5.3 In relation to Southwell Leisure Centre Trust, members also took a decision to pay half of the management fee to Active4Today on April 1, with any remainder to be paid once agreement has been reached with the Trustees. A contribution would represent a saving to the Council's revenue budget.

6.0 RECOMMENDATIONS that:

- (a) the Active4Today performance reports are noted; and**
- (b) a report on the potential of a modular pool to be provided at the Dukeries site is brought back to a future Committee meeting once officers have completed their investigations into the viability of such a solution.**

Reason for Recommendations

To ensure the company is able to deliver the outcomes required by the Council in the most efficient and effective way.

Background Papers

For further information please contact Matthew Finch on Ext 5716.

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