

**LEISURE AND ENVIRONMENT COMMITTEE
MANAGEMENT REPORT****24 SEPTEMBER 2019****1.0 REPORT PURPOSE**

- 1.1 To provide the Leisure and Environment Committee with a performance report for the leisure centre operations, up to the end of quarter 1 (1 April 2019 – 30 June 2019), with comparison data provided against the same period in the previous year.
- 1.2 To provide the Leisure and Environment Committee with an update of the work being undertaken by the Sports Development team, up to the end of quarter 1.

2.0 Background

- 2.1 Members will be aware that reports are provided to the Leisure and Environment Committee against a set amount of performance indicators, which were agreed with the committee; these are set out at Appendix I. Narrative to support these performance indicators is set out in section 3 of this report.

3.0 PERFORMANCE**Performance report for quarter 1, 1 April 2019 – 30 June 2019:**

- 3.1 There are a number of areas of the business that have performed well during the period and in addition, areas which require further clarification. These are set out below:
 - Adult direct debit membership across all sites (including Southwell LCT) is 8,948 at 30 June 2019, this is an increase on the same period in 2018 of +443, across both organisations.
 - Although the overall adult membership position is positive, as detailed in appendix I, this growth is attributable to NSFC and SLC only, with Blidworth and Dukeries leisure centres currently performing slightly below expected levels for this period. Dukeries may be linked with the issues still surrounding the loss of the main pool at the site and the additional travelling, which some parents now have to undertake to take their children to Southwell or Newark. In addition, the offer at the site is now reduced and the perceived value for money at the site is also reduced to members. It is hoped these numbers will increase when the new swimming pool at the site is developed and the Dukeries becomes both a wet and dry facility.

- The number of child memberships on direct debit across all sites (including Southwell Leisure Centre) is 3,892 at 30 June 2019. This is a decrease of -249 compared to the same period last year, attributable to the changes in swimming provision at DLC, which accounts for a loss of -208. In addition to this, there has been a small decrease experienced at NSFC also; the reduction at NSFC is, in part due to members at DLC taking up the opportunity to use NSFC, which has resulted in spaces which had originally been made available for new members, now being taken up by existing members. This is good as a retention of DLC members, however, this has restricted growth which was expected at NSFC and which formed part of the target setting during 2018.
- In order to mitigate some of the losses identified at DLC, there have been a number of promotional campaigns which have included amending the range of memberships available at DLC and the introduction of a single flat rate price of £19 p/m, which includes all the dryside courses. This has been a success and has resulted in retaining several members more than expected. However, the consequence of this is increased costs for running courses and member migration to other sites, at the lower cost.
- The table below provides the detailed actual membership data, with a comparison against the same period in 2018.

Site	Type	Actual	Comparison to 2018	Variation to previous year
Blidworth	Adult	842	868	-26
Dukeries	Adult	941	948	-7
Newark	Adult	4,782	4,444	+338
Blidworth	Child	30	28	+2
Dukeries	Child	297	505	-208
Newark	Child	2,214	2,257	-43
A4T TOTAL		9,106	9,050	+56

Table 1, 2019/2020, quarter 1 membership data

- In readiness for the school summer holidays, A4T has developed a varied programme of activities for children, bringing in coaches from local sports clubs including Newark Castle Archery Club, as well as 'Bikeability' sessions from VIA East Midlands (previously Nottinghamshire County Council Road Safety Team), to enhance the programme and signpost children to further opportunities.
- Following on the long term success of membership direct debit collections, the Company has implemented a direct debit scheme for collecting income for club bookings. To date this has moved 24 out of a possible 34 clubs, from monthly pay and play or invoice collection, resulting in a much more streamlined operation and

improved cash flow. This assists with keeping prices down for clubs, resulting in greater opportunities of access and increases in activity levels, for residents of the district. In turn, this also supports clubs to budget their income and cash flow across the whole year, rather than the playing season. It also enables them to secure a block booking on a longer term basis.

- The number of user visits across all 4 sites for the quarter has reached almost 317,000 user visits; this is an increase of over 20,000 visits in comparison to the same period in 2018/2019. This, in the main, is as a result of improvements in the ICT infrastructure to the sites, which Members will be aware, caused major difficulties last year with several system failures and thousands of usage visits unrecorded. This number also includes a number of sports development activities, which were held within the leisure centres as taster/grassroots activities, with an aim to become mainstream centre activities, if the demand was sufficient. These include a variety of walking sports sessions, cardiac rehabilitation and falls prevention groups for older people.
- The number of GP Referrals received in the period was 100 compared to 110 for the same period during 2018. Although the number of referrals has reduced, the number of those referrals that attended their first session and took part in the 12 week subsidised scheme has increased to 66 (+10), compared to last year; 56 during 2018/2019.
- The participation of over 60's has experienced a small increase in comparison to quarter 1 in 2018, with over 3,000 more user visits in the centres, as detailed in appendix I.
- Partnerships with other community sports facilities are increasing. Discussions are on-going with regards to developing a service level agreement with Barnby Road Academy, following the completion of their new 4 badminton court sports hall build. If A4T are successful in agreeing a long term partnership with the Barnby Road Academy, this will provide more access to high quality sports provision to local sports clubs and groups, with A4T involved in the development and management of all bookings through the sports development team. Currently a trial basis has been agreed, with A4T managing bookings for Barnby Road Academy, from October 2019.
- A4T staff has been working together with NSDC ICT colleagues to improve the ICT infrastructure. The migration to 3 servers has now stabilised the system considerably and as a result has meant very few occasions when down time has occurred. As a result and as has been reported above, this stabilisation has resulted in customers now recording visits more regularly, which has increased usage in quarter 1 by over 20,000 usages to date.

4.0 UPDATE ON 2019/2020 BUSINESS PLAN

4.1 Members will be aware that as part of the business plan, a set of outcomes and objectives are agreed with the committee and set out below is an update to quarter 1 on the 2019/2020 table, to demonstrate to Members the work which is taking place within the Company.

OUTCOME	OBJECTIVE	ACTION	PROGRESS to period 3
Healthy and active lifestyles			
Delivery of a business plan for Southwell Leisure Centre, to support its proposed strategic development	To develop a financial business plan for the SLCT, which will forecast income generation, investigate accessing new and existing markets, assess current penetration rates and develop new programming opportunities, to maximise access opportunities for all.	As part of the agreement with NSDC to provide management support to the SLCT through the SLA. Provide the SLCT with a strategy which will increase growth in the adult and children's memberships	Business planning has taken place with the Trust, to develop a new fitness suite for the leisure centre. This will seek to increase usage and income and address the current over capacity issues at the site. A4T are now waiting for the outcomes between the DC and Trust to finalise, to move the process to the next stage
Childhood obesity - develop and provide opportunities for 'young people in primary education' to increase levels of physical activity and sport.	Support the development and promotion of a Junior parkrun in the Sherwood area of the district	Engage with schools, event organisers and private operators, to promote the junior parkrun and develop a set of activities which surround and compliment the parkrun prior to its first months launch. This will seek to engage children in physical activity with parkrun as a potential free exit route to develop regular weekly activity	The first Junior parkrun will be held on Sunday 28 th September at 9am on the enclosed sports pitches at Dukeries Academy/leisure centre. This has been coordinated by a team of local volunteers with A4T support. The response has been extremely positive.
	Implementation of children's coaching in schools in the Ollerton area	Engage two schools per term. Prioritise schools in most need and by travel time from Dukeries Leisure Centre	Coaching sessions have been delivered to 2 schools in the area with one school within walking distance attending the leisure centre for the activities.
	Work with partners i.e. Everyone Health to promote their initiatives tackling childhood obesity	Increase Everyone Health's bookings by 10% over a 12 month period	Progress so far is unconfirmed however the focus of this action will be prioritized following the appointment of the Active Lifestyles Officer, who commences employment with A4T during September 2019.
Inactive people - develop and provide opportunities for	Identify communities with low activity levels	Promote the 3-year pricing strategy, specifically the new	Promoted through the Council's Council Tax distribution

'inactive people' to increase levels of physical activity and sport.		qualifying criteria for concessionary membership in deprived areas Develop a series of outreach activities linking to existing opportunities Offer 12 (one per month per site) free taster activities at centres	Attendance at local events including school fayres, 4Uth (NCC Youth Service). Taster sessions offered through swimming teachers courses. A series of trampolining and gymnastics sessions have been offered.
NSEC 6-8 - develop and provide opportunities for people living in high NSEC 6-8 target areas to increase levels of physical activity and sport.	Introduction of pricing strategy including additional qualifying criteria for concessionary membership	Increase take up of the concessionary memberships by 50% Offer 12 (one per month per site) free taster activities at centres Offer a FREE 7 day pass for all participants of the initial pilot of junior parkrun in Sherwood area	Growth experienced in Q1 as reported in appendix 1 Taster sessions offered through swimming teachers courses. A series of trampolining and gymnastics sessions have been offered. In progress when parkrun is launched in September
Accessible facilities			
Develop a business plan for a Modular Pool at the Dukeries Leisure Centre	Assist the Council with the feasibility and development work for the development of the new swimming pool at the Dukeries Leisure Centre. This work should include the development of the finance for the delivery of the pool, the requirements for operations and the specification for the delivery of a community swimming programme.	Develop a 3-year financial forecast for the modular pool. Apply to Sport England for funding to support the capital development and fit out of the facility. Develop a 'wet side programme' which will engage with NCC for the return of school swimming within the Sherwood area. Develop a pool class timetable Develop a junior lifeguard academy Develop a marketing plan to the 3 -year pricing strategy Development and relaunch of the junior swimming programme	A4T were successful in receiving a Sport England (SE) grant of £150K, towards the development of the new swimming pool at Dukeries. After discussion with SE and the DC however and to avoid possible complications with the Company's 'Teckal' compliance, an agreement was made between SE, A4T and the DC, to transfer the grant over to the DC. This is currently being finalised and will ensure the £150K contribution is retained, within the project.
Improve community access through partner facilities and increase usage and access to local sporting facilities	Explore partnerships with other academy's to increase community usage through the use and management of their facilities	Using the Newark Academy pilot engage with two new partners during 2019/2020, with a view to supporting increased sporting facility take up throughout the district	Barnby Road Academy have received DfE funding for a new 4 court sports hall and have engaged with A4T to manage the community bookings from October 2019 for a trial basis, until April 2020. Full SLA is still to be developed during the trial period.
Achieve a 3-year SLA with the Newark Academy	Agree a new 3-year SLA with the Newark Academy for undertaking the	Have a signed SLA agreement in place by September 2019.	This is progressing and a meeting has been booked in with the Academy when

	management of the facility to maximise community access. The 3-year agreement will secure the use of the facility for clubs and pay and play users until 2022. In addition, the sports development team will continue to provide mentoring opportunities for all students accessing leisure.	Continue to achieve income and utilisation targets and add further growth with the introduction of courses and special events. Provide 15 work placement opportunities for students Provide VISPA volunteering opportunities for students	the school returns in September. To date, there have been 3 students that have undertaken work experience with NSFC from Newark Academy. The number of VISPA volunteers recruited from Newark Academy to date is 4.
Financial viability			
Deliver a new receipting system for the business	To investigate the options of new receipting and back office systems for the business, in line with the requirements of the Council's capital programme and the procurement process. Develop a 'fit for purpose' integrated system which supports the Council's new financial management system.	Scope out the specification for new system by May 2019, in consultation with the business unit of NSDC. Assess the viability of a proposed new system and discuss this with the Council through the operating contract agreement	New systems are currently being seen and a scope is developing from these demonstrations. ICT are being consulted with as part of the process and further updates will be provided as the project moves forward.
Implement a 3-year pricing strategy	Implement the 3-year pricing strategy within the District and support this with targeted marketing campaigns, encouraging usage in areas where traditionally usage may be low	Develop a schedule of promotional meetings to support the strategy. First promotions to be in place during spring 2019. Increase target market memberships groups to include concessionary memberships	This has been implemented across all sites including SLCT. There has currently been an increase of 20 concessionary memberships compared to last year, who have benefited from the reduced membership price, attached to the new postcode criteria.
Develop a 3-year forecasted budget for the Company	To understand the implications of the real living wage on the budgets for the Company and the increased utility charges which are and will continue to impact significantly on the revenue position of the Company	Develop a 3-year forecasted budget for the Company and discuss the findings with the Council, with regards to the implications of the on-going management fee from the Council to the Company. This must also take into account the current partnership with the SLCT and the SLA between the Council and Company, to provide services to the Trust	This is currently being developed and discussions with the council are being set up for October 2019, to develop a 3 year business plan/strategy, which will align with a 3 year financial budget.
Establish a new 3-year financial agreement with the Council for the Company's management fee	Undertake discussions with the Council to establish a new 3-year agreement with the Council for the	As set out above	As set out above

	management fee for the Company. This will support the 3-year forecast which the Company is hoping to undertake to understand the Company's financial viability		
Implement on-line memberships	Currently the on-line membership package has been purchased and it is hoped that ICT can ensure this is installed and operationally ready for use from April 2019. Whilst this will not provide significant increases in memberships, it improves access for customers being able to sign up to any leisure centre 24/7 and streamlines existing sign up processes.	Develop an online incentive scheme Develop digital marketing and branding of the online membership system Support the development of online membership, with a view to achieving 5% take up of memberships purchased online within the first 12 months of its introduction.	This is currently being developed with ICT and XN Leisure, the current front of house/memberships system supplier. This is tied in with an upgrade to a new system and a progress meeting has been put in place for September 2019, with the ICT business unit.

Table 2, 2019/2020, business plan objectives update

4.2 Members will note, that progress in all areas is being made, with some categories progressing quicker than others. Work on these objectives will continue to be progressed and recorded until the end of March 2020.

4.3 Members will note that many of the objectives above are linked with work of the Sports Development team. However, in addition to the work which is undertaken to meet the objectives above, attached at appendix II is on-going work, which has taken place during quarter 1, by the Sports Development team.

5.0 **FINANCIAL UPDATE**

5.1 Members will be aware that, as part of the agreement with Active4Today Ltd, an update on finance is provided by the Company on a regular basis, to ensure the Council can understand the on-going sustainability of the Company. In addition, it allows for early discussions to take place regarding the best way to apportion any additional finance, which may have been generated by the Company and channel this into areas such as additional sports development activities, subsidised usage for target groups, or additional equipment for outreach work.

5.2 Set out in the table below, Active4Today 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 Company. The table below shows the original, revised and profiled budgeted income and expenditure for quarter 1, set against actual income and expenditure for the same period. Although quarter 1 is early to evaluate the finances of the Company within the

financial year, below is the current position of the Company's finances, with narrative to add context to the information.

	Original 2019-20 budget income/ exp	Full Year revised June 2019	Profiled budget - to quarter 1 30 th June 2019	Actual income and expenditure for quarter 1	Variance to quarter 1 profiled budget
Total income	-£3,048,890	-£3,048,890	-£940,725.01	-£736,602.63	£204,122.38
Staff	£1,987,290	£1,987,290	£474,340.88	£451,440.43	£22,900.45
Premises	£425,240	£425,240	£85,480.34	£37,659.79	£47,820.55
Supplies and services	£711,100	£711,100	£132,064.97	£80,075.12	£51,989.85
Total expenditure	£3,123,630	£3,123,630	£691,886.19	£569,175.34	-£122,710.85
Transfer from/to balances A4T	-£74,740	-£74,740	£0.00	£0.00	£0.00
Net balance	£0.00	£0.00	-£248,838.82	-£167,427.29	£81,411.53

Table 3, Current financial information table 19/20

5.3 Points to note from the financial information table are:-

1. Income budgets: – There is currently underachieved income to period 3 of £204K. This is mainly due to the management fee (income/invoices) from NSDC for A4T's management of Southwell Leisure Centre (£96K) and Sports Development (£121K) not being raised. Instructions from NSDC have since been received on how the payment will be managed and invoices have now been raised by A4T and sent to NSDC; however, currently these remain unpaid. Additionally operational income is overachieving to profile by £13K mainly due to income collected from the election during May 2019 and other adhoc income.

2. Expenditure budgets: –

Salary Budgets - This budget is currently underspent to profiled budget by £23K. This is made up of a number of elements, including staff vacancies across the company, relief hours paid in arrears and freelance payments still to be made for June, in arrears.

Premises Budgets - This budget group is currently underspent by £48K mainly due to utility payments made one month in arrears to Corona, EDF, British Gas. Castle Water had not invoiced A4T at 30 June for the financial year so far, however, these have since been received and paid. In addition repairs and repairs and renewals invoices due from NSDC Estates Section had not been received for the period to 30 June 2019 and have recently been paid.

Supplies and Services Budgets - This budget group is currently underspend by £52K. Mainly due to an insurance invoice still to be paid (£51K); this has since been paid. However there are underspends on the marketing budget (£11K) and a year-end provision still to be matched, remained outstanding at 30 June 2019 (£6K). Irrecoverable VAT of £34K for quarter 1 has been charged to period 03, however, the profile budget is seen in period 04.

Other adhoc budget heads are underspent to profile across the company and these will be spent in due course (£18K).

- 3. Overall Financial Summary to date:** - Members will be aware that during January 2019, Active4Today were predicting a shortfall in their 2019/2020 budget of £75K. This was in the main due to increases in utilities, national insurance, pension contributions, real living wage and insurance and the corresponding income lines not being able to support the additional expenditure; in addition, A4T had a standstill position in its management fee from the Council for 2019/2020. Income shortfalls in general focus on the uncertainty surrounding the DLC income, for both adult and children's memberships, which has been highlighted earlier within the report. However, due to slight increases in income and the DLC children's membership being better than predicted, the estimated shortfall for 2019/2020, based on quarter 1 performance, has now reduced to £54K. Further work will take place throughout the remaining 3 quarters, in a bid to try and reduce this shortfall further.

As reported during January, in the event there remains a shortfall at the end of the financial year, this can be funded from either an increased management fee from the council or be taken from the current A4T reserves and balances.

6.0 PROPOSAL

- 6.1 It is proposed that the current financial position continues to be monitored by A4T very closely and reported to the Council officers on a regular basis, to ensure they are appraised with the financial position of A4T.
- 6.2 It is proposed that when more firm dates are agreed for the development of the new swimming pool at Dukeries Leisure Centre, a targeted campaign commences in a bid to boost both adult and children's memberships at the Dukeries site.

7.0 BUDGET IMPLICATIONS

- 7.1 There are no direct budgetary implications contained within the report, however, the activities identified will have financial implications and it is expected these can be contained within the existing agreement between the district council and the company.

8.0 EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 There are no equality and diversity implications contained within this report. The 3-year pricing strategy continues to support inclusion and offer a reduced membership for those in certain postcodes throughout the district. In addition, children who are members and currently registered at Dukeries Leisure Centre, they are in receipt of a single priced reduced membership, to assist in supporting them through the current issues being experienced at this site.

For further information please contact Andy Carolan – Managing Director via email on andy.carolan@active4today.co.uk