

## **LEISURE & ENVIRONMENT COMMITTEE**

**19 NOVEMBER 2019**

### **ACTIVE4TODAY – DRAFT BUSINESS PLAN, 2020/21 AND PERFORMANCE UPDATE**

#### **1.0 Purpose of Report**

1.1 This purpose of this report is to present the Active4Today Draft Business Plan, 2020/21 for member consideration and update the Committee on the Company's latest quarterly performance, 1 July 2019 to 30 September 2019.

#### **2.0 Background Information**

2.1 At the meeting of Policy & Finance Committee on 29 January 2015 it was resolved to establish a "not for profit" wholly owned leisure company to provide leisure and sports development services on the Council's behalf. This included the three leisure centres; Blidworth, Dukeries and the Newark Sports & Fitness Centre. The Company, Active4Today, was duly incorporated on 9 March 2015. Active4Today commenced operations on 1 June 2015.

2.2 As part of the governance arrangements, Active4Today presents its Draft Business Plan for the following year to the Leisure & Environment Committee for consideration during the Autumn Committee cycle. The Draft Business Plan, 2020/21 and performance reports from Active4Today are **appended** to this covering report. Following Committee consideration, a final Business Plan will be presented to the Committee in January 2020. As such, this is an opportunity for the Committee to influence the Final Business Plan for 2020/21. However, it is important to recognise that due to the review of the Company's governance any changes to the operating model, to be considered by this Committee, may impact on the business plan and therefore the draft plan may require further work.

#### **3.0 Key issues**

##### **Overview of Performance**

3.1 Leisure & 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 deliver. Performance is monitored through a framework agreed by Leisure & Environment Committee.

3.2 The best indicators for the underlying strength of the Company are the adult and children's membership bases. As Members will see from the management report Appendix A, the leisure centres are continuing to perform well with increases reported in adult memberships up by 220 on the same period in 2018, rising from 8,635 to 8,855 (+2.55%) across all 4 sites with the Newark Sports and Fitness Centre continuing to perform strongly. Children's membership is down by 126 from 3,982 to 3,856 (-3.16%) compared with the corresponding period in 2018 which is largely attributable to the loss of water space at Dukeries Leisure Centre which will continue to influence junior memberships until the new swimming pool is operational in 2020. However, the overall membership at period end was 12,711 up from 12,617 in September 2018 a net increase of 94 members.

- 3.3 Total user visits at the end of period 2 increased from 582,939 to 620,938 up 37,999 compared to 2018 equating to an uplift of 6.52% achieved through improvements in junior usage up from 195,856 to 201,815 (+3.04%), 60+ usage up from 58,838 to 66,011 (+12.19%) and improvements in use by customers from more deprived areas up from 9,426 to 10,379 (+10.11%). There are primarily three factors that have contributed to the reported number of users; increased memberships, more usage of facilities by members taking up secondary activities and new offers and improved ICT infrastructure which has enabled more effective data collection at the centres. The annual target for user visits is 1,275,000 therefore current performance is at 48.7% of target.
- 3.4 GP referrals are up from 235 to 241 (+2.55%) with an increase of referrals actually starting the programme up from 125 to 141 (+12.8%). The increase is attributable to the appointment of key staff to vacant posts and improved communications with surgeries and health professionals to reaffirm the referral process in order to promote the offer to wider health partners and patients.
- 3.5 Partnerships continue to develop and good progress has been made in relation to the Company entering into a management arrangement with Barnby Road Academy Newark to provide an administrative service (programming and bookings) for the community use of its new four-court sports hall wef from January 2020. This partnership will significantly improve opportunities for wider community sport and physical activity in Newark through more effective communication and co-ordination of available facilities management working continues. The new partnerships are in addition to the existing relationships it has with Newark Academy and Bishop Alexander Academy Newark.

#### Financial Update

- 3.6 In terms of the Company's finances, A4T are in a positive position to date and once adjustments have been made to account for commitments, the Company is forecasting a £22,000 deficit at year-end based on performance to date. This represents a substantial reduction in the deficit forecasted in January 2019 of £75,000 and it is anticipated that the position in relation to income and expenditure will continue to be closely monitored to ensure that the outturn position is as favourable as possible and the deficit forecasted is further reduced. Given historical performance, the Council will continue to hold in abeyance the remaining 50% of the management fee budgeted in 2019/20 pending the year-end outturn position.

#### Draft Business Plan, 2020/21

- 3.7 The Draft Business Plan, 2020/21 is attached for Member consideration. The Company has identified a number of actions it is proposing to undertake with the aim of facilitating the delivery of the three outcomes the Committee set the Company up to achieve, namely: Healthy and Active Lifestyles, Accessible Facilities and improved Financial Viability.
- 3.8 Following on from the review of governance arrangements between the Company and the Council and subject to Committee approval the recommendations of the review will influence the business plan for 2020/21 specifically in relation to the payments of money between the two bodies. In effect the 'management' fee for 2020/21 will be withdrawn and will thereafter be addressed through the proposed changes in management and financial reporting protocols at year end. As such a single payment mechanism will be introduced which would take the form of either a 'management' fee to the Company in the

event that the Company has an operating deficit or a 'right to operate' fee from the Company in the event of the Company presenting an operating surplus in accordance with the financial reporting requirements. Should the outturn offer a surplus the Council would determine through consultation with the Company how the surplus might be best utilised.

- 3.9 A4T's financial performance has considerably surpassed the figures contained within the five-year business plan when the Company was set up. Indeed, the Company has posted surpluses in each of its four completed years of trading. However, this position will be adjusted as outlined in the paragraph above with effect from 2020 onwards with both the Company and the Council working closely to ensure that the leisure offer and performance of the Company remains positive.
- 3.10 The Active4Today 2020/21 Draft Business Plan is attached at Appendix III. In addition its three primary aims the plan is informed by the Physical Activity & Sports Plan (PA&SP) 2018 - 21, which provides additional direction to A4T in terms of its objectives and how A4T should work towards their through programming, activities and outreach work. This will also assist the Council to deliver its strategic priorities and objectives, as set out the Community Plan 2019-2023 and Health and Wellbeing Partnership Plan 2019-2022. In order to achieve this the Council will work closely with Active4Today in its client management role to support the delivery of a robust business plan to achieve the desired outcome of shared benefits.
- 3.11 As Members will be aware the PA&SP highlights Childhood Obesity levels at Year 6, Inactive People and priority areas where there are high levels of NSEC 6-8 (National Socio-Economic Classification). Accordingly Active4Today now integrates some activities and initiatives into its business plan and associated work programmes to address these priorities.
- 3.12 In relation to pricing, the Leisure & Environment Committee approved a Three Year Pricing strategy in January 2019 which was implemented in April 2019. In addition the Draft Business Plan also proposes new prices for core pay and play activities for member consideration.

#### Southwell Leisure Centre Trust

- 3.13 In addition to the 'management' fee or 'right to operate' fee to operate leisure and sports development services, the Council pays a cash sum to Active4Today to provide strategic management support to Southwell Leisure Centre Trust, as well as 'donating' a number of central services such as human resources and ICT. The management fee payable for Southwell in 2020/21 will remain at £95,850, however, the Trust will make a £15,000 contribution thus reducing the Council contribution to £80,850.

#### **4.0 Equalities Implications**

- 4.1 There are no equality implications in respect of the various protected characteristic groups in connection with this proposal. The Company will target its services through marketing campaigns and outreach work in areas of deprivation and to priority groups with the aim of attracting segments of the community that would not normally access the services on offer.

## **5.0 Financial Implications (FIN19-20/8217)**

- 5.1 The Council has already paid £60,610 to Active 4 Today for 2019/20. Under current arrangements another £60,610 is due to be paid at the end of the financial year.
- 5.2 However, if the Review of Governance Arrangements report at this committee meeting is agreed, it is proposed to hold the remaining 'management' fee in abeyance pending the outturn at yearend.
- 5.3 Any remaining budget in 2019/20 will be transferred to a reserve on the Council's balance sheet to potentially fund any future deficits.
- 5.4 The aspiration is the company will be self-sustainable. The draft Budget for 2020/21 still includes £121,220 for the management fee. However, this will be brought to Committee in January 2020 to be reviewed.
- 5.5 The proposed £15,000 contribution towards the management fee from the Southwell Leisure Centre Trust has been built into the 20/21 draft budget and the Medium Term Financial Plan going forward.

## **6.0 Community Plan – Alignment to Objectives**

- 6.1 The provision of the Council's high quality and accessible leisure centres makes a significant contribution to the health and wellbeing of members of the community. Specifically the role that Active4Today performs for the Council by operating the leisure centres and sports development function attracts regular users each year thereby assisting the Council in the achievement of Objective 9, 'Improve the health and wellbeing of local residents, with a particular focus on narrowing the gap in healthy life expectancy and other health outcomes'.

## **7.0 RECOMMENDATIONS that:**

- (a) the Committee consider the Active4Today Draft Business Plan 2020/2021 and make any representations to the Company via the Authorised Officer;**
- (b) the Quarter 2 performance be noted; and**
- (c) Active4Today provides the January committee meeting with its latest in-year financial position and full year forecast in order that the Committee can form judgements on the appropriateness of the 'management' fee payable in 2019/20.**

### **Reason for Recommendations**

**To ensure the company is delivering the outcomes required by the Council in the most efficient and effective way.**

### **Background Papers**

Nil

For further information please contact or Matthew Finch on Ext 5716 or Andy Hardy on Ext 5708

**Matthew Finch**  
**Director – Communities & Environment**