

LEISURE AND ENVIRONMENT COMMITTEE MANAGEMENT REPORT

19TH NOVEMBER 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 2 (1st April 2019 – 30th September 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 2.

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 2, 1st July 2019 – 30th September 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:
 - a) The memberships across the Company, including SLCT, for both adult and children's memberships have fluctuated throughout the first half of the year; however in comparison to September 2018, there has been a net improvement of +94 memberships across all sites. Membership now stands at 12,711 compared to 12,617 in the previous year. In addition, memberships compared to the targets for September 2019 are varied; however, overall there is a net increase of +206 memberships, against the current targets.
 - b) There has been an increase seen at NSFC in the adult memberships compared to the same period in 2018. Currently performance is exceeding the target by +200 members. This is a good result for the site and is pleasing to see the membership continuing to grow steadily. However, as a result of the lower than expected starting position of the site, a revision of the adult target is taking place, as this needs to be amended in line with the income expected. Members will note that whilst the adult membership at NSFC is still

exceptionally positive and strong, A4T is now experiencing a ‘slowing’ down of adult members at NSFC, for the 2019/2020 financial year.

- c) Although the children’s’ membership base at NSFC has not achieved the target, this can be attributed in the main to the loss of swimming at DLC. Currently there are approximately 75 members using NSFC, who are registered at DLC; however, as there is no swimming at that site, those members who wish to, are travelling to NSFC or SLC, for their swimming lessons. As a result of this, spaces are being taken which would have previously been taken by NSFC members, resulting in a reduction in Newark’s junior membership. Whilst work continues at NSFC to ensure courses are at capacity and extra classes where possible are made available, this situation may not ease fully, until the new swimming pool at DLC is opened and members from that site can return to this facility.
- d) In addition to the above, there has been a small loss of junior members at NSFC, which can be attributed to the opening of the new private facility in Newark during July. This facility specialises in providing gymnastics classes and has attracted several members from our membership base, along with two members of staff.
- e) Although there is a positive of approximately 75 DLC members using NSFC’s swimming provision, the loss of a pool at DLC is still having a significant impact on the children’s membership base. Currently, the junior membership base at DLC is performing below the anticipated target of 300 (recorded at -27 below the target); however, promotions are currently taking place to try and recover this loss and maintain the membership targeted; this is required to support the financial position of the Company.
- f) The table below provides the detailed actual membership data (for A4T sites only), with a comparison against the same period in 2018.

Site	Type	Actual	Target	Variation of actual to target	Comparison to 2018	Variation to previous year
Blidworth	Adult	808	810	-2	852	-44
Dukeries	Adult	943	920	+23	917	+26
Newark	Adult	4,746	4,650	+96	4,546	+200
Blidworth	Child	31	0	+31	23	+8
Dukeries	Child	273	300	-27	460	-187
Newark	Child	2,160	2,210	-50	2,156	+4
		8,961	8,890	+71	8,954	+7

Table 1, 2019/2020, quarter 2 membership data

- g) The number of user visits across all sites has experienced a large increase of almost 40,000 user visits, compared to the same period last year. On 30th September 2019, the total user visits recorded was 620,938, compared to 582,939 for the previous year. The growth has been seen in swimming participation and group workouts/classes. However, this increase can also be attributed to the improvements within ICT, which were undertaken in April 2019. These improvements included the migration to 3 servers, which

has now stabilised the system considerably and as a result has meant very few occasions when down time has occurred. As a result increased usage is now being experienced.

- h) In reviewing the breakdown of usage and the demographics of the users, i.e. females, under 16's and over 60's, all areas are showing an increase compared to September 2018, demonstrating the differing targeted programmes available.
- i) The user visits for the +60 age group, has seen a significant increase from 58,838 on 30th September 2018, to 66,011 for the same period in September 2019; an increase of approximately 7,000 visits. This is due to an increase in the +60 memberships and the increased number of pay and play classes, which have been made available to support the GP referral scheme. While not exclusive to +60 ages, predominantly the demographic of the GP referral scheme is over the age of 60.
- j) Despite the membership base for children at DLC experiencing a significant reduction in comparison to 2018, the usage of under 16's has seen an increase, from 195,856 in 2018 to 201,815 in the same period in 2019. This can be attributed to two areas. The first is the improved ICT infrastructure, which is now capturing the visits of members using the centres and the classes. The second is that several members are now taking advantage of the other activities available within their membership and participating in more than one activity per week. Whilst this is excellent for usage, the cost of the children's activity programme continues to increase, as this is instructor led for each activity; as a result, a full audit of the programmes and the associated memberships, will take place during Q3.
- k) The promotions have continued throughout the summer months and are part of the marketing and communications framework, to attract both new members and retain those who already use the sites.
- l) The number of GP Referrals received from 1st April 2019 – 30th September 2019, was 241 compared to 235 in the same period in 2018. The number of persons which subsequently attended and took part in the 12 week subsidised scheme, has increased to 141, compared to 125, for the same period in 2018; this is a net increase of +16.
- m) Partnerships with other community sports facilities are increasing. A4T has received approval to move forward with the management arrangement for the Barnby Road Academy. This will officially begin during 2020 and will enable the school to provide access for the community, to use this fantastic new facility. This will increase activity within this area and is an excellent achievement for the Academy and A4T, who has supported and advised the school throughout the whole funding and development process.

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 2, on the

2019/2020 table, to demonstrate to Members the work which is taking place within the Company.

OUTCOME	OBJECTIVE	ACTION	PROGRESS to period 6
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 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 took place 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, with an average of 30 participants and 10 volunteers taking part on a weekly basis.
	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. One school has confirmed its inclusion, following October half term.
	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 has stalled, due to the loss of key personnel. However, focus of this action will be prioritized going forward, following the appointment of the Active Lifestyles Officer, who commenced employment with A4T in August 2019.
Inactive people - develop and provide opportunities for 'inactive people' to increase levels of physical activity and	Identify communities with low activity levels	Promote the 3-year pricing strategy, specifically the new qualifying criteria for concessionary membership in deprived	Promoted through the Council's Council Tax distribution Attendance at local events including school fayres, 4Uth (NCC Youth Service).

<p>sport.</p>		<p>areas Develop a series of outreach activities linking to existing opportunities Offer 12 (one per month per site) free taster activities at centres</p>	<p>Taster sessions offered through swimming teachers courses. A series of trampolining and gymnastics sessions have been offered.</p>
<p>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.</p>	<p>Introduction of pricing strategy including additional qualifying criteria for concessionary membership</p>	<p>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</p>	<p>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. This was assisted by the launch of the junior parkrun in Ollerton during September.</p>
<p>Accessible facilities</p>			
<p>Develop a business plan for a Modular Pool at the Dukeries Leisure Centre</p>	<p>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.</p>	<p>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</p>	<p>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.</p>
<p>Improve community access through partner facilities and increase usage and access to local sporting facilities</p>	<p>Explore partnerships with other academy's to increase community usage through the use and management of their facilities</p>	<p>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</p>	<p>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 the NY on a trial basis, until April 2020. A full SLA is still to be developed during the trial period and members will be updated as this progresses. This fantastic new facility and partner agreement with the Academy will increase community and club access further, within the Newark area.</p>

Achieve a 3-year SLA with the Newark Academy	Agree a new 3-year SLA with the Newark Academy for undertaking the 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.	Have a signed SLA agreement in place by September 2019. 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	This is progressing and a meeting has been booked in with the Academy during November. To date, there have been 5 students that have undertaken work experience with NSFC from Newark Academy. The number of VISPA volunteers recruited from Newark Academy to date is 6.
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 for a new system is being developed. ICT are being fully consulted as part of the process and further updates will be provided as the project moves forward. As an interim step, an update to the current system is taking place and will be launch in the NY. This will be tested for 3 months, before any new system is tendered to assess its functionality.
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 29 (13%) 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 December 2019, to develop a 3 year business plan/strategy, which will align with a 3 year financial budget. In addition, this is aligned to the Governance review of A4T, which the Council has led on and is being presented to the L&E committee during November 2019.

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 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	As set out above	As set out above
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 to the upgrade to the existing system, which it is hoped will be launch in the new year for a trial 3 month period.

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 2, 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 invested 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 up to period 06 quarter 2, set against actual income and expenditure for the same period. Below is the current position of the Company's finances, with narrative to add context to the information.

	Original 2019-2020 budget: income/exp	Full Year revised: 30.09.2019	Profiled budget: 30.09.2019	Actual income and exp: 30.09.2019	Variance to 30.09.2019: profiled budget
Total income	-£3,048,890	-£3,083,390	-£1,599,010	-£1,617,116	-£18,106
Staff	£1,987,290	£1,976,790	£983,000	£950,333	£-32,667
Premises	£425,240	£443,740	£166,318	£125,001	£-41,317
Supplies and services	£711,100	£684,670	£295,268	£213,166	£-82,102
Total expenditure	£3,123,630	£3,105,200	£1,444,586	£1,288,500	-£156,086
Transfer from/to balances A4T	-£74,740	£-21,810	£0.00	£0.00	£0.00
Net balance	£0.00	£0.00	-£154,424	-£328,616	£174,192

Table 3, Current financial information table 19/20

5.3 Points to note from the financial information table are set out below and focuses on; income and expenditure budgets, variance to profiled budget:

5.3.1 **Income budgets:** There is currently an overachievement in income to period 06 of £18K. This is mainly due to, other income relating to election expenses and other adhoc transactions.

5.3.2 **Expenditure budgets:**

- a. **Salary Budgets** - This code currently has a moderate underspend of £33K to period 6. This is mainly due to freelance payments made in arrears across the company and contracted staff being paid a month in arrears, for relief hours which have been worked; this amount includes all associated on-costs.
- b. **Premises Budgets** - This code is currently showing an underspend of £41K to period 06. This is largely due to utilities payments being one month behind; these have an estimated combined spend of approximately £25K, based on historical usage. The remainder of the variance is in the main due to outstanding invoices, not yet received from the district council, for repairs and maintenance within the leisure centres, for the period of July, August and September 2019; this is approximately £15K, based on draft invoices. Once received, this will fully commit the current underspend, showing on this budget.
- c. **Supplies and Services Budgets** - This code currently has a large underspend of £82K over several budget headings. The main areas for the current underspend are; £43K remains currently unpaid for support services provided by the Council, due to queries on the invoices. These issues have been raised with the council and it is expected that once the correct information is provided, the invoices will be paid. In addition to the above £43K,

there is currently a £12K underspend within the marketing budget. It is forecasted that an underspend on this budget will remain during 2019/2020, due to an element of this code being identified initially, to support the development of an 'App' for the Company. While further discussions are currently taking place regarding this development, it is acknowledged that this will now not be delivered during 2019/2020, as this is intrinsically linked to the work, which ICT are supporting A4T with, in regards to upgrading the current 'front' of house operating system.

- 5.4 **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; in addition, while the income lines were not able to support the additional expenditure, A4T also had a standstill position in its management fee from the Council, during 2019/2020. Revisions have been made to the budgets, as part of the rolling revised process and savings have been identified across the company. These are mainly due to staff vacancies to period 06, a reduction in the marketing budget (as a result of the App development not taking place in 2019/20) and additional in year income streams at the Ollerton site from children's activities, not budgeted for in 2019/2020, due to the uncertainty around the wetside programme. These revisions are seen in the full year revised budget figures and (transfers from balances) in the above table. The predicted shortfall is now estimated to be £22K at year end, based on period 6. The reduction in this deficit (to period 06) is supporting the financial sustainability of the Company, which as Council members will be aware, is a key objective for Active4Today and the Council.
- 5.5 As previously reported, in the event there remains a shortfall at the end of the financial year, this could be funded from either an increased management fee from the council, or be taken from the current A4T reserves and balances.
- 5.6 Following the last meeting of L&E, the invoices for the management fee from the council were raised and subsequently paid. These invoices covered the first 6 months of the Sports Development management fee and the full contribution from the Council to A4T, for strategic management support to the Southwell Leisure Centre Trust. In addition to the management fee from the Council, A4T has also received a £15K payment from the Trust, which is their contribution to the overall cost of the management support, from A4T. The only remaining outstanding payment from the Council is the second half of the management fee for Sports Development; to date an invoice has not been raised and discussion will take place with the Council concerning this, during Q4.
- 5.7 As part of the 2020/2021 budget setting process, budgets are now being prepared for 2020/2021, 2021/2022 and 2022/2023. Once these are finalised they will be presented to the Council, in order they can consider this information, as part of their budget setting process, when assessing/setting the management fee, for the Company.

6. OVERVIEW OF THE PROPOSED 2019/2020 BUSINESS PLAN

6.1 Attached at appendix III is the proposed draft business plan in the format which members will be familiar with. Within the draft business plan the areas for Members to consider specifically are the outcome, objective and action section, which forms the strategic direct of the Company, which is set by the L&E committee. The outcomes and objectives are linked with the 3 strands of the Company and which have been agreed by the committee:

- Healthy and Active Lifestyles
- Accessible Facilities
- Financial Viability

6.2 Members will note that currently there are 10 high level aims and actions currently proposed for the business plan, which support the councils Community Plan and the council's Physical Activity and Sport Plan 2018 to 2021, which was agreed with the committee during 2018.

6.3 Further works are required to establish the detail and actions surrounding the attached proposals. It is hoped this will be developed further with the council during December 2019, when a joint meeting between A4T Board Members and NSDC Members will be facilitated. This supports the changes being proposed by the council, with regards to the governance of the Company and the identification of the roles and responsibilities of each organisation.

6.4 The business plan also concentrates on the pending development of a new swimming pool at the Dukeries Leisure Centre. The objectives for this area of work concentrates on the development of community swimming, financial sustainability and the expansion of the junior swimming pathway, through a wide an inclusive swimming programme, aimed at engaging the communities of Ollerton and the surrounding villages.

6.5 The Company will support the programme with the 3-year pricing strategy, which was approved by L&E Members in January 2019. This will apply a consistent price across its membership and depending on the member's postcode, would apply a level of discount, which would align itself to the indices of multiple deprivation (IMD) health deprivation and disability, of which there are four within the Sherwood part of the district and two within Newark. This will allow for the single price point to be maintained across the whole offer, however, it will support those customers in areas, where traditionally usage may be lower, by applying the given concession, on proof of their residency.

7. PROPOSAL

7.1 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.

8. BUDGET IMPLICATIONS

- 8.1 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.

9. EQUALITY & DIVERSITY IMPLICATIONS

- 9.1 There are no equality and diversity implications contained within this report. When the Dukeries swimming pool is opened, this will provide greater opportunities for the Ollerton area, including its surrounding villages. This will also be supported by the 3-year pricing strategy, which has been developed to support those residents in identified postcodes, with discounted membership at the leisure centres.

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