

LEISURE & ENVIRONMENT COMMITTEE

21 JANUARY 2020

ACTIVE4TODAY – FINAL BUSINESS PLAN, 2019/20 AND PERFORMANCE UPDATE

1.0 Purpose of Report

1.1 This purpose of this report is to present the Active4Today Business Plan 2020/21 and the latest performance report to end of November 2019 for Committee approval.

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 Business Plan for the following year to the Leisure & Environment Committee for consideration during the Autumn Committee cycle. The Business Plan, 20120/20 and performance reports from Active4Today are **appended** to this covering report. The Business Plan is also aligned to the priorities in the Physical Activity and Sport Plan 2018 - 21 approved by Committee at its meeting 13 November 2018.

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 work towards in return for a management fee. Performance is monitored through a framework agreed by Leisure & Environment Committee, also appended to this report.

3.2 The best indicators for the underlying strength of the Company are the adult and children’s membership bases. As Committee will see from the performance report, there has been an overall increase in the target membership of +8, 12,488 against a target of 12,480, however, this is down by 109 members when compared to the corresponding period in 2018. As has been reported previously, membership is now showing signs of plateauing after two years of sustained growth, which is to be expected. Adult membership is up on the corresponding period in 2018 an increase of .08% increasing from 8,664 to 8,733 (+69), although overall children’s memberships reduced by 4.53% over the same period from 3,933 to 3,755 (-178) largely attributable to the closure of the swimming pool at Dukeries LC and the interim swimming arrangements post closure.

3.3 The number of user visits across all sites has increased in comparison to the cumulative figures for 2018. From 1st April to 30th November 2019 all sites have recorded 812,859 visits compared to 782,087 in 2018. This represents a net increase in 30,772 visits, an

increase of 3.03% and represents 96% against target to date. The annual target for users in 2019/20 is 1,275,000 and it is anticipated that the annual target will be achieved given the traditional growth in memberships in quarter 4 which is supported through promotional campaigns and New Year membership offers. The largest increase in users was delivered at Southwell Leisure Centre in part due to access control improvements.

- 3.4 The user visits for the 60+ age group is continuing to experience almost 12,000 visits per month across all sites. This provides a total number of user visits since 1st April of 89,804; an increase of 9,720 on the same period last year, where usage was recorded as 80,084. Despite the membership base for children experiencing a slight decrease, the number of user visits for under 16's has seen an increase across all sites for the month of November, at 34,409. This represents an increase of 3,197 in comparison to the same period in 2018, where usage was recorded at 31,212. The cumulative number of junior membership visits from 1st April 2019 to 30th November 2019 has been recorded as 269,647 compared to the 259,588 in 2018. This represents an increase of 10,059. The increase in recorded visits is because of the improved ICT infrastructure and the customers using the multiple course option, included within the children's Xperience programme e.g. a dryside and wetside course and holiday activities included in the Xperience 3 membership package.
- 3.5 The number of GP Referrals received from health care professionals between 1st April and 30th November 2019 has grown steadily to 334, an increase of 27 (+8.79%) on the same period in 2018. The range of providers that are referring to the centres is steadily increasing each month, through the work of the sports development team and the two new employees, which joined the Company recently. Importantly the number of individuals that subsequently joined the subsidised membership was 201, an increase in comparison to the same period last year of 36 (+21.82%).
- 3.6 Partnerships with other community sports facilities are also increasing. Members will be aware that A4T senior management have been supporting the development of the new sports hall at Barnby Road Academy, with a view to managing and administering the community bookings from January 2020. Officers have been contacting local clubs and groups to offer site visits in preparation for the building becoming available. A further update will be provided to members on this partnership, throughout 2020.
- 3.7 In terms of customer satisfaction, scores are recorded and measured through the fitness retention software, TRP and is used across all the leisure centres. The system randomly generates emails to approximately 30 customers per day and requests feedback on a number of items, including cleanliness, customer services and the journey to the facility e.g. parking, logging in, door access etc. The current performance to 30th November 2019 remains very similar, with an average of 47% across all sites, which is 2% higher than the national average of 45%. The score changes on a daily basis due to the nature of the software, however, for the purposes of reporting, the Company average the scores over a monthly period.

Financial Overview

- 3.8 Members will be aware that during January 2019, A4T 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. However, revisions have

been made to the budgets and savings have been identified across the company. These are mainly in staff vacancies to period 08 (November), 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. At period 6 (September) the predicted shortfall for 2019/2020 had reduced to £22K and latest position, following further efficiencies and reductions in planned expenditure across a number of budget headings is a forecasted outturn deficit of £9.5K at year-end.

- 3.9 The reduction in this deficit is supporting the financial sustainability of the Company, which as Council members will be aware, is a key objective for Active4Today and the Council. It is anticipated that if the New Year is busy, the deficit identified above, can be reduced further with the target being a zero position, at year-end. The above position is currently based on receiving the second half of the management fee, currently held by the Council and as previously reported, if the outturn remains a deficit this could be funded from an increased management fee from the council, or from the current A4T reserves and balances.
- 3.10 The situation regarding the proposed increases in NCC Pension Fund contributions is for member noting at this point in time. This issue is currently being challenged by the Company and further details will be shared with members when the situation is clarified. This issue is currently being addressed through the Quarterly Client/Contractor management meetings.

Business Plan, 2020/21

- 3.11 The Active4Today Business Plan, 2020/21 (Appendix III) is attached for Committee approval. Active4Today 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 Financial Viability.
- 3.12 There are 10 high-level aims and actions currently proposed for the business plan, which support the Council's Community Plan and the Physical Activity and Sport Plan 2018 to 2021, agreed with the committee in 2018. It now includes key performance indicators aligned to the recently approved and adopted Physical Activity and Sport Plan 2018 to 2021 (PA&SP) which has identified the need for focussed work in priority areas as detailed within the plan in terms of:
- reduce childhood obesity in primary school aged children,
 - reduce levels of inactive people, and
 - National Statistics Socio Economic Classifications areas (NSEC 6-8).

The Company has already integrated a number of actions for each of the three objectives and sets out how it will work towards the delivery of those objectives through its programming and activities in 2020/21 and then thereafter as both plans evolve. This will encourage increased levels of participation in these groups and thereby contribute to improving health and wellbeing of these residents. Furthermore discussions around the specific performance criteria is still to take place with the Council and this is scheduled for January 2020, between A4T Board Members and NSDC Members. This supports the

changes proposed by the Council with regard to the governance of the Company and the identification of the roles and responsibilities of each organisation.

- 3.13 The business plan also takes into consideration the proposed delivery of a new swimming pool at the Dukeries Leisure Centre. The objectives for this area of work will focus on the development of community swimming and the implementation of the junior swimming pathway, through a wide and inclusive swimming programme, aimed at engaging the communities of Ollerton and the surrounding villages. It is envisaged that this exciting initiative will improve the financial sustainability of the Dukeries Leisure Centre through growing active participation in sport and physical activity in a priority area.
- 3.14 The budgeted management fee for 2020/21 is £121,220 and members will be advised at yearend 2020/21 whether a payment to the Company will be required based on the outturn position. This change in the governance arrangements was agreed by L&E and P&F Committees in November 2019. As mentioned above, and notwithstanding the latest outturn forecast the Council continues to hold 50% of the budgeted management fee for 2019/20 in abeyance pending the year-end outturn position. It is important to note however, that approval is requested, as per Recommendation C below, to enable an early payment of the management fee to the Company if required in order to assist both the Company and the Council in the preparation of their respective final accounts.
- 3.15 In relation to pricing, the Leisure & Environment Committee is required to approve changes to fees and charges. Members will be aware that a three year pricing policy was agreed at the 22 January 2019 L&E Committee however Active4Today is proposing changes to the pricing structure for pay and play activities as detailed in the pricing schedule contained within the Business Plan (page 7).

Southwell Leisure Centre Trust

- 3.16 In addition to paying a management fee to Active4Today to operate leisure and sports development services, the Council also pays a cash sum to the Company 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.
- 3.17 The total management fee payable to Active4Today for providing management support to Southwell Leisure Centre Trust in 2020/21 remains at £95,850. Southwell Leisure Centre Trust will contribute £15,000 and the remaining £80,850 will be contributed by the District Council and appropriate budget provision has been made for this.
- 3.18 Members are also reminded that discussions with the Trust are ongoing in respect of the centre's future management arrangements. These are linked to further capital investment proposals to increase and improve the fitness facilities for customers in order to create capacity to grow the membership base and improve the sustainability of the site and its leisure offer to the community.

4.0 Equalities Implications

4.1 The performance framework includes a range of measures that demonstrate work to improve inequalities in sports and leisure participation. An equality impact assessment completed by the Company will support the Business Plan for 2019/20.

5.0 Financial Implications (FIN19-20/7293)

5.1 The proposed management fee to Active4Today has been built into the 20/21 budget as per the current years support. As outlined at paragraph 3.14, the financial performance of Active4Today reported at the meeting in November 2019 had improved, however the impact of the loss of water space at Dukeries Leisure Centre continues to impact on income and the revised forecasts for year-end performance currently show a £9,500 deficit position. The balance of the management fee is still in abeyance and will be paid over following agreement of the yearend position.

6.0 RECOMMENDATIONS that:

- a) the Active4Today Business Plan 2020/21 be approved;
- b) performance to Period 8 (November) be noted;
- c) Active4Today presents its 2019/20 draft accounts by early April 2020 in order that a the Director – Communities and Environment, with delegated approval, can agree what level of contribution is made to the Company, if any, for 19/20 based on the outturn position; and
- d) the full year financial position be reported to the June Committee.

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 Matthew Finch on Ext 5716

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