



Friday, 6 October 2023

Dear Sir/Madam

A meeting of the Advisory Shareholder Sub Committee will be held on Monday, 16 October 2023 in the Council Chamber, Council Offices, Foster Avenue, Beeston, NG9 1AB, commencing at 7.00 pm.

Should you require advice on declaring an interest in any item on the agenda, please contact the Monitoring Officer at your earliest convenience.

Yours faithfully

Chief Executive

To Councillors: R Bullock
R S Falvey
G S Hills

D K Watts
S Webb

AGENDA

1. APOLOGIES

To receive apologies and to be notified of the attendance of substitutes.

2. DECLARATIONS OF INTEREST

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest in any item on the agenda.

3. MINUTES

(Pages 3 - 4)

The Committee is asked to confirm as a correct record the minutes of the meeting held on 10 July 2023.

4. LIBERTY LEISURE LTD PERFORMANCE REPORT 2023-24 QUARTER ONE (Pages 5 - 12)

To provide the Advisory Shareholder Sub-Committee with Liberty Leisure Limited's performance data with updated supporting information for the first quarter of the financial year 2023-24.

5. LIBERTY LEISURE LTD GOVERNANCE AND RISK MANAGEMENT (Pages 13 - 22)

To provide the Advisory Shareholder Sub-Committee with an overview of how Liberty Leisure Limited manages its governance and risk.

6. WORK PROGRAMME (Pages 23 - 24)

The Advisory Shareholder Sub Committee is asked to approve its Work Programme and to consider items for consideration at future meetings.

7. EXCLUSION OF PUBLIC AND PRESS

The Committee is asked to RESOLVE that, under Section 100A of the Local Government Act, 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 2, and 3 of Schedule 12A of the Act.

8. EM DEVCO LTD UPDATE (Pages 25 - 36)

ADVISORY SHAREHOLDER SUB COMMITTEE

MONDAY, 10 JULY 2023

Present: Councillor P J Bales, Chair

Councillors: G S Hills
D K Watts

Apologies for absence were received from Councillors R Bullock, R S Falvey and S Webb.

Councillor M Radulovic MBE was present at the meeting as Shareholder of EMDEVCo. Councillor S J Carr was in attendance as an observer.

18 APPOINTMENT OF CHAIR AT THE MEETING

RESOLVED that P J Bales be appointed Chair of the meeting.

19 DECLARATIONS OF INTEREST

There were no declarations of interest.

20 APPOINTMENT OF VICE CHAIR

RESOLVED that Councillor D K Watts be appointed Vice Chair of the Advisory Shareholder Sub Committee.

21 MINUTES

The minutes of the meeting held on 26 June 2023 were noted with the minor amendment to add the attendance of Councillor M Radulovic MBE as ex-officio and signed as a correct record.

22 PRESENTATION ON EMDEVCO

The Sub Committee welcomed a presentation on EMDEVCo. The presentation provided an overview of outcomes including enhancing green and blue with its natural capital, flood mitigation and accessibility, delivering growth and infrastructure, and securing best practice design in line with the Supplementary Planning Document and Design Code Pathfinder including Net Zero.

23 EMDEVCO LTD

Members noted the report on the work of EM Devco Ltd of which Broxtowe Borough Council was a founder shareholder.

24 WORK PROGRAMME

The Advisory Shareholder Sub Committee considered the work programme and with the addition of updates being provided to each meeting on EMDEVCO was approved.

RESOLVED that work programme with the additional item of updates from EMDEVCO to all the meetings of the Advisory Shareholder Sub Committee be approved.

Report of the Managing Director of Liberty Leisure Ltd

LIBERTY LEISURE LTD PERFORMANCE REPORT 2023-24 QUARTER ONE1. Purpose of Report

To provide the Advisory Shareholder Sub-Committee with Liberty Leisure Limited's performance data with updated supporting information for the first quarter of the financial year 2023-24.

2. Recommendation

The Committee is asked to NOTE the report.

3. Detail

Liberty Leisure Ltd have operated the Council's leisure services since October 2016.

Each year the Company agree an annual business plan with its Board of Directors and the Council. The business plan details actions and performance data for the subsequent financial year. The Company's performance is measured against the approved business plan and then reported to the Board of Directors and the Council's Shareholder Committee at regular intervals. The performance data is included within the Appendix.

4. Financial Implications

Are detailed in the attached quarter one report.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

There are no direct legal implications arising from this report.

6. Human Resources Implications

The comments from the Human Resources Manager were as follows:

No comment.

7. Union Comments

No Union comments required.

8. Climate Change Implications

The comments from the Waste and Climate Change Manager were as follows:

No comment.

9. Data Protection Compliance Implications

This report does not contain any [OFFICIAL (SENSITIVE)] information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

No change to policy.

11. Background Papers

Nil

APPENDIX

LIBERTY LEISURE LTD UPATE QUARTER 1: 2023-24

SALES AND ATTENDANCES

1. FITNESS MEMBERSHIPS

Achieved 2022-23	Target 2023-24	End Q1 2023-24	Comments
4263	4700	4,280	Quarter 2 sales have increased with memberships standing at 4,377 at the end of August

ACTIONS TO GROW MEMBERSHIPS

1. Continue with planned marketing activities to encourage new people to join at one of the leisure centre sites
2. Implement a membership contract option to increase the average length of stay per member
3. Review and improve the digital journey to increase the number of members accessing health improvement programmes
4. Grow Exercise Referral through direct marketing being undertaken by General Practices
5. Implement online waiting list notifications through the Liberty Leisure App
6. Grow the recently started corporate health checks to encourage more take up of corporate memberships
7. Continue to deliver member workshops to improve member retention by adding value to the membership
8. Review the Gym Sales prospecting module against alternative prospecting systems

2. SWIM SCHOOL MEMBERSHIPS

Achieved 2022-23	Target 2023-24	End Q1 2023-24	Comments
3,150	3,400	3448	At the end of August, the Swim School had 3,475 members.

ACTIONS TO GROW MEMBERSHIPS

1. Continue to recruit and support volunteers to enable them to become swim teacher to increase the number of available swim teachers to deliver the programme
2. Review the swim programme and trial small group swim sessions to try and improve retention
3. Review the number of cancelled lessons, the cost of the cancellations and work with Kimberley School.
4. Review occupancy levels across individual swim lessons to identify opportunities to increase enrolled numbers
5. Understand the effects of price and cost of living on retention of swimmers
6. Move from a site based programme co-ordination to a central co-ordination to bring greater consistency in programme management and content delivery and reduce operating costs

3. MEMBERSHIP TOTALS

Achieved 2022-23	Target 2023-24	End Q1 2023-24	Comments
7413	8,100	7551	Figures are the combined totals for Fitness and Swim School Memberships

4. ATTENDANCES

Achieved 2022-23	Target 2023-24	End Q1 2023-24	Target Q1	Comments
974,368	890,000	220,361	222,500	Reduction due to cultural services moving in to the Council and reduced services offered at KSG. Slightly down on Q1 target, largely due to KSG turnstile issue.

5. FINANCE 2023-24

	Achieved 2022-23	Actual Q1	Q1 Pro Rata Target	Budget Forecast 2023-24	Original Annual Budget	Comments
Operating Income	£3.071m	£0.762m	£0.783m	£3.145m	£3.235m	Income is increasing month on month through growing membership and exercise referral sales
Operating Expenditure	£3.886m	£0.784m	£0.956m	£3.713m	£3.841m	Generally, costs are continuing to increase. The company is managing its expenditures through the implementation of further efficiency measures
Management Fee Received	£700k	£0	£129.75k	£519k	£519k	The company expects to make its first management fee request to the Council towards the end of October 2023 in advance of its bank balance falling below £250k
Balance	£115k Deficit			£49k deficit	£87k deficit	The latest budget revision forecast a £38k improvement on the original budget for 2023-24

SUMMARY OF THE FACTORS INFLUENCING INCOME AND EXPENDITURE FOR 2023-24

1. The company is working on a range of efficiencies including a staffing restructure, review of licenses, banking costs, introducing membership contracts and planning ahead a pricing strategy. The purpose of the improving efficiencies is to mitigate continued rising costs and to try and reduce the costs to the Council.
2. Significantly increasing utility and insurance costs
3. VAT increased with increasing general expenditures
4. The expected 2023-24 annual pay award will be more than the 5% increase included in the staffing budget
5. Operating income is broadly derived from three areas. Gym and Swim School Direct Debits are the most significant of these with income from general sports hire being spread over a range of activities

6. TRANSFER FROM BALANCES

No money was transferred from balances during 2022-23. Operating loss of £115k in 2022/23

7. RESERVES

Maximum reserve is set at £500,000 agreed with the Council and the Board of Directors. Operating loss of £115k reduced the reserve to £491,969.

8. SUMMARY OF ADDITIONAL WORK AND DEVELOPMENTS DURING Q1 2023-24

- a. Liberty Leisure Limited continues to develop opportunities to target different groups of people in the community. Recently the company received £15k from Sport England to deliver Wise Moves (postural stability courses) in conjunction with the Primary Care Network. There will be 3 classes per week taking place during 2023-24 across Eastwood, Stapleford and Beeston with a total of 45 places being available across the 3 classes at any one time. Participants will have their postural stability continuously assessed and once they have completed the course they will be offered to move onto the Exercise Referral Scheme for continued support. The classes began on the 12 September with 40 people having signed up.
- b. The company continues to work with the Council and a range of partners to deliver the exciting pavilion project at Hickings Lane, Stapleford while contributing towards developing plans for a new leisure centre at the Bramcote Site. Work continues with Kimberley School to deliver the new arrangements at the leisure site to deliver the best outcomes for the community.

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Report of the Managing Director of Liberty Leisure Ltd

LIBERTY LEISURE LTD GOVERNANCE AND RISK MANAGEMENT

1. Purpose of Report

To provide the Advisory Shareholder Sub-Committee with an overview of how Liberty Leisure Limited manages its governance and risk.

2. Recommendation

The Committee is asked to NOTE the report and presentation.

3. Detail

Liberty Leisure Ltd have had governance procedures that have evolved since first being implemented when the company began operating the Council's leisure services in October 2016.

The governance of the company includes Directors through the Board having an overview of strategic risk, including Health and Safety, finance and policy approval. The management team work to proactively manage the day to day operational risks to ensure that the company runs the council's leisure service in a safe and effective manner.

Appendix 1 details the standard annual work programme for the Liberty Leisure Ltd's Board of Directors. Appendix 2 is the company's Risk Register. An overview of the company's governance along with how risk is managed will be presented to the committee at the October Advisory Shareholder Committee.

4. Financial Implications

The costs of managing operational risks are contained with budgets that have been identified for such purpose and are reviewed each year.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

There are no direct legal implications arising from this report.

6. Human Resources Implications

The comments from the Human Resources Manager were as follows:

No comment.

7. Union Comments

No Union comments required.

8. Climate Change Implications

The comments from the Waste and Climate Change Manager were as follows:

No comment.

9. Data Protection Compliance Implications

This report does not contain any [OFFICIAL (SENSITIVE)] information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

No change to policy.

11. Background Papers

Nil

LIBERTY LEISURE LTD ANNUAL WORK PROGRAMME

QUARTER 4 – JANUARY

Business Plan
Price Changes
Annual Budget
Reserve Policy
Cash Flow
Performance Report

QUARTER 1 - APRIL / MAY

Cash Flow
Performance Report

QUARTER 2 - JULY / AUGUST

End of Year Accounts
Cash Flow
Health & Safety Report
Performance Report

QUARTER 3 - OCTOBER / NOVEMBER

Budget Revisions
Cash Flow
Performance Report
Following Year Work Programme

NOT SCHEDULED – ADDED TO RELEVANT MEETINGS WHEN THE WORK IS COMPLETED

Audit Reports
Health and Safety Site Feedback
Policy Changes

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APPENDIX 2

Liberty Leisure Limited Risk Register

Version one – approved by Board of Directors on 6 July 2023

Key Risk	Risk or Threat to Key Task	Action taken/required to mitigate/minimise the risk or threat
Kimberley Gym and Swim	Kimberley School decide to close the swimming pool facility	Regular operational and review meetings with the school. Ongoing support provided to the school to help maximise their incomes and manage expenditures Potential to continue operating a 'gym and fitness class' operation at the site with no swimming
Bramcote Leisure Centre, ageing pool plant and building management system	Inability to prevent water leaks, control water and/or air temperatures and air flow for part or all of the building. If failure in part or whole there is a Health and Safety risk and the potential to close the building	Building Condition Report completed by Broxtowe Borough Council. 6 monthly meetings held with the Head of Estates (HoE) (or nominated officer) to review the state of the site. Issues identified are raised with the DCE of BBC via the HoE, Capital reports detailing significant maintenance repairs are prepared annually for BBC to consider for known issues above with a cost above £5k in line with the Management Agreement. Broxtowe Borough Council is working on plans to replace the existing leisure centre with a new facility.
All sites. Legionella, Asbestos and Electrical Safety	Health and Safety risk for customers, staff and contractors	Management of legionella by LLL or partner site operators with all involved trained to complete and manage processes. Asbestos registers maintained by LLL or partner site operators with all involved trained to manage the process. Annual electrical testing programme in place with repairs completed following testing / inspection.

Key Risk	Risk or Threat to Key Task	Action taken/required to mitigate/minimise the risk or threat
All sites. General operations and Emergency Procedures	Health and Safety risk for customers, staff and contractors	Operating and Emergency procedures are in place with staff trained on these processes through inductions and follow ups when identified. National/professional guidelines in relation to swimming, fitness and occupancy figures are followed with training recorded. Procedures are reviewed over time and/or following a situation that may arise.
Chilwell School	Building of a new school at the existing site	BBC and LLL have met with the schools Head Teacher and have discussed options that may be considered within a new build. Chilwell School will keep BBC/LLL up to date with any new information regarding changes and timescales
Operational incomes fail to reach required targets	Company operate a deficit budget. Company have insufficient funds to meet commitments	Monthly monitoring of income and expenditures to provide a forecast financial operating position for the financial year. Monthly monitoring of cash flow to ensure sufficient funds are in the bank and to forecast ahead changes to the 'cash' in the bank position.
Operational expenditures exceed forecast spends	Company operate a deficit budget. Company have insufficient funds to meet commitments Ongoing cost of living crisis results in existing costs to the company continuing to increase	Work to improve operating efficiencies is ongoing. Additional support through the utilisation of an external report completed on behalf of BBC. Monthly finance meetings with BBC ensure that the council (owner) is aware of future financial forecasts so appropriate financial adjustments can be made.

Key Risk	Risk or Threat to Key Task	Action taken/required to mitigate/minimise the risk or threat
Failure to deliver an identified Business Action	Potential negative impact on the company’s financial position	Business actions are spread over a number of different income areas to minimise the effects of an individual action not being delivered. Additionally, business actions are regularly monitored through the BBC’s performance management system and regular business team meetings are held to review performance, issues that are arising and actions required to ensure success of an action.
Collection of Direct Debit payments	Impact on the company’s cash flow position	Centralised business team with more than one member of the team able to run the Direct Debit process. Communication systems in place to inform customers. Ability to represent a collection run at a later date if required.
Data management	Sensitive data relating to the company or an individual is breached resulting in financial or personal loss	BBC online training to ensure that individuals within the company understand how to manage sensitive data. Training and updates from the company’s bank to ensure that staff with bank access are aware of the risks. Data Processing Agreement are in place between the company and third parties who have access to / process data on behalf of the company. Reporting processes are in place to report a potential/actual data breach to ensure that a breach is appropriately managed and that continual learning is carried out.

Key Risk	Risk or Threat to Key Task	Action taken/required to mitigate/minimise the risk or threat
Failure or ICT systems	Customers are unable to make a booking and/or payment. Attendances cannot be recorded. Gym equipment does not work.	Social media platforms and the website are tools used to communicate potential issues to customers. Temporary manual processes are in place to enable customers to access their activity and pay at a later date in the event of ICT downtime.
Staff recruitment	Inability to recruit staff required to ensure the ongoing operation of the service	<p>Reviewed job descriptions and company structure to ensure more progression opportunities for staff. Continuing to review job roles.</p> <p>Market rate supplement is available to be applied to make difficult to fill job roles more desirable.</p> <p>Cross site working is being utilised to provide greater flexibility to cover working hours that need to be covered.</p> <p>The use of 'relief' staff to cover vacant hours</p>
Unforeseen closure	Initial and potential ongoing loss of income. Disruption to customers.	<p>Ongoing building management to minimise the chances of closure. In the event of site closure communications through existing Social Media, Website and direct emails to effected customers along with liaison with council's communications team to get messages out to effected customers.</p> <p>In some cases alternative activity at another venue can be made available to customers.</p> <p>LLL's insurance will minimise lost income through the Business Interruption element of its insurance</p>

Key Risk	Risk or Threat to Key Task	Action taken/required to mitigate/minimise the risk or threat
Reputational Risk	Reduction in numbers of customers affecting income. Bringing the company and/or the council into disrepute	Marketing guidelines in place to support communications; communications limited to supported marketing working group with feedback to management team for potential contentious issues. Company values used to guide decision making to ensure reasonable and justifiable decisions are made. Contentious issues discussed with the council to ensure an agreed approach is taken

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Report of the Chief Executive

WORK PROGRAMME

1. Purpose of Report

The Advisory Shareholder Sub Committee is asked to approve its Work Programme and to consider items for consideration at future meetings.

2. Recommendation

The Advisory Shareholder Sub Committee is asked to CONSIDER the Work Programme and RESOLVE accordingly.

3. Detail

22 January 2024	<ul style="list-style-type: none"> • Liberty Leisure Performance Update (Finance/Attendance/Developments) • Liberty Leisure Business Plan Progress • EM DEVCO Ltd update
26 February 2024	<ul style="list-style-type: none"> • EM DEVCO Ltd update
15 April 2024	<ul style="list-style-type: none"> • Liberty Leisure Performance Update (Finance/Attendances/Developments) • Liberty Leisure Health and Safety • Liberty Leisure New Business Plan • EM DEVCO Ltd update

4. Legal Implications

The terms of reference are set out in the Council’s constitution. It is good practice to include a work programme to help the Council manage the portfolios.

5. Background Papers

Nil.

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