

Report of the Managing Director of Liberty Leisure Ltd

LIBERTY LEISURE LTD PERFORMANCE REPORT 2023/24 QUARTER TWO

1. Purpose of Report

To provide the Advisory Shareholder Sub-Committee with Liberty Leisure Limited's performance data with updated supporting information to the end of quarter two 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. Financial Information can be found at **APPENDIX 1. APPENDIX 2** contains Performance Management.

4. Financial Implications

The comments from the Head of Finance were as follows:

The financial implications are detailed in the appendices to this 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

There were no comments for the Climate Change Implications

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 changes to policy.

11. Background Papers

Nil

APPENDIX 1

LIBERTY LEISURE LTD UPATE QUARTER 2

SALES AND ATTENDANCES

1. FITNESS MEMBERSHIPS

Achieved 2022/23	Target 2023/24	End Q2 2023/24	Comments
4263	4700	4520	<p>Quarter 2 sales have increased with memberships standing at 4,377 at the end of August</p> <p>Q1 - 4280</p>

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 Q2 2023/24	Comments
3,150	3,400	3,498	At the end of August, the Swim School had 3,475 members. Q1 - 3448

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 Q2 2023/24	Comments
7413	8,100	8018	Figures are the combined totals for Fitness and Swim School Memberships Q1 – 7728

4. ATTENDANCES

Achieved 2022/23	Target 2023/24	End Q2 2023/24	Target Q2	Comments
974,368	890,000	437,783	450,000	Reduction due to cultural services moving in to the council and reduced services offered at KSG. Slightly down on target, largely due to KSG turnstile issue.

5. FINANCE 2023/24

	Achieved 2022/23	Actual Q2	Q2 Pro Rata Target	Budget Forecast 2023/24	Original Annual Budget	Comments
Operating Income	£3.071m	£ 1.597M	£1.625M	£3.177m	£3.235m	Income is increasing month on month through growing membership and exercise referral sales
Operating Expenditure	£3.886m	£1.565M	£1.877M	£3.750m	£3.841m	Generally, costs are continuing to increase. The company is managing its expenditures through the implementation of further efficiency measures. Q2 increase primarily leisure management system annual fees
Management Fee Received	£700k	£0	£259.5k	£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			£54k deficit	£87k deficit	The latest budget revision forecast a £43k improvement on the original budget for 2023/24. It should be noted that the closure of Kimberley Gym and Swim may have an adverse effect on the final financial outturn for 2023-24 The Q1 position was a £67k Deficit

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 £486,899.

Bank Balance:

End Q1: £582,300

End Q2: £465,513

8. SUMMARY OF ADDITIONAL WORK AND DEVELOPMENTS DURING Q2 2023/24

Wise Moves - 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.

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.