

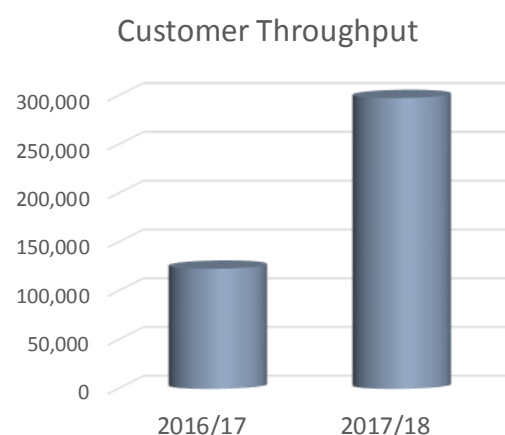
SALT AYRE LEISURE CENTRE

2017/18 QUARTER 2 PERFORMANCE MONITORING

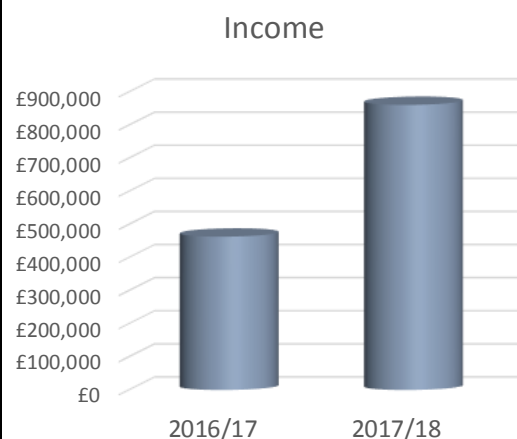
Key messages

- 84% improvement on the direct net operating cost so far in 2017/18 compared to 2016/17. (£126K for 17/18 vs £789K for 16/17).
- 31% improvement in total net cost including reserve contributions and capital financing costs. (£804K in 17/18 vs £1.165M in 16/17).
- 142% increase in footfall to the centre since the development.
- 226% increase in throughput to the new gym.
- Gym and training zone nominated for the UK best gym of the year at the prestigious National Fitness Awards in December.
- Income to the end of this quarter is falling short of original projections by £284K, but this is predicted to reduce to £242K by year end.
- The trend for October however, shows an increasing income for that month compared with September.
- Overall, a net shortfall of £187K is projected for the year.

Customer Throughput	2016/17	2017/18	(Favourable)/ Adverse	% (Favourable) /Adverse
Shop	1,172	2,203	(1,031)	(88.0%)
Health & Fitness	18,214	59,477	(41,263)	(226.5%)
SASC Cafe	25,477	108,516	(83,039)	(325.9%)
Sports Hall	6,577	13,418	(6,841)	(104.0%)
Studio	23,230	20,414	2,816	12.1%
Swimming	48,376	69,700	(21,324)	(44.1%)
Gravity	N/A	280	(280)	N/A
Xheight	N/A	1,678	(1,678)	N/A
Energy	N/A	22,230	(22,230)	N/A
	123,046	297,916	(174,870)	(142.1%)



Income	2016/17 £	2017/18 £	(Favourable)/ Adverse £	% (Favourable) /Adverse
Shop	3,244	7,870	(4,626)	(142.6%)
Health & Fitness	168,958	360,053	(191,095)	(113.1%)
SASC Cafe	40,739	170,259	(129,520)	(317.9%)
Sports Hall	48,165	68,214	(20,049)	(41.6%)
Studio	23,757	11,534	12,223	51.5%
Swimming	178,265	145,509	32,756	18.4%
Gravity	N/A	10,887	(10,887)	N/A
Xheight	N/A	38,270	(38,270)	N/A
Energy	N/A	48,525	(48,525)	N/A
	463,128	861,121	(397,993)	(85.9%)



	2016/17 Full Year Actuals	2017/18 Original Full Year Budget	Qtr2 Budget	Qtr2 Actual	Qtr2 Variance	Full Year Projection	Variance to Original Budget	Percentage of Original Budget
	£	£	£	£	(Favourable) / Adverse £	£	(Favourable) / Adverse £	
Expenditure								
Employees	1,000,255	1,256,400	607,890	576,282	(31,608)	1,215,700	(40,700)	(3%)
Premises Costs	613,613	603,900	413,070	404,248	(8,822)	588,600	(15,300)	(3%)
Transport Costs	14,714	13,300	4,506	8,526	4,020	14,200	900	7%
Supplies and Services	424,726	449,500	225,159	291,620	66,461	504,900	55,400	} 0%
Funding from Renewals Reserve	0	0	0	(55,400)	(55,400)	(55,400)	(55,400)	
Income								
Fees and Charges	(1,263,912)	(2,383,800)	(1,206,986)	(922,616)	284,370	(2,141,700)	242,100	(10%)
Direct Net Operating Cost / (Surplus)	789,396	(60,700)	43,639	302,660	259,021	126,300	187,000	
Support Service Costs	325,388	349,900	174,950	174,950	0	371,900	0	
Total Net Operating Cost	1,114,784	289,200	218,589	477,610	259,021	498,200	187,000	
Renewals Reserve Contribution	50,000	150,000	75,000	75,000	0	150,000	0	
Capital Financing Costs - MRP re £5M development	0	177,600	88,900	88,900	0	177,900	300	
Total Net Cost	1,164,784	616,800	382,489	641,510	259,021	826,100	187,300	

Comments from Leisure Services Manager

At this early stage since the transformation, the overall picture is a huge improvement on previous years. The centre has exceeded expectations in terms of customer feedback, industry accolades, visitor numbers etc.

The centre has been chosen for a national case study by UK active research institute (supported by Sport England) who are showcasing Salt Ayre as an exemplar leisure centre and using the information as evidence for further investment in physical activity and to show the benefits of local authorities investing in facilities to reduce subsidy. They have also collated information about improvement in participation levels and health outcomes.

However, a major change project such as this will always bring huge challenges for staff not used to working in such a commercial environment and lessons have been learned along the way. In addition, trying to predict realistic income targets is difficult for any project, and the table above indicates that targets here have been over ambitious.

Never having delivered a project of such magnitude before, means it was not going to be easy. The impact on all staff at all levels of the change in culture and business is now fully appreciated and with hindsight more investment in training and capacity would have been beneficial.

There are a number of other operational reasons why the income is lower than expected including:

- Poor weather this summer meaning the outside gravity tower was closed for longer periods than expected.
- Staffing issues in some areas have resulted in changes in staff and the consequential downtime for recruitment. This impacted on customer service standards and led to income shortfalls, particularly in the café.
- Issues with the replacement and integration of the Leisure Management System with existing council systems have impacted on the ease of on line booking and payment for customers.

These issues are being addressed as far as possible so that the trend of improved income levels seen in October continue for the rest of the year.

In addition, officers continue to work closely with Alliance Leisure to improve marketing, promotion and advertising and the recent opening of the Spa facility has seen over 300 new members join as part of a bolt on package with the main gym, which is above initial expectations / forecasts. Recent efforts to increase our social media presence has proved successful.