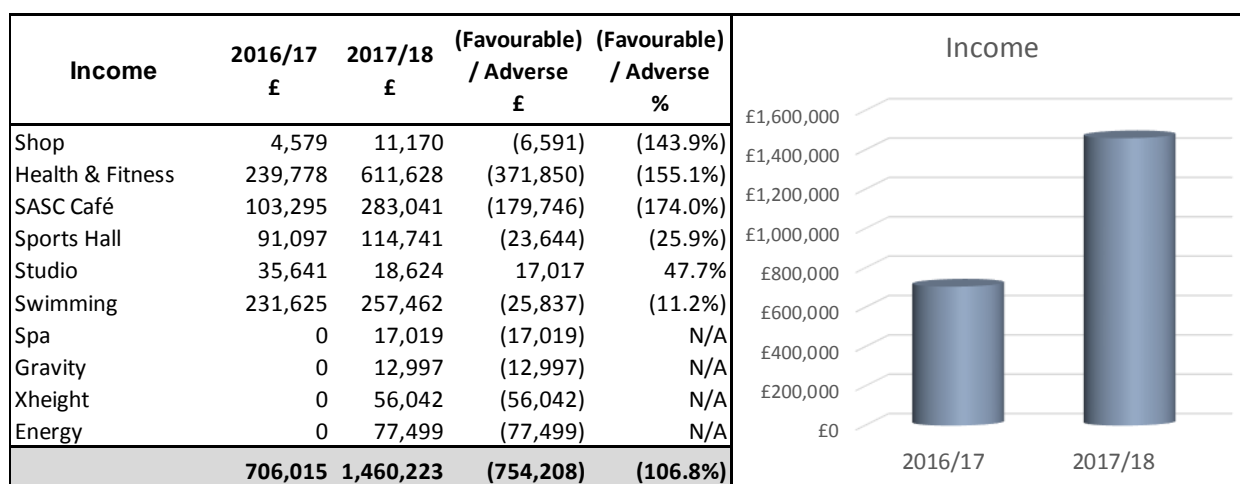
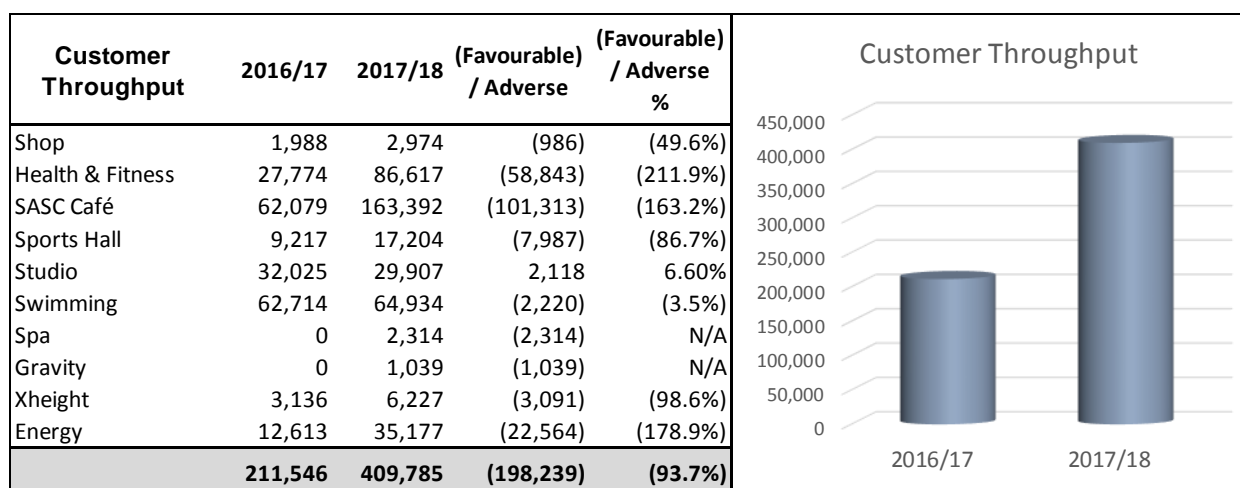


SALT AYRE LEISURE CENTRE

2017/18 QUARTER 3 PERFORMANCE MONITORING

Key Messages

- Salt Ayre Leisure Centre continues to perform well when compared to 2016/17, and shows a reduction in direct net operating cost from £789K in 2016/17 to a projected cost of £175K for 2017/18 (£614K reduction).
- The café is on course to achieve the £400K income target for 2017/18.
- Efficient management of the transformational project continues with new LED lighting systems fitted to the swimming pool, changing rooms and exercise studio.
- Similarly a new combined heat and power unit is currently being installed and due for commissioning in February 2018.
- Tranquil (Spa) opened in October 2017 and has received impressive customer feedback for all aspects of the operation.
- There has been an average increase of 94 % in throughput for the Leisure Centre compared to the equivalent period last year.
- Swimming lessons have benefited from the increased throughput with participants increasing from 300 at the start of the financial year to 420 currently.
- However, financially the position remains as previously reported, with direct net operating costs increasing by £236K when compared to the original estimate, of this £272K is attributed to lower income than anticipated.



	2016/17 Full Year Actuals	2017/18 Original Full Year Budget	2017/18 Revised Full Year Budget	Qtr3 Budget	Qtr3 Actual	Qtr3 Variance	Full Year Projection	Variance to Revised Budget	Percentage of Revised Budget
	£		£	£	£	(Favourable) / Adverse £	£	(Favourable) / Adverse £	
Expenditure									
Employees	1,000,255	1,256,400	1,264,900	913,173	905,986	(7,187)	1,255,549	(9,351)	-1%
Premises Costs	613,613	603,900	588,600	486,033	491,622	5,589	591,700	3,100	1%
Transport Costs	14,714	13,300	16,200	15,616	15,616	0	16,200	0	0%
Supplies and Services	424,726	449,500	483,100	405,083	415,563	10,480	493,580	10,480	0%
Funding from Renewals Reserve	0	0	(64,400)	(64,400)	(74,400)	(10,000)	(74,400)	(10,000)	
Income									
Fees and Charges	(1,263,912)	(2,383,800)	(2,111,900)	(1,512,046)	(1,508,088)	3,958	(2,106,900)	5,000	0%
Direct Net Operating Cost/(-) Surplus	789,396	(60,700)	176,500	243,459	246,299	2,840	175,729	(771)	
			<i>Change from Original Budget</i>				→ +236,429		
Support Service Costs	325,388	349,900	365,500	270,225	270,225	0	365,500	0	
Total Net Operating Cost	1,114,784	289,200	542,000	513,684	516,524	2,840	541,229	(771)	
Renewals Reserve Contribution	50,000	150,000	150,000	112,500	112,500	0	150,000	0	
Capital Financing Costs - MRP re £5M development	0	177,600	177,600	133,200	133,200	0	177,600	0	
Total Net Cost	1,164,784	616,800	869,600	759,384	762,224	2,840	868,829	(771)	

Comments from Sport and Leisure Services Manager

The transformation of Salt Ayre Leisure Centre has continued over recent months seeing the opening of a major new build that forms the Spa and Hub facilities. Tranquil (Beauty Spa) opened in October 2017 with a new team of specialist of staff delivering a wide range of treatments and managing the thermal journey (aromatherapy steam, salt inhalation steam, herbal sauna and watermill sauna) including a dedicated relaxation lounge.

The Hub Facility includes a Feel Good Suite with toning tables and is managed by a team employed by the City Council and funded by Lancashire County Council Public Health. This facility offers the opportunity for people of all ages and abilities to take part in physical exercise and contributes significantly to the mental and physical health agendas.

The opening of Tranquil has proved to be successful in attracting new customers to the Centre and is something that the marketing and business plan will maximise the potential for cross service/activity sales.

Since the opening of the Spa it has been possible to review income projections in light of the actual customer levels. As a result Officers have lowered the original net income forecasts, set in 2017, by circa £95K for 2018/19, but expect them to reach their original target over the next 2-3 years as the business grows and becomes established.

The Centre has seen throughput continue to reach significantly high numbers and the new custom has had a positive effect on other areas such as swimming and gymnastics. It is clear from participants for swimming lessons having risen from 300 to 420 in the last year that the transformation of the whole Centre has attracted a new market and the added payment facility of direct debit has proved popular with customers. Similarly gymnastics participants have increased by in excess of 50 with the direct debit option proving equally popular.

Once again the Centre is about to feature as an exemplar case study in a leading UK Health Club Management journal.

The café is on target to achieve the revised income budget of £400K and is a good example of how sometimes a new business needs time to adapt. The early part of this financial year saw a change in the management team and an associated period of disruption to staff and inconsistency in customer service. The new manager has changed the menu, introduced improved systems including staff performance management and has helped raise the levels of customer service. The staff structure should be more complete by January and despite some long periods of sickness absence from staff the operation now seems to be delivering against earlier expectations.

The transformational project continues to see Council wide cooperation between Services with the recent installation of a LED lighting scheme to the swimming pool, studio and changing rooms. The work was delivered on time and to budget.

Similarly, installation of a new combined heat and power (CHP) unit with associated energy saving benefits will be ready for commissioning in February 2018.

Current income and expenditure projections are in line with the lower revised expectations as the Centre moves towards a critical period for gym membership sales during January and February.