

## **LIFE LEISURE: BUSINESS PLAN 2023/24**

### **Report of the Deputy Chief Executive**

#### **1. INTRODUCTION AND PURPOSE OF REPORT**

- 1.1 This report provides an update on trading performance against the 2023/24 business plan taking into account facility disruptions and operational challenges.
- 1.2 The report also outlines Life Leisure's proposed business plan for the financial year 2024/25 and an indication of the likely funding required for delivery of the plan, to include the provision of the active communities programmes and the operation of Council-owned/leased leisure centres.

#### **2. BACKGROUND**

- 2.1 At the inception of the Stockport Active CIC on 1<sup>st</sup> April 2022, it was agreed that in addition to annual reporting to other Scrutiny Committees in June, the draft business plan would be brought to CRMG for scrutiny each year in advance of being finalised.
- 2.2 As an essential delivery partner of the Council, the business plan is informed by the Stockport Council Plan, the Stockport Borough Plan, the Stockport Council Active Communities Strategy as well as current trading information. It's expressed purpose is to support the delivery of the broader Council objectives.

#### **3. PROGRESS UPDATE ON 2023/24 BUSINESS PLAN**

- 3.1 Life Leisure have achieved strong growth in participation and associated income over the past 12 months, achieved in part by a re-positioned brand with a clear and purposeful strategy and targeted commercial investment at Hazel Grove and Romiley.
- 3.2 Commercial recovery post-pandemic has been substantial with five of nine months during FY24 delivering new membership sales greater than any other corresponding month in Life Leisure's history. Membership and participation recovery is at 88% despite increased local competition and better than the reported UK average of c82%.
- 3.3 Additionally, there has been strong development across the active communities and specialist physical activity service with new activities introduced to meet the needs

of the SEND community and the PARiS (exercise referral scheme) now working with 2500 people with long-term health conditions.

- 3.4 Substantial progress has been made in the collaborative work Life Leisure undertakes with local partners, as it embeds itself in the wider neighbourhood approach fostered by Council colleagues. Examples include securing £260k worth of National Lottery funding for a three year programme which is delivered in partnership with the Targeted Youth Justice Service and Stockport Homes, work with AgeUK in the delivery of Confidence Walks and Life Leisure are proud to be an integral part of the pioneering Family Hub network with four Life Leisure venues playing the role as a Family Hub Bridge.
- 3.5 Life Leisure continually monitor customer satisfaction using the Net Promoter Score methodology and have consistently achieved 5 points above the UK benchmark score.
- 3.6 Efforts to reduce energy consumption were also made, with the installation of solar panels, swimming pool covers and variable speed drives.
- 3.7 The budgeted deficit for 2023/24 was £2.7m. Current projections indicate the actual outturn is likely to be around £2.2m, a saving of £0.5m. Despite tight control of costs and underlying income growth trends in both fitness and swimming, there are a number of factors outside the control of Life Leisure that are impacting heavily on the level of the deficit. These factors are:
  - Ageing facilities in need of substantial lifecycle investment.
  - Facilities that no longer provide a modern customer experience.
  - Increased commercial competition.
  - Energy cost burden.
  - Sustained cost of living pressure.
- 3.8 Notwithstanding these challenges, the programme of activities are reaching new people across the Borough in increasing numbers and positively impacting the health of the population.
- 3.9 The budget for 2023/24 is included in the business plan at Appendix 1 (confidential).

#### **4. 2024/25 BUSINESS PLAN**

- 4.1 The proposed budget for 2024/25 will require deficit funding of £1.9m as per the attached Business Plan at Appendix 2 (confidential).
- 4.2 Notable contributors to the reduction in deficit include a decrease in energy costs achieved through a new purchasing agreement, the benefit of capital investment in 2023/24 to drive membership income, and the re-opening of Life Leisure Hazel Grove following extensive pool plant replacement works.
- 4.3 Growth is projected across all income streams although this is being offset to some extent by increased operational costs including staffing (an increase to the national living wage of almost 10%) and repairs and maintenance to meet the needs of ageing building condition.

- 4.4 In addition to the obvious commercial strides that have been taken to reduce the level of deficit funding, the plan for 2024/25 is also representative of the continued alignment of Life Leisure to the Council's neighbourhood approach, with further development of the active communities programme, along with extensive collaborative working.
- 4.5 An assumption has been made that all sites will remain open and Priestnall has been transferred to Laurus Trust from 1<sup>st</sup> December 2023.
- 4.6 A full year budget provision has been prepared for Life Leisure Bramhall, although it is currently closed until further notice following the discovery of RAAC.
- 4.7 Whilst it is very positive to see growth in turnover, increased commitment to physical activity and a reduction in deficit funding required, further erosion of the deficit will continue to be hampered by the size and ageing nature of the assets.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

### **5.1 Revenue and Capital consequences of report recommendations**

- 5.1.1 The proposed budget for 2024/25 is £1.9m, which is within the budget set aside in the Council's 2024/25 Budget.
- 5.1.2 The Council has made a £5m loan facility available to Life Leisure. The following has been drawn down against this loan in 2023/24:
- 5.1.2.1 Refurbishment of gyms (including gym equipment at Hazel Grove and Romiley: £635k (depreciated over 7 years)
- 5.1.2.2 Replacement of some football pitches at Stockport Sports village: £175k (depreciated over 10 years)
- 5.1.2.3 Planned refurbishment of the gym at Grand Central and Stockport Sports Village: £575k (depreciated over 7 years)
- 5.1.3 The proposed budget assumes approval for and includes the depreciation and interest costs associated with the following investments in 2024/25:
- 5.1.3.1 Replacement of remaining football pitches at Stockport Sports Village: £420k (depreciated over 10 years)
- 5.1.3.2 Rolling programme for replacement of IT hardware: £50k (depreciated over 3 years)
- 5.1.4 Further investment is also required at Cheadle and Houldsworth Village during 2024/25. The depreciation and associated interest are not included in this budget and neither is the additional growth in income. The impact of further investment in these centres during 2024/25 is expected to be funded from increased income as a consequence of the investment and will have no impact on the budget.
- 5.1.5 The Council has submitted a bid for £1.2m to Phase 2 of the Sport England Swimming Pool Support Fund and awards are expected in early 2024. £40m is available from the government for capital investment to improve the energy efficiency of public facilities with pools in the medium to long term and it is hoped that the outcome will be successful.

## **6. LEGAL CONSIDERATIONS**

- 6.1 The business plan is consistent with Life Leisure's obligations under the Services Contract and Members Agreement which exist between the Council and Life Leisure.

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no human resources impact.

## **8. EQUALITIES IMPACT**

- 8.1 Addressing health inequalities remains a key strategic ambition of Life Leisure and runs through the key priorities and objectives of the business plan. This will be informed by improving the evidence base on physical activity across Stockport.
- 8.2 There is a strong focus in the specification on delivering interventions to support those who are currently least active in the Borough with a view to tackling mental and physical health inequalities.
- 8.3 The business plan places a clear emphasis on ensuring that facilities and services are accessible to all members of the community and that the active communities programme is inclusive by design. The data collected by Life Leisure will give us an improved insight into how leisure and active communities provision is reaching different groups and enable action to be taken to address access inequalities.
- 8.4 Enabling access to leisure and active communities opportunities to those who face financial disadvantage is a guiding principle behind new pricing and concessionary arrangements.

## **9. ENVIRONMENTAL IMPACT**

- 9.1 Contribution to Stockport's Climate Action Now strategy and limiting Life Leisure's impact upon the environment is an important priority in the business plan. In addition to action to build upon energy consumption savings already achieved, Life Leisure and the Council have recently submitted a bid to Sport England for a substantial capital grant to install more climate efficient infrastructure and plant across the leisure estate.

## **10. CONCLUSIONS AND RECOMMENDATIONS**

- 10.1 The Scrutiny Committee are requested to note and provide any comments on the report and Life Leisure's draft business plan and budget.

## **BACKGROUND PAPERS**

There are none.

Anyone wishing to inspect the above background papers or requiring further information should contact Peter Ashworth on 0161 474 2392 or by email on [peter.ashworth@stockport.gov.uk](mailto:peter.ashworth@stockport.gov.uk)