

FOLKESTONE SPORTS CENTRE

Folkestone Sports Centre Trust

5-Year Business Plan

(With linked Financial Plan contained in a separate excel workbook)

October 2022

CONTENTS

Section Number	Section Description	Pages
1	Introduction & Background	1-4
2	Summary of Current Position	5-12
3	Options Appraisal	13-14
4	Business Plan Road Map	15-18
5	Immediate Actions	19-20
6	Short Term Actions	21-28
7	Medium Term Actions	29-34
8	Long Term Actions	35-36
9	Mini Business Cases	37-40
10	Use of Overage Payment	41-42
11	Trust Financial Plan Summary	43-44
12	Appendix Items	45-64



01

INTRODUCTION & BACKGROUND

Folkestone Sports Centre (FSC) opened in July 1972 as the only sports facility serving Folkestone and the surrounding area following a period of local fundraising by the community. Now in its 50th year of operation, it remains the heartbeat of the local community and provides an excellent service to Folkestone.

The Sports Centre, the associated buildings and the surrounding land are all owned and managed directly by Folkestone Sports Centre Trust (FSCT), which is unique in today's local authority leisure marketplace.

FSCT have continued to seek ways to invest into the facility over the 50 years to maintain the facilities position as the leading local authority facility in Folkestone. The most recent significant investment was made in 2010, and included major refurbishments to key parts of the centre. This investment was secured through working with the Charity Bank with the objective of securing a long term, sustainable solution for the centre.

The Sports Centre comprises of the following facilities and the existing performance statistics highlight the current trading position.

CURRENT FACILITY MIX

- 60 Station Fitness Suite
- 3 Exercise Studios
- Toning Studio
- 25m Main Pool
- Teaching Pool
- Cafe
- Bar
- Treatments & Therapies
- Outdoor Courts
- SkyWalk Course
- Ski and Toboggan Slope
- Sensory Room
- Squash Courts
- 8 Court Sports Hall
- Changing Places Changing Rooms

EXISTING PERFORMANCE STATS

- Income £1.655m (average in past 5 years)
- Expenditure £1.542m (average in past years)
- 883 Direct Debit Fitness Members
- £4,364 Income per fitness station
- 14.7 Members per fitness station
- 350 Swimming lesson pupils
- £634 per m² swimming pool space
- 300,000 visits per year
- 50+ Employees
- 102% Salaries to turnover
- 18.9% Utility Cost to turnover
- 1.1% Marketing spend to turnover
- £13,077 per sports hall court
- £5,541 per squash court

TRUST VISION

The trust has always had a vision that the sports facilities should be 'affordable' and that activities should be 'accessible' for all. Its management of Folkestone Sports Centre is based on this vision and the continuation of this is reflected in this plan.

Folkestone Sports Centre is the only centre in the area which provides sports and leisure activities for all ages, genders, and abilities with a special regard for those with poor mental and physical health, without the need to pay if one is not able to. (These activities are funded by charitable funds and or grants) The trust is passionate about ensuring that everyone in Folkestone has access to physical activity opportunities and provides a wide range of facilities and programmes to entice regular participation.

The trust has a very proactive approach to not only delivering services towards the local community through the management of sports and leisure activity spaces within the centres, but it is also very successful in securing grants and donations from organisations who wish to support their efforts.

For example, FSCT has a positive relationship with Folkestone & Hythe District Council (FHDC) and as a consequence, the Council provide an annual grant towards the operation of the Centre. The trust has also recently secured support from the National Lottery who are providing a grant over the next three years to help the team deliver health, well-being and social outcomes for the communities in Folkestone.

More recently, the trust has taken over the management of Hawkinge Community Centre, which has allowed the trust to broaden its offer across the district. The addition of Hawkinge allows the trust to offer more activity space as the centre has a Sports Hall, a Community Hall, Meeting Rooms and a cafe/bar Area. Hawkinge Community Centre is located to the north of Folkestone (circa 3miles away from FSC).

The vision of the trust remains at the heart of this 5-year plan. The trust board and site teams will continue to seek out ways to offer a wide range of opportunities that are accessible and affordable to the whole community.



01

INTRODUCTION & BACKGROUND

This business plan and supporting financial review has been prepared for Folkestone Sports Centre Trust in response to the consultants brief circulated in June 2022. This brief was circulated to external support agencies in order to respond to the challenging trading conditions the trust finds itself in following the Covid-19 pandemic. This business plan and financial review was commissioned by FSCT in response to a number of factors which include:

- **Covid-19 Pandemic** – a change to peoples attitude to exercising and physical activity indoors, changes to social interaction within buildings and changes to peoples work/life balance that all influence exercise habits
- **Increasing Utility Costs** – an unprecedented change to utility tariffs in 2022, which has been caused by a fast changing economic climate (most noticeably the war in Ukraine), have had long lasting impact on the cost of gas and electricity for all businesses in the UK. As leisure centres are significant users of gas and electricity, the increased tariffs offer major challenges for the sector. It is noteworthy that there have already been several facility closures in the UK due to this change in utility tariffs.
- **Increasing Staffing Costs** – The rise in national minimum and living wage rates have had significant impact on the leisure sector and Folkestone is not exempt from these. It is right that people working in the centres should be paid better but the cost of doing this is not able to be passed to the paying customers (i.e. the cost of a swim cannot simply be increased to cover the increased hourly rate of a lifeguard). Consequentially, the increased staffing cost must be absorbed by the centre with little or no direct financial return.
- **Cost of Living** – In addition to the Covid-19 pandemic, the Ukraine war and a challenging political period, the cost of living has dramatically changed in 2022. The cost of a weekly food shop, fuel in cars, insurance and other essential items have all increased significantly. These increased costs are coupled with an increase in interest rates for the first time in many years, meaning that mortgage repayments are higher. All of this means that the pressure on the household disposable incomes has never been more challenging. The reality of people being able to afford to exercise is now a choice of doing so balanced against paying for food / household bills.
- **Competition** – Prior to Covid-19, there was an increase in competition for one of the core participation incomes (Health & Fitness) due to the presence of a new budget gym in Folkestone. The impact of this was seen both in the short term finances but also over the course of the past two years, as the market recovered from the pandemic. This new competition, coupled with other factors noted above, place added pressure to the performance of Folkestone Sports Centre.

This document provides an overview of the current performance of the trust as a consequence of the challenges noted above and highlights key risks for the organisation in the next 5 years. The financial plan outlines a proposed route towards a sustainable future for the trust and some advice as to the immediate, short, medium and long-term actions that are required to achieve this.

METHODOLOGY

This business plan was developed using a defined methodology that is bespoke to the Folkestone Sports Centre trust.

The methodology was set up to consider the following aspects:

- CONSIDER KEY AIMS OF THE TRUST & HOW THESE AIMS CAN BE MEASURED
- A LONG TERM & SUSTAINABLE BUSINESS PLAN
- IDENTIFICATION OF POSSIBLE FUNDING STREAMS & OPPORTUNITIES TO MAXIMISE FINANCIAL ADVANTAGE – INVEST TO SAVE
- INNOVATION, EFFICIENCY AND FLEXIBILITY OF DELIVERY
- PROVIDE OPTIONS TO REDUCE SHORT-TERM BORROWING
- IDENTIFY CLEAR METHODS OF ACHIEVING AND MEASURING VALUE FOR MONEY FOR THE COMMUNITY
- INSIGHT FROM KEY STAKEHOLDERS
- AN EVALUATION OF THE EXISTING DELIVERY
- REVIEW OF CURRENT TRENDS WITHIN THE LEISURE INDUSTRY
- IDENTIFIES SHORT & LONG-TERM MAINTENANCE REQUIREMENTS
- REVIEW OF CURRENT COSTS AND POTENTIAL SAVINGS
- LOCAL COMPETITION ANALYSIS
- HIGH-LEVEL MARKETING PLAN (Appendix 1)
- OPERATIONS PLAN
- LATENT DEMAND ASSESSMENT

Stage 1 – **Project Activation** – The initial stage of the methodology was to set up the project by agreeing the project brief and setting up the initial meeting between the organisations.

Stage 2 – **Background Research** – Once the project was activated, the first task was to conduct a detailed review of the background information, in particularly the historical financial performance of the trust in the past few years.

Stage 3 – **Stakeholder Engagement** – MLC carried out informal interviews with the team on site, trustees and customers. Formal discussions were held with Folkestone & Hythe Council and with key members of the senior team on site. MLC also carried out e-surveys for staff and clubs. The results of these surveys can be seen in Appendix 3.

Stage 4 – **Review of Existing Operations** – A key part of the process was to review and analyse the existing operation and establish a risk register. This was achieved through a number of site visits to assess the current programme and use of activity spaces. This can be seen in Appendix 2.

Stage 5 – **Indicative Business Plan and Financial Plan** – MLC produced a draft 5-year Business Plan (this document) alongside the financial workbook (Appendix 4). The draft was reviewed and revised through dialogue with the trust.

Stage 6 – **Engagement with the Trust Board** – MLC hosted several video calls to present initial findings and the SWOT analysis to the trustees.

Stage 7 – **Final Business Plan & Financial Plan** – Following feedback, the final version of the business plan (this document) and the associated financial plan was produced for the trustees to approve.

Stage 8 – **Present Report & Recommendations** – this was an interactive process throughout the stages of the project with the business plan and financial plan being presented to trustees on numerous occasions.

02

SUMMARY OF CURRENT POSITION

APPLYING BENCHMARKS

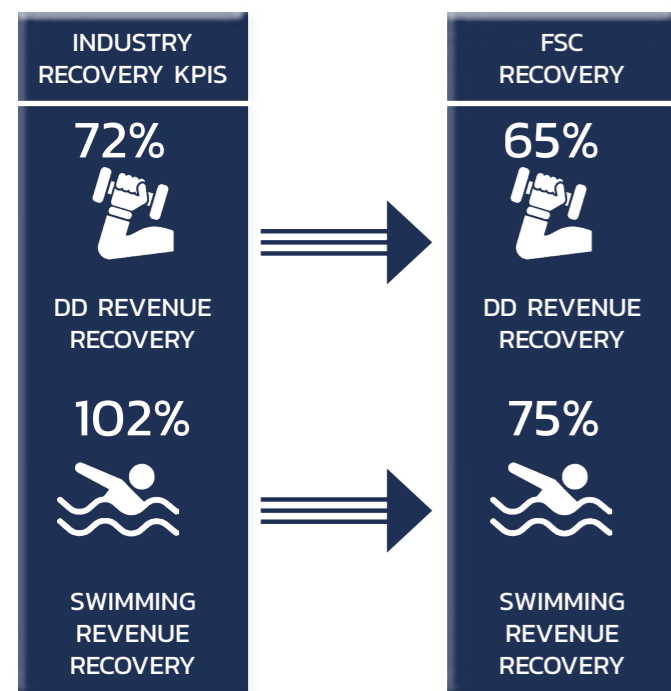
To accurately benchmark the performance of the centre versus other local authority leisure centres, all revenue relating to grants, subsidies and donations have been removed to produce an operating P&L. However, it is recognised that grants play an important role in the delivery of key services and therefore should be considered within the site analysis via the 'whole site P&L'. See the financial work book in Appendix 1.

For the purpose of benchmarking, the year prior to Covid-19 (2019-20) has been selected as a base sample, with last year's performance selected to showcase the recovery from the impact of Covid-19.

Industry benchmarks have been applied to provide an insight into how well the centre was performing prior to Covid-19 and how well the centre has recovered from the impact of Covid-19 in comparison with the industry.

COVID-19 RECOVERY

The data provided helps produce the following comparisons with leisure industry recovery data:



2019/20 & 2021/22 Operating P&L Accounts

Income	PRE COVID	COVID RECOVERY
	2019-20 £	2021-22 £
Health & Fitness (Including Toning & Therapies)	£328,259	£297,246
Swimming	£370,558	£248,808
Sports Hall	£296,355	£119,989
Squash	£16,472	£16,622
Hire	£10,797	£9,793
Outdoor Activities (Ski, Skywalk, Golf, MUGA etc)	£89,491	£166,915
Catering	£7,209	£0
Retail	£21,325	£6,403
Other	£15,265	£20,266
Total Revenue	£1,155,731	£886,042
Expenditure	PRE COVID	COVID RECOVERY
	2019-20 £	2021-22 £
Salaries & Wages	£892,575	£890,271
Utilities	£172,924	£167,468
Repairs & Maintenance	£55,737	£59,773
Cleaning & Chemicals	£19,343	£20,124
Administration Costs	£18,880	£48,458
Marketing & Design	£6,050	£150
IT & Telephone	£37,145	£36,059
Irrecoverable VAT	£63,424	£96,699
Insurance	£44,622	£98,232
COS	£8,885	£4,914
Other	£33,432	£36,604
Total Expenditure	£1,354,124	£1,469,200
Operating Surplus (Deficit)	(£198,393)	(£583,257)

INDUSTRY BENCHMARK COMPARISONS

	FSC 2019/20 PERFORMANCE	FSC 2021/22 PERFORMANCE	LEISURE INDUSTRY BENCHMARK
	£4,372 PER FITNESS STATION	£4,364 PER FITNESS STATION	£6,500 PER FITNESS STATION (MID RANGE)
	78% SALARIES TO SALES	102% SALARIES TO SALES	45-55% SALARIES TO SALES
	6.5% SPEND % SALES	9% SPEND % SALES	5.1% SPEND % SALES
	1% MARKETING SPEND TO SALES	1.1% MARKETING SPEND TO SALES	1.5% - 3% MARKETING SPEND TO SALES
	£944 SWIMMING INCOME POOL M ²	£634 SWIMMING INCOME POOL M ²	£1,496 SWIMMING INCOME POOL M ²
	15% UTILITIES TO REVENUE %	18.9% UTILITIES TO REVENUE %	10%-15% UTILITIES TO REVENUE %
	£37,044 SPORTS HALL INCOME PER COURT	£13,077 SPORTS HALL INCOME PER COURT	£23,013 SPORTS HALL INCOME PER COURT
	32% SWIMMING INCOME / TOTAL INCOME	28% SWIMMING INCOME / TOTAL INCOME	21.5% SWIMMING INCOME / TOTAL INCOME

It is important to note that the benchmarking stats above do not reflect the overall surplus or deficit position of the Trust due to grant funding that is secured to support key service delivery areas.

It should be recognised that there are elements of cost that are incurred on the basis that they will be matched by grant funding. It is not a simple (or 100% accurate) process to separate these costs out from operations, so apportionments would need to be made in order to attempt to split the costs should the grant funding be removed.

02

SUMMARY OF CURRENT POSITION

WHAT HAS ALREADY BEEN ACTIONED?

As part of this business planning process, it is important to recognise that a considerable amount of work has already taken place in order to place Folkestone Sports Centre on a pathway to a sustainable future, despite the growing challenges in the sector and the economic climate.

The table below highlights the decisions and actions already taken by the trust prior to this business plan being commissioned.

Action	Purpose	Completion Date	Outcome
Review all utilities contracts	Secure best possible tariff for Gas & Electricity for the winter period, prior to price changes and supply issues	February & March 2022	3-year contracts signed for Gas & Electricity
Review & market test Insurance	Review insurance cost and risks assessments to secure best possible cover	March 2022	Best quotes obtained and activated
Review Phone Contract	Review service delivery set against the actual cost	August 2022	Change of supplier with a reduced service cost
Review Copier Contract	Review service delivery set against the actual cost	June 2022	Change of supplier with a reduced service cost
Review Staff Structure	Review structure (linked to the upcoming planned retirement of the General Manager)	October 2022	Reduce management levels, Give more responsibilities to HOD's
Review Wages	NLW increase in April 2022	April 2022	Increased by NLW only. New staff structure to improve hours available for core staff.
Review Trustee Skills	Additional skills and knowledge required on the Board of Trustees Trustees to review 'Portfolios'	July 2022	New Trustee recruited David Muggridge (Finance)

Action	Purpose	Completion Date	Outcome
Snowsports and Outdoors	Addition of new and refurbished facilities which are unique in the South East of England. Grow income - Reduce cost	July 2021	During lockdowns, outdoor facilities completed. Integrate Snowsports and Skywalk instructors for year round availability of staff and activity offer - New entrance and car park - one reception More energy efficient building Increased targeted marketing for 'seasons'
Hawkinge CC	To offer Hawkinge community the same opportunities as Folkestone community Maintain and improve current Community Centre	Total Project will be complete by Dec 2022	Taken over operation in May 2019 Gym addition to be completed by Dec 2022 Integrate with FSC bookings/sales Oct 22

The actions noted in this table have been taken into account within the revised 5-year business plan. Where possible to enhance these options, we have proposed further changes and amendments. These additional changes have been described within the roadmap of the 5-year plan in section 4 of this report.

SUMMARY OF CURRENT POSITION

OTHER IDENTIFIED ACTIONS IN THE PIPELINE

Prior to this business plan being commissioned, there is a growing list of actions that have been put forward for consideration by the site teams. These actions are pending approval either due to the fact that the actions must be taken when they can be afforded or the right solution is found.

The table below highlights these actions:

Action	Purpose	Desired Outcome
Fitness Income	Drive to return to 2000 members	Alliance Leisure partnership in place to drive membership sales
Swimming Courses	Increase numbers of enrolled, online sign up, DD payments	New Gladstone system being implement to support the growth of swimming courses
Review Marketing	To increase marketing efforts linked to participation and membership growth	Alliance Leisure partnership in place to drive membership sales
Social Media and Website	Replace Sales & Marketing Manager with part-time post	Resolve out of date website, increase social media presence and online payments
Energy Efficiency Survey	Plant Room and building efficiency to reduce energy costs	Survey (costing £2.5k) that will establish the potential savings that could be realised
Improve Energy Efficiency	Solar Panel quote for flat rooves	Reduce utility consumption levels
Review H & WB Community Needs	Community needs v cost to FSCT and external funding sources	Reviewing Community needs and options for CCG and PCN to pay for health and well-being support
Review financial viability of individual activities	Regular and constant review of all activities Income v costs v loss of membership income	Reduced number of classes. Classes and activities which are not financial viable are reviewed, changed or stopped. Potential conscious decision to continue with programme match grant funding
First Impressions	Facility appearance is constantly appraised : on-going programme of maintenance and repair	Work is constantly being undertaken in line with affordability. Reactive maintenance rather than proactive maintenance is a current issue, as funds are restricted.

OTHER IDENTIFIED ACTIONS IN THE PIPELINE

Prior to this business plan being commissioned, there is a growing list of actions that have been put forward for consideration by the site teams. These actions are pending approval either due to the fact that the actions must be taken when they can be afforded or the right solution is found.

The table below highlights these actions:

Action	Purpose	Desired Outcome
Building Condition Survey	Identify options for streamlining activities	Create a detailed plan of action for all PPM items
Tree Survey	H & S issues of all trees on site Survey and surgery required	Mitigate H&S issues with trees
Well-Being Centre	Costly to operate building. Disjointed from main operation Review of way forward and investigate options	Improved energy efficiency and reduced carbon footprint in the short term (Nov 2020)

The actions and ideas that have been highlighted as 'in the pipeline' have been incorporated into the roadmap of this business plan and are captured in section 4.

02

SUMMARY OF CURRENT POSITION

GYM & SWIM MEMBERSHIP LATENT DEMAND

Folkestone Sports Centre has a diverse facility mix, which means that competitors exist for different activities within the centre. When completing this competitor analysis the focus is on the main income lines of fitness and swimming. These are the main drivers at Folkestone Sports Centre, and success in these areas are likely to spread to other activities.

Folkestone has a population of 54,130 (2020 Estimate) and a larger fitness catchment of 82,369 when the wider region is considered. The current national penetration rate for fitness memberships is 14.6%. This suggests that on average 14.6% of the population will hold a fitness related membership. On average local authority leisure facilities take 8% of the 14.6%, with other private operators taking the remaining 6.6%.

This means that Folkestone has 6,689 potential members that have the potential of becoming a member at Folkestone Sports Centre.

As Folkestone currently has 883 direct debit members and a proportion of the catchment should be removed as people will typically use facilities close to their work, the potential latent demand is calculated at 1889 members. This plan is targeting 1,591 members which is believed to be realistic and achievable.

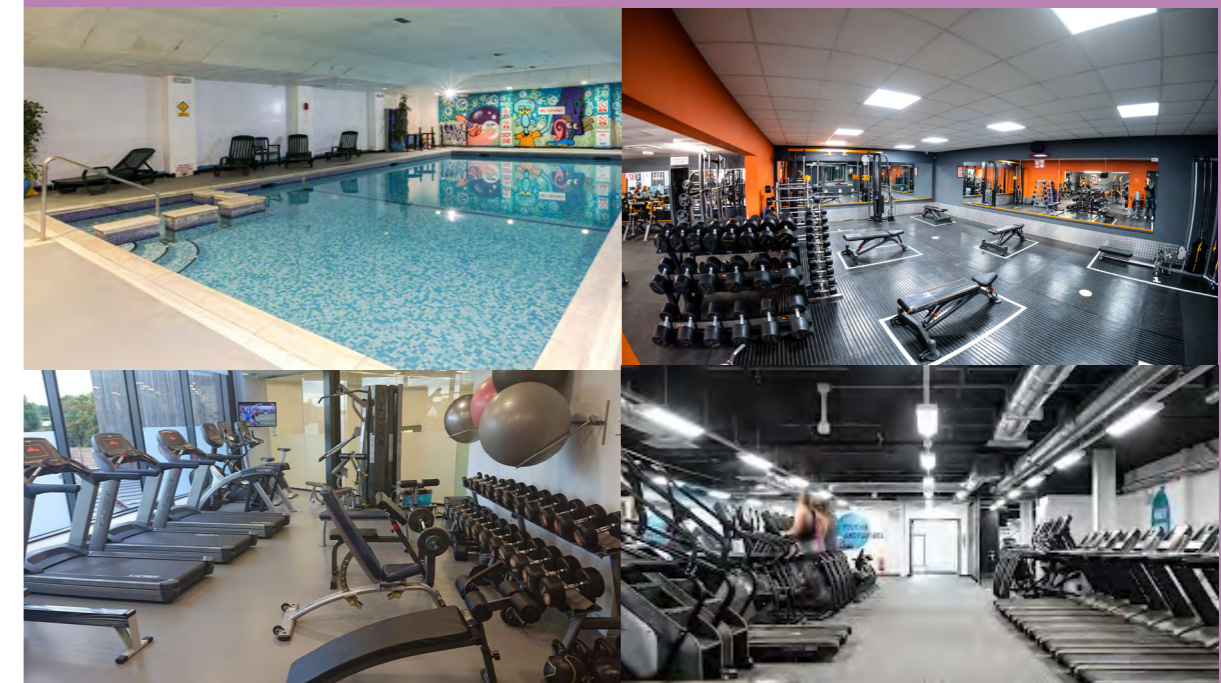
CHILDREN'S SWIM SCHOOL LATENT DEMAND

The demand for children's swimming lessons have increased as the backlog from the Covid-19 lockdown period kicks in. There is a national shortage of swimming teachers, and as such teacher wages have risen as the market competes for the best teachers.

Latent demand for swim school takes into account the number of young people within the catchment area and applies benchmark % for each group which notes the current drop off as children progress and get older.

The total demand for swimming lessons (children who are likely to take part) in Folkestone Sport Centre's catchment is: 1,500 Folkestone currently has 350 on swimming lessons, with an estimated 300 committed to other swimming programmes.

Therefore the total latent demand for swimming lessons is 850. If these children join the swim school programme, the centre will have a total of 1,000 children on the swim school programme.



LOCAL COMPETITION MAP

The following map shows the local fitness and swimming competition.

The key is colour coded to reflect facility mix:

- BLUE = facilities with swimming pools
- RED = dry side only facilities
- PURPLE = boutique studio

- 1 Bannatynes Health Club (£59.99pcm)
- 2 Spindles H&L Club (£45pcm)
- 3 Hythe Pool (£18.40pcm)
- 4 Puregym (£22.99pcm)
- 5 Three Hills Sports (£19pcm)
- 6 Sweatbox Training (£30pcm)
- 7 Dynamix Fitness (£38pcm)
- 8 White Cliffs Crossfit (£80pcm)
- 9 Tre Fitness (£34.99pcm)
- 10 Hi-Rep Gym (£22pcm)
- 11 Studio Adore Aerial Fitness
- 12 The Hub

At £38 pcm for the standard gym & swim membership, Folkestone Sports Centre is not the most affordable offer in the area. £29.99 would better reflect the local market.



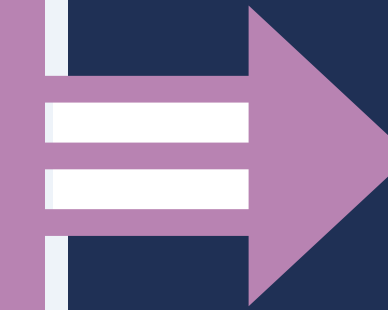
03

OPTIONS APPRAISAL

METHODOLOGY

The following long list of options have been developed to provide the Folkestone Sport Centre Trust with practical and workable solutions to address the challenges the Trust is currently experiencing. Whilst some options require up front cash investment, this has been kept to a minimum, reflecting the current financial situation.

A number of these options have been integrated into the business plan already where it was possible to do so.



A

RENEGOTIATE INSURANCE

(SEARCH THE MARKET FOR A BETTER DEAL ON INSURANCE)

POTENTIAL £30K SAVING

B

COMPLETE DEEP CLEAN OF HIGH TRAFFIC AREAS

(IMMEDIATE UPLIFT IN STANDARDS AND CUSTOMER SATISFACTION)

APPROX £5K + INTERNAL RESOURCE

C

OUTSOURCE THE OPERATION TO AN EXPERIENCED LEISURE MANAGEMENT OPERATOR

(BENEFIT FROM ECONOMIES OF SCALE, RECEIVE A MANAGEMENT FEE FROM THE OPERATOR THAT COULD BE USED TO DRIVE SOCIAL VALUE PROGRAMMES/NNDR BENEFITS)

MANAGEMENT FEE, REDUCED INCOME RISK DUE TO TRANSFER

D

OUTSOURCE THE BACK OFFICE SERVICES TO AN EXPERIENCED OPERATOR

(FINANCE, IT, MARKETING, HR & PAYROLL)
(ECONOMIES OF SCALE - CHEAPER LICENSES & PROFESSIONAL SUPPORT)

REDUCE COSTS
IMPROVE OVERALL QUALITY

E

REVIEW MEMBERSHIP PRICES

(THE COMPETITOR ANALYSIS SUGGESTS THAT FOLKESTONE SPORTS CENTRE IS NOT THE MOST AFFORDABLE OF GYMS IN THE AREA - ENSURING THE PRICE REFLECTS THE PRODUCT WILL HELP ATTRACT MORE CUSTOMERS)

REVIEW PRICE POINT OF FITNESS PRODUCT- SUGGEST £29.99

F

COMMISSION A DETAILED BUILDING CONDITION SURVEY

(TO MAP OUT LONG TERM RISK/ LIFE CYCLE LIABILITY FOR THE TRUST TO BUILD INTO ITS FUTURE PLANNING/LIFECYCLE STRATEGY)

£5K-10K INVESTMENT & INFORM TRUST STRATEGIC PLANNING

G

RECRUIT A NEW GENERAL MANAGER WITH A SUSTAINABILITY FOCUS

(RECRUIT A NEW GENERAL MANAGER BEFORE JANUARY 2023 ALLOWING A 3-MONTH HANDOVER)

PAYING £40K-£50K SOMEONE TO LEAD THE CHANGE

H

MODERNISE DATA CAPTURE SYSTEMS AND METHODS

(ENSURING DATA IS MEASURED & CLEAR TARGETS / ACCOUNTABILITY IS INSTALLED)

COURSE PRO, CONDUIT (MONTHLY LICENCES)

I

RESTRUCTURE THE WORKFORCE TO REFLECT INDUSTRY BENCHMARKS

(STREAMLINE TARGETING 50%-60% SALARIES TO SALES MINIMUM)

TARGET 55% SALARIES TO SALES SAVING £250K+ PER YEAR

J

COMPLETE A COSMETIC FACELIFT OF CUSTOMER AREAS - PAINT (& FLOORING IF BUDGET ALLOWS)

(IMPROVE THE CUSTOMER JOURNEY)

USING EXISTING RESOURCE WHERE POSSIBLE + MATERIALS

K

OBTAIN A LEISURE ENERGY SURVEY AND EXPLORE FUNDING ROUTES

(TO REDUCE THE CURRENT UTILITIES TARIFF RISK BY REDUCING CONSUMPTION & GENERATING ENERGY)

POTENTIAL LONG-TERM SAVINGS SEEK GRANT FUNDING

L

MONITOR AND MANAGE THE PERFORMANCE OF THE CENTRE EXCLUDING GRANTS & EXTERNAL FUNDING

(FOCUS ON DELIVERING A SUSTAINABLE OPERATION. PROMOTE ACCOUNTABILITY WITH TARGETS & MONITORING)

ZERO COST - FOCUS MANAGER ON SUSTAINABLE MODEL

M

RATIONALISE SERVICES

(OPENING TIMES/ACTIVITIES SHOULD REFLECT DEMAND. FOR EXAMPLE ENSURING OUTDOOR ACTIVITIES ARE ALL BOOKED IN ADVANCE WOULD ALLOW STAFFING TO BE ORGANISED AROUND USE)

REVIEW OPENING HOURS AGAINST DEMAND

N

ENSURE ANY FUTURE DEVELOPMENTS ARE DELIVERED WITHIN THE EXISTING FOOTPRINT

(MAKE USE OF EXISTING SPACE OVER ADDING FOOTPRINT)

CULTURE CHANGE - DO NOT ADD TO FOOTPRINT (COST CONTROL)

O

ENLIST THE SUPPORT OF SPECIALISTS

(USE EXTERNAL SPECIALISTS TO SUPPORT THE TEAM THROUGH THE REQUIRED CHANGE PERIOD)

COMMISSION COMMERCIAL & MARKETING SUPPORT

P

INTEGRATE THE WELLNESS OFFER INTO THE EXISTING BUILDING

(SELL THE EXISTING WELLNESS CENTRE LAND, MOVING WELLNESS OFFER INTO THE MAIN BUILDING - USING THE MONIES FROM THE SALE TO COMPLETE THE MOVE-UPGRADE SERVICE ETC)

REDUCE STAFFING & FACILITY MANAGEMENT COSTS

Q

EXPLORE RATIONALISING THE EXISTING FOOTPRINT (CLOSING AREAS OF -LOW USE)

(DRY CHANGING ROOM SPACE IS EXTENSIVE, UNDERUTILISED AND OF POOR QUALITY)

MOTHBALLING UNDERUTILISED AREAS COULD SAVE £37+ PER M²

R

EXPLORE A LONG TERM REPLACEMENT STRATEGY FOR THE BUILDING

(THE MAIN BUILDING IS MOVING TOWARDS THE END OF ITS WORKING LIFE - AND WILL BECOME MORE OF A LIABILITY AS TIME PASSES)

START EXPLORING OPTIONS FOR A REPLACEMENT WITH PARTNERS

S

ENSURE MARKETING SPEND REFLECTS THE NEED TO GROW THE BUSINESS

(MARKETING IS KEY TO THE COMMERCIAL SUSTAINABILITY OF THE TRUST - TAP INTO £90K FREE GOOGLE CHARITY GRANTS)

ENSURE MARKETING SPEND & MARKETING PLAN IS PRIORITISED

T

CULTURE - FINANCIAL SUSTAINABILITY FIRST

(THE SOCIAL VALUE OFFER ONLY EXISTS IF THE TRUST EXISTS)

SURPLUS TO POWER DELIVERY OF SOCIAL VALUE

TRUST TO PRIORITISE BUILDING FINANCIAL SUSTAINABILITY

U

SWIMMING LESSON GROWTH

(MAKE USE OF COURSE PRO & DRIVE SWIMMING LESSON GROWTH TO MEET LOCAL DEMAND + SWITCH TO DD IMMEDIATELY)

REACH 1,000 LEARN TO SWIM MEMBERS £195K+ GROWTH

V

TACKLE DEBT

(DEBT LIABILITY IS INCREASING, AND GIVEN THE OTHER RISING FINANCIAL PRESSURES HAS THE POTENTIAL TO SINK THE TRUST, EFFORTS SHOULD BE MADE TO REDUCE THIS LIABILITY AND STOP THIS LEVEL OF DEBT BEING APPROVED IN THE FUTURE)

STRATEGY TO TACKLE DEBT, NO MORE BORROWING

W

PRIVATE SWIMMING LESSONS

(CURRENTLY THE CENTRE HAS 22+ PRIVATE SWIMMING LESSONS, AND 36 GROUP LESSONS WITH A WAITING LIST FOR GROUP LESSONS.

PRIVATE LESSONS ARE LESS PROFITABLE THAN GROUP)

MOVING TO GROUP LESSONS WILL TEACH 198 MORE KIDS TO SWIM

X

CATERING OFFER

(THE CAFE IS RUNNING AT A LOSS, IT NEEDS TO BE OUTSOURCED, OR CHANGED TO A DIFFERENT MODEL (SUCH AS GRAB AND GO) TO REDUCE OVERHEADS AND INCREASE MARGINS.

POSSIBLE TO INTEGRATE WITH RECEPTION TO SAVE COST

SWITCH TO GRAB AND GO / RECEPTION CAFE OR OUTSOURCE

Y

GRANT INCOME

(GRANT INCOME HAS THE POTENTIAL TO FUND TARGETED ACTIVITIES)

WHEN GM LEAVES, THIS ACTIVITY IS AT RISK OF STOPPING - NEED TO TRAIN SOMEONE TO WRITE GRANTS OR OUTSOURCE TO OAKS CONSULTANCY ETC)

TRAINING TO CONTINUE GRANT APPLICATIONS BEYOND APRIL 23

04

BUSINESS PLAN ROAD MAP

CONTEXT

The entire leisure industry has been impacted by the Covid-19 pandemic, cost of living crisis and energy crisis. Recent media reports suggest that up to a third of swimming pools are at risk of closure.

Folkestone Sports Centre has a fairly stable financial and social impact delivery record. Accounts show that the current position that the Trust is in, relates to the following timeline of factors:

- 2019- Increased budget competition (Puregym) impacted the membership base
- 2020 - Covid-19
- 2021 - Covid recovery/intermittent closures & increase in insurance due to increased claims
- 2022 - Energy & cost of living crisis

As the landowner, Folkestone Sports Centre Trust is in a relatively unique position within the Leisure Trust market. Leisure Trusts such as Places Leisure, Freedom Leisure, GLL and others have faced and are facing similar challenges to Folkestone Sports Centre Trust but they do not own their own assets and must rely on their Local Authority partners to make decisions about the buildings they manage.

Trusts operating Local Authority Leisure Centres across the country have gone to their Local Authority Council's cap in hand, in some cases asking for millions of pounds of support and even compensation for lost profit. In some cases, this has resulted in the Council taking back the operation of the centres, and/or closing facilities.

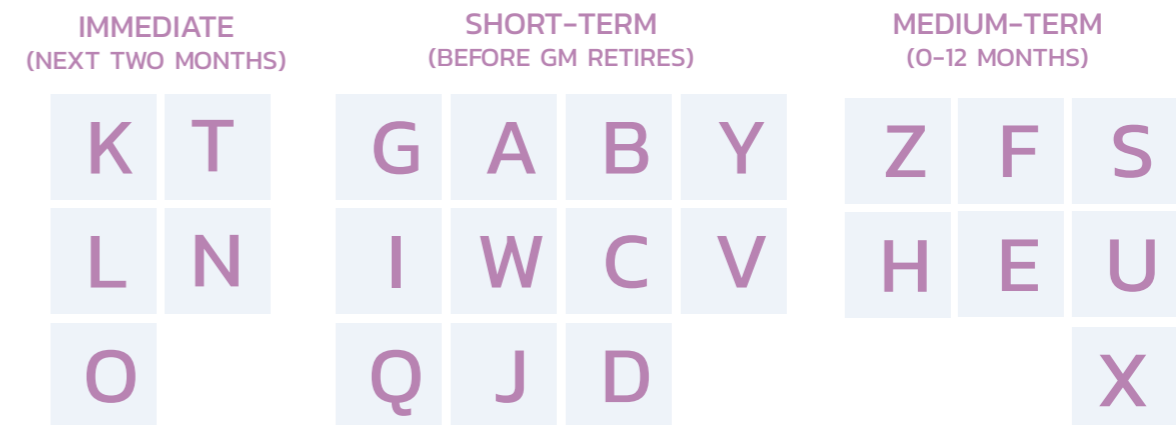
The relationship between Folkestone Sports Centre Trust and Folkestone and Hythe Council has contributed to the centre staying open during these challenging times, allowing the Trust to continue delivering social impact. This is a very positive position compared to many other partnerships in the UK.

The focus on the Trust is now on recovering from this challenging period, and ensuring measures are put in place to safeguard future delivery.

BUSINESS PLAN ASSUMPTIONS

This business plan includes an options appraisal which outlines initiatives that are recommended to address the items highlighted within the risk register for the centre.

Of the 25 options (labelled A to Y), the following have been implemented into the business and financial plan, and split into immediate actions, short-term actions, medium-term actions. The long-term actions are excluded from the financial plan, as these will be decided upon based on the outcomes of the other actions.



A full walkthrough of the detailed steps required to achieve the financial plan is outlined in sections 5,6,7 & 8 of this business plan.

04

BUSINESS PLAN ROAD MAP

METHODOLOGY

This roadmap of recommendations groups all of the potential options into four priority categories – which relate to the risk rating and upcoming key events such as the retirement of the General Manager and the utility price increases.

The purpose of this roadmap is to outline when actions should be taken. This roadmap forms the basis of the 5-year business plan.

Items within the long-term category have not been integrated into the business plan, however should be explored in detail.

STEP BY STEP GUIDE

Pages 19 – 28 provide a step by step guide to delivering the roadmap from the immediate to medium-term.

Long-term options covered on pages 29-30 should be explored based on the outcomes of the prior steps.

IMMEDIATE (WITHIN THE NEXT TWO MONTHS)

<p>K</p> <p>LEISURE ENERGY SURVEY</p> <p>£100K INVESTMENT COULD SEE 1 YEAR ROI AT CURRENT RATES</p>	<p>O</p> <p>ENLIST THE SUPPORT OF SPECIALISTS</p> <p>COMMISSION COMMERCIAL & MARKETING SUPPORT</p>
<p>L</p> <p>MONITOR PERFORMANCE EXC EXTERNAL FUNDING</p> <p>ZERO COST – FOCUS MANAGER ON SUSTAINABLE MODEL</p>	<p>N</p> <p>DEVELOPMENTS DELIVERED WITHIN EXISTING FOOTPRINT</p> <p>CULTURE CHANGE – DO NOT ADD TO FOOTPRINT (COST CONTROL)</p>
<p>T</p> <p>CULTURE – FINANCIAL SUSTAINABILITY FIRST</p> <p>TRUST TO PRIORITISE BUILDING FINANCIAL SUSTAINABILITY</p>	

SHORT-TERM (BEFORE GENERAL MANAGER RETIRES)

<p>G</p> <p>RECRUIT NEW GENERAL MANAGER</p> <p>PAYING £40K-£50K SOMEONE TO LEAD THE CHANGE</p>	<p>Q</p> <p>CLOSE AREAS OF LOW USE</p> <p>MOTHBALLING UNDERUTILISED AREAS COULD SAVE £37+ PER M²</p>	<p>Y</p> <p>GRANT INCOME</p> <p>TRAINING TO CONTINUE GRANT APPLICATIONS BEYOND APRIL 23</p>	<p>C & D</p> <p>TEST THE MARKET (OUTSOURCING)</p> <p>SOFT MARKET TEST FOR THE OUTSOURCING OF FSC</p>
<p>I</p> <p>RESTRUCTURE WORKFORCE</p> <p>TARGET 55% SALARIES TO SALES SAVING £250K+ PER YEAR</p>	<p>W</p> <p>PRIVATE SWIMMING LESSONS</p> <p>MOVING TO GROUP LESSONS WILL TEACH 178 MORE KIDS TO SWIM</p>	<p>A</p> <p>RENEGOTIATE INSURANCE</p> <p>POTENTIAL £30K SAVING</p>	<p>B</p> <p>DEEP CLEAN OF HIGH TRAFFIC AREAS</p> <p>POTENTIAL £30K SAVING</p>
<p>J</p> <p>COSMETIC FACELIFT OF THE BUILDING</p> <p>USING EXISTING RESOURCE WHERE POSSIBLE + MATERIALS</p>	<p>V</p> <p>TACKLE DEBT</p> <p>STRATEGY TO TACKLE DEBT, NOT MORE BORROWING</p>		

MEDIUM-TERM (IN THE NEXT 12 MONTHS)

<p>F</p> <p>BUILDING CONDITION SURVEY</p> <p>£5K-10K INVESTMENT & FEED INTO TRUST STRATEGIC PLANNING</p>	<p>H</p> <p>MODERNISE DATA CAPTURE SYSTEMS AND METHODS</p> <p>COURSE PRO, CONDUIT (MONTHLY LICENCES)</p>	<p>E</p> <p>REVIEW MEMBERSHIP PRICES</p> <p>REVIEW PRICE POINT OF FITNESS PRODUCT</p>
<p>Z</p> <p>RATIONALISE SERVICES</p> <p>REVIEW OPENING HOURS AGAINST DEMAND</p>	<p>S</p> <p>MARKETING SPEND TO GROW BUSINESS</p> <p>ENSURE MARKETING SPEND & MARKETING PLAN IS PRIORITISED</p>	
<p>U</p> <p>SWIMMING LESSON GROWTH</p> <p>REACH 1,000 LEARN TO SWIM MEMBERS £195K+ GROWTH</p>	<p>X</p> <p>CATERING OFFER</p> <p>SWITCH TO GRAB AND GO / RECEPTION CAFE OR OUTSOURCE</p>	

LONG-TERM (12+ MONTHS)

<p>P</p> <p>WELLNESS OFFER INTO THE EXISTING BUILDING</p> <p>REDUCE STAFFING & FACILITY MANAGEMENT COSTS</p>	<p>D</p> <p>OUTSOURCE BACK OFFICE SERVICES</p> <p>REDUCE COSTS IMPROVE OVERALL QUALITY</p>
<p>R</p> <p>REPLACEMENT STRATEGY FOR BUILDING</p> <p>START EXPLORING OPTIONS FOR A REPLACEMENT</p>	<p>C</p> <p>OUTSOURCE OPERATION TO EXTERNAL PROVIDER</p> <p>MANAGEMENT FEE, REDUCED INCOME RISK DUE TO TRANSFER</p>

05

IMMEDIATE ACTIONS

K LEISURE ENERGY SURVEY

£2,500 cost allocated in budget
Saving potentials from investment
not included in business plan.

Whilst there is a £2,500 cost attached to a survey conducted by Leisure Energy, the potential long-term benefits of progressing this far outweigh the initial cost. Prior to committing this cost, it would be worth establishing with Neil Bland at Leisure Energy if Folkestone Sports Centre meet the criteria for the Government Decarbonisation Fund, and if not, what alternative funding routes (if any) are available.

The recent case study at Easton Leisure Centre in Bristol which used a Solar Thermal installation to meet the heating demand of its 25m 8 lane pool and leisure pool this summer indicates that a similar installation at Folkestone could provide a quick return on investment.

The survey will indicate the best possible solution for Folkestone Sports Centre and provide a clear return on investment calculation which could be used to justify spend/investment.

L MONITOR PERFORMANCE INCLUDING & EXCLUDING FUNDING

As a quick action, the Trust should use this business plan as a budget, and schedule monthly reviews of the financial performance against budget with the General Manager moving forward.

These meetings should include reviewing performance against targets and benchmarks built into the accounts. For example, this should include monitoring staffing expenditure against total revenue, membership sales against targets, direct debit income against budget.

These meetings will help highlight trends and challenges early - encouraging proactive decision making. It will also continue to provide the General Manager with consistent source of feedback, support and encouragement.

In addition, these meetings can be used to review the overall impact of the service on the community.

T CULTURE OF FINANCIAL SUSTAINABILITY

Linked to L, it is recommended that Folkestone Sports Centre Trust promote a culture of financial sustainability at all levels of the organisation. In practice this means ensuring that all aspects of the Trust are monitored and measured consistently against clear targets.

The delivery of social value goes beyond grant funded projects, and can be measured through overall participation at the centre.

Health and fitness memberships and swimming lessons will contribute over 60% of overall revenue for the Trust, and also deliver the largest participation. 60% of focus should be on driving participation within this area.

N DO NOT PURSUE ANY DEVELOPMENT WORK THAT ADDS TO THE FOOTPRINT

As Folkestone Sports Centre Trust is navigating this challenging time, it is recommended that the Trust agree not to commit to any works that add to the existing footprint of the centre.

This includes the sales of the existing wellness centre and building of an extension to the centre, and any additional facilities that may be explored (i.e. extending the Skywalk) etc.

These types of works should undergo stringent due diligence prior to commencing, and only be explored if the Trust is generating an operational surplus.

O ENLIST THE SUPPORT OF SPECIALISTS

£60,000 included in year 1 of
business plan. Cost saving if removed
- impact on delivery

To drive the performance of the new business plan, a shift in behavior is required. Key to the success of this plan is an improved focus on marketing key revenue lines and activities, attracting more customers.

With many operational adaptations required, it is recommended that focus on marketing and driving of sales is supported by specialist organisations. Currently Alliance Leisure have been committed to this task, but have not delivered. Whilst they have promised to up their efforts, the existing agreement does not appear to be achievable/rewarding to them as the threshold is so far away. A bespoke agreement of £1.5k per month could provide 3 social media posts per week, a refresh of the website and bespoke marketing campaigns created such as the below:

FOLKESTONE SPORTS CENTRE

GYM & SWIM
£29.99 pcm

JOIN TODAY

Radnor Park Ave. Folkestone. 01303 850222

FOLKESTONE SPORTS CENTRE

LEARN TO SWIM

JOIN TODAY

£26 PER MONTH
DIRECT DEBIT

Radnor Park Ave. Folkestone. 01303 850222

FOLKESTONE SPORTS CENTRE

LEARN TO SKI

START TODAY

Radnor Park Ave. Folkestone. 01303 850222

FOLKESTONE SPORTS CENTRE

SKY WALK

JOIN TODAY

Radnor Park Ave. Folkestone. 01303 850222

G RECRUIT NEW GENERAL MANAGER

Folkestone Sports Centre Trust requires strong leadership as it navigates this challenging period, making the changes in delivery that will promote long-term sustainability.

A three-month handover period is recommended for this role (between January 23 and March 23). This will allow the new manager to settle into the role and complete a comprehensive induction process.

Due to the challenge, it is recommended that the Trust advertise the role at between £40k and £50k so that the correct standard of candidate can be attracted. The candidate should have a strong track record of driving change and financial sustainability.

We recommend the new General Manager is recruited from a leisure trust such as GLL, Freedom, Places Leisure etc as they will be familiar with the trust model that Folkestone Sports Centre deploys – balancing financial sustainability with delivering social value.

**I RESTRUCTURE THE WORKFORCE
(SUGGESTED STRUCTURE PAGES 21 & 22)**

Whilst solid work has been done to reduce the payroll, there is an opportunity to save money and provide new focus to key growth areas of the Trust such as swimming lessons and health and fitness memberships.

An in depth study should be completed by the incoming General Manager to restructure the workforce by ensuring rotas are aligned to customer demand.

During this process, a freeze on the recruitment of contracted staff is recommended, with casual staff limited to areas of the business that are required to meet statutory or regulatory guidance (lifeguards) etc.

The new General Manager will then be tasked with implementing the new structure.

J COSMETIC FACELIFT OF THE BUILDING

First impressions can be the difference between a making a sale or not. There are some key areas of the building that will benefit from a simple touch up with paint and/or where replacing key items will make a big difference to the overall customer experience.

The entrance of the building, and customer journey from the entrance to the gym and wet changing rooms should be prioritised, and ensure expenditure/required resource is minimal.

This should be done internally in phases, using existing employees and/or volunteers. Simple replacement of the mirrors in the wet changing rooms with others from lower footfall areas such as the dry changing rooms will reduce costs. Scrubbable paint is useful and more durable.

B DEEP CLEAN OF HIGH TRAFFIC AREAS

£5,000 per year included in business plan. Cost saving if removed – impact on delivery

As the redecoration of high traffic areas is completed, this should be complimented by deep cleans. Uplift in areas such as the wet changing rooms, air vents and the entrance area will provide an immediate and noticeable change for customers. In addition, a skip should be purchased with the various external dumping grounds cleared prioritising visible areas.

Q CLOSE AREAS OF LOW USE

In line with the restructure of the workforce, areas of the business with low use should be identified for closure. This could be seasonal or temporary closure or most productively areas such as the Ski and Skywalk could be opened on demand by implementing a 100% book in advance process.

This method is common for outdoor and instructor led activities, and reduces the need for receptionists/instructors at periods where there are no customers. The outdoor activity areas should try to book activities together, so that when open, participation is maximised – i.e. if a ski booking is a 9am-10am, sky walk bookings should be promoted around the same times.

V TACKLE DEBT (SUGGESTED PLAN ON PAGES 41-42)

The current debt levels for the Trust present a long-term liability that has the potential to limit the Trust's ability to deliver social outcomes, and or obtain future finance. To counter this, it is recommended that any surplus or overage payments be used to reduce this debt and the monthly repayment burden, improving cashflow.

A RENEGOTIATE INSURANCE

The current insurance spend is beyond the industry norm, and is a significant ongoing cost for the Trust. Options should be explored to reduce the cost, looking at the type and levels of insurance and testing the market regularly for a better deal. For example, if the extra cost is related to outdoor activities, would it be possible to have two separate policies?

Y GRANT INCOME

The General Manager currently completes grant applications, this often takes a lot of time to complete, with funding taking time to come through, and only representing a small percentage of overall income. To allow the General Manager to focus on the key areas of financial sustainability, grant funding applications should be outsourced to a company such as Oaks Consultancy (fees taken from the grant), or delegated to another colleague/volunteer/Trustee.

06

STAFFING STRUCTURE

MATURE YEAR STAFFING STRUCTURE

To achieve the business plan, a new staffing structure is proposed. This mature year (Year 4) staffing structure adapts in line with the projected revenue growth (noting that as income increases, a larger workforce is required to service that income).

The staffing structure is shown below, 1 FTE is equivalent to 40 hours per week:

It is accepted that this mature year target structure may take longer to reach depending on the individual circumstances.

The use of specialist support during year one of this plan may help the implementation of this revised structure.

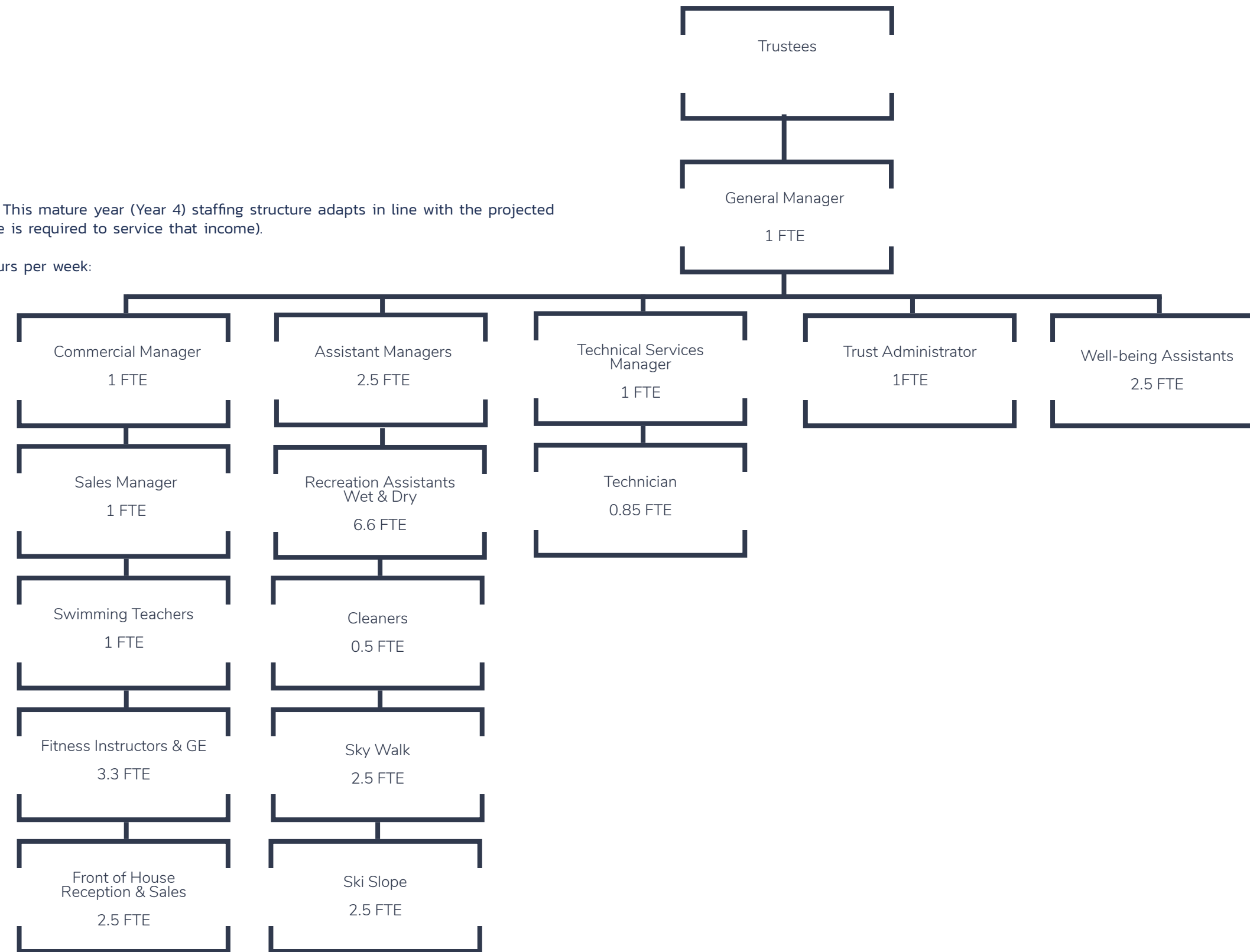
NEW POSTS

A key recruitment is the replacement of the current **General Manager** when she retires. As mentioned within other sections of this document, it is critical that the process to replace the existing General Manager is carefully planned to ensure the minimum amount of disruption to the team in this time of transition. The recruitment should be done at least 3 months prior to the current General Manager leave date (to be agreed) and a transition plan should be put together to ensure that all aspects of the business are handed over correctly.

The second new post is the recruitment of a **Commercial Manager**. This post will be responsible for driving the sales and marketing activity within the trust, which is needed to ensure that all participation opportunities are maximised.

It is a long-term ambition to provide a more senior structure on site to help the General Manager instil and enforce operational standards on a regular basis. To this end, it is proposed that the post of Duty Manager is removed and 2.5 FTE **Assistant Managers** are created. This new role will be the eyes and ears of the General Manager on a day to basis in and around the site, allowing the General Manager to focus at a higher, strategic level.

Finally, the recruitment of swimming instructors remains a difficult challenge in today's workforce market. Again the use of external specialists can assist this through widening the recruitment pool via their network.



STAFFING STRUCTURE PHASING

The table below shows how the staffing structure evolves within the business plan over the 5 year period.

		Year 1	Year 2	Year 3	Year 4	Year 5
Swimming Only (Lifeguards & Teachers)	Annual Expenditure	£179,864	£183,461	£187,131	£190,873	£194,691
	Weekly Hours	263	263	263	263	263
Fitness Only	Annual Expenditure	£52,241	£53,286	£54,352	£55,439	£56,548
	Weekly Hours	80	80	80	80	80
Group Exercise	Annual Expenditure	£73,674	£75,147	£76,650	£78,183	£79,747
	Weekly Hours	55	55	55	55	55
Sports Hall	Annual Expenditure	£22,906	£23,364	£23,831	£24,308	£24,794
	Weekly Hours	36	36	36	36	36
Ski Slope Only	Annual Expenditure	£71,989	£73,439	£74,908	76,406	£77,934
	Weekly Hours	101	101	101	101	101
Sky Walk Only	Annual Expenditure	£64,967	£66,266	£67,591	£68,943	£70,332
	Weekly Hours	94	94	94	94	94
Centre Management Team	Annual Expenditure	£132,612	£135,265	£179,779	£183,375	£187,042
	Weekly Hours	138	138	178	178	178
Front of House Team	Annual Expenditure	£62,355	£63,602	£64,874	£66,171	£67,495
	Weekly Hours	98	98	98	98	98
Admin	Annual Expenditure	£29,469	£30,059	£30,660	£31,273	£31,899
	Weekly Hours	40	40	40	40	40
Cleaning	Annual Expenditure	£13,362	£13,629	£13,902	£14,179	£14,463
	Weekly Hours	21	21	21	21	21
Maintenance	Annual Expenditure	£62,154	£63,397	£64,665	£65,958	£67,277
	Weekly Hours	74	74	74	74	74
Well-being Only	Annual Expenditure	£50,902	£51,920	£64,665	£65,958	£74,382
	Weekly Hours	80	80	80	108	108
Total	Annual Expenditure	£816,504	£832,835	£891,300	£928,032	£946,593
	Weekly Hours	1080	1080	1,120	1,148	1,148
Salaries to Sales Target %		63%	58%	55%	54%	56%

06

SHORT-TERM ACTIONS

W PRIVATE SWIMMING LESSONS

Swimming Lessons have fantastic potential at FSC, however currently 22+ private lessons are delivered. The same teaching resource could teach 198 more children per week to swim and yielding a more sustainable return whilst increasing participation numbers.

Folkestone Sports Centre currently has around 350 people enrolled on swimming lessons, this means that 6.5% of those enrolled are on private lessons.

Bitterne Leisure Centre in the suburbs of Southampton, is operated by charity Active Nation and can be used as a comparable benchmark (as it has similar pools/size of centre/catchment). Bitterne has 1,310 enrolled on it's swim programme, however it has 15 customers enrolled on private lessons representing 1% of the overall programme.

1% is normal within the leisure industry for a few reasons which include:

- **Price** – private lessons are more expensive than group lessons and therefore are generally unaffordable for most customers
- **Pool space** – a 1-2-1 lesson can take up the same space as a group lesson with 10 children participating
- **Sustainability** – a 1-2-1 lesson, whilst more expensive for the customer generates less revenue for the centre
- **Social impact** – operators are targeted to teach as many children to swim as possible, private lessons teach less people for the same resource

MAKING THE CHANGE TO GROUP LESSONS

We understand that swimming instructors are paid more to deliver 1-2-1 lessons at Folkestone than group lessons. This is likely to be the reason why there are so many 1-2-1 lessons. In addition to this, our experience is that swimming instructors prefer teaching private lessons and higher stages 6/7 etc.

In addition, the private lesson customers will not want to lose their session.

This makes it difficult to change from private to group lessons. However, this can be achieved through the following steps:

Step 1: Clearly communicate the need to grow swimming lesson programme to teachers – based on teaching more children to swim, and providing a sustainable future for the Trust. A simple flip of the private lessons to group will teach 198 more children to swim.

Step 2: The growth potential for swimming lessons at Folkestone Sports Centre will provide more teaching opportunities for instructors – potentially taking their earnings far beyond what they are currently delivering. Highlight this to the instructors to get buy in.

Step 3: Set a clear date for the flip – potentially this could be 1st January 2023, giving time for the instructors and customers to adapt to the new way of working.

Overall this necessary change, will require strong leadership to push through.

C&D SOFT MARKET TESTING – OUTSOURCING

It is always good to keep options open and to be proactive. Completing a soft market test of the leisure industry for the operation of Folkestone Sports Centre would provide invaluable insight into the potential market interest and benefit of outsourcing. In no way does this commit the Trust to outsourcing.

A soft market test reaches out to the leisure industry and asks them a series of questions about outsourcing the centre and/or back office support services, based on data that we provide. The benefits of a soft market test can be:

- Identify who and what type of organisation would be interested in bidding for the operation of/supporting back office services for Folkestone Sports Centre
- Identify what transfer of risk/conditions would be acceptable for potential operators (income risk, utility risk transfer, maintenance risk etc)
- Identify the potential management fee that would be paid to Folkestone Sports Centre Trust in exchange for operating the centre
- Highlight any key innovations that operators would look to explore in order to boost the performance of the centre
- Receive feedback on the existing operation – key strengths, challenges etc
- Identify the length of contract that an operator would wish to take on
- Identify what office service support services could be outsourced to external operators

A soft market exercise often includes an opportunity for site visits, and/or a presentation to potential operators, with the questionnaire issued and returned within a 4-6 week period.

This process could be managed and delivered by MLC, who have experience of delivering similar processes for local authorities, and vast experience of completing soft market tests for leisure operators.

The feedback from the soft market test could inform future strategy, as the Trust would better understand the potential benefits and risks associated with outsourcing all or part of the operation and be able to compare this with those of continuing to operate the centre directly.

06 SWIMMING LESSON PLAN

DETAILED PLAN

The growth of swimming lessons is critical to the centres success for a number of reasons.

- Swimming is a life skill, but 1 in 3 children leave primary school unable to swim. (As a coastal town, this skill is even more important)
- It is a substantial and essential income line for the centre
- Group swimming lessons are very profitable
- Swim lessons bring in large numbers of people to the site to:
 - Spend on secondary items F&B and retail)
 - See other activity areas whilst on site which they may come back to use
- Swimming lessons lead to a long-term commitment by families to the centre. i.e. the average pupil will have swimming lessons over six years before they reach level 7/8.
- Swimming lessons will feed new swimmers into the swim club which in turn will allow the swim club to grow/be sustainable

Recommendations for Folkestone Sports Centre:

- Remove the ability for the club to deliver swimming lessons before stage 8
- Reduce the quantity of private swimming lessons (1:2:1's) to 1% of the overall amount of lessons.
- Swimming lesson teacher recruitment is ongoing
- Reduce main pool general public access during the following times to allow for lessons only.
- 4-7pm Monday to Friday
- 8-11am Saturday and Sunday
- 8 - 12 pupils per class (depending on level)
- Payment over 50 weeks of the year (Minimum 90% on direct debit)
- £25 per month or 6.25 per class

	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Enrolled On Swimming Lessons	350	500	600	900	1000	1000
Revenue Projection	£150,625	£180,750	£271,125	£301,250	£301,250	£301,250

Swimming Clubs - SLA

- Increase price points for Peak times. Monday Evenings
- Reduce access to post 7pm or all clubs in main pool

School Swimming

- Review the current pricing position with schools in the context of rising energy costs

Move staff training from Monday nights to Friday.

		Main Pool Programme - Proposed																															
		6.30am	7am	7.30am	8am	8.30am	9am	9.30am	10am	10.30am	11am	11.30am	12pm	12.30pm	1pm	1.30pm	2pm	2.30pm	3pm	3.30pm	4pm	4.30pm	5pm	5.30pm	6pm	6.30pm	7pm	7.30pm	8pm	8.30pm	9pm	9.30pm	10pm
Mon	Early Bird Swim (Optional lanes available for swim clubs)	Schools					Aqua Aerobics	Public Swim	Schools					Public Swim	Swimming Lessons					Swimming Club			Water Polo										
Tuesday	Early Bird Swim (Optional lanes available for swim clubs)	Schools							Public Swim	Schools					Public Swim	Swimming Lessons					Public Swim	Swimming Club											
Wednesday	Early Bird Swim (Optional lanes available for swim clubs)	Schools							Public Swim	Schools					Public Swim	Swimming Lessons					Public Swim	Women's Only Swim	Water Polo										
Thursday	Early Bird Swim (Optional lanes available for swim clubs)	Schools							Public Swim	Schools					Public Swim	Swimming Lessons					Aqua Aerobics	Public Swim (Optional lanes available for swim clubs)											
Friday	Early Bird Swim (Optional lanes available for swim clubs)	Schools	Disability Swim					Public Swim	Schools					Public Swim	Swimming Lessons					Public Swim	Swimming Club												
Saturday		Swimming Lessons					Public Swim										Private Hire																
Sunday		Swimming Lessons					Public Swim										Hythe Synchro																

		Teaching Pool Programme																															
		6.30am	7am	7.30am	8am	8.30am	9am	9.30am	10am	10.30am	11am	11.30am	12pm	12.30pm	1pm	1.30pm	2pm	2.30pm	3pm	3.30pm	4pm	4.30pm	5pm	5.30pm	6pm	6.30pm	7pm	7.30pm	8pm	8.30pm	9pm	9.30pm	10pm
Mon	Early Bird Swim	Schools					Ducklings or Parent & Child Lessons	Parent & child	Schools					Public Swim	Swimming Lessons																		
Tuesday	Early Bird Swim	Schools					Ducklings or Parent & Child Lessons	Public Swim	Schools					Public Swim	Swimming Lessons																		
Wednesday	Early Bird Swim	Schools					Ducklings or Parent & Child Lessons	Parent & child	Schools					Public Swim	Swimming Lessons					Public Swim	Women's Only Swim												
Thursday	Early Bird Swim	Schools					Ducklings or Parent & Child Lessons	Fun tots	Schools					Public Swim	Swimming Lessons																		
Friday	Early Bird Swim	Schools	Disability Swim					Public Swim	Schools					Public Swim	Swimming Lessons																		
Saturday		Swimming Lessons					Public Swim										Private Hire																

MAIN POOL

The main pool programme reflects the need to achieve balance with delivering swimming lessons, maintaining public swimming and ensuring that clubs have sufficient pool space to deliver their activities.

Getting to this pool programme can be progressive, phased over time as the need for more space for swimming lessons grows.

Change will always be met with some objections, however if the reasons are communicated clearly, this process can be delivered smoothly.

TEACHING POOL

Maintaining public swimming space within the teaching pool is always a challenge during the week. However opportunities should be provided as shown in the pool programme below. Swimming lessons peak periods are between 4pm and 7pm, a phased approach to this timetabling is recommended, holding the space for capacity as the programme grows.

In addition, parent and child/ducklings level swimming lessons are your first gateway into the swimming lesson programme. Successful programmes have a thriving early years swimming lesson programme. To grow this programme, 11am to 12pm should be held during the week.

07

MEDIUM-TERM ACTIONS

E REVIEW MEMBERSHIP PRICES

Income projections are linked to this option

(MEMBERSHIP GROWTH PLAN ON PAGES 39 & 40)

The competitor analysis highlighted that at £38pcm for gym, swim and classes Folkestone Sports Centre is not the most affordable option in the local area. Particularly within the current economic climate, £38pcm is possibly excluding a large section of the community.

In addition to this, the competitor review suggests that the standard of product on offer across Folkestone is good, with high quality fitness equipment and studio classes for a lower monthly price. The USP against many facilities is the swimming pool, which will attract a number of customers.

We recommend that the new price point be £29.99, and be launched in January 2022, with a full marketing campaign that focuses on providing value for money during a period of extreme financial pressures. As part of this, Online joining should be reactivated and the website updated to make the new price point prominent.

Direct debit income provides certainty for Folkestone Sports Centre Trust, and efforts should be made to convert pay and play customers to direct debit. This is a whole team effort – the duty manager, reception and fitness teams should be targeted and rewarded for membership sales.

Across the industry, a member stays for 8 months on average. This means each new member is worth £240 to the centre, in addition to adding to the usage and overall impact figures.

U SWIMMING LESSON GROWTH

Income projections are linked to this option

(SUGGESTED NEW TIMETABLE ON PAGES 37&38)

Folkestone Sports Centre currently has 350 people enrolled on swimming lessons. Our benchmark pool, Bitterne in Southampton (similar size and catchment) has 1,310 people enrolled.

Bitterne's programme is not perfect, however it is maximising its local impact by ensuring that swimming lesson capacity reflects local demand. The local demand assessment for Folkestone Sports Centre suggests that the centre could comfortably have 1,000 enrolled on swimming lessons.

Key to this growth is creating space at the entry level of the programme. Our benchmark pool has the following capacity/enrollments at entry stages 1-3:

- Preschool: 12 classes, 72 capacity, 69 enrolled – Provides £21k annual surplus
- Stage 1: 46 classes, 368 capacity, 361 enrolled – Provides £98k annual surplus
- Stage 2: 26 classes, 208 capacity, 199 enrolled – Provides £54k annual surplus
- Stage 3: 27 classes, 270 capacity, 179 enrolled – Provides £47k annual surplus

Building this foundation should be a priority for Folkestone Sports Centre Trust. If the programme is viewed as a development triangle, with the entry levels at the bottom, efforts should be made to ensure the triangle is very wide at the bottom to ensure enough progress to the top.

The breakdown of when these classes are held is shown below (more detail is provided within the financial plan):

Class Day	Class Name	Class Time	Session End Date/Time
Friday	Pre School	09:00:00	09:30:00
Friday	Pre School	09:30:00	10:00:00
Friday	Pre School	11:00:00	11:30:00
Friday	Pre School	11:30:00	12:00:00
Friday	Pre School	12:30:00	13:00:00
Thursday	Pre School	11:00:00	11:30:00
Thursday	Pre School	11:30:00	12:00:00
Thursday	Pre School	12:00:00	12:30:00
Tuesday	Pre School	09:00:00	09:30:00
Tuesday	Pre School	09:30:00	10:00:00
Tuesday	Pre School	11:00:00	11:30:00
Tuesday	Pre School	11:30:00	12:00:00
Friday	STAGE 1	16:00:00	16:30:00
Friday	STAGE 1	16:15:00	16:45:00
Friday	STAGE 1	16:45:00	17:15:00
Friday	STAGE 1	16:30:00	17:00:00
Friday	STAGE 1	17:30:00	18:00:00
Friday	STAGE 1	15:30:00	16:00:00
Monday	STAGE 1	15:30:00	16:00:00
Monday	STAGE 1	16:00:00	16:30:00
Monday	STAGE 1	16:30:00	17:00:00
Monday	STAGE 1	17:15:00	17:45:00
Monday	STAGE 1	17:00:00	17:30:00
Monday	STAGE 1	17:30:00	18:00:00
Saturday	STAGE 1	08:45:00	09:15:00
Saturday	STAGE 1	11:15:00	11:45:00
Saturday	STAGE 1	09:00:00	09:30:00
Saturday	STAGE 1	12:15:00	12:45:00
Saturday	STAGE 1	09:30:00	10:00:00
Saturday	STAGE 1	10:30:00	11:00:00
Saturday	STAGE 1	11:30:00	12:00:00
Saturday	STAGE 1	12:00:00	12:30:00
Saturday	STAGE 1	10:45:00	11:15:00
Sunday	STAGE 1	09:00:00	09:30:00
Sunday	STAGE 1	08:30:00	09:00:00
Sunday	STAGE 1	09:00:00	09:30:00
Sunday	STAGE 1	11:30:00	12:00:00
Sunday	STAGE 1	11:00:00	11:30:00
Sunday	STAGE 1	09:30:00	10:00:00
Thursday	STAGE 1	15:45:00	16:15:00
Thursday	STAGE 1	16:15:00	16:45:00
Thursday	STAGE 1	16:45:00	17:15:00
Thursday	STAGE 1	17:30:00	18:00:00
Thursday	STAGE 1	15:30:00	16:00:00
Thursday	STAGE 1	16:30:00	17:00:00
Tuesday	STAGE 1	15:30:00	16:00:00
Tuesday	STAGE 1	16:15:00	16:45:00
Tuesday	STAGE 1	16:30:00	17:00:00
Tuesday	STAGE 1	17:45:00	18:15:00
Tuesday	STAGE 1	18:30:00	19:00:00
Tuesday	STAGE 1	18:15:00	18:45:00
Tuesday	STAGE 1	17:00:00	17:30:00
Wednesday	STAGE 1	15:30:00	16:00:00
Wednesday	STAGE 1	16:00:00	16:30:00
Wednesday	STAGE 1	16:45:00	17:15:00
Wednesday	STAGE 1	17:45:00	18:15:00
Wednesday	STAGE 1	18:15:00	18:45:00
Wednesday	STAGE 1	18:00:00	18:30:00
Friday	STAGE 2	17:15:00	17:45:00
Friday	STAGE 2	17:00:00	17:30:00
Friday	STAGE 2	18:00:00	18:30:00
Monday	STAGE 2	16:45:00	17:15:00
Monday	STAGE 2	15:45:00	16:15:00
Monday	STAGE 2	16:15:00	16:45:00
Monday	STAGE 2	17:45:00	18:15:00
Monday	STAGE 2	18:00:00	18:30:00
Saturday	STAGE 2	11:00:00	11:30:00

Saturday	STAGE 2	09:15:00	09:45:00
Saturday	STAGE 2	11:45:00	12:15:00
Saturday	STAGE 2	08:30:00	09:00:00
Saturday	STAGE 2	10:00:00	10:30:00
Sunday	STAGE 2	10:30:00	11:00:00
Sunday	STAGE 2	09:30:00	10:00:00
Sunday	STAGE 2	10:00:00	10:30:00
Sunday	STAGE 2	12:00:00	12:30:00
Thursday	STAGE 2	16:00:00	16:30:00
Thursday	STAGE 2	17:00:00	17:30:00
Tuesday	STAGE 2	16:00:00	16:30:00
Tuesday	STAGE 2	15:45:00	16:15:00
Tuesday	STAGE 2	16:45:00	17:15:00
Tuesday	STAGE 2	17:15:00	17:45:00
Wednesday	STAGE 2	16:30:00	17:00:00
Wednesday	STAGE 2	15:45:00	16:15:00
Wednesday	STAGE 2	17:15:00	17:45:00
Friday	STAGE 3	17:45:00	18:15:00
Friday	STAGE 3	18:15:00	18:45:00
Monday	STAGE 3	17:00:00	17:30:00
Monday	STAGE 3	17:30:00	18:00:00
Monday	STAGE 3	18:15:00	18:45:00
Monday	STAGE 3	18:00:00	18:30:00
Saturday	STAGE 3	09:45:00	10:15:00
Saturday	STAGE 3	10:15:00	10:45:00
Sunday	STAGE 3	08:30:00	09:00:00
Sunday	STAGE 3	10:00:00	10:30:00
Sunday	STAGE 3	10:30:00	11:00:00
Sunday	STAGE 3	11:00:00	11:30:00
Sunday	STAGE 3	09:45:00	10:15:00
Sunday	STAGE 3	10:45:00	11:15:00
Thursday	STAGE 3	18:00:00	18:30:00
Thursday	STAGE 3	17:45:00	18:15:00
Thursday	STAGE 3	18:15:00	18:45:00
Thursday	STAGE 3	17:15:00	17:45:00
Tuesday	STAGE 3	18:30:00	19:00:00
Tuesday	STAGE 3	18:00:00	18:30:00
Tuesday	STAGE 3	16:00:00	16:30:00
Tuesday	STAGE 3	17:30:00	18:00:00
Wednesday	STAGE 3	17:00:00	17:30:00
Wednesday	STAGE 3	17:30:00	18:00:00
Wednesday	STAGE 3	17:15:00	17:45:00
Wednesday	STAGE 3	16:15:00	16:45:00
Saturday	STAGE 3	09:00:00	09:30:00

The programme should be built in phases, prioritising the foundation levels, and ensuring that there is always capacity to keep new swimming lesson pupils coming through.

The main weakness in the benchmark programme is that Preschool, Stage 1 and Stage 2 have average capacities of 96.5%, resulting in reduced choice for customers looking to start their learn to swim journey.

Occupancy at these foundation levels should be maintained at a maximum of 85% whilst the programme grows, with an overall programme occupancy level of 90% targeted as best practice.

07

MEDIUM-TERM ACTIONS

S MARKETING SPEND TO GROW BUSINESS Income projections are linked to this option

Marketing spend is intrinsically linked to income generation. Folkestone Sports Centre Trust has reduced marketing spend (as is common in challenging times) as income has dropped.

Outsourcing marketing to a specialist provider, for example Prominent T LS could provide a bespoke arrangement to deliver 3 social media posts per week, refresh the website and deliver marketing campaigns linked to the key revenue drives within this business plan for £1.5k per month on a rolling basis. Other specialists exist in the market, so the Trust may wish to tender this work in order to ensure best value - this would replace internal resource.

Either way, the drive for revenue growth needs to be linked to an increase in marketing activity, that follows a bespoke marketing plan, such as the one within this business plan.

H MODERNISE DATA CAPTURE £12k per year has been included for Business Intelligence Dashboarding service

The introduction of Gladstone MRM presents an opportunity to improve the data capture methods for Folkestone Sports Centre Trust. If Course Pro is added to this, the centre would match the industry norm. There are leisure specific business intelligence systems in the market, such as that provided by Conduitt that will talk to each and every system that the Trust utilises and bring all data together into clear pre-determined dashboards. For example, the sites management accounts could be automatically populated using this system.

This provides performance data at a glance, allowing trends to be identified, enabling constant and consistent benchmarking of performance against budget, targets and national benchmarks.

This will likely cost Folkestone Sports Centre Trust, £12k per year, however the benefits of this type of information far outweigh the expenditure. This has been built into the 5-year plan.

F COMMISSION A NEW BUILDING SURVEY

Commissioning a new building survey will provide Folkestone Sport Centre Trust with a clear understanding of short, medium and long-term maintenance and lifecycle replacement liabilities.

This will be essential to future strategic planning. For example, should the building survey suggest a pinch point in a certain period, reserves can be built up to address this future expenditure.

Alternatively, should the Trust go down the outsourcing route, this survey will be required to provide potential operators with the information they need to take on lifecycle risk.

Z RATIONALISE SERVICES

Given the current economic climate, it is acceptable and normal to explore options that will reduce the costs of running the centre. This process should be data led, and could include closing specific areas earlier, or opening an area later - reducing energy and staff costs.

Historical opening hours often exist in older centres. A full, data led review of usage and footfall will provide invaluable insight to inform what changes are made. The impact of these changes may be minor on a day to day basis, but over the year will add up to big savings.

X CATERING OFFER

The existing catering and bar offer is loss-making for the centre, requiring staff and power in a separate area.

It is common within the leisure industry to combine catering with reception counters - offering a grab and go service which includes pre-made cold food and hot drinks.

This switch would reduce the need for catering staff, and due to the reception being in a higher footfall area, increase the overall margin.

Other options include outsourcing the catering - however this should pay a fixed rent and be on a separate utilities meter to ensure that the catering is not subsidised by the centre.

08

LONG-TERM ACTIONS

P WELLNESS OFFER INTO THE EXISTING BUILDING

The existing wellness centre sits separate to the main building. This presents additional costs to the Trust in staffing, maintenance and utilities.

A plan is currently being explored to sell the wellness centre for development, with the developer building an extension to the existing centre to relocate the wellness centre.

This is likely to be an unaffordable project, particularly within this current market, but also it will add liability to Trust by increasing the footprint, increasing heating, maintenance and staffing liability.

If the wellness centre is sold, options to integrate the wellness centre within the existing footprint should be explored. This is likely to be a more affordable option for the Trust as new build options are often £3,500pm² with refurbishments as low as £2,000m². This switch could also allow the trust to address some of the items highlighted within the building survey and / or update major plant and the overall facility offer. Either way, both options should be explored fully.

R REPLACEMENT STRATEGY FOR THE BUILDING

As the centre ages, the maintenance and lifecycle replacement liability will continue to grow. With this in mind, it is recommend that the Trust commission a study to develop an affordable replacement strategy for the building.

This is common with buildings of a similar age, and will help Folkestone Sports Centre Trust identify options and steps required to replace the centre.

D OUTSOURCE BACK OFFICE SERVICES

As a smaller leisure trust, Folkestone has costs related to HR, payroll, finance, IT, marketing and other aspects that are unavoidable, but more expensive in comparison to larger operators who have the benefit of economies of scale.

Operators such as Parkwood Leisure, Active Nation, 1Life and 3D Leisure have started to, or expressed interest in supporting the delivery of back office services on behalf of smaller organisations.

A good example of this is Active Nation and Active Torridge. Active Nation deliver all back office services for HR, payroll, IT, dashboarding and finance for Active Torridge. Active Torridge pay Active Nation an annual fixed fee to provide, maintain and manage all aspects within these areas. This fee represents value for money for Active Torridge as Active Nation apply economies of scale (as a larger operator) to provide the services cheaper than if delivered directly. It also removes the need for Active Torridge to have a 'head office' support function.

Folkestone Sports Centre Trust should explore this option if enough interest is declared at the soft market test and there is appetite from the Trust.

Delivering this procurement process could be delivered by MLC, who will be able to support the Trust to select the most appropriate partner. This could potentially save the Trust £25,000 to £50,000+ per year, whilst ensuring that systems are maintained to industry standards.

C OUTSOURCE OPERATION OF FOLKESTONE SPORTS CENTRE

Outsourcing the operation of Folkestone Sports Centre to an established leisure operator has the potential to provide the Trust with a guaranteed annual management fee, whilst increasing the overall impact that the centre has on the local community.

MLC could deliver the outsourcing project, having delivered similar projects in the past, and having bid on multiple outsourcing projects in the past for various operators.

The process will take between six and twelve months to complete, and include the following stages:

- Initial selection questionnaire - this will gather interest from the market, filtering out operators who are not suitable - ideally this will filter bidders down to 5-6 suitable candidates
- Invitation to tender - bidders will be asked to complete a series of method statements setting out how they will improve the delivery over the contract period. This will be supported by a detailed financial business plan covering the contract period.
- Initial tenders will be assessed - we will select the 3 most appropriate/suitable bidders
- Negotiation Stage - Bidders will be asked questions relating to their bid
- Final Tender stage - Bidders will be given the opportunity to refine bids and submit their final offer
- Preferred Bidder - a bidder will be selected to move forward with to contract award
- Contract Award - the contract will be formally awarded
- Mobilisation period - prior to the contract start date, bidders will start mobilising the contract - including going through the TUPE transfer process
- Contract Start - the operation will transfer and the contract will begin for the period outlined in the tender (usually 10-15 years)

Outsourcing the full operation is likely the most long-term sustainable option for Folkestone Sports Centre Trust, providing financial security, reducing risk and liability whilst increasing the levels of social value delivered to the community.

09

MINI BUSINESS CASES

SKY WALK

The business plan (Appendix 2) has detailed projections for each of the revenue lines. This includes growth projections for Sky Walk.

Please see the blue Sky Walk tab for more detailed info.

Highlights

Opening Hours

The facility is open 193 days that are classified as weekdays and 170 that fall on weekends and holidays. Typically, we estimate that the facility will open for 4 hours on weekdays and 8 hours at weekends & holidays.

Capacity

The hourly capacity is 20 for weekdays and 30 for weekends.

Uptake

The participation figures are calculated by estimating the percentage uptake from the capacity. These have been estimated as 63%, 66% and 67% for the first 3 years of operation within this plan. Years 4 & 5 are the same as year 3.

Price

Whilst it is expected that a wide range of prices are used for different customers (and this is encouraged to use discounting for less busy periods), this plan is based on an average of £5 per head.

Staffing levels

By setting the usage and income targets in this way, the site team can more accurately predict when staffing levels are required. i.e. when to increase staffing to match usage and when to decrease staffing when participation levels drop.

Year 1 to 3 - Summary of Participation Targets & Income Budget

Year 1	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
% Uptake													
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
Weekdays	20	15	23	11	19	18	17	0	19	16	22	13	193
Weekends & Holidays	11	13	8	19	12	12	14	31	11	15	8	16	170
Daily Hours on Weekdays	4	4	4	4	4	4	6	6	4	4	4	4	
Daily Hours at Weekends & Hols	8	8	8	6	6	4	4	4	6	6	8	8	
Capacity per Hour Weekdays	20	20	20	20	20	20	20	20	20	20	20	20	
Capacity per Hour W/e & Hols	30	30	30	30	30	30	30	30	30	30	30	30	
Total Capacity Weekdays	1600	1200	1840	880	1520	1440	2040	0	1520	1280	1760	1040	
Total Capacity W/e & Hols	2640	3120	1920	3420	2160	1440	1680	3720	1980	2700	1920	3840	30540
Total Capacity	4240	4320	3760	4300	3680	2880	3720	3720	3500	3980	3680	4880	
Actual Usage per month	63%	2671	2722	2369	2709	2318	1814	2344	2205	2507	2318	3074	29396
Average Price	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	
Income	£13,356.00	£13,608.00	£11,844.00	£13,545.00	£11,592.00	£9,072.00	£11,718.00	£11,718.00	£11,025.00	£12,537.00	£11,592.00	£15,372.00	£146,979.00
Year 2	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
% Uptake													
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
Weekdays	20	15	23	11	19	18	17	0	19	16	22	13	193
Weekends & Holidays	11	13	8	19	12	12	14	31	11	15	8	16	170
Daily Hours on Weekdays	4	4	4	4	4	4	6	6	4	4	4	4	
Daily Hours at Weekends & Hols	8	8	8	6	6	4	4	4	6	6	8	8	
Capacity per Hour Weekdays	20	20	20	20	20	20	20	20	20	20	20	20	
Capacity per Hour W/e & Hols	30	30	30	30	30	30	30	30	30	30	30	30	
Total Capacity Weekdays	1600	1200	1840	880	1520	1440	2040	0	1520	1280	1760	1040	
Total Capacity W/e & Hols	2640	3120	1920	3420	2160	1440	1680	3720	1980	2700	1920	3840	30540
Total Capacity	4240	4320	3760	4300	3680	2880	3720	3720	3500	3980	3680	4880	
Actual Usage per month	66%	2798	2722	2369	2709	2318	1814	2344	2205	2507	2318	3074	29523
Average Price	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	
Income	£13,992.00	£13,608.00	£11,844.00	£13,545.00	£11,592.00	£9,072.00	£11,718.00	£11,718.00	£11,025.00	£12,537.00	£11,592.00	£15,372.00	£147,615.00
Year 3	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
% Uptake													
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
Weekdays	20	15	23	11	19	18	17	0	19	16	22	13	193
Weekends & Holidays	11	13	8	19	12	12	14	31	11	15	8	16	170
Daily Hours on Weekdays	4	4	4	4	4	4	6	6	4	4	4	4	
Daily Hours at Weekends & Hols	8	8	8	6	6	4	4	4	6	6	8	8	
Capacity per Hour Weekdays	20	20	20	20	20	20	20	20	20	20	20	20	
Capacity per Hour W/e & Hols	30	30	30	30	30	30	30	30	30	30	30	30	
Total Capacity Weekdays	1600	1200	1840	880	1520	1440	2040	0	1520	1280	1760	1040	
Total Capacity W/e & Hols	2640	3120	1920	3420	2160	1440	1680	3720	1980	2700	1920	3840	30540
Total Capacity	4240	4320	3760	4300	3680	2880	3720	3720	3500	3980	3680	4880	
Actual Usage per month	67%	2841	2894	2519	2881	2466	1930	2492	2345	2667	2466	3270	31262
Average Price	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	
Income	£14,204.00	£14,472.00	£12,596.00	£14,405.00	£12,328.00	£9,648.00	£12,462.00	£12,462.00	£11,725.00	£13,333.00	£12,328.00	£16,348.00	£156,311.00

SKI

Year 1 to 3 - Summary of Participation Targets & Income Budget

The business plan (Appendix 2) has detailed projections for each of the revenue lines. This includes growth projections for Ski Slope.

Please see the blue Ski Slope tab for more detailed info.

Highlights

Opening Hours

The facility is open 193 days that are classified as weekdays and 170 that fall on weekends and holidays. Typically, we estimate that the facility will open for 4 hours on weekdays and 8 hours at weekends & holidays.

Capacity

The hourly capacity is 20 for weekdays and 30 for weekends.

Uptake

The participation figures are calculated by estimating the percentage uptake from the capacity. These have been estimated as 30%, 30% and 33% for the first 3 years of operation within this plan. Years 4 & 5 are the same as year 3.

Price

Whilst it is expected that a wide range of prices are used for different customers (and this is encouraged to use discounting for less busy periods), this plan is based on an average of £7.5 per head.

Staffing levels

By setting the usage and income targets in this way, the site team can more accurately predict when staffing levels are required. i.e. when to increase staffing to match usage and when to decrease staffing when participation levels drop.

Year 1	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
% Uptake													
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
Weekdays	20	15	23	11	19	18	17	0	19	16	22	13	193
Weekends & Holidays	11	13	8	19	12	12	14	31	11	15	8	16	170
Daily Hours on Weekdays	4	4	4	4	4	4	6	6	4	4	4	4	
Daily Hours at Weekends & Hols	8	8	8	6	6	4	4	4	6	6	8	8	
Capacity per Hour Weekdays	20	20	20	20	20	20	20	20	20	20	20	20	
Capacity per Hour W/e & Hols	30	30	30	30	30	30	30	30	30	30	30	30	
Total Capacity Weekdays	1600	1200	1840	880	1520	1440	2040	0	1520	1280	1760	1040	
Total Capacity W/e & Hols	2640	3120	1920	3420	2160	1440	1680	3720	1980	2700	1920	3840	30540
Total Capacity	4240	4320	3760	4300	3680	2880	3720	3720	3500	3980	3680	4880	
Actual Usage per month	25%	1060	1080	940	1075	920	720	930	875	995	920	1220	11665
Average Price	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	
Income	£7,950.00	£8,100.00	£7,050.00	£8,062.50	£6,900.00	£5,400.00	£6,975.00	£6,975.00	£6,562.50	£7,462.50	£6,900.00	£9,150.00	£87,487.50

Year 2	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
% Uptake													
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
Weekdays	20	15	23	11	19	18	17	0	19	16	22	13	193
Weekends & Holidays	11	13	8	19	12	12	14	31	11	15	8	16	170
Daily Hours on Weekdays	4	4	4	4	4	4	6	6	4	4	4	4	
Daily Hours at Weekends & Hols	8	8	8	6	6	4	4	4	6	6	8	8	
Capacity per Hour Weekdays	20	20	20	20	20	20	20	20	20	20	20	20	
Capacity per Hour W/e & Hols	30	30	30	30	30	30	30	30	30	30	30	30	
Total Capacity Weekdays	1600	1200	1840	880	1520	1440	2040	0	1520	1280	1760	1040	
Total Capacity W/e & Hols	2640	3120	1920	3420	2160	1440	1680	3720	1980	2700	1920	3840	30540
Total Capacity	4240	4320	3760	4300	3680	2880	3720	3720	3500	3980	3680	4880	
Actual Usage per month	30%	1272	1080	940	1075	920	720	930	875	995	920	1220	11877
Average Price	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	
Income	£9,540.00	£8,100.00	£7,050.00	£8,062.50	£6,900.00	£5,400.00	£6,975.00	£6,975.00	£6,562.50	£7,462.50	£6,900.00	£9,150.00	£89,077.50

Year 3	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
% Uptake													
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
Weekdays	20	15	23	11	19	18	17	0	19	16	22	13	193
Weekends & Holidays	11	13	8	19	12	12	14	31	11	15	8	16	170
Daily Hours on Weekdays	4	4	4	4	4	4	6	6	4	4	4	4	
Daily Hours at Weekends & Hols	8	8	8	6	6	4	4	4	6	6	8	8	
Capacity per Hour Weekdays	20	20	20	20	20	20	20	20	20	20	20	20	
Capacity per Hour W/e & Hols	30	30	30	30	30	30	30	30	30	30	30	30	
Total Capacity Weekdays	1600	1200	1840	880	1520	1440	2040	0	1520	1280	1760	1040	
Total Capacity W/e & Hols	2640	3120	1920	3420	2160	1440	1680	3720	1980	2700	1920	3840	30540
Total Capacity	4240	4320	3760	4300	3680	2880	3720	3720	3500	3980	3680	4880	
Actual Usage per month	33%	1378	1404	1222	1398	1196	936	1209	1138	1294	1196	1586	15165
Average Price	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	£7.50	
Income	£10,335.00	£10,530.00	£9,165.00	£10,481.25	£8,970.00	£7,020.00	£9,067.50	£9,067.50	£8,531.25	£9,701.25	£8,970.00	£11,895.00	£113,733.75

10

USE OF OVERAGE PAYMENT

USE OF FUNDS RELEASED FROM OVERAGE PAYMENT

The trust is uniquely placed in the leisure sector when compared to other operators, trusts and organisations in so much that they own the asset(s) which they operate. This alone has allowed the trust to continually look at their investment strategy for the centre based on ownership of assets which places the trust in a strong position when considering borrowing.

The trust has agreed the sale of a proportion of the land at the rear of the site for a housing development and this will result in an overage payment being released to the trust's operating accounts. **The advanced knowledge of this overage payment coming into the trust has allowed the trust to take on additional borrowing in the short term to cover operational deficits during the challenging pandemic period.**

It is expected that this overage payment will be circa **£800,000** and will be received in 2022.

The use of this overage payment has been carefully considered by the trust and as a result the following action plan has been agreed.

- 1) **£200,000** is to be placed into the accounts this financial year as 'unrestricted funds' and this will be used to clear the current overdraft and outstanding invoices.
- 2) **£200,000** is to be placed into the accounts this financial year as 'designated funds' and will be used to fund carbon reduction works in the plant room. For example, this could be used to fund the replacement of pumps and inverters. These works may be met with match funding which would allow further deposits into the trust accounts.
- 3) **£200,000** to be placed into the trust reserves as unrestricted funds to support the operation of the trust within this financial plan. It is noted that Year 1 of the plan may require a subsidy and hence this provision will allow this to be covered.
- 4) **£200,000** to be used to reduce the current debt of the trust. This could be achieved through the early repayment of the two largest loans that the trust is currently servicing.

- Charity Bank Loan
- RRLF funding

In order to decide the most effective use of the overage payment in relation to debt repayment, further investigation is required on each of these current loan repayments. It would be essential to understand any early repayment benefits (or penalties) and how much the repayment plan is influenced before making a final decision. We propose that the trust considers the impacts of all the options before committing to the exact use of £200,000 of the overage payment.

CURRENT LOANS

The Trust is currently servicing the repayment of the following loans.

Loan Description	Start Date	End Date	Amount	Interest	Total Amount	Term of Loan
RRLF	March 2021	Feb 2026	£200,000	£33,222	£233,222	5 Years
Charity Bank Loan	April 2010	March 2036	£1,197,838	£1,263,090	£2,460,928	25 years

The monthly repayment amount for these loans are as follows:

RRLF - Resilience & Recovery Loan Fund. This was taken out to assist the site in the recovery from Covid-19.

The monthly repayment for the RRLF is £5,486 or £65,829 per year.

The **Charity Bank Loan** was taken out for improvement works in 2010.

The monthly repayment for the Charity Bank Loan is £8,214 or £98,571 per year.

It would be prudent to consider the early repayment of the larger of the two loans (Charity Bank), as this would potentially reduce the monthly outgoings of the trust, subject to early repayment fees/penalties.

USE OF OVERAGE PAYMENT

Overage Payment	Balance after Action 1	Balance after Action 2	Balance after Action 3	Balance after Action 4
Starting Balance - £800,000				
Action 1 - Clear Overdraft and outstanding invoices	£600,000			
Action 2 - Investment into Energy		£400,000		
Action 3 - Early Loan Repayment			200,000	
Action 4 - Operational Deficit in Year 1 of this plan				£30,365

TRUST FINANCIAL PLAN SUMMARY

This 5-year financial plan has been developed to allow the trust to further recover from the impact of the pandemic and to then return to (and hopefully surpass) pre-covid levels of participation within the centres.

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Operational Income	£1,381,237	£1,524,087	£1,741,415	£1,779,540	£1,779,540
Other non Council Grants	£50,000	£50,000	£20,000	£20,000	£20,000
Council Grant	£150,000	£150,000	£150,000	£150,000	£150,000
Donations	£12,000	£12,000	£12,000	£12,000	£12,000
Hawkinge Surplus	£95,000	£95,000	£95,000	£95,000	£95,000
Total Trust Income	£1,688,237	£1,831,087	£2,018,415	£2,056,540	£2,056,540
Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5
Operational Expenditure	£1,577,239	£1,511,783	£1,577,048	£1,607,140	£1,616,201
Loan repayments & finance	£190,632	£190,632	£190,632	£190,632	£190,632
Total Expenditure (before Depreciation)	£1,767,872	£1,702,415	£1,767,681	£1,797,772	£1,806,833
Depreciation	£90,000	£90,000	£90,000	£90,000	£90,000
NET OPERATING POSITION* Surplus (Deficit**)	-£169,635	£38,671	£160,734	£168,768	£159,707

The deficit in Year One of the plan will be met by trust reserves as detailed on page 42.

PARTICIPATION GROWTH

The business plan will deliver the following increases in participation for the centre.

PRE-COVID POSITION	Year 1	Year 2	Year 3	Year 4	Year 5
300,000 Annual Visits	280,453	310,675	351,555	369,752	369,969

Key drivers for this business plan are to:

- Grow Health & Fitness memberships to over 1500 by the end of Year 3
- Increase Swimming lessons to 1000 on the scheme
- Change to a staffing structure that is targeted at a % of sales average of 55%.
- Utilise the overage payment to stabilise the trust finances, reduce debt and stimulate a balance of cost savings and new income opportunities.

The key drivers within this business plan are outlined below:

			
SWIM LESSONS	FITNESS DD	STAFF STRUCTURE	DATA LED DECISIONS
650+ MORE CHILDREN LEARNING TO SWIM (DIRECT DEBITS)	700+ ADDITIONAL FITNESS USERS (£29.99 PCM)	AGILE STRUCTURE TARGET 55% SALARIES TO SALES	IMPROVED DATA CAPTURE & ANALYSIS

The recommendations of the business plan have been split into immediate actions (next two months), short (before the General Manager retires), medium (in the next 12 months) and long term (12+ months) actions. Where possible to do so, these recommendations have been built into the financial plan. A summary of recommendations is provided below:

IMMEDIATE	SHORT-TERM	MEDIUM-TERM	LONG-TERM
<ul style="list-style-type: none"> Commission an energy survey – tapping into the Decarbonisation Fund Monitor performance with and without funding Prioritise financial sustainability Enlist the support of specialists to support growth Consider all developments within footprint 	<ul style="list-style-type: none"> Recruit replacement for General Manager Reduce debt where possible using overage payments Restructure workforce Marketing spend to stimulate growth Convert private swim lessons to group sessions Test the market for outsourcing Deep clean & facelift 	<ul style="list-style-type: none"> Commission a building Conditions Survey Modernise data capture Review opening hours in line with demand Capitalise on swimming lesson latent demand Explore alternative catering offer Review gym prices to reflect competition Increase marketing spend in line with growth target 	<ul style="list-style-type: none"> Explore the option to outsource back office services to save money Explore the option to outsource the operation of the building to a specialist operator Establish a clear replacement strategy for the building Explore options to integrate the wellness centre into the main building using funding from sale of the current wellness centre location

APPENDICIES

1. HIGH LEVEL MARKETING PLAN
2. RISK REGISTERS
3. STAKEHOLDER ENGAGEMENT
4. FINANCIAL PLAN (EXCEL DOCUMENT)



01

HIGH LEVEL MARKETING PLAN

MARKETING PLAN

It is recommended that a marketing plan is implemented for Folkestone Sports Centre. This marketing plan should be backed by a marketing budget of between 1.5% and 3% of turnover, with the success of all campaigns measured and monitored throughout.

An example of a high level marketing plan which focusses on seven areas of the business is shown below, highlighting when and how the campaign should be delivered, and the way in which success will be measured.

RECOMMENDATIONS

As a minimum, it is recommended that the following is delivered:

- 3 social media posts per week
- Website needs to be optimised – content is out of date/presented inefficiently
- 2 blog articles per month highlighting the great work of the trust
- Google grants should be accessed

Overall, it would be more efficient to outsource marketing to a specialist as this would bring professional services, accountability and measurable impact for the centre.

AREA	WHAT	OBJECTIVE	METHOD	WHEN CAMPAIGNS WILL BE DELIVERED												HOW MEASURED
				JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
TRUST MONTHLY MISSION UPDATE	SHOUT LOUD ABOUT THE AIMS OF THE TRUST & WHAT IT HAS ACHIEVED	INCREASE DONATIONS	SOCIAL MEDIA UPDATES, LOCAL PRESS UPDATES, VIDEO CASE STUDIES – LINK TO ONLINE DONATIONS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	£ DONATIONS RAISED
HEALTH & FITNESS MEMBERSHIPS CAMPAIGN	PROMOTE THE PRIMARY MEMBERSHIP OFFER AT THE CENTRE	INCREASE MEMBERSHIP SIGN UPS	PAID SOCIAL MEDIA – TARGETED PROMOTIONS, NEW JOINER OFFERS, CASE STUDIES TO INSPIRE	✓	✓			✓	✓			✓			✓	NUMBER OF MEMBERSHIP SIGN UPS
EXISTING MEMBER REFERRAL CAMPAIGN	REACH OUT TO EXISTING MEMBERS FOR REFERRALS	INCREASE MEMBERSHIP SIGN UPS – MEMBER RETENTION	IF FRIEND JOINS, DISCOUNT OR REWARD IS OFFERED TO REFERRING MEMBER			✓	✓			✓	✓		✓	✓		NUMBER OF REFERRALS & SIGN UPS
SWIMMING LESSONS DIRECT DEBIT DRIVE	RAISE AWARENESS OF GROUP SWIMMING LESSONS	INCREASE THE NUMBER OF SWIMMING LESSONS TO CUSTOMERS	TARGETED SOCIAL MEDIA AND ONLINE MARKETING CAMPAIGN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	INCREASE IN SWIMMING LESSON TAKE UP
OUTDOOR ACTIVITIES PROMOTIONS	RAISE AWARENESS OF OUTDOOR ACTIVITIES	INCREASE GROUP BOOKINGS / SKI LESSON TAKE UP	TARGETED SOCIAL MEDIA & DIRECT MAIL CAMPAIGN TO SCHOOLS & CLUBS – MONITORED LINK SENT		✓			✓			✓			✓		ENQUIRIES/ BOOKINGS VIA LINK
CLUB/GROUP AWARENESS	PROMOTE FACILITIES ON OFFER TO CLUBS AND ORGANISATIONS	INCREASE CLUB BOOKINGS	DIRECT TO CLUB/ORGANISATION DIGITAL FLYER WITH LINK			✓			✓			✓			✓	ENQUIRIES/ BOOKINGS VIA LINK
TARGETED SESSIONS / HEALTH INTERVENTIONS	RAISE AWARENESS OF SPECIFIC PROGRAMMES / ACTIVITIES AT THE CENTRE	INCREASE PARTICIPATION IN HARD TO REACH GROUPS	STAKEHOLDER ENGAGEMENT EFFORTS WITH COMMUNITY CENTRES, CHURCHES, RESIDENTIAL HOMES ETC	✓			✓			✓			✓			INCREASED PARTICIPATION ON SPECIFIC ACTIVITIES

02

RISK REGISTER

IDENTIFYING KEY RISKS

The key risks to the sustainable future of the centre have been identified.

The risks have been split into three categories

- How much the risk would cost if the full value of the risk was realised
- How urgent the risk is perceived
- The potential impact the risk would have on the Trust if it happened

When evaluating each risk, a score out of five has been given. The evaluation matrix is as follows:

- 0 Being no potential risk
- 3 Being medium potential risk
- 5 Being very high potential risk

Each risk has then been ranked based on a total score out of 15.

The identification and assessment of these risks have been based upon the data provided, site visits and the Mulhall Leisure Consultancy (MLC) team's experience within the leisure sector.

Each of the risks that have been identified link to the options section of the business plan. This section provides options to help reduce or remove the risk identified.

RANK	RISK	POTENTIAL RISK /5			RISK RATING /15
		COST	URGENCY	IMPACT	
1	OVERALL STRATEGY	5	5	5	15
2	UTILITY COSTS & CONSUMPTION	5	5	5	15
3	DEBT/LOANS	5	4	4	13
4	RESET COMMERCIAL FOCUS	4	4	5	13
5	ASSET MANAGEMENT	5	3	5	13
6	STAFFING STRUCTURE	4	3	4	11
7	DATA CAPTURE	3	4	4	11
8	MARKETING	3	3	3	9
9	FIRST IMPRESSIONS	2	4	2	8
10	GRANTS AS % OF INCOME	2	3	2	7

02

RISK REGISTER

1

OVERALL STRATEGY

Covid-19 forced many leisure organisations to completely review operations and redefine their strategic approach to delivering services. Some took the opportunity to accelerate digital transformations, streamlining the customer journey in line with new accepted norms such as booking in advance, beach ready, online workouts and cashless operations. Others took the opportunity to streamline their staffing structures, purchasing agreements and refocussing their attention on core activity programmes to ensure sustainability.

These tough decisions were made to address challenges brought about by Covid-19 but they were made to ensure that they could still open facilities. Some of these tough decisions are still very much at large and must be considered by Folkestone Sports Centre Trust.

It is clear from speaking to staff and Trustees that the social outcomes of the Trust are important. However, in recent years because revenue has fallen and costs have risen, it is now essential that a clear and measurable strategy which prioritises the sustainability of the Trust is developed. This is even more pertinent if the trust wishes to continue to deliver these social outcomes. In previous years when surplus was generated, it was a simple choice to subsidise activities or programmes. The current financial situation removes the choice to subsidise activities and programmes.

RECOGNISING THE URGENCY & POTENTIAL IMPACT OF YOUR CURRENT POSITION

The first step to managing strategic risk is recognising the scale, urgency and how serious the current position is. The Trust should prioritise long-term sustainability and survival so that they can continue to deliver social outcomes for years to come.

It should be noted that increasing swimming lessons and the number of fitness members is making a difference and adding social value, as well as being financially viable

SALE OF ASSETS

The land ownership of the trust is currently the most secure asset, and is a security blanket providing reassurance and improves the ability of the Trust to borrow money when needed.

However, every time an asset is sold, this safety blanket is reduced, and overall financial security is decreased. Selling assets should generate long-term sustainable assets rather than liabilities and has the potential to allow FSC to continue to deliver social value schemes through a cross subsidy arrangement. In our opinion, the objective of selling any of the trusts assets should be done so with the aim of generating long-term sustainability. Therefore, any asset sale must consider both the expected social value impact and the potential economic return. We believe this represents a safer strategy for the trust.

2

UTILITY COSTS & CONSUMPTION

VOLATILE TARIFF MARKET - NEED TO CONTROL/REDUCE CONSUMPTION

As with most buildings of this age, Folkestone Sports Centre is not as efficient as a modern centre. There are simple housekeeping measures that can be taken to reduce consumption immediately. External funding routes to achieve large decreases in consumption/generate energy, and/or relatively small investment opportunities that can be explored to reduce consumption. Return on investment calculations are very favourable due to the rising costs of energy.

Energy cost rises forecast by Mark Mulville, Senior Energy Consultant for Alfa Energy who advise Folkestone Sports Centre Trust are alarming, but generally in line with what the entire industry is experiencing. To provide context for these rises, we have outlined past expenditure next to the forecast in the table below:

	2019-20	2020-21	2021-2022	Forecast*	Increase on previous year
Gas	£67,527	£47,119	£72,700	£75,000	£2,300
Electricity	£76,972	£53,956	£73,902	£178,000	£104,098
Total Utilities	£144,499	£101,075	£146,602	£253,000	£106,398

**This forecast is included in the 5-year plan*



Easton Leisure Centre invested £89k in 800 solar thermal tubes to lower heating costs of 25m pool, which have been zero since installation. Solar tech from clean energy contractor Solarsense. @SolarsenseUK @EveryoneActive @BristolCouncil t.lei.sr/SW7thD



This is a crisis that is impacting the whole leisure industry. Recent news suggests that up to a third of swimming pools may be forced to close due to an inability to cover the rising costs of heating pools.

Proactive leisure operators, who have invested in energy efficiency and energy generation measures are reaping the benefits of their foresight.

Easton Leisure Centre in Bristol invested £89k in 800 solar thermal tubes to lower heating costs of the 25m pool. Thanks to the recent hot weather, the cost of heating the pool has been removed. If this 'invest to save' model was applied to Folkestone, the payback would be within the first year of install. Funding for this type of project could come from grants, future sale of assets or borrowing.

02

RISK REGISTER

3

CURRENT DEBT/ LOANS

Following Covid-19, the Trust is currently carrying a significant amount of debt, and when compared to the current financial performance (and subsequent cashflow issues) this presents a high risk of missed payments and/or default.

The information that has been provided suggests the following annual repayment profile is due over the next 5 years:

	2023-24	2024-25	2025-26	2026-27	2027-28
Fitness Equipment Finance	£26,232	£26,232	£26,232	£26,232	£26,232
Bank Loan Repayment*	£98,571	£98,571	£98,571	£98,571	£98,571
RRLF Repayment	£65,829	£56,000	£56,000	£56,000	£56,000
Total Debt Repayments	£190,632	£180,803	£180,803	£180,803	£180,803

*this relates to a significant investment into the facility in 2010 via The Charity Bank

The total debt represents 14% of total turnover (2021-22 including grants) or 20% of operational turnover (2021-22 excluding grants).

This is not an uncommon situation for leisure operators in the UK at the moment, however as a smaller operator, the margin of error relating to potential future increasing costs/reducing income presents a higher risk which needs to be mitigated wherever possible.

The current level of borrowing may also reduce the likelihood of future borrowing being approved.

RECOMMENDED FUTURE BORROWING PRINCIPLES

Borrowing should only be explored as part of a spend to save initiative, and linked to a comprehensive business plan to/for which there is clear accountability and outcomes.

It is clear that the current level of borrowing is unsustainable and every effort should be made to reduce it. In our opinion, any operational surplus, receipt from the sale of asset, unexpected grant or windfall should be used to reduce the borrowing levels. It is our understanding that the Trust will use the upcoming overage payment to reduce this liability.

4

FOCUS ON FINANCIAL SUSTAINABILITY

FINANCIAL SUSTAINABILITY FOCUS - IMPROVE ACCOUNTABILITY

It is clear that Folkestone Sports Centre has previously generated a healthy surplus for the Trust. However historical financial data indicates that performance was dropping prior to Covid-19, and the centre is yet to recover to previous levels.

The centre's cashflow is monitored with grant funding/asset sales and other external funding within the accounts. As levels of funding can fluctuate, this can mask under-performance in core areas of the business such as fitness and swimming lessons.

A solution to this is for the Trust to assess the performance of the centre based on its operational finances (excluding grants/overage payments etc). This will maintain focus on the core drivers of financial sustainability for the Trust such as swimming, fitness, staffing, maintenance and utilities. Targets should be set by the Trust for the General Manager to deliver.

For example fitness revenue has been declining prior to COVID-19, as shown below:

	2017-18	2018-19	2019-20 (PRE COVID)	2020-21 (COVID)	2021-22 (RECOVERY)	22-23 Forecast	23-24 Forecast
Fitness Revenue	£490,626	£470,361	£328,259	£104,646	£297,246	£432,078	£493,399
Growth/(Decline)		(4.3%)	(30%)	(68%)	284%	145%	114%
Growth/(Decline) against 2017-18		(5%)	(33%)	(78.6%)	(39.4%)	(11.9%)	0.5%

The 22-23 and 23-24 forecast indicates major growth for FSC, and represents a risk if not achieved. The scale of this growth is best shown against the UK's COVID recovery benchmarks.

	2019-20 (PRE COVID)	2020-21 (COVID)	2021-22 (RECOVERY)	22-23 Forecast	23-24 Forecast
Fitness Revenue	£328,259	£104,646	£297,246	£432,078	£493,399
UK Recovery Benchmark			80%	95%	105%
FTC Recovery			60.6%	88.1%	100.5%
Variance			(19.4%)	(6.9%)	(4.5%)

Swimming Lessons have fantastic potential at FSC, however currently 22+ private lessons are delivered. The same teaching resource could teach 198 more children per week to swim and yielding a more sustainable return whilst increasing participation numbers.

02

RISK REGISTER

5

ASSET MANAGEMENT

BUILDING LIFECYCLE COSTS | MAINTENANCE COSTS | REPLACEMENT COST

The existing building presents an ongoing financial risk in terms of maintenance, lifecycle replacement (large plant items, roof, etc) and ultimately the replacement of the building as it nears the end of its lifespan.

Material costs and delivery times are currently high, and the market is volatile, adding uncertainty and risk to the financial sustainability of the trust.

A planned preventative maintenance schedule and lifecycle replacement schedule should be integral to FSCs financial planning, this is currently not in place.

Breakdown or complete failure of large plant items (such as boilers, filters and air handling units) will have a significantly negative impact on the financial performance of the trust.

Plant failure that is not rectified quickly has the potential to make other areas of plant work harder, and lead to further inefficiencies. This has the potential to increase energy consumption and/or cause damage to plant and other areas of the building.

The condition of the building is also directly linked to the ability to generate revenue. The overall condition of the building will impact the customer journey. Customers expect high standards, and whilst a building may be functional/functioning, a customer's perception may be negative - resulting in loss of customers.



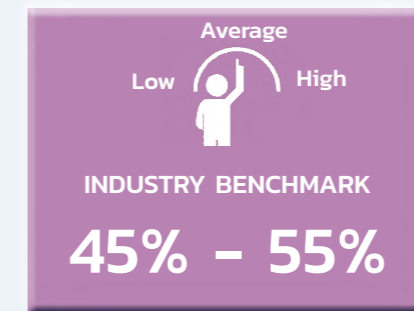
WET CHANGING ROOM FLOOR CONDITION | LIGHTS OUT | MIRROR DAMAGE | EXTERNAL CONDITION WATER DAMAGE | DAMAGE | DRY CHANGE TILE & FLOOR DAMAGE

6

STAFFING STRUCTURE

OVERSPEND AGAINST INDUSTRY BENCHMARKS (Salaries to sales)

An efficient staffing structure is essential to success within the leisure industry, especially within the context of increasing costs relating to living (and minimum) wage and competition for the best employees. The leisure industry uses the salary to sales calculation as a benchmark.



Looking at operational accounts for 2017-18, 2018-19, 2019-20 and 2021-22 (Removing the year impacted by Covid-19 lockdown), the total operational revenue was £4,743,630. The total payroll in this period was £3,585,136. This is 75% of the revenue during this period.

If the high end of the industry benchmark was applied during this period (55%), the total saving would be £976,140, or an average of £244,035 per year.

DEVELOPING AN EFFICIENT STAFFING STRUCTURE

The principle of building an efficient staffing structure centres around three main areas:

- Compliance/safety - ensuring statutory requirements / guidelines are met
- Demand - when is the centre busy
- Customer service - when staff have the best opportunity to add value to customers

Our on site observations and a review of the existing rotas suggest that a fresh look in this area will provide quick wins. A suggested structure is included within the financial workbook and on page 21 of this narrative.

02

RISK REGISTER

7

DATA CAPTURE

Decisions that are insight led are generally more effective at yielding better results. It is apparent that data capture at Folkestone Sports Centre is not consistent and only part digitalised.

This presents a big risk to the Folkestone Sports Centre Trust, as data sources are sporadic and not organised in a way which promotes proactive KPI management and accountability.

The review of the existing operation (by MLC), and collation of the different data sources has provided invaluable insights into the financial performance of the Trust, and the possible causes of certain issues.

Improving and embracing data capture as a sustainable way of managing the business is a fantastic opportunity for the Trust.

One of the biggest opportunity areas is with the learn to swim programme - by using industry standard software such as Course Pro, in conjunction with the new POS system Gladstone MRM (which is now installed), the trust will be able to:

- Move fully to Direct Debits (proven to be more affordable option for customers by spreading costs)
- Allow parents to track progress of their children online - improving the feedback process and overall retention on the programme
- Allow online joining for the swimming programme (something which has supported 25%+ growth with other operators)
- Reduce the burden of swimming enrolment periods by removing them
- Reduce the need for additional receptionists during swimming lesson periods

More consistency within data capture combined with a dashboarding system, such as that provided by Conduiit, will reduce the administration time of the centre by automating draft P&L accounts, display KPIs against targets and benchmarks.

This type of system will allow the Board of Trustees to review the performance of the centre against pre-agreed targets and KPIs on a single dashboard/report that can be emailed to each Trustee automatically to a set timetable.

Establishing a comprehensive method of data capture and data dashboarding will help flag future risks/performance trends early, allowing the Trust time to take the appropriate action.

8

MARKETING EXPENDITURE & QUALITY

SPEND TO ACCUMULATE

Marketing is often the first thing to be cut when financial pressures rise. The leisure industry uses a benchmark calculation for marketing of between 1.5% and 3% of turnover as standard. 1.5% should be the minimum, and 3% is accepted as a high spend.

Folkestone Sports Centre has the following marketing spend & % to turnover profile:

	2017-18	2018-19	2019-2020	2020-21	2021-22
Marketing Spend	£26,155	£18,386	£11,782	£4,913	£9,383
Marketing to Turnover %	1.9%	1.4%	1%	1.1%	1%

Fitness turnover dropped by 41% between 2018-19 and 2019-20 (this is not Covid-19 related). Whilst not the reason for the drop (this is likely related to the opening of the PureGym), it is evident that marketing spend dropped by 36% during this same period.

As the centre reopened following COVID-19, there is no apparent additional investment into marketing to encourage customers to return to the centre. There is also no evidence that the deal with Alliance Leisure has achieved anything - this should be urgently reviewed.

QUALITY

The existing marketing offer for Folkestone Sports Centre Trust has lots of scope to be improved and modernised. Some key aspects that we have picked up:

- Website is very cluttered, has out of date content and does not allow a user to quickly access information - the standard membership option should be more prominent
- Social media lacks consistency - appears that the team is not following brand standards
- Campaigns - there does not appear to be a consistent/clear message around health, happiness or well-being - the messaging is very disjointed

OPPORTUNITIES

There are plenty of opportunities to improve marketing - this includes accessing the Google Grants programme (£90,000 per year of free advertising credit), install an annual marketing plan which consistently communicates the offer - improve the membership sign up journey.

02

RISK REGISTER

9

FIRST IMPRESSIONS

ATTENTION TO DETAIL / DUMPING GROUND

During our review of Folkestone Sport Centre, it is apparent that there is a lack of attention to detail. This view is formed by the multiple dumping grounds, some observations of tasks not being completed and website examples.



WASTE TIPPED
BEHIND KITCHEN & BY TENNIS COURTS

PLANT ROOM - PUMP OVER AREA
GOALS, LADDERS & BROKEN EQUIPMENT

The scale of the waste dumping and general untidiness warrants investment of time and money to clear as it could put customers off.

During the morning of our visit, it was evident that weeding had started at the front of the building. No progress was evident the following day.

The website is out of date in areas, for example, the January offer is still displayed.

Potential members wishing to join Online currently cannot. This was identified on 4th July as part of our initial research, flagged to the manager on 12th July, and was still down on 25th October. Potential members are not redirected to call the centre. This observation is linked to the financial sustainability and marketing risks. Approximately 20% of new members generally join online across the leisure industry.



10

GRANTS

Grants, such as the payment from Folkestone and Hythe Council, are directly linked to the delivery of social impact work and are not intended to be used to subsidise the core operation of the centre. The total amount of grant funding is subject to change each year. It is dependent on what is agreed between Folkestone & Hythe Council and the Trust and what success the team have in securing other local funding.

Reviewing historical finances shows that the level of grant income has varied considerably from year to year. This profile is shown below:

	2017-18	2018-19	2019-2020	2020-21	2021-22	FORECAST 22-23	Business Plan Mature Year
Grants	£183,034	£206,446	£178,482	£148,980	£275,498	£234,760	£232,000
Covid Related Grants	£0	£0	£0	£1,006,568	£73,924	£0	£0
Total Grants	£183,034	£206,446	£178,482	£1,155,553	£349,433	£234,760	£232,000
Grant % of Turnover	12%	13%	13%	71%	27%	16%	12%

The variability of this grant presents a risk when forecasting future accounts. For example an uplift in grant income relating to Covid-19 is shown for 20-21 and 21-22.

Therefore, it is recommended that the annual operational finances of the centre are reviewed without this grant, and the grant is seen as direct funding for social impact work.

There is an opportunity for the Trust to tap into additional grant funding related to projects targeting health and well-being, however:

- This funding would undoubtedly need to fund additional activities
- The UK economy is entering a recession, during this period, budgets are often cut - reducing the likelihood of grants being awarded

The Trust currently relies on the General Manager to complete grant applications. It is important that this role is transferred to another employee as early as possible.

A grants process can often take months to complete - with gaps between grant award and money being released.

Training resource to complete grant applications other than the General Manager is recommended, as the General Manager is needed to focus on other aspects of the business.

03

STAKEHOLDER ENGAGEMENT

CLUB SURVEY

The club survey received 19 responses.

1. Please tell us three things you like the most about using Folkestone Sports Centre?

- Easily accessible
- Friendly and warm welcome
- Provides paths to physical fitness and good mental health
- The vast majority of staff are really helpful
- We can rely on our sessions not being canceled
- Good flow of customers for our club
- Affordable sport
- Community inclusion
- Range of activities
- Availability of the front room for our members
- I was referred to the Fit Together Club which has been an enormous help to me, with my mental and physical disabilities. I'm on a low medical income and around Folkestone I could not find the help I needed, until I was referred to the sport centre, the support from them has been great that's the reason why I like going there
- Gives me confidence

2. Please tell us three things you would like to see changed or improved?

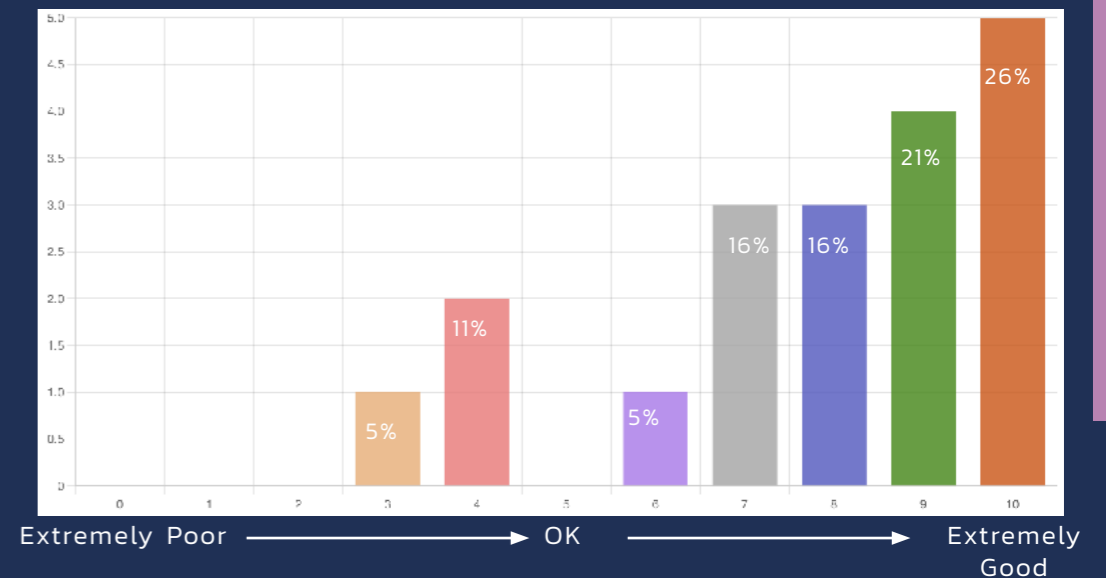
- The Fit Together programme should be funded long-term
- It would be nice if the membership could be more comprehensive to include gym facilities
- One or two members of staff (including a Duty Manager) are very unhelpful/rude and seem uninterested about being there
- Improved toilet and changing facilities
- The hall should be prepared for our activities on time
- Empower duty managers
- Ban mobile phones
- Cafe prices are high
- Train instructors to make sessions more interesting for people with disabilities
- Some instructors need to know more about the activity they are leading
- Improve the range of food in the cafe
- Advertise the place better and show how much support they can give the public
- The interior is looking tired- would be nice to see if they could have help with this
- Help/support for all the activity groups

3. Please rate your experience as a regular club when using the centre?

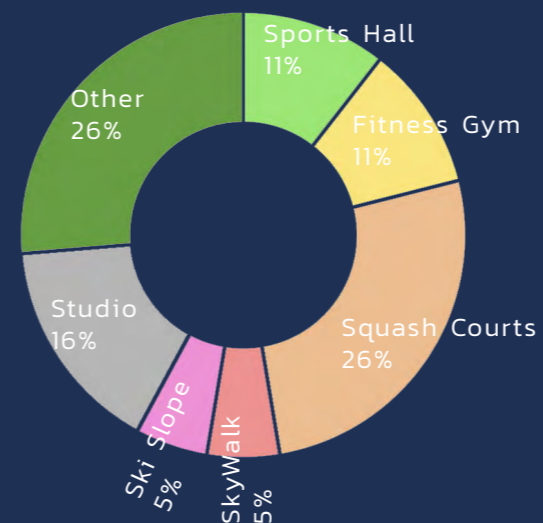
Of the 19 responses,

- 5 awarded 10/10
- 4 awarded 9/10
- 3 awarded 8/10
- 3 awarded 7/10
- 1 awarded 6/10
- 2 awarded 4/10
- 1 awarded 3/10

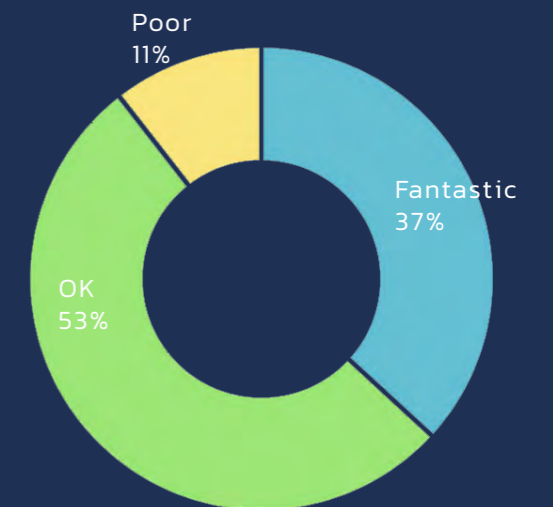
The weighted average score is: 7.79/10



4. Which area of the centre do you hire?



5. How would you rate the reputation of the centre?



03

STAKEHOLDER ENGAGEMENT

OVERVIEW OF FINDINGS

The two surveys combined with separate engagements with members of the Trust, customers within the centre, employees and representatives from the Folkestone & Hythe Council, provided invaluable information to support our business modelling, and was particularly helpful in developing the risk register.

Key reoccurring themes were around:

- Social value
- Need for investment
- Confidence in strategy
- General standards

EMPLOYEE SURVEY

The employee survey highlighted that 55% of respondents utilise either the gym or swimming pool outside of work, which is great to see staff members taking part in physical activity. However, 27% of respondents did not use the centre at all which is concerning and should be actioned to ensure that all staff members are encouraged to use the facilities. Not only is this good for their health and well-being but it is important to consistently see through customer eyes the service that is being delivered.

There were some key points raised in the survey that should be actioned by the team. For instance, the answers given to questions three and five noted several service issues such as not answering phones, communication, double bookings and staff rotas.

The employee survey also highlighted the thoughts of staff in relation to the future of the centre. When asked what they would spend £500,000's on, a mixture of responses were given. These ranged from better equipment to increased marketing, changing room refurbishments and improved repairs & maintenance. There are many synergies from these responses to our thoughts within the proposed options within this business plan.

OVERVIEW OF FINDINGS

The club survey highlighted that overall that clubs are happy with the facilities and services on offer at Folkestone Sports Centre. 26% rated their experience as extremely good and 37% of respondents rated the reputation of the centre as excellent. This is very encouraging.

However, within the question that asked about the things clubs would like to see changed, there are some areas that the team should look to action. For instance, there were multiple responses about the helpfulness of some members of the team, activity spaces not prepared for use at the right time and also comments about the cleanliness and presentation of the building. All of these aspects can be rectified.

Folkestone & Hythe District Council

Andrew Rush and Ewan Green shared their thoughts on a number of subjects relating to Folkestone Sports Centre and the future of the relationship.

Key items raised included:

- The Council would like more confidence in the participation numbers that are being provided by Folkestone Sports Centre Trust
- There is concern around the financial resilience of the Trust, with particular concerns raised around the current levels of borrowing and the economic environment
- The Council is not under any obligation to provide a grant for the operation, however there is no desire to remove it
- The nervousness around the Grant relates to the Council requiring more reassurance/confidence that their grant will contribute to their strategic outcomes rather than be used to offset liabilities
- A refreshed and detailed service level agreement setting out what will be delivered for the grant should be developed

FOLKSTONE
SPORTS
CENTRE