

Business Plan

November 2013 to March 2018



**TONBRIDGE & MALLING LEISURE TRUST
BUSINESS PLAN
NOVEMBER 2013 TO MARCH 2018**

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SECTION 1

1. VISION, MISSION STATEMENT AND VALUES

Tonbridge and Malling Leisure Trust (the Trust) will be operational from 1 November 2013 and will be responsible for the delivery of sport and leisure facilities on behalf of Tonbridge and Malling Borough Council (the Council). The Trust will operate the following facilities:

- Larkfield Leisure Centre
- Angel Centre
- Tonbridge Swimming Pool
- Poulton Wood Golf Centre
- The Games Hut at Tonbridge Racecourse Sportsground
- Bookings for Sports Pitches in Tonbridge

although there is the potential to operate other services for the Council and other organisations in future.

This Business Plan covers the period from 1 November 2013 to 31 March 2018 and had been developed to:

- enable the Trust to present to the Shadow Board the Plan for the first five years;
- act as a framework under which the Council will fund the Trust through the management agreement;
- identify the strategic direction and action plan for the Trust enabling effective monitoring of success and performance.

One of the main rationales for the development of a trust is the ability to invest any surpluses generated back into the leisure facilities. The Trust has developed a vision and a series of objectives which will set the context for its operation. The Trust's **Vision, Mission Statement and Values** are shown below.

1.1 Vision

The Trust's vision is ***'More People, More Active, More Often'***

1.2 Mission Statement

Our mission is to provide a **clean, safe and happy** leisure experience on an **inclusive** basis to residents and visitors to Tonbridge & Malling for the benefit of their **health and social well being**. We will achieve this in a **sustainable** way through **excellence** in our **people, policies and practice**.

1.3 Values

Our core values are:

- **Leadership** – we will aim to influence positively the community, our customers and staff to provide and benefit from sport and recreational facilities operated by the Trust.
- **Integrity** – we will act consistently, honestly and transparently in our dealings with partners, customers, staff and all other stakeholders.
- **Innovation** – we will explore the introduction of new products and services, driven by technology and ideas for the benefit of customers and staff.
- **Continuous Improvement** – we will strive to continuously improve in all we do and deliver using Quest as the industry benchmark to measure our improvement.
- **Accessibility** – in designing and delivering our facilities and services we will take account of the needs of the whole community.
- **Customer Focus** – we will place the customer at the heart of the design and delivery of our facilities and services. We will respond to customer complaint in a positive and proactive manner.
- **Teamwork** – we will work with partners, stakeholders, customers and staff to achieve common goals in the best interests of all parties. We will be tough on problems but soft on people.
- **Professionalism** – we will base our business upon learning, adoption of best practice and reliably delivering to a high standard.
- **Environmental Awareness** – we will proactively seek to minimise the impact on the environment of the facilities we manage and the services we deliver.

SECTION 2

2. KEY PRIORITIES

The following headline priorities have been developed

- **Participation** - Increased overall participation and, in particular increased participation by young people, over 50s, people on low income and families.
- **Awareness** - Increased public awareness of the benefits of 5 x 30 minutes exercise per week to achieve a healthy lifestyle.
- **Healthy Lifestyles** – Increased engagement with GP Referral, weight management and other health related programme activity.
- **Customer Satisfaction** – High measurable levels of customer engagement and satisfaction.
- **Social Inclusion** - Pricing and programming strategies to ensure accessibility and affordability to facilities for all.
- **Charitable** - Develop and deliver programmes and activities to underpin the charitable ethos of the Trust.
- **Environmental** – Operate and invest to reduce the environmental impact of the built facilities.
- **Quality** – Provide safe services of high quality measured against industry best practice.
- **Staff** – Recruit, select, train and develop staff resources in a consultative, inclusive manner.
- **Financial** – Build a financially viable, sustainable business with a solid revenue reserve. To act commercially as appropriate within a community setting.
- **Reinvest** – To build a capital reserve to enable future planned investment to ensure sustained and improved facilities and services to customers.

The Annual Service Delivery Plan will respond to the Council's stated requirements and desired outcomes. The Plan will contain Specific, Measurable, Achievable, Realistic and Timebound (SMART) targets allied to the Council's expressed requirements and the key priorities above.

The remainder of the Business Plan sets out the context for achieving these priorities through assessing the market the Trust operates in and the opportunities for future investment, together with the structure and operating/marketing plan. The financial implications and monitoring and review mechanisms are also presented within the Plan.

SECTION 3

3. FACILITIES AND SERVICES

The Trust will operate the principle leisure facilities owned by the Council comprising:

- Larkfield Leisure Centre
- Angel Centre
- Tonbridge Swimming Pool
- Poult Wood Golf Centre
- The Games Hut at Tonbridge Racecourse Sportsground
- Bookings for Sports Pitches in Tonbridge

These sites are a combination of multi-use wet and dry sports facilities and a golf centre which deliver a range of services and facilities to the residents and visitors of the Borough.

Programmes and activities which have been developed to meet the needs of residents and visitors to the Borough include:

- Gym based fitness
- Casual swimming
- Wet and dryside courses including swimming, gymnastics, trampolining and football
- Exercise class programme
- Casual dryside sports
- Dance
- Soft Play
- Health Suite comprising steam room, sauna and spa services
- Complementary health and beauty therapy services
- GP Referral, Phase IV Cardiac Rehabilitation and weight management courses
- Crèche services
- Meeting, seminar and training services
- Theatre, stage and cinema services
- Golf and related services

These facilities and services represent the current scope of operations. This will be reviewed on a medium to long term basis to ensure they continue to meet the needs of the local population and attract people who don't currently use the facilities.

SECTION 4

4. MARKET AND FINANCIAL ANALYSIS

The Trust has undertaken an analysis of the key factors which will impact on the business over the next three years through the utilisation of an extended PEST Analysis and an assessment of financial trends over the past three and five year periods. The outcomes of these are summarised below.

4.1 Extended PEST Analysis

4.1.1 Political

Tonbridge and Malling Borough Council is currently served by two Parliamentary Constituencies, and so two MPs, Sir John Stanley (Con) representing the Tonbridge & Malling constituency and Tracey Crouch (Con) representing the Chatham & Aylesford constituency. The Borough is further served by 53 councillors representing 26 wards. The Council is led by Councillor Nicolas Heslop (Con) and the political mix shows 48 Conservative, 4 Liberal Democrat and 1 Labour councillor. The Cabinet Member for Leisure, youth & Arts is currently Councillor Maria Heslop (Con).

In January 2002, Tonbridge & Malling Borough Council adopted the Leader and Cabinet system of decision-making after a major consultation exercise with the local community. The changes were made in direct response to the Local Government Act 2000 which required all local authorities to change the existing committee-based system to a method that would ensure more efficient, transparent and accountable decision-making.

The system has proved an efficient way of making clear policy and budget decisions. The Council operates a system of Advisory Boards which discuss issues and make recommendations on matters that will eventually come before the full Cabinet or be the subject of a decision by a Cabinet Member. Each Board is chaired by a councillor who is not a member of the Cabinet. The Board with client oversight of the Trust is the Leisure & Arts Advisory Board, currently chaired by Councillor Mrs Jeannett Bellamy (Con).

The Council will be subject to local elections in May 2015.

The Council aspires to provide excellent public services, good value for money and effective community leadership. This is reflected in its key priorities. These also reflect local and national issues as well as feedback from residents about what is most important in making an area a good place in which to live and what needs to be improved.

The current key priorities are set out in the Corporate Performance Plan for 2012/15 and comprise:

- Continued delivery of priority services and a financially viable Council.
- A clean, smart, well maintained and sustainable Borough.
- Healthy living opportunities and community well-being.
- Children and young people who are safe, involved and able to access positive activities.
- Low levels of crime, anti-social behaviour and fear of crime.
- A continuing supply of homes, including affordable housing to buy and rent, and prevention of homelessness.
- Sustainable regeneration of Tonbridge town centre and economic development in communities across the Borough.

4.1.2 Legal

The Council is governed by its Constitution which sets out how it operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.

A Local Code of Governance represents the framework that the Council has in place to ensure compliance with the legal and ethical requirements set out in the CIPFA/SOLACE guidance "Delivering Good Governance in Local Government". This guidance is built around the following principles:

- Community Focus
- Service Delivery Arrangements
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

Whilst the advent of charitable leisure trusts is not an immediately recent phenomena, The Localism Act 2011 is an important piece of legislation that seeks to disperse power and encourage Councils, voluntary organisations, charities and social enterprise to get things done, providing new freedoms and flexibilities for local government and new rights and powers for communities and individuals.

There is an ever-increasing amount of social, employment and health and safety legislation impacting upon the leisure industry. There is a need to incorporate legislation such as pension auto-enrolment into service and manpower planning. Health and Safety legislation demands increasing consideration to ensure a robust management framework and training. The 'costs' of failing to manage health and safety effectively, not least the consequence of litigation may potentially impact upon the nature and extent of activities that may be undertaken in future.

4.1.3 Economic

The national budget strategy and wider economic conditions continue to have a major impact on the Council's finances in the form of reduced grant from central Government, income from fees and charges and earnings from deposits in the context of low interest rates.

The other main source of income is council tax. Historically, the Council has charged less than the average amount for the district council part of the total council tax bill when compared with other district councils in Kent.

The latest projection puts the Council's 'funding gap' between expenditure and income in the order of £2.8 million over the life of the medium term financial strategy.

Other emerging Government-led initiatives likely to impact on the Council's finances over the medium to longer term include:

- welfare reform and our administration of housing benefit ending by 2017/18
- devolution of some aspects of the council tax benefit scheme to councils, with funding distributed to local authorities by Government reduced by 10%
- the ongoing impact of the Business Rates Retention Scheme
- devolution of setting planning fees.

Overall, the financial difficulties and uncertainty faced by the Council are unprecedented and will remain so for the foreseeable future. These are taken into account in the Council's Medium Term Financial Strategy with the aims of maintaining a minimum general revenue reserve balance of £2 million and achieving a balanced budget by the end of the strategy period.

The decision to transfer the operation of the Council's leisure facilities to a trust was based upon an options review that investigated the ability of revised service delivery arrangements to meet corporate priorities, maintain the quality of service, protect the Council's assets, be sustainable and provide financial savings. The new NPDO was considered to provide the best balance of these objectives and will contribute a Year One saving of c£400,000 rising to a mature saving over the life of this Business Plan in excess of £450,000.

Financial challenges for the Trust and the Council remain linked to household wealth, Government austerity measures, current high levels of unemployment, especially amongst young people and external influences such as the cost of utilities. To date the ongoing capital investment of the Council has helped the LSBU to achieve financial goals. It will be a challenge for both parties to continue to invest wisely with potentially scarce resources.

4.1.4 Social

Government policies and local determination to ensure social inclusion will also impact on the provision of services. Better access for the financially disadvantaged, elderly and people with disabilities mean a constant reappraisal of programme and access issues. The existing facilities have seen significant investment in recent years to meet the requirements of the Disability Discrimination Act.

The Equalities Act also places demand upon service providers to design and deliver services in an inclusive manner and consideration of the equalities impact is now a statutory and moral obligation.

In terms of workers rights social and employment legislation also dictates issues such as the minimum wage and careful consideration of contractual status for part time and casual employees/workers.

4.1.5 Technological

The rapid expansion of new technologies and user demand for them places an imperative on leisure operators to invest in hardware, software and training for staff to deliver the advantages. Competition to bring the latest technologies to the increasingly sophisticated market, particularly in the fitness element of leisure can result in customers switching loyalties regularly.

Similarly the use of the internet, social media and other means of electronic customer engagement are now critical routes to market. Streamlined access to booking and payment services integrated with leisure management software are also vital components for modern customers who demand access from fixed and mobile connections.

4.1.6 Industrial

The leisure industry remains generally buoyant, with an increasing number of options coming to market on a daily basis. Market reports, such as Mintel, do not anticipate a slow down in the near future and the consumer is faced with increasing opportunities in their available leisure time.

The leisure market is fiercely competitive and beginning to polarise, with some dominant brands in place nationally. It is a feature of the industry that the Trust model either as an independent NPDO, social enterprise or hybrid with the private sector is becoming dominant in place of the private sector in the late 1980/90s.

4.1.7 Environmental

More and more consumers are supporting Government initiatives to encourage 'greener' and environmentally ethical business decisions. Environmental stewardship and conservation will become critical to future planning of services and provision of leisure options and customers will demand assurance that these policies are in place.

Continued investment in energy saving initiatives will be vital to meet reduction targets and control a key area of expenditure. The potential of further green levies and the imposition of a carbon reduction commitment are threats to leisure operators, especially swimming pool operations.

4.1.8 Competition

The health and fitness market is fierce in the South East. LLC has a number of private sector gyms within a 5 mile radius, notably a premium David Lloyd Health & Rackets Club at Kings Hill. Main public sector competition is provided by Maidstone Leisure Centre sited the opposite side of the County town to LLC. The first competing 'budget' gym has recently opened at Kings Hill AC faces more direct competition in the town, notably from Peak Fitness, an independent private operator, the gym at Tonbridge School and the premium offering at Nizels GC. AC also competes with a growing range of school sports hall facilities. Both TSP and AC compete with public sector facilities at Tunbridge Wells, Sevenoaks and Edenbridge, while the swimming facilities at Tonbridge School also provides competition for TSP.

The potential for further entrants in the budget sector remains the greatest unknown competitive challenge. This genuine 'third sector' in the fitness market is firmly established and a number of Trusts have risen to the challenge by restructuring their own offer or providing their own budget offering.

4.2 Financial Analysis

In addition to the PEST analysis, an assessment of recent financial trends within the former Leisure Services Business Unit has been undertaken. An analysis of income and expenditure over the past five years at each of the leisure centres is shown in graphical form at **Annex 1**.

The headline messages from the trend analysis are as follows:

4.2.1 Income

- Overall income across the facilities fell between Year 1 (2008/09) and Year 3 (2010/11) by 1.6% but has subsequently risen between Year 3 and Year 5 (2012/13) by 8.5% or an average of 2.8% per annum. Scale of charges increases over this period have averaged around 2% so small real terms growth has been experienced.
- Key areas of income (The Big Three) are casual swimming, fitness and courses. In Year 1 they represented 68.1% of the total income but have risen to 75.5% in Year 5. In actual cash terms the increase has been 18.3% over the five year period, or an average of 3.7% per annum. In the past three years the average increase in income from The Big Three has been 5.0%.
- Conversely, income from all other areas, representing 24.5% of total income by Year 5, has fallen by an average of 3.6% per annum in the last five years but only 2.5% per annum over the last three.

4.2.2 Expenditure

- Overall expenditure across the facilities fell between Year 1 (2008/09) and Year 3 (2010/11) by 3.8% but has subsequently risen between Year 3 and Year 5 (2012/13) by 6.9% or an average of 2.3% per annum. However Year 1 is a distortion of the figures as a consequence of utilities purchasing policy meaning fixed term, fixed price contracts were in place. These were replaced in 2009/10 resulting in a drop in utilities expenditure between Years 1 and 2 expenditure of around 40% or £260,000. Flexible purchasing since that time has seen far more stable costs albeit increases in utilities prices remain a concern.

- Key areas of expenditure (in this case The Big Four) are permanent salaries, casual salaries, electricity and gas. In Year 1 these represented 67.3% of all expenditure. This has fallen slightly over time albeit remains fairly stable and was 64.5% in Year 5. The five year decrease remains distorted by utilities costs as outlined above with the three year increase of an average of 2.4% being more representative. Permanent salary increases over 5 years have risen by only 0.6% per annum, bearing in mind that no pay award has been made in the last three years.
- Expenditure in all other areas represents 35.5 % of all expenditure in Year 5 and has risen by 2.4% per annum on average over the five year period and slightly less, 2.2% in the last three years.

The key issues arising from the financial analysis are:

- Overall income performance is highly dependent on performance in The Big Three. The three market places suffer varying degrees of potential vulnerability which need to be guarded against over the life of this business plan.

Casual swimming is predominantly provided by the public sector and competition, therefore, is largely confined to other neighbouring local authorities including Maidstone, Tunbridge Wells and Sevenoaks. Industry intelligence suggests that casual swimmers are most likely to visit a pool based upon location. Price is relatively similar at competing facilities and as such is considered inelastic and a minor factor in choice albeit consideration should continue to be given to pricing strategy to reward regular and repeat visitors. The facilities provide a well invested and attractive mix of leisure, fitness, teaching, indoor and outdoor swim opportunities. However the outdoor provision is dependent on the weather in the summer months and income can be severely affected by a poor summer. At present there are no known plans for major investment in public swimming facilities within a 20 minute drive time and therefore the market is not considered vulnerable. Whilst it cannot be considered a market with major growth potential the Trust should ensure that marketing focuses upon the health benefits, low cost, accessibility and family opportunities.

Competition in the provision of courses, wet and dry is not limited to the public sector. An increasing number of privately operated swim schools are based at clubs and school pools, notably David Lloyd at Kings Hill and Tonbridge School. Dry side competition often arises from school sports hall facilities and private clubs. The relatively recent move to 45 week continuous assessment coaching schools payable by direct debit is believed to have provided some unique selling points for the Trust. Many customers appear to relate most

easily to public sector provision and customer satisfaction is high.

Ongoing customer contact and feedback is crucial to success and retention of children beyond primary school age should be a focus of attention. The market is currently a growth area but capacity is finite and services do remain vulnerable to competition and the economy.

Fitness is the most competitive market in which the Trust operates. The market mainly divides into three sectors; premium, middle market and budget. Premium competition in the area is provided by operators such as David Lloyd and Nizels GC (Club Company) and typically provides high end membership services and fees. The middle market is covered by competing public sector facilities and other operators including Tonbridge School and Peak Fitness. Budget presence is low with TruGym in Maidstone and the recently opened Infinity Gym at Kings Hill neither of which appear to compete on a damaging scale with Larkfield. However in the event one of the major budget chains (e.g. The Gym Group or Pure Gym) opened in the area it could provide very significant challenge to the middle market including the Trust's operation. In addition to this attrition within the marketplace is high, typically 4% per month in the industry, customers switch regularly and still only around 12% of the population are leading non-sedentary lives. Recent investment in the facilities and the use of effective pricing, retention and equipment strategies have seen strong growth in income over the past twelve months. However the market is fast moving and the need to keep pace with equipment trends, sales technology, market intelligence and activity is critical to reduce the vulnerability of this income stream.

- Overall income from all other activities has shown a marginal decline over the past three to five years. Separate more minor income streams will be segmented to provide greater understanding of areas of growth and challenge. Identification of individual trends, income downturn, stability and potential growth must be addressed within the context of The Council's service aspirations and the Annual Service Delivery Plan.
- Staffing represents the single greatest area of expenditure to the Trust. The need to attract and reward high quality staff across the operation should be matched by a fundamental review of structures, rates of pay, recruitment, training and development activity. The potential for additional extrinsic and intrinsic rewards over time should be explored. Resources should be continually reviewed to ensure they match service requirements and contract arrangements should be legal and transparent but provide sufficient flexibility to meet changing demand. Investment in young people through apprentice schemes will be encouraged and training to improve

individual development and succession will become the focus of a more coherent plan across the Trust.

- The Trust is responsible for utilities consumption and an increased focus upon green investment, management and operation is critical to reduce expenditure over the life of the business plan. Improved monitoring and analysis of energy consumption with clear reduction targets and activity identified in an Environmental Plan is essential. The Trust should also recognise and encourage environmentally aware practice by staff, contractors and customers. Energy purchasing should enjoy no less focus despite the tariff protection enjoyed by the Trust in the Management Agreement. Further benchmarking and review of the current arrangement should be undertaken jointly with the Council to ensure lowest cost is achieved.

4.2.3 Golf Income

Income from golf green fees has not been in the domain of the LSBU to date. It is difficult to analyse income from the past five years without accurate weather data. It would appear that the trend from 2008/09 to 2011/12 showed an annual increase roughly in line with inflation. Assuming scale of charges increases this suggests overall usage was generally stable but without growth. The exception to this was 2010/11 when poor Spring/Summer weather and a virtual nil return in December due to snow resulted in a downturn of around 10% on income.

However 2012/13, a year of exceptionally poor weather and, again a nil return due to snow in January resulted in the worst year in recorded history with income down 30% or around £184,000 on 2011/12. The London Olympics and Diamond Jubilee celebrations may not have helped and market intelligence suggests golf revenues across the UK are down in double digit percentage terms. However it is impossible to assess the overall trend and the Trust will have to be prudent in forecast and recognise the huge impact of poor summer weather and winter snow on revenues.

This situation is made more vulnerable by the exclusively 'pay and play' approach to charges which results in complete loss of income in inclement weather. The opportunity to create a core level of income through membership options is discussed later in this Plan.

SECTION 5

5. FUTURE OPPORTUNITIES

There are a range of future opportunities which are available to the Trust which broadly fall into three categories.

- **New activities or programmes** which deliver either increased participation for target groups or deliver increased revenue. These require little capital investment and can be delivered as part of the review mechanism for the programmes and activities, constrained within revenue budgets.
- **Capital investment** in facilities either to improve the service and offer to the local population or to increase revenue. This investment is subject to funding from revenue streams, grant funding or investment from Council and Trust surpluses.
- In addition the transfer to a Trust provides the opportunity for **cultural change**. This will include increased external engagement with the local community, building engagement programmes and positioning the Trust as a charitable organisation working directly for the health and wellbeing of residents and visitors. Internally the Trust may review the relationship with staff and partners to deliver a working environment that is professional, liberated, flexible and efficient. Above all the Trust will be customer focused in the belief this will lead to commercial success.

A SWOT analysis was undertaken involving a mixed group of senior and supervisory staff working in groups. The exercise was led by an external consultant and a summary of the outcomes considered critical and therefore of highest priority are reflected in the appropriate sections below along with other opportunities.

5.1 New Activities/Programme

5.1.1 Continuous Assessment Dryside Coaching Programme

The successful transition of the wetside coaching programme has led to a desire to undertake the same exercise related to dryside coaching activities. This has been deferred due to competing priorities but will be introduced, commencing in September 2013 with the Gymnastics and Trampolining Coaching Schools prior to the point of transfer.

5.1.2 Personal Training

The introduction of franchised Personal Training in the gyms at Larkfield Leisure Centre and Angel Centre will provide customers with an increasingly in demand service within the industry. It will also add a currently untapped income stream to the Trust. At Larkfield the introduction of a functional training area within the gym should make the opportunity more attractive to potential franchisees.

5.1.3 Golf Membership Options

Whilst it is important to maintain the ethos and accessibility of pay and play golf at PWGC the impact of poor weather on overall income needs to be recognised. The introduction of carefully researched membership options will help to stabilise and grow income. Liaison with the golf club may also help cement customer loyalty and increase appeal to potential members. The current demographic of PWGC customer is believed to show a significantly older profile than other clubs and options should be explored to widen the customer base. The ability to offer combined memberships with gym and swim memberships should also be explored.

5.1.4 Review of golf professional services

The current golf professional contract incorporates collection of green fees on behalf of the Trust, retail, teaching, driving range and buggy provision. The contract arrangement results in a payment to the contractor. The transfer of the clubhouse operation to the Trust and the imminent end of the current contract offers the opportunity for a complete review of the arrangement. The performance of the existing contractor has not been the source of concern and the start point of any review should incorporate consideration of the contractor's aspirations allied to the Trust's ambition for better integrated overall management of the site. The expiry of the current arrangement also sees the reversion of the driving range operation and income, originally invested in partnership with the contractor, to the Trust.

5.1.5 Consolidation of catering

Catering across the portfolio of sites operated by the Trust is delivered through a variety of arrangements. The contract at Larkfield Leisure Centre has over 5 years to run and provides good financial return. However the in-house arrangement at Tonbridge Swimming Pool has struggled to provide a consistent financial return for a variety of reasons and the existing external contract at PWGC has been the source of a recent reduction in financial return and the contractor has been on the brink of failure. This contract is subject to 12 months' notice on either side and this provides for a review of the service and potential for consolidation of catering arrangements.

5.1.6 Sales Commission

The introduction of a Sales Manager as part of the Trust's senior management team also provides the opportunity to review the current sales strategy and introduce commission arrangements linked to sales targets.

5.2 Capital Investment

The Council has agreed to transfer the LSBU earmarked reserve of £150,000 to the Trust as an initial capital reserve. The Council remains committed to the potential of future capital investment.

A number of capital schemes are currently under evaluation and this investment is expected to come via the Council. These are shown below:

5.2.1 New facility in Bradford Street

This major development is funded by Sainsbury as part of a wider town centre development agreement. The Trust is fully engaged in the design process and significant work has been undertaken to ensure an appropriate mix of facilities that will include sports hall, gym, fitness studios and meeting/community space. The opening of the facility will trigger a development break clause in the management agreement and it is anticipated that a significant reduction in the management fee will arise.

5.2.2 LLC Health Suite Refurbishment

The health suite at Larkfield is an integral part of the health and fitness offer to customers. The recent investment in the gym and studio facilities has had a positive effect on membership and income but the health suite facilities are tired and now in a poor state of repair. A complete refurbishment is under evaluation and will consider the range of relaxation and spa facilities now available. Whilst primarily supporting the £1m fitness market at Larkfield it is anticipated that a completely refurbished facility could drive additional discrete income through this area.

5.2.3 Energy Saving Initiatives (LED Lighting)

The importance of green investment is outlined in the opportunities outlined above and the Council is already committed to the evaluation of LED lighting, specifically in the Sports Hall at Larkfield Leisure Centre. Initial indication suggests that replacement of the 120 fluorescent lamps in the hall with LEDs could save 60% of the current energy costs.

5.2.4 Games Hut Redevelopment

Already identified within the Tonbridge Racecourse Sportsground Master Plan the redevelopment of the existing Games Hut to provide a larger, year round café facility is to be funded from an s106 developer contribution. The ability to provide a range of hot and cold refreshments to park users will be a welcome additional service and provide improved catering income through existing Tonbridge Swimming Pool resources. It is likely that the old hut will be retained, potentially as a store and a base for the Park Ranger, again enhancing the service at TSG.

5.2.5 Capital Reserve

It is not the ambition of the Trust to invest in capital improvements until the revenue reserve target is reached and the capital reserve may be increased and/or replenished through surpluses. A full review of further options either funded by the Trust or in partnership with the Council will be undertaken at that point in time. However a number of small schemes may be considered in the short term. These could include IT investment in terms of sales/marketing platforms and kiosk booking/admission units, front of house catering at TSP and PWGC, minor grounds/course improvements at PWGC, gym changing room improvements at LLC and reception desk at TSP. These opportunities will be further assessed in Year One to agree a funding plan and an assessment of when they should be introduced, with detailed feasibility studies for each of the opportunities to enable the Board to make a decision about the viability of each option in liaison with the Council.

One major capital development that has been given consideration in the context of the Tonbridge Town Centre in the past is the redevelopment of two or more of the squash courts at PWGC into a small gym/studio facility. The decision to build new facilities at Bradford Street effectively made this concept redundant however the opportunity to re-visit this major initiative in the light of changed arrangements at PWGC does still exist in the life of this business plan.

5.3 Cultural Change

5.3.1 Outreach

A commitment to outreach in liaison with other agencies will be a feature of the Trust and it's positioning in the community. Schools, community groups and care homes will be a target for direct engagement. Work with the Council to provide education and opportunity to local businesses and corporate groups will be increased.

5.3.2 Volunteering

The Trust will seek to develop volunteer opportunities to take advantage of the goodwill of residents. Properly trained, vetted volunteers can help add to the services provided by the Trust.

5.3.3 Contact Manager

Increased customer engagement, taking advantage of existing and improved collection of data will develop new relationships with customers, targeted at their expressed needs.

5.3.4 NPS Closed Loop

Again, a technologically led sophisticated understanding of individual customer comments and suggestions will be developed. Senior management commitment to the needs of customers will strengthen relationships and increase loyalty to the facilities.

5.3.5 Quest at PWGC

The introduction of Quest at PWGC, initially at Entry level will be pursued within two years of the transfer date. This will ensure a best practice, measurable set of industry standards are in place and effective at this facility. The option to increase the assessment to Plus level will be considered for the second assessment.

5.3.6 Staff Standards

The introduction of the new vision, mission and values of the Trust will form the cornerstone of staff induction. A review of staff standards and a new 'contract' with staff regarding performance and performance management will be introduced in consultation with staff representatives. The development of a staff handbook will be a priority.

5.3.7 Charitable Activity

The Trust will work with local and national charities to promote and develop the objectives of the Trust. Consideration will be given to creation of a fund to assist disadvantaged residents to achieve sporting goals. The Trust will continue to support national charitable initiatives that promote health and wellbeing.

5.4 Contracting Opportunities

It is expected that the focus for the Trust in the first 2 years will be to create and consolidate a sustainable operation which delivers the key priorities within this Plan. Following this the Trust may consider future contracting opportunities within and outside Borough boundaries in consultation with the Council.

SECTION 6

6. SENIOR MANAGEMENT STRUCTURE

The Trust requires a senior management structure and resources to enable it to operate as a standalone business capable of managing effectively and delivering on its objectives. The structure takes into account organisational and contractual requirements and the aspirations within the Business Plan:

- **Chief Executive** – Head of the Paid Service responsible for overall strategic and business direction. Reports to the Board of Directors and liaises with the Council's Client Team. Will lead for The Trust on transformation of PWGC and development of new facilities in Tonbridge Town Centre
- **Group Business Manager** – Deputises for the Chief Executive and acts as Company Secretary. Responsible for financial control and reporting and oversees business development, ICT, personnel and administrative arrangements.
- **Group Operations Manager*** – Responsible for overall operational management of facilities. Key responsibilities include health and safety, staffing, property and operations.
- **General Manager, Larkfield Leisure Centre** – Responsible for operational management of LLC including budgetary control, staffing, programming, health and safety and customer service.
- **General Manager, Angel/Tonbridge Swimming Pool** – Responsible for operational management of AC/TSP including budgetary control, staffing, programming, health and safety and customer service.
- **Head Greenkeeper, Poulton Wood Golf Course** – Responsible for greenkeeping and course management of PWGC including budgetary control, staffing and health and safety
- **Business Manager*** – Responsible for head office administration team. Other key responsibilities include development of IMS, personnel admin, ICT operation and contract administration
- **Building & Facilities Manager** – Responsible for health and safety framework, property and maintenance issues including service contracts.

- **Marketing Manager** – Responsible for strategic development and delivery of marketing plan including advertising and promotions.
- **Sales Manager*** – Responsible for development and delivery of sales strategy and operational management of sales teams.

6.1 New Posts

The three posts marked with an asterisk are new posts in comparison with the previous corporate structure. This is mitigated in part by the fact that currently there are two General Manager posts covering AC and TSP combined into a single post in the structure described above.

6.1.1 Group Operations Manager

The Group Operations Manager post recognises the need for significant change in the role of the Chief Executive in comparison to the existing Leisure Contracts Manager post that heads the existing LSBU within the Council's corporate structure.

6.1.2 Business Manager

The Business Manager post similarly recognises the demand placed upon the Group Business Manager compared to the existing Finance & Business Manager post within the LSBU. It also acknowledges the desire of TMLT to centralise administrative processes into a head office environment and away from contract sites.

6.1.3 Sales Manager

The Sales Manager role recognises the need to capitalise on the excellent health, fitness and swimming facilities developed by the Council and operated by the Trust. This commercially focused post will assist the Trust to deliver elsewhere on social health and wellbeing goals for the whole community.

6.2 Costs

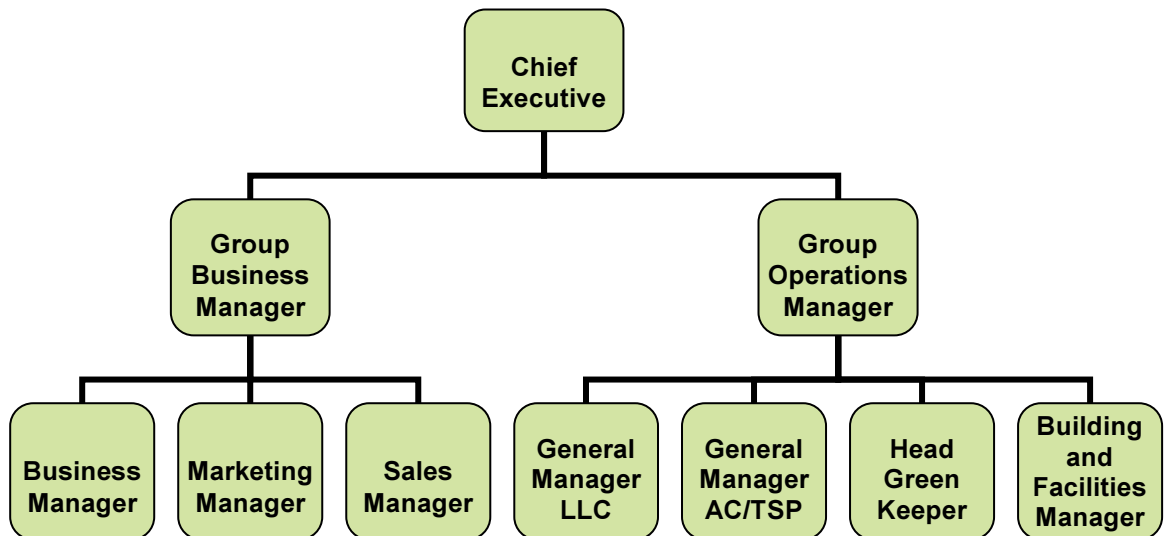
The cost of the structure is fully reflected in the Financial Plan and additional costs are justified and/or mitigated by a number of issues as follows:

- The addition of Poult Wood Golf Centre to the portfolio of facilities operated by the Trust demands a management focus to effect transformational change to the golf product and pricing structure. Administrative resources will also need to accommodate the income

- streams from this contract. In addition two major commercial contracts for the catering/clubhouse and professional services need to be managed effectively to draw the entire operation of the Centre into a single coherent management platform. This has been
- recognised by the Council and is reflected within the management fee
- The sales function across all sites, including PWGC requires professional execution by a dedicated individual. It is envisaged that the acquisition of a Sales Manager will result in additional income over expenditure and this will be reflected in the Trust's Financial Plan.
- Some incremental operational changes prior to or at the point of transfer will provide cashable savings to contribute to the growth in management costs.

6.3 Senior Management Organisational Chart

The senior management organisational chart is shown below:



SECTION 7

7. FINANCIAL PLAN

7.1 Five Year Financial Projections

Detailed five year financial projections for each facility have been prepared based upon current performance and the approved level of service fee. These are summarised in the table below:

7.1.1 Five Year Financial Plan Summary

FACILITY		TMLT BUDGET 13/14	TMLT BUDGET 14/15	TMLT BUDGET 15/16	TMLT BUDGET 16/17	TMLT BUDGET 17/18
LLC	Expenditure	998,590	2,124,227	2,174,682	2,226,386	2,279,372
	Income	(857,220)	(2,650,245)	(2,717,344)	(2,786,149)	(2,856,705)
	Net Position	141,370	(526,018)	(542,661)	(559,763)	(577,334)
AC	Expenditure	446,440	973,915	996,774	1,019,543	1,043,535
	Income	(306,360)	(894,518)	(916,908)	(939,858)	(963,384)
	Net Position	140,080	79,397	79,867	79,685	80,152
TSP	Expenditure	485,730	1,151,456	1,179,169	1,207,577	1,236,699
	Income	(321,110)	(1,120,030)	(1,147,305)	(1,175,239)	(1,203,850)
	Net Position	164,620	31,426	31,864	32,338	32,849
PWGC	Expenditure	108,870	380,227	389,925	399,879	410,097
	Income	(132,550)	(658,378)	(674,837)	(691,708)	(709,001)
	Net Position	(23,680)	(278,151)	(284,913)	(291,830)	(298,905)
HO	Expenditure		827,903	847,682	867,954	888,731
	Income	(476,390)	(281,250)	(275,350)	(269,600)	(264,000)
	Net Position	(476,390)	546,653	572,332	598,354	624,731
TMLT	Expenditure	2,039,630	5,457,728	5,588,232	5,721,339	5,858,433
	Income	(2,093,630)	(5,604,420)	(5,731,743)	(5,862,555)	(5,996,940)
	Net Position	(54,000)	(146,693)	(143,511)	(141,216)	(138,507)

Notes

- 2013/14 Budget is for a five month period only. Head Office expenditure is included in the LLC Budget and Head Office income includes the Service Fee and other additional income.
- From 2014/15 onwards the Head Office expenditure is identified explicitly and income consists solely of the Service Fee and recoverable VAT.

7.2 Operating Surplus Target

The financial projections in the table above do not incorporate the further aspirational surpluses that the Trust will target in the annual revenue estimates. The Trust has an operating surplus target of £250,000 per annum across the life of the Business Plan and this target will form the basis of negotiation of any gain share with the Council.

7.3 Revenue and Capital Reserve Plans

7.3.1 Revenue Reserve

It is the ambition of the Trust to establish a Revenue Reserve of £500,000 at the earliest opportunity. This represents approximately two months of the Trust's payroll costs and provides a level of security and sustainability reflective of the overall size of the organisation.

Once the Revenue Reserve aspirations have been met, it is the Trust's intention to transfer additional surpluses into a Capital Reserve.

7.3.2 Capital Reserve

An initial Capital Reserve of £150,000 established from LSBU surpluses prior to transfer will be deposited in the Trust's account by the Council at the point of transfer. It is the intention to ring fence this Reserve exclusively for reinvestment in the facilities and services managed by the Trust.

SECTION 8

8. MARKETING STRATEGY

The dynamic nature of the leisure market requires a clear strategic approach to marketing.

The strategic aims of the Trust are based upon research and analysis of the market, competitors and the strengths and weaknesses of the Trust's own facilities and services, many of which are described in this Plan.

Similarly the existing and target markets are described within the Business Plan. The ambition to improve customer relationships, knowledge and understanding are a part of the aspirational cultural change and will assist in segmenting and targeting customers. Commitment to the National Benchmarking Service and other research will help to continually inform the strategic approach.

Clear understanding of the Trust's market position and the value of its products and services ensure that unique selling points are understood and become the focus of marketing activity. These customer benefits will be delivered through an effective mix of marketing tools including advertising, PR, word of mouth, pricing, promotions, website, social media and other electronic means.

This strategy will be delivered through a discretely funded Annual Marketing Plan (AMP) focussed upon the key priorities within the Business Plan and the targets and objectives of the Annual Service Delivery Plan.

The AMP will promote the vision and mission statement of the Trust and focus on raising the profile of each facility to the target market.

The key objectives within the AMP will include:

8.1 Research

- Develop a research programme incorporating the National Benchmarking Service, industry intelligence and local user and non-user surveys.
- Utilise socio demographics for local area to target market

8.2 Education/Awareness

- Develop a programme of public education and awareness based upon national healthy living campaigns and information
- Raise awareness of the Trust and provide customers, staff and stakeholders with information related to performance

8.3 **Communications**

- Identify a range of marketing media, including ICT and social networks to establish effective communication to all customers and stakeholders

8.4 **Sales/Retention**

- Design advertising and promotional campaigns to support the Trust's Sales and Retention Strategies

8.5 **New Business**

- Respond to new business opportunities identified through research, industry developments and expressed customer and stakeholder demand
- Generate revenue through co-ordinated sponsorship opportunities

8.6 **Revenue Generation**

- **Fitness** – Utilise the marketing mix, promotions and pricing strategy to increase income and membership yield
- **Swimming** – Promote the family and health benefits of casual swimming to increase repeat visits and uptake of membership options
- **Courses** – Ongoing development of programmes to improve coaching school customer retention. Promotion of direct debit payment option

8.7 **Healthy Lifestyles**

- Develop initiatives to increase young people's participation in active leisure pursuits
- Promote a programme of activities that offer equal access opportunities to the community

8.8 **Advertising and Promotions**

- Implement a planned programme of advertising and promotion

8.9 **Customer Service**

- Promote high standards of customer service and respond proactively to customer feedback

SECTION 9

9. PREMISES AND EQUIPMENT

9.1 Premises

One of the key assets the Trust has is the built facilities which it operates and it will be important to maintain these to continue to deliver a reliable, consistent and progressive service. The Trust will work in liaison with the Council's Property Service to ensure this objective is achieved. Close liaison with the Council over the delivery of the Building Repairs Reserve Expenditure Plan will be complemented by the Trust's own Planned Preventative Maintenance approach to plant and equipment. PPM, defect reporting and response are operated through the use of the Workflow Asset Management software at each site. Bi-monthly liaison meetings at each site with Property Services representatives will ensure close monitoring of all key tasks.

9.2 Equipment

An inventory of major equipment at all sites is reflected in the Capital Renewals Schedule. A dynamic schedule, managed proactively in liaison with the Council's Financial Service, this ensures replacement of equipment upon life expiry throughout the term of the agreement with the Trust. The schedule is funded by the Council and provides reassurance to customers of continuing quality of provision.

SECTION 10

10. PERFORMANCE MONITORING AND REVIEW

The Trust will monitor its performance through a range of local performance indicators which will cover the key priorities described in this Plan and the specific outcomes delivered through the Annual Service Delivery Plan.

The following headline indicators will be used to monitor the performance of the Trust against the key priorities;

10.1 Participation

- Overall usage of Trust facilities measured against Year One baseline.
- Direct Debit/Annual members across all categories
- Attrition

10.2 Healthy Lifestyles

- Number of GP Referrals
- Number of Lighter Lifestyles customers

10.3 Customer Satisfaction

- Overall Viewpoint satisfaction
- Individual Viewpoint Category satisfaction
- Accidents per 100,000 visits
- Number of RIDDOR Reportable Accidents

10.4 Social Inclusion

- Number of Leisure Pass holders

10.5 Environmental

- Usage per M²
 - Electricity
 - Gas
 - Water

10.6 Quality

- National Benchmarking Service
- Quest scores
- Mystery Shopper scores
- Call Focus scores
- External Health and Safety Audit scores

10.7 Staff

- Overall staff satisfaction
- Sickness and Absence monitoring

10.8 Financial

- Overall Surplus
- Income monitoring
 - Casual Swimming
 - Courses
 - Fitness
- Expenditure monitoring
 - Staffing
 - Utilities
- Health and Fitness Direct Debit yield
- Income per item of Fitness equipment

10.9 Reporting

These performance indicators will be presented to the Council on a quarterly basis which will form part of the performance review undertaken in partnership with the Council.

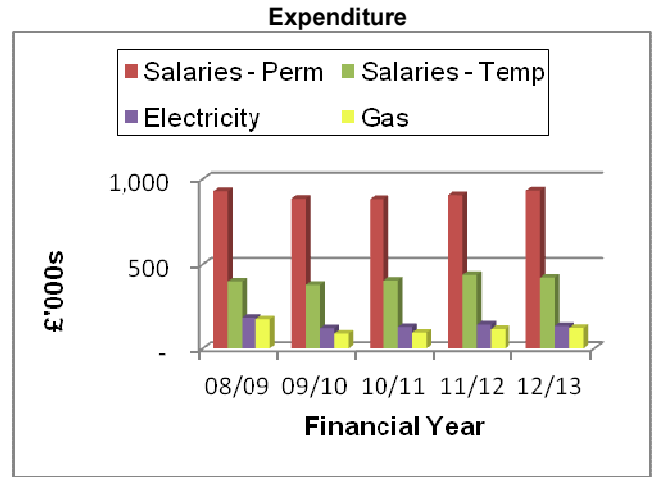
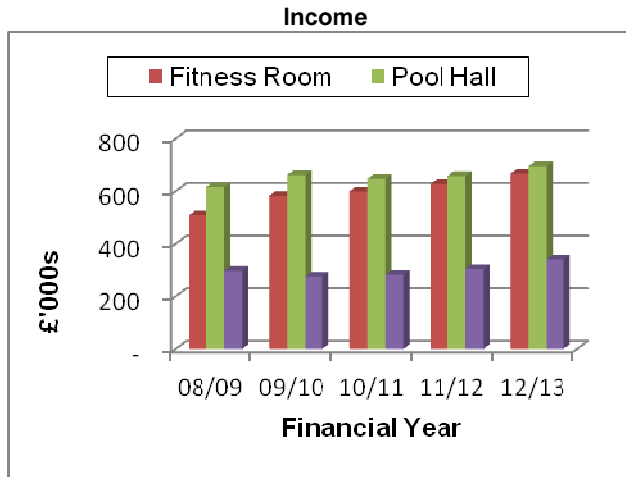
The business plan will be reviewed on an annual basis and performance against the Financial Plan measured on a monthly basis.

It is the intention of the Trust after Year Two to produce an annual performance, impact and outcomes report.

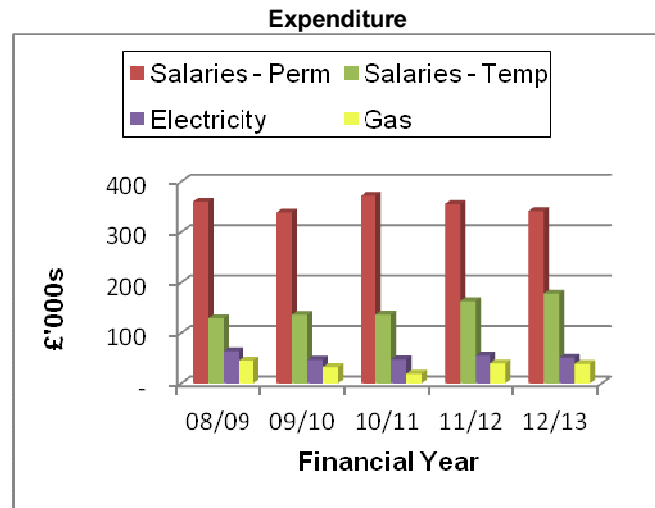
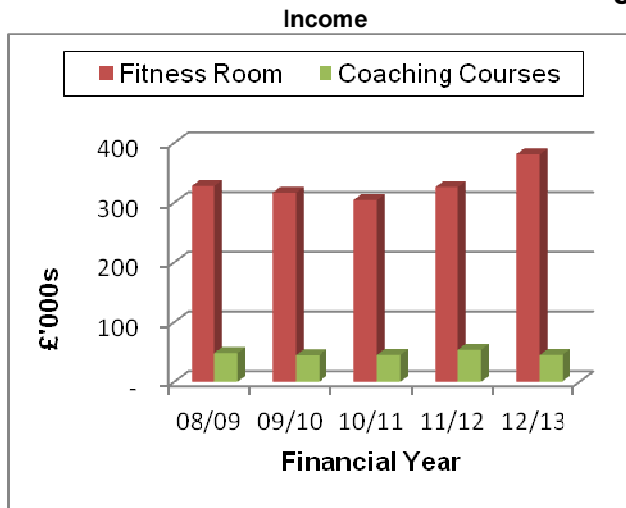
SECTION 11

11. ANNEX 1 – Financial Analysis of Five Year Trends

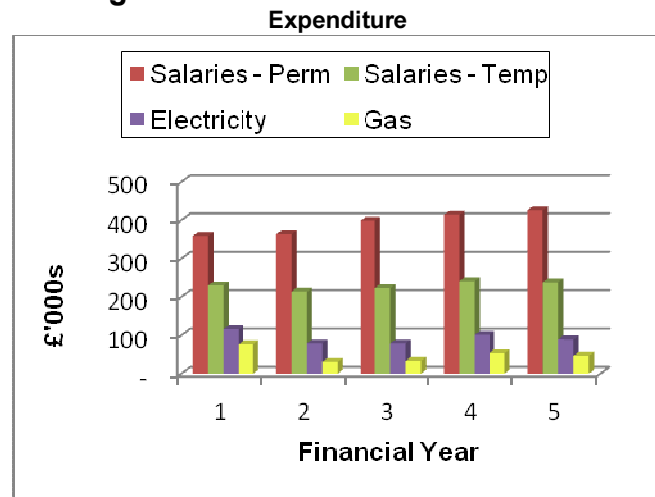
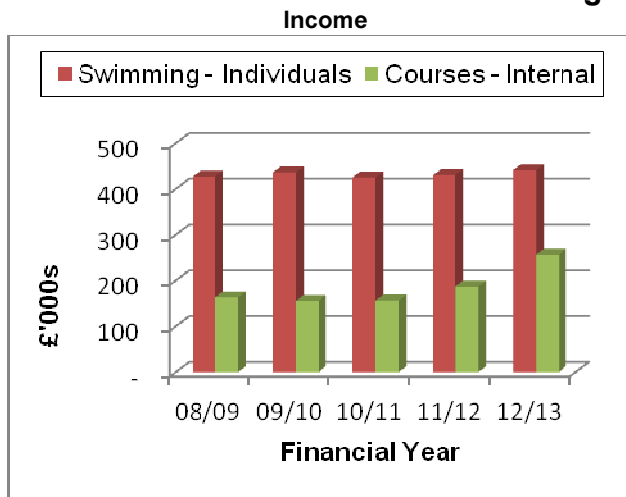
Larkfield Leisure Centre



Angel Centre



Tonbridge Swimming Pool





*Working in
partnership with*

