

Bay Leisure Ltd



Annual Business Report
Financial Year 2009/10

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Executive Summary



Bay Leisure Ltd (BLL) performed well in its second full year of operation. The LC grew year on year (YOY) in both income and visitor numbers and delivered a YOY reduction in costs. It was a very strong performance in a year that saw a global recession and with significant economic and financial uncertainty both nationally and locally for individuals.

The LC Programme

The LC programme remains focused on the 3 main areas: Edge (waterpark); Peak (health, fitness & spa) and the Core (sports hall, Climb and Play).

The focus in the second year was to try to grow all areas of the business YOY. The Business Plan reflected this, targeting significant membership growth in Health and Fitness, which was achieved, and targeting usage and income growth in nearly all income lines. Growth was achieved in total income, visitor numbers and in all individual lines with the exception of the waterpark and Climb.

Food and beverage remains a key area both in terms of driving secondary spend but also in impacting the atmosphere in the centre and encouraging a social element to customers' visits. This area showed excellent YOY growth.

Marketing

The marketing focused on impacting the two major financial drivers i.e. the waterpark and Health and Fitness, whilst continuing to grow awareness of the LC brand.

There was increased working with partners and a greater involvement with the various tourism bodies in Swansea and SW Wales during 2009/10.

Team and Facility

Team - The focus in year two was on greater health & safety training and awareness for the team. It also saw the introduction of the LC service training programme "ROCS – Recognised for Outstanding Customer Service".

The team structure has changed during the year to better reflect the needs of the business including the introduction of a General Manager role for the LC.

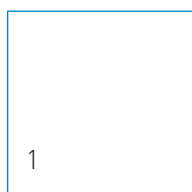
Building maintenance - Building maintenance remains a high priority at the LC, both day-to-day tasks and ongoing planned preventative maintenance. The second year saw a greater focus on ensuring the building stayed well presented with any issues responded to quickly. A "Planned Preventative Maintenance Measures" report from the City and County of Swansea also confirmed a high level of planning and delivery in this area.

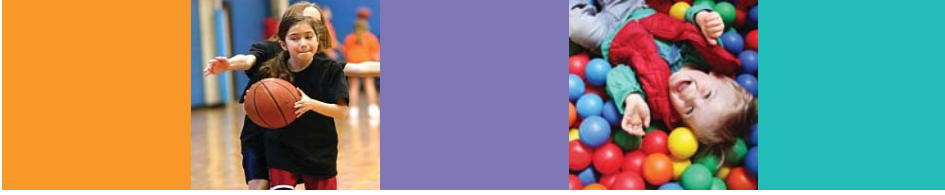
Finance

Actual over performance/(Loss)	Business Plan	Variance
Year to 31 March 10		
£401k	£0k	£401k
Period to 31 March 09		
£25k	£43k	(£18k)
Period to 31 March 08		
(£25k)	(£43k)	£18k

Performance against previous Leisure Centre

	LC Year to 31 March 2010	LC Year to 31 March 2009	Old Leisure Centre Year to 31 March 2003
Income (excluding Management Fee)	£2,796k	£2,456k	£1,298k
Visitor Numbers	615k	544k	598k





The LC Programme



Facility programmes in the LC are designed to meet the widest practical range of community leisure needs and expectations, in sympathy with the strategic aims of the council, seeking to embrace Swansea's Climbing Higher Strategy and Action Plan.

The Food & Beverage department complements the programme at the LC, adds to the experience and is a key secondary spend area.

Climbing Higher – More People, More Active, More Often

The Welsh Assembly Government's long term strategy for sport and physical activity sets out strategic direction for Wales for the next twenty years. The Swansea Climbing Higher Strategy is Swansea's commitment to support this national strategy. The LC is committed to contributing towards Swansea's Climbing Higher strategy. Within this, **Physical Activity** is defined as "all movements in everyday life, including work, recreation, exercise and sporting activities". The LC, through the nature of the activities it offers, can play a key role in contributing to increasing levels in Swansea.

The LC contributing to the Framework Groups

- Active Adults
- Active Young People
- Developing Participation, Performance and Excellence
- Target Groups

Active Adults

The focus in this area is on ensuring accessible formal and informal services and programmes are available to increase a broad range of adult participation.

In the LC, the programming and participation in the following areas contributes to this focus area:

- **The Edge waterpark** with 93,000 adult visits in the year has encouraged a large number of adults to take part in physical activity through a water park visit.
- **The Boardrider** has proved a very popular attraction for adults with over 3,000 attendances in the year.

- **The Peak health & fitness** has had 197,000 adult visits during the year. As part of this there have been 53,000 group exercise visits within a programme that offers over 70 hours of group exercise every week.

- **Older Adults** – there have also been 3,000 visits to the various sessions run weekly targeting older adults (50+).

- **The Core: Sports Hall** – there are a wide range of sessions offered weekly for adult sport and physical activity in the sports hall. In the year there were over 10,000 adult sessions undertaken.

Climb – The indoor climbing wall offers a great opportunity for adults to take part in an activity they may never have had access to before. In partnership with Dynamic Rock, the LC offers a professionally run indoor climbing programme which has held 500 adult sessions during the year.

The "LC Cobras" Running Club – The LC Cobras is an affiliated running club which caters for beginners through to competitive runners. The club has a regular and growing membership.

The LC Swansea 5k series – The LC has worked closely with, and is the main sponsor for this series of runs on the Swansea Bay sea front. The series is now called 'the LC 5k' and has over 1,000 adult participants.



Active Young People

The focus in this area is on ensuring that accessible formal and informal services and programmes are available to increase a broad range of participation for young people between the ages of 0 – 25.

- **The Edge waterpark** with 113,000 junior visits in the year has encouraged a large number of juniors from the area to take part in physical activity through a waterpark visit. Often the visit is undertaken as a family so also generates a positive family experience where all members of the family take part in physical activity together.

Theme sessions for the waterpark were specifically introduced to encourage young people to take part. **Adrenalin night**, which takes place on a Friday, Saturday and Sunday, has had 7,000 visits in the year. It involves upbeat music, themed lighting and includes the Boardrider in the waterpark session. It is aimed mainly at the teenage market. **Safari mornings** have been introduced on Saturday and Sunday mornings. These are aimed mainly at younger children coming with their parents. Again, this includes appropriate music and the addition of animal floats in the wave pool.

Aqua Tots is a parent and child waterpark session. These daytime sessions have proved extremely popular with over 2,700 attendances in the year.

The Boardrider has also proved to be a very popular attraction for young people with over 1,500 visits in the year.

- **The Peak Health & Fitness** – The Peak has seen high visitor numbers to the gym and to group exercise. The Peak membership currently stands at about 3,800 members with about 40% of members being under 25. Estimated visits by under 25s was 95,000
- **Play** – The interactive play area, located in the reception of the LC, is the first to incorporate interactive projection techniques in a soft play structure. The area primarily caters for children from 3 months to 10 years and has had over 37,000 visits in the year.
- **Tumblies** has been developed as a physical play session for pre school children and their parents. There have been 962 visits to Tumblies in the year.
- **Snugglebugs/Chatterbugs** are baby massage and baby sign sessions for babies through to 30 months. There have been 1,023 visits to these sessions during the year.
- **The Core: Climb** –The indoor climbing wall offers a great opportunity for young people to take part in an activity that they may never had had access to before. There were 1,572 child climbing sessions in the year
- **Sports Hall** – There are many activities offering young people the chance to take part in physical activity. In total there have been 26,205 child sessions in the sports hall in the year.
The LC requests that all sports clubs that operate from the LC also operate junior coaching as part of their programme wherever possible and that these should be open to all. As a result the following take place:



Netball – Apex run a junior programme alongside their adult programme.

Basketball – Swansea Storm run a strong junior programme including under 11s, under 16s and under 18s.

Badminton – ICE also operate a strong junior coaching programme alongside their adult programme.

The LC also runs the following in-house programmes:

- **Gymnastics** – the LC runs a weekly pre-school gymnastics session
- **Fun Football** – the LC runs a football session every Saturday morning to give a first taste/ introduction to football for young children
- **Rugby, circuit training, short tennis** are all held at the LC to encourage specifically 8 to 16 year olds to participate in physical activity and sport
- **Swans Soccer academy** – Swansea City Football carry out their winter training at the LC
- **Cricket** – Swansea College have their cricket lessons in the nets at the LC in the winter months

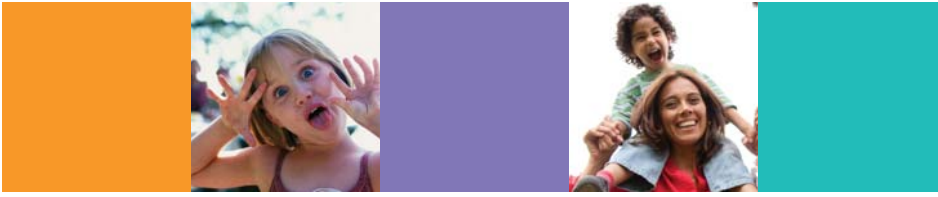
The LC Swansea 5k series – The LC has worked closely with, and is the main sponsor for, this series of runs on the Swansea Bay sea front. The LC sponsors the junior section of the run. The races have over 1300 junior participants.

Events – The LC has staged a number of events, tournaments and competitions, including the Girl Guide centenary celebrations. There have been 2,746 junior visits to events during the year.

Schools – The LC works closely with the Local Education Authority and schools to promote greater participation in physical activity both during the school day and outside it. There have been 5,458 school visits during the year.

The work with schools has included but is not limited to:

- Free school sports hall usage
- Schools & colleges – visits and tours around the LC with talks from staff members – to support classroom/ curriculum work
- Christmas Banner Competition – opportunity for all school children in Swansea to design a Christmas Banner for the LC – the winner had their banner produced and displayed and they won a class visit to the water park
- End of term school visits to water park
- Fundraising support/ raffle prizes – the LC has supported a large number of fundraising initiatives organised by schools and PTAs
- Outreach - Water Safety talks at schools with Tommy Turtle Mascot



Developing Participation, Performance and Excellence

The focus in this area will be on supporting CCS's agreed priorities and programmes with the National Governing Bodies and improving structures and standards for all age groups from entry level participation through to professional sportsmen and women.

Through discussions with CCS, the following sports have been identified as priorities in the LC and the below participation numbers have been achieved in 2009/10:

Sport	Participation No.
Netball	6,205
Badminton	8,785
Basketball	8,996
Disability sport	896

Target Groups

The following groups have been identified through Welsh Assembly Government Objectives and Council research and the focus is to ensure appropriate arrangements are made to encourage these target groups to participate in healthy lifestyles and recreational activities.

Women and Girls

Netball

As a focus sport at the LC, netball is important in attracting women and girls to take part in physical exercise. The netball programme is run by both Apex and the LC, with opportunities to play as part of a club or at weekly session. There have been over 6,205 netball visits during the year.

Group Exercise

The group exercise programme in Peak also attracts a large number of women to participate in physical activity. Over 70% of the 53,000 visits were female.

Spa Sessions

Weekly single sex spa sessions have been introduced as a direct result of feedback from women customers and ethnic groups. There were over 40,000 spa visits during the year.

People at Risk of Lifestyle Related Diseases

GP Referral

The LC is proud to be part of the CCS GP referral scheme. The LC runs three sessions a week currently and is proving a popular destination with participants.

The LC offers extremely good value rates for these classes for the sixteen weeks of the programme. There is also an introductory rate on membership to help the transition of the customer at the end of these sessions.

Lifestyle Club

This is an educational programme over 8 weeks giving advice and helping customers change their habits relating to exercise and healthy eating in a supportive social group structure.

Walk @ the LC

As part of "Walking Swansea Back to Health", a CCS initiative, the LC has launched Walk @ the LC. This offers guided walks from the LC to promote physical activity in a controlled and social structure. This also links with the exercise referral programme but will be open to all.

Socially & Financially Disadvantaged

The LC has implemented a number of schemes designed to support the socially and financially disadvantaged. These include:

- The LC recognises and offers discounts to holders of CCS's "Passport to Leisure" scheme. There have been 21,194 PTL visits in the year
- Introducing loyalty cards in a number of parts of the business offering a free visit/product after four have been paid for – currently "Splash card" for the Edge waterpark and Play (30,000 given out) and a "Coffee loyalty card" for hot drinks.



- Reduced sibling rates for Play
- Last hour reduced entry to the water park
- Swansea resident card offering reduced waterpark entry price to all residents within CCS area (20,000 registered)
- Over 60 and Student reduced entry rates offered
- Car park fee – half amount refunded when using the LC
- January 10 – half price waterpark entry Monday to Friday promotion

Disabled

The LC is one of the most accessible Leisure complexes in the UK. There have been almost 3,000 disabled visitors in the year

Facilities

There are 7 wheelchair accessible shower, change and WC rooms with emergency pull chords – two of which incorporate a wash down bed and automatic lifting hoist. There are 3 wheelchair accessible WC rooms with emergency chords, 5 wheelchair accessible shower areas and 11 ambulant changing cubicles. Each sanitary facility also has accessible wash hand basins and dryers.

There are many other aspects of the centre which support accessibility including plentiful disabled parking spaces, a tactile plan of the centre at reception, hearing loops, lifts to all parts of the LC and wheelchairs for use on poolside and for entry into the water in the water park.

Management/ Operations

The facilities are supported through the management systems and staff training including:

- inclusion training for staff
- access statement on the website
- fast track queuing
- carers go free

Open Access Advisory Group

The LC also organises an open access support group representing different groups with access needs or expertise. This group had been meeting throughout the development and opening of the LC. The group still meets with the CEO to discuss issues and give advice on access matters.

Autistic Spectrum Disorder and the Boardrider

Recently the LC has organised surfing sessions with GSD on the Boardrider for young people with Autistic Spectrum Disorder working with the Out of Hours Learning Co-ordinator at CCS. This has resulted in an ongoing booking being agreed for this to continue over the coming year.

Schools

Relationships with schools are vital with visits for pupils regularly organised. This includes Pen Y Bryn special school who have visited with sixth form pupils for a tour and a talk from a staff member.

Social Services Mental Health department

Social Services, Mental Health department, also worked with the LC during the next year to provide sports hall activities, waterpark and gym based activities to their clients.

Swansea College

Swansea College have a weekly booking for their special needs students PE session.

The LC Programme

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Over 50s

Over 50s Programme

The over 50s has been a key focus for daytime activity in the LC. The in-house programme currently consists of 3 sessions per week including:

- Aqua Aerobic classes
- Easy line classes
- Group Exercise classes.

Badminton

There is a weekly over 50 badminton session.

Tea Dances

Tea Dances have been very popular since being launched at the LC and these are planned regularly in the future.

In total there have been 3,000 over 50's visits during the year from the various activities listed above.

Ethnic minorities

The LC operates an equal opportunities policy but will also try to meet any particular request or needs from specific groups or minorities. This has been demonstrated by the introduction of **women only spa** sessions and the subsequent increased use of the spa during these sessions particularly by the Black Ethnic Network (BEN) The LC has hosted a number of **Muslim wedding celebrations** and is seeing an increase in enquiries regarding future bookings of this type.

There are also a significant number of gym members from ethnic minorities.

There have been almost 50,000 ethnic minority visits during the year.

Food & Beverage (F&B)

The F&B operation is clearly impacted by the number of visitors to the LC with the Bistro particularly reliant on waterpark visitor numbers. It has been particularly encouraging to see YOY growth in this area. This year again has shown that when the LC is busy F&B delivers strong income and good margins.

The Coffee Shop and Bistro

These two outlets remain the focus for F&B in the LC. The Coffee Shop is open all day seven days a week, whilst the Bistro opening hours are in line with the waterpark opening hours.

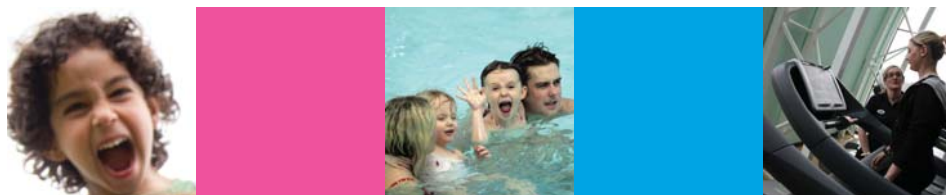
The Coffee Shop remains branded as a Segafredo Coffee Shop. The menus for both areas have been reviewed and re-printed which has proved popular with the customers. This has also had a direct and positive impact on the turnover and profitability of this outlet.

Events and Parties

F&B plays a key role in the delivery of children's parties. During the year the LC hosted 283 children's parties.

F&B is an integral part of our regular function bookings in addition to our events calendar. One of the largest, which F&B contributes to, is The Coastal Housing AGM which caters for over 400 people and has already booked for the 3rd successive year at the LC.

Marketing



Following a successful 1st year for the LC, the main focus for the 2009/10 Marketing plan was to increase awareness of the range of facilities available and programs offered.

The key audiences continue to be primarily residents within the City and County of Swansea whilst also focusing on the visitor market to promote the LC as a tourist destination.

The Marketing Plan for 09/10 maintained a high level of activity to communicate our key messages and profile the facility as a first class health and fitness facility and visitor destination in the heart of Swansea.

Edge

The marketing of the waterpark saw an increase in activity in an attempt to reverse a decline in waterpark visitors year on year. The marketing strap line 'Made for Memories' was introduced to recognize the special place in people's memories that the old centre had and to capitalize on this with the LC.

Leaflet distribution targeted over 1,500 locations across South Wales and radio / newspaper advertising was continued locally. The "Get Wales Wet campaign" was launched prior to the summer with a link to water safety for children and schools outreach. During the autumn of 2009 the LC developed and staged the first ever "Wales' National Children's Day" in aid of the charity Ty Hafan and promoting parents spending time with their children. This resulted in over 1,500 visitors to the LC on the day, with support and involvement from the Ospreys, the City and County of Swansea and Mark Jermin Stage School along with many other local businesses. Other campaigns which ran during the year included: 'Kid's go free' and the January campaign "50% Sale" for the second year in succession.

The Swansea Residents card continued to grow with over 18,000 households registered and over 30,000 Splash loyalty cards issued.

Peak

Year two saw the membership grow by over 800 peaking at over 3,700 members. Membership was promoted in a number of different ways including leafleting, door drops, banners, newspaper advertising and radio link ups. The introduction of a new member referral scheme saw existing members supporting the growth with over 650 members choosing to recommend a friend to the

LC gym. Member benefits / privileges were also introduced and plans to expand on this concept will continue. Overall the marketing activity stimulated over 6,000 gym enquiries.

Website

Further functionality and investment was made to improve the content and navigation of the LC website. Vital work was done with Google rankings and overall visibility of the LC site on the web. The introduction of on line class booking for members was popular with members and reduced traffic through reception. There were just under 10 million hits and over 300,000 unique visitors to the site over the year. This was up 52% against the previous year – a very positive and important growth YOY.

Database

Data capture methods have continued to improve. The large database which can be broken down by usage and areas of interest enables us to communicate to our customers through SMS text and E-Newsletter which are quicker, cheaper and very effective. The database grew to 58,000 household records, almost 14,000 e-mail addresses, and 24,000 mobile numbers.

Events

The LC played host to a huge variety of sporting events throughout the year including the Welsh National Badminton Championships, the Welsh Amateur Boxing Finals (Televised by the BBC) and even an American Wrestling night. We also hosted non-sporting events including the Tourism Swansea Bay Marketing Road show, the Girl Guides centenary celebrations and a number of career and exhibition events through the year.



Retail

The retail offering has developed and grown during the year. This has included developing a bespoke "Tommy the Turtle" range including LC branded cups, T shirts and even a Tommy soft toy. Retail income total was £37,120 for the year which represented a 129 % growth YOY.

Awards

During 2009/10 the LC won the following awards:

Swansea Life Awards – Best Attraction 2009

Swansea Life Awards – Overall Winner 2009

Visit Wales' most visited paid for attraction in 2009



Team and Facility



Team

The number of team members employed has grown to 139. This is a mix of full and part time. A General Manager role has been recruited to replace the previous "Head of Operations" role. The role is to take complete ownership for the operation of the LC. As the role started in February 2010, the focus is to ensure the full induction and effectiveness of this role going forward. Team retention continues to be a key measure and an ongoing focus.

Total sickness days were 379 meaning an average of 5 days per team member (full time heads equivalent). This compares favourably with the national average of 8 days per year (as per the CIPD Annual Survey Report 2008.)

- Weekly managers' meeting with an agenda point on H&S
- A strong relationship with the EHO department in CCS has been developed. They have been pleased with the progress made in accident control particularly on the Master Blaster and the Boardrider.
- Accident & Incident reporting – a robust process has been developed. This includes all accidents being followed up within 48 hours and ensuring any accident even if no injury is caused being recorded – this accounts for a slight increase in YOY recording.

BLL Investment in the LC

During the second year of operation BLL has continued to invest in the LC. Including:

- Climb auto belays and timers £17k
- Additional Gym equipment £20k
- Colour copier and printer £3k
- Additional cleaning equipment £3K

Significant investment is planned in 2010/11 including:

- A new waterpark feature (to address the YOY decline)
- The creation of a Junior gym with interactive equipment and dance mats
- H&S work including fencing and additional Play barriers

Health & Safety (H&S)

H&S continues to be a priority for BLL. A robust structure is in place to ensure H&S is taken seriously, reviewed and constantly improved throughout the LC. This includes:

- Monthly management review meetings with the CEO, General Manager and the Maintenance Manager
- Quarterly team H&S committee meetings (minutes displayed in the staff room)

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Description of accident figures	2009/10 Figures	2008/09 Figures	2009/10 as % of total visits	2008/09 as % of total visits
Total accidents	1289	876	0.2%	0.2%
Riddor reportable	58	48	0.009%	0.008%
Waterpark	523	457	0.085%	0.084%
Materblaster	362	230	0.059%	0.042%

Building maintenance

This remains a high priority at the LC. A Planned Preventative Maintenance (PPM) software programme (Shire) is installed and continues to be developed.

During 2009/10 there was an inspection by the City and County of Swansea to "demonstrate to CCS that the Trust are fulfilling their obligations in respect to the responsibilities identified within the business plan." The report concluded:

"The staff have implemented an effective maintenance regime....All systems are being well maintained and a robust Service and Maintenance regime would appear to be in place, resulting in all Assets being maintained satisfactorily by the Trust."

Finance



The financial performance in BLL's second year was very strong. The business plan was achieved with a surplus of £400k.

Company performance

The LC's strong financial performance in the year was particularly notable given the challenging economic climate. Business plan income was overachieved by 5% with actual expenditure being 6% below business plan. Year on year income grew by 10% whilst the cost base was reduced year on year.

The growth in income whilst retaining control of the cost base was a key factor in generating the level of positive net result seen below.

The business will need to retain and develop this ability going forward to maintain the levels of performance seen.

Summary Profit and Loss Account for Year to 31 March 2010

The company generated £401k surplus in the full financial year. The overhead recovery rate was strong, representing the income generated (excluding management fee) as a proportion of expenditure.

	2009/10	2008/09
Income	£3,890k	£3,515k
Expenditure	£3,489k	£3,490k
Surplus	£401k	£25k
Overhead Recovery Ratio	80%	70%
Subsidy per visitor	£1.13	£1.95

Summary Balance Sheet as at 31 March 2010

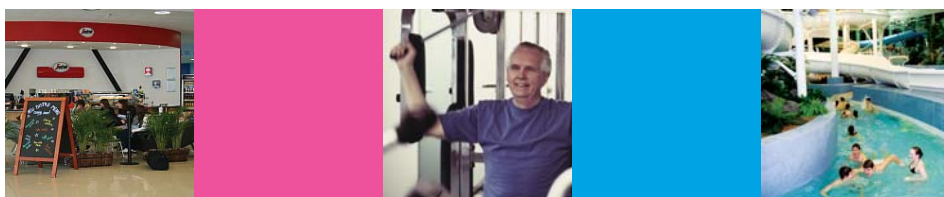
This shows the assets and liabilities of the company as at 31st March 2010.

Fixed Assets	£28k
Current Assets	£1,375k
Current Liabilities	£1,001k
Net Assets	£402k
Capital and Reserves	£402k
Shareholder Funds	£402k

Summary Cash Flow Statement for Year to 31 March 2010

This shows the company has been cash positive in the year, increasing its cash balance by £518k.

Profit per Accounts	£401k
Fixed Assets Movement	£14k
Decrease in Debtors	£124k
Increase in Stock	(£14k)
Decrease in Creditors	(£7k)
Increase in Cash Balance	£518k



Income and Visitor numbers by departments -

This illustrates that the Edge and the Peak are the key financial drivers in the business and also drive the highest visitor numbers. The "other" category includes special events and party visitors.

	Income 2009/10	Visitor Numbers 2009/10	Income 2008/09	Visitor Numbers 2008/09
Edge	£820k	267k	£975k	291k
Core	£199k	75k	£137k	59k
Peak	£1269k	239k	£914k	155k
Food & Beverage	£393k	n/a	£353k	n/a
Management Fee	£1094	n/a	£1,060k	n/a
Other	£115k	34k	£76k	39k
Total	£3890k	615k	£3,515k	544k

Health and Fitness Membership Analysis (v 2008/9)

The membership analysis shows the impact of high student and young person membership. This resulted in periods of growth during the academic year with corresponding drop out at holiday times.

	2009/10	2008/09
Membership at beginning of year	2,921	1,000
Joiners	3,367	3,736
Leavers	2,524	1,815
Net Movement	843	1,921
Membership at end of year	3,764	2,921

Bay Leisure Ltd

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This report is available in Welsh on request.

Mae'r adroddiad hwn ar gael yn Gymraeg ar gais.