



REPORT TO: Audit and Governance Committee

MEETING DATE: 17 September 2013

BY: Bill Axon, General Manager, **enjoyleisure**

SUBJECT: **enjoyleisure** Management Report

1 PURPOSE

- 1.1 To update elected Members on the current status and progress of Enjoy East Lothian Ltd (**enjoyleisure**).

2 RECOMMENDATIONS

- 2.1 To note the report.
- 2.2 To acknowledge the continued success of **enjoyleisure** in its four years since formation.

3 BACKGROUND

- 3.1 Enjoy East Lothian Limited was established by East Lothian Council in October 2009 to manage and develop their indoor and outdoor leisure facilities for the benefit of the communities within the area described as East Lothian.
- 3.2 As a company limited by guarantee with charitable status, we do not have a share capital. We are also known as a Non Profit Distributing Organisation (NPDO).
- 3.3 Our corporate objective is to bring a business focused approach to the management of leisure services with all profits generated being retained for service, activity and facility improvement. However, this is required to be achieved by ensuring we meet the social objectives of both East Lothian Council and Enjoy East Lothian Ltd.

Performance including staffing

- 3.4 I am pleased to report we have returned a surplus for the period 1st April 2013 – 31st March 2013. Although it should be noted the level of our success is not only calculated by our ability to make financial surpluses, it is also measured by our social performance.

- 3.5 We take our responsibilities in becoming a fully inclusive organisation seriously by ensuring wherever possible there are no known barriers (including affordability) to accessing facilities, activities or employment opportunities. Our strength is that our services and facilities are accessible and offer exceptional quality and value for money. To achieve this objective we currently work in partnership with East Lothian Council with regards the appointment of a dedicated member of staff to evaluate all access matters.
- 3.6 With regards increased opportunities for individuals with disabilities, we have launched East Lothian Disability Swimming Club at Musselburgh Sports Centre. This is the first club of its kind in East Lothian and is the result of many months of discussion and planning with East Lothian Council, Scottish Swimming, Scottish Disability Sports and **enjoy**leisure.
- 3.7 The club is led by members of **enjoy**leisure staff who have gone through specific training in teaching and coaching aquatics to children and adults with a disability/additional support needs.
- 3.8 **enjoy**leisure conducted its first employee survey in May 2013. The purpose of the survey was to measure employees' views and attitudes about their job and working environment on issues such as levels of motivation and commitment within the workforce, how well staff work as teams, relationships between employees and their line manager and responding to customers.
- 3.9 The questionnaire consisted of 50 questions, which were in the form of statements and rated in a four point scale ranging from "Strongly Agree" to "Strongly Disagree".
- 3.10 In total 175 employees were identified as eligible to participate, with a responses received from 114, giving us a healthy response rate of over 65%. This included vocational trainees, temporary staff but excluded casual/relief staff.
- 3.11 This response rate is sufficient to permit reliable analysis in terms of the workforce as a whole.
- 3.12 A number of outcomes of this survey are worth noting:
- **All** respondents (100%) said they enjoyed the work they do and the vast majority also find their work rewarding
 - Virtually all respondents stated they understood the needs of customers and most felt that customer complaints were taken seriously.
 - Almost all respondents said they are treated fairly by their line manager and most feel valued, with a large majority having confidence in the decisions taken by management.

- The results clearly provide evidence of a “no blame culture” within the organisation as virtually all respondents felt able to admit mistakes.
- Over two thirds felt that senior management had a clear vision for the future, while 75% had confidence in the decisions taken by management.
- Three out of four respondents feel that equality at work is taken seriously within **enjoyleisure**.
- 93.7% of respondents would recommend **enjoyleisure** as a good place to work.
- 88.5% proud to tell people they work for **enjoyleisure**.

3.13 I am also pleased to report that with regards industrial relations we have had:

- No industrial relations problems.
 - No major negative customer complaints.
 - No reportable Health and Safety incidents
- or
- No service days lost for any reason other than essential maintenance.

3.14 The current staff turnover within **enjoyleisure** is estimated at fewer than 4%.

3.15 In 2009 a total of 2143 days were lost to sickness absence, this fell to 1309 in 2012 a reduction of 39%. This has had a positive impact on the service we provide and results in savings of both cover costs and loss of productivity.

3.16 **enjoyleisure** introduced the Living Wage to staff during 2013.

3.17 Employee consultation meetings (Connections) happen at each of the Sports Centres twice per year. This provides staff the opportunity to meet with the General Manager and other members of the Senior Management Team and ask any questions, voice concerns and provide suggestions in a relaxed informal session. These have proven to be a very successful method of communicating directly with staff

Connections meeting are organised on a monthly rotational basis, this allows for two sessions per annum at each site. A number of issues have been raised within a broad range:

- Business updates
- Business development

- Operational issues
- HR Issues
- Site specific matters
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3.18 **enjoy**leisure operates with an open and welcoming attitude to customer feedback. Under the slogan, “enjoy talking” we actively encourage members of the public to communicate with us and put forward any comments, compliments or complaints they have about the service. Feedback can be provided by:

- Completing the enjoyleisure customer comments form, available at all facilities.
- Contacting us online, through the dedicated comments form on the **enjoy**leisure website.
- Verbally, by speaking to a member of staff on site.
- Contacting the Sports Centres / Head Office directly by telephone, email or post.
- 124 comments have been received from customers between 1st January and August 2013

3.19 Providing targeted concessions is also priority for **enjoy**leisure. We have continued to provide access to affordable fitness and swimming for those on low income, unemployed, the disabled, carers, students etc. This is achieved through working in partnership with the Council in terms of an access scheme sponsored by East Lothian Council.

3.20 Maintaining a safe and enjoyable experience for all our customers is paramount. This is recognised by our membership in the Leisurewatch Scheme.

The Leisurewatch Scheme was developed to help protect vulnerable adults and children and gives **enjoy**leisure staff the confidence to recognise, assess and help manage the risk presented by individuals who exhibit certain behaviours in our facilities.

This is an annual membership scheme which includes training for all frontline staff and managers, a thorough assessment of the facilities to gauge risk, a reporting system linked directly to the Police and mystery visits to test the resilience of the systems in place.

As a result of the training given to staff to recognise suspicious behaviour displayed by potential abusers.

It is also worth noting that all operational staff employed by **enjoy**leisure has attained (as a minimum) the National Pool Lifeguard qualification

Financial Performance

- 3.21 Please see attached appendix a.
- 3.22 I am pleased to report that following an external audit conducted by our appointed auditors we have again returned unqualified accounts for the period 1st April 2012 and 31st August 2013. These will be presented to the Board later this month.
- 3.23 I can also confirm there were no major observations of concern highlighted within the audit.
- 3.24 We also continued generate surplus throughout this period.
- 3.25 Due to the current economic position regarding the financing of public bodies, the management fee from ELC has reduced year-on-year. In 2011/2012 this fee equated to **52.8%** of **enjoyleisure**, this figure fell to **49.1%** during 2011/2012 and to **47.7%** during 2012/2013. This means a reduced cost for Council tax payers in East Lothian but with a greater return with regards participation, opportunity and increased service delivery.
- 3.26 Surpluses generated during the periods 2010/2011 & 2011/2012 exceed those in other Trusts
- 3.27 Management costs as a percentage of staff costs are the lowest in the benchmarked group (Trusts)

User Statistics

- 3.28 There has been a dramatic increase in the attendance at fitness classes throughout the County. A new fitness timetable is introduced each quarter and the number of classes offered per week has risen from 124 in spring 2010 to 240 in autumn 2013.
- 3.29 To encourage teen participation, special after school Teen Gym sessions have been introduced and teen Metafit classes have also started.
- 3.30 A teen membership has also been introduced, which is aimed at attracting this "hard to reach" group to access sport regularly.
- 3.31 We have maintained our competitive pricing for casual users and introduced our direct monthly membership scheme at the very accessible price of £29. This is one of the most affordable available in Scotland and has replaced the plethora of membership cards available previously available. This leads to lower administrative costs, increased loyalty and better income forecasting.

- 3.32 By August 2013, there were 2979 members in the direct debit scheme contributing 78k income in that month.
- 3.34 The free swims programme during the summer for children between the ages of 5 – 16 allowed over 25,000 young people to enjoy **free swims** during the summer holiday period.

The Future

- 3.35 Over the next twelve months we will build on our success by continuing to explore new and improved ways of working. This will be achieved by using every available resource, including untapped staff ideas, experience, qualifications and expertise. We will invest in new ideas and innovation, to ensure customers' visits are both safe and enjoyable.

We will continue with our upgrading and refurbishment programme of 'Bodyworks' during 2014.

Energy efficiency is an area we take very seriously and we will continue to work with partners to develop and introduce processes and services that seek to reduce environmental damage and waste. We will continue to be focused on managing and reducing (wherever possible) the environmental impact of our business. This included the installation of solar panelling at Dunbar Leisure Pool, which reduces costs on site

We are also committed to carrying out in depth customer consultations, which will allow Enjoy to determine a positive way forward based on customer expectations and requirements.

We have invested £8000 in purchasing defibrillators and training units for each of our six main sites these will become operational shortly. The model that we have purchased is fully automated and is capable of interpreting a victim's heart rhythm and automatically delivers an electric shock with minimal input from the operator. When the AED is switched on, it speaks in a computer-generated voice that guides the operator through the procedure.

As the membership scheme is a critical income stream for the business a key focus in the coming year will be to further develop and grow numbers using appropriate marketing techniques.

We are working closely with the Department of Work and Pensions and have recently become a 'Work Place Academy' providing genuine qualifications, real training and work experience, leading to increased job opportunities for participants. This will be followed next year by offering Modern Apprenticeship opportunities for both staff and DWP nominated candidates.

Two recent major investments have been a new sports hall floor at Dunbar Leisure Pool and the purchase of new cafe furniture to enhance the customer visit.

4 EQUALITIES IMPACT ASSESSMENT

- 4.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

5 RESOURCE IMPLICATIONS

- 5.1 Financial – There are no implications
- 5.2 Human Resource - There are no implications
- 5.3 Business – There are no implications

6 BACKGROUND PAPERS

- 5.1 Appendix a

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DATE	17 September 2013

FINANCIAL PERFORMANCE

Appendix a

The following is an extract from the Statement of Financial Activities of Enjoyleisure for the year to 31 March 2013.

	Unrestricted Funds	Restricted Funds	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Incoming resources				
Incoming resources from generated funds:				
- Voluntary income	-	33,509	33,509	94,500
- Management service fee	2,675,592	-	2,675,592	2,731,596
- Investment income	73,962	-	73,962	113,196
	<u>2,749,554</u>	<u>33,509</u>	<u>2,783,063</u>	<u>2,939,292</u>
Incoming resources from charitable activities:				
- Membership fees	608,574	-	608,574	306,858
- Services	2,392,466	-	2,392,466	2,319,377
	<u>3,001,040</u>	<u>-</u>	<u>3,001,040</u>	<u>2,626,235</u>
Total incoming resources	5,750,594	33,509	5,784,103	5,565,527
Resources expended				
Charitable expenditure:				
- Membership services	5,654,091	69,192	5,723,283	5,435,423
- Governance costs	16,440	-	16,440	16,422
Total resources expended	5,670,531	69,192	5,739,723	5,451,845
Net incoming resources before transfers	80,063	-35,683	44,380	113,682
Gross transfers between funds	-18,893	18,893	-	-
Net incoming resources before other recognised gains	61,170	-16,790	44,380	113,682
Actuarial (loss)/gain on retirement benefit scheme	-515,000	-	-515,000	-590,000
Net movement in funds	-453,830	-16,790	-470,620	-476,318
Total funds brought forward	5,663,674	69,325	5,732,999	6,209,317
Fund balances carried forward	5,209,844	52,535	5,262,379	5,732,999

All activities of the charity relate to continuing activities.

The surplus for the year is £44,380 (2012: £113,682). Excluding gifts, donations and defined benefit pension scheme realised movement, the underlying surplus from activities for the year is £41,171 (2012: £51,682). The income from direct funding was £2,675,592 a decrease of £56,004 on 2012. Income from direct funding as a percentage of total income has dropped to 47% (2012: 50%): this is a drop of 10% from the first period following the date of transfer when the percentage was 57%.

The income from the charity's activities was £3,001,040 increasing £374,805 on 2012, the reasons for which include increased take up of monthly memberships following the offer revision in May 2012 along with increased participation levels in swimming lessons and increase in re-sale income.

Enjoy received a donation of £8,209 from The Molly Keith Trust and, matched by Enjoy, was used to fund the purchase of pool toys at Dunbar Leisure Pool.

Expenditure on charitable activities, excluding defined benefit pension scheme adjustments, has increased by £278,860 on 2012. This increase reflects the higher usage in the Centres. Employee related costs have increased by £69,213 due to an increase in the Head Office team and a fixed term management consultancy cost. Property costs have increased by £67,334 due to a revision in waste water charges and increases to gas and electricity costs from price and usage. Supplies and Services has increased by £120,009 mainly due to an increase in Tool and Equipment costs resulting from increased usage of facilities and purchase of items for re-sale.

There are no significant one-off items of expenditure charged to the statement of financial activities in either 2013 or 2012.

All costs incurred were in support of the key objectives of Enjoy.

At 31 March 2013 the FRS 17 valuation of the pension scheme resulted in a net pension liability of £547,000, this is recognised in the Balance Sheet. The valuation has resulted in an actuarial loss of £515,000 being recognised in the Statement of Financial Activities in the year. The balance on the pension fund will change annually according to economic conditions and the Trustees will keep the position under review.