

Report	East Lothian Council Audit and Governance Committee
Author	Bill Axon
Date	1 <sup>st</sup> December 2015
Action	To note

## 1. Background

1. In October 2009, Enjoy East Lothian was established to manage, under contract, sport and leisure facilities and services on behalf of East Lothian Council.
2. The management of the leisure services contract, which covers five major sites owned by East Lothian Council namely:
  - Aubigny Sport Centre, Haddington.
  - Loch Centre, Tranent.
  - Meadowmill Sport Centre by Tranent
  - Musselburgh Sport Centre
  - North Berwick Sport Centre

With a sixth facility owned wholly by Enjoy East Lothian Ltd:

- Dunbar Leisure Pool

There a significant number of other managed satellite facilities throughout the County, which include:

- Grass Pitches and Pavilions.
- Synthetic Pitches both 2g and 3g.
- Seasonal Facilities (putting, pitch and putt, Bowling etc.).
- Various Tennis Courts.
- Golf Courses (Musselburgh Old Course and Winterfield, Dunbar).

Bill Axon, General Manager  
0131 653 5202  
[baxon@enjoyleisure.com](mailto:baxon@enjoyleisure.com)

[www.enjoyleisure.com](http://www.enjoyleisure.com)

Delivering services for East Lothian Council. Enjoy East Lothian Ltd, also known as 'enjoy' and 'enjoyleisure'. Scottish Registered Charity Number: SC040527



3. Enjoy is a charitable organisation limited by guarantee. Its specific objects are contained within its Memorandum and Articles of Association.
4. The objectives are expressly established “for the benefit of East Lothian”.
5. In order to secure charitable status, it had to be demonstrated that Enjoy was entirely independent of East Lothian Council and that the relationship between the two parties was genuinely at “arm’s length”. Anything that might be perceived to be a degree of control by the Council over Enjoys business activities would have led and or could lead to a failure to be registered as a Charitable Trust and a consequent inability to secure acknowledged community benefits.
6. The Council does, however, exercise contractual control over Enjoys management of the agreed leisure sites. Thus a contract between the Council and Enjoy whereby Enjoy provides the Council with leisure services as specified in the contract at the named facilities in return for payment of a management fee.
7. Accordingly the various services are to be provided to an adequate quality and there is a default mechanism, common with most leisure management contracts, applying should service levels fail to meet required standards.
8. The leisure sites are leased to Enjoy (with the exception of Dunbar Leisure Pool), for a peppercorn rent. In general Enjoy is responsible for the day-to-day upkeep of the premises, and the Council is responsible for the structure.
9. All of the employees engaged in the provision of the services are directly employed by Enjoy.

## **Headline Achievements**

Enjoy has like all other services within the Local Government framework has been challenged by the economic downturn and the current positioning of service funding. However, Enjoy has seen continuing growth in our membership numbers, which are paid by direct debit on a monthly basis. This has allowed Enjoy to more readily cope with the reduction in the contract payment made by East Lothian Council, which between 2009 and 2015 is in the region of 13% (£360,000). This is a significant saving for the Council and Council Tax payers, however, with a positive outcome of increased, accessibility, business activity and users.

During this stage of our business development, the contract income as a % of total income has reduced year-on-year to 36.80% for the financial year 2015/2016. This is a reduction from the previous year of 38.35%. The same applies to contract income as a % of total costs, which is currently 39.35% from the previous year of 40.72%.



The following are a number of initiatives worth highlighting, which evidence the practical support Enjoy provides in meeting some Council aims:

## **COUNCIL OBJECTIVE: INCLUSION**

### **Disability Activities**

Across East Lothian, enjoyleisure actively supports and encourages the participation of all ages and abilities within our Sports facilities. Through specialist websites: [www.disabledgo.com](http://www.disabledgo.com) and [www.euansguide.com](http://www.euansguide.com) we provide detailed descriptions of the access and facilities available within our Sports Centres for disabled users visiting us on a casual basis.

The disability coached activity programme provided by enjoyleisure and local clubs, offers customers access to athletics, badminton, archery, bowling, multi-sports, fitness classes, swimming lessons (for both infants and children) and a dedicated swimming club which has members that compete at a national level.

enjoyleisure also most recently supported local disability athletics club, Lothian Leopards and Scottish Disability Sport with the purchase of 4 running bikes, to assist individuals with disabilities affecting mobility, balance and coordination.

### **Administering the Council's Access to Leisure Scheme**

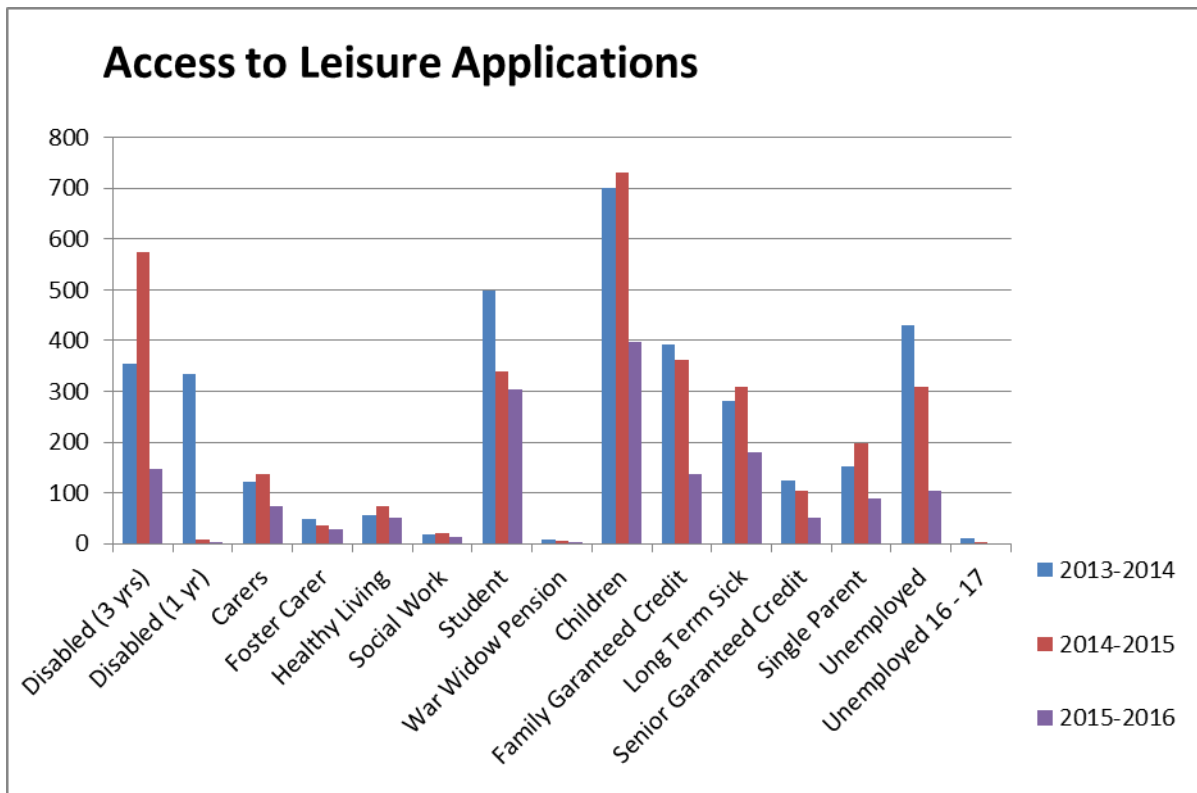
enjoyleisure manages all of the Access to Leisure Applications on behalf of East Lothian Council.

The Access to Leisure Scheme provides entry to enjoyleisure facilities for £1 per activity between 9:30am – 4:30pm Monday - Friday and discounted entry at all other times for individuals who qualify for the scheme.

Applications for the last 3 years are as follows:

<b>Applications to date</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016 (YTD September 2015)</b>
Total	3527	3207	1579

In October 2013, the "Access to Leisure" Scheme, replaced the previous Leisure Pass Plus initiative. The new scheme amended the validity of the 'Disabled Criteria' from 1 year to 3 years. This subsequently is reflected in the number of applications received for this category decreasing significantly in 2015-2016.



### Access to Leisure Admissions

	2013-2014	2014-2015	2015-2016 (YTD September 2015)
<b>Access to Leisure</b>	<b>63,273</b>	<b>57,108</b>	<b>33,369</b>
Bodyworks Gym	12,584	10602	5896
Crèche Activities	1978	1952	858
Dry Activities	828	1636	911
Dry Coached Activities	3578	3586	2886
Free Weights Room	3013	1646	653
Grass Pitch & Pav Income	56		
Hall Hire	4630	2797	1319
Health Suite	5189	4114	2274
Keep Fit Classes	6587	6625	3501
Room Hire	20	20	55
Soft Play	411	269	182
Swimming	17034	16172	9489
Swimming Lessons	6562	7034	5024
Wet Coached Activities	803	655	321



## Female Only Sessions

The number of female only swimming sessions has decreased over the years, as more focus has been made to provide evening swim sessions to accommodate both our male and female customer base. This change has been welcomed by our customers and with increased pressure to provide access to swimming pools for clubs; adult only sessions appeal to both our male and female customers.

We do however continue to offer Ladies only nights at Aubigny (Tuesday evening 8:30pm – 9:30pm) and at North Berwick Sports Centre (Monday evening 7:30pm – 9:30pm).

## Senior Activities

In conjunction with our partners within East Lothian Council and NHS via the HALP group, the enjoyleisure fitness class timetable actively highlights and promotes the “Low Impact” fitness classes available within our sports centres across the county. Indicated with a ❤️ these low-impact classes have been identified as being suitable for those individuals who are looking to improve their health or activity levels.

These classes include: Aqua Circuits | AquaFit | Ballet Stretches | Functional Fitness | Funky 50s | Pilates | Seats & Beats | Stretch & Strength | Swimming | Yoga | Yoga-lates | Zumba Gold.

In total there are 62 ‘Low Impact’ Classes on the Fitness Class Programme: over 22% of the classes on offer.

In addition we offer dedicated Senior Gym Sessions at Dunbar Leisure Pool and Senior Only Swim Sessions at North Berwick Sports Centre.

## COUNCIL OBJECTIVE: HEALTH & WELLBEING

### Free Swims

enjoyleisure has continued to support the East Lothian Council initiative to award Free Child Swim sessions to under 18s throughout the 6 week summer holiday period.

### Total Free Swim Attendances

	2013	2014	2015
Aubigny Sports Centre	3,675	3,035	3,679
Dunbar Leisure Pool	15,625	15,252	14,628
Loch Centre	1,587	2,161	1,583
Musselburgh Sports Centre	4,711	5,375	3,820
North Berwick S C	2,478	1,882	1,642
<b>Grand Total</b>	<b>28,076</b>	<b>27,705</b>	<b>25,352</b>



## Sports Centre User Numbers

enjoyleisure's overall user numbers continue to grow year on year. Between 2013-14 significant growth was seen following the launch of the new 3G Synthetic Pitch Facilities; Birthday Party Bookings; Athletics Development; Wet Coached Activities (non-swimming lesson coached activities including aqua fit classes and NPLQ courses); Fitness Classes and Swimming Lessons.

Year to Date, we have already seen a 7% increase in Soft Play use against last year's total, following the opening of Wiggles Soft Play at the Loch Centre on 28 Feb 2015.

	2013-14	2014-15	2015-16 (YTD September 2015)
3g Synthetic Pitch	4,966	42,549	23,503
Birthday Party Activities	832	1,160	592
Bodyworks Gym	104,931	102,267	64,130
Crèche Activities	6,111	5,764	2,974
Dry Activities	265,592	261,113	143,756
Dry Coached Activities	29,652	29,950	22,617
Free Weights Room	19,920	16,936	9,509
Grass Pitch & Pavilion	51,497	52,483	26,067
Hall Hire	60,815	55,134	27,899
Health Suite	25,040	24,319	13,323
Keep Fit Classes	128,853	145,527	82,984
Phys/Sport Treatment	275	173	117
Room Hire	10,069	16,261	11,268
Soft Play	15,547	15,816	16,895
Swimming	316,092	318,026	197,388
Swimming Lessons	58,815	63,102	47,637
Synthetic Pitch	35,894	26,901	4,421
Track And Field Income	14,623	17,564	10,004
Wet Coached Activities	8,012	9,512	5,443
<b>Grand Total</b>	<b>1,157,536</b>	<b>1,204,557</b>	<b>710,527</b>

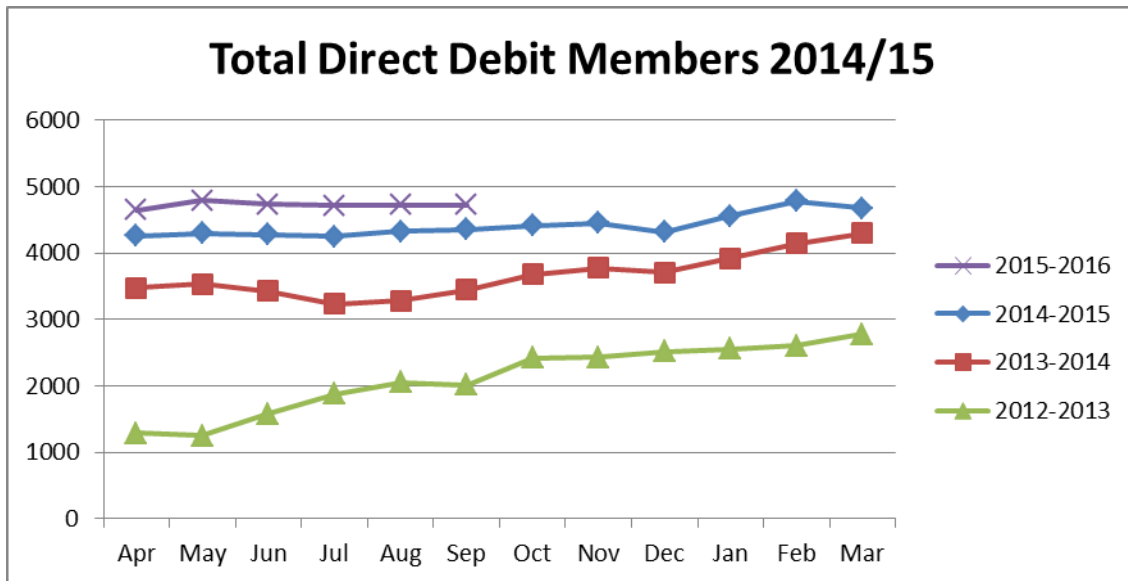
## Membership Scheme

In April 2012, enjoyleisure revised its membership scheme, introducing an all-inclusive membership package offering access to the Gyms, Swimming Pools, Fitness Classes and Health Suites at all 7 East Lothian Sports Centres.

Since its initial launch, the membership scheme has grown from strength to strength. Monthly income from membership payments now amounts to on average £115,000 compared to £29,461 on April 2012.

The total number of direct debit paying members as of September 2015 was **4718**, compared to **1289** in April 2012.

The below graph indicates a levelling off of membership base. This is both a strategic and a reflection of the current capacity issues. The focus for memberships now is retention. Many of the Sports Centres are close to approaching their membership base capacity. To increase further in these centres would actually be a detriment to the business as members become unable to gain access to the facilities.



## Fitness Classes

Fitness classes are by far the biggest draw for membership applications. It's therefore not surprising to see that consistently more than 80% of fitness class attendees come from our membership base.

Keep Fit Classes	2013-14	2014-15	2015-16 (YTD)
Access to Leisure	6,587	6,625	3,501
Casual Customers	10,697	9,421	4,809
Discounted Customers	701	730	337
Leisure Pass	2,073	1,769	830
Membership Inclusive	108,795	126,982	73,507
<b>Grand Total</b>	<b>128,853</b>	<b>145,527</b>	<b>82,984</b>
<b>Member Attendance</b>	<b>84%</b>	<b>87%</b>	<b>89%</b>

With a strategic focus in driving membership sales over the last few years; we made a conscientious effort to improve the membership offering both in response to customer demand and to ensure customer retention, which is reflected in the increase in fitness classes offered:



	April 2012	April 2013	April 2014	April 2015
<b>Total Number of classes</b>	158	229	261	288

---

The fitness class programme gets reviewed quarterly. At that point we revise the class timetable; introducing new classes in response to fitness trends and customer interest and popularity. At all times, we strive for a balance between cardio, endurance, low impact and strength and conditioning classes to appeal to as large a customer base as possible.

### **Service Level Agreements with ELC**

These are reviewed annually, with agreement being reached to continue a partnership with HR (including payroll) and IT. These are viewed by all concerned as being positive arrangements at present, however, the overriding factor for future arrangements will be the continuance of meeting Enjoys future business needs.

### **Health and Safety**

There are no major incidents to report. It should be noted that a revamped Health and Safety Policy was developed during 2014/2015, which received full Board approval and was introduced into the business during this year

### **Institute of Qualified Lifeguard Approved Training Centre Status**

Enjoy maintained this status, which allows our professionally trained staff to maintain their qualifications through in-house training. It also allows for the public to access Enjoy managed courses and achieve the National Pool Lifeguard Qualification.

### **Community Economic Investment**

A significant investment by Enjoy during 2015 is the ongoing upgrading of Dunbar Leisure Pool, which is in the region of £1.9 Million pounds. This is being fully funded by Enjoy and will dramatically extend the continued existence of one of East Lothians most visited attractions. This will also ensure that the extremely significant contribution that Dunbar Leisure Pool makes to the local economy will be sustained for years to come.

Work commenced on Monday 26<sup>th</sup> October for an 8 week works programme. Major works include the replacement of the air handling units which regulate the air temperature through the centre; electrical rewiring throughout; and the installation of a new switch board. Refurbishments to the flume; including relining of the flume itself and structural repairs to the supporting staircase and a drain down of the pool to allow a deep clean and re-grouting are also planned. This work, although commissioned by the Board of Enjoy could not have been undertaken without the professional support of our partners East Lothian Council, and more specifically Property Colleagues led by Paul Iannetta and his team.

### **Financial Performance**

An annual audit of Enjoy was undertaken by an external auditor (Scott-Moncreiff), which highlighted no real areas of concern. It also provided considerable reassurance to both the Executive Management team and the Board of Directors in terms of financial good practice and governance.

A section of the financial element of the audited accounts, are attached for your information.





ENJOY EAST LoTHIAN LIMITED

Consolidated Statement of Financial Activities (incorporating the Income and Expenditure Account)

For the year ended 31 March 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Year to 31 March 2015 £	Year to 31 March 2014 £
<b>Incoming resources</b>					
Incoming resources from generated funds:					
- Voluntary income	3	3,229	47,025	50,254	11,654
- Management service fee	4	2,519,917	-	2,519,917	2,619,600
- Investment income	5	83,459	-	83,459	38,807
		<hr/>	<hr/>	<hr/>	<hr/>
		2,606,605	47,025	2,653,630	2,670,061
Incoming resources from charitable activities:					
- Membership fees	4	1,338,916	-	1,338,916	1,123,471
- Services	4	2,553,822	-	2,553,822	2,485,789
		<hr/>	<hr/>	<hr/>	<hr/>
		3,892,737	-	3,892,737	3,609,260
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total incoming resources</b>		<hr/>	<hr/>	<hr/>	<hr/>
		6,499,342	47,025	6,546,367	6,279,321
<b>Resources expended</b>					
Charitable expenditure:					
- Membership services	6	6,535,407	19,287	6,554,694	6,162,900
Governance costs	7	23,225	-	23,225	16,806
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total resources expended</b>		<hr/>	<hr/>	<hr/>	<hr/>
		6,558,632	19,287	6,577,919	6,179,706
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net incoming/(outgoing) resources before transfers</b>		(59,290)	27,738	(31,552)	99,615



Gross transfers between funds		30,000	(30,000)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net incoming/(outgoing) resources before other recognised gains and losses		(29,290)	(2,262)	(31,552)	99,615
Gain on revaluation of fixed assets		-	-	-	458,938
Actuarial (loss)/gain on retirement benefit scheme	10	(609,000)	-	(609,000)	(626,000)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net movement in funds</b>		(638,290)	(2,262)	(640,552)	(67,447)
Total funds brought forward		5,176,815	18,117	5,194,932	5,262,379
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances carried forward</b>		4,538,525	15,855	4,554,380	5,194,932
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All activities of the charity relate to continuing activities.



ENJOY EAST LOTHIAN LIMITED

Balance Sheet

As at 31 March 2015

	Notes	Group		Company	
		2015	2014	2015	2014
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	11	4,644,987	4,789,374	4,644,987	4,789,374
<b>Current assets</b>					
Stock	12	52,390	58,448	37,989	43,638
Debtors	13	113,398	273,987	282,055	519,516
Cash at bank and in hand		2,688,379	2,054,144	2,468,222	1,801,805
		<u>2,854,167</u>	<u>2,386,579</u>	<u>2,788,266</u>	<u>2,364,958</u>
<b>Creditors: Amounts falling due within one year</b>					
	14	<u>(799,774)</u>	<u>(651,021)</u>	<u>(733,875)</u>	<u>(629,401)</u>
<b>Net current assets</b>		<u>2,054,393</u>	<u>1,735,558</u>	<u>2,054,392</u>	<u>1,735,557</u>
<b>Total assets less current liabilities excluding retirement benefit scheme</b>					
		6,699,380	6,524,932	6,699,379	6,524,931
<b>Retirement benefit scheme (deficit)/asset</b>	10	<u>(2,145,000)</u>	<u>(1,330,000)</u>	<u>(2,145,000)</u>	<u>(1,330,000)</u>
<b>Net assets including retirement benefit scheme asset/(deficit)</b>		<u>4,554,380</u>	<u>5,194,932</u>	<u>4,554,379</u>	<u>5,194,931</u>
<b>Funds</b>					
	16				



Unrestricted funds	4,538,525	5,176,815	4,538,524	5,176,814
Restricted funds	15,855	18,117	15,855	18,117
	-----	-----	-----	-----
Total funds	4,554,380	5,194,932	4,554,379	5,194,931
	=====	=====	=====	=====

The financial statements were authorised for issue by the Board on 28 September 2015

Chair

-----  
Gordon Wales

Secretary

-----  
Bill Axon

As any other organisation we remain under pressure to gain efficiencies and improve services by investigating alternative ways of working and being more innovative, especially in terms of financial transparency, reporting, rationalisation of processes and ensuring consolidation of information etc. To help achieve this Enjoy has invested significantly in a new financial and reporting system, which help us achieve this strategic objective. The new system will be in operation from 1<sup>st</sup> April 2016.

It is also our intention to integrate this with our management information system, which will assist with business planning, performance planning, business intelligence and asset management.

Furthermore we will explore the opportunities to look at additional modules, to address specific organisational needs.

## 2. Recommendations

That the Committee notes the information contained within this report.