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|--------|---|
| Report | East Lothian Council Audit and Governance Committee |
| Author | Bill Axon   |
| Date   | November 2017                                       |
| 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 (ELC).
2. The contract was extended until 30<sup>th</sup> September 2021 through negotiations and agreement between Enjoy and ELC.

3. The management of the leisure services contract, covers five major sites owned by East Lothian Council. Four having swimming pools:

- Aubigny Sport Centre, Haddington.
- Loch Centre, Tranent.
- Musselburgh Sport Centre
- North Berwick Sport Centre

There is one facility, which has no associated swimming pool:

- Meadowmill Sport Centre, Tranent

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

- Dunbar Leisure Pool

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

- Various Grass Pitches and Pavilions.
- Synthetic Pitches (2G, 3G and water based).
- Seasonal Facilities (putting, pitch and putt, Bowling etc.).
- Various Tennis Courts.
- Golf Courses (Musselburgh Old Course and Winterfield, Dunbar).
- Athletics Track
- Climbing Wall

4. Enjoy is a charitable organisation limited by guarantee. Its specific objects are contained within its Memorandum and Articles of Association.

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



5. The objectives are expressly established “for the benefit of East Lothian”.
6. In order to secure charitable status, it has to be demonstrated that Enjoy is entirely independent of ELC and that the relationship between the two parties is genuinely at “arm’s length”. Anything that might be perceived to be a degree of control by the ELC over Enjoy’s business activities would/could lead to a failure to be registered as a Charitable Organisation and a consequent inability to secure acknowledged community and financial benefits.
7. The Council does, however, exercise a level of contractual control over Enjoys management of the agreed leisure sites. A contract is in place between the Council and Enjoy whereby Enjoy provides the Council with leisure services as required in return for payment of a contract payment.
8. 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.
9. The leisure sites are leased to Enjoy (with the exception of Dunbar Leisure Pool), by East Lothian Council. In general Enjoy is responsible for the day-to-day upkeep of the premises, and the Council is responsible for the structure.
10. All of the employees engaged in the provision of the services are directly employed by Enjoy.
11. In terms of contract governance:
  - i. There are four Director’s appointed by East Lothian Council to the Board of Enjoy (all Elected Members).
  - ii. The Council have an appointed contract monitoring officer at Senior Level and there is a quarterly contract meeting chaired by ELC.
  - iii. Communication regarding service delivery between Enjoy, the Council and where necessary all local Elected Members is maintained at all times.
  - iv. Senior Council staff are also invited to attend Board Meetings as observers.



## How enjoyleisure is Governed

The Business Executive is responsible for the day to day management of Enjoys affairs, and they are accountable to the Board of Directors.

The Non-Executive Board of Directors ensures that Enjoy conducts its affairs in accordance with its stated purpose. It sets the policies, strategies and objectives, and then preside over the Executive and his staff who are responsible for delivering them. The Board is Chaired by Gordon Wales, and consists of 4 Elected Members of East Lothian Council and a maximum of eight Community Representatives who, when appointed, are residents of East Lothian.

## Business Context

Enjoy has like all other public services within the Local Government framework continued to be extremely challenged by the uncertain economic outlook and the current positioning of public service funding. Enjoy has seen continuing growth in our membership numbers, which are paid by direct debit on a monthly basis, however, due to a number of factors including facility capacity issues, this has now began to level out. Nonetheless, Enjoy continues to grow even in these circumstances, and it takes foresight and faith in the **enjoy**leisure brand to positively face up to these challenges and continue to provided services and facilities that meet not only the requirements of East Lothian communities and individual residents but also to catch the attention and attract many visitors to East Lothian, especially to the community of Dunbar.

Furthermore, **enjoy**leisure is advancing and is committed to investing in the health of the communities of East Lothian by providing a foundation for participation in an entire breadth of activities, which provide opportunities for everyone to benefit from participation in sport and physical activity and to enjoy a healthier lifestyle.

Nonetheless, it needs to be stated that our ability to do any meaningful short/medium-term planning has become extremely difficult due to the current complex decision making process regarding future public financing. This only allows a brief period of time for Enjoy to approve its plans for the next fiscal year, which on that basis are mostly financially based and not necessarily a full programme of development.

One further major issue of concern is the age of the current building portfolio and the ability to maintain a standard that customers would expect, which on occasions is compromised as the capacity to meet the demands of planned maintenance cannot be met. This also necessitates a more reactive approach by the Council with regards standard day-to-day maintenance, which has meant longer delays in carrying out some necessary repairs. Whilst, our professional working partnership with ELC property colleagues is exceptional it would be wrong not to highlight this as a potential significant risk going forward, as this may lead to increased service reduction at some point in the near future.

Since its creation Enjoy has become a very successful business in its own right within East Lothian and we have seen continuing growth in our income streams since 2009, which is a continuing trend. This has allowed Enjoy to more readily cope with the reduction in the contract payment made by East Lothian Council, which between 2009/10 and the financial year ending 31 March 2018 is £535,412 (19.4% reduction in grant since our inception). 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 percentage of total income has reduced year-on-year and currently equates to 33.06% for the financial year 2017/18. This is a reduction from the previous year of 34.85% (at the end of our first 6 months of trading the same ratio was 56.46%). The same applies to contract income as a percentage of total costs, which is currently 33.18% from the previous year of 35.26% (at 2009/10 the ratio was 59.43%).

The current contract payment from ELC is **£2,224,600**, however, the current annual budgeted turnover is **£6,729,192**.



Enjoy currently offers employment opportunities for **346** staff:

- 53 full time
- 120 part time
- 90 casual/relief staff
- 83 coaches

Last year we had visitor numbers of **1,287,360** visits, which is projected to rise to **1,362,548** for the period 2017/2018.

We currently have membership numbers, which are grouped as follows:

1. Gym membership (averaging) **5000**
2. Access to Leisure (low income scheme) **2488**
3. Sports award scheme (free access to elite athletes approved by ELC) **247**
4. Leisure Pass Discount Card **881**
5. Golf Course Membership (two courses) **1004**
6. Young people learn to swim membership **2100**

This gives Enjoy a total of **11,720** individual affiliates within East Lothian, which is in excess of **10%** of the population.

### **Business Challenges 2017/2018**

The major challenge for all Trusts in Scotland would be the Implementing of recommendation 24 of the Barclay Review on Non-Domestic Rates by the Scottish Government, which would have potentially catastrophic implications for our ability to deliver for our communities, and our capacity to improve health and wellbeing outcomes. The main plank of this recommendation is to withdrawn business rate relief from trusts such as Enjoy on the basis that it is unfair on the private sector. However, I would hope the information produced in this report clearly demonstrates to members there is no real comparison to be made. Enjoy is a not-for-profit organisation with the provision of safe, appropriate, clean, accessible and most importantly affordable facilities to all sections of our communities being at the forefront of what we do at all times. With all surplus being spent on improving what we offer and increasing public, community wellbeing and physical activity levels.

The impact of such a decision has been evidenced below by responses to a survey taken by the national (Scottish Region) body for Trusts (Sporta), which had a 100% response rate:

- a) 92% of all Sporta trusts stated that they would be forced to close leisure centres and swimming pools – the remaining 8% declined to state which facilities would close
- b) Nearly 70% reported a threat to the trust's viability as an organisation
- c) Of the remaining trusts, 15% stated that they would be forced into major service redesign
- d) 92% reported that the vast majority of services could not or would not be delivered by the private sector for various reasons

It is also worth noting that **NO** trust in Scotland was contacted by the author prior to the report being prepared and going public.

The expectation is that an announcement will be made in the Scottish Parliament during the budget statement, which will be delivered on December 14<sup>th</sup> 2017.



## Headline Achievements

### COUNCIL OBJECTIVE: INCLUSION/SOCIAL BENEFIT

Across East Lothian, **enjoy**leisure 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 **enjoy**leisure 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.

The percentage of our overall spending during 2016/2017 that targets people who traditionally face barriers to participation (i.e. low income, older people, people with disabilities etc.) is in the region of 8% through the access to leisure scheme.

Additionally a 9% is invested in programmes that are aimed at improving the negative impact of physical and mental health issues and anti-social behaviour. This includes free school swimming during the summer holiday period for all under 16's and free or reduced rate access for community groups, ELC sport development team, ELC active schools team, colleges, disabled groups etc.

Whilst, we are aware of the impact of the excellent work carried out by Enjoy staff, in terms of increasing overall usage in physical activity (which, makes for healthier lifestyles) we have not as yet measured the overall beneficial effect we are having in our communities. However, the above demonstrates a significant hidden financial benefit of more the **£700,000** for not only East Lothian Council but the whole of East Lothian.

This does not include the undoubted benefit both financial and time required to treat patients by the NHS made through programmes and access offered by Enjoy.

We are also committed to providing Vocational Volunteer opportunities within our communities and currently have a significant number placed in all our major facilities.

### Administering the Access to Leisure Scheme

**enjoy**leisure manages all of the Access to Leisure Applications on behalf of East Lothian Council.

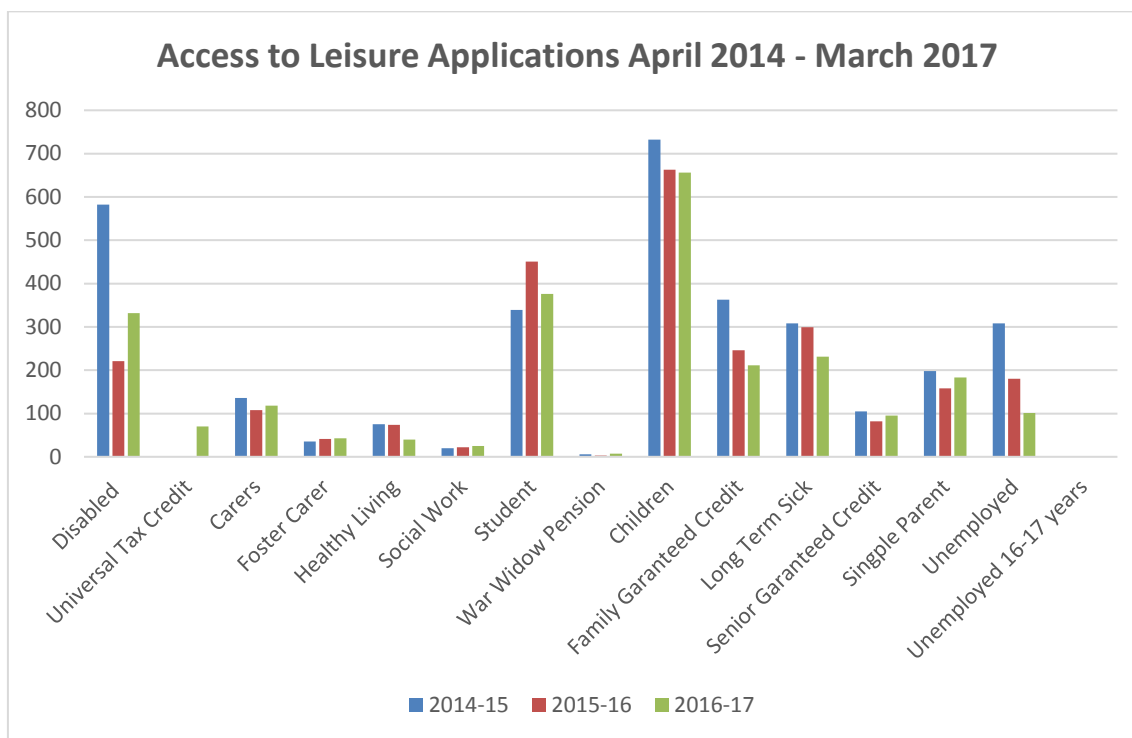
The Access to Leisure Scheme provides entry to **enjoy**leisure facilities for **£1** per activity between 9:30am – 4:30pm Monday - Friday and discounted entry at all other times for individuals who qualify for the scheme.

Applications for the last 3 years are as follows:

| <b>Applications to date</b> | <b>2014-2015</b> | <b>2015-16</b> | <b>2016-17</b> |
|-----------------------------|------------------|----------------|----------------|
| Total                       | 3208             | 2548           | 2488           |

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 fluctuating year on year depending on the time of renewal for each applicant.

We have additionally seen an impact in the number of applications due to the introduction of Universal Credit in East Lothian. Since this introduction, we have identified a decrease in the number of applications across the categories of Guaranteed Credit, Long Term Sick and Unemployment, as these benefits are now awarded collectively under the Universal Credit banner.



### Access to Leisure Admissions

|                          |                   | 2015-2016     | 2016-17       |
|--------------------------|-------------------|---------------|---------------|
| <b>Access to Leisure</b> |                   | <b>49,638</b> | <b>48,191</b> |
| Single Admissions        | Bodyworks Gym     | 9805          | 9328          |
|                          | Free Weights Room | 891           | 811           |
|                          | Swimming          | 14847         | 13946         |
|                          | Health Suite      | 3838          | 3634          |
|                          | Racket Sports     | 2742          | 2168          |
|                          | Crèche            | 1457          | 1400          |
|                          | NB Trampolines    | 649           | 631           |
| Classes                  | ASN Activities    | 823           | 582           |
|                          | Fitness Classes   | 6302          | 6622          |
| Booked Activities        | Gymnastics        | 2239          | 2140          |
|                          | Climbing Wall     | 20            | 44            |
|                          | Swimming Lessons  | 5721          | 6597          |
|                          | Summer Activities | 304           | 288           |

### 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 North Berwick Sports Centre (Monday evening 8:30pm – 9:30pm).



## Senior Activities

In conjunction with our partners within East Lothian Council and NHS via the HALP group, the **enjoy**leisure 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 | BodyBalance | Fitness for All Funky Fitness | Fitness Fun | Fitness Pilates | Functional Fitness | Pilates | Power Stretch | Seats & Beats | Stretch & Strength | Swimming | Yoga | Zumba Gold.

In April 2017 there were 79 ‘Low Impact’ Classes on the Fitness Class Programme: over 25% of the classes on offer.

In addition we offer dedicated Senior Only Swim Sessions at North Berwick Sports Centre.

## COUNCIL OBJECTIVE: HEALTH & WELLBEING

### Free Swims

**enjoy**leisure has continued to support an initiative to award Free Child Swim sessions to under 18s throughout the 6 week summer holiday period.

### Total Free Swim Attendances

|                           | 2013          | 2014          | 2015          | 2016          | 2017          |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Aubigny Sports Centre     | 3,675         | 3,035         | 3,679         | 7,733         | 4,809         |
| Dunbar Leisure Pool       | 15,625        | 15,252        | 14,628        | 13,003        | 14,151        |
| Loch Centre               | 1,587         | 2,161         | 1,583         | 1,842         | 1,963         |
| Musselburgh Sports Centre | 4,711         | 5,375         | 3,820         | 4,054         | 4,286         |
| North Berwick S C         | 2,478         | 1,882         | 1,642         | 2,099         | 1,914         |
| <b>Grand Total</b>        | <b>28,076</b> | <b>27,705</b> | <b>25,352</b> | <b>28,731</b> | <b>27,123</b> |

### Sports Centre User Numbers

Total visitor numbers, including school use, clubs, spectators and café visitors in 2016-17 totalled **1,359,570** across all Sports Centres, Seasonal Facilities and both Golf Courses.

When comparing ‘transactional customers’ – those customers who physically interact with reception (listed below) Enjoy benefitted from an overall increase of 5% (over 39k visitors).

Areas of increase worth noting include the Climbing Wall which saw an increase of 114%, largely due to the increase of children’ coached classes as well as a successful link up with Active Schools who are also running classes at the facility on a weekly basis. The arrival of two new golf professionals at Winterfield has significantly boosted the Golf Visitor numbers, and their memberships, which saw an overall increase of 25% year on year – approx 10k. Fitness Classes continue to be a massive draw, which is highlighted in the 15% annual increase. Likewise Swimming Lessons also saw an increase of 15% year on year.



|                           | <b>2016-17</b> | <b>2015-16</b> |           |
|---------------------------|----------------|----------------|-----------|
| 3g Synthetic Pitch        | 2,756          | 5,434          |           |
| ASN Activities - Dry      | 9,841          | 9,068          |           |
| Athletics                 | 219            | 399            |           |
| Birthday Party Activities | 12,617         | 10,672         |           |
| Bodyworks Gym             | 119,580        | 111,702        |           |
| Climbing Wall Activities  | 3,840          | 1,793          |           |
| Crèche Activities         | 4,528          | 4,733          |           |
| Dry Coached Activities    | 1,204          | 1,613          |           |
| FASIC                     | 273            | 237            |           |
| Free Weights Room         | 12,740         | 14,941         |           |
| Golf Visits               | 48,055         | 38,419         |           |
| Grass Pitch & Pavilion    | 14,103         | 14,192         |           |
| Gymnastics                | 23,883         | 25,167         |           |
| Hall Events               | 1,413          | 1,007          |           |
| Hall Hire                 | 11,261         | 13,964         |           |
| Health Suite              | 24,455         | 23,748         |           |
| Keep Fit Classes          | 146,721        | 127,568        |           |
| NB Trampolines            | 12,167         | 12,494         |           |
| NPLQ Courses              | 176            | 65             |           |
| Racket Sports             | 39,324         | 40,308         |           |
| Room Hire                 | 12,935         | 15,065         |           |
| Seasonal Facilities       | 13,829         | 17,291         |           |
| Soft Play                 | 17,421         | 23,572         |           |
| Summer Activities         | 2,888          | 3,030          |           |
| Swimming                  | 262,278        | 250,677        |           |
| Swimming Lessons          | 66,887         | 58,386         |           |
| Synthetic Pitch           | 2,744          | 3,466          |           |
| <b>Grand Total</b>        | <b>868,138</b> | <b>829,011</b> | <b>5%</b> |



## Membership Schemes

### Fitness Memberships

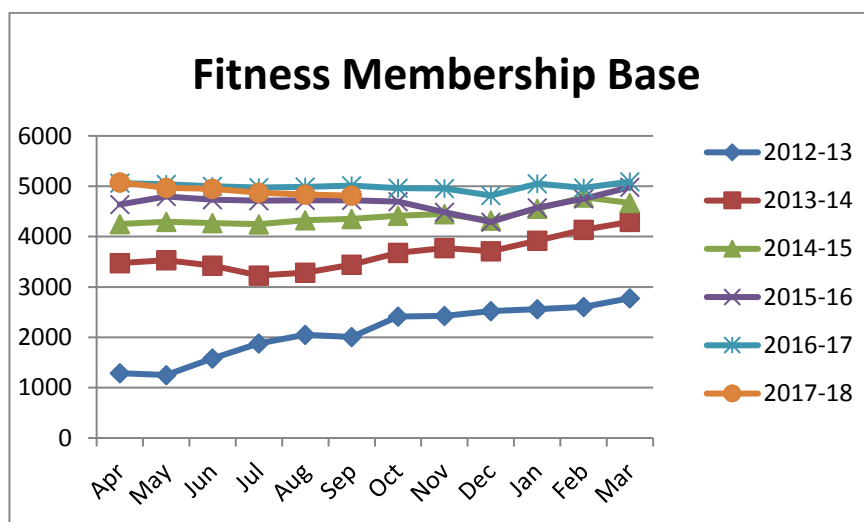
In April 2012, **enjoy**leisure revised its membership scheme, introducing an all-inclusive membership package offering access to the Gyms, Swimming Pools, Fitness Classes and Health Suites at all 7 East Lothian Sports Centres.

Since its initial launch, the membership scheme has grown from strength to strength.

Monthly income from membership payments across 2016-17 on average was £130,910 compared to £29,461 on April 2012.

The total number of direct debit paying members:

|                     | April 2012 | October 2017 |
|---------------------|------------|--------------|
| Fitness Memberships | 1289       | 4880         |



The above graph above indicates a levelling-off of the membership base circa the 5000 mark.

Many of the Sports Centres are close to approaching their membership base capacity and as such the focus for the fitness memberships is retention. To increase further in these centres would actually be a detriment to the business as members become unable to gain access to the facilities.

We are subsequently looking at our product offering in terms of fitness class provision, scheduling of public swim sessions, quality and maintenance of gym equipment and identifying ways in which to better engage and communicate with our membership base.

### Swimming Lessons Membership Scheme

In order to generate additional income, we continuously look at all areas of the business to identify opportunities which could be exploited further. Behind fitness memberships, our second largest income stream is swimming lessons.

Over the past 18 months we have been working closing with Scottish Swimming and other Leisure Trusts across the county to share best practice and identify areas of improvement for enjoy. The output from this was the creation of an Aquatic Strategy for East Lothian, which included the introduction of Scottish Swimming's new



National Learn to Swim Framework, moving to a rolling 48 week lesson schedule and with that a direct debit membership scheme for participants.

We officially launched our new “Get in the Swim” membership package in September 2017, which provides members with a weekly group swimming lesson and unlimited casual free swims across each of East Lothian’s pool. The monthly fee for this membership is £17.50, with a 50% discount (£8.75) offered to Access to Leisure Card Holders.

There were approx 1800 children attended swimming lessons between April – June 2017 (the last “block” of lessons. By the first week of the new lesson programme we had **1957** members enrolled in the scheme, with occupancy at 85%.

The lesson programme continues to grow as we introduce additional lessons to the programme to meet demand. We are also currently recruiting for additional Leisure Assistants so we can add further lessons to the programme.

## Fitness Classes

Fitness classes continue to be the biggest draw for fitness membership applications. It is therefore not surprising to see that consistently more than 86% of fitness class attendees come from our membership base.

| Keep Fit Classes     | 2016-17        | %           |
|----------------------|----------------|-------------|
| Access to Leisure    | 6622           | 5%          |
| Casual Customers     | 10362          | 7%          |
| Discounted Customers | 508            | 0.4%        |
| Leisure Pass         | 2337           | 1.6%        |
| Membership Inclusive | 126,892        | 86%         |
| <b>Grand Total</b>   | <b>146,721</b> | <b>100%</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 | April 2016 | April 2017 |
|--------------------------------|------------|------------|------------|------------|------------|------------|
| <b>Total Number of classes</b> | 158        | 229        | 261        | 288        | 303        | 309        |

The fitness class programme is reviewed quarterly. At these points 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.

## Online Booking

The ever-growing increase of fitness class and class attendances, although extremely positive for overall visitor numbers, was starting to apply more and more pressure on our reception staff, as all bookings were made either at the centre or over the phone. **enjoyleisure** subsequently made the decision to invest in an online booking portal offered by Gladstone which linked directly to the existing EPOS system so customers could book themselves into fitness classes.

The online booking portal launched in September 2016 and have proven to be invaluable to the organisation ever since. In the first month alone 7850 online transactions (both bookings and cancellations) were carried out



online, 47% of the total transactions that month. A year later in September 2017 there were 11,829 online transactions equating to 70% of all fitness class transactions for the month.

Our customers love the flexibility of being able to search, view, book and cancel classes online. As the booking portal is available 24 hours a day, they can book classes at a time that is convenient to them without the confines of centre opening hours.

Furthermore, since the immediate introduction of the online bookings system, our reception staff identified a significant drop in the number of telephone calls coming into the centre. Thus enabling our reception teams to provide an enhanced level of customer service to customers, and reducing the number of complaints about getting through to reception via telephone.

|                                  | <b>Sep 16</b> | <b>Sept 17</b> |
|----------------------------------|---------------|----------------|
| Online Booking Transactions      | 7,850         | 11,829         |
| As % of all Booking Transactions | 47%           | 70%            |



## **Service Level Agreements with ELC**

These are reviewed annually, with agreement being reached to continue a partnership with ELC 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.

With regards the current arrangement with HR, it is our intention to withdraw from this agreement from 2018. This is to allow Enjoy to implement an HR strategy that can support business goals making our business more efficient through the planned use of human resources. This will include our ability to target improved performance management, provide direct guidance with regards employment legislation, training and development of staff for growth, employee engagement, support any future change programme and develop a reward scheme relevant for our business.

## **Health and Safety**

The Health & Safety Policy is reviewed annually each year and submitted to the Board for approval. A summarised version of the report has been developed in A5 form, which is issued to all employees as part of their induction welcome pack, to ensure that they are fully aware of their roles and responsibilities when it comes to Health and Safety.

Health & Safety reports are submitted to the Board quarterly. Since Sept 15, there has only been one major incident where a customer went into respiratory distress and members of staff were required to provide CRP while an ambulance was called. Ambulance crews applauded members of staff for their immediate actions and training indicating that they had significantly enhanced the customer's chance of survival.

## **NPLQ Courses**

Enjoy has maintained the Institute of Qualified Lifeguard Approved Training Centre Status, which allows our professionally trained staff to maintain their qualifications through in-house training.

It also allows Enjoy to offer National Pool Lifeguard Qualifications to the general public and through this the opportunity to explore additional income streams. In 2016-17 we offered 3 x NPLQ courses to the public which resulted in 27 people (75% occupancy) attending the course. These courses generated £4692 worth of income for the business.

Continuing on this success, we have developed a training calendar for NPLQ courses for 2017-18, and have already delivered 4 courses this year with 98% occupancy – with more to following in the new year.

## **Community Economic Investment**

Between Oct 2015 – Feb 2016 Enjoy invested £1.6 million in to the upgrade of Dunbar Leisure Pool. Fully funded by Enjoy, the works ensured that we would be could dramatically extend the existence of one of East Lothians most visited attractions and thus securing the contribution that Dunbar Leisure Pool makes to the local economy is sustained for years to come.

The major works included 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 were also carried out.

The works, 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.



The above works have been acknowledged by the community of Dunbar as being of significance to the economic prosperity of Dunbar.

Enjoy is proud that Dunbar Leisure Pool is consistently identified as one of the leading tourist attractions in the whole of East Lothian, which has a noteworthy benefit for secondary spend in the town centre and beyond.

## **Bodyworks Gym Refurbishments**

As part of Enjoy's and East Lothian Council's ongoing commitment to provide state-of-the-art Gym equipment the Bodyworks facilities at Aubigny, Loch Centre and Musselburgh all received brand new Pulse equipment as well as a room refit, including new flooring and interior paint refresh. This total an investment of £171.5k, from the Council Capital Expenditure Fund. A staged approach was taken with the timing of the refurb, which was carried out between Thurs 3<sup>rd</sup> Nov – Thurs 1<sup>st</sup> December.

## **Spin-Bikes**

Alongside this refurbishment, customers were able to benefit from the purchase of 106 new spin bikes which were distributed across the county to each of the Sports Centres; an investment totalling £55k. These were delivered in two stages initially in April and the remainder in June 2017.

## **Loch Centre Dry-side Changing Refurbishment**

Enjoy is currently working alongside East Lothian Council to refurbish the 'dry side' changing facilities at the Loch Centre in Tranent.

Due to take place in Jan/Feb 2018, this refurbishment will include a complete refit of the existing Male & Female changing areas, with toilet and showering provisions. It will also include the construction of a new accessible changing facilities with toilet and shower, which has not previously been available on the ground floor of the building. The water tank which services the dry area of the building is also being replaced. Unfortunately this will result in one of the dance studios being taking out of commission for the duration of the works, however we are looking to accommodate the spin classes in other areas of the building to continue offering these classes.

## **Maintenance on 2G Synthetic Pitch Facilities**

The 2G Synthetic Pitch facility at Forester Park, Tranent was previously split into two in order of offer 2 x 5-side football pitches. As the surface gets replaced, we will be restructuring this provision to offer a full 2G pitch facility at this site, which has the capability of being sectioned off for multiple use.

The water based 2G synthetic facility at Meadowmill Sports Centre, which is primarily used for hockey has also benefitted from a upgrade, as a replacement carpet was fitted earlier in January 2016.

## Financial and Governance Performance

An annual and rigorous audit of Enjoy was undertaken by an external auditor (Scott-Moncrieff), 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 business governance. Extracts from latest audited accounts are shown below.

### Group Statement of Financial Activity For the year ended 31 March 2017

| Notes   | Unrestricted Funds<br>£ | Restricted Funds<br>£ | Year to 31<br>March 2017<br>£ | Year to 31<br>March 2016<br>£ |
|---|-------------------------|-----------------------|-------------------------------|-------------------------------|
| <b>Incoming and endowments from:</b>                        |                         |                       |                               |                               |
| <i>Donations and legacies</i>                               |                         |                       |                               |                               |
| Voluntary income  | 5                       | 34,179                | -                             | 34,179                        |
| <i>Charitable activities</i>                                |                         |                       |                               |                               |
| Membership fees   |                         | 1,784,550             | -                             | 1,784,550                     |
| Services  |                         | 1,921,511             | -                             | 1,921,511                     |
| Management service fee                                      | 6                       | 2,319,600             | -                             | 2,419,600                     |
| <i>Other trading activities</i>                             |                         |                       |                               |                               |
| Trading subsidiary  |                         | 586,918               | -                             | 586,918                       |
| <i>Investments</i>  |                         |                       |                               |                               |
| Investment income   | 7                       | -                     | -                             | 17,713                        |
| <b>Total</b>  |                         | <b>6,646,758</b>      | <b>-</b>                      | <b>6,646,758</b>              |
| <b>Expenditure on:</b>                                      |                         |                       |                               |                               |
| <i>Charitable activities</i>                                |                         |                       |                               |                               |
| Membership services   | 9                       | (6,277,431)           | -                             | (6,277,431)                   |
| <i>Other</i>  |                         |                       |                               |                               |
| Trading Subsidiary  | 24                      | (638,159)             | -                             | (638,159)                     |
| Net interest defined benefit scheme                         | 8                       | (35,000)              | -                             | (78,000)                      |
| <b>Total</b>  |                         | <b>(6,950,590)</b>    | <b>-</b>                      | <b>(6,820,262)</b>            |
| Net gains/(losses) on investments                           |                         | -                     | -                             | -                             |
| <b>Net income/(expenditure)</b>                             |                         | <b>(303,832)</b>      | <b>-</b>                      | <b>(473,330)</b>              |
| <b>Transfer between funds</b>                               |                         | <b>-</b>              | <b>-</b>                      | <b>-</b>                      |
| <b>Other recognised gains/(losses):</b>                     |                         |                       |                               |                               |
| Gains/(losses) on revaluation of fixed assets               |                         | (17,949)              | -                             | (17,949)                      |
| Actuarial gains/(losses) on defined benefit pension schemes | 12                      | (2,179,000)           | -                             | (2,179,000)                   |
| Other gains/(losses)  |                         | -                     | -                             | -                             |
| <b>Net movement in funds</b>                                |                         | <b>(2,500,781)</b>    | <b>-</b>                      | <b>2,103,338</b>              |
| <b>Reconciliation of funds:</b>                             |                         |                       |                               |                               |
| Total funds brought forward                                 |                         | 6,641,863             | 15,855                        | 6,657,718                     |
| <b>Fund balances carried forward</b>                        |                         | <b>4,141,082</b>      | <b>15,855</b>                 | <b>4,156,937</b>              |



**ENJOY EAST LOTHIAN LIMITED**  
**Group and Charity Balance Sheet**  
**As at 31 March 2017**

|  | Notes | Group                   |                         | Charity                 |                         |
|--|-------|-------------------------|-------------------------|-------------------------|-------------------------|
|  |       | 2017<br>£               | 2016<br>£               | 2017<br>£               | 2016<br>£               |
| <b>Fixed Assets</b>  |       |                         |                         |                         |                         |
| Tangible fixed assets  | 13    | 6,784,163               | 7,028,679               | 6,784,163               | 7,028,679               |
| <b>Current assets</b>  |       |                         |                         |                         |                         |
| Stock  |       | 51,556                  | 49,113                  | 38,574                  | 34,699                  |
| Debtors  | 14    | 200,825                 | 106,617                 | 346,675                 | 161,617                 |
| Cash at bank and in hand   |       | 1,289,612               | 992,253                 | 1,100,145               | 916,400                 |
|  |       | <u>1,541,993</u>        | <u>1,147,983</u>        | <u>1,485,393</u>        | <u>1,112,716</u>        |
| <b>Creditors: Amounts falling due within one year</b>                            | 15    | <u>(808,219)</u>        | <u>(717,944)</u>        | <u>(751,621)</u>        | <u>(682,678)</u>        |
| <b>Net current assets</b>  |       | <u>733,774</u>          | <u>430,039</u>          | <u>733,772</u>          | <u>430,038</u>          |
| <b>Total assets less current liabilities excluding retirement benefit scheme</b> |       | <u>7,517,937</u>        | <u>7,458,718</u>        | <u>7,517,936</u>        | <u>7,458,717</u>        |
| <b>Retirement benefit scheme (deficit)/asset</b>                                 | 12    | <u>(3,361,000)</u>      | <u>(801,000)</u>        | <u>(3,361,000)</u>      | <u>(801,000)</u>        |
| <b>Net assets including retirement benefit scheme asset/(deficit)</b>            |       | <u><u>4,156,937</u></u> | <u><u>6,657,718</u></u> | <u><u>4,156,936</u></u> | <u><u>6,657,717</u></u> |
| <b>Funds</b>   | 17    |                         |                         |                         |                         |
| Unrestricted funds   |       | 4,423,993               | 4,346,825               | 4,423,992               | 4,346,824               |
| Unrestricted- Revaluation Reserve  |       | 3,078,089               | 3,096,038               | 3,078,089               | 3,096,038               |
| Unrestricted- Pension Reserve  |       | (3,361,000)             | (801,000)               | (3,361,000)             | (801,000)               |
| Restricted funds   |       | 15,855                  | 15,855                  | 15,855                  | 15,855                  |
| Total funds  |       | <u><u>4,156,937</u></u> | <u><u>6,657,718</u></u> | <u><u>4,156,936</u></u> | <u><u>6,657,717</u></u> |

## Recommendations

That the Committee notes the information contained within this report.