

REPORT TO: Policy and Performance Review Committee

MEETING DATE: 21 February 2018

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Council Arrangements with enjoyleisure Arm's Length External Organisation (ALEO)

1 PURPOSE

- 1.1 To update members on the Council's governance arrangements with its Arm's Length External Organisation (ALEO) enjoyleisure and highlight areas of work that enjoyleisure is contributing to wider Council objectives.

2 RECOMMENDATIONS

- 2.1 Members are asked to note, consider and discuss the contents of the report.

3 BACKGROUND

- 3.1 In 2011 The Accounts Commission published "Arms – Length Organisations: Are you getting it right?" This report was linked to the requirement of "Following the public pound" the code that was produced by the Audit Commission along with COSLA in 1996.
- 3.2 Within that Audit Scotland report was a toolkit to assist Council's and ALEOs who were either being formed or building improvements to their existing governance arrangements.
- 3.3 There has been over the last decade and longer, a significant increase in the use of ALEO's across Scotland. ALEO's are now playing a role in the delivery of key services.
- 3.4 The Council in 2009 upon the creation of enjoyleisure as an ALEO was clear in its purpose and captured this in respective documents in particular the Funding Agreement and Leisure Specification. These two documents set out the expectation and clarity of roles on the council and enjoyleisure at the outset.

3.5 The Council ensures that its prepared governance arrangements are applied accordingly in the following ways :

1. Company governance - The structure allows 4 councillors to be on the board and no decisions can be made without at least one councillor being present. The Council also have 2 observers who attend the board meetings. These are the Council's Head of Infrastructure and Service Manager for Sport, Countryside & Leisure.

2. Funding Agreement – This agreement details the arrangements for agreeing what services are to be provided and the mechanism for agreeing the annual committed funding by the council. It also contain mechanism for reporting, requests for further information performance management and requests for further funding or changes to the service specification.

3. There are quarterly contract meetings between senior officers of the council and enjoyleisure. The contract meetings allow for performance discussions that would typically include but not be limited to finance, operational performance, SLA's, Health and safety, facility maintenance and capital spend.

4. Annual reporting of enjoyleisure finance and operational performance to the Council's Audit & Governance Committee.

3.6 It is important to note that while ALEO's are responsible for services they provide, councils remain responsible for the public money they give to ALEO's.

3.7 The quarterly meetings between senior officers of the council and enjoyleisure has enabled both parties to present and monitor the ALEO's performance .Quarterly finance reports , Health and safety reports and the development of key performance measures and reporting has provided a greater focus on agreed areas. These have included but not been limited to:

- Number of visits per annum
- Number of dry visits per annum
- Number of wet visits per annum
- Health and Fitness membership numbers
- Number of fitness classes offered
- Number of low intensity classes offered
- % of Council subsidy against income and expenditure
- Golf club visits and rounds played
- Swimming lessons – number of participants

3.8 It is important to note that whilst we have formal governance arrangements as described above it is important to highlight wider benefits of the ALEO's work in East Lothian. Enjoyleisure continues to play its part in supporting the council in achieving its stated objectives within the Council Plan and East Lothian Plan. Enjoy is represented and active on a number of strategic

and operational groups that are in place to enhance the quality of services for the people of East Lothian.

3.9 Enjoy are supporting the council in a number of areas, particularly in increasing physical activity within the county. Supporting our communities grow and become more resilient, providing inclusive opportunities for a range of hard to reach groups. Supporting the council in the delivery of its Physical Education, Physical Activity and School Sport agenda (PEPASS)

3.9.1 There is and has been a concern that ALEO's in Scotland have become or are at threat of becoming purely financial vehicles and focussed purely on commercial gain. The strong evidence in East Lothian would push back against that particular concern. There is without doubt alignment with council policies and objectives as set out in initial documentation in enjoy delivering and supporting the delivery of council objectives. A sample of enjoy performance highlights are shown in Appendix 1.

3.10 In addition to Enjoy supporting the council in its wider objectives, Value For Money (VFM) is an important focus for ALEO's. The evidence has been that the council has been able to reduce the level of subsidy to Enjoy year on year ranging from mid 50% subsidy at formation to low 30% subsidy right now. This has been achieved at the same time as record levels of users have been recorded by Enjoy.

3.11 Audit Scotland wrote to all Council Chief Executives in July this year 2017. Advising that they are carrying out a performance audit of Scottish councils' use of ALEOs. The aim is to support councils by identifying good practice and also lessons learned, and give assurance to the public over this means of service delivery. The audit is planned to be reported in spring next year 2018 and we look forward to the contents of the report and any continuous improvements identified within it.

3.12 Internal Audit provided a report to Audit and Governance Committee in November 2017. This report supports the continuous improvement of our ALEO arrangements and the recommendations within that report have been agreed and are being actioned.

4 POLICY IMPLICATIONS

4.1 This report is aligned with good governance practice as identified in Audit Scotland report – ALEOs are you getting it right?

5 INTEGRATED IMPACT ASSESSMENT

5.1 An equalities impact assessment is not required for this report.

6 RESOURCE IMPLICATIONS

6.1 Financial – None

6.2 Personnel – None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 Appendix 1

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Appendix 1

enjoyleisure Performance

COUNCIL OBJECTIVE: INCLUSION/SOCIAL BENEFIT

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 and www.euansguide.com enjoy provide detailed descriptions of the access and facilities available within our Sports Centres for disabled users.

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.

enjoy is a regular provider of Vocational Volunteer opportunities within our communities and currently have a significant number placed in each of the Sports Centres.

Administering the 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.

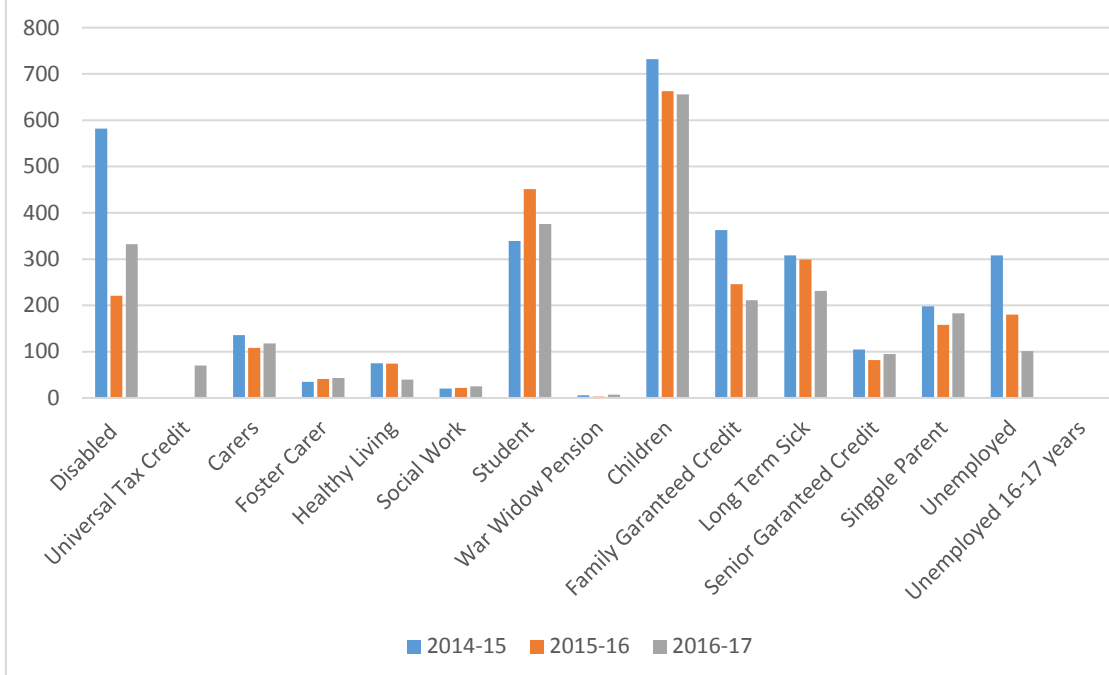
Applications for the last 3 years are as follows:

Applications to date	2014-2015	2015-16	2016-17
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 Applications April 2014 - March 2017



Access to Leisure Admissions

		2015-2016	2016-17
Access to Leisure		49,638	48,191
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

Adult 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.

Senior Activities

Working in partnership between East Lothian Council, enjoy and NHS Scotland, 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.

COUNCIL OBJECTIVE: HEALTH & WELLBEING

Free Swims

enjoyleisure 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
Grand Total	28,076	27,705	25,352	28,731	27,123

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.

Membership Schemes

Fitness Memberships

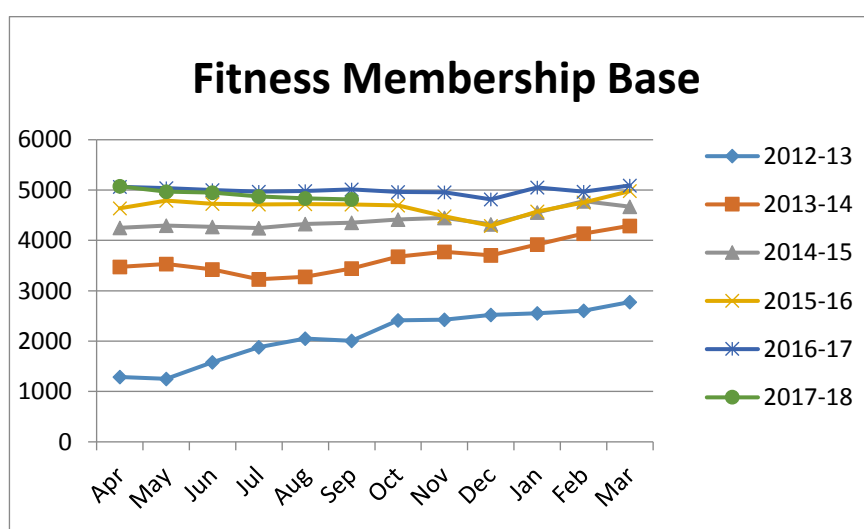
In April 2012, **enjoyleisure** revised its membership scheme, introducing an all-inclusive membership package offering access to the Gyms, Swimming Pools, Fitness Classes and Health Suites at all 7 East Lothian Sports Centres.

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

Monthly income from membership payments 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.

Enjoy are continuously looking at their 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 their membership base.

Swimming Lessons Membership Scheme

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

Over the past 18 months enjoy have been working closing with Scottish Swimming and other Leisure Trusts across the county to share best practice and identify areas of improvement. 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.

enjoy officially launched the 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 enjoy introduce additional lessons to the programme to meet demand. enjoy are also recruiting for additional Leisure Assistants so they 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%
Grand Total	146,721	100%

With a focus on driving membership sales over the last few years, enjoy made a conscious 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
Total Number of classes	158	229	261	288	303	309

The fitness class programme is reviewed quarterly. At these points enjoy revise the class timetable, introducing new classes in response to fitness trends and customer interest and popularity. At all times, enjoy 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 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.

enjoy customers are enjoying the flexibility of being able to search, view, book and cancel classes online. As the booking portal is available 24 hours a day, customers 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, enjoy reception staff identified a significant drop in the number of telephone calls coming into the centre. Thus enabling 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.

	Sep 16	Sept 17
Online Booking Transactions	7,850	11,829
As % of all Booking Transactions	47%	70%

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 staff to maintain their professional 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 enjoy 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, enjoy have developed a training calendar for NPLQ courses for 2017-18, and have already delivered 4 courses in 2017 with 98% occupancy – with new courses planned for 2018-19.

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 enjoy could extend the existence of one of East Lothian's 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.

This work was completed and supported by East Lothian Council property colleagues.

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 Plan. A staged approach was taken with the timing of the refurbishment, which was carried out between Thurs 3rd Nov – Thurs 1st 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 which includes 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 alternative arrangements to accommodate the spin classes in other areas of the building are being considered.

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-aside football pitches. As the surface gets replaced, enjoy 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 an upgrade, as a replacement carpet was fitted earlier in January 2016.