

Report	East Lothian Council Audit and Governance Committee
Author	Bill Axon
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Action	To note

Background – as previously this report generally covers the period 2018/2019

In October 2009, Enjoy East Lothian Limited (**Enjoy**) was established to manage, under contract, sports and leisure facilities and services on behalf of East Lothian Council (ELC). The current contract between **Enjoy** and ELC runs until 30 September 2021.

The facilities managed by **Enjoy** comprise six major sites and a number of satellites -

- Aubigny Sport Centre, Haddington.
- Loch Centre, Tranent.
- Musselburgh Sport Centre
- North Berwick Sport Centre
- Meadowmill Sport Centre, Tranent
- Dunbar Leisure Pool, Dunbar
- Recreation Park, North Berwick
- Foresters Park, Tranent
- Pinkie Playing Fields, Musselburgh
- Middleshott Square, Prestonpans
- Fisherow Bowling Green

Enjoy also manages a variety of other sports facilities throughout East Lothian, which includes -

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

All of the facilities are held on ELC's property portfolio with the exception of Dunbar Leisure Pool, which is wholly owned by Enjoy

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



Enjoy is a company limited by guarantee, governed by its memorandum and articles of association, and does not have a share capital. The company has charitable status under sections 466 to 493 Corporation Tax Act 2010 and its Scottish Charity Number is SC040527.

In order to secure charitable status, **Enjoy** must be entirely independent of ELC. Any perceived control exerted by ELC over **Enjoy's** business activities could threaten **Enjoy's** charitable status and be scrutinised by the Scottish Government.

The provision of services by **Enjoy** to ELC is governed by a contract between the two organisations. The only influence ELC is able to exert over **Enjoy** is in terms of this contractual arrangement for the management of its sport facilities, for which ELC makes a contract payment.

All of the employees engaged in the provision of the services are wholly employed by **Enjoy**.

Enjoy is Governed by a Board of voluntary Directors (non-executive) who have a wide and diverse range of skills and add value not only to Enjoy, but the partnership as a whole. East Lothian Council have four nominated representatives (Directors) on the Board who are, currently, Cllr John McMillan, Cllr Jim Goodfellow, Cllr Colin McGinn and Cllr Gordon Mackett. Enjoy is audited on an annual basis by an officially appointed professional auditor – currently Scott Moncrieff.

Enjoy has robust internal governance arrangements which are evidenced by a strong independent financial audit report. **Unqualified** Accounts for 2018/2019 were also reported. Additionally, Health and Safety and operating procedures are considered through external examination by our insurers.

In terms of contract governance:

- There are four Directors appointed by East Lothian Council to the Board of **Enjoy** (all Elected Members).
- The Council have an appointed contract monitoring officer at Senior Level.
- There are quarterly contract meetings held, chaired by ELC.
- Communication regarding service delivery between **Enjoy**, the Council and where necessary all local Elected Members is maintained at all times.
- Senior Council staff are also invited to attend Enjoy Board Meetings as observers.

The Business Executive led by Bill Axon is responsible for the day-to-day management of **Enjoy's** affairs, who 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 presides over the Chief Executive and his staff who are responsible for delivering them.

The Board has been refreshed by the appointment of two new community representatives, namely Tim Day and Lesley Sutherland. At its AGM the Board elected Tim Day as Board Chair. As stated previously the Board consists of 4 Elected Members of East Lothian Council and a maximum of eight Community Representatives.

The Board is currently operating with a full complement of twelve Directors.



Business Context

Enjoy's focus for the next 12 months is to work with its partners (ELC Property Maintenance) to resolve concerns regarding the Council's medium to long term asset maintenance programme for Sport and Leisure stock and drive forward improvements in terms of customer experience.

As reported last year, a key identified risk for business continuity is the lack of the Council's available capital investment for internal Sport Centre Services, which have been identified as becoming critical due to the age profile of facilities.

Enjoy will concentrate resources to deliver projects that will not only support the financial good of Enjoy but also attempt to bridge the Council's proposed reduction in contract payment to Enjoy for 2020/2021.

All opportunities to further develop commercial prospects will continue to be investigated, however, the approach to this requires to take account of the absolute requirement to provide a business model that provides quantifiable social benefit for the communities of East Lothian. Not to do so would compromise our approved charitable status as we would not be meeting stated objectives.

However, like other publically funded bodies, it would be foolish not to recognise the continued and significant challenge of reduced funds available for public services. We will continue to address this by:

- reducing management and administration costs
- targeted price increases
- developing new business opportunities
- workforce management

Enjoy fully accepts that to fulfil its commitment to the people of East Lothian, it needs to make up for any shortfall through efficiencies, management actions and income generation. However, it needs to be restated that due to the operational costs of managing such high demand facilities, it would be wholly unreasonable to rely on sport and leisure centres becoming self-sufficient /supporting anytime in the future.

Enjoy has previously been able to accommodate the annual reduction in the Council contract payment fee by significantly increased participation and membership numbers, which has created a business environment for the company of growth including income. Nevertheless, this has become more difficult due to the increase in health club provision, especially budget gyms on the perimeter of East Lothian, which have become a major competitor. There has been a reduction in gym memberships, however, some of those members who left have migrated back, due to the friendly environment offered and the significant variation and quality of services that are available to members.

It again needs to be recognised that with so many competing leisure activities within East Lothian, affordability is the key. Any significant increase in charges could be a deterrent to exercise for those suffering genuine financial hardship, and for whom increasing physical activity opportunities remains a priority target area for enjoy.

Enjoy and all its partners need to work together to look at alternative ways of increasing income. **Enjoy** needs to develop opportunities to collectively invest in a sport and leisure infrastructure, which will get more people physically active. It is accepted by all related professional bodies that such an approach will support and help to tackle some of the major health issues facing our region, such as obesity, diabetes and heart disease etc.

It should be noted that **Enjoy** delivers **annual** business rate saving to East Lothian Council, due to its charitable status, of circa **£750,000**. This is in addition to the reduction in contract payment, which equates circa £1million pounds 2009/2020, with **Enjoy** significantly increasing participation, opening hours and its support of local clubs during the same period.



Enjoy was formed to provide strategic and operational services throughout the whole of East Lothian, with the direct objective of ensuring that every key town was served by a major sport and leisure facility.

Enjoy is extremely proud that this objective has been achieved in extremely challenging circumstances.

It is clear that wider objectives are now being achieved by **Enjoy** which are demonstrated in this report. This adds resilience to Enjoy and delivers savings and strength to the Council in meeting its corporate goals. In addition to the contract performance/requirements, **Enjoy** continues to deliver 'added value' and success through local initiatives including working with Macmillan, NHS, local clubs and groups, employing a significant number of 'vocational trainees' and providing professional education courses.

Business Performance 2018/19

Since its creation in 2009, **Enjoy** has seen continuing growth in its income streams, despite reductions in the contract payment by East Lothian Council year on year.

Contract Payment from East Lothian Council

2010 / 11 (first full year)	2018/19
£2,787,612	£2,015,262

The above £2,015,262 contract payment equates to:

- 30% of **Enjoy's** total income

Since the first **full** financial year of operation 2010-11 to last year 2018-19 ELC's contract payment has decreased by 28% (£772,350).

Please note that if the figure for 2019/2020 is included, the above rises further and based on the proposed reduction for 2020/2021, this will have reached circa £1 million.

This is a significant saving for the Council and Council Tax payers. However, **Enjoy** has also provided a positive outcome of increased accessibility, business activity and users.

Challenges

2018-19 was **enjoy's** most challenging financial year to date, which started with a £150k reduction in its contract payment from East Lothian Council. **Enjoy** also started the financial year in a deficit position, and as such the strategic objective for 2018/19 was to deliver efficiency savings across the organisation, whilst developing income generation initiatives.

Efficiency Savings

- **Streamlining of Staffing Rotas**
With the aim of delivering a more efficient and effective staffing structure, an extensive exercise was carried out to review each Sports Centre's staffing rota, and align this to needs of the organisation in terms of the activity programme delivered at each site. This included analysing the centre programme in 15min segments to identify the appropriate number of staff required to achieve each task. In doing so we were able to identify opportunity for growth/expansion of our coached activity programmes, whilst also make efficiency savings on staffing costs.



In addition, sufficient time was allocated to the Assistant Service Managers to be able to undertake all of their necessary administrative responsibilities.

This process is now complete for 4 of the 6 main sites. A saving of between 5 and 8 % saving on staffing costs has been realised with an average 98% efficiency in Leisure Assistant time. Ways have been identified to ensure staffing levels are targeted at times of greatest need and ensured consistency across all sites. The ability to 'cover' shifts due to sickness or holiday absence has been improved. Factored in has been the need to provide cover for additional swimming lesson teachers to cope with the ambitious Learn to Swim programme development plans, although more teacher resource will be required in order to fully implement these expansion plans.

- **Memberships Agreement with Mercat Gait Centre**

A partnership agreement has been in place with the Mercat Gait Centre (MGC) in Prestonpans, (which is managed by a commercial entity FES FM), to include the MGC within the **enjoy**leisure membership scheme. This enables customers signing up to the membership scheme at the MGC to also gain access to the gyms / swimming pools / health suites & fitness classes at the 6 East Lothian Sports Centres managed by **enjoy**leisure and vice-versa. A financial agreement was reached with FES FM to retain and maintain this arrangement.

- **Access to Leisure Price Increase**

in July 2018, a slight increase of 50p was made to the off-peak admission rate to the Access to Leisure scheme. Previously set at £1 per visit, this increase, although significant in percentage terms, still maintained a considerable saving to eligible participants of the scheme to standard admission prices. The increase was agreed by the sponsor of the scheme, East Lothian Council and was ratified by elected members.

Headline Figures

Visitor Numbers

Total visits across **enjoy**'s services between 1st April 2018 – 31st March 2019 totalled 1,259,004.

Membership Figures

Membership figures at 12th November 2019 stand at the following:

1. Gym membership: **4,287**
2. Swimming Lesson Membership **2,250**
3. Golf Course Membership (two courses) **1,098**
4. Access to Leisure (low income scheme) **3,224**
5. Sports award scheme (free access to elite athletes approved by ELC) **256**
6. Leisure Pass Discount Card **262**
7. Swim Tickets **1,600**

This gives **enjoy** a total of **12,977** affiliates within East Lothian, which is approximately **10%** of the population.

In December 2018, a brand new 24hour 'Pure Gym' facility was opened on the Edinburgh / East Lothian border, at Fort Kinnaird Retail Park. This is the first time that **enjoy** had experienced the introduction of a 'budget gym' competitor. It was predicted that this would have an impact on membership figures, especially given their opening promotional offer of £9.99 a month gym membership. As predicted, membership figures did take a hit in Q4.



Staffing Compliment

As of May 2019, **Enjoy** employed 374 members of staff, (223 female and 151 male).

- 160 Permanent Staff (91 female : 69 male)
- 214 Casual Staff (132 female : 82 male)

Headline Achievements

COUNCIL OBJECTIVE: INCLUSION / SOCIAL BENEFIT

Across East Lothian, **enjoy** actively supports and encourages the participation of all ages and abilities within our sports facilities. The focus is on providing active choices as well as developing and delivering opportunities for the communities at large to engage and participate in activities to improve their overall health and wellbeing.

As such, **enjoy** keeps the social benefit for East Lothian at the forefront of its day-to-day decision making. Some of these benefits can be challenging to directly quantify; however examples of specific initiatives that are in place include:

- Operation of fully disabled access facilities and a range of activities for people with disabilities
- Delivering the Access to Leisure Scheme for eligible customers which allows reduced rates including use of facilities at certain times for an enhanced reduced rate
- Offering female only swim sessions (one session per week)
- Availability of low impact classes / activities for users with limited or restricted movement
- Offering discounted rates for Community Clubs
- Commitment to providing Employability Placements & Vocational Volunteer opportunities within our communities.
- Developing links with the NHS & Macmillan to create a dedicated position within **enjoy**leisure to engage with local people living with cancer and beyond.
- Provision of a safe, comfortable environment within café areas for people to meet

Disabled Access

Enjoy actively encourages participation by all ages and abilities. Disabled friendly and accessible activities 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.

Via the Access to Leisure Scheme, qualifying East Lothian applicants are able to enjoy significantly discounted rates to make use of the facilities, making physical activity both accessible and affordable.

Furthermore, support was offered to casual customers visiting our facilities for the first time through links with specialist websites www.disabledgo.com and www.euansguide.com which provide detailed descriptions of access and facilities available within the Sports Centres.

Administering the Access to Leisure Scheme

Throughout 2018/19 the Access to Leisure scheme, which **Enjoy** administers on behalf of East Lothian

Council, provided entry to **enjoy** leisure facilities for **£1.50** per activity between the hours of 9:30am – 4:30pm Monday - Friday and discounted entry at all other times.


The Access to Leisure Scheme continues to be a popular and a well-utilised pathway for disadvantaged individuals and families across East Lothian to access sport and leisure activities.

Access to Leisure Admissions

		2016-17	2017-18	2018-19
Access to Leisure		48,191	40,698	35,609
Single Admissions	Bodyworks Gym	9,328	10,011	8,639
	Free Weights Room	811	787	571
	Swimming	13,946	12,512	11,498
	Health Suite	3,634	2,847	2,451
	Racket Sports	2,168	1,699	1,845
	Crèche	1,400	1,183	1,086
	NB Trampolines	631	745	425
Classes	ASN Activities	582	799	363
	Fitness Classes	6,622	5,415	4,790
Booked Activities	Gymnastics	2,140	2,038	2,565
	Climbing Wall	44	61	67
	Swimming Lessons	6,597	1,788	312
	Summer Activities	288	190	132

NB: The decline in swimming lessons is not a true reflection of the number of Access to Leisure customers in lessons. As the lesson programme is primarily paid by direct debit, (of which Access to Leisure customers account for 10%, they are now counted in a different way. The above figure includes “cash” payments for lessons, not those paid by direct debit.

Availability of Low Impact Fitness Classes

Being able to provide a pathway and foundation for participation is an important aspect of **Enjoy's** pledge to “inspire active living”. As such, as of April 2019 **Enjoy's** fitness class offering included 77 introductory 'Low Impact' classes - 25% of the classes on offer. Highlighted with a  symbol, these classes are suitable for individuals looking to make a return to exercise, without putting too much stress on joints. These classes have also attracted a significant portion of the 'senior' market and are incredibly well attended.

These classes include: Aqua Circuits | AquaFit | Ballet Stretches | BodyBalance | Fitness for All Funky Fitness | Fitness Fun | Fitness Pilates | Functional Fitness | Pilates | Stretch & Strength | Swimming | Yoga.

Discounted Rates for Community Clubs



Throughout its history, **enjoy** has worked in collaboration with the Sports Clubs and organisations and (since their creation) the East Lothian Sports Hubs, to deliver a commitment to provide community access to East Lothian's Sporting Facilities.

A key focus of maintaining these relationships is being able to offer the clubs and groups, fit for purpose, well maintained and importantly affordable facilities. This not only ensures the clubs' long-term viability, but further enhances our commitment to deliver more specialised coaching and development activities for the benefit of the community.

Modern Apprenticeships & Vocational Volunteer Opportunities

Enjoy continues to develop its partnership links with Direct Partners and East Lothian Works to offer work placements and volunteering opportunities across the organisation.

Enjoy has maintained and enhanced its relationship with Direct Partners, through their offering of Modern Apprenticeship opportunities. Through these links, **enjoy** has been able to upskill members of staff from across the organisation with workplace Modern Apprenticeships in Facility Operations, Business and Administration and Digital Marketing courses.

Through its relationship with East Lothian Works, **enjoy** has 11 long-standing vocational volunteers who work alongside leisure and café staff within main sites. These individuals subsequently benefit from an invaluable social engagement opportunity in a workplace environment.

These partnerships allow **enjoy** to provide training, development and volunteering opportunities; therefore providing a meaningful contribution to employment within East Lothian.

Macmillan Move More Programme

In late 2018 **enjoy**leisure successfully secured funding from Macmillan Cancer Research in order to establish a Move More programme in East Lothian. The initiative provides funding for 3 years, within which **enjoy**leisure will establish its own physical activity programme for those living with and beyond cancer. To date, Shauna Cunningham has been appointed as the Part Time Macmillan Move More Coordinator (February 2019). She will lead the project for **enjoy**, and will in time be assisted by a Part Time Move More Facilitator, to deliver tailored exercise classes.

COUNCIL OBJECTIVE: HEALTH & WELLBEING

Sports Centre Visitor Numbers

Enjoy's services and facilities are at the core of East Lothian's major neighbourhoods. It is committed, along with its partners, to continuing to improve facilities by making them sustainable, accessible and equipped to the highest standard. This includes an extensive outdoor portfolio.

Total visitor numbers, including school use, clubs, spectators, and event use and café visitors in 2018-19 totalled **1,259,004** across all Sports Centres, Pitches, Seasonal Facilities and both Golf Courses.

When comparing 'transactional customers' – those customers who physically interact with reception (listed below) **enjoy** saw an increase of 0.1%.

	2016-17	2017-18	2018-19
3G Synthetic Pitch	2,756	3,354	7,774
ASN Activities - Dry	9,841	9,931	3,895
Athletics	219	347	589
Birthday Party Activities	12,617	13,665	12,308
Bodyworks Gym	119,580	117,992	117,084
Climbing Wall Activities	3,840	3,924	3,132
Crèche Activities	4,528	3,265	3,107
Dry Coached Activities	1,204	908	704
FASIC	273	236	172
Fitness Classes	146,721	153,966	152,838
Free Weights Room	12,740	11,904	11,984
Golf Visits	48,055	51,497	53,814
Grass Pitch & Pavilion	14,103	12,487	13,724
Gymnastics	23,883	24,985	24,361
Hall Events	1,413	1,643	1,440
Hall Hire	11,261	10,756	9,066
Health Suite	24,455	19,344	18,505
NB Trampolines	12,167	10,888	9,016
NPLQ Courses	176	146	69
Racket Sports	39,324	34,136	33,579
Room Hire	12,935	13,310	13,935
Seasonal Facilities	13,829	15,377	15,313
Soft Play	17,421	15,528	15,174
Summer Activities	2,888	1,797	750
Swimming	262,278	258,087	242,317
Swimming Lessons	66,887	75,909	101,551
Synthetic Pitch	2,744	3,274	1,940
Grand Total	868,138	868,656	869,202
		0.5%	0.1%

Some notable differences:

- Swimming lessons moved from 4 x 8-10 week blocks to running continuously 48 weeks of the year in Sept 17. 2018-19 subsequently is the first full financial year of running a programme of such duration, and this is reflected in the significant rise in swimming lesson figures.
- ASN Activities are now recorded and invoiced differently, and therefore are no longer recorded under 'transactional' customers but under group visits. As such, the drop in numbers indicated above only relates to 'pay and play' rather than ASN activities as a whole.
- The opening of Pure Gym at Fort Kinnaird Retail Park in December 2018 had an impact on membership figures, and particularly gym & fitness class visits in Q4, when a peak in uptake is normally anticipated.

Gymnastics

The gymnastics programme continues to remain strong across the county, with the programme delivered at 4 sports centres; Aubigny, Loch Centre, Musselburgh Sports Centre and Meadowmill. For the first time we have encountered a competitor to the programme. Saltire Team Gymnastics, an East Lothian Club which continues to utilise **enjoy's** facilities, has set up its own premises at the neighbouring former Meadowmill Golf Range, and is now actively delivering and promoting recreational classes. There has been a slight decrease in our enrolment figures at Meadowmill and Loch Centre.

Opportunities have, however, been identified to recoup these losses by establishing a gymnastics programme at North Berwick Sport Centre. A public feasibility study was carried out via social media and in centre in January 2019, which indicated significant demand for such a proposition. A formal proposal has been drafted to include the purchase of gymnastics equipment and staffing to deliver the programme.

Learn to Swim Programme

- Following the launch of the new Get in the Swim, a swimming lesson membership programme, in September 2017, the initiative has grown from strength to strength. Within the first year, a further 300 participants had joined the programme.
- As the expansion of lesson provision continues, a recruitment, training and development programme has been introduced to internally progress the development of Leisure Assistants through their Swimming Teacher qualifications. Furthermore, the swimming lesson schedule provides for dedicated CPD sessions for swim teachers to enhance and develop their skill sets. The Swim Coordinators, who are now in place, have begun mentoring and developing swim teachers to boost their confidence and capabilities.
- The Swimming Development Officer, Karen Ferguson, is now a qualified Swimming Teacher Tutor, meaning that we can progress the development of internal staff without sourcing external tutors. It also provides an opportunity to increase income by opening spaces up on courses to members of the public.
- The two appointed full time Swimming Coordinators have had their temporary contract extended for another year, with the intention of reviewing these posts in 2019/20

Scottish Swimming Learn to Swim Provider of the Year Finalist

- We were also delighted to have successes within our Swimming Lesson programme recognised by industry partner Scottish Swimming. In September 2018, enjoyleisure was selected as one of 3 finalists for Scottish Swimming's Learn to Swim Provider of the Year Award. As part of the finalist nomination, Scottish Swimming attended lessons at Dunbar Leisure Pool, creating a promotional video with interviews with swimming teachers, Kristina Lorimer, Martin Cameron and Swimming Development Officer Karen Ferguson. Regrettably, **enjoy** missed out on achieving the award which went to Glasgow Life. However, to be identified as a finalist was an achievement in itself!

Membership Schemes

Fitness Memberships

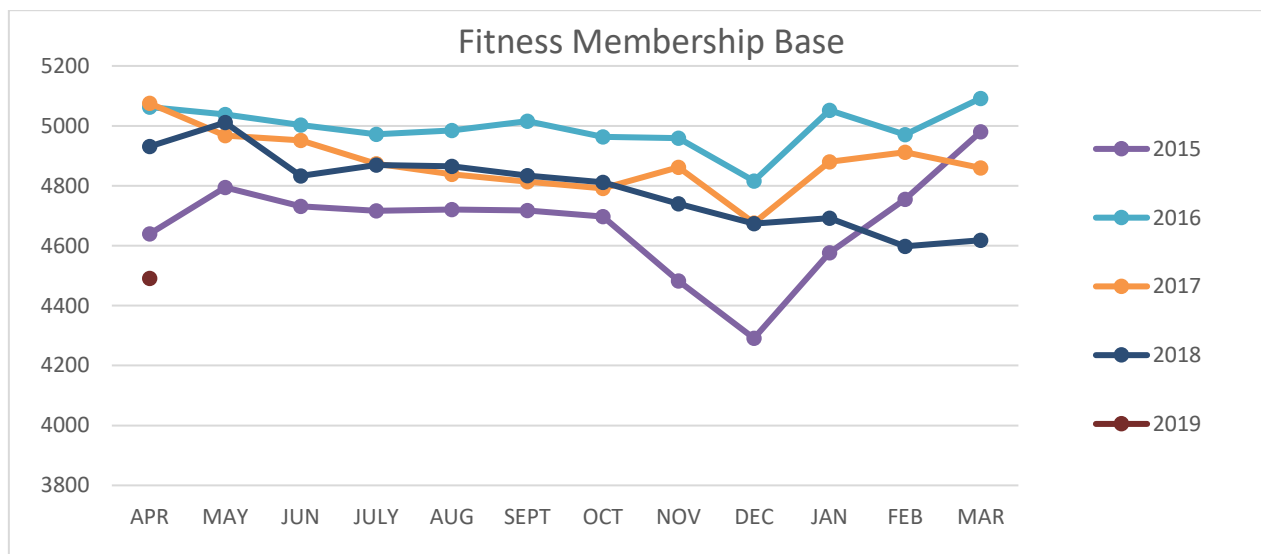
enjoyleisure's Fitness Membership Scheme offers adults (aged 16+) the opportunity to access the Bodyworks Gyms, Free Weights facilities, Swimming Pools, Health Suites and 300+ Fitness Classes across each of East Lothian's 7 Sports Centres for a monthly direct debit fee.

Since its redevelopment in 2012, the Membership Scheme has continued to be a major source of income for the organisation, and a focus of service delivery.

As detailed on the graph below, for the first time since its redevelopment in 2012, the membership scheme Q4 has seen a downturn in membership figures, where we have always previously witnessed an increase. As referenced earlier in the report, this is primarily due to the opening of budget-gym competitor Pure Gym on the western edge of the county at Fort Kinnaird Retail Park. Due to its proximity to Musselburgh, and access via the A1, four of the **enjoy** membership sites; Musselburgh, Loch Centre, Meadowmill and the Mercat Gait all saw an increase in cancellations in the opening months of the Pure Gym operation.

The total number of Fitness direct debit paying members:

	April 2017	April 2018	April 2019
Fitness Memberships	4880	4931	4491



The focus for 2019/20 is about re-evaluating the membership offering, identifying ways in which we can capitalise on USPs, and introduce retention strategies to engage with the existing membership base.

The focus remains on delivering an engaging, balanced variety of fitness classes, maintaining the quality of gym equipment and delivering ample opportunities for swim sessions across our facilities.

This has at times been challenging, especially when faced with unforeseen maintenance closures, in particular that of the Health Suites at Musselburgh and North Berwick.



Fitness Classes

Fitness classes continue to be the biggest draw for fitness membership applications. It is therefore not surprising to see that 89% of fitness class attendees come from the membership base.

Keep Fit Classes	2018-19	%
Access to Leisure	4790	3%
Casual Customers	10441	7%
Discounted Customers	64	0.04%
Leisure Pass	1561	1%
Membership Inclusive	135,982	89%
Grand Total	152,838	100%

The fitness class programme is reviewed quarterly. At these points the class timetable is revised, introducing new classes in response to fitness trends and customer interest and popularity. At all times, **enjoy** strives for a balance between cardio, endurance, low impact and strength and conditioning classes to appeal to as large a customer base as possible.

In an effort to make efficiency savings, a number of under-performing classes were withdrawn from the programme, so that the focus is on delivering choice and variety to customers, without excessive costs.

Total Number of classes	April 2012	April 2013	April 2014	April 2015	April 2016	April 2017	April 2018	April 2019
	158	229	261	288	303	309	317	302

Service Level Agreements with ELC

Partnership Service Level Agreements with East Lothian Council are reviewed annually. Throughout 2018/19 **enjoy** reviewed and confirmed extensions of its SLA agreements with Payroll services and IT.

A further agreement was renewed to provide **enjoy** employees with links and access to ELC's Training & Development opportunities. Likewise, **enjoy** renewed its Health & Safety SLA with the East / Midlothian partnership.

In-house Human Resource Function

The HR function has now successfully transferred in-house, with both a full-time HR Business Manager and part-time HR administrator in post.

There were some teething problems following the transfer, especially surrounding access to existing HR systems, however these continue to be developed to meet the needs of **enjoy** as an independent organisation.

HR will play a critical part in achieving efficiencies with the development of a specific HR and People Development strategy that supports future work within Enjoy.

Pay Award

Despite the financial challenges, **enjoy** remained committed to its workforce and through discussions with the Trade Unions was able to apply a 2% pay award to all employees. This was actualised in May 2018. Furthermore **enjoy** guaranteed to the Trade Unions that there would be no changes to staffing terms & conditions or redundancies during 2018/19.

Staffing Establishment

There were a number of staffing changes throughout 2018/19. **Enjoy** upheld its commitment to the Trade Unions. However, where members of staff were retiring their positions were not filled, and their responsibilities were absorbed by the existing staffing complement. This included a full time head office administration team member and a part time staff trainer. Additionally the decision was made not to renew the contract of the social inclusion officer, at 4 hours per week.

Other staffing changes included the appointment of

Head Office Function

- Colin Sturrock as HR Business Manager, (end of March 2019)
- Shipra Srivastava as Finance Assistant, (August 2018)
- Lynsey Fletcher as Business Analyst, (March 2018)

Across the Front-Line Service

- 43 Leavers
- 48 New Starts

Staffing Compliment

As of May 2019, **enjoy** employed 341 members of staff, (223 female and 151 male).

- 160 Permanent Staff (91 female : 69 male)
- 196 Casual Staff (132 female : 82 male)

New Uniform Launch

On Monday 26th November 2018, we launched a brand new uniform for front-line staff. This included the creation of a bespoke uniform for enjoy incorporating purple and gold branded polo-shirts, black shorts/trousers, purple coach t-shirts, purple tabards for cleaners and refreshed black polo-shirts and purple aprons for café staff. A capital investment for enjoy, the new uniforms provided a bright, colourful and easily identifiable uniform for employees within the Sports Centres.

Staff Training

Through the Future Workforce Development Fund we engaged with Edinburgh College in order to deliver a number of specific training courses for employees. This included:

- Leading & Motivating Teams x2 sessions - attended by 25 employees / out of possible 25
- Communication Skills x2 sessions – attended by 22 employees / out of possible 24
- Coaching & Mentoring x1 session – attended by 8 employees / out of possible 12
- Supervisory Skills (3 day workshop) – attended by 12 employees / out of possible 12
- Performance Management – attended by 8 employees / out of possible 12



- Senior Management Review – providing a brief summary of the provided sessions, and outcome / feedback from the participants
- Mental Health Workshop on Anxiety x1 – attended by 13 employees / out of possible 16
- Mental Health Workshop on Depression x3 - attended by 16 employees / out of possible 36

As part of **enjoy**leisure's participation in the Leisure Watch Scheme, 3 sessions were delivered throughout 2018/19 to provide training and support to staff to help them recognise concerning behaviour and act to stop it, making our public spaces safer for us all.

Direct Partners

Enjoy's continued relationship with Direct Partners has allowed a further 3 Employability Placements to be made across the organisation. This is less than in previous years, however this was due to external funding restraints beyond **enjoy's** control.

Additionally, 2 employees completed Modern Apprenticeships in Level 2 Facility Operations, and went on to start Level 3 MAs in Supervisory Management. One employee started an MA in Level 3 Digital Marketing.

NPLQ Courses

Enjoy has maintained the Institute of Qualified Lifeguard Approved Training Centre Status, which allows 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.

During the period of April 2018 – March 2019, 4 x NPLQ courses were offered to the public which resulted in 44 people attending the training. These courses generated £11,800 worth of income for the business.

The delivery of external NPLQ training courses now feature as a vital element of **enjoy's** continuing recruitment process, and frequently result in attendees going on to become relief and on occasion temporary and permanent members of staff.

Community Economic Investment

North Berwick Sports Centre Refurbishment

In November 2018, North Berwick Sports Centre closed its doors to the public for 5 days in order to undergo a refurbishment upgrade. This included replacement floor coverings in public entrance, reception café, and access hallways. Additionally, the pool hall benefited from new overhead lighting and a refurbishment of the pool-side shower area. Further improvements were made to improve the overall maintenance of the building.

Ormiston Pavilion

Ormiston Pavilion became operational in May 2018. This is a community facility, with the local football club, Ormiston FC having priority booking rights under a User Agreement with East Lothian Council and **Enjoy**. The changing rooms and community space within the pavilion can be hired for multiple community purposes, and was, for example, used by the Ormiston Gala Committee during the summer.

Café Branding



Enjoy provides a café provision within 5 of its Sports Centres, with a catering service available during special events at its 6th site, Meadowmill. New café branding materials were introduced at all sites, injecting some fresh-life into the look and feel of the café provision, with new menus, light-box displays and prominent café signage.

IT Development

General Data Protection Regulations

With the introduction of the new General Data Protection Regulations coming into effect on May 25th 2018, a considerable effort was made by **enjoy**leisure to realign its data collection, storing and sharing practices.

As well as updating all data collection material, this included a significant upgrade of the EPOS and customer data management system, Gladstone. Furthermore, a training programme was delivered to staff at all levels of the organisation, to embed the importance of the revised procedures required in terms of data collection, processing and security.

IT Developments

A successful installation of the Gladstone EPOS system was installed at Winterfield Golf Course in April 2018, which has enabled a more efficient and seamless accounting of both users and income at the golf course.

In February 2019, **enjoy** completed the first installation of a new software programme, “Learn2”, provided by Gladstone. This allows for the electronic tracking and monitoring of participants within coached activity programmes. Linked via handheld iPads used by coaches, participants can be monitored and assessed against set criteria. This links back to a management portal used by administrators to manage the booking, movement and allocation of classes across the programme. The software also has the provision of a parental portal, which allows access for parents to monitor the progress of their child and process payments online. The system also includes a provision for enhanced e-communication with participants / parents. Considerable configuration is required to get the software up and running, which is being progressed in conjunction with the IT team at East Lothian Council.

Sustainable East Lothian

Enjoy is a key economic driver within East Lothian, not only as a major employer, but also in attracting events and investment to underpin new activities for the benefit of targeted groups.

The organisation also contributes in making East Lothian a destination of choice to live, visit and work.

It is committed to working with its partners, East Lothian Council, to ensure environmental sustainability through investment when modernising the estate. This is entrenched in management decision making and the administration of the existing estate and in all planned refurbishments agreed with our partners East Lothian Council.

Financial Performance

An annual audit of **Enjoy** was undertaken by an external auditor (Scott-Moncrieff), which reported an unqualified audit opinion. Extracts from latest audited accounts are shown below.

Group Statement of Financial Activity For the year ended 31 March 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Year to 31 March 2019 £	Year to 31 March 2018 £
Incoming and endowments from:					
<i>Donations and legacies</i>					
Voluntary income	4	32,309		32,309	25,053
<i>Charitable activities</i>					
Membership fees		1,794,168		1,794,168	1,759,385
Services		2,224,932		2,224,932	2,099,913
Management service fee	5	2,015,262		2,015,262	2,224,600
<i>Other trading activities</i>					
Trading subsidiary	22	639,139		639,139	600,242
<i>Investments</i>					
Investment income	6	-		-	6,930
Total		6,705,810		6,705,810	6,716,123
Expenditure on:					
<i>Charitable activities</i>					
Membership services	8	(7,260,567)		(7,260,567)	(7,012,490)
<i>Other</i>					
Trading Subsidiary	22	(661,267)		(661,267)	(699,282)
Net interest defined benefit scheme	11	(101,000)		(101,000)	(101,000)
Total		(8,022,834)		(8,022,834)	(7,812,722)
Net gains/(losses) on investments		-		-	-
Net income/(expenditure)		(1,317,024)		(1,317,024)	(1,096,649)
Transfer between funds					
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets					
Actuarial gains/(losses) on defined benefit pension schemes	11	(658,000)		(658,000)	940,000
Other gains/(losses)					
Net movement in funds		(1,975,024)		(1,975,024)	(156,649)
Reconciliation of funds:					
Total funds brought forward		3,913,333	15,855	3,929,188	4,085,838
Fund balances carried forward		1,938,309	15,855	1,954,164	3,929,189



**Group and Charity Balance Sheet
As at 31 March 2019**

	Notes	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
Fixed Assets					
Tangible fixed assets	12	6,183,131	6,470,901	6,183,131	6,470,901
Current assets					
Stock		80,909	70,822	61,749	53,329
Debtors	13	175,014	181,158	723,841	336,946
Cash at bank and in hand		1,159,351	1,204,800	622,520	1,029,427
		1,415,274	1,456,780	1,408,110	1,419,702
Creditors: Amounts falling due within one year	14	(651,241)	(752,492)	(582,248)	(675,715)
Net current assets		764,033	704,288	825,862	743,987
Total assets less current liabilities excluding retirement benefit scheme		6,947,164	7,175,189	7,008,992	7,214,888
Retirement benefit scheme (deficit)/asset	11	(4,993,000)	(3,246,000)	(4,993,000)	(3,246,000)
Net assets including retirement benefit scheme asset/(deficit)		1,954,164	3,929,189	2,015,992	3,968,888
Funds					
	17				
Unrestricted funds		4,166,730	4,231,048	4,228,558	4,270,747
Unrestricted- Revaluation Reserve		2,764,579	2,928,286	2,764,579	2,928,286
Unrestricted- Pension Reserve		(4,993,000)	(3,246,000)	(4,993,000)	(3,246,000)
Restricted funds		15,855	15,855	15,855	15,855
Total funds		1,954,164	3,929,189	2,015,992	3,968,888



Recommendations

That the Committee notes the information contained within this report.



Addendum to the main report

Report	East Lothian Council Audit and Governance Committee – Enjoy Group Financial Accounts for the year ended 31 March 2019
Author	Scott Birse
Date	18 February 2020
Action	To note

Background – this report covers the period 2018/2019

This paper reports upon the Financial Accounts for the Enjoy East Lothian Limited (**Enjoy**) Group for the year ended 31 March 2019. This paper supports Enjoy's report to East Lothian Council Audit and Governance committee.

The Enjoy Group includes Enjoy East Lothian Trading Limited.

All of the facilities are held on ELC's property portfolio with the exception of Dunbar Leisure Pool, which is wholly owned by Enjoy.

Enjoy is a company limited by guarantee, governed by its memorandum and articles of association and does not have a share capital. The company has charitable status under sections 466 to 493 Corporation Tax Act 2010 and its Scottish Charity Number is SC040527.

Enjoy is audited on an annual basis by an officially appointed professional auditors – currently Scott Moncrieff.

Enjoy has robust internal governance arrangements, which is evidenced by a strong independent financial audit report, which also reported **Unqualified** Accounts for 2018/2019. **Enjoy's** Accounts comply with the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities and Trustee Investment (Scotland) Act 2005 and all relevant accounting standards.

Bill Axon, Chief Executive
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www.Enjoyleisure.com

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



Financial Performance

An annual audit of **Enjoy** was undertaken by an external auditor (Scott-Moncrieff), which reported an unqualified audit opinion. Extracts from latest audited accounts are shown below.

Group Statement of Financial Activity For the year ended 31 March 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Year to 31 March 2019 £	Year to 31 March 2018 £
Incoming and endowments from:					
<i>Donations and legacies</i>					
Voluntary income	4	32,309		32,309	25,053
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Services		2,224,932		2,224,932	2,099,913
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<i>Investments</i>					
Investment income	6	-		-	6,930
Total		6,705,810		6,705,810	6,716,123
Expenditure on:					
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Membership services	8	(7,260,567)		(7,260,567)	(7,012,490)
<i>Other</i>					
Trading Subsidiary	22	(661,267)		(661,267)	(699,282)
Net interest defined benefit scheme	11	(101,000)		(101,000)	(101,000)
Total		(8,022,834)		(8,022,834)	(7,812,722)
Net gains/(losses) on investments		-		-	-
Net income/(expenditure)		(1,317,024)		(1,317,024)	(1,096,649)
Transfer between funds					
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets					
Actuarial gains/(losses) on defined benefit pension schemes	11	(658,000)		(658,000)	940,000
Other gains/(losses)					
Net movement in funds		(1,975,024)		(1,975,024)	(156,649)
Reconciliation of funds:					
Total funds brought forward		3,913,333	15,855	3,929,188	4,085,838
Fund balances carried forward		1,938,309	15,855	1,954,164	3,929,189



**Group and Charity Balance Sheet
As at 31 March 2019**

	Notes	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
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Tangible fixed assets	12	6,183,131	6,470,901	6,183,131	6,470,901
Current assets					
Stock		80,909	70,822	61,749	53,329
Debtors	13	175,014	181,158	723,841	336,946
Cash at bank and in hand		1,159,351	1,204,800	622,520	1,029,427
		<u>1,415,274</u>	<u>1,456,780</u>	<u>1,408,110</u>	<u>1,419,702</u>
Creditors: Amounts falling due within one year	14	<u>(651,241)</u>	<u>(752,492)</u>	<u>(582,248)</u>	<u>(675,715)</u>
Net current assets		<u>764,033</u>	<u>704,288</u>	<u>825,862</u>	<u>743,987</u>
Total assets less current liabilities excluding retirement benefit scheme		<u>6,947,164</u>	<u>7,175,189</u>	<u>7,008,992</u>	<u>7,214,888</u>
Retirement benefit scheme (deficit)/asset	11	<u>(4,993,000)</u>	<u>(3,246,000)</u>	<u>(4,993,000)</u>	<u>(3,246,000)</u>
Net assets including retirement benefit scheme asset/(deficit)		<u>1,954,164</u>	<u>3,929,189</u>	<u>2,015,992</u>	<u>3,968,888</u>
Funds					
	17				
Unrestricted funds		4,166,730	4,231,048	4,228,558	4,270,747
Unrestricted- Revaluation Reserve		2,764,579	2,928,286	2,764,579	2,928,286
Unrestricted- Pension Reserve		(4,993,000)	(3,246,000)	(4,993,000)	(3,246,000)
Restricted funds		15,855	15,855	15,855	15,855
Total funds		<u>1,954,164</u>	<u>3,929,189</u>	<u>2,015,992</u>	<u>3,968,888</u>



Financial Commentary

Group Statement of Financial Activity

This statement represents the Group's Income and Expenditure Account and movement in Funds.

Overall, the Group reported Net Income/(Expenditure) of £(1.317)m for the year, which together with an actuarial loss on the pension scheme of £(0.658)m, gave a Net Movement in Funds of £(1.975)m, bringing the Total Funds carried forward to £1.954m.

The table below shows that excluding the £1.089m of Pension Scheme adjustments included in the Income & Expenditure Account for the year, the 'Core' Operating position for the **Enjoy** Group was a Net Deficit of £0.228m, representing an improvement on the prior year of £0.04m.

	Year to 31 March 2019	Year to 31 March 2018
	£	£
Total Reported Group Expenditure	(8,022,834)	(7,812,722)
<u>Exclude Pension Defined benefit scheme adjustments included</u>		
Defined benefit scheme adjustments	988,000	724,000
Net interest defined benefit scheme	101,000	101,000
= Core Operational Expenditure	(6,933,834)	(6,987,722)
Total Income	6,705,810	6,716,123
= Core Operational Surplus/(Deficit)	(228,024)	(271,599)

Total Income for the year ended March 2019 was £6.706m, which was flat overall on the previous year. The Management Service fee received from East Lothian Council was £2.015m, representing 30% of total income – this fee was £0.21m/9.4% lower than in 2017/18. Membership fees and income from other services increased in the year from £3.859m to £4.019m

Total reported expenditure was £8.022m, which was £0.21m higher than the previous year. Excluding the adjustments relating to the Defined Benefit Pension Scheme (of £1.089m in 2018/19 and £0.825m in 2017/18), core operational expenditure was £6.933m in 2018/19, which was £0.05m lower than in 2017/18 (£6.988m).

The Group position included the Trading Subsidiary's reported Income of £0.639m, Expenditure of £0.661m, representing an Operating Loss for the Trading Subsidiary of £0.022m, being an improvement on the prior year's Loss of £0.099m.



Balance Sheet

The Tangible Fixed Assets value of £6.183m includes Land and Buildings (Dunbar) of £6.054m.

There are no material changes on the values of current assets and liabilities, relative to 31 March 2018:

- the value of Stock at £0.081m has increased by £0.01m
- Debtors at £0.175m is flat on the previous year.
- Cash at bank and in hand is £1.159m at 31 Mar 2019, which is £0.05m lower than end 2018
- Creditors has reduced by £0.1m as a result of Trade Creditors and VAT

The Deficit on the (Pensions) Retirement scheme increased from £3.246m at 31 March 2018 to £4.993m at 31 March 2019 – this increase in deficit of £1.747m was comprised:

• Net Interest earned on Plan Assets versus Interest cost (taken through Income and expenditure Account)	£(0.101)m
• Defined Benefit Scheme adjustments (taken through Income and expenditure Account) re service cost and employers contributions	£(0.988)m
• Actuarial remeasurements (taken through balance Sheet) re changes in financial assumptions £(1.566)m and return on assets £0.908m	(0.658)m
Net movement in Retirement Benefit Scheme Asset/(Deficit)	£(1.747)m

Recommendations

That the Committee notes the information contained within this report.

