



Report	East Lothian Council Audit and Governance Committee Report
Author	Bill Axon, Chief Executive
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EXECUTIVE SUMMARY

This report sets out the financial and operational performance of **enjoy**leisure (**enjoy**) since March 2023, the challenges that **enjoy** faces in light of the cost of living and energy crises, and the successes that **enjoy** has achieved through this period.

The biggest challenges **enjoy** faces on an ongoing basis include:

- Continuing attempts to balance our budget and rebuild reserves whilst receiving plateaued income and achieving cost savings while prices and wages continue to rise.
- Planning for the impact of future rises in National Minimum Wage and Real Living Wage and operationally balancing the costs of these rises with the level of staffing required to maintain the facilities and services.
- Increasing fitness memberships in light of the cost-of-living crisis, albeit this is relenting, but where **enjoy** has struggled to increase numbers at a significant rate.
- Unprecedented difficulties in the recruitment of staff due in a large part to rates of pay being offered by **enjoy**, which resulted in little to no pay increase during the COVID-19 pandemic and the subsequent lack of available candidates.
- Keeping up with the demand for swimming and gymnastics lessons in East Lothian, especially as the population grows within the county and given a shortage of qualified teachers.

However, **enjoy** has made great strides through the last 4 years since COVID hit, including success in:

- Negotiated a 10 year extension to our funding agreement with East Lothian Council, which will ensure continuity of existing service provision and affordable leisure activities for local communities. The current/new arrangement delivers significant ongoing financial benefits for the Council and allows **enjoy** to strengthen its position within the sector.
- **enjoy** remains in a position to have avoided redundancies since the pandemic began, especially when compared to other Trusts who have been less fortunate.
- Income and usage has returned at levels consistently higher than expected in comparison to other Trusts, extending the lifespan of our reserves.
- All facilities have remained open, with colleagues going above and beyond to cover staff shortages.
- Improved and sustained partnership with ELC, including regular meetings between **enjoy** and ELC staff have ensured the continued spirit of partnership working.

Bill Axon, Chief Executive
0131 653 5202
baxon@enjoyleisure.com

www.enjoyleisure.com

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



BACKGROUND

In October 2009, Enjoy East Lothian Limited (**enjoy**leisure or **enjoy**) was established to manage, under contract, sports and leisure facilities and services on behalf of East Lothian Council (ELC). The facilities managed by **enjoy** comprise six major sites in Haddington, Tranent, Musselburgh, North Berwick, Prestonpans and Dunbar; as well as a number of sports facilities throughout East Lothian. All of the facilities are held on ELC's property portfolio with the exception of Dunbar Leisure Pool, which is wholly owned by **enjoy**.

The primary objective of **enjoy**leisure, as East Lothian's charitable health, well-being and leisure trust, is to improve lives by inspiring active living. It is our mission to enrich the physical and mental wellbeing of our communities, by putting people at the heart of everything we do:

- We provide opportunities for people of all ages to enjoy recreational facilities in East Lothian, with the objective of improving their conditions of life.
- We develop and create our own recreational coached activity programmes to create development pathways for both competitive and non-competitive athletes.
- We contribute to advancing the wellbeing of the inhabitants of and visitors to East Lothian through our wide ranging fitness class activity programme, Bodyworks Gyms, and Swimming Pool programmes.
- We provide local residents on low income or disability benefits the opportunity to engage in physical activity at concessionary rates.
- We support the national physical activity referral scheme that provides specialist support to those living with a long-term condition who have been referred by a health professional.
- We have strong links with local schools providing access for both public and private educational facilities, so children of all ages and abilities are able to engage in sporting activities.
- We provide sports halls, dance studios, pitches, and pavilions for local sports clubs and community organisations to host their training sessions, competitions, matches, dance rehearsals, theatre productions, and community meetings.

April 2023 to March 2024

Since March 2020, the majority of **enjoy**'s services & facilities have faced multiple closures, and when facilities were open they were restricted in both activities and capacities. Facilities were closed due to lockdowns from 24 December 2020 to 26 April 2021, after which activities and facilities returned slowly.

Various COVID measures were retained throughout the year. In December 2021 in response to increasing COVID infections, restrictions were placed on indoor activities. Cafés did re-open with only the North Berwick café still remaining closed due to the inability to recruit a café manager into the post.

In August 2021, capacity restrictions within **enjoy** facilities were removed, and visitor numbers and income bounced back significantly. It was extremely heartening to see loyal customers, tourists and visitors returning to utilise **enjoy**leisure facilities. This meant that after a challenging financial



performance in 20/21, greater income and usage enabled **enjoy** to commence recovery far more quickly than expected.

We have experienced various issues around the sporting facilities during the year, both directly and indirectly. The Loch Centre pool was closed in early 2023 due to significant repairs that were identified during essential maintenance and inspection works. The pool remains closed and is a loss of a valuable income stream as well as a vital community hub. Whilst the centre remains open, this is a dry site only. In September 2023 the Wiggles Soft Play area within the Loch Centre was required to be closed for a 4-month period due to a flooring issue requiring significant repairs after water ingress beneath the soft play area. Wiggles re-opened again in January 2024 after a 4-month closure, but again impacted on our ability to generate income. We were also required to close the main hall in Aubigny Sports Centre for approximately 6-weeks from late October to early December 2023; this was due to necessary and urgent heating works.

Our new Leisure Management System, Legend, achieved go-live status over May and June 2023 and gives us significant opportunity to report on many data points to aid future business strategy. Some post-implementation issues remain ongoing at the end of 2023/24 and into 2024/25 and we are working with the supplier to ensure that these are resolved in a timely manner.

A new HR and Payroll system achieved go-live in September 2023 with additional developments around recruitment and employee on-boarding processes to be considered for future implementation.

The 2023/24 financial year was the 2nd year of a 2-year pay deal for our employees, with future considerations necessarily focused on managing our pay structure to attempt to re-bridge the gaps that were created during the pandemic between **enjoy** and ELC rates of pay. Currently, **enjoy** are an average of 15% lower in terms of rates of pay versus ELC, on what is the same structural pay scale. This continues to cause us operational and recruitment issues and is something we are attempting to strategically address over the coming few years.

Visitor Statistics

Total visitor numbers fell in 23/24 compared to the previous year, which we have attributed predominantly to the impact of the cost-of-living crisis and customers necessarily tightening their personal finances as a result. We also continue to feel the impact of the closure of the Loch Centre pool in early 2023 and restricted access at the North Berwick Sports Centre due to ongoing RACC issues which arose as an issue in the summer of 2023.

Golf numbers remained relatively static and showed a continued return to the stability of pre-COVID levels. We continue to ensure that the recording of visitor number data is developed and improved and becomes more automated, after the introduction of the new Legend Leisure Management System in May 2023. This is especially important at sites where we have not electronic recording mechanisms, e.g. at football pitches and athletics track etc.



	2021/22	2022/23	2023/24
Total Visitor Numbers	750,000	933,500	781,000
Sports Centres Customers	512,799	765,600	685,000
Golf Courses	68,117	48,900	48,400

Finance

The financial year 2023/24 provided for an overall deficit across the group of £131k. This amount was split between a core operating (charity) deficit of £52K, and trading (café) losses of £79k. The audit was completed between July and September 2024 and unqualified accounts have been produced and submitted.

The statutory accounts show a net positive movement in funds for the group for the year ended 31 March 2024 of (negative) £590,064. This is comprised of:

- a core operating deficit of £131,064; and
- an adjustment for the defined benefit pension scheme, being an actuarial loss of £459,000.

The core operating deficit of £131k (2023: £30k surplus) includes a loss of £79k for the trading subsidiary and a deficit of £52k for the charity.

Total group income in 23/24 was £6.97m (up £0.22m from £6.75m in 22/23). This has put us in a good position compared to pre-COVID income levels, which were circa £6.4m.

A freeze on the East Lothian Council management fee, whilst welcomed as not being a reduction, does represent a real-terms 'cash cut' due to the levels of inflation in the wider economy.

enjoy continues to rebuild its reserves well - at the end of March 2024, reserves were £1.1m and represents a very good position on **enjoy's** minimum reserves target, which is £1.2m. Our aim is to grow reserves to over 100% to facilitate opportunities for investment and growth and supporting other one-off operating expenditure. Our ability to achieve this will be significantly impacted by the key factors of employee pay and the future level of support from ELC, as well as many other salient, but less impactful, areas.

Looking to the Future

Despite the volatile environment within which we operate, our commitment to grow the business without taking undue risk, remains undiminished. We will continue to investigate all options and opportunities to build up the business, develop our people, improve the customer experience and ultimately make a positive difference for and within our communities.

We will have a clear focus on the future and be adaptable, to as best we can, meet the dynamic difficulties the current public financing challenges being endured by all public services. We will do this by continuing to strengthen our relationship with East Lothian Council, creating, embracing and not fearing a culture of continuous improvement and through nurturing the talent within Enjoy.



enjoy are also proud to continue to offer an Access to Leisure Scheme, whereby East Lothian residents on low incomes, with disabilities, or in NHS health programs can access **enjoy** leisure facilities for £2.00 off peak, and receive 50% off children's coached activities such as swimming lessons. We hope this will go some way to ease the burdens of the cost of living crisis for customers and ensure that those who wish to participate in sporting activities can continue to do so.

Despite the challenges **enjoy** faces, we have had several successes over the last year and continue to make strides to improve the business.

Operations & Sport Development

RACC became an issue for **enjoy** during the summer of 2023 with issues at North Berwick, but also at Preston Lodge high School resulting in the temporary relocation of PE lessons to the Meadowmill Sports Centre. The largest loss of income for **enjoy** from facilities-related issues was the necessary closure of the Loch Centre swimming pool in early 2023, which was reported last year, but the closure continues to be in effect as we enter 2024/25.

ECOLABS cleaning materials and dispensing devices (controlled dosage) were trialled at Musselburgh Sports Centre and have subsequently been rolled-out across all of our centres after the success of the trial. These will bring cost savings for us in terms of soap and paper towels etc.

Enjoy project-managed the new Wallyford Learning Campus 3G pitches on behalf of ELC, but as we enter 2024/25 these will be handed back over to ELC.

The new gym extension at Aubigny continued to progress, with planning permission consented in November 2023 and by February 2024 tenders were received. The works are planned to commence in the summer of 2024, with a likely completion date of early 2025. This extension is being funded by housing developer contributions and highlights the success of partnership working across all sectors. The new gym will have more capacity and it is hoped will increase memberships and income for **enjoy** during 2024/25 and onwards.

Ongoing reviews relating to our Policies and Procedures were conducted, as well as a Service and Standards review, support by Visit Scotland report.

We had a further successful opening of seasonal facilities at the East and West Putting Greens in North Berwick and the Bowling Green at Fisherrow, including the introduction of accessible golf at East Links and solar powered payment methods at the Links.

We have an aim of improving and increasing occupancy throughout centres to continue our fdesired return to pre-COVID usage levels, now with the cost of living crisis continuing to relent slightly during 2023 and 2024.

We work closely with ELC to consider the expansion of provision of sports and leisure facilities within East Lothian. This includes an additional ability to put on seasonal sporting activities within school holidays after our recruitment of an additional Sports Development Officer in February 2024. The benefits of this post will be more strongly felt during the 2024/25 financial year.



We continue to look at ways of Reducing our carbon footprint in order to meet partner and customer expectations and to save costs, especially in light of growing utility prices. Working with ELC, we have identified a light replacement programme within Aubigny Sports Centre which will hopefully reduce costs and increase compliance with the green agenda.

Sports Development

- The Athletics development officer post fell vacant in June 2023 and was replaced by a wider Sports Development Officer post in February 2024.
- Enjoys swim programme has continued to be popular and despite challenging times regarding the changeover to the new leisure management system, we are managing to retain 2,400 children attending the Learn 2 Swim programme across our sites.
- The gym programme continues to teach around 500 children a week despite the issues experienced in terms of recruiting teachers.
- We have provided Pickelball taster sessions, and due to their success this is now an established class. Funding from the Souter Trust enabled us to procure the necessary equipment to support this expansion.
- Various holiday camps held for children, including Tennis and Basketball.
- With the support and funding of external partners, a Pool Pod at North Berwick and a Throwers Cage at Meadowmill are now available for use.

Future Sports Development Plans

- Increase ASN and disability sport programmes across sites.
- Increase swim and gym lesson capacity through recruitment and ongoing improvement of the current IT systems supporting the administration of them.
- Continue working with Head of Business development to apply for funding to support sports provisions.
- 'Mind the Gap' project to identify opportunities in our facilities to maximise their usage and benefit our key partners.

People

The HR function has benefitted from improvements in productivity as a result of introducing MHR iTrent in late 2023, and we continue to embed processes to ensure our managers have autonomy in their role of leading and managing their teams.

HR is moving forward with introducing a new temporary structure to adapt to the productivity savings driven by iTrent and that will provide greater and targeted support for managers around effective and supportive management of colleagues. It is anticipated that this will be in place at the end of financial year ending 24/25.

We have continued to invest in and develop colleagues and are proud that some of our senior positions have been filled internally as a result of ongoing training and development opportunities. We have seen colleagues want to develop their knowledge and skills in our sector and the leadership opportunities that can be provided. This has been challenging as our previous training funding has come from the Flexible Workforce Development Fund, however with this funding being removed



from Scottish Government funding, we have had to incorporate the cost of learning and development into the 24/25 budget process.

Through recent work with our Health & Wellbeing Manager, we have focussed on raising awareness of our Employee Assistance Programme. Scott has visited colleagues at centres and together with representative colleagues from our Health & Wellbeing Steering Group, have delivered face to face training sessions on the benefits of the Employee Assistance Programme through Health Assured. We will continue to place a high level of focus and support for our colleagues in relation to their health and wellbeing.

We have worked together with Direct Partners and East Lothian Works to introduce a Pathway to Leisure programme. The programme is designed to support school leavers with no future destination, a fully funded placement in our sport centres to learn the role of a Leisure Assistant and to prepare for and undertake the National Pool Lifeguard Qualification (NPLQ) course. Our commitment to the young people who undertake the placement and pass the NPLQ course, is to offer them a guaranteed interview and the potential opportunity to become a Leisure Assistant. They will also then have the opportunity to continue this learning through the ongoing SVQ modules that we offer colleagues, supported by Direct Partners.

Success Stories

- **enjoy** is extremely proud to have been able to continue to focus on protecting jobs and hours whilst operating in a challenging environment.
- We introduced the Pathway to Leisure programme to support young people across East Lothian and cements our developers in you people accreditation.
- We are proud of our internal development of colleagues to be able to gain promoted posts.
- Our managers have more autonomy in their leadership of their teams and are able to support their colleagues with effectively in attendance and performance.

Ongoing Challenges

- The new governments plans to introduce the new Employment Rights Bill may bring challenges for enjoy in the future and we are keeping a close eye on developments. The key focus during 2025 will be on consultation and through the Chartered Institute of Personnel and Development (CIPD) and Community Leisure UK (CLUK) we have the opportunity to feed into that consultation.
- Providing a pay award for 25/26 that will positively impact on the grade differentials and the subsequent impact this has on recruiting for senior posts.
- As a result of the Flexible Workforce Development Fund closing and a loss of £15k of funding, our ability to invest into people development may be under tighter financial controls, but not at the expense of development and mandatory training.

Memberships & Customer Return

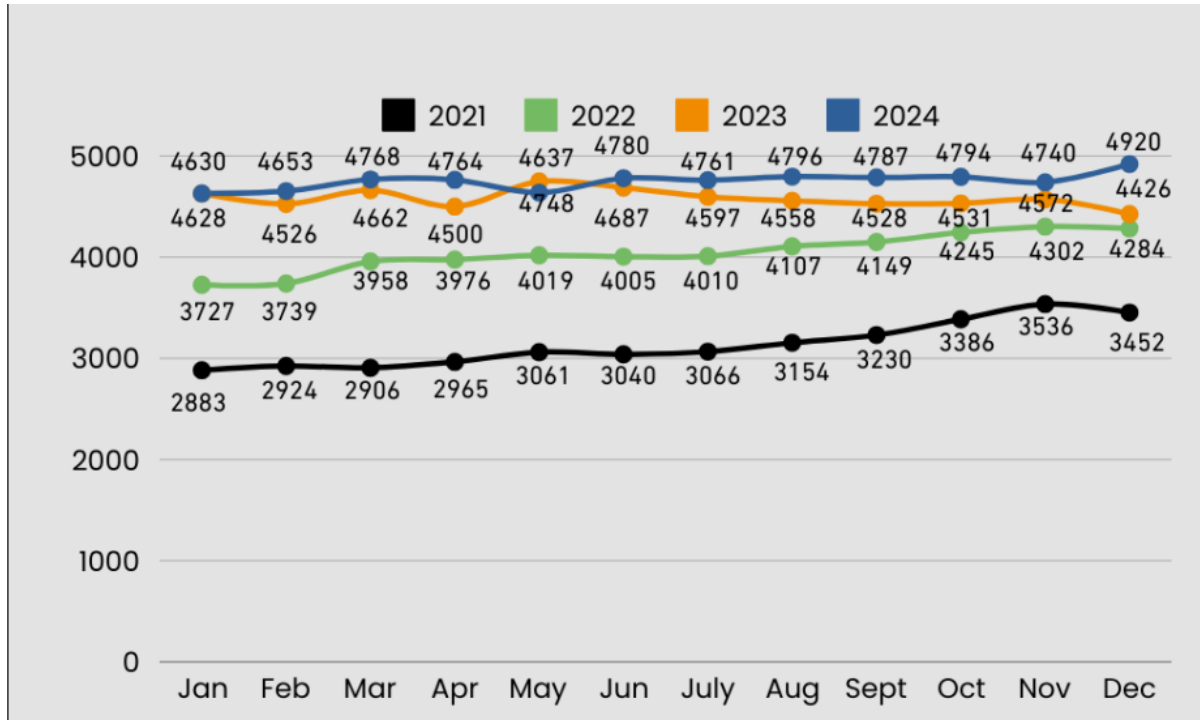
Enjoy Leisure remains committed to keeping East Lothian moving. With the future introduction of new junior swim, soft play, and corporate memberships, the offerings for customers and members are expanding, allowing more of the community to increase their activity levels.

Fitness membership has been slowly but steadily improving. However, as we see a slight recovery from Covid, Enjoy Leisure customers and members are now facing a cost-of-living crisis. The main



focus has been on developing the customer journey they experience, which will help improve retention.

The growth in fitness memberships is shown visually in the below graph: -



Success Stories:

- We continue to see growth in our membership numbers and are working hard on reviewing our standards and service to enhance retention.
- Looking at cancellation data, a large percentage of members are very likely or likely to recommend our facilities to a friend. This suggests that members see our membership as offering good value for money.
- A branding refresh has been completed and is set to launch early 2025. This includes updated values and new customer personas.
- The Enjoy Leisure app remains popular and has now become a primary communication channel for customers and members.

Ongoing Challenges:

- Increased competition from not only private gyms and studios, but also other experiences like Fox Lake, Lost Shore Surf Resort in Edinburgh, and Midlothian’s Alpine Coaster, can demand significant time from our customers and members, reducing the time they spend at our facilities.
- Many of our customers and members are affected by the cost of living crisis and are seeking more affordable options to maintain their activity levels.
- Whilst the Legend Leisure Management System is a very powerful system, due to resource constraints, a lot of the data about customers and their usage of our facilities remains unused.



- Ensuring that prices and charges are increased enough to cover inflation and rising wages without aggravating existing customers and still being able to attract new customers.

Business Development / Health and Wellbeing / Communications

This function continues to establish and maintain relationships, proactively seeking prospects and opportunities to promote long term growth.

We welcomed a new Health and Wellbeing Manager and a new Marketing and Communications Manager during 2023/24, both bringing a wealth of knowledge and expertise to their respective functions.

Success Stories

- Considerable progress to deepen corporate partnerships involve more comprehensive collaborations. This includes the bulk sale of access passes, delivery of early-stage Health and Wellbeing talks to corporate groups and the receipt of corporate donations to support our charitable objectives.
- This includes key partnerships with EDF Torness, Bluelight and Young Carers of East Lothian.
- We maintain a strong partnership with Fitness Education Academy, members and customers of enjoy leisure have access to personal trainers who can use our gyms to work with their clients. This partnership also allows for 50% reduction of FEA courses for our staff.
- Working alongside comms and marketing, there is new branding, website and mobile app which allow increased brand awareness and engagement.
- Various review papers have been written and are with senior managers for review or as in the case of one paper, is outsourced for external appraisal.
- Efforts to secure external funding remain a priority, with notable successes achieved this period. These include securing grants for essential equipment, such as first aid and swimming resources, alongside the acquisition of a **Pool Pod** for the Musselburgh Centre. This addition complements the North Berwick Pool Pod, further enhancing inclusive access for community members requiring dignity-focused pool support.
- A strategic focus remains on cultivating a robust funding pipeline, ensuring consistent reporting and relationship stewardship with grant-making bodies.
- Building upon the successes of the Dunbar-only GP referral trial, our Health & Wellbeing function continues to expand into a long-term conditions programme throughout the county.
- The Health and Wellbeing programme has grown into offering specialised exercise support from each of our centres. Our physical activity referral programme builds relationships with NHS teams and other charities to create a smooth transition from clinical to community rehabilitation.
- Bringing support closer to people in the community increases adherence and successful outcomes. Our partnerships have shown a big increase in referrals into the programme and we are currently offering 18 supported exercise sessions per week with a variety of gentle movement sessions and gym support groups.



Ongoing Challenges

- The external grant funding landscape has become increasingly challenging due to a significant rise in applications post-pandemic. This has necessitated a more targeted and strategic approach to funding applications to maintain competitiveness. This requires us to continuously refine our approach to securing these resources.
- Ongoing staffing constraints present a limited ability to dedicate adequate time to new initiatives and business development. The impact of a key vacancy, which has slowed data collection and analysis capabilities, restricts our ability to gain actionable insights into market trends, consumer preferences and membership package evaluation, which are essential for evidence-based decision-making and growth.

Finance

There has been a £100k reduction in the management fee from East Lothian Council for the 2024/25 financial year, as the Council manages the financial pressures it faces. The position for future years remains uncertain as well, with significant financial pressures on the budgetary horizon. Accordingly, **enjoy** must plan its future budgetary requirements and evaluate the likely reserves position via a medium-term financial plan.

A large deficit budget of £366k was set for the group in the 2023/24 financial year, with an eventual overspend of £131k across the group, including a £78k loss for the trading subsidiary arm of the business which oversees the café provision. There are significant pressures upcoming for the group's budgets, with National Minimum Wage (£12.21/hr) rising by £0.77/hr from April 2025, which will still see us paying less than the Real Living Wage of £12.60/hr.

A material number of vacancies have been experienced during 2023/24 into 2024/25, which have proven hard-to-fill, but have concurrently created a budget underspend to assist in meeting a balanced income v's expenditure outcome for 2023/24. The vacancies continue to cause operational issues at centres.

Our longer-term aim is to ensure **enjoy** has a balanced budget and a strategy to increase reserves to over 100% of target to then allow for focussed investment and development into the business. A deficit budget of £231k was set for 2024/25 and the financial pressures on the horizon do not currently lend themselves to meeting this aim in the medium- to long-term. **Enjoy** continues to work closely and collaboratively with East Lothian Council to understand these challenges and ensure **enjoy** has the necessary resources to continue delivering the services and facilities it currently does.

Enjoy has plans to review many key areas of non-pay and non-utility spend during 2024/25, including the contractual arrangements around pool chemicals, uniform, stationery and paper products within our toilets and changing rooms.

Success Stories

- Strong cash management means that **enjoy's** reserves remain much higher than expected, and very close to the minimum level of £1.2m at the end of 2023/24 financial year (£1.1m or 94%).



- Improved and sustained partnership with ELC, including regular meetings between **enjoy** and ELC finance staff have kept both parties up to date and abreast of the situation throughout the last couple of years.
- The new Legend Leisure Management system was go-live from May 2023 and despite some teething issues, has proven to be a very capable booking and reporting system.

Ongoing Challenges

- Achieving budgeted levels of income and cost savings, in order to reduce deficits and preserve cash reserves.
- Creating a viable medium- to long-term financial plan that outlines the financial challenges upcoming to the business in 2024/25 and beyond.
- Rebuilding reserves to above the minimum target level in order to reinvest in the business.
- Balancing the need for fuller staffing in our centres versus the budgetary savings that these provide.
- Maximising the efficiency and usage of the new Legend Leisure Management system whilst continuing business-as-usual and not disrupting the customer experience.
- Overcoming technical operational issues that the new Legend system has revealed post go-live and fully grasping the operational data available to us and leveraging its use within the business.

The Organisation

The Senior Management Team restructure from 2021/22, which saved £50k per annum, continues to be a success for the running of the organisation. A new permanent Head of Finance commenced in June 2023 and a new Head of Operations was appointed in December 2023 to replace the outgoing postholder who retired in March 2024.

A new Marketing & Communications manager was permanently appointed in February 2024 after a period of temporary working as well as a new Health and Wellbeing Manager from February 2024, to replace the outgoing postholder who was appointed to the Head of Operations post.

The Sports Development postholder left the organisation in February 2024 and a replacement postholder commenced in April 2024.

The **enjoy** Senior Management Team remains very lean and small in comparison to equivalent bodies in other Local Authority areas but remains very productive, insightful and dedicated to progressing the business into 2024/25 and beyond.

We have also seen a highly efficient and engaged Board of Directors emerge over the last few years. The enthusiasm and stewardship has been and will continue to be invaluable as we moved through the current crises and on into recovery. The former chair of the Board of Directors resigned her position from November 2023 onwards, to be replaced by an incumbent director. Further, four new directors were appointed to the Board in February 2024.

Partnership with ELC has continued to enhance with regular, open dialogue being maintained from both partners and a shared commitment to developing for the communities of East Lothian a sport and wellbeing service to be proud of. We will continue to work together to ensure that East Lothian



can continue to be a leader in offering all residents real opportunities to enjoy and lead active, healthy lifestyles.