

Culture and Communities Committee

10:00am, Tuesday 11 September 2018

Edinburgh Leisure Annual Report

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| Item number | 8.4 |
| Report number | |
| Executive/routine | |
| Wards | |
| Council Commitments | |

Executive Summary

Edinburgh Leisure's vision is *'inspiring Edinburgh to be a more active and healthy city'*, the company's purpose; *'to make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more'*.

The Edinburgh Leisure team is passionate about the positive impact physical activity can have on peoples' physical, mental and social wellbeing. And, throughout the year the focus on: delivering the organisation's purpose, vision and values and protecting services and building a sustainable business model by increasing usage and income and managing expenditure, delivered some great results in 2017/18. Despite significant environmental challenges the organisation delivered a surplus of £477,000, £627,000 ahead of the budget £150,000 deficit.

Edinburgh Leisure is acutely aware of the barriers that can inhibit an active and healthy life and the Active Communities programme is the organisation's response to such. The programme is made up of a variety of projects that use physical activity and sport to improve, and in many cases transform, the lives of people affected by health conditions, disabilities, inequalities and poverty. Many of the projects are delivered in partnership with others and rely on effective co-working and external funding.

Edinburgh Leisure has long recognised the value of partnership work and values the strategic partnership with the City of Edinburgh Council. The organisation regards itself as custodians of Council assets i.e. the amazing range of venues throughout the city, and works with the Council to help make Edinburgh a great city to live and work in.

Edinburgh Leisure Annual Report

1. Recommendations

- 1.1 The Culture and Communities Committee is asked to:
- 1.1.1 Note the performance of Edinburgh Leisure (EL) during 2017/18.

2. Background

- 2.1 The output of the robust budget process carried out with budget holders throughout EL was a £150,000 deficit budget for 2017/18. Setting a deficit budget is never desirable and the option to impose budget targets on managers / budget holders to achieve a break even position was considered. This option was, ultimately, not recommended to the Board of Edinburgh Leisure, rather assurance was given by the Strategic leadership Team that there was buy in throughout the organisation to improve upon the deficit budget position. The Board approved the deficit budget in March 2017.
- 2.2 The net operating financial position for the period 1st April 2017 to 31st March 2018 for the 'core' business was a surplus of £208,000. A good result appreciating the ongoing environmental challenges: increasing costs, the Edinburgh employment marketplace, ongoing competitive pressures and a reduction in the management fee from the City of Edinburgh Council. There was also the extreme winter weather conditions, in the form of the 'beast from the east', to contend with. The extreme weather resulted in the unprecedented step of closing venues for 2.5 days, which equated to a loss of circa £100,000 in income and 30,000 customer visits. The other significant 'happening' in 2017/18 was the closure of Meadowbank on 3rd December 2017.
- 2.3 In anticipation of the lifecycle investment works at Dalry Swim Centre, EL's annual maintenance budget was underspent by £269,000. This, combined with the surplus in the core business, resulted in a year end surplus of £477,000; £627,000 ahead of the budgeted £150,000 deficit.

3. Main report

3.1 Investments

- 3.1.1 The strategy to invest to improve the organisation's long term sustainability continued in 2017/18, albeit on a reduced scale to the previous two years. Circa £1,200,000 was invested into assets across the city to maintain and develop

welcoming places to meet the needs of communities and to improve the organisation's efficiency. These included:

- a refresh of the gym at Leith Victoria Swim Centre and additional gym equipment for the Royal Commonwealth Pool (RCP)
- refurbishment of the cycle studio at Ainslie Park
- install of an irrigation system at the Braids Golf Course
- re-tiling the pool and environs at Glenogle Swim Centre
- the introduction of 'Aquadash' at the RCP
- the replacement of diving boards at the RCP
- CCTV upgrades at Gracemount, Glenogle, Kirkliston, Leith Victoria and Portobello Leisure / Swim Centre(s)
- A variety of energy saving initiatives e.g. the replacement of four Building Management Systems

3.1.2 Throughout the year work also took place to progress a number of other investment projects for delivery in the current year (2018/19). The most significant of these being the Dalry Swim Centre lifecycle refurbishment project.

3.2 Meadowbank Sports Centre (MSC)

3.2.1 EL personnel have been closely involved in the 'new' Meadowbank project and welcomed the Council's commitment to deliver a fabulous new sports centre for the people of Edinburgh.

3.2.2 The decision to close the venue in December 2017 was confirmed in June 2017 and from that point onwards a significant amount of work was undertaken in preparation for closing, especially with regard to the relocation of MSC's customers and the redeployment of employees. When the doors to the venue closed, after 50 years of sporting history, work commenced on emptying and decommissioning the building for handover to the Council January 2018.

3.3 Inspiring Edinburgh To Be Active and Healthy

3.3.1 Physical inactivity remains one of Scotland's major public health risks, with a significant proportion of Scottish adults (37%) and young people (27%) failing to meet the minimum physical activity guidelines. Sedentary lifestyles increase the risk of developing multiple health conditions and, in Scotland, inactivity is estimated to be costing the NHS around £77million each year. Physical activity has a powerful and valuable role to play in the health and wellbeing of Edinburgh. EL is committed to and well placed to make even more of a difference to Edinburgh's health and wellbeing.

3.3.2 EL's Active Communities team use the power of physical activity and sport to help improve the lives of people affected by health conditions, disabilities and poverty. In 2017/18 the team delivered a range of projects that directly supported 7,984 people to be active (an increase of 2,784 on the previous year). Key highlights in 2017/18 included the following:

- 136,257 visits to Active Communities programmes
- 119 Active Communities classes delivered each week to inactive people
- 19 low-level **Get Active classes** delivered across 7 Edinburgh Leisure venues per week
- 3,073 **referrals** from Health & Social Care professionals
- 625 people with mild to moderate mental health issues received 1:1 support on the **Healthy Active Minds** project
- 518 people with Long Term Conditions active through the **Fit for Health project**
- 18 **Steady Steps** classes delivered per week and 535 older people supported to get active to reduce their risk of falling
- 373 older adults active each month through the **Ageing Well** project
- Success in securing funding from the Life Changes Trust to support EL being **dementia friendly**
- 43 families supported to embrace healthier eating and being more active together through the **Get Going** project
- 52 staff trained in **Autism Awareness** and 14 staff supported to become Autism Champions
- 188 community groups supported to help people be more active through the **Community Access Programme**
- 472 people on **low incomes** active each week through the £10 monthly '**Get Active**' membership
- 185 Active Communities **volunteers** trained and assisting on projects to support people being active

3.3.3. Partnership work, especially with the City of Edinburgh Council (CEC), NHS Lothian and the voluntary sector is critical to success in reaching individuals and communities that need support to be active and improve their health and wellbeing.

3.3.4 Throughout the year EL explored opportunities to increase co-working with Health & Social Care: feedback was shared on Health & Social Care's new commissioning plans for Primary Care, Older People, Mental Health and Disabilities. EL personnel are involved in the Physical Activity Alliances established in each locality and information was shared with 18 Link Workers to facilitate referrals and signposting to EL services.

3.3.5 EL are involved in CEC's Community Learning & Development Strategic Partnership and are members of Edinburgh Children's Partnership and the following programmes have made a valuable contribution to CEC outcomes:

- the **Looked After & Active project** supported 653 Care Experienced Children to get active and healthy with Edinburgh Leisure.
- the **Positive Destinations and Young Ambassadors** projects have offered educational, employment, volunteering and personal development opportunities to **318 young people**.
- the Friday night activity programme **Open All Hours** welcomed approximately 250 young people every Friday.

3.3.6 The Active Communities Team relies on external funding to sustain and develop many of the projects. In 2017/18 £550,000 was secured in external funding (also

£550,000 for 2018/19). Securing and retaining funding, in an increasingly busy fund raising space, relies on robust monitoring & evaluation activities to demonstrate the organisation's expertise and delivery of outcomes. Capturing the feedback from participants on the various projects contributes to EL's monitoring & evaluation activities and it is always heartening to hear from individuals on the positive impact a project has had on their life. An example of this is shared in Appendix 1.

3.4 Project Schools

- 3.4.1 Work has been taking place since October 2015 to progress with the City Council's decision to transfer the management of the high school sport facilities, out-with curricular and extra-curricular time, to Edinburgh Leisure. The project management arrangements to support the transfer process include: a project board and supporting sub groups in: human resources, operations, facility management and finance. EL and CEC personnel are involved in all the groups.
- 3.4.2 The first schools to transfer were the new James Gillespies High School in September 2016 and Portobello High School in November 2016. The timing and phasing of the remaining schools has been re-visited on several occasions as the project has progressed due to a variety of factors e.g. PPP charges, CEC's Facility Management review, TUPE implications. During 2017/18 a further 12 high schools transferred to EL. The booking function for all high schools, with the exception of Wester Hailes Education Centre, transferred to EL in May 2017. And, in 2017/18 EL worked with circa 687 clubs and processed circa 1,216 extended lets / regular bookings in the high school estate.
- 3.4.3 A quarterly report is prepared by EL and shared with CEC on all aspects of performance for the school estate. The 2017/18 performance information include the following:
- operating income: £772,457
 - operating expenses: £431,719
 - surplus: £340,738 (remitted to CEC)
 - surplus / (deficit) per user: £0.81
 - income per user: £1.83
 - total number of customer visits: 423,160
 - children & young people visits: 292,199

3.5 People

- 3.5.1 EL employees play a critical role in determining the quality of service delivered to customers and partners and engaged employees are crucial to the organisation's ongoing success and development. A variety of actions were progressed throughout the year to nurture an engaged workforce including the delivery of a Your Health Matters' campaign to support EL employees to think about their own health and wellbeing. 404 employees attended a health and wellbeing consultation to learn about their glucose and cholesterol levels, blood pressure, cardiovascular fitness and receive motivational support and advice. Following these consultations health information was circulated monthly to employees through 'bitesize' updates, Quick Ello (internal newsletter) features and infographic posters for staff areas. Topics included; 'Understanding Cholesterol', 'Understanding Glucose', 'New Year, New You' and 'Healthy Heart,

Healthy You.

- 3.5.2 EL has participated in the “Best Companies” staff survey for each of the past seven years. This is a national survey that attracts almost 900 entries annually. The survey consists of a series of statements that staff rate their level of agreement or disagreement with. The survey is an important measurement of staff engagement. Completion rate in EL in 2017/18 was 56% (same as the previous year) and the organisation retained its ‘one to watch status’ (The accreditation levels go from: nothing, one to watch, 1 star, 2 stars and 3 stars).

3.6 Risks & Uncertainties

- 3.6.1 In August 2017 the Barclay Review of Non Domestic rates was published and one of the recommendations was to remove the charity relief from non-domestic rates for arms length charities such as Edinburgh Leisure. This change would have added approximately £2M per year to EL’s operating costs, placing a significant threat over the ability to continue to deliver services. The Chief Executive of EL and colleagues in Sporta (the body representing sport, leisure and cultural trusts throughout the UK) were active in lobbying against this recommendation; questioning the premise of the recommendation and highlighting the unintended consequences of applying the recommendation. After months of uncertainty, the Scottish Government’s Finance Secretary confirmed in November 2017 that the Scottish Government would not be accepting this particular recommendation of the Barclay Review, however, the Finance Secretary also advised of the intention to mitigate against an increase in the number of arms length organisations being established by offsetting any further charity rate relief benefits to Councils.

3.7 Looking Ahead

- 3.7.1 During the year to March 2018 the City of Edinburgh Council provided £8,075,000 of funding to Edinburgh Leisure for the delivery of core services. This was a reduction of £233,000 on the previous year; however, there were no reductions to services. Edinburgh Leisure is acutely aware of the funding challenges the Council faces now and in the future and, therefore, the risk of future funding reductions. In addition to the funding challenges, the company faces a range of other budgetary pressures; these are explored in regular dialogue with Council colleagues. There is recognition throughout EL that standing still is not an option, the company must continue in its quest to be **better** and continue to be a successful, thriving Edinburgh Leisure.

4. Measures of success

- 4.1 The Directors of Edinburgh Leisure consider actual performance against target and previous years for various metrics. Regular performance reports are shared with the Board and the City of Edinburgh Council.
- 4.2 Key performance indicators are detailed in Appendix 1.
- 4.3 Edinburgh Leisure contributes effectively to the delivery of the Council’s outcomes.

5. Financial impact

- 5.1 Council funding to Edinburgh Leisure in 2017/18 was a funding payment of £8,075,000 and £165,000 for capital upgrade works.

6. Risk, policy, compliance and governance impact

- 6.1 This report is required under the Council's governance arrangements for Council companies. There are no risk, policy or compliance implications arising from this report

7. Equalities impact

- 7.1 There are no equalities implications arising from this report.

8. Sustainability impact

- 8.1 There are no sustainability implications arising from this report

9. Consultation and engagement

- 9.1 Edinburgh Leisure has worked with Council officers and external partners on a variety of projects.
- 9.2 Edinburgh Leisure engages with customers in a variety of ways to obtain feedback on services and to help inform services / product development

10. Background reading/external references

- 10.1 Edinburgh Leisure website

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11. Appendices

Appendix 1 Feedback from participant on Healthy Active Minds project

Appendix 2 Key performance indicators

Appendix 1: Feedback from participant on Healthy Active Minds project

'I've suffered with depression on and off for over twenty years, but recently I had one of the worst bouts I can remember. I was very low - I'd find myself dwelling on bad memories, blaming myself for everything, and losing sleep due to worry and stress. I didn't want to see anyone.

When I heard about Healthy Active Minds, I asked my GP to refer me. A few weeks later, I met my instructor at the gym, and he made me feel at ease right away. We had a chat about my goals, set out an exercise programme, and now we meet once a week – that gives me something to focus on. Between appointments, I feel confident knowing that I can come on my own and ask any of the staff for pointers. In the past I found gyms stressful when I was unwell, but Edinburgh Leisure is different – I know I'll get a friendly smile here.

Since beginning Healthy Active Minds, I've been able to reduce my medication – I don't feel that I need it anymore. I don't pretend that everything is rosy, I still get bad days, but they're not as frequent as they were. When I do feel my symptoms increasing, I focus on the positive things I'm doing for myself.

I'm already having to wear my belt a little tighter, I feel fitter, and people have said that I'm looking better too. These things brighten me up and encourage me to work harder because I know it's making a difference! I'm looking forward to feeling fit enough to play five-a-side with my pals again – they keep asking me and soon I'll be saying "yes"! For me, feeling sociable again is really important. I have goals that I know I can achieve, and people to support me'.

Appendix 2: Key Performance Indicators

| Key Performance Indicator | 2017/18 target | 2017/18 actual | Commentary |
|---|------------------|------------------|--|
| Operating income | £22,054,000 | £21,558,000 | £496,000 (2%) income shortfall is attributed to the closure of Meadowbank in December 2017 and the loss of income due to extreme winter weather closures |
| Management fee from CEC | £8,075,000 | £8,075,000 | |
| Operating costs | £30,279,000 | £29,156,000 | 4% positive variance |
| Net income / deficit | £150,000 deficit | £477,000 surplus | |
| Recovery rate | 73% | 74% | |
| Subsidy per user | £1.75 | £1.70 | |
| Income per user | £4.70 | £4.82 | |
| Total customer visits | 4,687,000 | 4,472,000 | 5% behind target. Meadowbank closure accounts for a loss of 194,000 visits & extreme weather 30,000 |
| Children & young people visits | 1,799,000 | 1,743,000 | Ref above |
| Older adult visits | 362,000 | 365,200 | |
| Active Communities projects | 5,200+ people | 7,984 people | |

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| Customer experience index score | 8.75 | 8.70 | Customer feedback is also measured using: net promoter score achieved 53 versus industry average of 47 & mystery visit score , achieved target of 90% |
| Customer accidents | | 9 per 100,000 visits | Increase from 8 in previous year |
| Staff accidents | | 49 | Decrease from 62 in previous year |
| Staff absence | 4% | 3.6% | |
| External funding | £819,000 | £786,000 | 4% shortfall against target but £861,000 secured for 2018/19 |