

EAST RENFREWSHIRE COUNCIL25 February 2021Report by Director of EducationEAST RENFREWSHIRE CULTURE AND LEISURE TRUST 2021/22 BUSINESS PLAN**PURPOSE OF REPORT**

1. The purpose of this report is to seek Council Approval for the East Renfrewshire Culture and Leisure Trust (ERCL) 2021/22 Business Plan.

**RECOMMENDATION**

2. That the Council approves the proposed Business Plan for 2021/22, subject to confirmation of the budget by the Council.

**BACKGROUND**

3. East Renfrewshire Culture and Leisure Trust was established as an independent charity, registered with the Office of the Scottish Charity Regulator (OSCR) on July 1<sup>st</sup> 2015. The Charitable objectives of the Trust are laid out in the *Articles of Association*:

*The Company will promote, advance and further Charitable Purposes and activities through the provision of services which enhance and contribute to the health, fitness, personal development and wellbeing of the residents of East Renfrewshire (and beyond) including, but not limited to, educational, sporting, culture and heritage based and community activities.*

4. A business planning process was outlined in the Services Agreement between the Trust and the Council that vested the Trust with the assets to deliver culture and leisure services on behalf of the Council. This agreement determined that:
  - An annual business plan is to be presented to the Council;
  - The plan is to identify the projected resources and/or expenditure of the Trust during each Financial Year in performing the Services and complying with its contractual obligations to East Renfrewshire Council;
  - In relation to the facilities occupied by the Company under licence from the Council, the plan identify any provision required by the Council under its capital programme, or through Council revenue budgets to meet planned or remedial maintenance requirements in any of these facilities; and,
  - The plan detail a list of any new items of equipment that were required to deliver the contracted services in the forthcoming financial year, together with a budgeted cost for the same to be procured by the Council and/or remain the property of the Council, in accordance with charity law.
5. The Business Plan for 2021/22 (Appendix 1) is presented to Council for approval, subject to budget confirmation.

6. The Services Agreement between the Trust and the Council set out a timeline for this process, with the business plan usually presented not less than three months before the beginning of the financial year. However, given the ongoing impact of the Covid-19 pandemic, the decision was taken to present the business plan later in the financial year. This has allowed the Trust to plan more effectively for 2021/22 and has aligned more closely the budget setting process with the development of the business plan.

## REPORT

7. The Business Plan identifies:-
- the projected resources and/or expenditure of the Trust during each Financial Year in providing the Services and complying with its contractual obligations to East Renfrewshire Council (ERC);
  - in relation to the facilities occupied by the Company under licence from the Council, the Council's capital programme building spend, and the Council's property maintenance budget;
  - a list of New Moveable Assets which the Trust anticipates needs to be purchased in the forthcoming financial year, and a budgeted cost for the same;
  - The Trust's proposal for the next Annual Service Payment.
8. Through consultation with staff, board and stakeholders, the business plan was developed to plan strategically how East Renfrewshire Culture and Leisure (ERCL) would deliver quality services, whilst building its resilience and sustainability. The vision, mission and values were considered and developed to draw on the best of the organisation's track record, skills and experiences whilst setting out a blueprint for a flourishing and entrepreneurial model for the delivery of culture, sports and leisure opportunities in East Renfrewshire.
9. The following strategic aims have been identified:
- Create a financially sustainable business model;
  - Develop an understanding of customers and audiences and an offer that attracts them;
  - Develop a strong, diverse, resilient and committed workforce;
  - Establishing East Renfrewshire Culture and Leisure's role at the heart of Vibrant Communities; and,
  - Developing resilient, dynamic and productive partnerships that are developed and nurtured.
10. These themes all support the Trust's charitable objectives and its plans for ongoing organisational development and service improvement, and reflect a shared ambition to grow culture and leisure services in East Renfrewshire, in terms of quality, range and scope. In addition, they specifically support the Council in meeting its commitments outlined in its Community Plan and Fairer East Ren Plan.

## FINANCE AND EFFICIENCY

11. The Council budget for 2021/22 is being considered as a separate item on the agenda for this meeting. Approval of the business plan will therefore be subject to the budget being confirmed.

12. The closures of the Trust facilities and services during the Covid-19 pandemic has significantly impacted their income. As a result, operating income for 2020/21 is forecast to reduce to £921k, a decrease of £3.7 million from the budget of £4.7 million. Through the use of the furlough scheme, accessing external funding and managed opening of services to minimise costs the Trust has managed to reduce the forecast loss for 2020/21 to £179k.
13. The 2021/22 business plan and budget is based on a number of key assumptions in relation to operation including:
  - timescales associated with changes in the Covid-19 protection levels that East Renfrewshire is placed in;
  - requirements for social distancing and the impact on the capacities in building and classes; and,
  - reduced demand for some services.
14. In addition, the business plan takes account of the Foundry and Carmichael Hall being used as vaccination centres and the impact that this will have on services and income. The Trust will continue to take a managed approach to the opening of services, maximise use of the furlough scheme and minimise staff costs. Based on this approach the Trust is aiming to reduce the operating deficit to £2.4 million.
15. The Council commissioned an independent finance and business review of the Trust in 2017-18 and the subsequent joint Trust / Council action plan is continuing to be implemented and overseen by the Director of Education, the Chief Accountant, the Trust's Board and its Chief Executive. ERCL will continue to self-evaluate its performance and take the necessary steps in partnership with the Council, to improve those areas identified for improvement in section 11 as part of its business planning process.
16. East Renfrewshire Culture & Leisure Trust Best Value Review was considered in June 2020 by the Audit and Scrutiny Committee. It was agreed that the Director of Education, in consultation with the Chief Executive of the East Renfrewshire Culture and Leisure Trust, would review the recommendations within the Report in light of the current Covid-19 pandemic and advise which are still valid in a report to a future meeting of the Audit and Scrutiny Committee.
17. The Business Plan and Budget will be aligned with the Service Payment to be agreed between the Trust and Council.

## **CONSULTATION**

18. The plan has been developed through consultation with staff, the Board and stakeholders, including governing bodies, and national associations. It also responds to extensive feedback from both customers and non-users of the services.

## **PARTNERSHIP WORKING**

19. Partnership working to deliver the objectives of the plan is a key strategic aim as outlined in Section Four of the Business plan.

## IMPLICATIONS OF THE PROPOSALS

20. The approval of the Business Plan and the Budget, when confirmed, together with the Management Fee will allow the Trust to establish a stable and sustainable operating model. The ultimate aim is the resumption of sports and leisure services and the reopening of buildings in line with the Scottish Government route map. There are no other staffing or sustainability implications associated with this report.
21. The Business Plan provides detail of the ongoing IT work that will take place to further improve the customer journey and digital capability. This will include an updated website, implementation of a new library management system and upgraded leisure management system to further enhance online and mobile capability and smoother booking and payment methods.

## CONCLUSION

22. The sixth East Renfrewshire Culture and Leisure Trust Business Plan gives clear strategic direction that is in accordance with the Council's strategies and takes account of the ongoing impact of the Covid-19 pandemic. The Plan is supported by detailed operational plans which deliver the Council's objectives under the Community Plan, Fairer East Ren Plan and Outcome Delivery Plan. The Plan will support recovery and renewal within our communities and will guide the work of the Trust and its staff to deliver high quality services to the residents of East Renfrewshire.

## RECOMMENDATION

23. That the Council approves the proposed Business Plan for 2021/22, subject to confirmation of the budget by the Council.

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**East Renfrewshire Culture & Leisure  
2021-22 Business Plan**

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## Table of Contents

1.		<b>Executive Summary</b>
	1.1	Covid-19 Impact and Recovery, & this Plan
2.		<b>Introduction</b>
3.		<b>The Vision for East Renfrewshire Culture &amp; Leisure</b>
	3.1	Purpose
	3.2	Vision
	3.3	Mission
	3.4	Values
4.		<b>Strategic Context</b>
	4.1	The Social Enterprise Model
	4.2	East Renfrewshire Community Plans
	4.3	Local Development Plan for East Renfrewshire (LDP2)
	4.4	ERCL Strategic Aims
	4.5	SWOT Analysis
	4.6	PESTLE Analysis
	4.7	Horizon Scanning
5		<b>2019-20 Performance</b>
	5.1	Operational Performance
	5.2	Financial Performance
	5.3	People Development
6		<b>Market Position</b>
	6.1	East Renfrewshire as a Market
	6.2	Timing and Alignment with Core Target Demographics
	6.3	Customer Journey
7		<b>People</b>
8		<b>Services</b>
	8.1	Current Delivery Structure
	8.2	Services Overview
9		<b>Operational Plans</b>
10		<b>Financials</b>
	10.1	Reserves Policy
	10.2	Investment Policy
	10.3	Fixed Assets
	10.4	Budget 2021/22 – to be agreed
11		<b>Support Services</b>
	11.1	Financial Services
12		<b>Risk Management – Covid-19</b>

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## 1. Executive Summary

We are committed to the preparation of an annual Business Plan, created through a business planning process outlined in the Services Agreement at the Trust's establishment in July 2015. This is to be presented to the Council not less than three months before the beginning of the financial year.

This Business Plan identifies:-

- the projected resources and/or expenditure of the Trust during each Financial Year in performing the Services and complying with its' contractual obligations to East Renfrewshire Council (ERC);
- The Trust's proposal for the next Annual Service Payment

Through consultation with staff, board and stakeholders, our business plan was developed to strategically plan how East Renfrewshire Culture and Leisure (ERCL) would deliver quality services, whilst building its resilience and sustainability. The vision, mission and values were considered and developed to draw on the best of the organisation's track record, skills and experiences whilst setting out a blueprint for a flourishing and entrepreneurial model for the delivery of culture, sports and leisure opportunities in East Renfrewshire. Strategic aims are set out in Section 4.0 below.

These aims support our charitable objectives and our plans for ongoing organisational development and reflect our ambition to improve and develop our services. They reflect our commitment to ongoing service improvement, a number of which are outlined in this plan. In addition, they support our principal partner East Renfrewshire Council (ERC), in meeting its commitments as outlined in the Single Outcome Agreement (SOA), and its succeeding Community Plans, and Local Outcome Improvement Plan (LOIP) Fairer East Ren.

It is clear that there are a number of related but separate measures of success for ERCL as a whole, but ultimately success will be measured against our charitable purposes, and the impact we make on our communities; the outcomes we deliver for our partners; and the effect this has on the charity itself. We will consider the questions all charities should ask of themselves, namely:-

- Who are our users, and how many do we have?
- What is their experience of our services?
- How effective are we in achieving our charitable objectives?
- Are we doing the right things, are we delivering the right services?
- Can we deliver services better by working in partnership, or are we duplicating services?

Since our launch much has been done to improve management information. This will continue to constitute a key focus in our work over the coming year.

Earlier business plans necessarily focussed on the transition from council departments to a social enterprise model, whereby commercial activities generate profits to subsidise charitable activities. Whilst change programmes and organisational

development work will continue to modernise the services, our focus is now on our sustainability. The growth of our commercial activities, and the associated profit margins, allied to the continued close cost control will further build upon the successes of our first years' operations.

#### 1.1 Covid-19 Impact and Recovery, and this Plan

ERCL Recovery Planning is based on a balance between taking every advantage of available funding and programmes to minimise losses (for example by continuing to furlough staff where possible); working closely with our partners and Sole Member, ERC to assist with or deliver extraordinary programmes and activities in support of communities and the response to the pandemic; and staged recommencement of sports and leisure services and reopening of buildings in line with the Government route map.

While the pandemic has drastically affected the delivery of local services including culture, sport and leisure, it has simultaneously highlighted the critical value and importance of these services to our communities. Since the pattern of the pandemic and the national and local picture and responses are unknowable, and therefore modelling too complex, this plan envisages the resumption of services with the ultimate objective of a return to optimum service delivery and trading. This in turn reflects the fact that the Trust's Mission and Vision are unchanged, and the various contractual agreements with East Renfrewshire Council have not at this point been revised.

It is nevertheless subject to the Government Guidelines, restrictions and rules associated with the Scottish Government Local Protection Levels ("Tiers"), and ERCL's consequent Recovery Plans, which serve as both context and overlay to the effective realisation of the goals outlined in this plan.

<https://www.gov.scot/publications/coronavirus-covid-19-protection-levels/>

More detailed strategic and operational consideration of the Covid-19 impact on this plan is outlined later in this document.

## 2. Introduction

The purpose of this business plan is to strategically plan how ERCL will deliver a quality and exciting portfolio of culture and leisure programmes whilst building its resilience, sustainability and brand.

These programmes are in sports, leisure, social and community activities; libraries, information services and learning; arts and heritage.

The key purpose of the plan is to:-

- A) Develop ERCL's vision and mission to ensure it is representative of our future goals and aspirations and those of our key partners
- B) Develop the business model to enable the Trust to become resilient and sustainable
- C) Review the resources required to deliver the business
- D) Establish the sustainability of ERCL by developing a robust financial plan and sound management
- E) Identify the strategic aims and objectives which will support delivery of the plan.
- F) Develop staffing, management and governance structures to deliver our objectives
- G) Contribute to ERC's goals and community planning objectives

### 3. The Vision for East Renfrewshire Culture and Leisure

#### 3.1 Purpose (i.e. Charitable Objectives)

The Charitable objectives of the Trust are laid out in the *Articles of Association*:-

*The Company will promote, advance and further Charitable Purposes and activities through the provision of services which enhance and contribute to the health, fitness, personal development and wellbeing of the residents of East Renfrewshire (and beyond) including, but not limited to, educational, sporting, culture and heritage based and community activities.*

*In promoting, advancing and furthering Charitable Purposes and activities the Company seeks to:-*

- *encourage the population of the East Renfrewshire area to be more active in promoting and supporting the development of sporting and health and fitness opportunities that are accessible for everyone;*
- *support people to be more creative and nurture potential for personal success and wellbeing through the provision of cultural facilities and resources;*
- *help individuals and community groups to benefit from social engagement, community interaction and volunteering; and*
- *promote and make available lifelong learning opportunities, including the promotion of literacy and digital inclusion and stemming from these opportunities make a social and economic contribution to society.*

For the purposes of the Charities Act the following Charitable Purposes are relevant and have been identified as applicable from section 7 of the Charities Act:-

- the advancement of education;
- the advancement of the arts, heritage or culture;
- the advancement of public participation in sport; and
- the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the condition of life for the persons from whom the facilities or activities are primarily intended.

3.2 Vision

**“Our vision is to help and inspire people to be actively involved in sport, arts and culture.”**

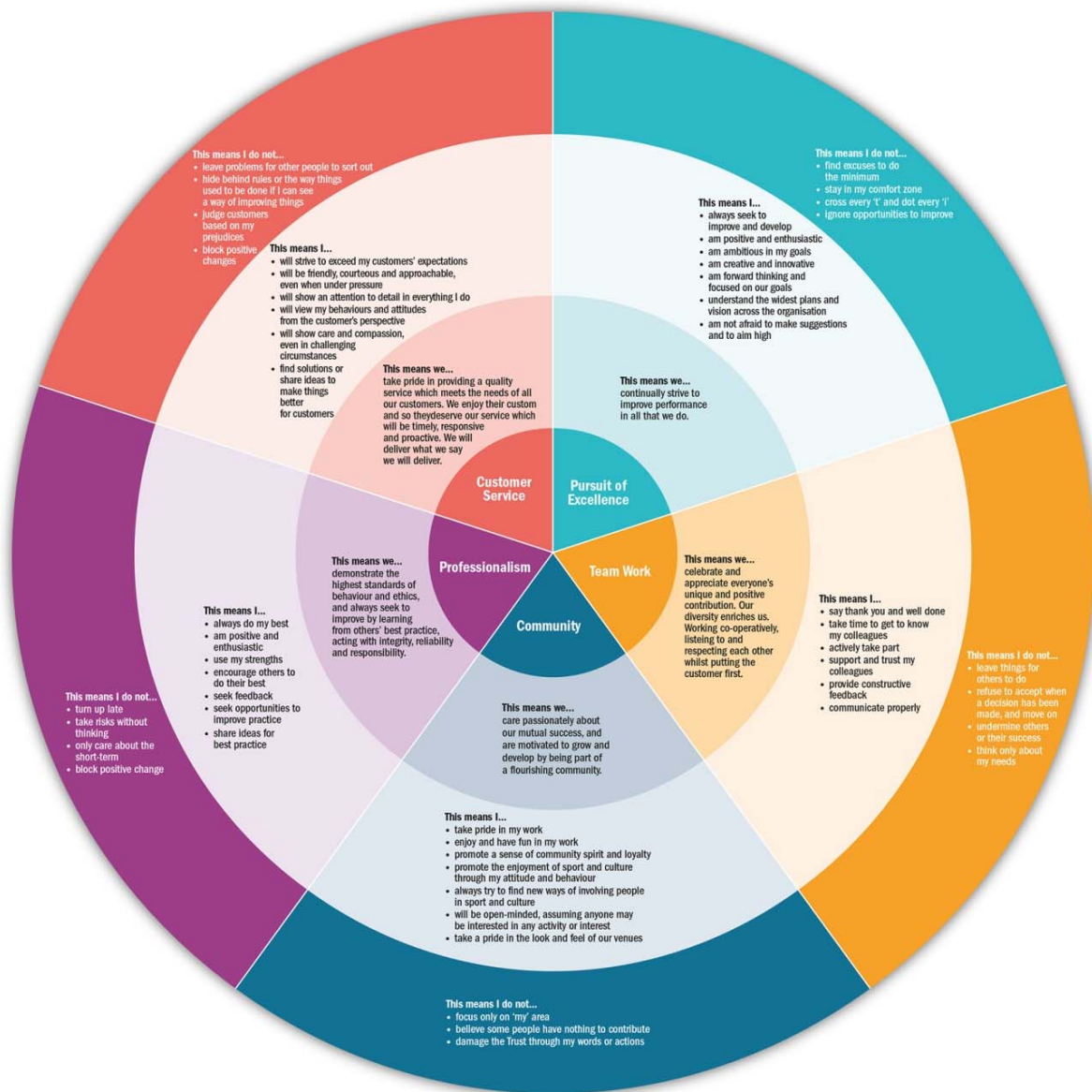
3.3 Mission

**Our mission is to be the highest-performing Leisure Trust in Scotland.**

We take this to mean that we will not only be more efficient and achieve more from our resources, but that we will grow with a view to becoming self-sufficient.

3.4 Values

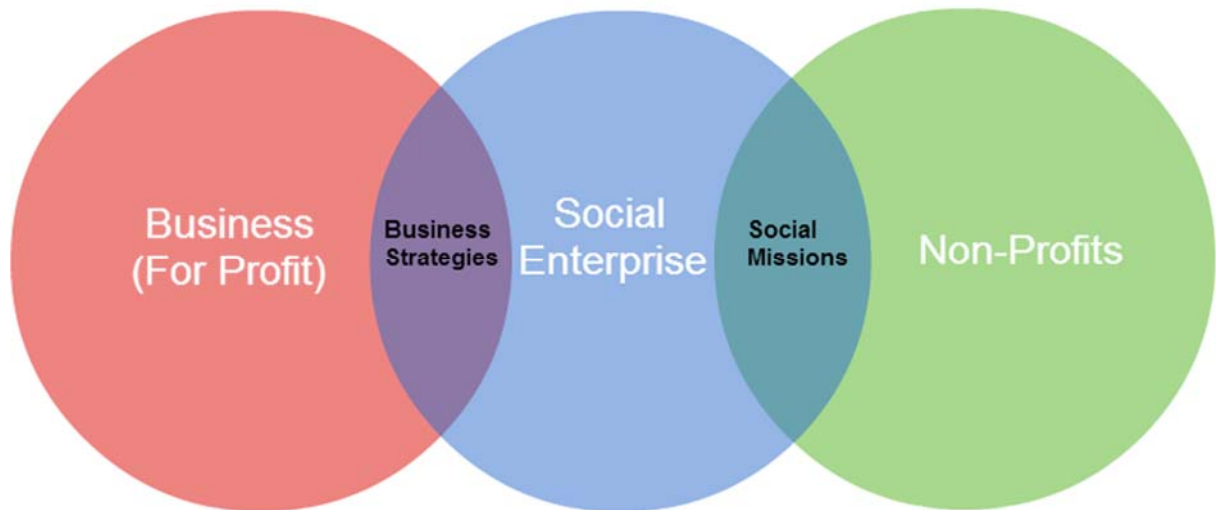
**Our Values and behaviours**



## 4.0 Strategic Context

### 4.1 The Social Enterprise Model

ERCL is a social enterprise. The charitable trust - a non-profit distributing independent charity governed by a board of voluntary trustees drawn from the local community with specific expertise across a range of areas – is supported by grant funding and commercial income. This commercial income is generated through a range of activities.



Charitable trusts such as ERCL occupying the middle-ground between commercial businesses and charities. Profits generated by the commercial activities such as gyms and events fund a widening range of programmes. Many of these are in partnership with national and local organisations, other charities and sports clubs, and deliver significant social and community benefit, but are not financially viable in themselves.

These include sport, leisure and cultural activities, many for specific groups such as those who are otherwise excluded for reasons as diverse as disability, long-term illness, mental health problems, drug and alcohol dependencies, deprivation, social isolation or access.

This is also reflected in our work to use commercial strategies to maximise improvements in personal and community health, and wellbeing:

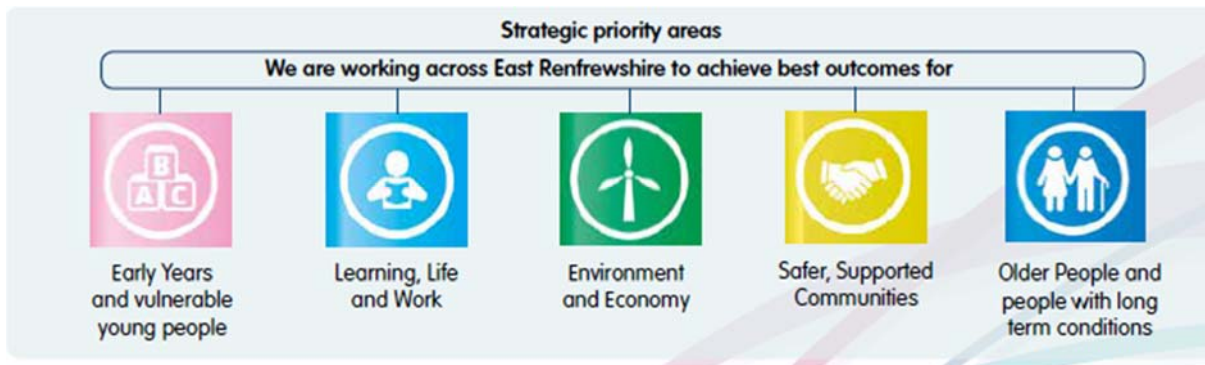
CUSTOMER	COMMERCIALISM	COMMUNITY
Avoidable Contact	Flexible Charging	Capacity Building
Channel Shift	Commercialise Services	Community Ownership
Customer Journeys	Strategic Procurement	Delegate Functions
Transactional Cost Transfer	Asset Usage	Maximise Access
Efficiencies	Fundraising	Voluntary Organisations
Rationalisation	Planned Developments	Volunteering & Leadership

The business plan aims to ensure that ERCL meets the requirements of our service agreement with ERC and can maintain the financial stability of the company. Our non-profit distributing status means that any surpluses generated are available for reinvestment in local facilities and services.

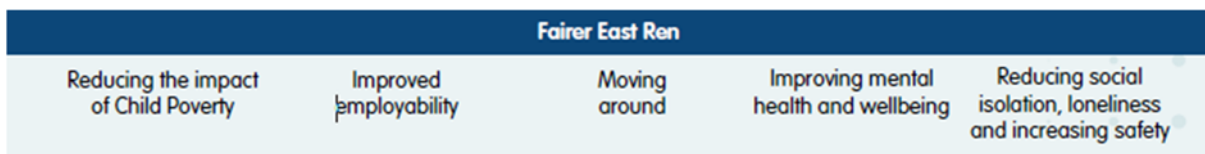
**4.2 East Renfrewshire Community Plans**

East Renfrewshire Community Planning Partnership (CPP) works for and with communities to ensure everyone has the best possible quality of life. ERCL is actively involved in the Community Planning Partnership and contributes to the delivery of outcomes together with partners.

The Community Plan is structured around five strategic priority areas following the key life stages of our residents, with a sharpened focus on inequalities. An obvious focus for ERCL will be the support of the intermediate outcome associated with Learning Life and Work (**2.4 Residents are as healthy and active as possible**), ERCL activities and programmes support a number of the outcomes associated with these themes:-



The role of work in adult education, libraries and information services, community facilities, holiday hunger programmes, GP referral schemes, the Vitality programme, Community Connections or MacMillan Cancer Support all delivered by ERCL, will all contribute to key measures for the areas of focus for the Fairer East Ren community plan:-



**4.3 LDP2: The Local Development Plan for East Renfrewshire, 2020-2024**

The First Local Development Plan for East Renfrewshire envisaged delivering growth for the authority, attracting people to live and work in the authority. A measure of success is the extent to which East Renfrewshire has established itself as one of the most desirable places to live in Scotland. The challenge now is to sustain that growth, and satisfy the needs of those people attracted to live and work in the area. The current plan (LDP1), published in 2015, aimed “to maintain and build on the areas’ qualities”.

Work on reviewing the existing Local Development Plan began in 2016, and was consulted upon in late 2019. It sets out a long-term development plan for the area until 2029. It provides the opportunity to plan and deliver the priorities and needs of those who live, work, visit or want to invest in the area.

A key challenge for us is ensuring that the infrastructure, services and facilities we need to deliver the right level of culture and leisure services can be put in place. As the plan states, new facilities will be required:

*“The proposed plan aims to create thriving, attractive and sustainable places and neighbourhoods that provide for the younger generation, so they can live and work in the area they grew up in, provide homes and facilities for families and individuals moving into the area and enable older people to live independently in their homes for longer.”*

This will require:-

- Revision of the planned maintenance regime in facilities to achieve investment in them to be fit for purpose, (as envisaged by ERC’s new Corporate Landlord model)
- Upgrading of facilities through targeted capital planning (including the Leisure and Learning in Neilston and Eastwood Park Leisure Developments).
- Plans to develop facilities in existing communities which are not catered for
- Plans to accommodate the demand arising from planned housing developments
- Exploring opportunities to work with other partners to improve and develop public services with new and innovative delivery models
- Plans to meet existing demand which our existing facilities do not cater for



#### 4.4 ERCL Strategic Aims

Reflecting our vision and objectives we have identified activity priorities which go beyond the life of this Business Plan. We feel it is important from the outset to be looking forward and to articulate how we intend the organisation to develop within its governance framework, operating environment and partnerships.

#### Our strategic aims are:

<p><b>Create a financially sustainable business model,</b> balancing strong ambitions with commercial viability</p>		<p><b>Develop an understanding of our customers and audiences and an offer that attracts them,</b> working in partnership with organisations across the region to remove barriers to participation</p>
	<p><b>Develop a strong, diverse, resilient and committed workforce,</b> building on our commitment to growing people and ideas</p>	<p><b>Establishing East Renfrewshire Culture and Leisure's role at the heart of Vibrant Communities</b> through the services we deliver, the opportunities we provide and the support we offer.</p>
<p><b>Developing resilient, dynamic and productive partnerships that are developed and nurtured</b> to grow our business and maximise the impact we have in our communities.</p>		

#### 4.5 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Location of halls, venues, libraries and theatre – with good coverage geographically within local authority for access for local communities.</li> <li>• Continued Improvement approach in Services, Business Support and Management</li> <li>• Loyal customer base with extremely positive feedback from customers – strong word of mouth and survey responses.</li> <li>• Wide variety of services / classes available to customers in the area</li> <li>• Well trained front-line staff supported by innovative and creative development officers</li> <li>• Business Development programme supporting Gyms, Fitness and Swimming</li> </ul>	<ul style="list-style-type: none"> <li>• Resourcing is very lean, with limited ability to support development – commercial, improvement or community</li> <li>• Condition of the estate and limitations on improving it</li> <li>• Ideal Staffing model, contracts and terms and conditions and operating hours do not align with customer demands</li> <li>• Constraints on changing cost-base, given high proportion of staff costs-to -turnover, and limited discretionary non-pay budgets</li> <li>• Inability to respond quickly to evolving markets.</li> <li>• Car Parking at key sites</li> <li>• ICT infrastructure, systems and support, especially in relation to customer-facing ICT, not fit for purpose</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Aligning services to government objectives</li> <li>• Heightened public valuing of culture and leisure services following their forced withdrawal during the pandemic</li> <li>• Review business/staffing model to meet customer demands</li> <li>• Increased marketing, sales and promotion</li> <li>• Access to external funding to help support recovery, growth, redesign or improvement.</li> <li>• Potential new Eastwood facility and joint campus in Neilston</li> <li>• LDP2 and growth of population</li> <li>• Demand analysis work has identified opportunities to increase capacity in services and staff-time.</li> <li>• Transform customer journey investment.</li> <li>• Upgrade facilities through targeted refurbishment</li> <li>• Transform operational platform to drive customer shift to digital channel</li> </ul>	<ul style="list-style-type: none"> <li>• 48% of income is Earned Income and at risk.</li> <li>• Continued pressure on public finances</li> <li>• Limitations on capacity and customer through-put following pandemic</li> <li>• Balancing Charitable and Commercial objectives.</li> <li>• Tutor / casual roles / employment status</li> <li>• Difficulties recruiting staff across a number of services</li> <li>• Growing competition in key commercial areas</li> <li>• Impact of political decisions, legislation or policy changes</li> <li>• Unplanned closures, and the need to re-build customer engagement</li> <li>• Asset Transfer</li> </ul>

## 4.6 PESTLE Analysis

<b>Political</b>	<ul style="list-style-type: none"> <li>• Local, regional and national impact</li> <li>• Scheduled local elections</li> <li>• Scottish Govt</li> <li>• UK wide issues</li> <li>• Global Pandemic consequences for public services and buildings</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Declining local-authority budgets further exacerbated by ring-fencing, meaning non-protected services such as cultural and leisure services bear brunt of budget pressures</li> <li>• fiscal receipts in Scotland below the UK level, and further risks in regarding Brexit; and increased demand on all public services.</li> <li>• Accounts Commission report from 2018 estimated local authorities could be spending 80% of their budgets on education and social work by 2025/6</li> <li>• Gig economy/temp/casual contracts</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Population growth rate/age</li> <li>• Shifts in working patterns, and growth of home-working</li> <li>• Attitudes to careers</li> <li>• Cultural barriers</li> <li>• Wellness</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Existing – MRM / Spektrix / operating platforms</li> <li>• New technologies/potential/options</li> <li>• Increased reliance on agile-working capabilities</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>• Legislation likely to impact ERCL – Employment Law – tutors/employment status</li> <li>• H&amp;S</li> <li>• Industry Regs</li> <li>• Future Legislation</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Weather climate/impact on our buildings – aircon/heating/green</li> <li>• Refuse collection and recycling</li> <li>• Drive to reduce or eliminate single-use plastics</li> <li>• NET ZERO Target by 2040</li> </ul>

## 4.7 Horizon Scanning

### 4.7.1 Capital Investment

We will continue to work with our Council colleagues around capital planning, and ERCL plans are aligned to the Council's Capital Investment Strategy. ERCL is represented on the Council Corporate Asset Management Group, where proposals for investment in assets (fixed and moveable) are considered. These include plans for the future of Eastwood Park Leisure Centre, and the longer-term vision for Neilston. We will continue to work with the Council around the maintenance of our facilities to reduce disruption caused by upgrades, maintenance or unplanned closures which continue to pose significant challenges to ourselves and our customers.

#### *4.7.2 The Customer Journey and Digital Capability*

Enforced closure provided the opportunity to accelerate the development of digital platforms such as the launch of the ERCL App which enables a smoother customer journey and an opportunity for improved customer communication. Work will be ongoing in 2021 with an updated website, implementation of a new library management system and upgraded leisure management system to further increase online and mobile capability and smoother booking and payment methods.

#### *4.7.3 Increased Competition*

Increased competition in the local sports and leisure market will continue to exert pressure on our income, and shifts in customer behaviour in response to the closure of facilities in 2020 further complicate this. Half of our budget is earned and over 75% of that is through sports. Recent developments in gyms, fitness and swimming will continue to pose a risk to that. We will seek to address this through addressing some of the maintenance and quality issues with venues; through continued improvements in customer care and quality assurance; and through ongoing business development work.

#### *4.7.4 Grant Funding*

The pandemic has had a catastrophic impact on our trading activities in 2020, and this will continue in 2021 and potentially beyond. Whilst additional funding and support from Government, primarily in the form of the coronavirus Job Retention Scheme has mitigated some of this impact in 2020, it is envisaged this support will cease well in advance of a full return of customers and associated commercial income streams. Therefore anticipated losses for 2021-22 are forecast to be in excess of those in 2020, and are only exacerbated by delays in resuming full operations in the latter part of 2020-21, and early 2021-22.

The Trust is reliant on the support of its Sole Member ERC to meet these shortfalls, while at the same time ERC itself is experiencing serious financial pressures as a result of Covid-19. It is likely that this position will be exacerbated by continued financial pressure on our Council partner generally, which together with economic uncertainty mean ERCL's funding including the Management Fee will be under further pressure in 2021-22. Options for mitigating a forecast loss of c. £3M for 2021-22 are being considered, in the context of significant budget shortfall on the part of ERC. This will be very difficult to meet from either reserves or non-pay efficiencies, and therefore plans including the withdrawal of services from some sites; suspension or cessation of some programmes; organisational restructure; and a review of the operating model all need to be explored. These will all be highly sensitive.

#### *4.7.5 Core Systems*

The procurement and implementation of new Core Systems (HR, Finance, Payroll) by the Council will continue to have an impact on the Trust as well as Council departments, with the forthcoming period involving HR and payroll particularly. This work will improve management systems, support for staff and management information and reporting to stakeholders. Both finance / procurement and HR / Payroll

system implementations have taken place, with the core systems programme now looking at the next phases of development to build out functionality,

#### 4.7.6 Tackling Inequality

ERCLs Head of Community and Arts is working closely with ERC as part of the Equality Officers Working Group to ensure that legislative requirements are met and that support is given to the mainstreaming of equalities and human rights in our daily business.

The working group are currently engaged in the preparation for submission in April 2021 of the Equality and Human Rights Mainstreaming Report which includes the following activities:

- a) Progress to achieve equality outcomes set in 2017
- b) Progress towards making the general equality duty integral to how we exercise our functions(including procurement and employment)
- c) Developing new equality outcomes for 2021-25

The working group are further focused on the revised approach to equality and human rights training and promoting the uptake of the compulsory element for staff and elected members (and we would look to extend this to the Board in the coming year). This sits alongside work to develop and implement the new Integrated Impact Assessment for all services.

We will continue to work with Community Planning Partners on the development and implementation of East Renfrewshire's community plans. Tackling inequality and improving life chances for local people are at the heart of community planning partner's priorities and reflected in the Community Plan, the Local Outcome Improvement Plan Fairer East Ren, and a number of initiatives and programmes which ERCL will continue to deliver, or develop. These include Corporate Parenting, and the *For Your Entertainment* programme, support for those affected by Universal Credit, support for Veterans in the form of the *Health for Heroes* programme, support for people with chronic conditions (Vitality, GP Referral, MacMillan Cancer Support, Dementia Awareness), an expanded Holiday Hunger Programme, and a number of programmes in both arts and sports designed for people who are otherwise excluded from mainstream participation. We will also work in partnership with ERC and others to address any impact Covid may have had in widening inequalities, exacerbating issues, or creating new challenges for communities. These include supporting programmes in partnership with both ERC Education and Health and Social Work (such as emergency childcare for vulnerable children or key-workers' children, enrichment programmes and targeted activities).

#### 4.7.7 Inclusivity & Diversity

As an employer we will revisit our People Strategy to promote initiatives which support diversity of our staff, and as a provider of public services work with the community to ensure our programming is inclusive, with a focus on widening participation. .

## 5. 2019-20 Performance

The Trust was launched in July 2015. Since inception, the Trust has continued to develop its services and operating processes to ensure effective and efficient delivery of services to the local community, supporting its charitable objectives, whilst improving its commercial focus.

Prior to the total cessation of paid-for services due to Covid-19, the Trust experienced its strongest financial performance to date, ending 2019/20 with a surplus of £723k. Indeed the March closures abruptly curtailed some outstanding performance in a number of key areas, as services continued to deliver development strategies and modernisation plans, some of which began to be fully-realised in the year.

The delivery of operational performance to date has been supported through the implementation and embedding of a number of key operational projects, including:-

### **Gyms and Fitness**

A successful marketing and sales campaign increasing the gym membership to its highest level in five years.

In 2019, ERCL became the first Trust in Scotland to provide a free and all-inclusive gym membership for armed services veterans through a dedicated health and wellbeing programme – Health for Heroes - providing free gym membership to veterans and a family member

### **Swimming**

A continued modernisation programme, implementing the new learn to swim framework and direct debit payments, together with a Lead Teacher model to improve customer feedback and engagement. The success of these initiatives was reflected in Swimming Development significantly exceeding its performance targets.

### **Community & Arts**

Performing Arts continued the implementation of the Theatre Development Strategy, with the launch of live-streaming at Eastwood Theatre, featuring live and recorded broadcasts of performances by the National Theatre, Sadler's Well's Ballet, the Old Vic and others. Consequently Eastwood Theatre had an exceptional year, with audiences up 70% on the previous year, due to a very successful professional programme curated by our Arts Team, which included a number of sell out shows.

### **Library & Information Services**

In 2019 the successful launch of the first Open Plus library in Scotland took place at Clarkston library. Through additional grant funding the library service developed a successful Virtual Reality programme delivered in partnership with other local organisations. Investment in a new digital magazine platform has seen access to newspapers and magazines increase enormously with over 7,000 titles available to access for free.

The ERCL Public Library Strategy 2019 – 2022 was approved by council in Nov 2019.

Two **Cancer Information and Support Service (CISS)** points, funded by Macmillan Cancer Care launched at Clarkston Library and Barrhead Foundry.

**Venues and Operations**

In 2019 our gyms extended their opening hours following customer consultation, with an earlier 6am opening time. This complemented the refurbishment of the gym and fitness studio at Barrhead Foundry, and the refresh of gym equipment at other sites.

**Change Management**

Our ambitious **Digital Transformation** project continued, focussing on refreshing our existing business programmes and systems, including the development of a new App.

**HR and Organisational Development**

To begin to take forward the People Strategy and inform our thinking, the Trust launched its first annual Staff Engagement Survey with a final response rate of 61%, and an overall engagement score of 78%.

In response to the global Covid-19 pandemic, and government advice regarding attendance at public leisure and culture facilities, ERCL closed all of its buildings to the public and suspended its programmes on 18th March. Customer payments were suspended and/or refunded from that point, and the only culture and leisure services that continued were those delivered online, free of charge.



east renfrewshire  
**CULTURE  
and  
LEISURE**

2019-20 v 2018-19

**£723k OPERATING  
SURPLUS**

at Year End 2019-20  
UP 93% on 2018-19



**GYM &  
FITNESS  
MEMBERS**

**UP 8.6%**  
2019-20 v 2018-19



**VISITS TO LEISURE  
CENTRES**

**Down 9.3%**  
against target  
(attendance impacted by unplanned pool closure at  
Eastwood Park and COVID)

**COMMUNITY  
SPORTS**



**UP 4%**  
2019-20 v 2018-19

**PUBLIC SWIMMING UP 4.7%**  
2019-20 v 2018-19



**SWIMMING LESSON  
CUSTOMERS**  
**UP 15%**  
2019-20 v 2018-19

**PROFESSIONAL  
THEATRE  
PROGRAMME  
AUDIENCES**



**UP 49%**  
2019-20 v 2018-19  
144 PERFORMANCES  
in 2019-20  
v 108 in 2018-19



**VISITORS TO  
HALLS & SCHOOLS**

(out of hours)  
**Down 3.4%**  
2019-20 v 2018-2019  
(attendance impacted by  
COVID restrictions)

**LIBRARY VISITS**  
**875,237**

DOWN 25% 2019-20 v 2018-19  
(attendance impacted by COVID)

**502,865**    **372,372**  
PHYSICAL VISITS    VIRTUAL VISITS



**1998 participants**  
**SUMMER  
READING  
CHALLENGE**

**UP 17%**  
on 2018-19

Launched **OPEN  
MORE** at Clarkston  
Library





## 5.1 Operational Performance to Date

### 5.1.1 Covid Response

Our **Active Schools** Coordinators operated throughout the pandemic supporting school hubs by providing outdoor sport and physical activity opportunities; and supporting our primary schools in the delivery of outdoor sports activities making sure that children have regular opportunities to participate and supporting teacher training through producing online resources.

**Key Worker and Vulnerable Children** support was provided by ERCL who operated emergency childcare centres in East Renfrewshire during lockdown. Arts, Sports, Libraries and Venues staff worked alongside colleagues from the Council to operate centres in Barrhead High School, Williamwood High School, Carlibar Primary School and Eastwood High School to support hundreds of children and their families.

**Summer Reading Challenge** took place during lockdown, despite the vast majority of staff being furloughed. Given many other authorities did not furlough library staff, the result - 4<sup>th</sup> best in Scotland in terms of number of registered participants, 5<sup>th</sup> best in terms of number of completions Scotland was exceptional.

Online **Classes in Arts, Libraries and Sports and Fitness** took the place of venues operations, and continued during the limited recovery period from July-November. During the period, fitness classes were operating at 90% capacity (indoor, when restrictions permitted) and 80% capacity for outdoor.

The Trust operated selected community halls to support the provision of **Civil Contingency** facilities such as the Humanitarian Food Hub in response to the pandemic. Community Vaccination Centres in Barrhead Foundry and Eastwood Park Lesiure Centre / Carmichael Hall opened in February.

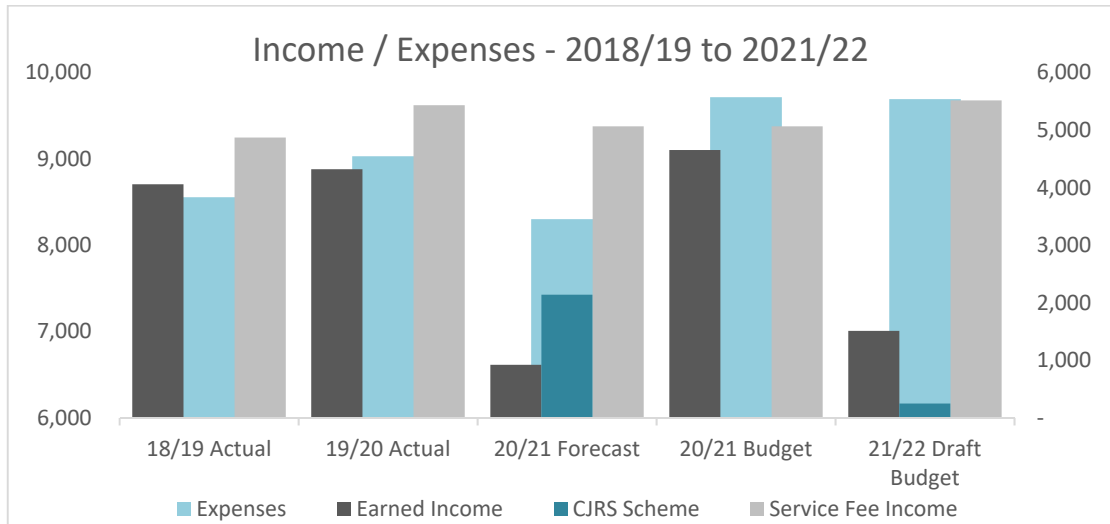
**Library Services** were delivered through a blend of access to online resources, Click & Collect services and limited browsing and PC use where possible.

During this time, ERCL have taken the opportunity to seek funding through the HMRC Coronavirus Job Retention Scheme (CJRS), with initially around 90% of staff furloughed during full lockdown.

**5.2 Financial Performance**

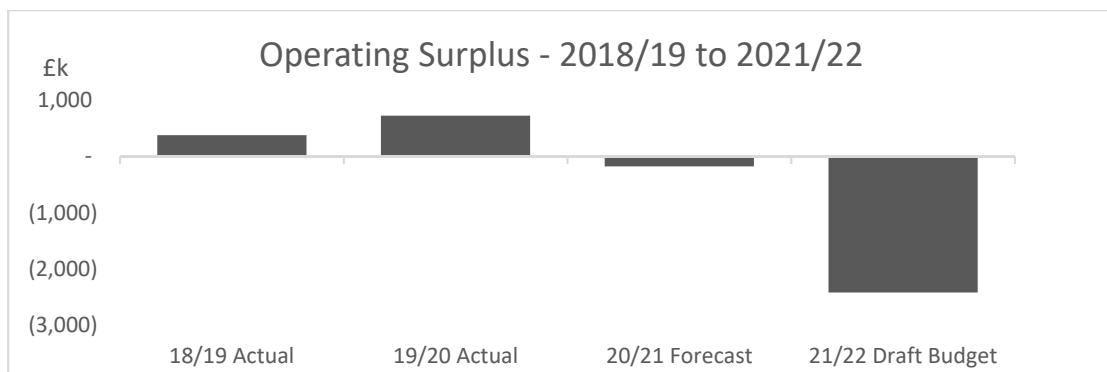
*5.2.1 Commercial Income*

A significant focus of the Trust has been to move to a more commercial basis. The following chart demonstrates the shift to deliver an increase in Earned Income, primarily through Sports and Swimming.



*The 2021/22 Budget figures included in the above chart are subject to Board approval, with the service fee awaiting confirmation from ERC.*

The following chart demonstrates the shift in operating results across the same timeframe, highlighting the significant impact Covid19 has had on the financials of the Trust.



### 5.2.2 *Supporting Commercial Activities:*

To date, there have been a number of activities which have been undertaken to support the delivery of a more commercial approach to operating. This has also involved developing new processes and support and training for staff to help them engage and shape the new culture.

- Increase governance implemented to review and challenge new products / services to ensure best value / return.
- Reprice of gym product which re-positioned it in the market, supported by a successful marketing campaign
- Development and implementation of online booking and payment functionality in addition to a Mobile App, streamlining the customer journey
- Expanded Marketing Team and programme
- Development of a Theatre Tech School to support theatre operations and develop sector capacity
- Improvement on the online offer, utilising external funding to develop programmes and products
- Review of VAT treatment for certain services, ensuring application of exemptions where possible

## 5.3 People Development

- Work undertaken to deliver the People Strategy is included in section 7.
- Our first Annual Staff Engagement Survey delivered with People Insight was undertaken.
- Mental Health Awareness and Mental Health First Aid training has begun across the organisation. As part of our Mental Health programme, virtual coffee-mornings / get-togethers have begun for all staff.
- In addition training has been undertaken in Child and Vulnerable Adult Protection, Health and Safety, Leisure system database management and operational systems and processes.
- Staff returning from furlough received a comprehensive induction, which provided training on guidelines and new procedures in relation to the change in operations as a result of Covid19.
- The Trust is engaged with the West College of Scotland to enable our people to access an extensive range of developmental courses including training on project management, and the Lean Six Sigma programme.

**6. Market Position**

**6.1 East Renfrewshire as a Market**

The population of East Renfrewshire is 94,760. The number of people living in East Renfrewshire is projected to increase by 7.6% by the year 2025.

Household composition and age profile are key considerations in understanding our customer base. The age profile is:

- 19.7% aged 65 and over
- 60.2% aged 16 – 64
- 20.1% aged 15 and under

Over the next 25 years the proportion of children and young people and over 65s will increase as overall the population is projected to rise from around 95,000 at present to circa 110,000 by 2040.

The household composition is:

- Single person households – 30% (over 65yrs -14.6%, under 65 – 15.6%)
- Households with 1 or more dependent children – 31%
- Households with 2 adults (no dependent children) - 29%
- Households with 3+ adults – 10%

Within the Trust it is widely recognised that across our area we serve two relatively distinctive communities with differing demographic profiles.

- Eastwood .(population 75%), which encompasses Busby, Clarkston, Crookfur, Eaglesham, Giffnock and Newton Mearns, is a relatively affluent area comprised predominantly of owner occupied households with young families or households of older residents (65+ plus) living as couples or alone.
- Barrhead/Neilston (population 25%) is an area with pockets of significant social and economic deprivation and a wider spectrum of household types including: young families; older adults; and younger adults with no dependent children. We intend to develop a more detailed analysis of East Renfrewshire’s demography to estimate more accurately the potential uptake and demand for existing services. This will also provide us with a greater insight into the potential market for new service and the relative attractiveness of different customer groupings in particular areas.

Based on this broad review of household demographics we can identify four key customer groups or segments that comprise much of the market for our services.

<p>1 Parents of young children</p>	<p>3 Older (60+) Adults</p>
<p>2 Children in young families (&lt;16)</p>	<p>4 Young adults (16-25)</p>

The largest customer group is comprised of categories 1 and 2 as families with young children which constitute over 40% of the population tend to operate as a single, though not necessarily harmonious, socio-economic unit with parents having the major influence on how much time and money is allocated to culture, leisure and physical activity and the form that activity will take. While we offer a large range of services and activities for young children we need to market, promote and sell these to the parents.

The next largest group is older people who make up a further 20% of residents. While many are club members or regular casual users of our gyms, swimming pools, community facilities, arts classes and visitors to Eastwood Theatre, others with chronic health and mobility issues are beneficiaries of our Live Active and Vitality exercise and movement classes.

The young adult group is the smallest group although it remains very important. Encouraging young people to remain physically and mentally active once they have left childhood and school will be important to addressing the long-term health challenges facing society. At any given time this grouping is likely to account for under 10% of our potential market.

## **6.2 Timing and Alignment with Core Target Demographics**

Understanding our customers requires us to appreciate the way different types of household function as family or single units. For example, young families are largely dominated by two considerations, parental employment and child education. Trust services and programmes such as Active Schools, Learn to Swim, Community Sports and Library activities for younger children are planned to take account of school term, school holiday and school week cycles as parents (or carers ) are already working and living with the school timetable'.

For the other major household type, older adults, there will be greater variation in how they organise their lives. Service planning and the development, pricing and scheduling of activities for older adults requires careful assessment of the potential uptake among different customer groups. This requires a flexible approach that will allow us to test new offerings and identify those that appeal.

## **6.3 Customer Journey**

Improvements to the customer journey have been made in 2020-21 including the launch of a new ER Leisure mobile app which allows customers to easily book and pay for gym, fitness classes and swimming sessions.

The library management system will migrate to a new platform in the summer of 2021. This will bring significant improvements for customers. The existing Library App will continue to function as will the existing self-service kiosk hardware, and the Open Plus system.

The next phase in our online customer journey development is to replace our current website with a site that improves the customer experience and increases our online commercial opportunities.

Our new website will:

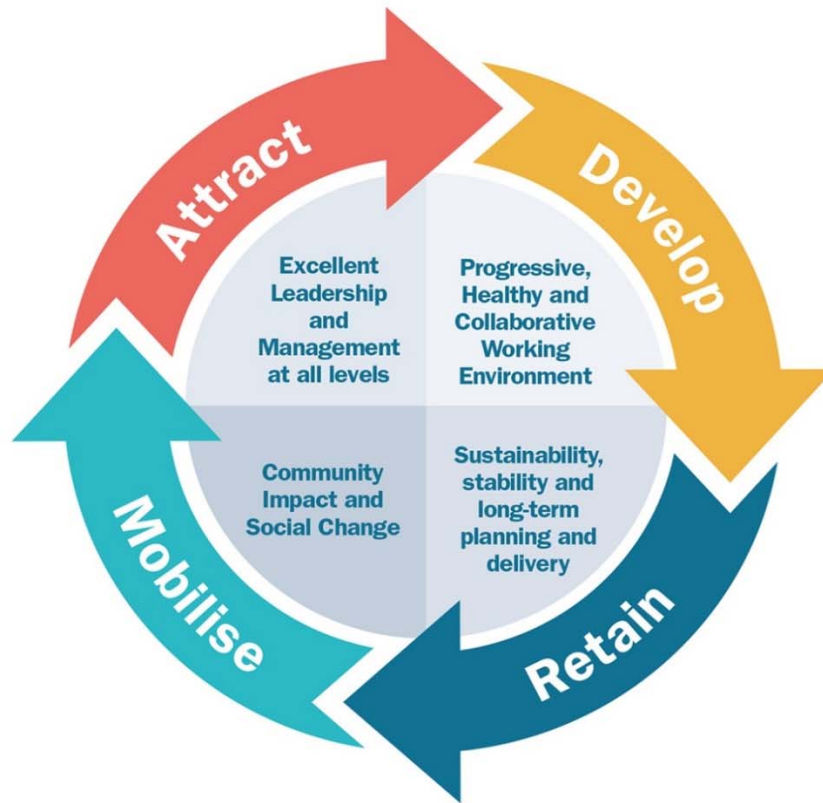
- Improve the customer experience - customers will easily find products & services, make online bookings and buy products
- Have a commercial focus – with a focus on key income drivers for marketing campaigns and lead generation.
- Improve promotion of products and services and cross promotion
- Be designed for all devices (mobile, tablet and desktop)

## 7. People

Lockdown and the impact of Covid-19 has inevitably interrupted our ability to deliver aspects of our People Strategy, but as staff return from furlough we will be revisiting this with a view to revitalising it to support our journey to recovery and our new operating realities.

### Aims of our People Strategy

Our People Strategy sets out eight inter-related strategic aims, which will support the delivery of our overall strategic priorities and will further embed our values and behaviours.



### Our Aims - we will:

- 1 **Attract** and **recruit** the best staff
- 2 **Develop** and **support** our staff to fulfil their potential and meet their career aspirations
- 3 **Retain** and **reward** our staff through recognising their contribution in the delivery of the charity's priorities
- 4 **Mobilise** our staff to become advocates for our values, and services and agents of change

### Our Outcomes – we will:

- 5 Promote and secure **excellent leadership and management** at all levels, by empowering staff and embedding everyday leadership to secure the highest returns from our creativity and commitment
- 6 Create and maintain a **progressive, collaborative and healthy working Environment**
- 7 Establish a **sustainable and stable planning and delivery model**
- 8 Deliver **measurable community impact** and **demonstrable social change**

Strategic Aims & Outcomes	Strategic Objectives	Key Measures of Success and Impact	Key Risks
<p><b>Attract</b></p> <p>Recruit the best staff to drive the success of the organisation</p>	<p><b>We will:</b></p> <p>Develop our reputation to enhance our standing</p> <p>Through our business planning processes identify the areas in which we want to excel, identifying the roles we need, and the campaigns to recruit to them</p> <p>Develop our recruitment processes to ensure they are flexible and our partnerships and development pathways to enable us to recruit the best talent</p> <p>Attract and maintain a diverse workforce with the relevant skills, experience and backgrounds</p>	<ul style="list-style-type: none"> <li>• Vast majority of our posts filled first time around with the right calibre of staff</li> <li>• Increased diversity of applicants</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient staff with the right skills and experience to deliver our objectives</li> <li>• Regulatory non-compliance</li> <li>• Financial constraints reduce the ability to create or fill posts, or to compete with the market</li> </ul>
<p><b>Develop</b></p> <p><i>Build on our commitment to growing people and ideas</i></p>	<p><b>We will:</b></p> <p>Design, develop and commission relevant development programmes which meet the needs of our staff in driving the organisations' development and improvement</p> <p>Identify and share learning and best practice internally</p> <p>Ensure all staff at all levels are supported and developed through our appraisal process, with clear targets and expectations, and excellent support</p> <p>Develop a culture of continuous improvement and a clear understanding of service</p>	<ul style="list-style-type: none"> <li>• Staff have a meaningful annual performance and review appraisal</li> <li>• Number of staff achieving in-work qualifications</li> <li>• Staff take part in mentoring, coaching or development programmes</li> <li>• Increased number of staff mentoring and supporting internal colleagues</li> </ul>	
<p><b>Retain</b></p> <p><i>Create an environment where staff can grow and succeed, and where they can see and feel a connection between their own performance and the success of the organisation</i></p>	<p><b>We will:</b></p> <p>Develop our approach to reward and recognition, ensuring it is fair and recognises excellence and celebrates success in the most inspiring ways</p> <p>Ensure our staffing structures and model meet the needs of our business and our customers' expectations</p> <p>Provide at-work programmes and opportunities in sport, arts and culture which both enrich the working lives of our staff and develop the passion and enthusiasm of our staff for our organisation and the work it does</p> <p>Identify, recognise, grow and develop our internal talent</p>	<ul style="list-style-type: none"> <li>• Increased number of staff recognised and promoted internally</li> <li>• ERCL is recognised as a desirable place to work</li> <li>• Staff turnover rates</li> <li>• Take-up of at-work activities and the popularity of social events</li> </ul>	<ul style="list-style-type: none"> <li>• Cycle of expectations, development, resources and recognition is not closed leading to disengagement</li> </ul>
<p><b>Mobilise</b></p> <p><i>Help each employee to exemplify our belief in the value and benefits of sports, arts and culture</i></p>	<p><b>We will:</b></p> <p>Develop a programme which provides volunteering opportunities for staff</p> <p>Provide at-work programmes and opportunities in sport, arts and culture which both enrich the working lives of our staff and develop the passion and enthusiasm of our staff for our organisation and the work it does</p>	<ul style="list-style-type: none"> <li>• Staff volunteer hours (external)</li> <li>• High degree of satisfaction and motivation reported through staff engagement survey</li> </ul>	



<p><b>Excellent Management and Leadership</b></p> <p><i>Establish and grow everyday-leadership to support staff, customers, partners and consequently the organisation in achieving their goals.</i></p>	<p><b>We will:</b></p> <p>Ensure that all leaders and managers are aware of their responsibilities and have the capacity to fulfil them</p> <p>Collaborate and learn from peers in the sector and beyond to build best practice</p> <p>Develop managers as leaders in their disciplines</p> <p>Provide induction programmes which set the benchmark for our development programmes</p> <p>Work in partnership with our trade unions to develop our approach to staff engagement, communication and collaboration</p> <p>Ensure that leaders communicate and exemplify our values</p>	<ul style="list-style-type: none"> <li>• Excellent leadership is recognised internally (staff survey) and externally (awards)</li> <li>• The charity is recognised as an excellent place to work (staff survey and exit surveys)</li> <li>• Number and quality of internal applications and appointments for leadership roles</li> <li>• Overall staff engagement surveys scores and feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Ineffective leadership or management skills lead to high turnover of high quality staff, or to staff working less effectively and not achieving objectives</li> </ul>
<p><b>Progressive, Collaborative and Healthy Environment</b></p> <p>Create a progressive, collaborative, healthy and enjoyable working environment which is conducive to and beneficial to both the staff and student experience and beyond.</p>	<p><b>We will:</b></p> <p>Maintain our staff engagement surveys and listen to staff</p> <p>Actively support health and wellbeing through Healthy Working Lives, and at-work programmes.</p> <p>Maintain effective internal communications</p> <p>Enable leaders to pro-actively assess staff wellbeing, health and safety within their teams and provide their appropriate management information to enable them to ensure the maintenance and improvement of a healthy and environment</p> <p>Foster a culture of continuous improvement and learning</p>	<ul style="list-style-type: none"> <li>• Overall staff engagement surveys scores and feedback</li> <li>• Ratings of management and leadership through staff engagement surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Sickness levels rise because the triggers are not identified and addressed early or properly</li> <li>• Accidents or H&amp;S issues arising from lack of training and development</li> </ul>
<p><b>Stability and Sustainability</b></p>	<p><b>We will:</b></p> <p>Plan, implement or Communicate change clearly, sensitively and thoughtfully</p> <p>Develop apprenticeships, volunteering, internship or work placement opportunities as a means of building pathways to employment with us</p>	<ul style="list-style-type: none"> <li>• Evidence of well-managed change programmes (audits, feedback or pulse surveys)</li> <li>• Stress-related absence rates relative to the sector</li> </ul>	<ul style="list-style-type: none"> <li>• Change is implemented poorly impacting on staff morale, engagement, absenteeism and wellbeing</li> </ul>
<p><b>Community Impact</b></p>	<p>Undertake periodic social impact surveys to evaluate our effectiveness in line with community planning</p>		

## 8. Services

### 8.1 Current Delivery Structure

ERCL is currently structured around operational services, headed by managers. These differ in size, and have slightly different management arrangements. These are:

- Operations (Sports and Cultural Venues comprising Eastwood Park, Barrhead Foundry, Eastwood High Sports Centre and Neilston Leisure Centre, Swimming, Health & Safety)
- Sports and Physical Activity (Sports Development, Active Schools, Gyms and Fitness, Physical Activity, Health and Wellbeing Programmes)
- Libraries & Information Services, (10 Libraries; Information Services, Support to School Libraries).
- Communities and Arts (17 Community Facilities and Pavilions; evening and weekend school lets, Heritage Services, Arts Development and Performing Arts including. Eastwood Theatre).

### 8.2 Services Overview

#### 8.2.1 Operations

- We operate 4 multi-function Venues, which deliver Leisure and Sport Activities, Theatre, Library and also facilitate Schools PE.
- We welcome around 1 million customers per annum across the 4 sites.
- We operate the swimming development programme with around 2400 customers per week.
- Venues are based in the larger ERC communities.
- Significant investment has been made into Barrhead Foundry and forthcoming investment in Eastwood Park and Neilston will further enhance our customer offer.

#### 8.2.2 Sports and Physical Activity

- The Sport and Physical Activity unit consists of Community Sports, Gyms & Fitness, Active Schools and Health & Wellbeing services.
- We operate gyms in all four Sports Centres and deliver approx. 100 fitness classes each week. There is very high local competition within this sector.
- Community Sports is focused on capacity building and income generation and delivers 157 sport and physical activity classes per week with over 2,650 people participating in these activities each week. We also support 34 local sports clubs and 5 Community Sports Hubs which has a combined membership of 8,500 members.
- Active Schools is dedicated to developing and supporting the delivery of quality out of school hours sporting opportunities for children and young people in all schools (nursery, primary, secondary).
- We operate an extensive GP Referral (Live Active) and instructor led physical activity session programme to support people living with medical conditions and to prevent trips, slips and falls as part of the continuing care pathway in East Renfrewshire.

### 8.2.3 *Libraries & Information Services*

- With 10 libraries of varying sizes and opening hours there is a public library in almost every community within East Renfrewshire.
- We welcome over half a million physical visitors a year, and our online services see around the same again in virtual visits.
- In addition to supporting reading and literacy and other cultural activities we support the residents of East Renfrewshire through ICT learning opportunities & digital support to health & well-being information and activities, and economic support.
- Libraries are universal with services accessed by all demographics in the community but through programmes like Bookbug and school visits focus continues to fall on families, children and young people.
- The library service takes the lead role on GDPR and data protection for ERCL and provides professional support to ERC school libraries and librarians

### 8.2.4 *Community & Arts*

- We welcome around one million visitors across our 17 halls and 35 schools every year
- Customers of all ages take part in a wide range of activities and events from playgroups and lunch clubs to yoga classes and baby discos , from weddings to counselling services and everything in between
- We program Eastwood Park Theatre, provide sound and lighting technical support, develop and deliver visual and performance arts classes, events, exhibitions and outreach theatre
- We manage the Heritage Service and are developing a dynamic range of heritage classes and volunteering opportunities
- The Business Support team support all ERCL services facilitating and programming bookings, payment, payroll procurement and directorate services.

## 9. Operational Plans

To achieve our strategic aim of creating ***“a financially sustainable business model, balancing strong ambitions with commercial viability”*** we must address and reduce the operating deficit, i.e. the difference between the income we generate from commercial activities and grants and our total operating expenditure.

In planning for the period 2021/2022 we need to recover as fast and efficiently as possible, and identify ways of mitigating projected losses. Options for mitigating a forecast loss for 2021/22 are being considered, in the context of significant budget shortfall on the part of ERC. This will be very difficult to meet from either reserves or non-pay efficiencies, and therefore plans including the withdrawal of services from some sites; suspension or cessation of some programmes; organisational restructure; and a review of the operating model will need to be explored. These will all be highly sensitive.

## 10. 2019-20 Financials

The Trust reported an operating deficit of £0.2m (surplus of £0.7m excluding net pension service cost) for the year ended 31 March 2020 (2019: £1.0m deficit; £0.4m surplus excluding net pension service costs), which was in line with expectation. This is before allowing for the net actuarial gain of £2.910m in respect of the multi-employer defined benefit pension scheme (2019: deficit of £1.740m).

In summary, the financial position for the period ended 31 March is noted below:

£k	Year ended 31 March 2020	Year ended 31 March 2019	Movement
Income	9,770	8,931	839
Net Expenditure	(212)	(1,000)	788
Actuarial Gains / (Losses)	2,910	(1,740)	4,650
Total funds (after retirement benefit scheme gains / losses)	(598)	(3,296)	2,698

The fifth year of trading has supported us in meeting our charitable aims and objectives, ending the year with a strong financial position.

The principle funding sources are a combination of income generated through a level of sales, fees and charges for our charitable activities (£4.2m) (2019: £4.0m), as well as a Management Fee received from ERC of £5.4m (2019: £4.9) for our work in managing the Leisure, Library, Arts and Community facilities within the local area.

The primary areas of spend are people £8.1m (2019 £8.2m), Property £0.5m (2019: £0.5m) and Supplies and Services £1.2m (2019 £0.9m).

### 10.1 Reserves Policy

During 2015/16 the Trust agreed to build reserves over the first three years to a level of £250k to enable the Trust to manage financial risk and help deliver the Trust's commitments. It was recognised that this was our initial target and would therefore be regularly monitored and reviewed annually by the Finance, Audit and Risk committee.

At the year end the charity had a total deficit of £598k (2019: deficit £3,296k), excluding the impact of the pension scheme, which had an unrealised liability of £(1,847k) (2019: £(3,822)k) at the year end, there was surplus funds of £1,249k (2019: £526k), of which £22k (2019: £51k) was restricted and £1,227k (2019: £475k) was unrestricted. Of this amount, £581k was designated for Transformation and Recovery activities, £325k to support the Digital programme and £71k in respect of fixed assets, leaving free reserves of £250k.

The Trustees continue to strive to create and maintain a £250k unrestricted non-designated level of reserves, but also to continue to rely on assurances of ERC as the sole member, to fund the Trust to meet its liabilities as they fall due, should the Trust be unable to do so. This is particularly critical as the Trust emerges from the Covid19 events.

## **10.2 Investment Policy**

ERC manage investments on behalf of the Trust following their own organisational investment policy, primarily aimed at mitigating risk associated with safeguarding funds, ensuring liquidity of these funds and finally investment returns. As a result, the policy aims to invest cash and cash-like investments up to a maximum level on acceptable counterparties. Activity is monitored regularly and the policy is reviewed annually.

Any surplus funds held by the Trust are placed on deposit in line with the Treasury Management policy.

## **10.3 Fixed assets**

The Trust has a maintenance lease agreement with ERC for the use of the buildings and equipment linked with the charitable activities and as such these assets do not belong to the Trust.

## **10.4 Budget 2021/22– to be agreed**

## 11. Support Services

As noted in previous Business Plans, a number of key support services are provided to ERCL by ERC under Service Level Agreements. These are regularly reviewed and revised but it has been recognised that internal customer service with attendance KPIs and mechanisms for service improvement, are a developmental need across ERC generally and not just in relation to the services delivered to ERCL.

Improvement and action plans for Support Services and other interfaces between the Trust and the Council were identified in a Solace in Business (SiB) report commissioned by ERC in 2017. This action plan – progress against which is reported to ERC's Audit and Scrutiny Committee – has been complemented further by recommendations arising out of the ERC Best Value Audit on the Trust undertaken in 2019.

### 11.1. Financial Services

ERC currently provides a range of accountancy, creditor and debtor services to ERCL. As part of the previous annual SLA review, a gap analysis was completed which identified a number of significant gaps in the financial control services provided to the Trust by ERC.

The gap analysis was supported by the output of the SiB review, with the resultant Joint Action Plan including a number of critical ERC service developments, including inter-company accounting and provision of regular balance sheet reporting. The Joint Action Plan Steering Committee closely monitors the progress of the actions.

As part of the ERC core systems platform, which included implementation of finance and procurement and HR and Payroll systems, the Trust were engaged in the initial procurement process and are represented on the associated Core Systems Board. The finance and procurement system went live at the end of August 2019 and work continues to develop the functionality including re-engineering finance processes in relation to inter-company transactions and the management of control and suspense accounts together with enhanced analysis capability, all of which is required to ensure the system is fit for purpose for the Trust.

The Trust has been represented during the project, although input has been limited with regards to the new finance control processes which were developed by the core systems team. As noted above, work is on-going to develop Trust specific requirements which will provide enhanced financial controls and reporting capability.

The HR and Payroll system went live in December 2020 and the Trust was engaged with the project from a service perspective, with the system based on HR and Payroll defined requirements.

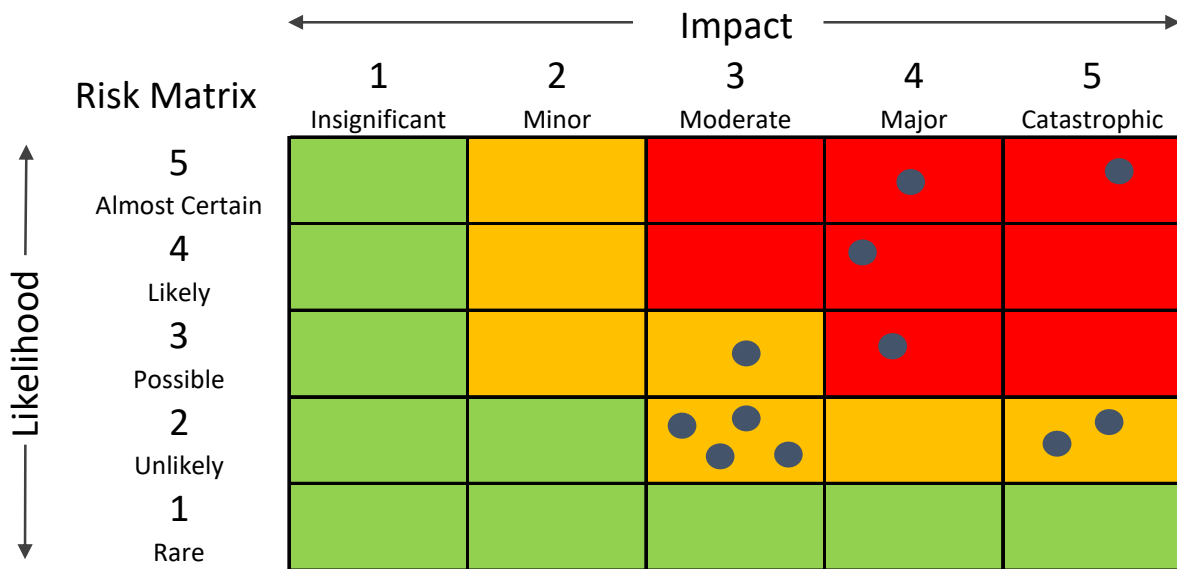
On the basis of delivery of the SiB Action plan and the continued successful implementation of the new core systems platform, the current recommendation is to retain ERC as the service provider of financial services.

12. Risk Management – Covid19

A detailed Risk Register is presented to the Finance and Audit and Risk Committee. Following consideration by the Finance, Audit and Risk Committee, an abstract highlighting the top key risks at any given point is considered by the Board, and a joint Risk Register is maintained by ERC and ERCL capturing shared risks.

Throughout the year the Risk Register is reviewed and revised in the light of the fluidity of the current environment, with risks considered accordingly.

The following table summarises the spread of risks in relation to Covid19:



Risk Category	Summary of Risk
Business Continuity	Staff Illnesses, Absences or on-going isolation measures affect ability to re-establish core services
Business Continuity	Demand affected by uncertainty, customers' behaviours or changed expectations, Customers lose confidence in overall services with impacting reputation of the Trust
Business Continuity	Increased demand for charitable services places high demand on staff and resources due to ongoing impact of virus: Library and Information Services; community support; digital support; welfare support; humanitarian aid; Civil Contingencies
Business Continuity – Supplies & Services	Supply Chain disruption affects ability to deliver services.
Finance	Continued Social distancing or govt legislation / guidance impedes ability to deliver against budget or necessitates new business model(s), including reduced capacity
Finance / Solvency	Insufficient cash to operate business due to continued losses and inability to generate sufficient operating income to meet liabilities. Operating expenses are primarily fixed costs, with 80% staff costs.



Finance	Claims to HMRC /Govt are rejected in part, based on furlough submission
Compliance Testing	In order to Recover the organisation as quickly as possible we are working with PaTs colleagues to ensure a programme of Compliance testing continues. This will ensure all aspects of building and equipment are maintained in a ready state, thus avoiding re-opening delays due to inability to bring in contractor / testing resource
Business Continuity / Finance Recovery	ERCL venues and assets to be utilised, precluding full restoration of services in immediate term.
Business Continuity / Finance Recovery	Recovery will have a long tail as customers and services require time to adjust to new ways of operating
ICT Systems Failure	Current ICT capability is not able to support a stable IT platform to enable remote working on an on-going basis and unable to support a new business model focused on a richer online offering to customers.

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