

EAST RENFREWSHIRE COUNCIL1 March 2023Report by Director of EducationEAST RENFREWSHIRE CULTURE AND LEISURE TRUST 2023/24 BUSINESS PLAN**PURPOSE OF THE REPORT**

1. The purpose of this report is to seek Council approval for the East Renfrewshire Culture and Leisure Trust (ERCL) 2023/24 Business Plan.

RECOMMENDATION

2. That the Council approves the proposed Business Plan for 2023/24, subject to confirmation of the budget by the Council on 1 March 2023.

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 1st 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 identifies 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 details a list of any new items of equipment that are 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 2023/24 (Appendix 1) is presented to Council for approval, subject to budget confirmation.

6. The Services Agreement between the Trust and the Council set outs a timeline for this process, with the business plan usually presented not less than three months before the beginning of the financial year. However, during the Covid-19 pandemic a decision was taken

to present the business plan later in the financial year. A continuation of this has allowed the Trust to plan effectively for 2023/24 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);
- The Trust's People Strategy which sets aims including attract, develop, retain and mobilise which support the delivery of the overall strategic priorities;
- A list of strengths, weaknesses, opportunities and threats which the Trust has identified as impacting on its ability to support the council in delivering Best Value; and,
- The Trust's proposal for the next Annual Service Payment.

8. Through consultation with staff, board members and stakeholders, the business plan was developed to plan strategically how the Trust will deliver quality services whilst taking account of the following key issues which model the shape of continued recovery as a result of Covid-19 and take cognisance of the current financial pressures as a result of the cost of living crisis including:

- The imperative to continue to recover commercial income streams to minimise losses which would exacerbate financial challenges faced by ERC;
- The challenging economic backdrop of price inflation;
- The challenges in staff recruitment and retention as a consequence of Covid-19 changes to the employment landscape; and,
- Various challenges faced by our communities that require priority attention and / or our support, for example through collaboration with partners in Education or Health and Social Care.

9. 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.

10. 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.

11. 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

12. The Council budget for 2023/24 will be agreed in March 2023; as such the Trust Business Plan and associated proposed budget are offered for approval subject to the final agreement with the Council.

13. As highlighted in the [ERCL End Year Report 2021-22](#), the additional income which was available previously through the Coronavirus Job Retention Scheme, the Performing Arts Venues Relief Fund and income due to facilitation of Mass Vaccination Centres (MVC) was not expected to be available in 2022-23 and as a result there was an anticipated loss of £1.52 million. MVC income, through the use of Carmichael Hall, continued until December 2022.

14. A significant focus of the Trust has been to recover as fast and as efficiently as possible following the Covid-19 pandemic. Through prioritising the continuation of improvement plans for swimming lessons, gyms and fitness and the theatre; maintaining competitive pricing and avoiding new surcharges and price increases; and introducing new products to attract younger members, ERCL has seen a strong recovery with over 95% recovery of the pre-pandemic trading levels in gyms, fitness and community sports and over 100% recovery in swimming lessons and theatre.

15. The Trust worked to meet its charitable aims and objectives and has ended the year in a more positive position than projected. The operating income is forecast at £10,081 million against a budget of £9,054 million. This is a slight increase from last year (£10,068) despite the removal of most funding streams outlined in paragraph 13. Through MVC income and strong recovery the Trust has managed to reduce the forecast loss to £890k.

16. East Renfrewshire Culture & Leisure Trust Best Value Review was considered in June 2020 by the Audit and Scrutiny Committee. The Director of Education, in consultation with the Chief Executive of the East Renfrewshire Culture and Leisure Trust, reviewed the recommendations within the Report in light of the current Covid-19 pandemic. The relevant recommendations have been incorporated into a Joint Action Plan to address recommendations of Finance and Business Review and Best Value Review; this was shared with the Audit and Scrutiny Committee in March 21.

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 ERCL 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 to strategically plan how ERCL will deliver a quality and exciting portfolio of culture and leisure programme whilst building its resilience, sustainability and brand.

21. The Business Plan provides detail of the ongoing work that will continue to further improve the customer journey through building on the new digital platforms, aligning all platforms and continuing to improve customer digital experience. Section 7, The People Strategy, highlight key objectives in how ERCL will attract, develop, retain and mobilise their workforce.

CONCLUSION

22. The eighth 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 continued ongoing impact of the Covid-19 pandemic and the current financial pressures across the Council.

23. 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 for the residents of East Renfrewshire.

RECOMMENDATION

It is recommended that the Council approves the proposed Business Plan for 2023/24, subject to budget to be confirmed at a full Council meeting on 1 March 2023.

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Appendix 1

East Renfrewshire Culture and Leisure Trust Business Plan 2023/2

east renfrewshire
**CULTURE
& LEISURE**

East Renfrewshire Culture & Leisure

2023-24 Business Plan

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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 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 its 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 Recovery and this Plan

Following on from our previous plan, our recovery of services, programmes and customers continue. Our facilities are now fully open though there has been some displacement of activities to accommodate mass vaccination centres.

The detailed planning undertaken by the operational teams, underpinned by detailed engagement and communication with customers allowed ERCL to re-open and recover services more swiftly and efficiently than some operators.

As a result, while Community Leisure UK is reporting many operators in Scotland having found it difficult to recover the last 20% of their customers and

- 89% of Scottish Operators reporting they are “at risk” in November 2022
- Over half the leisure trusts returning a loss, and forecasting an deficit for the forthcoming year
- 63% of Trusts in discussion around potential closures of facilities, including permanent closure to those which have not yet reopened following lockdown¹

This echoes UK-wide forecasts, with 75% of leisure trusts reporting being at risk² and 40% of local authorities in England anticipating closures of up to 100 swimming pools.³

However, the pandemic has also stimulated a focus on health and wellbeing, and where operators have responded quickly, they have been able to welcome new customers who are new to physical activity and exercising. The 2022 Les Mills Global Fitness Report surveyed over 12,000 customers from across 5 continents. 27% described themselves as absolute beginners.⁴

This goes some way to explain ERCL’s strong recovery, which has prioritised the continuation of the development and improvement plans for swimming lessons, gyms and fitness and the theatre; maintained competitive pricing and avoided the surcharges and price increases some operators have resorted to; and introduced new products to attract younger members. The relationship between staff and customers has been critical too, with NPS scores noting the quality of the staff interactions.

As a result ERCL is over 95% recovered in gyms, fitness and community sports; and with swimming lessons and the theatre over 100% recovered i.e. out-performing pre-covid years.

However, challenges remain. Staffing issues (recruitment, retention and sickness and absence) have all been adversely affected by the pandemic across the leisure sector, and East Renfrewshire is no different, though the teams have worked admirably to minimise the operational impacts.

¹ *Current Landscape Report for Culture and Leisure Charities in Scotland*, Nov 2022, Community Leisure UK

² *Current Landscape Report for Culture and Leisure Charities in England*, Nov 2022, Community Leisure UK

³ Swim England, <https://www.swimming.org/swimengland/save-our-pools-campaign-launched>

⁴ <https://www.lesmills.com/uk/clubs-and-facilities/research-insights/audience-insights/2022-how-to-appeal-to-the-new-member-mindset/>

Inflation is severely impacting on budgets, including goods, services, utilities and staffing; and the cost of living crisis is impacting on our customers, with some of our products – including adult gym memberships – coming under review by customers as they reassess household budgets

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.”

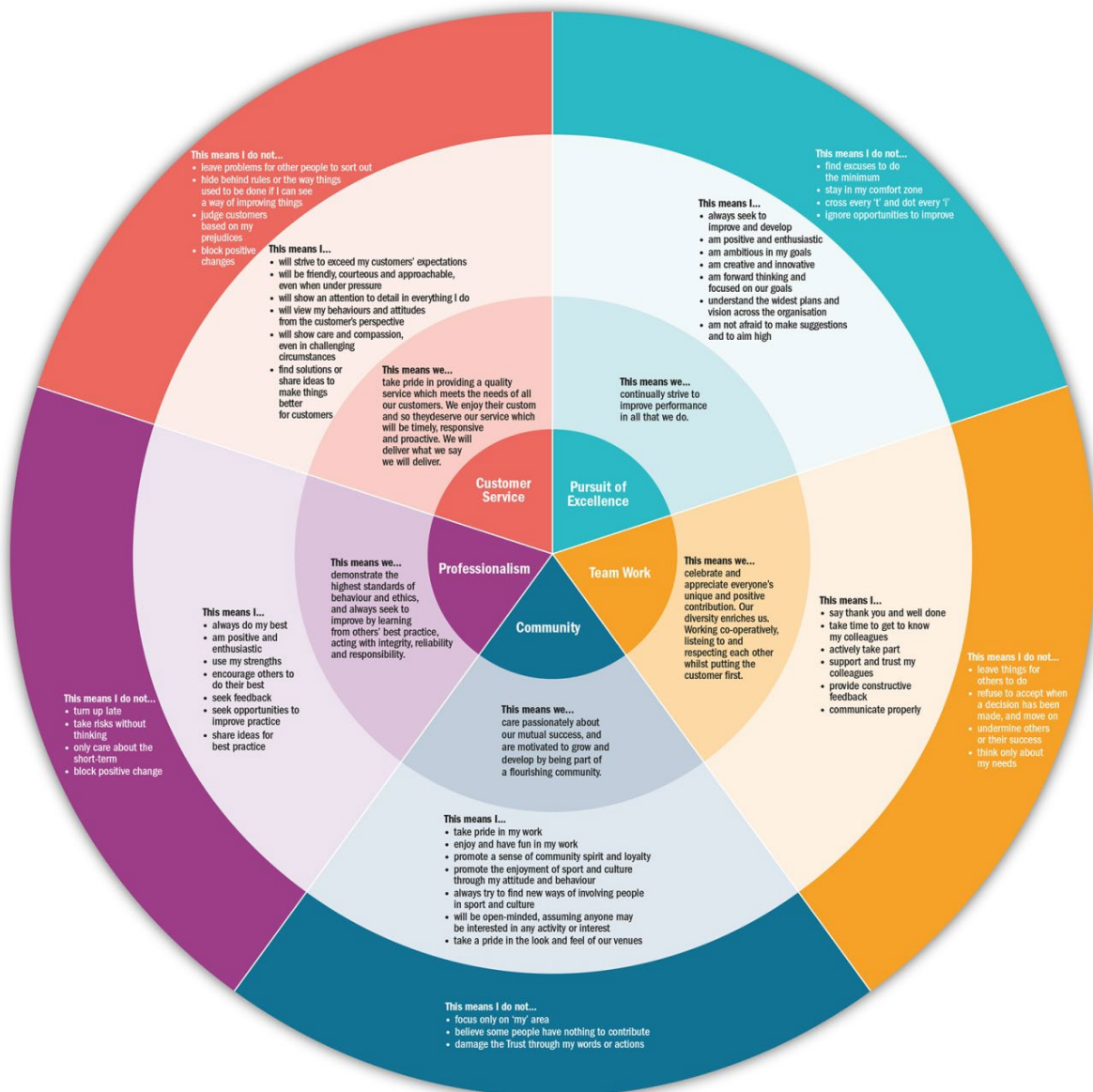
3.3 Mission

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

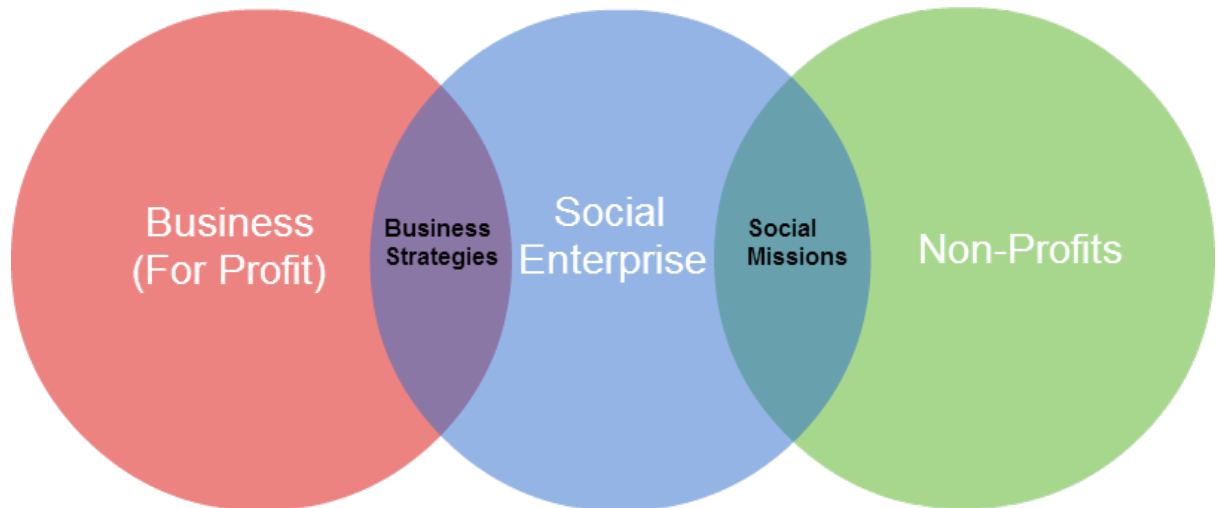
Our Values and behaviours



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:

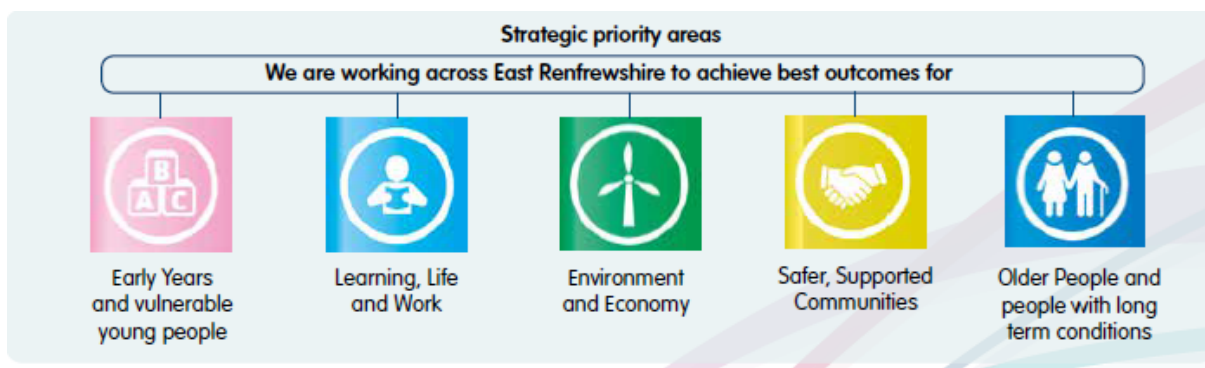
CUSTOMER	COMMERCIALISM	COMMUNITY
Avoidable Contact	Flexible Charging	Capacity Building
Channel Shift	Commercialise Services	Community Ownership
Customer Journeys	Strategic Procurement	Delegate Functions
Transactional Cost Transfer	Asset Usage	Maximise Access
Efficiencies	Fundraising	Voluntary Organisations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

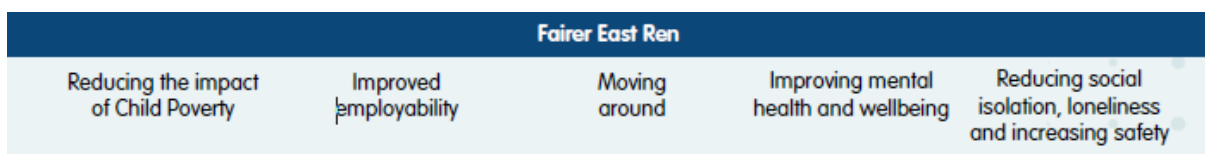
4.2 East Renfrewshire Community Plans

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. The Plan was adopted in 2021 (<https://www.eastrenfrewshire.gov.uk/ldp2>)

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>Create a financially sustainable business model, balancing strong ambitions with commercial viability</p>		<p>Develop an understanding of our customers and audiences and an offer that attracts them, working in partnership with organisations across the region to remove barriers to participation</p>
	<p>Develop a strong, diverse, resilient and committed workforce, building on our commitment to growing people and ideas</p>	<p>Establishing East Renfrewshire Culture and Leisure's role at the heart of Vibrant Communities through the services we deliver, the opportunities we provide and the support we offer.</p>
<p>Developing resilient, dynamic and productive partnerships that are developed and nurtured 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"> • Location of halls, venues, libraries and theatre – with good coverage geographically within local authority for access for local communities. • Continued Improvement approach in Services, Business Support and Management • Heightened recognition of the positive impact and importance on wellbeing from taking part in sports, leisure and cultural activity following their unavailability in lockdown • Loyal customer base with extremely positive feedback from customers – strong word of mouth and survey responses. • Wide variety of services / classes available to customers in the area • Well trained front-line staff supported by innovative & creative development officers • Business Development programme supporting Gyms, Fitness, Theatre and Swimming 	<ul style="list-style-type: none"> • Resourcing is very lean, with limited ability to support development – commercial, improvement or community • Condition of the estate and limitations on improving it • Ideal staffing model, contracts and terms and conditions and operating hours do not align with customer demands • Constraints on changing cost-base, given high proportion of staff costs-to -turnover, and limited discretionary non-pay budgets • Inability to respond quickly to evolving markets. • Car Parking at key sites • ICT infrastructure, systems and support, especially in relation to customer-facing ICT, not fit for purpose • Inadequate property maintenance budgets
Opportunities	Threats
<ul style="list-style-type: none"> • Aligning services to government objectives • Heightened public valuing of culture and leisure services following their forced withdrawal during the pandemic • Review business/staffing model to meet customer demands • Increased marketing, sales and promotion • Access to external funding to help support recovery, growth, re-design or improvement. • New Eastwood facility and joint campus in Neilston developments • LDP3 and growth of population • Demand analysis work has identified opportunities to increase capacity in services and staff-time. • Transform customer journey investment. • Investment in digital capability transforming operational platform to drive customer shift to digital channel • Improvement in quality of Theatre performances • Upgrade facilities through targeted refurbishment 	<ul style="list-style-type: none"> • 50% of income is Earned Income and at risk, with an expected reduction in year on year funding • Economic backdrop of price inflation and increased staff pay awards • Continued pressure on public finances • Balancing Charitable and Commercial objectives. • Tutor / casual roles / employment status • Difficulties recruiting staff across a number of services • Growing competition in key commercial areas • High tender prices for goods, services, and rising utility costs, together with difficulties sourcing dwithin reasonable timescales. • Impact of political decisions, legislation or policy changes • Unplanned closures, and the need to re-build customer engagement • Asset Transfer • Covid-19 disruption to operations • Building Enhancement Fund allocated for next 2 years. • Capital funding constraints due to price increases and the increase in borrowing.

4.6 PESTLE Analysis

Political	<ul style="list-style-type: none"> • Local, regional and national impact • Scheduled local elections • Scottish Govt • UK wide issues • Global Pandemic consequences for public services and buildings
Economic	<ul style="list-style-type: none"> • Declining local-authority budgets further exacerbated by ring-fencing, meaning non-protected services such as cultural and leisure services bear brunt of budget pressures • fiscal receipts in Scotland below the UK level and increased demand on all public services. • High inflation and increased pay awards to compensate for the increase in cost of living. • Accounts Commission report from 2018 estimated local authorities could be spending 80% of their budgets on education and social work by 2025/6 • Gig economy/temp/casual contracts
Social	<ul style="list-style-type: none"> • Population growth rate/age • Shifts in working patterns, and growth of home-working • Attitudes to careers • Cultural barriers • Wellness
Technology	<ul style="list-style-type: none"> • Existing – MRM / Spektrix / Spydus operating platforms • New technologies/potential/options • Increased reliance on agile-working capabilities
Legal	<ul style="list-style-type: none"> • Legislation likely to impact ERCL – Employment Law – tutors/employment status • H&S • Industry Regs • Future Legislation
Environmental	<ul style="list-style-type: none"> • Weather climate/impact on our buildings – aircon/heating/green • Refuse collection and recycling • Drive to reduce or eliminate single-use plastics • NET ZERO Target by 2045

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's 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, which had planning permission approved in January 2022, 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 during 2020 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 has continued on developing the customer journey with an upgraded website, implementation of a new library management system and continued development on the 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 / restrictions of facilities in 2020-21 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 tackling 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 Funding

Over the last 2 years the Trust has been able to access additional funding via the Coronavirus Job Retention Scheme (CJRS) or source alternate income streams including provision of facilities for the NHS Mass Vaccination Scheme. These have enabled the Trust to continue to deliver strong results, whilst focusing operationally on speed of recovery. It has offset the gap between recovery and increased costs over the period of the pandemic, lockdown and the immediate aftermath. However, this additional income has reduced, resulting in anticipated losses in 2022-23.

The Trust is reliant on the support of its Sole Member ERC to meet these shortfalls through Covid support, however, this funding will no longer be available beyond the current financial year. The 2023-24 position has been exacerbated by continued financial pressure on our Council partner, who have the challenge of making £30m of savings over the next 3 years. This, together with economic uncertainty mean ERCL's funding including the Management Fee will be under further pressure in 2023-24 and beyond. Options for mitigating an anticipated loss in 2023-24 are being considered, in the context of a significant budget shortfall on the part of ERC.

4.7.6 Tackling Inequality

ERCL team members are embedded within ERC's Equality Officers Working group, feeding into the wider council strategic planning, contributing to and collaborating on projects such as the Equality Outcomes 2021-2025. Being part of the working group we have been able to influence and inform the reporting structure, format and frequency of the outcomes whilst considering ERCL's work and its active contribution to achieving the outcomes. This sits alongside our commitment to continually review and challenge our own service design to widen access to those with protected characteristics (e.g. commitment to an increased number of BSL performances at the theatre).

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. As safe, trusted spaces public libraries are at the heart of the Warm and Welcome Spaces initiative and participate in cross-sector Cost of Living working groups. The Every Child A Library Member (ECALM) initiative aims to ensure that every child born in East Renfrewshire becomes a library member and their parents are supported to read with them from an early age. 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. Covid Recovery Performance

east renfrewshire
**CULTURE
& LEISURE**

COVID Recovery

Membership, attendance and capacity
impacted by COVID restrictions from
March 2020



GYM & FITNESS MEMBERS

Recovered 97%
Oct 22 v Mar 2020



VISITS TO LEISURE CENTRES

Recovered 95%
Q2 2022-23 v Q2 2019-20

COMMUNITY SPORTS CUSTOMERS



Recovered 88%
Oct 2022 v Mar 2020

PUBLIC SWIMMING 96%

Q2 2022-23 v Q2 2019-20



SWIMMING LESSONS
Recovered 120%

Oct 2022 v Mar 2020 (excluding EHS)

PROFESSIONAL THEATRE AUDIENCES



Recovered 73%
Q2 2022-23 v Q2 2019-20



HALLS & OUT OF HOURS SCHOOLS BOOKINGS



Recovered 106%
Q2 2022-23 v Q2 2019-20

LIBRARY VISITS



Recovered 49%
Q2 2022-23 v Q2 2019-20



SOCIAL MEDIA FOLLOWERS

Nov 2022 v Mar 2020



Up 83%



Up 41%



Up 220%

6. Market Position

6.1 East Renfrewshire as a Market

The population of East Renfrewshire is 96,060. The number of people living in East Renfrewshire is projected to increase by 5.4% by the year 2028.

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

- 20.2% aged 65 and over
- 59.3% aged 16 – 64
- 20.5% 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 96,000 at present to circa 101,230 by 2028.

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.

1 Parents of young children	3 Older (60+) Adults
2 Children (<18 years)	4 Young adults (18-25 years)

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, 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 adults, category 3, 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, category 4, 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 digital customer journey continue to be made including:

- launched online joining and online Direct Debits for gym and fitness memberships and swimming lesson memberships
- continued development of the website, including improvements to our Search Engine Optimisation which increases traffic to our website from search engines like Google.
- continue to grow social media followers across Facebook, Twitter and Instagram giving a direct connection to target audiences and drives followers to the website
- implemented a new ecommerce platform, fully integrated with Gladstone, which improves the customer payment process
- increased customer communications via the ER Leisure App
- upgraded all library PC's
- launched Net Promoter Score surveys for gyms, fitness and swimming members to give regular feedback on product and service
- migrated the Heritage archive to the Library Management System and developed the Local and Family History area of the website
- delivered online exhibition capability for Arts and Heritage teams to increase access to exhibitions
- integrated library events and activities on the website with the library online booking system

7. People

Lockdown and the on-going impact of Covid-19 has inevitably interrupted our ability to deliver aspects of our People Strategy.

During 2021-22 key surveys were carried out, the first focusing on the health and wellbeing of staff as they returned to work from furlough and the second, a follow up staff engagement survey. The output of the staff engagement survey was analysed, and a session held with the Extended Leadership Team. Sessions were then held with the wider team to gain feedback and to agree the action plans and delivery in response to the survey, which has included regular staff communication through a monthly newsletter.

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>Attract</p> <p>Recruit the best staff to drive the success of the organisation</p>	<p>We will:</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"> • Vast majority of our posts filled first time around with the right calibre of staff • Increased diversity of applicants 	<ul style="list-style-type: none"> • Insufficient staff with the right skills and experience to deliver our objectives • Regulatory non-compliance • Financial constraints reduce the ability to create or fill posts, or to compete with the market
<p>Develop</p> <p>Build on our commitment to growing people and ideas</p>	<p>We will:</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"> • Staff have a meaningful annual performance and review appraisal • Number of staff achieving in-work qualifications • Staff take part in mentoring, coaching or development programmes • Increased number of staff mentoring and supporting internal colleagues 	

Strategic Aims & Outcomes	Strategic Objectives	Key Measures of Success and Impact	Key Risks
<p>Retain</p> <p>Create an environment where staff can flourish, with a clear link between their performance and the success of the organisation</p>	<p>We will:</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"> • Increased number of staff recognised and promoted internally • ERCL is recognised as a desirable place to work • Staff turnover rates • Take-up of at-work activities and the popularity 	<ul style="list-style-type: none"> • Cycle of expectations, development, resources and recognition is not closed leading to disengagement
<p>Mobilise</p> <p>Help our employees be role models and advocates for sport, arts and culture</p>	<p>We will:</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</p>	<ul style="list-style-type: none"> • Staff volunteer hours (external) • High degree of satisfaction and motivation reported through staff engagement survey 	

Strategic Aims & Outcomes	Strategic Objectives	Key Measures of Success and Impact	Key Risks
<p>Excellent Management and Leadership</p> <p>Establish and grow everyday leadership to realise our common goals.</p>	<p>We will:</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"> • Excellent leadership is recognised internally (staff survey) and externally (awards) • The charity is recognised as an excellent place to work (staff survey and exit surveys) • Number and quality of internal applications and appointments for leadership roles • Overall staff engagement surveys scores and feedback 	<ul style="list-style-type: none"> • Ineffective leadership or management skills lead to high turnover of high quality staff, or to staff working less effectively and not achieving objectives
<p>Progressive, Collaborative and Healthy Environment</p> <p>Create a progressive, collaborative, healthy and enjoyable working environment which benefits both customers and staff</p>	<p>We will:</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"> • Overall staff engagement surveys scores and feedback • Ratings of management and leadership through staff engagement surveys • Sickness and absence rates 	<ul style="list-style-type: none"> • Sickness levels rise because the triggers are not identified and addressed early or properly • Accidents or H&S issues arising from lack of training and development

Strategic Aims & Outcomes	Strategic Objectives	Key Measures of Success and Impact	Key Risks
Stability and Sustainability	<p>We will:</p> <p>Plan, implement and 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"> • Evidence of well-managed change programmes (audits, feedback or pulse surveys) • Stress-related absence rates relative to the sector 	<ul style="list-style-type: none"> • Change is implemented poorly impacting on staff morale, engagement, absenteeism and wellbeing
Community Impact	<p>We will:</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, Digital Participation & Inclusion, Support to School Libraries, Macmillan Cancer Information Points).
- 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.
- Post Covid, our centres are busy, we have taken the opportunity to modernise our programmes and attendance at the sites are on track at 96% recovery.
- The swimming development programme has returned strongly to higher than pre-covid levels, unfortunately with EHS closed for an extended refurbishment this has limited our ability to fully provide for our waiting list. To enable this recovery we have invested in developing new swimming teachers by running 4 Courses, and we continue to monitor the quality of the provision with recent surveys showing good customer satisfaction.
- We have developed a new Schools Swimming programme and this has been well received and strongly adopted by 25 schools in the area.
- Venues are based in the larger ERC communities.
- Working with colleagues in Libraries we have a funded project officer in place at Barrhead Foundry to deliver improved connectivity with the community.
- Significant investment has been made into Barrhead Foundry and forthcoming investment in Eastwood Park and Neilston will further enhance our customer offer.
- We are rolling out OpsPal (organisation wide), this is a H&S support system which allows for scheduling and improvements to Premises operations to ensure work plans and tasks are delivered and monitored to improve the safest possible experience for our customers.

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 pre Covid, delivered approx. 100 fitness classes each week. The current level of classes is around 95, with this number expected to increase as membership/participation levels return to pre Covid levels and new class opportunities are identified. There is very high local competition within this sector.
- Community Sports is focused on community capacity building and income generation, delivering 87 mixed sport and physical activity coaching classes and 17 football coaching classes per week during the school term with over 1,400 children participating in these activities weekly. During the school holiday periods we provide up to 10 weeks of holiday camp activity for children and young people with a mix of commercial and free spaces for vulnerable and children from low income families. We also support 32 local sports clubs and 6 Community Sports Hubs which have a combined membership of approx. 8,200 members.
- Active Schools is dedicated to developing and supporting the delivery quality out of school hours sporting opportunities, sports competition and sports leadership 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 (Vitality) to support people living with medical conditions and to prevent trips, slips and falls as constituent part of the primary care pathway in East Renfrewshire. We also deliver targeted programmes such as the For Your Entertainment (FYE) scheme which provides free access for vulnerable children and the Health for Heroes scheme which provides our veterans with free gym membership.

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.
- Post COVID recovery to 2019-20 levels has not been as quick as other services although there is a steady growth in both physical visitors and book issues from one quarter to the next in the year 2022-23. Virtual visits show a similar dip although changes to the way they are recorded across the sector can account for most. As we recover, there is a drive to return to these levels, through continued engagement with schools, partnerships with local groups and organisations, development of activities and an extended digital offering.
- 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. 2023 will see the implementation of Scotland's National Reading Strategy which has public libraries supporting and inspiring reading across all ages, improving levels of literacy and contributing to the health and well-being of readers.
- Public 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.
- Public libraries tackle poverty through participation in cross-sectoral Cost of Living working groups, and are at the heart of East Renfrewshire's Warm and Welcome Spaces initiative offering a safe and trusted space for all. As part of the #RootCause project and to encourage sustainability we have introduced initiatives from welly boot swaps to halloween costume donations which will now be an ongoing service that we provide.

- Our Digital Participation team will continue to support learners through 1:1 and group learning opportunities and will work with partners across East Renfrewshire as part of the Digital Inclusion Partnership. Using Planning Gain funding we aim to develop a Maker Space environment in the learning centre at Mearns Library to allow us to offer access to 3D Printers, Virtual Reality headsets, Code Club activities, etc. in an appropriate environment.
- Public libraries support for health and well-being takes many forms from programmes of activities aimed at tackling social isolation and loneliness, to improving mental health through reading for pleasure, to partnerships with both local and national organisations such as the Health & Social Care Alliance. In 2023-24 as part of the Collective Force for Well-being library staff will undertake a number of health literacy training modules aimed at improving skills, knowledge and confidence with assisting the public to self-manage their health.
- The library service takes the lead role on GDPR and data protection for ERCL and provides professional support to ERC school libraries and librarians.
- The Macmillan Information Centre - Information and Support is delivered in libraries, specifically Barrhead and Clarkston but with outreach sessions in all libraries. Types of provision includes regular drop-ins, information stands, and financial support and outreach services. All sessions are free and delivered by volunteers. 2023-24 will see the rollout of the ICJ (Improving the Cancer Journey) across East Renfrewshire and libraries will support this in partnership with HSCP.
- OneCard is a Scottish Government initiative which will be rolled out during 2023-24 which will see the introduction of a single library membership card across Scotland, allowing people living in Scotland to borrow books from any Scottish public library and East Renfrewshire libraries will implement and participate in this initiative.
- Every Child A Library Member (ECALM) is another national initiative aimed at ensuring each child born in East Renfrewshire automatically becomes a library member, and their parents are supported to begin reading to their children at an early age. The refresh of this programme takes place in early 2023 but is anticipated to become fully implemented in 2023-24.

8.2.4 *Community & Arts*

- Pre Covid we welcomed around one million visitors across our 17 halls and 35 schools every year. Services in the halls and schools have returned to a full service offering, although social events continue to be restricted due to Carmichael Hall being used to support the Mass Vaccination Centre for the NHS.
- 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 platform that hosts this information is being developed and aims to provide a more comprehensive and improved customer experience.
- 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 budgeted operating deficit, i.e. the difference between the income we generate from commercial activities and grants and our total operating expenditure.

To support the business delivering services and ensuring that the commercial activities are driving the best value, alongside the need to meet our charitable aims, development is on-going on the operational planning to ensure that the scheduling, dependencies and support for all the activities are delivered in an efficient manner.

In planning for the period 2023-24 we need to continue to build on our recovery as fast and efficiently as possible, and identify ways of mitigating projected losses. Options for mitigating a forecast loss for 2023-24 are being considered, in the context of a 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. The current proposals being considered to close the anticipated financial gap form part of ERC's wider public consultation process and this will help to inform the final outcome for the actions to be taken.

10. Financials

The Trust reported an operating deficit of £1.0m (surplus of £0.8m excluding pension service cost) for the year ended 31 March 2022 (2021: £0.1m deficit; £0.7m surplus excluding pension service costs), which was in line with expectations. This is before allowing for the net actuarial gain of £6.0m in respect of the multi-employer defined benefit pension scheme (2021: loss of £3.3m). In summary, the financial position for the period ended 31 March is noted below:

£k	Year ended 31 March 2022	Year ended 31 March 2021	Movement
Income	10,068	8,910	1,158
Net Expenditure	(1,040)	(72)	(968)
Actuarial Gains / (Losses)	5,992	(3,272)	9,264
Total funds (after retirement benefit scheme gains / losses)	1,010	(3,942)	4,952

The latest year of trading has supported us in meeting our charitable aims and objectives, ending the year with a strong financial position, despite the on-going impact of the pandemic.

The principle funding sources are a combination of income generated through a level of sales, fees and charges for our charitable activities (£4.4m) (2021: £1.5m), as well as a Management Fee received from ERC of £5.4m (2021: £5.1m) for our work in managing the Leisure, Library, Arts and Community facilities within the local area. Funding was also provided via the CJRS of (£0.3m) (2021: £2.3m).

The primary areas of spend are people £9.4m (2021 £8.0m), Property £0.4m (2021: £0.3m) and Supplies and Services £1.2m (2021 £0.7m).

10.1 Reserves Policy

During 2020-21 the Trust agreed to increase reserves to a level of £500k due to Covid19 to support the management of financial risk and help deliver the Trust's commitments. This was in response to Covid19 and would therefore be regularly monitored and reviewed annually by the Finance, Audit and Risk committee. In light of the continued impact of Covid19 together with increased inflationary pressures, the trustees have agreed to increase the unrestricted non-designated reserves in 2021-22 to £800k.

At the year end the charity had a total surplus of £1,010k (2021: deficit £3,942k). There was a surplus of funds of £2,736k (2021: £1,984k), of which £2k (2021: £86k) was restricted and £2,734k (2021: £1,898k) was unrestricted. Of this amount, £1,468k was designated for Transformation and Recovery activities, £363k to support the Digital programme and £103k in respect of fixed assets, leaving free reserves of £800k.

The trustees will continue to strive to maintain the increased level of £800k unrestricted non-designated level of reserves in line with the reserves policy, 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 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 2023-24 – draft

The following table provides a summary of the latest draft budget for 2023-24. These figures are subject to final confirmation, including the ERC Service Fee.

<i>DRAFT</i>	23/24
£k	Draft Budget
Grant Income	372
Arts & Theatre Income	416
Theatre & Comm Facs Hire	505
Sports Income	2,275
Other Income	417
Operating Income	3,985
ERC Service Fee	5,711
Release from Reserves	38
Total Income	9,734
Staff Costs	9,331
Property Costs	524
Transport Costs	26
Supplies & Services / Other	1,595
Total Expenses	11,477
Net Income / (Expenditure)	(1,743)

Although, the Trust has experienced strong recovery post pandemic with most services back to pre-Covid levels, by the time we reach 2023-24, the Trust will have lost 4 years of income growth, at the same time as having to deliver savings through the reduction in the ERC service fee. This is against a backdrop of rising costs, both in terms of increased pay awards and the continuing pressure of high price inflation. All of these factors have put critical pressure on ERCL's ability to deliver core services within its existing financial resources.

The current projected loss for the year 2023-24 will be met by both Covid funding (for eligible elements), and a release from undesignated reserves, and has been provided for accordingly.

As noted in section 9, proposals that would help to close the financial gap on an on-going basis are currently being assessed and considered as part of the wider ERC

public consultation process and will be further discussed and agreed with partners including the Council, should they be required.

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.

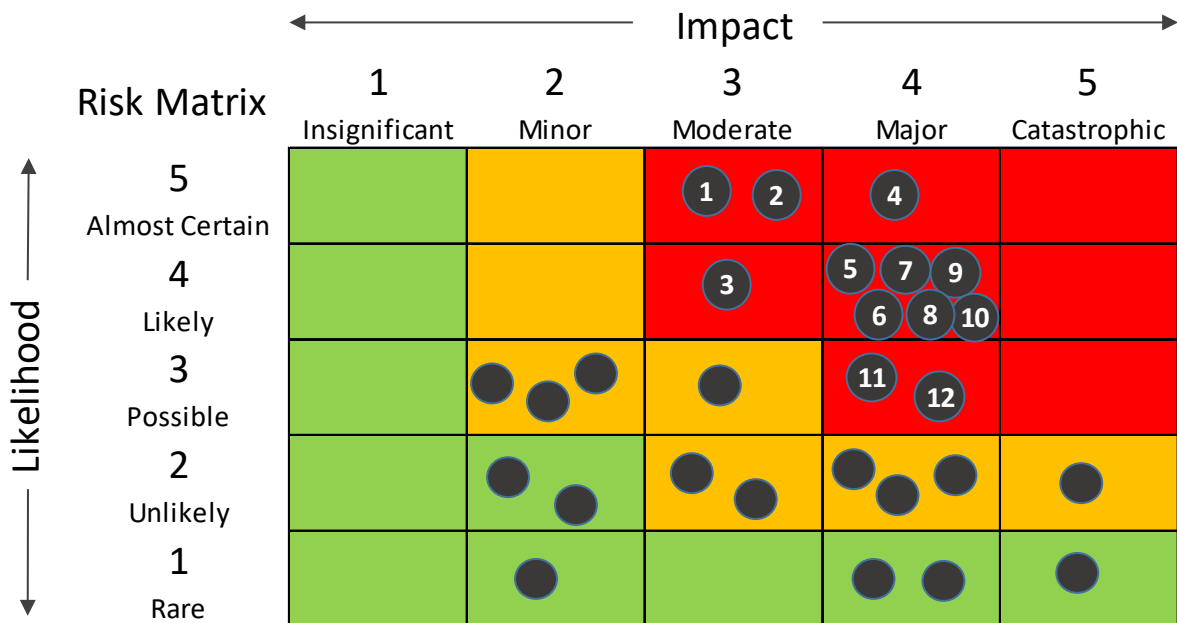
Improvement and action plans for Support Services and other interfaces between the Trust and the Council were identified in a Solace in Business (SiB) report commissioned by ERC in 2017 and was further complemented by recommendations arising out of the ERC Best Value Audit on the Trust undertaken in 2019. A review took place in August 2022 producing an updated Joint Action Plan, reflecting the latest position. This work was completed in conjunction with ERC, with the revised plan approved by the Board in August 2022.

12. Risk Management

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 across the business, which incorporates risks identified due to Covid, together with a summary of the top 12 risks:



Ref	Risk Category	Summary of Risk
1	Market Changes	Changes in the competitive environment resulting in fewer customers.
2	Recruitment	Difficulties in recruiting to key roles impact adversely on operations, finances or performance
3	Government Policy / Legislation	Change in legislation or direction of Government policy, leading to significant change in priorities or patterns of uptake
4	Facility Failure	Facility Failure impacts negatively on service delivery and performance, income or reputation. (Damage to key elements of the facility resulting in unbudgeted repair costs and suspension / reduction of services; maintenance backlog; H&S issues; plant failure; and/or otherwise compromised service offering).
5	Shared vision with ERC	A single agreed ambition or vision for ERCL is not articulated and agreed by and with ERCL and ERC and its constituent departments.
6	External Providers / Contracts	Failure of external service providers to deliver on obligations, resulting in late or non-delivery of services, cancelled events, lost revenue and damaged credibility.
7	Industrial Action	Industrial Action leading to suspension of services, cancellation of events, loss of revenue, etc.
8	Savings Targets	Challenge of creating an effective balance between achieving proposed savings targets maintaining a vibrant and relevant service.
9	Operational Impact due to Capital Projects	Capital Projects impact adversely business through slippage or impact on management and operational resources.
10	Business Continuity / Finance Recovery	Recovery will have a long tail as customers and services require time to adjust to new ways of operating
11	IT Systems Failure	Failure /Misuse of systems resulting in 1) loss of data 2) withdrawal of service 3) loss of revenue 4) increase in errors on the system. Major issues arising from Core Systems Project / implementation of changes to core business systems in Finance, Payroll and HR
12	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.