

EAST RENFREWSHIRE COUNCIL19 December 2018Report by Director of EducationEAST RENFREWSHIRE CULTURE AND LEISURE TRUST 2019/20 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) 2019/20 Business Plan.

**RECOMMENDATIONS**

2. It is recommended that the Council approves the proposed Business Plan for 2019/20, subject to budget to be confirmed at a full Council meeting on 28 February 2019.

**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 not less than three months before the beginning of the financial year;
  - 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 2019 / 20 (Appendix 1) is presented to Council for approval, subject to budget, to meet the timescales set out in Para. 4 above as discussed at Council in 2016.

## **REPORT**

6. 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.
7. 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.
8. 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.
9. 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**

10. The Council budget for 2019/20 will be agreed in February 2019; as such the Trust Business Plan and associated proposed budget are offered for approval subject to final agreement with the Council.

11. Enhanced income generation is one of the principal aims of the Trust and the plan details a number of initiatives to maximise the income that the Trust can generate and so reduce its financial reliance on the Council to support its activities. Effective and efficient partnership with the Council is crucial in achieving this, especially with regard to the condition, maintenance, enhancement, refurbishment or replacement of facilities.
12. Reviews of pricing are ongoing in order that the Trust's commercial activities remain competitive in the face of increasing competition in key commercial areas such as gyms, fitness and swimming. Last year a review of pricing structures and the concessions policy was undertaken, with changes implemented throughout 2018-19.
13. In 2018 the Council commissioned an independent finance and business review of the Trust and a subsequent joint Trust / Council action plan is now being implemented and overseen by the Director of Education, the Trust's Board and its Chief Executive. This review examined the underlying assumptions made at the inception of the Trust in the light of the first three years' trading and performance, and Support Services required by the Trust.
14. The Business Plan and Budget will be aligned with the Service Payment to be agreed between the Trust and Council, and provide for reserves as per the Trust's Reserves Policy, whilst delivering savings to the council and investing in service improvements.
15. The Council continues to work with the Trust to identify opportunities for improvement, development and innovation, and supports the Trust in realising them.

## **CONSULTATION**

16. 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**

17. 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**

18. The approval of the Business Plan and the Budget, when confirmed, together with the revised Management Fee will allow the Trust to establish a stable and sustainable operating model which reflects the operating costs of East Renfrewshire's Sports, Libraries, Arts, Culture and Community Facilities. There are no other ICT, staffing or sustainability implications associated with this report.

## **CONCLUSION**

19. The fourth East Renfrewshire Culture and Leisure Trust Business Plan gives clear strategic direction that is in accordance with the Council's strategies and is supported by detailed operational plans which deliver the Council's objectives under the

Community Plan, Fairer East Ren Plan and Outcome Delivery Plan and will guide the work of the Trust and its staff to deliver high quality services to the residents and communities of East Renfrewshire.

**RECOMMENDATION**

20. It is recommended that the Council approves the proposed Business Plan for 2019/20, subject to budget to be confirmed at a full Council meeting on 28 February 2019.

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**East Renfrewshire Culture & Leisure  
2019-20 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 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);
- 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

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 in the delivery of culture, sports and leisure opportunities in East Renfrewshire.

The following strategic aims have been identified:

**Create a financially sustainable business model**, balancing strong ambitions with commercial viability

**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

**Develop a strong, diverse, resilient and committed workforce**, building on our commitment to growing people and ideas

**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.

**Developing resilient, dynamic and productive partnerships that are developed and nurtured** to grow our business and maximise the impact we have in our communities.

These aims support our charitable objectives and our plans for ongoing organisational development and reflect our ambition to grow our services. They reflect our commitment to ongoing service improvements, a number of which are outlined in this plan. In addition, they support our principal partner ERC, in meeting its commitments as outlined in the 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 data capture, benchmarking, summative, formative evaluation and use of measures and research. 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 embed this change, this, our fourth business plan, focusses 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.

**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 East Renfrewshire Council 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

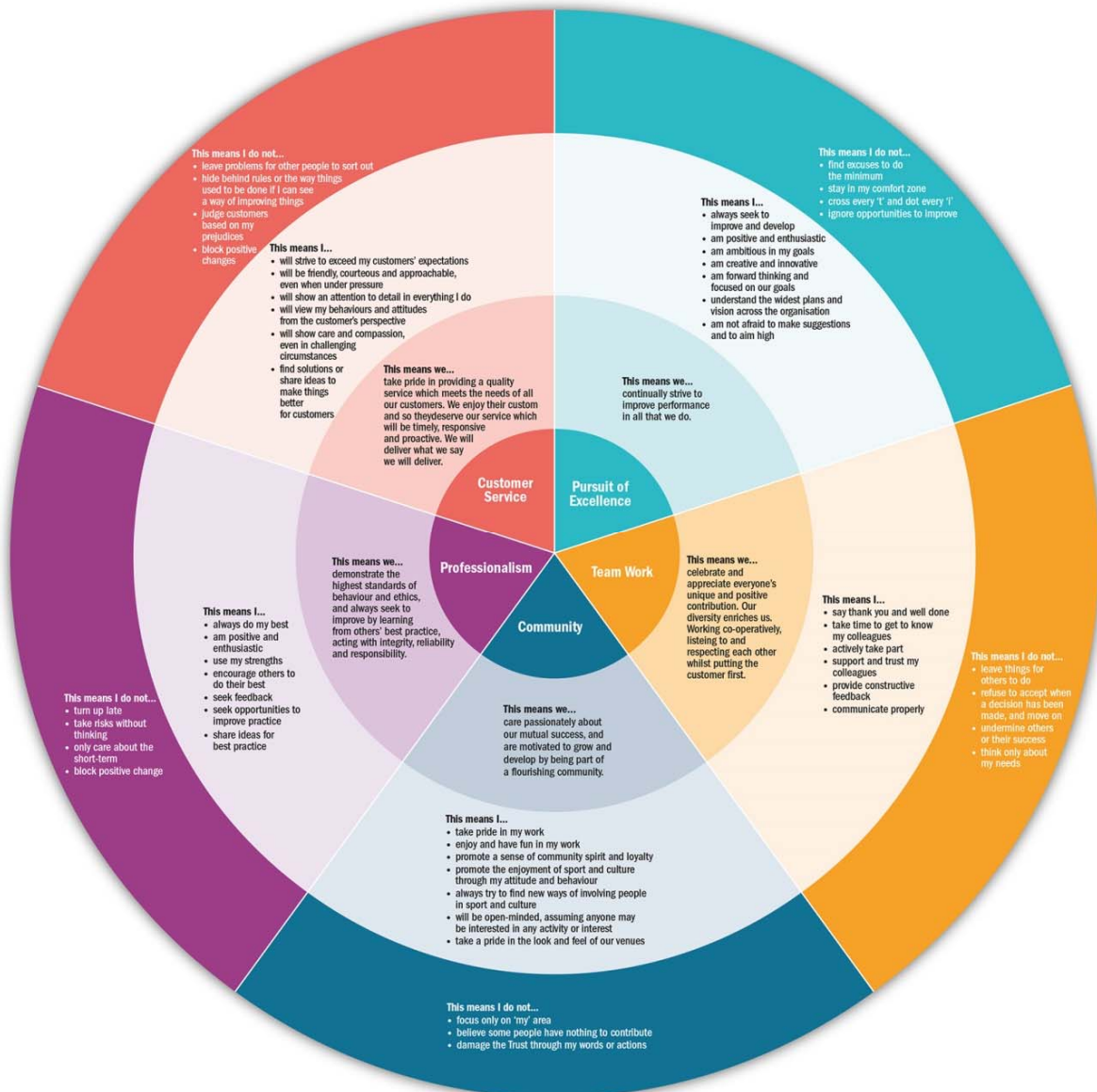
**Our mission is to be the highest-performing Leisure Trust in Scotland.**

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

We are a charitable social enterprise, which means we work for the benefit of everyone: the public, the communities we work in, the environment, our staff and our partners.

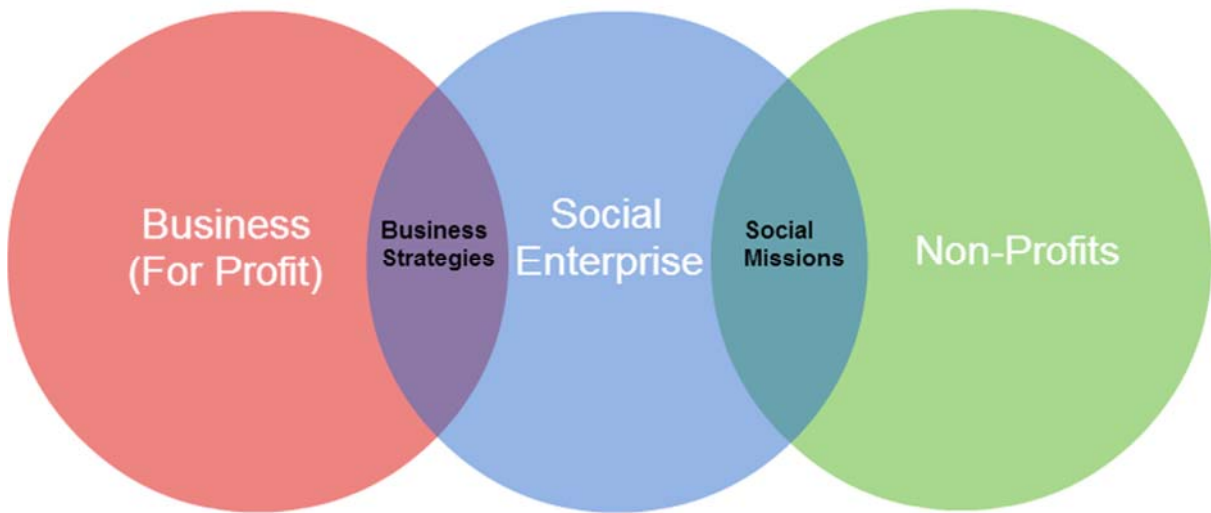
**Our Values and behaviours**



4. 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 occupy the middle-ground between commercial businesses and charities. Profits generated by the commercial activities such as gyms and cafes fund a wide 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:

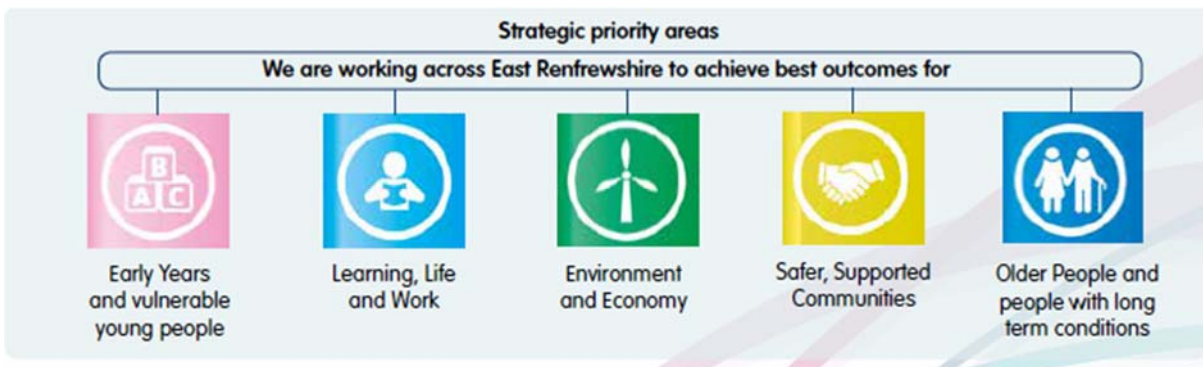
CUSTOMER	COMMERCIALISM	COMMUNITY
Avoidable Contact	Flexible Charging	Capacity Building
Channel Shift	Commercialise Services	Community Ownership
Customer Journeys	Strategic Procurement	Delegate Functions
Transactional Cost Transfer	Asset Usage	Transfer Assets
Efficiencies	Fundraising	Voluntary Organisations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

The business plan aims to ensure that ERCL meets the requirements of our service agreement with East Renfrewshire Council 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.

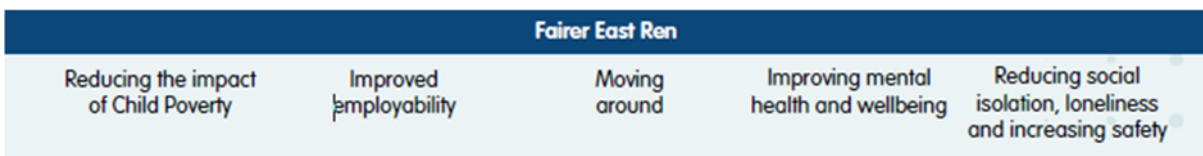
**4.2 East Renfrewshire Community Plans**

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 The Local Development Plan for East Renfrewshire, 2016-2020**

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 second plan, published in 2015, aims to do that, "to maintain and build on the areas' qualities".

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 plans states, new facilities will be required:

*Growth will lead to an increased demand for school places and new community (including religious), leisure and educational facilities. It is necessary to ensure future needs are met by ensuring that new facilities are integrated and accessible to local communities, which will help to establish sustainable, healthy and well-connected communities.*

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 proposed Corporate Landlord model)
- Upgrading of facilities through targeted capital planning
- Plans to develop facilities in existing communities which are not catered for
- Plans to accommodate the demand arising from planned housing developments
- 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</li> <li>• Staffing model, contracts and terms and conditions and operating hours do not align with customer demands</li> <li>• Limited online digital customer journey experience, with ‘clunky’ operational supporting systems.</li> <li>• Limited Sales and Marketing resources</li> <li>• Inability to respond quickly to evolving markets.</li> <li>• Car Parking at key sites</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Aligning services to government objectives</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 growth and improvement.</li> <li>• Potential new Eastwood facility and joint campus in Neilston</li> <li>• LDP2 and growth of population</li> <li>• Demand analysis work will potentially enable a capacity / review of the operational working methods.</li> <li>• Transform customer journey investment.</li> <li>• Upgrade facilities through targeted refurbishment</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>• 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</li> </ul>

## 4.6 PESTLE

<b>Political</b>	UK wide issues Local, regional and national impact <ul style="list-style-type: none"> <li>• Scheduled local elections</li> <li>• Scottish Govt</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Declining local-authority budgets (9.6% in real terms over the last 8 years and 3% p.a. until 2020) further exacerbated by 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>• Wellness</li> <li>• Population growth rate/age</li> <li>• Attitudes to careers</li> <li>• Cultural barriers</li> </ul>
<b>Technology</b>	New technologies/potential/options <ul style="list-style-type: none"> <li>• Existing – MRM / Spektrix / operating platforms</li> </ul>
<b>Legal</b>	Future Legislation <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> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Weather climate/impact on our buildings – aircon/heating/green</li> <li>• Waste management</li> </ul>

## 4.7 Horizon Scanning

### 4.7.1 Capital Investment

Despite significant pressure on public finances, a number of capital investments are being made in our facilities, including a final phase upgrade to the Foundry sports hall, studio and foyer. In addition we will continue to work with our Council colleagues around plans for the future of Eastwood Park Leisure Centre, and the longer-term vision for Neilston as well as around the maintenance of our existing 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

We are working with partners to develop plans to address our digital platform to enable a smoother customer journey through the enablement of updated website, online and mobile capability and the introduction of smoother booking and payment methods using technology. This will accompany the refresh or replacement of a number of existing ICT systems which are due for renewal, and will require the commitment of both capital and revenue resources, over a two year period from 2019.

#### **4.7.3 Increased Competition**

Increased competition in the local sports and leisure market will continue to exert pressure on our income. 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. 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 Service Fee**

Continued financial pressure on our Council partner, together with economic uncertainty make it highly likely our Management Fee will be under further pressure from 2020. A reduction of between 5% and 7% (c. £300,000) from the expected 2019 level is being planned for. 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; organisational restructure; and a review of the operating model will 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 have an impact on the Trust as well as Council departments and whilst this should be overwhelmingly positive, in the immediate term there will be the inevitable disruption caused by such large-scale change programmes. This work will improve management systems, support for staff and management information and reporting to stakeholders.

#### **4.7.6 Tackling Inequality**

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, support for those affected by Universal Credit, support for people with chronic conditions (Vitality, GP Referral, MacMillan Cancer Support, Dementia Awareness), Holiday Hunger Programme, and a number of programmes in both arts and sports designed for people who are otherwise excluded from mainstream participation.

5. Performance to Date

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.

east renfrewshire  
**CULTURE  
and  
LEISURE**



In excess of  
**23%**

In Real Term  
Savings



### 5.1 Operational Performance

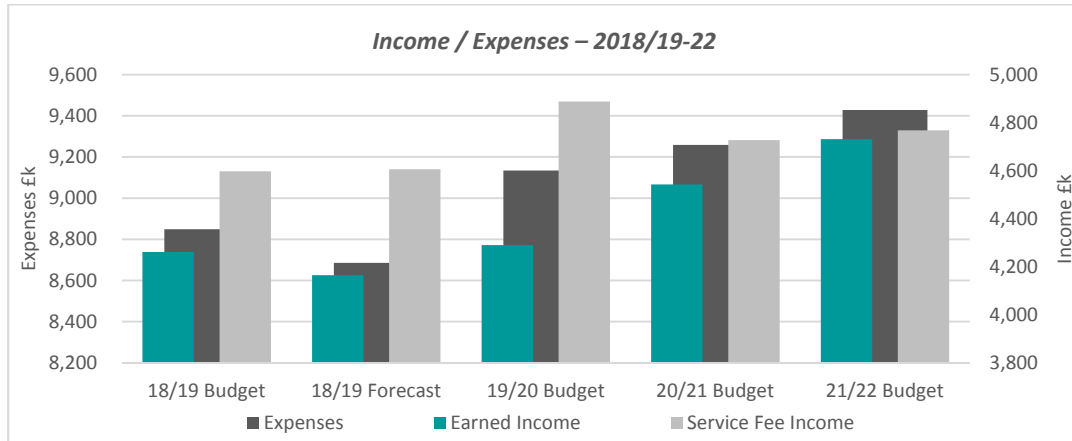
The delivery of operational performance to date has been supported through the implementation and embedding of a number of key operational projects, including:

- **New Gym Facilities** - Launch of 2 new gym facilities at Eastwood High and Neilston
- **Arts Strategy** - Developed and implemented the new Arts Strategy which aims to encourage an extended and more varied mix of programmes, including the development strategy for Eastwood Theatre, which has yielded larger audiences and delivered a broader mix of artistic programming.
- **Communication** - Increased focus on Marketing and social media activity to help communicate the services and benefits on offer to the local community.
- **Health and Wellbeing programme** - creation of a programme in partnership with Health and Social Care.
- **ICT Developments** - Implementing and embedding software packages to support swimming lessons and engagement and retention of gym members.
- **Barrhead Foundry Refurbishment** - Managing Barrhead Foundry closure, including minimising customer impact where possible, through transfer to other venues.
- **Business Support Review** – E2E process review of back office administration processes and implementation of improved / more efficient processes.
- **Demand Analysis** – work is underway to review the front line operational processes across the Trust to improve the efficiency and customer experience.
- **Library Services Re-design** - Embedded the new libraries structure and opening hours following a re-organisation.
- **Solace in Business** – participated in a Business Review to consider the operational arrangements of the Trust and validate the current funding position.
- **Customer Journey** - Work to improve performance continues and the transformation of the customer journey is ongoing with staff engaged in training and development work across the sports venues focusing on improving client retention and increasing lead generation opportunities.

5.2 Financial Performance

5.2.1 Commercial Income

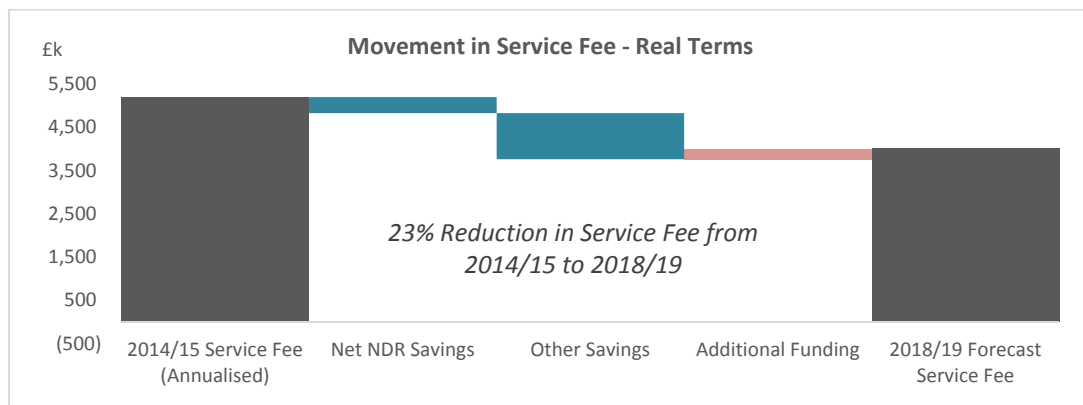
A significant focus of the Trust has been to move to a more commercial basis. The following chart demonstrates the shift to deliver an increase in Earned Income, primarily through Sports and Swimming.



*Budget figures included in above chart are subject to board approval.*

5.2.2 Savings Delivered

In terms of the overall movement in service fee, excluding salary and expense inflation and spending pressures which supported additional funding which would have received had the Trust remained as part of ERC, the overall reduction in real terms is in excess of 23%.



5.2.3 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.

- Engaged Industry Experts to support the business in generating further income from leveraging existing resources, through managing lead generation and structured sales processes.
- Increased governance implemented to review and challenge new products / services to ensure best value / return.
- Full review of fitness class participation with increased operational scrutiny in place to monitor effectiveness of programme.
- A Pricing Review took place across all sports, gyms and swimming activities, with a re-price implemented in the last year, which included simplification of the pricing structures.
- A review of the Trust concessions policy took place, removing existing double and triple discounts. The resulting changes were implemented in the last year.

## 5.3 People

### 5.3.1 People Development

- Work undertaken to deliver the People Strategy is included in section 7.
- Staff Awards have been held for the last 2 years to recognise the contribution made by the ERLC people.
- Training programmes that took place across the Trust included Child and Vulnerable Adult Protection and General Data Protection Regulations, Customer Care, Health and Safety and operational systems and processes.
- Leading a cultural shift to focus on lead generation and sales activities to increase commercial income, primarily within Sports and Swimming.



**6. Market Position**

**6.1 East Renfrewshire as a Market**

Household composition and age profile are key considerations in understanding our customer base. Across East Renfrewshire the household size and composition is broadly:

- Single adults – 39%
- Single parent with young child or children – 8%
- Couples with young children (under 16) – 20%
- Couples with older children – 7%
- Couples without children – 26%

In terms of age profile children and young people currently make 20% of the population while older people make up a further 20%, with 60% in the 18 to 65 age range. 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.

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

- Eastwood (population 74%), 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 (60 plus) living as couples or alone.
- Barrhead/Neilston (population 26%) is an area with pockets of significant social and economic deprivation and a wider spectrum of household types: young families; older residents; single parents, and younger couples / singletons.

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><b>1</b> Parents of young children</p>	<p><b>3</b> Older (60+) Adults</p>
<p><b>2</b> Children in young families (&lt;16)</p>	<p><b>4</b> 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 should be planned to take account of school term and school week cycles as parents (or child minders) are already working and living in accordance with such a regime.

For the other major household type, older people, there will be greater variation in how they organise their lives. Service planning and the development and scheduling of offerings to cater for older people will therefore require a careful assessment of the potential uptake among different subsets of the elderly in relation to the costs of provision. This will require us to adopt a flexible approach that will allow us to test new offerings and identify those that appeal.

## **6.3 Customer Journey**

The customer journey needs further improvement – particularly in relation to the ease of transactions through digital platforms. A project is in flight (subject to Capital Programme Allocation funding) to address these issues:

- Poor online presence in terms of both marketing/communications, and bookings/sales.
- High levels of bureaucracy in processes causing ‘friction’ for customers and high-workload for staff.
- Processes that are inefficient
- High-levels of face-to-face contact between staff and customers are required to make payments or bookings
- High levels of telephone contact required, with limited ability to process payments over the phone
- An increasing gulf between customer behaviours and expectation (online payments, smart-phone and mobile app transactions) and service design (face-to-face payment through particular channels / sites).

## 7. People

### 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, Wellbeing and Get Active Programmes)
- Libraries & Information Services, (10 Libraries; Information Services, Support to School Libraries).
- Communities and Arts (18 Community Facilities and Pavilions; evening and weekend school lets, Heritage Services, Arts Development and Performing Arts including Eastwood Theatre).

### 8.2 Service 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 2,000 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.

Venues	Services	Activities	Customer Visits
Barrhead Foundry	<ul style="list-style-type: none"> <li>• Gym</li> <li>• Library</li> <li>• Swimming Pool</li> <li>• Games Hall</li> <li>• Fitness Studio</li> <li>• Boxing / Training Area</li> <li>• Employability Zone</li> <li>• Café</li> <li>• Conferencing &amp; Meeting Rooms</li> </ul>	<ul style="list-style-type: none"> <li>• Fitness Activities</li> <li>• Sports Development Activities</li> <li>• Swimming Development Activities</li> <li>• Employability &amp; Training Activities</li> <li>• History &amp; Arts Activities</li> <li>• Conference and Catering</li> <li>• Clubs</li> <li>• Public Leisure &amp; Sport Activities</li> <li>• Black &amp; Minority Ethnic Activities</li> </ul>	<b>410k pa</b> <ul style="list-style-type: none"> <li>• Sports 211k</li> <li>• Library Attendances 183k</li> <li>• Others 28k</li> </ul>
Eastwood Park L.C.	<ul style="list-style-type: none"> <li>• Gym</li> <li>• Theatre</li> <li>• Swimming Pool</li> <li>• Arts Room &amp; Gallery</li> <li>• Café</li> <li>• (Community Hall - fitness Classes)</li> </ul>	<ul style="list-style-type: none"> <li>• Fitness Activities</li> <li>• Swimming Development Activities</li> <li>• Arts Activities</li> <li>• Theatre Professional Presentations</li> <li>• Theatre Hires</li> <li>• Public Leisure &amp; Sport Activities</li> <li>• Clubs</li> <li>• Black &amp; Minority Ethnic Activities</li> </ul>	<b>273k pa</b> <ul style="list-style-type: none"> <li>• Sports 223k</li> <li>• Theatre 50k</li> </ul>

## 8.2.1 Operations – Continued:

Venue	Services	Activities	Customer Visits
Eastwood High Sports Centre	<ul style="list-style-type: none"> <li>Swimming Pool</li> <li>3 x Games Hall / Theatre</li> <li>Dance Studio</li> <li>2 x Outdoor Synthetic Pitches</li> <li>Outdoor Running Track</li> <li>Logo Room</li> </ul>	<ul style="list-style-type: none"> <li>Fitness Activities</li> <li>Sports Development Activities</li> <li>Swimming Development Activities</li> <li>Clubs</li> <li>Public Leisure &amp; Sport Activities</li> <li>Black &amp; Minority Ethnic Activities</li> <li>Support PE programme</li> </ul>	<b>221k pa</b> <ul style="list-style-type: none"> <li>Sports 107k</li> <li>School 114k</li> </ul>
Neilston L.C	<ul style="list-style-type: none"> <li>Swimming Pool</li> <li>Gym</li> <li>"Hall" Space</li> </ul>	<ul style="list-style-type: none"> <li>Fitness Activities</li> <li>Sports Development Activities</li> <li>Swimming Development Activities</li> <li>Clubs</li> <li>Public Leisure &amp; Sport Activities</li> <li>Black &amp; Minority Ethnic Activities</li> </ul>	<b>55k pa</b> <ul style="list-style-type: none"> <li>Sports 55k</li> </ul>

## 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 delivers 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 over 160 sport and physical activity classes per week with over 2,800 people participating in these activities each week. We also support 34 local sports clubs and 6 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.

Services	Activities	Customers
<b>Gyms &amp; Fitness</b>		
Venues Barrhead Foundry Eastwood Leisure Centre Neilston Leisure Centre Eastwood High Sports Centre	<ul style="list-style-type: none"> <li>Gym Membership</li> <li>Pay As You Go gym participation</li> <li>Fitness Class Attendees</li> </ul>	2,754 14,400 70,500
<b>Community Sports</b>		
	<ul style="list-style-type: none"> <li>Community Sports Hubs</li> <li>ERCL weekly sports sessions</li> <li>Weekly Participants</li> <li>Coach Education Participants</li> <li>Sports Leadership Academy</li> <li>Athlete Grant Support</li> <li>East Renfrewshire Soccer Dev Assoc.</li> <li>Holiday Camp Participants</li> </ul>	9,887 164 2,802 726 28 44 Athletes 198 teams 1,110
<b>Health &amp; Wellbeing</b>		
	Live Active GP Referral Vitality	460 270
<b>Active Schools</b>		
	Schools Sports Award Gold / Silver / Bronze Flag Number of Participants Activity Sessions	- 29 7,983 6,969

### 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 well over half a million physical visitors a year, and our online services see the same number again in terms 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
- The library service takes the lead role on GDPR and data protection for ERCL and provides professional support to ERC school libraries and librarians

Venues	Services	Activities	Customers
Barrhead Foundry Giffnock Library Mearns Library Clarkston Library Busby Library Thornliebank Library Neilston Library Eaglesham Library Netherlee Library Uplawmoor Library	<ul style="list-style-type: none"> <li>• Supported access to books and reader development</li> <li>• Information Services – data protection / GDPR</li> <li>• Digital participation &amp; support: public internet &amp; WiFi</li> <li>• Lifelong learning opportunities</li> <li>• Supporting economic wellbeing</li> <li>• I Am Me – Keep Safe locations</li> <li>• Printing, photocopying, faxing</li> <li>• Supporting schools and school librarians</li> <li>• Provision of community information</li> <li>• Access to eBooks, eAudio &amp; digital magazines</li> </ul>	<ul style="list-style-type: none"> <li>• Book Issues</li> <li>• ICT learning and taster sessions</li> <li>• Coding clubs / Lego clubs</li> <li>• Health &amp; wellbeing activities – Community Connections</li> <li>• Summer Reading Challenge</li> <li>• BookBug</li> <li>• Book Week Scotland &amp; other reader development events</li> <li>• Read, Write, Count activities</li> <li>• First Minister's Reading Challenge</li> <li>• Room and space hire</li> <li>• Displays &amp; exhibitions e.g. National Library Scotland</li> </ul>	Physical visits – 535,667 Virtual Visits - 775,826

### 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.



## 8.2.4 Community &amp; Arts (Continued)

Services	Activities	Customers
<b>Community Facilities</b>		
<b>Community Facility Operations:</b> Hall Facilities: <ul style="list-style-type: none"> <li>• Albertslund</li> <li>• Arthurlie</li> <li>• Carmichael</li> <li>• Clarkston</li> <li>• Crookfur</li> <li>• Dalmeny</li> <li>• Duff</li> <li>• Dunterlie</li> <li>• Eastwood</li> <li>• Fairweather</li> <li>• Glen</li> <li>• Montgomerie</li> <li>• Muirend</li> <li>• Mure</li> <li>• Netherlee</li> <li>• Thorntree</li> <li>• Woodfarm</li> </ul>	<ul style="list-style-type: none"> <li>• Facilities Management for Halls and Schools (evenings and weekends). Visitor experience, customer liaison and support.</li> <li>• Event planning and management</li> <li>• Management of Public Buildings including Fire, Safety and Security</li> <li>• Facilitation of social functions, weddings, commercial and non-commercial events and activities, regular class and general bookings</li> <li>• Provision of emergency rest centres and associated Civil Contingency response.</li> <li>• Project Management for property maintenance and refurbishments</li> <li>• Provision of halls and schools for ERCL sports activities</li> </ul>	Halls and Schools attracted 940,178 visitors in 2017/18.
<b>Business Support</b>		
	<ul style="list-style-type: none"> <li>• Bookings and Payment Processing (Halls, Schools, Libraries, sports development, Arts classes and holiday programmes)</li> <li>• ERCL Admin Support</li> <li>• HR Processes</li> <li>• Procurement / creditors</li> <li>• Complaints, Comments, Enquiries, FOI</li> <li>• Systems</li> <li>• Reporting and Surveys</li> </ul>	The team process 22K bookings in halls alongside additional business support duties.
<b>Arts &amp; Heritage</b>		
	<ul style="list-style-type: none"> <li>• Eastwood Theatre</li> <li>• Professional Programme</li> <li>• Community Theatre (Hires)</li> <li>• Performing Arts Classes</li> <li>• Visual Arts Classes</li> <li>• Local History</li> <li>• Heritage events</li> </ul>	The Professional Theatre Program welcomed 16,500 visitors in 17/18.

## 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 2019/20 to 2021/22 we have identified a number of new market initiatives across our four key service areas that will generate commercial or grant income exceeding the additional expenditure involved in delivering these services. It is intended that these initiatives will contribute to reducing the Trust’s overall operating deficit. Each of the initiatives was presented to the Trust Board and following a discussion / challenge session, these were approved to progress as part of the annual business plan.

**Table A: Projected Net Income Impact of new Business Plan Initiatives by Service**

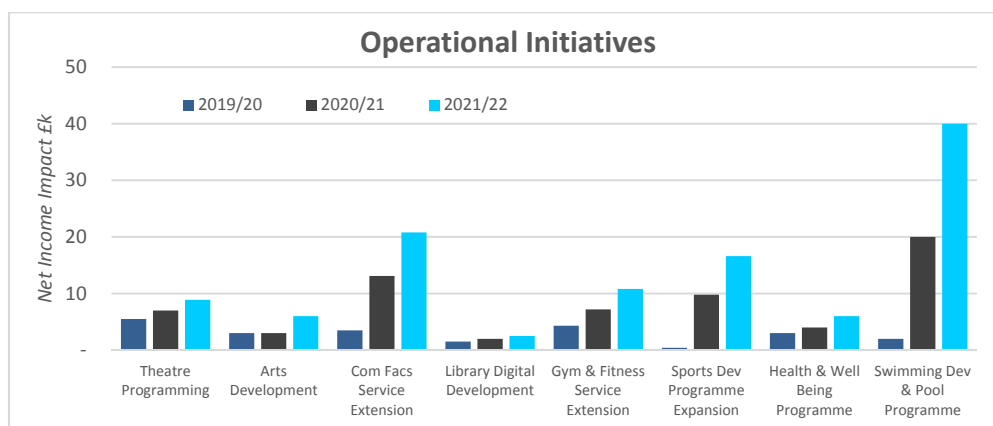
	18/19	19/20	20/21	21/22
<b>Net Expenditure Plan</b>	(153)	(179)	(129)	(162)
SiB 2 Yr Funding ~	239	200	-	-
<b>Base Plan - Net Exp</b>	<b>86</b>	<b>21</b>	<b>(129)</b>	<b>(162)</b>
Initiatives				
Community & Arts	-	12	23	36
Libraries	-	2	2	4
Sports Development	-	8	21	33
Venues & Swimming	-	2	20	40
Fit for the Future	-	-	75	120
<b>Net Income</b>	<b>86</b>	<b>44</b>	<b>12</b>	<b>71</b>

~ 2019/20 Based on minimum funding agreed following SiB review  
Still to be approved by ERC.

### Chart A: Net Income Impact by Operational Initiative

The following chart provides a summary view of each operational initiative (where there is an impact on Net Income) across the period of the plan

In addition to the initiatives noted below, there are 2 developments in progress which are fully funded through external grant funding and as such, do not impact Net Income and 2 which are at a corporate level, supporting the Fit for the Future programme.



Eleven of the twelve business plan initiatives we are planning to develop and implement over the next three years will be aimed to appeal to one or more of the key customer groupings identified above and will be actively marketed and promoted by us to attract the interest and attention of people in our key customer groupings. We will depend less on traditional promotional methods such as leaflets, flyers and brochures showing times, locations and prices, and where we do use these we will refresh the approach by highlighting how they reflect the needs, interests and aspirations of our customers. Through the selective use of digital media, and through the Business Development initiative, we will continue to engage more positively and purposefully with members and potential customers at both a corporate level and as individual team members.

## 10. Financials

The Trust reported an operating deficit of £0.065m for the year ended 31 March 2018 (2017: £0.108m deficit), which was in line with expectation due to the level of change underway to transform the operations. This is before allowing for the pension net service costs of £737k and net actuarial loss of (£1.101m) in respect of the multi-employer defined benefit pension scheme.

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

£k	Year ended 31 March 2018	Year ended 31 March 2017	Movement
Income	8,293	8,161	132
Net Operating Expenditure <i>(excludes Pension net service cost)</i>	(65)	(108)	43
Actuarial Gains / (Losses)	(1,101)	1,825	(2,926)
Total funds (after retirement benefit scheme gains / losses)	(556)	1,347	(1,903)

The third year of trading has supported us in meeting our charitable aims and objectives, with our year-end financial position providing a stable base from which we can continue to meet our commitments.

The principle funding sources are a combination of income generated through a level of sales, fees and charges for our charitable activities (£4.0m) (2017: £4.0m), as well as a Management Fee received from ERC of £4.3m (2017 of £4.1) for our work in managing the Sports and Leisure, Library, Arts and Community facilities within the local area.

The primary areas of spend are people £5.7m (2017 £6.3m), Property £0.5m (2017: £0.4m) and Supplies and Services £0.8m (2017 £0.8m).

### 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 an operating deficit of £556k (2017: surplus £1,347k), of which £21k (2017: £14k) was restricted. In addition, an unrealised loss on the pension scheme of (£707k) (2017: Gain £1,131k) was recognised in the year.

The Trustees continue to strive to create a £250,000 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.

**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 2019/20– 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.

In 2018 the decision was made to terminate Service Level Agreements in relation to Marketing and Communications and the strategic Health and Safety services provided by Corporate Health and Safety (operational health and safety services provided by ERC Education Department are unaffected).

### 11.1 Increased Sales & Marketing Support - 2019/20

There is a recognised need for greater marketing and sales support including:-

- Marketing campaigns
- Digital communications – design, delivery and evaluation
- Media relations and PR
- Graphic design and print
- Development of new & existing products / services for gyms, swimming, arts classes and theatre productions
- Sales resource to promote products / services, generate leads, improve customer journey and increase sales.

Resources for marketing and sales are very limited and fall short of a general commercial allowance for marketing budgets of around 3% of turnover. For ERCL that would equate to around £250,000 p.a. Current in-kind marketing and communications support (including PR) provided by ERC under the Service Level agreement is valued at £42,000.

This will require:

- Identifying options for increasing marketing resources and spend to more realistic levels
- Prioritising marketing spend by agreeing which services and market segments are likely to offer the greatest return from increased support and investment.

#### 11.1.1 Marketing Plan - 2019-20

Marketing resources (largely comprising those transferred from ERC following the termination of the Service Level agreement) will be required to deliver key activities:

- **Market research and Product Development** working with service teams to undertake early assessment of market opportunities and most efficient product and service design; subsequent piloting, testing, marketing and promotion
- **Marketing Collateral** (print and digital) printed materials and digital communications including content, design, production and distribution strategies for website, brochures, social media, advertising, PR for Theatre programme (2 p.a.); Sports brochure (3 p.a.); Holiday brochure (3 p.a.); marketing materials and communications for new and changing products / services.

- **Sales** including designing, scripting, training and delivering on-site sales processes; supporting lead conversion or delivering on-site sales support to Venues, L2S or Gyms and Fitness teams
- **Customer Journey** including management of the Trust's social media channels and web updates; design of digital communications solutions; design of interfaces and management of ERCL digital customer communications including customer-feedback mechanisms, TRP and NPS solutions
- **Pricing** – including re-pricing: market assessment, analysis and modelling across all services; design of pricing and/or product structures; customer and staff communications; collateral updates
- **Campaigns** – all-channel marketing campaigns (PR, social media, e-marketing, brochures, advertising, flyers and posters including direct distribution, promotions, competitions and events) to drive Learn 2 Swim (Aug-Sept; Jan - Mar); Theatre (Aug-Dec; Jan-Mar); Sport For All (Jul-Aug; Oct-Nov; Jan-Feb); Gyms & Fitness (May-Jun; Nov-Dec; Jan-Feb); Arts (Apr; Aug-Sept; Nov-Dec; Jan)
- **Communications** especially customer communications around closures / openings and consequent compensation, re-funds, promotions, or retention schemes, and year-round ad hoc comms
- **Media & PR** proactive and reactive media handling (including out of hours)
- **Brand Management** including the production, application and management of brand guidelines, standards, corporate identity templates for online and print
- **Management of Agencies** and third-party specialists in both marketing and PR to deliver campaigns including design, production, advertising, distribution, monitoring and evaluation

## 11.2 Strategic Health and Safety Services

Under health and safety legislation the Company board and management are ultimately responsible and accountable to ensure it complies with the Health and Safety at Work Act 1974 and associated and subsequent regulations and should act on the ERC advice given in relation to them, with the Chief Executive having ultimate responsibility for Health and Safety within the Trust.

ERCL has its own Health & Safety Policy, and Health & Safety is reported on to the HR & Health and Safety Committee which meets at least every six months.

Health and Safety services provided by the Council fall into two groups:

1. Operational Support, including access and support through the corporate Health and Safety Management System (HSMS) including Accident Incident Reporting System (AIRS)
2. Policy and Strategy Support, including support, advice, development of policies and strategies, and training.

It is this latter that ERCL is looking to procure through an alternative arrangement.

### 11.2.1 Strategic Health and Safety Plan - 2019-20

The Resource transferred from ERC will be focussed on:-

- Review of the Trust Health and Safety Policy (2018) in the light of legislation and recent legislative changes.
- Advice on existing H&S Legislation and support to develop and implement new policies, procedures, guidance and standards to enable compliance across the Company
- Development of work plans to address development needs
- Identification, design and delivery of training programmes, including Toolbox talks and inductions
- Strategic Advice, including review and revision of Codes of Practice, NOP, H&S Plans, and other guidance.
- Identification of hazards, assessment of risks and recommendation of control measures or appropriate remediation
- Review of the framework for essential health and safety committees/ meetings within the Company and support to provide advice, support and assistance where required.
- Support for the Trust to lead health and safety improvement initiatives and manage significant projects.
- Provision of liaison with third parties where appropriate  
Review ERCL strategy for managing health & safety risk assessments, the methodology for completing risk assessments, development and delivery of risk assessors training and to support services / service managers in completing and managing their assessments.
- Deliver high risk /complex risk assessments for management action where required.

### 11.3. Financial Services

ERC currently provides a range of accountancy, creditor and debtor services to ERCL. As part of the 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 *Solace in Business* (SiB) review, with the resultant Joint Action Plan which detailed 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, incorporating a new general ledger, HR and Payroll system, the Trust have been engaged in the initial procurement process and are represented on the associated Change Board. The implementation of this platform, together with re-engineering the supporting finance processes should help to provide the Trust with a platform which will deliver the required financial control framework and reporting tools. As part of the initial procurement process, ERCL provided its key requirements for the system.

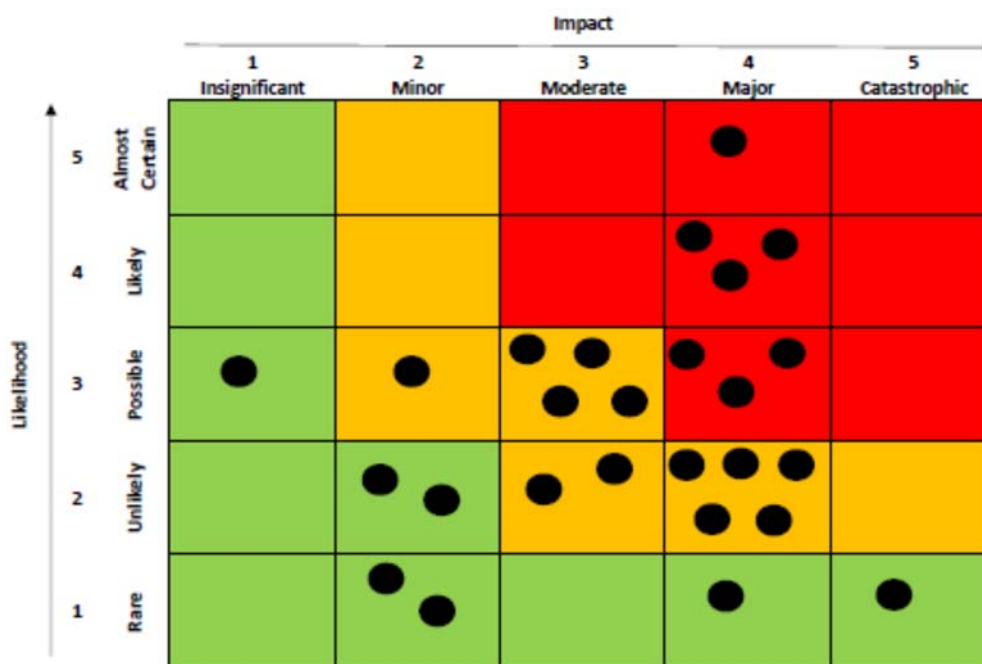
The project has funded a resource to ensure that the Trust is represented throughout the project, including providing the ability to challenge and influence the current systems, controls and processes, with the aim of ensuring they will be robust, simplified and fit for purpose for the Trust.

On the basis of delivery of the SiB Action plan and the 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

A detailed Risk Register is presented to the Finance, Audit and Risk Committee (FAR). Following consideration by the FAR, 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. The following table summarises the spread of risks, with a summary of the Top 7 risks noted below:



Risk Category	Summary of Risk
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.
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.
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).
Market Changes	Changes in the competitive environment resulting in fewer customers.
Violence & Aggression	Increased aggressive behaviour by members of the public, caused by anti-social behaviour and resulting in injury, or stress to staff or other customers, and negative impact on sales and attendance.
Operational Impact due to Capital Projects	Capital Projects impact adversely business through slippage or impact on management and operational resources.
GDPR	Changes to data protection legislation came into effect on 25th May 2018. Risks include a) risks to ERCL through data protection breach. Policies, procedures and training in place and no major issues; b) impact on services and finances through restriction on marketing, communications or promotion of ERCL programmes.

## Glossary

<b>Avoidable Contact</b>	any contact that takes up the time and resources of both customer and Trust and could be avoided through improved communication.
<b>BME</b>	Black Minority Ethnic
<b>Book Week Scotland</b>	a weekly celebration of books and reading run by national charity the Scottish Book Trust
<b>Channel Shift</b>	the creation and/or utilisation of the most effective and efficient channels through which our customers and we conduct our business transactions
<b>Civil Contingencies</b>	the preparation for emergencies, especially the pre-emergency elements such as anticipation, assessment, prevention and preparation, as detailed in the <i>Civil Contingencies Act</i> legislation.
<b>Customer Journey</b>	or Customer Experience, or the measure of the individual customer's experience during all points of contact with the organisation, from initial attraction, and awareness, through discovery, cultivation, advocacy and the consequent purchase and use of a service.
<b>CPD</b>	Continued Professional Development
<b>Community Sports Hub</b>	sportscotland's framework for bringing local people together to provide a home for local clubs and sports organisations, providing information, support and advice on a wide range of sports and physical activities to make it easier for local people to get involved and engage in a more active and healthier lifestyle. They can be located in a range of different facilities including schools, community centres, pavilions and sports centres.
<b>CSE</b>	<i>Customer Service Excellence</i> , a nationally recognised accreditation scheme, primarily aimed at public and third-sector customer services
<b>Demand Analysis</b>	an assessment of the particular services, transactions or interactions most sought by our customers
<b>ERCL</b>	East Renfrewshire Culture and Leisure Trust
<b>ERC</b>	East Renfrewshire Council
<b>FAR</b>	Finance, Audit and Risk Committee

<b>H&amp;S</b>	Health and Safety
<b>HSCP</b>	Health and Social Care Partnership
<b>Healthy Working Lives</b>	the scheme developed by NHS Scotland to support employers and employees in achieving health benefits through practical changes to their organisations culture, practices or environment.
<b>Learn 2</b>	a proprietary software package allied to our booking system providing a course management tool allowing for accurate administration, course co-ordination and customer interaction
<b>Live Active</b>	GP Referral programme
<b>PATs</b>	ERC Property and Technical Services Department
<b>REN'96</b>	Renfrewshire Swimming Club
<b>Social Impact Assessment</b>	an exercise for analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions.
<b>SFA</b>	Scottish Football Association
<b>SLA</b>	Service Level Agreement
<b>SiB Review</b>	External consultants review performed to validate the requirement for additional funding for the Trust
<b>SLIC</b>	Scottish Libraries Information Council
<b>Vitality</b>	Health & Wellbeing Programme run in conjunction with NHS Greater Glasgow

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