

EAST RENFREWSHIRE COUNCIL3 March 2022Report by Director of EducationEAST RENFREWSHIRE CULTURE AND LEISURE TRUST 2022/23 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) 2022/23 Business Plan.

**RECOMMENDATIONS**

2. It is recommended that the Council approves the proposed Business Plan for 2022/23, subject to budget to be confirmed at the full Council meeting on 3 March 2022.

**BACKGROUND**

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

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

4. A business planning process was outlined in the Services Agreement between the Trust and the Council that vested the Trust with the assets to deliver culture and leisure services on behalf of the Council. This agreement determined that:
  - An annual business plan is to be presented to the Council;
  - The plan is to identify the projected resources and/or expenditure of the Trust during each Financial Year in performing the Services and complying with its contractual obligations to East Renfrewshire Council;
  - In relation to the facilities occupied by the Company under licence from the Council, the plan 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 2022/23 (Appendix 1) is presented to Council for approval, subject to budget confirmation.

6. The Services Agreement between the Trust and the Council set out a timeline for this process, with the business plan usually presented not less than three months before the beginning of the financial year. However, given the ongoing impact of the Covid-19 pandemic, the decision was taken to present the business plan later in the financial year. This has allowed the Trust to plan more effectively for 2022/23 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;
  - The next phase in online customer journey development which will build on the new digital platforms, align all platforms and further improve customer digital experience; and,
  - The Trust's proposal for the next Annual Service Payment.
8. Through consultation with staff, board and stakeholders, the business plan was developed to plan strategically how the Trust will deliver quality services, whilst taking account of the following key issues which model the shape of the recovery, as a result of Covid-19, in culture and leisure:
- The imperative to recover commercial income streams to minimise losses which would exacerbate financial challenges faced by ERC;
  - The needs of various communities, many of whom have experienced adverse consequences to lockdown or the suspension of physical, cultural and social activities;
  - The intractable ongoing pressures from restrictions or public health guidance which affect capacities;
  - The challenges from sickness absence as a result of Covid-19 and isolation requirements; and,
  - Various challenges faced by communities that require priority attention and / or 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 2022/23 will be agreed in March 2022; as such the Trust Business Plan and associated proposed budget are offered for approval subject to final agreement with the Council.
13. A significant focus of the Trust has been to move to a more commercial basis. The ability to raise this income was materially impacted over the last 2 years, through imposed suspension of services followed by restricted operations in line with Government guidelines in response to Covid-19. However, the Trust was pro-active in its response to the circumstances, maximising additional funding and support from Government, primarily in the form of the coronavirus Job Retention Scheme (CJRS) and the Performing Arts Venues Relief Fund (PAVRF). This has mitigated some of this impact, as has income recovery due to the facilitation of the asymptomatic and mass vaccination centres. Therefore 2021-22 is forecast to end the year with a £0.5M surplus, rather than the loss that has been budgeted for. This is a significant positive achievement.
14. The additional income which has been accessible through CJRS and supporting the NHS will not be available in 2022-23, whilst commercial customers are still only gradually returning, resulting in anticipated losses. The losses will be exacerbated with delays in resuming full operations in 2022-23 resulting in programmes and services remaining in the recovery phase of returning participation. The Trust will continue to take a managed approach to the opening of services, seeking to maximise income opportunities and minimise staff costs. Based on this approach the Trust is forecasting an operating deficit to £1.5 million.
15. 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.
16. The Business Plan and Budget will be aligned with the Service Payment to be agreed between the Trust and Council.

## **CONSULTATION**

17. 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**

18. 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**

19. 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 recover as fast and efficiently as possible and identify ways of mitigating projected losses.
20. The Business Plan provides detail of the ongoing work that will take place to further improve the customer journey through building on the new digital platforms, aligning all platforms and continuing to improve customer digital experience.

## **CONCLUSION**

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

## **RECOMMENDATION**

22. It is recommended that the Council approves the proposed Business Plan for 2022/23, subject to budget to be confirmed at a full Council meeting on 3 March 2022.

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### Appendix 1

East Renfrewshire Culture and Leisure Trust Business Plan 2022/23



**East Renfrewshire Culture & Leisure  
2022-23 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.

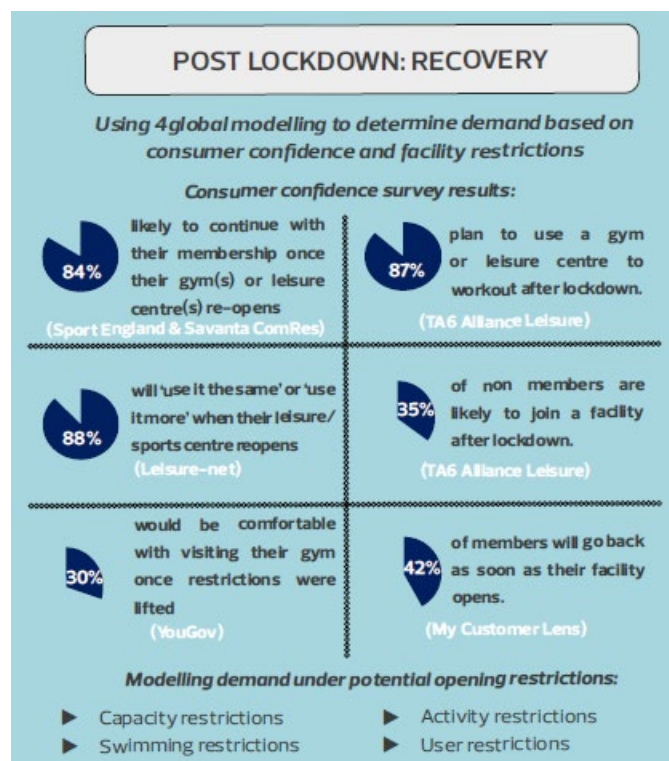
Earlier business plans necessarily focussed on the transition from council departments to a social enterprise model, whereby commercial activities generate profits to subsidise charitable activities. Whilst change programmes and organisational development work will continue to modernise the services, 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-19 Impact and Recovery, and this Plan

Our approach to recovery from closure and disruption has been and will continue to be a balanced one, recognising a number of sometimes competing issues:-

- the imperative to recover commercial income streams to minimise losses which would exacerbate financial challenges faced by ERC as our Sole Member
- the needs of our various communities, many of whom have experienced adverse consequences to lockdown or the suspension of physical, cultural and social activities
- the intractable ongoing pressures from restrictions or public health guidance which affect capacities
- the challenges from sickness absence as a result of Covid and isolation requirements
- 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.

We have worked closely with colleagues across the sector to understand and model the shape of the recovery in culture and leisure, and test our experiences and plans accordingly. This has included market research into likely customer behaviour:-



Source: UKActive Covid-19 Impact Report: The Fitness and Leisure Sector's Path to Recovery

These studies confirmed our experience in recovering services after the lifting of restrictions. Recovery to date has tended to be around 60-80% of all services' pre-lockdown across the UK (Community Leisure UK Covid-19 Impact Report: Towards a post-pandemic public leisure and culture sector, Oct 2021), though there are some outliers.

The *2021 LES MILLS Global Fitness Report* surveyed over 12,000 customers from across 14 countries noting similar trends in Europe and North America, and the fact that group fitness was generally more resilient than gym usage, possibly due to a younger demographic, and it tended to show a steeper growth curve reflecting higher customer confidence.

Whilst the study showed accelerated growth in fitness usage in China which gives some encouragement, generally a 3-4 year recovery is anticipated in the UK Leisure Sector.

This is similar to the projections for theatre. In Nov 2021 *Insights Alliance* surveyed 11,000 people who had been identified as regular arts attenders before the pandemic. Half had not attended a theatre since the pandemic; a quarter said they would wait until they could attend “as normal”.

However, where we have seen evidence of faster-than-anticipated recovery (such as panto, or swimming lessons) we have adjusted our plans and projections accordingly.

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.”**

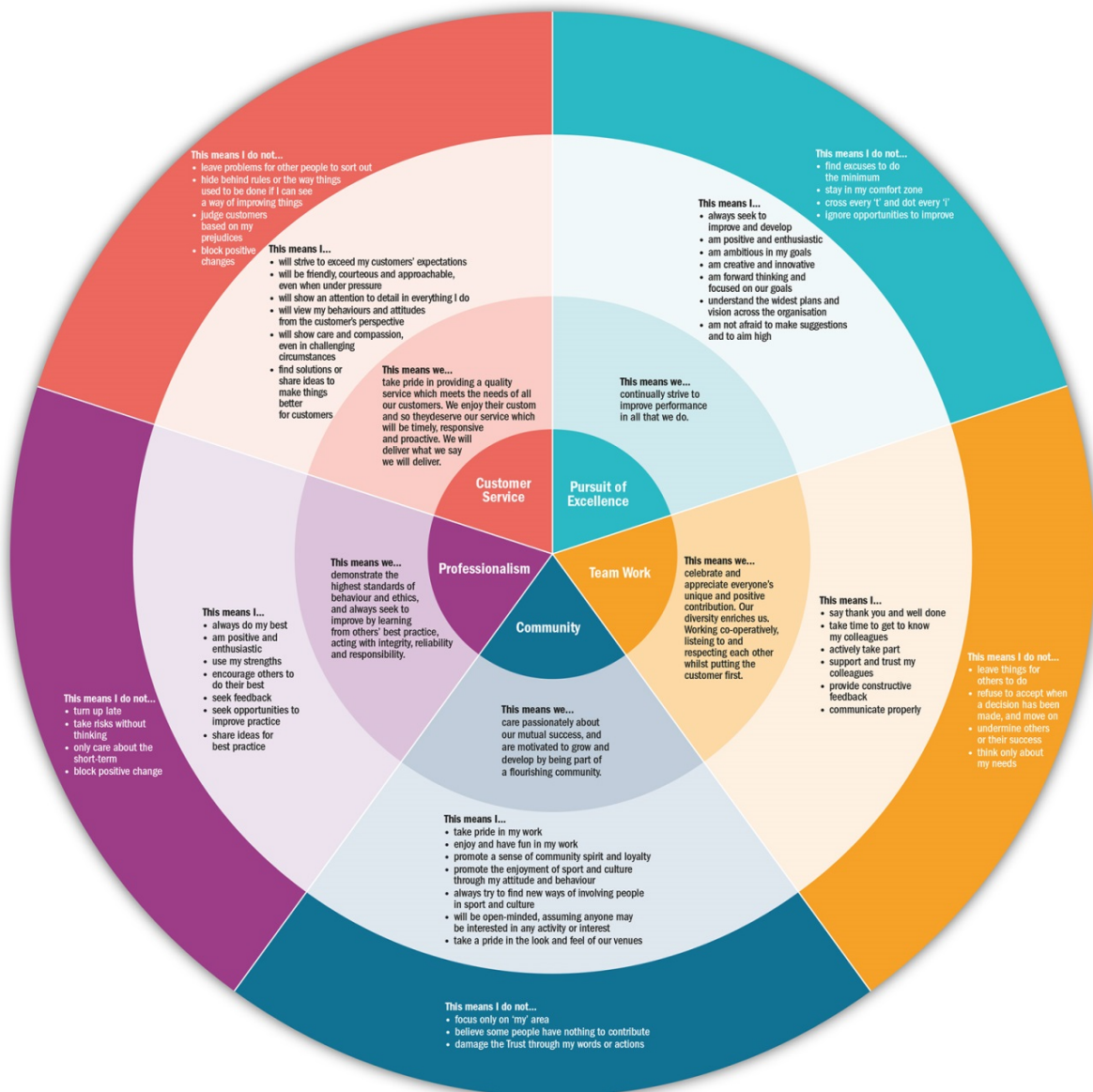
3.3 Mission

**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

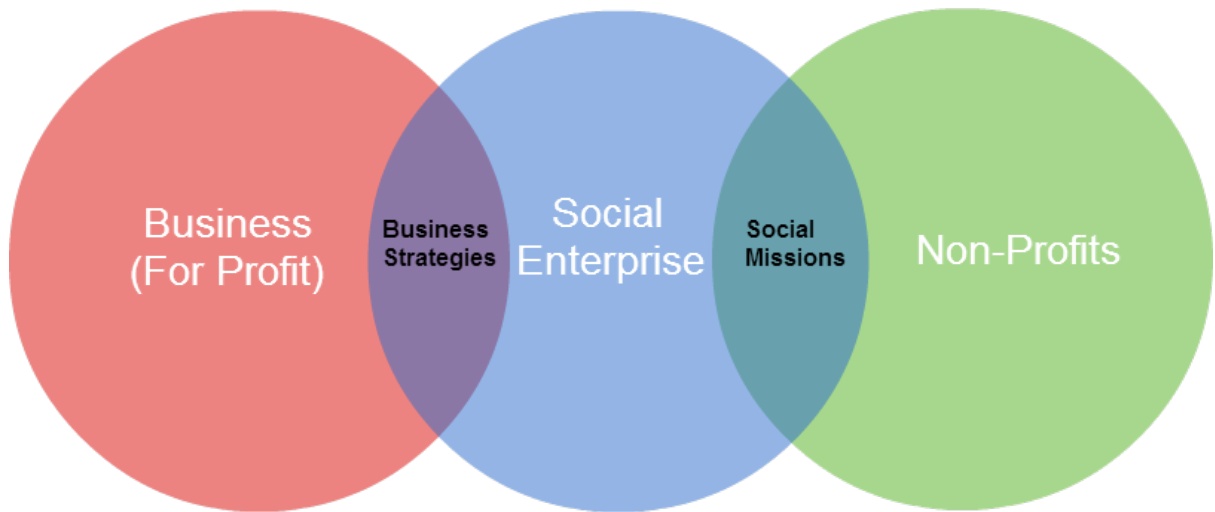
**Our Values and behaviours**



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:

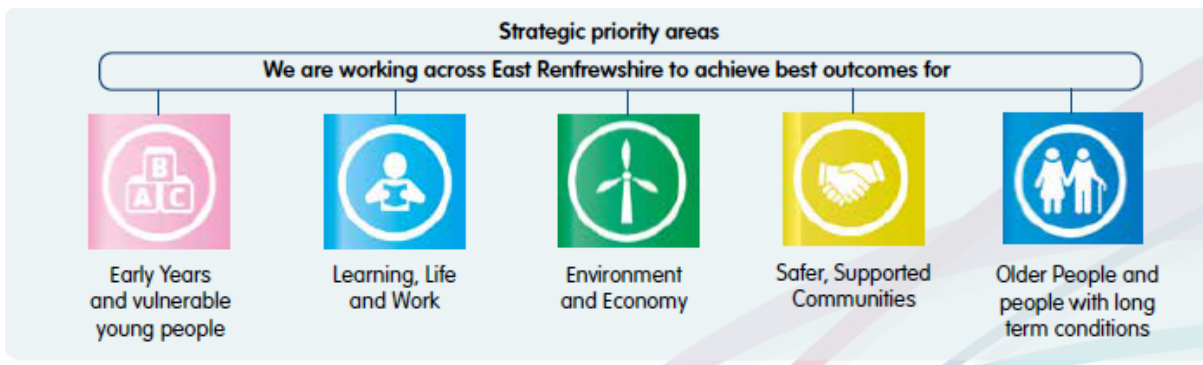
CUSTOMER	COMMERCIALISM	COMMUNITY
Avoidable Contact	Flexible Charging	Capacity Building
Channel Shift	Commercialise Services	Community Ownership
Customer Journeys	Strategic Procurement	Delegate Functions
Transactional Cost Transfer	Asset Usage	Maximise Access
Efficiencies	Fundraising	Voluntary Organisations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

Fairer East Ren				
Reducing the impact of Child Poverty	Improved employability	Moving around	Improving mental health and wellbeing	Reducing social isolation, loneliness and increasing safety



### 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><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>• Heightened recognition of the positive impact and importance on wellbeing from taking part in sports, leisure and cultural activity following their unavailability in lockdown</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 &amp; creative development officers</li> <li>• Business Development programme supporting Gyms, Fitness, Theatre and Swimming</li> </ul>	<ul style="list-style-type: none"> <li>• Resourcing is very lean, with limited ability to support development – commercial, improvement or community</li> <li>• Condition of the estate and limitations on improving it</li> <li>• Ideal staffing model, contracts and terms and conditions and operating hours do not align with customer demands</li> <li>• Constraints on changing cost-base, given high proportion of staff costs-to -turnover, and limited discretionary non-pay budgets</li> <li>• Inability to respond quickly to evolving markets.</li> <li>• Car Parking at key sites</li> <li>• ICT infrastructure, systems and support, especially in relation to customer-facing ICT, not fit for purpose</li> <li>• Inadequate property maintenance budgets</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Aligning services to government objectives</li> <li>• Heightened public valuing of culture and leisure services following their forced withdrawal during the pandemic</li> <li>• Review business/staffing model to meet customer demands</li> <li>• Increased marketing, sales and promotion</li> <li>• Access to external funding to help support recovery, growth, re-design or improvement.</li> <li>• New Eastwood facility development</li> <li>• Potential new joint campus in Neilston</li> <li>• LDP3 and growth of population</li> <li>• Demand analysis work has identified opportunities to increase capacity in services and staff-time.</li> <li>• Transform customer journey investment.</li> <li>• Investment in digital capability transforming operational platform to drive customer shift to digital channel</li> <li>• Improvement in quality of Theatre performances</li> </ul>	<ul style="list-style-type: none"> <li>• 50% of income is Earned Income and at risk, with an expected reduction in year on year funding.</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>• High tender prices for goods, services, and rising utility costs</li> <li>• Impact of political decisions, legislation or policy changes</li> <li>• Unplanned closures, and the need to re-build customer engagement</li> <li>• Asset Transfer</li> <li>• Covid-19 disruption to operations</li> </ul>

- Upgrade facilities through targeted refurbishment

#### 4.6 PESTLE Analysis

<b>Political</b>	<ul style="list-style-type: none"> <li>• Local, regional and national impact</li> <li>• Scheduled local elections</li> <li>• Scottish Govt</li> <li>• UK wide issues</li> <li>• Global Pandemic consequences for public services and buildings</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Declining local-authority budgets further exacerbated by ring-fencing, meaning non-protected services such as cultural and leisure services bear brunt of budget pressures</li> <li>• fiscal receipts in Scotland below the UK level, and further risks in regarding Brexit; and increased demand on all public services.</li> <li>• Accounts Commission report from 2018 estimated local authorities could be spending 80% of their budgets on education and social work by 2025/6</li> <li>• Gig economy/temp/casual contracts</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Population growth rate/age</li> <li>• Shifts in working patterns, and growth of home-working</li> <li>• Attitudes to careers</li> <li>• Cultural barriers</li> <li>• Wellness</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Existing – MRM / Spektrix / Spydus operating platforms</li> <li>• New technologies/potential/options</li> <li>• Increased reliance on agile-working capabilities</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>• Legislation likely to impact ERCL – Employment Law – tutors/employment status</li> <li>• H&amp;S</li> <li>• Industry Regs</li> <li>• Future Legislation</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Weather climate/impact on our buildings – aircon/heating/green</li> <li>• Refuse collection and recycling</li> <li>• Drive to reduce or eliminate single-use plastics</li> <li>• NET ZERO Target by 2050</li> </ul>

#### 4.7 Horizon Scanning

##### 4.7.1 Capital Investment

We will continue to work with our Council colleagues around capital planning, and ERCL plans are aligned to the Council's Capital Investment Strategy. ERCL is represented on the Council Corporate Asset Management Group, where proposals for investment in assets (fixed and moveable) are considered. These include plans for the future of Eastwood Park Leisure Centre, 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 Grant Funding*

The pandemic has had a catastrophic impact on our trading activities throughout and potentially beyond. Whilst additional funding and support from Government, primarily in the form of the coronavirus Job Retention Scheme (CJRS) has mitigated some of this impact in both 2020 and 2021, following the extension of the funding. The CJRS funding ceased well in advance of a full return of customers and associated commercial income streams, however, this has been partially offset in 2021/22 due to the income recovery due to the facilitation of the asymptomatic and mass vaccination centres. Therefore 2021-22 is forecast to end the year in a marginal positive position.

The additional income which has been accessible through CJRS and supporting the NHS will not be available in 2022-23, resulting in anticipated losses. The losses will be exacerbated with delays in resuming full operations in 2020-21 resulting in programmes and services very much in the recovery phase of returning participation.

The Trust is reliant on the support of its Sole Member ERC to meet these shortfalls, while at the same time ERC itself is experiencing serious financial pressures as a result of Covid-19. It is likely that this position will be exacerbated by continued financial pressure on our Council partner generally, which together with economic uncertainty mean ERCL's funding including the Management Fee will be under further pressure in 2022-23. Options for mitigating a forecast loss of for 2022-23 are being considered, in the context of significant budget shortfall on the part of ERC. This will be very difficult to meet from either reserves or non-pay efficiencies, and therefore plans including the withdrawal of services from some sites; suspension or cessation of some programmes; organisational restructure; and a review of the operating model all need to be explored. These will all be highly sensitive.

#### *4.7.5 Core Systems*

The on-going development of the recently implemented Core Systems platform (HR, Finance, Payroll) by the Council will continue to have an impact on the Trust as well as Council departments. This work aims to improve management systems, support for staff and management information and reporting to stakeholders. Both finance / procurement and HR / Payroll system implementations have taken place, with the core systems programme in the process of delivery the next phases of development to build out functionality.

#### *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. 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. 2020-21 Performance

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

Prior to the cessation of services in March 2020, the Trust experienced its strongest financial performance in 2019-20. The ability to build on this performance was abruptly halted as the pandemic impacted the Trust's ability to operate normal operations, which remained suspended during the period under Government restrictions in 2020-21, excluding those being used for Civil Contingency functions, or operated to support management or humanitarian responses to Covid.

Most notably these include Barrhead Foundry and Eastwood Park Leisure Centre (Carmichael Hall), operating as Mass Vaccination Centres (MVCs). Similarly, Library and Venues staff supported the operation of the Asymptomatic Testing Centre in Cowan Park which opened in March.

ERCL operated Easter, Summer and October Holiday Programmes, and working in partnership with both Education and Social Work, provided places for vulnerable children and young people at both Eastwood and Barrhead High Schools, as well as places for Key Worker's children during lockdown.

In addition to the established holiday / holiday hunger programmes the Trust delivers, we also delivered a *Get Into Summer* programme in response to the Scottish Government's drive to mitigate the effects of lockdown on young people.

During the period, the Coronavirus Job Retention Scheme was accessed, with up to 90% of staff furloughed when services were closed.

Although services were closed for the majority of the period, the delivery of them was developed to enable alternative engagement methods with customers, including:

### Gyms and Fitness

- Throughout the period, online fitness classes were developed and delivered via Facebook.
- In addition, as restrictions eased and outdoor sports for adults were made accessible, an outdoor fitness programme was operated, delivering up to 28 classes per week in Barrhead and Eastwood.
- The gyms were adapted to conform to guidelines regarding social distancing, one-way routing, protection and ventilation for those periods when limited operation was permitted within the "Tiered" restrictions (indoor fitness classes from September).
- Marketing materials including on-line videos and induction materials were produced to explain new guidelines to customers



### **Swimming**

- A Family swim product was developed to allow 'bubbled' family groups to swim when limited pool operations were permitted (September).

### **Active Schools & Community Sports**

- Active Schools staff remained in work throughout the pandemic, delivering holiday programmes in Easter, Summer and October Week and supporting school hubs by providing outdoor sport and physical activity opportunities
- They supported our primary schools in the delivery of outdoor sports activities making sure that children continued to have regular opportunities to participate, and supported teacher training by producing online resources.
- An outdoor Community Sport programme operated, following a pilot programme run in Maidenhill to test new procedures (September)

### **Arts**

- The Arts Team presented a series of online broadcast shows, including an online Christmas pantomime during the theatre's closure. This was in part funded by £90,000 funding secured from the Performing Arts Venues Relief Fund
- An SQA-accredited Theatre Skills course was developed by Theatre Staff during the closure, to train local people in a variety of technical theatre, design and production skills
- A programme of online Arts classes was also delivered during lockdown

### **Community Facilities**

- While many Community Facilities were necessarily closed during lockdown, Dunterlie Resource Centre was open throughout the period as the site of the Humanitarian Food Hub
- Gradually nine Community Facilities were reopened prioritising Care Commission Registered bookings (after school clubs etc) in support of the Education Recovery, and commercial bookings (those clients whose livelihoods depend on access to ERCL-operated facilities, such as, for example, commercial dance schools). The sites opened were Albertslund, Carmichael Hall, Dunterlie Resource Centre, Eastwood House, Glen Hall, Muirend, and Netherlee.

### **Library and Information Services**

- Click and Collect service was introduced from July, and limited browsing across a number of sites later in the year
- Extension of the current online offering through e-books / e-audio / digital magazine with an increase in the available content
- The Summer Reading Challenge – focused on e-books / digital content – was successfully maintained
- Clarkston Library was refurbished during lockdown, reopening in November



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*“From assistance with the booking system, the clear guidelines on how the pool operates, the pleasant welcome from the staff at the door, clear rules excellently explained, clean changing facilities, excellent lifeguards all made the experience very pleasurable and having worked for the past six months and not been in lockdown I actually feel safer in Eastwood Pool than anywhere else I have been in Covid times, which is all due to your excellent staff.”*

**Customer Comment**

## 5.1 Operational Performance to Date

### 5.1.1 Covid Response

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

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

**Summer Reading Challenge** took place during lockdown, despite staff being furloughed. This year the challenge was split for the first time into two categories – In-person and Digital participation, with East Renfrewshire performing very well in both categories:

- In person – 4th best in Scotland for participation / 1st highest in terms of completion
- Digital – 3rd best for participation in Scotland and 2nd highest for completion

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

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

Development of a **Youth Enrichment Programme** to provide vulnerable children and young people with opportunities to network and engage with peers and friends at the same time as involved in a wide range of fun activities.

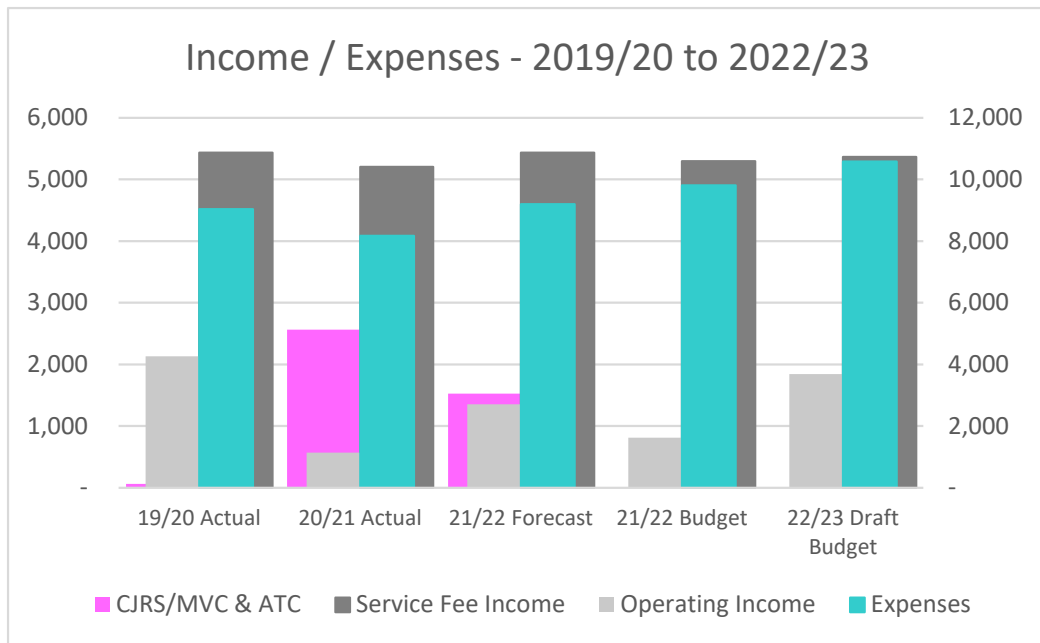
**Library Services** were delivered through a blend of access to online resources, Click & Collect services and limited browsing and PC use where possible.

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

5.2 Financial Performance

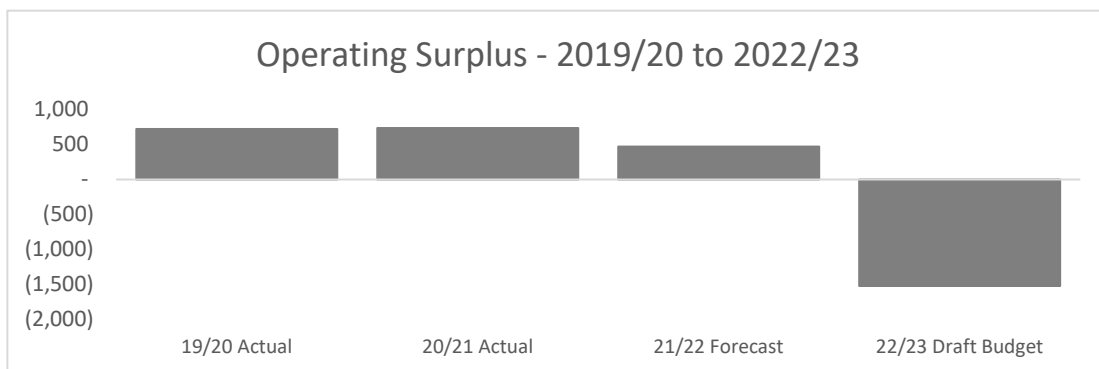
5.2.1 Commercial Income

A significant focus of the Trust has been to move to a more commercial basis. The ability to raise this income was materially impacted over the last 2 years, through imposed suspension of services followed by restricted operations in line with Government guidelines in response to Covid. To offset the loss of commercial income, the Trust focused on maximising available funding through the CJRS and other available sources, e.g. Creative Scotland. The following chart demonstrates the split of the income, demonstrating the traction that had been attained in Earned Income pre Covid primarily through Sports and Swimming.



*The 2022/23 Budget figures included in the above chart are subject to Board approval, with the service fee awaiting confirmation from ERC.*

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



### 5.2.2 Supporting Commercial Activities:

In parallel to supporting the Covid response work and managing restricted operations, activity has continued in the background on a number of activities to support the delivery of a more commercial approach to operating which aims to support the speed of recovery. This has also involved developing new processes and support and training for staff to help them engage and shape the new culture. This work is ongoing, supporting a drive to deliver more services in a more effective and efficient way through the use of technology.

- Launch of a new website which aims to provide a clearer and easier way for customer to access information and services from the Trust
- Implementation of upgraded kiosk technology in both the sports centres and libraries, which are enabled with chip and pin functionality
- Implementation of a new library system, Spydus, which is supported by a consortium, helping to focus delivery of best practice and a broader digital offering
- Build out of upgraded leisure management platform to offer wider services through the mobile technology together with improved account connectivity allowing a smoother payment journey for linked accounts.
- Increased focus on decision making in relation to product development and service delivery through enhanced management information and increased performance oversight
- Development of more detailed operational plans to better understand the dependencies across services enabling improved scheduling of activities to leverage back office functions to support effectively
- Continued and heightened marketing and promotional activity for gyms and fitness, swimming and theatre
- Investment in the annual panto offering to deliver a more professional show

### 5.3 People Development

- Work undertaken to deliver the People Strategy is included in section 7.
- A 2<sup>nd</sup> Staff Engagement Survey delivered with People Insight was undertaken following the return to work of staff from furlough. The communication and development of actions plans to respond to the survey is underway.
- Mental Health Awareness and Mental Health First Aid training has been available across the organisation. As part of our Mental Health programme, virtual coffee-mornings / get-togethers and regular updates at team / service level operated throughout the period of furlough and continue to be available.
- Training has also been undertaken in Child and Vulnerable Adult Protection, Health and Safety, Library Management System and operational systems and processes.
- Staff returning from furlough as services fluctuated through the different restriction levels, were supported with comprehensive return inductions, which provided training on guidelines and new procedures in relation to the change in operations as a result of Covid19.
- The Trust is engaged with the West College of Scotland to enable our people to access an extensive range of developmental courses including training on project management, and the Lean Six Sigma programme.

**6. Market Position**

**6.1 East Renfrewshire as a Market**

The population of East Renfrewshire is 95,530. The number of people living in East Renfrewshire is projected to increase by 7.6% by the year 2025.

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

- 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 95,000 at present to circa 110,000 by 2040.

The household composition is:

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

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

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

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

<p>1 Parents of young children</p>	<p>3 Older (60+) Adults</p>
<p>2 Children (&lt;18 years)</p>	<p>4 Young adults (18-25 years)</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, 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 customer journey continue to be made, building on the 2020-21 developments, including implementation of new kiosks which support chip and pin transactions, extended product range available on the mobile app and improved customer online experience with the launch of a new website.

The new website improves the customer experience and increases our online commercial opportunities through the delivery of.

- Enhanced customer experience - customers can easily find products & services, make online bookings and buy products
- a commercial focus – with an emphasis on key income drivers for effective digital marketing campaigns and lead generation.
- A new search function – enables customers to easily search across all services resulting in enhanced cross promotion of our products and services
- A site designed for all devices (mobile, tablet and desktop)
- Improved Search Engine Optimisation and digital marketing

The library management system migrated onto a new platform in the summer of 2021, together with new online booking for Bookbug and other library events and the upgrade of self-service kiosks in libraries hardware. These offer significant improvement for customers. The self-service kiosk hardware was upgraded.

The next phase in our online customer journey development is to continue to build on our new digital platforms; aligning all platforms and further improve customer digital experience including:

- Further integration of 3<sup>rd</sup> party systems on our website
- Continued development of the ER Leisure App including customer communications and surveys
- Heritage data library
- Prospect management
- Concierge customer capability
- Improved payment capability

## 7. People

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

During 2021/ 2 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 is currently being analysed, with a session planned with the Extended Leadership to agree the action plans and delivery in response to the survey.

### 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>Build on our commitment to growing people and ideas</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>	



Strategic Aims & Outcomes	Strategic Objectives	Key Measures of Success and Impact	Key Risks
<p><b>Retain</b></p> <p>Create an environment where staff can flourish, with a clear link between their performance and the success of the organisation</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</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>Help our employees be role models and advocates for sport, arts and culture</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</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>	

Strategic Aims & Outcomes	Strategic Objectives	Key Measures of Success and Impact	Key Risks
<p><b>Excellent Management and Leadership</b></p> <p>Establish and grow everyday leadership to realise our common goals.</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 benefits both customers and staff</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> <li>• Sickness and absence rates</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>

Strategic Aims & Outcomes	Strategic Objectives	Key Measures of Success and Impact	Key Risks
<b>Stability and Sustainability</b>	<p><b>We will:</b></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"> <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>
<b>Community Impact</b>	<p><b>We will:</b></p> <p>Undertake periodic social impact surveys to evaluate our effectiveness in line with community planning</p>		

## 8. Services

### 8.1 Current Delivery Structure

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

- Operations (Sports and Cultural Venues comprising Eastwood Park, Barrhead Foundry, Eastwood High Sports Centre and Neilston Leisure Centre, Swimming, Health & Safety)
- Sports and Physical Activity (Sports Development, Active Schools, Gyms and Fitness, Physical Activity, Health and Wellbeing Programmes)
- Libraries & Information Services, (10 Libraries; Information Services, Support to School Libraries, Macmillan 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.
- Pre Covid, we welcomed around 1 million customers per annum across the 4 sites.
- The swimming development programme operated with around 2400 customers per week pre Covid.
- Venues are based in the larger ERC communities.
- Significant investment has been made into Barrhead Foundry and forthcoming investment in Eastwood Park and Neilston will further enhance our customer offer.

#### 8.2.2 Sports and Physical Activity

- The Sport and Physical Activity unit consists of Community Sports, Gyms & Fitness, Active Schools and Health & Wellbeing services.
- We operate gyms in all four Sports Centres and pre Covid, delivered approx. 100 fitness classes each week. The current level of classes is around 85, with this number expected to increase as participation levels being to 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 85 sport and physical activity coaching classes per week during the school term with over 1,200 people 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. We also support 32 local sports clubs and 5 Community Sports Hubs which have a combined membership of approx. 8,000 members.
- Active Schools is dedicated to developing and supporting the delivery of quality out of school hours sporting opportunities for children and young people in all schools (nursery, primary, secondary).

- We operate an extensive GP Referral (Live Active) and instructor led physical activity session programme to support people living with medical conditions and to prevent trips, slips and falls as part of the continuing care pathway in East Renfrewshire.

### 8.2.3 *Libraries & Information Services*

- With 10 libraries of varying sizes and opening hours there is a public library in almost every community within East Renfrewshire.
- Pre Covid we welcomed over half a million physical visitors a year, and our online services see around the same again in virtual visits. As we recover, there is a drive to return to these levels, through continued engagement with schools, 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.
- 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.
- A housebound service is currently being developed which will aim to support vulnerable members of the community being able to access the library services.
- 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, financial support and outreach services. All sessions are free and delivered by volunteers.

### 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 yet to return to a full service offering, with the focus currently on regular club bookings. Following the lifting of restrictions, the broader customer base have been contacted to offer the return of the services.
- 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 currently being developed with will aim 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 2022/2023 we need to recover as fast and efficiently as possible, and identify ways of mitigating projected losses. Options for mitigating a forecast loss for 2022/2023 are being considered, in the context of significant budget shortfall on the part of ERC. This will be very difficult to meet from either reserves or non-pay efficiencies, and therefore plans including the withdrawal of services from some sites; suspension or cessation of some programmes; organisational restructure; and a review of the operating model will need to be explored. These will all be highly sensitive.

## 10. Financials

The Trust reported an operating deficit of £0.1m (surplus of £0.1m excluding net pension service cost) for the year ended 31 March 2021 (2020: £0.2m deficit; £0.7m surplus excluding net pension service costs), which was in line with expectation. This is before allowing for the net actuarial loss of £3.3m in respect of the multi-employer defined benefit pension scheme (2020: gain of £2.9m).

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

£k	Year ended 31 March 2021	Year ended 31 March 2020	Movement
Income	8,910	9,770	(860)
Net Expenditure	(72)	(212)	140
Actuarial Gains / (Losses)	(3,272)	2,910	(6,182)
Total funds (after retirement benefit scheme gains / losses)	(3,942)	(598)	(3,344)

The sixth year of trading has supported us in meeting our charitable aims and objectives, ending the year with a strong financial position, despite the 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 (£1.5m) (2020: £4.2m), as well as a Management Fee received from ERC of £5.1m (2020: £5.4) for our work in managing the Leisure, Library, Arts and Community facilities within the local area. Funding was also provided via the CJRS of (£2.3m) (2020: £0.1m).

The primary areas of spend are people £8.0m (2020 £8.1m), Property £0.3m (2020: £0.5m) and Supplies and Services £0.7m (2020 £1.2m).

### 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. This was our initial target and would therefore be regularly monitored and reviewed annually by the Finance, Audit and Risk committee. In light of the current events, the Trustees have agreed to increase the unrestricted non-designated reserves to £500k.

At the year end the charity had a total deficit of £3,942k (2020: deficit £598k), excluding the impact of the pension scheme, which had an unrealised liability of £(5,926k) (2019: £(1,847k)) at the year end, there was surplus funds of £1,984k (2020: £1,249k), of which £86k (2020: £22k) was restricted and £1,898k (2020: £1,227k) was unrestricted. Of this amount, £953k was designated for Transformation and Recovery activities, £363k to support the Digital programme and £82k in respect of fixed assets, leaving free reserves of £500k.

The Trustees continue to strive to maintain a £500k unrestricted non-designated level of reserves, but also to continue to rely on assurances of ERC as the sole member, to fund the Trust to meet its liabilities as they fall due, should the Trust be unable to do so. This is particularly critical as the Trust emerges from the Covid19 events.

## **10.2 Investment Policy**

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

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

## **10.3 Fixed assets**

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

## **10.4 Budget 2022/23 – to be agreed**



## 11. Support Services

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

Improvement and action plans for Support Services and other interfaces between the Trust and the Council were identified in a Solace in Business (SiB) report commissioned by ERC in 2017. This action plan – progress against which is reported to ERC's Audit and Scrutiny Committee – has been complemented further by recommendations arising out of the ERC Best Value Audit on the Trust undertaken in 2019. A review took place at the end of 2021 of the status of these plans with an update to the actions reflecting the change in the business since the reviews took place. This work was completed in conjunction with ERC, with the revised plan approved by the Board in November 2021.

### 11.1. Financial Services

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

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

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

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

The HR and Payroll system went live at the end of 2020 and the Trust was engaged with the project from a service perspective, with the system based on HR and Payroll defined requirements. Similar to the finance system, the HR and Payroll platform continues to be developed, including delivery of online timesheet functionality. Engagement with this project is critical to ensure that the new processes are

automated to reflect the additional complexity of shift patterns and the varying contract types to minimise the operational pull of the current manual work and thereby demonstrating the value of the upgraded digital platform to the Trust.

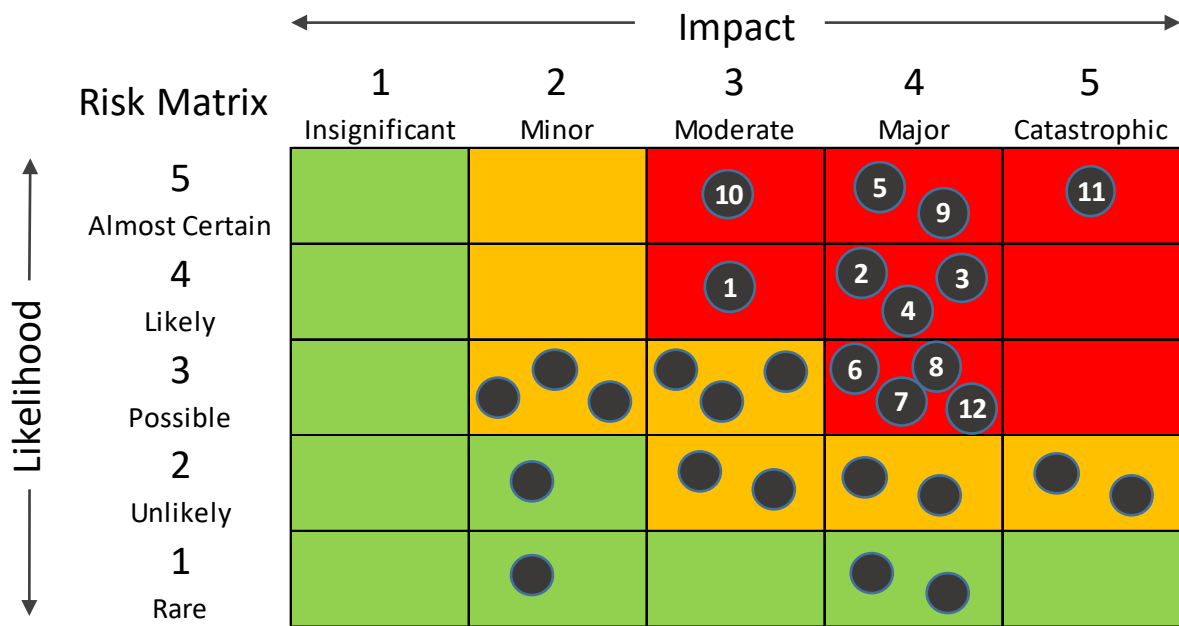
On the basis of delivery of the SiB Action plan and the continued successful implementation of the new core systems platform, the recommendation is to retain ERC as the service provider of financial services.

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	Government Policy / Legislation	Change in legislation or direction of Government policy, leading to significant change in priorities or patterns of uptake
2	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.
3	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.
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	Market Changes	Changes in the competitive environment resulting in fewer customers.
6	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.
7	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
8	Industrial Action	Industrial Action leading to suspension of services, cancellation of events, loss of revenue, etc.
9	Operational Impact due to Capital Projects	Capital Projects impact adversely business through slippage or impact on management and operational resources.
10	Recruitment	Difficulties in recruiting to key roles impact adversely on operations, finances or performance
11	Business Continuity / Finance Recovery	Recovery will have a long tail as customers and services require time to adjust to new ways of operating
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.