

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer – Citizen, Culture & Facilities****Corporate Services Committee: 24 November 2021**

Subject: Annual Performance of West Dunbartonshire Leisure Trust for year to 31 March 2021

1. Purpose

- 1.1** The purpose of this report is to present to Members the annual performance of West Dunbartonshire Leisure Trust (the Trust) during the period 01 April 2020 to 31 March 2021.

2. Recommendations

- 2.1** The Committee is asked to:

- a) note the contents of this report; and,
- b) commend West Dunbartonshire Leisure Trust for their invaluable support in facilitating a number of Covid-19 Vaccination and testing centres across the authority during the year as outlined in paragraph 4.3 of the report.

3. Background

- 3.1** West Dunbartonshire Leisure Trust (the Trust) is a company limited by guarantee with charitable status. In addition to being regulated by the Companies Act (2006), the company is also subject to the charities regulator in Scotland, OSCR (Office of the Scottish Charity Regulator).
- 3.2** West Dunbartonshire Leisure Trust was incorporated as a company in December 2011 and started trading on 5th April 2012.
- 3.3** There are nine directors of the company who additionally serve as charity trustees comprising of three (3) West Dunbartonshire Councillors (Partner Directors), an Employee Representative Director and five (5) Independent directors. The board of Directors (who are also Trustees of West Dunbartonshire Leisure Trust) has control of the company subject to providing and operating the services in accordance with the Services Agreement reached with West Dunbartonshire Council and provides strategic direction to the General Manager and his Management Team.

- 3.4** West Dunbartonshire Leisure Trust is responsible for the strategic and operational management of West Dunbartonshire Council's Sport and Leisure Facilities, Community Facilities, Sports Development, Active Schools, for operation of Outdoor Recreation facilities and for event delivery on behalf of the Council.
- 3.5** In order to ensure that the Council meets its obligations to provide adequate provision of facilities for the residents of the area for recreational, sporting, cultural and social activities in terms of Section 14 of the Local Government and Planning (Scotland) Act 1982, there is a Services Agreement in place between the Council and the Leisure Trust. The Trust is paid a management fee for delivery of the services through an annual funding commitment. In 2020/21 the management fee paid to the Trust was £3.973m.
- 3.6** Council Officers work closely with the Trust to ensure that the organisation delivers services in line with the Council expectations. A variety of Performance Indicators have been agreed between the Leisure Trust and the Council. These cover issues such as participation, customer experience, online engagement, and financial performance. These are reported on by the Trust in their Annual Report.
- 3.7** All Scottish Charities (Trusts) are required by law to prepare annual accounts and submit these to Companies House and to the Office of the Scottish Charity Regulator (OSCR). West Dunbartonshire Leisure Trust complies with this requirement and their audited accounts are submitted accordingly. A copy of the accounts can be found within the Trust's 2020/21 Annual Report (as attached as Appendix 1) and also available to download from the Council's website.
- 3.8** This report is presented to Committee by the Chief Officer for Citizen, Culture and Facilities (CCF) who is the senior officer responsible for monitoring Trust activity on behalf of the Council.

4. Main Issues

- 4.1** The timeframe of 1st April 2020 to 31 March 2021 covered by this report coincides with the emergence of the COVID-19 virus and significant periods of national lockdown and a variety of Tier Level restrictions. This has significantly impacted upon the Trust's ability to operate.
- 4.2** Trust facilities were closed for over 9 months out of 12 during 2020/21 resulting in a significant loss of income, however despite this, the Trust realised a surplus of funds for the year. The surplus was possible due to a loss of Income Grant paid to the Trust by West Dunbartonshire Council, funds obtained from the Government's Coronavirus Job Retention Scheme (Furlough) and a number of savings made by the Trust due to the imposed closure of premises/services.

4.3 During this period the Trust was heavily involved in the Council’s Covid-19 response. The Trust supported three Covid-19 Vaccination Centres – one each in Alexandria, Dumbarton and Clydebank to enable NHS employees to deliver vaccines to our residents.

The Trust also provided initial support staff to assist at these centres and also provided access to facilities to be utilised as Covid-19 Testing Centres.

Performance Review: April 2020 to March 2021

4.4 Due to the Covid-19 pandemic and associated lengthy closures of the Trust’s facilities it is acknowledged that annual performance cannot realistically be measured against the Strategic Outcomes and associated priorities outlined on pages 9 – 14 of the Trust’s Annual Report (Appendix 1).

Examples of the Strategic Outcomes and associated performance include:

- i) Financial re-investment – Due to facility closures, the Trust was only able to deliver one project to the value of £11,763 of surplus funds to enhance future services. This was against a target of £200k reinvestment.
- ii) Increase participation – Overall there has been an 87% reduction in attendances from last year due to facility closures.
- iii) New services and business growth – Facility closures due to Covid-19 have impacted the Trust’s ability during 2020/21 to launch new initiatives, develop new services and grow their business.

4.5 In addition to Strategic Outcomes, the Trust’s delivery of services is normally measured against nationally determined Key Performance Indicators as well as a range of local performance indicators agreed with the Council.

4.5.1 Key Performance Indicators

These are national indicators used to compare attendances across Scotland in both Wet and Dry activities. Indicators show significant decreases in participation which is to be expected given the lengthy periods of closure and will be broadly similar to experiences of the majority of other Leisure operators across the country.

Indicator	2018/19 Actual	2019/20 Actual	2020/21 Target	2020/21 Actual	On Target	Comments
CC1 Wet Activities. No. of attendances per 1,000 population for swimming pools	4,368	4,387	4,566	399		91% short of target and decrease from last year.

CC2 Dry Activities. No. of attendances per 1,000 population for indoor sports & leisure	7,014	6,999	7,340	601		92% short of target and a 91% decrease from last year.
Overall Usage	1,565,890	1,554,502	1,673,350	201,229		88% short of target and a 87% decrease from last year.

4.5.2 Local Performance Indicators

The facility closures experienced by the Trust resulted in an 87% reduction in attendances and a consequential inability to meet a significant number of Performance Indicators and being unable to successfully deliver a number of their Business Strategy priorities, for example:

- i) Direct Debit Memberships were 60% below target;
- ii) Facebook Engagement was 40% below target;
- iii) Active Schools programme was suspended therefore participation was 91% below target; and
- iv) The majority of staff were furloughed so limited employee development was undertaken as planned, however a vast amount of on-line training and development was undertaken based around the COVID pandemic.

4.5.3 Staff Absence

The vast majority of Trust employees were furloughed for over 9 months during 2020/21 therefore no realistic comparisons can be made against absence targets or previous years' absence.

4.6 Financial monitoring of the Trust's performance takes place at regular monitoring meetings held between Council officers and Trust management. Financial performance is evaluated by analysing income and expenditure information as compared against the agreed budgets.

Full details of the Leisure Trust's financial performance for 2020/21 are shown at pages 15 - 17 of the Leisure Trust's Annual Report (Appendix 1) however are summarised below.

4.6.1 Income

The budgeted income target for the Leisure Trust in 2020/21 was £7,713,352. The actual Income achieved was £7,536,119 therefore the Trust achieved £177,233 income under budget.

Although income from sales was significantly lower than normal at only £780,707, the Trust also received investment income of £19,814 and membership

fees £221,134. In addition the Trust received £3,800,212 from West Dunbartonshire Council (Management Fee) along with a grant of £434,000 to cover lost of income due to COVID and a central government grant of £2,292,252 from the Job Retention Scheme (Furlough).

4.6.2 Expenditure

The Trust had a budgeted expenditure figure of £7,713,352 for 2020/21 however actual expenditure was £7,063,841. This under expenditure was due to the periods of closure during the year. The principle items of expenditure were staffing, property costs, transport, administration and payments to other bodies.

4.6.3 Net Year-end Financial Position

A surplus of £472,278 was generated during 2020/21 which takes into account all income generated; spend on charitable activities; and the organisation's contribution to the Pension Fund.

4.6.4 Reserves

The reserves policy was reviewed in 2020 by the Audit and Risk Committee and a new target of 7.5% of total expenditure was agreed by the board in November 2020. The target general reserves would be £584,000 under this policy and, as at 31st March 2021, the Trust had reserves of £1,371,156. It should however be noted that £829,000 of these reserves will be used in 2021/22 to balance the financial budget.

- 4.7** This concludes the review of activity in 2020/21. The next annual review, which will be for 2021/22 will be presented to Committee approximately 12 months from now.

5. People Implications

- 5.1** There are no people implications relating to this report.

6. Financial and Procurement Implications

- 6.1** The Trust is paid a Management Fee for delivery of the Services through an annual Funding Commitment from the Council. The Funding Commitment is identified from an annual Delivery Plan that both the Trust and Council agree, and which sets out the resources required by the Trust to deliver the Services.
- 6.2** The Trust Management Fee for 2020/2021 was agreed at £3.973m. There was no capital allocation to the Trust for 2020/21.
- 6.3** Financial monitoring to date indicates that the Trust's financial performance is in line with the agreed Funding Commitment and this is supported by the Trust's independently Audited Accounts.

7. Risk

7.1 The content of this report forms a core element of the Council's monitoring of the Leisure Trust's performance. Failure to gather, report and scrutinise performance in this way would mean the Council was not effectively ensuring it was getting good value for money from the Trust in return for the annual management fee.

7.2 Covid-19 and the associated periods of lockdown resulting in significant periods of non-operation of facilities presented a financial risk to the Trust however good financial management, support from the Council, the various income and business support grants from the government, including the Job Retention Scheme, has enabled the Trust to move into 2021/22 in a financially stable position.

8. Equalities Impact Assessment (EIA)

8.1 No issues were identified in relation to this report.

9. Consultation

9.1 The General Manager of the Leisure Trust has been consulted in relation to this report.

9.2 Council Legal, Financial and Procurement officers have been consulted in relation to this report.

10. Strategic Assessment

10.1 This report supports the following strategic priorities:

- Efficient and effective frontline services that improve the everyday lives of residents
- Supported individuals, families and carers living independently and with dignity

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Date: 18 October 2021

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Appendices: Appendix 1: West Dunbartonshire Leisure Trust Annual Report 2020/21

Background Papers: None

Wards Affected: All