

East Lothian Council – Audit & Governance

Audit & Governance Report	Enjoy Leisure
Author	Bill Axon, Chief Executive, Enjoy East Lothian Ltd – enjoy leisure.
Date	10/03/2026

1 EXECUTIVE SUMMARY

This report sets out the financial and operational performance of **enjoyleisure (enjoy)** since March 2024, as well as the various challenges and successes that **enjoy** have encountered during this period.

The biggest challenges **enjoy** faces on an ongoing basis include:

- Continuing attempts to reduce our annual budget deficits and increase reserves, following significant income pressures encountered during lockdown;
- Planning for the impact of future rises in non-supported National Minimum Wage and Real Living Wage costs;
- Operationally balancing the costs of wage rises with the required and existing staffing levels;
- Whilst difficulties in the recruitment of staff remain, due in a large part to rates of pay being offered by **enjoy**, the lack of suitable / available candidates has significantly improved, due to our pay strategy; this remains under review;
- Fitness membership numbers are Increasing, however, at a lower rate in light of the cost-of-living crisis;
- Keeping up with the demand for swimming and gymnastics lessons in East Lothian, especially as the population grows within the county and given a shortage of qualified teachers.

However, **enjoy** has made great strides over the last few years, including success in:

- Negotiated a 10-year extension to our funding agreement with East Lothian Council, which will ensure continuity of existing service provision and affordable leisure activities for local communities. The current/new arrangement delivers significant ongoing financial benefits for the Council and allows Enjoy to strengthen its position within the sector;
- **enjoy** has increased areas of service delivery and avoided redundancies since the pandemic, when compared to other Local Authorities/Trusts who have been less fortunate and been required to reduce services and close community facilities;
- Income and usage has returned at levels consistently higher than expected in comparison to other Trusts, extending the lifespan of our reserves;
- All facilities have remained open, some with increased opening hours, which has been achieved with colleagues commitment and support;
- Building on the mutually beneficial and existing strong relationship between enjoy and ELC, it's Elected Members and officials. This partnership allows both enjoy and the council to achieve its public health, well-being, and community engagement objectives more effectively.
- **enjoy** has enhanced access to affordable and diverse sport, leisure and recreational activities, including an increased focus on community well-being.

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2 BACKGROUND

In October 2009, Enjoy East Lothian Limited (**enjoyleisure** or **enjoy**) was established to manage, under contract, sports and leisure facilities and services on behalf of East Lothian Council (ELC). The facilities managed by **enjoy** comprise six major sites in Haddington, Tranent, Musselburgh, North Berwick, Prestonpans and Dunbar; as well as a number of sports facilities throughout East Lothian. Having a leisure centre in every town is not just a desirable amenity, but a vital component of a thriving and healthy community. In 2026 these centres serve as crucial hubs for physical activity, offering safe, accessible and affordable opportunities for people of all ages and abilities to engage in healthy exercise, sports, leisure and recreational pursuits. With future and current positive outcomes in combating sedentary lifestyles, which reduces the risk of chronic diseases, and promotes overall well-being, leading to a healthier population and reduced strain on local healthcare services.

To that end, the primary objective of **enjoyleisure**, as East Lothian's charitable health, well-being sport and leisure trust, is to improve lives by inspiring active living. It is our mission to enrich the physical and mental wellbeing of our communities, by putting people at the heart of everything we do:

- We provide opportunities for people of all ages and abilities to enjoy recreational facilities throughout the whole of East Lothian, with the objective of improving their conditions of life.
- We develop and create our own recreational coached activity programmes to create development pathways for both competitive and non-competitive athletes.
- We contribute to advancing the wellbeing of the inhabitants of and visitors to East Lothian through our wide-ranging fitness class activity programme, Bodyworks Gyms, and Swimming Pool programmes.
- We provide local residents on low income or disability benefits the opportunity to engage in physical activity at concessionary rates.
- We support the national physical activity referral scheme that provides specialist support to those living with a long-term condition who have been referred by a health professional.
- We have strong links with local schools providing access for both public and private educational facilities, so children of all ages and abilities are able to engage in sporting activities.
- We provide sports halls, dance studios, pitches, and pavilions for local sports clubs and community organisations to host their training sessions, competitions, matches, dance rehearsals, theatre productions, and community meetings.

3 APRIL 2024 TO MARCH 2025

During the difficult COVID period covering March 2020 – May 2021, the majority of **enjoy**'s services and facilities faced multiple closures, and when facilities were open, they were restricted in both activities and capacities. Facilities were closed due to lockdowns from December 2020 to April 2021, after which activities and facilities returned slowly. After May 2021, various COVID measures were retained including restrictions on indoor activities up until the end of 2021. Once capacity restrictions were removed, visitor numbers and income bounced back significantly.

Despite the passage of time, this remains a significant and relevant contextual issue for **enjoy**. During this period, we were unable to afford pay increases for staff, reserves were reduced and there was minimal income coming into the business.

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We are still feeling the impact of this 4-5 years later, as we struggle to close the gap in pay between **enjoy** and our partners in East Lothian Council. Further, and latterly, we are now required to meet the increases in rates of pay being set by the government directly (National Minimum Wage) and indirectly, through cost-of-living increases (Real Living Wage). The achievement of paying the Real Living Wage is a desire of the **Enjoy** management team and board but continues to remain an expensive ongoing objective to achieve in the context of the preceding paragraphs.

We have various ongoing buildings-related concerns that have been in place for a few years now. Primarily, these relate to the closure of the swimming pool at the Loch Centre and the Squash Courts and Trampolining room at the North Berwick Sports Centre. The relevant parts of both facilities have been closed since 2023.

Regarding the Loch Centre, capital investment from East Lothian Council has been approved. The works within the Loch Centre will ultimately result in the pool being reopened, and this substantial work is earmarked for commencement in the summer of 2026. Completion is scheduled in June 2027, and the 12-month build period will require full closure of the Loch Centre.

East Lothian Council and **enjoy** are currently exploring all opportunities for the required financial investment into the repairs required at North Berwick.

There were a number of good-news stories during 2024/25. There was the opening of the newly refurbished gym at the Aubigny Sports Centre as well as significant investment into installing a 'pool pod' at Musselburgh Sports Centre. Other additional grant funding enabled us to invest in essential equipment, training and referrals for customers with various health concerns. Further, the running track at Meadowmill was re-opened. A significant amount of funding was confirmed for **enjoy** at the very end of 2024/25 amounting to £50,000 from the East Lothian Community Intervention Fund, which will be used to fund necessary and substantial repairs at the Dunbar Leisure Pool.

However, the closure of our café's was announced in March 2025. This was a difficult decision for us to make, however the financial viability of the café provision took a significant downturn during COVID and never recovered. Recurrent annual losses, with the subsequent requirement for the charity to subsidise the trading company, meant that keeping the café's open was no longer tenable.

We remain conscious and aware of the ongoing cost of living issues that continue to afflict our customers. Despite this, we have seen increased memberships with the new gym at Aubigny showing significant promise in terms of new members.

Whilst inflation within the wider economy has calmed compared to recent years, the Chancellor's Autumn statement in 2024 announced a revision in both the rate and threshold level at which Employers National Insurance contributions would be collected. This will cost **enjoy** close to £100,000 for 2025/26 onwards.

Further to this, the increase in National Minimum Wage of 6.7% is the same pay award that **enjoy** staff have been paid for 2025/26, costing an additional £300,000 per annum. The equivalent increase for 2026/27, as announced in November 2025, is 4.1%.

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3.1 Visitor Statistics

Total visitor numbers rose in 24/25 compared to the previous financial year. Even though, as described above, we continue to feel the impact of the closure of the Loch Centre swimming pool and restricted access at the North Berwick Sports Centre.

The number of Golf visitors improved, with a 9% increase on the numbers reported in the previous two years, primarily due to stronger summer attendances.

Our methods of recording visitor numbers has improved significantly over the last 18-24 months, becoming more automated wherever possible. The implementation of a new Leisure System in 2023 caused a temporary degradation in data quality that has now been fully rectified. Our methods of recording visitor data continues to be especially important at sites where we do not have electronic recording mechanisms, e.g. at football pitches, athletics track etc. Further opportunities to continue improving the accuracy of numbers have been considered; for example “SmartTiles”, which would also increase the customer experience as well as improving recording reliability. However, the requirement for capital investment needs careful consideration in the current financial climate.

	2022/23	2023/24	2024/25
Total Visitor Numbers	933,500	781,000	996,800
Sports Centres Customers	765,600	685,000	836,000
Golf Courses	48,900	48,400	52,800

3.2 Finance

The financial year 2024/25 provided for an overall deficit across the group of £394k. This amount was split between a core operating (charity) deficit of £316k, and trading (café) losses of £78k. There was a £100k reduction on the annual contract payment made by East Lothian Council for 2024/25. The losses for the café’s reflect similar losses during 2022/23 and 2023/24 and indicate the significant factor relating to the café closure announcement as being the lack of financial viability.

The statutory accounts show a net positive movement in funds for the group for the year ended 31 March 2025 of (positive) £1,265,682. This is comprised of: -

- a core operating deficit of £393,812; and
- a gain on the revaluation of fixed assets as of March 2025, namely Dunbar Leisure Pool amounting to £1,659,494;

The core operating deficit of £394k (2024: £131k deficit) includes a loss of £78k for the trading subsidiary and a deficit of £316k for the charity. There was a £100k reduction in the 2024/25 contract payment fee from East Lothian Council during 2024/25, which when coupled with inflation, represented a significant loss in income.

Total group income in 24/25 was £7.08m (up £110k from £6.97m in 23/24).

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Total group expenditure in 24/25 was £7.48m (up £370k from £7.11m in 23/24).

Total expenditure is up by £370k since 2023/24. This primarily relates to two main issues; (1) staff (and related) expenditure up by £204k; and (2) utilities expenditure up by £152k. In regard to these two issues, spending on the latter is projected to be the same therefore during 2025/26 and as such there won't be a material increase in utility costs. But staffing costs will be the biggest financial pressure **enjoy** faces in the short and medium term.

The financial strategy being applied to pay increases by **enjoy** is designed to reflect our understanding of what the UK government is trying to achieve in terms of minimum wages. Whilst this isn't necessarily stated and published policy, our strategy is to see our staff paid a minimum of £15.00 per hour by April 2029. Recent rises in minimum wage have not caused us to alter the strategy in the interim as the increases that have been set by government are material.

Our Income has increased only slightly and adjusting for the £100k reduction in ELC contract fee, does show some growth, but not apace with the increase in costs, which has therefore resulted in the deficit experienced.

The level of reserves that **enjoy** held at the end of March 2025 now amounts to £963k, which is a reduction of around £170k compared to the March 2024 figure. This is reflective of the overspend incurred during 2024/25.

Enjoy's reserves level equates to our 'net current assets', i.e. *liquid* assets such as cash, stock and debtors, offset by creditors (monies we owe suppliers etc.) and external monies that we are holding for future, earmarked spending. An overall deficit for **enjoy** doesn't necessarily mean a reduction in reserves, however; this is due to "non-cash" adjustments; e.g. depreciation [i.e. those that don't result in a decrease in a *liquid* asset such as cash]. The reduction in reserves of £170k for **enjoy** reflects the high level of deficit incurred in-year.

East Lothian Council have committed a further £200k of recurrent funding for **enjoy** during 2025/26 to assist reduce the financial deficits experienced and those we are projecting into the future.

Enjoy's minimum reserves target is £1.20m in 24/25 and £1.28m in 25/26. Our strategic aim is to grow reserves to over 100% of target. This will facilitate opportunities for investment and growth and supporting other one-off operating expenditure. Our ability to achieve this will be significantly impacted by various key factors, such as: -

- National Minimum Wage and Real Living Wage increases;
- Government policies (e.g. employers National Insurance increases);
- The future level of support from ELC; and
- Economy-wide influencers such as energy costs.

4 LOOKING TO THE FUTURE

Despite the significant financial challenges being faced, and as reported above, East Lothian Council have committed an extra £200k for the 2025/26 financial year. However, financial pressures in the form of significant National Minimum Wage increases (6.7%) and the introduction of additional Employer Contributions for National Insurance (approximately £100k recurrently from 25/26) place difficulties on the service. Prices for our customers for 2025/26 were increased by an average of 10% in order to assist with offsetting these significant financial impacts.

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Whilst the closure of the café's will represent the end of an era for our sports centres, the remodelling of the Trading arm of the **enjoy** group will result in a profitable business going forward. Whilst 2025/26 will be a year of transition for the Trading company, with a loss anticipated (primarily due to the payment of redundancy and pension strain costs), for 2026/27 onwards, conservative annual surpluses of over £60k are anticipated.

4.1 Operations & Sport Development

As stated above, the Loch Centre pool remains closed after initially shutting in January 2023. This related to a requirement for significant repairs that were identified during essential maintenance and inspection works. The Loch Centre has remained open and operates as a "dry site" only. Capital investment from East Lothian Council has been approved. It has been profiled for works within the Loch Centre that will ultimately result in the pool being reopened. This substantial work is earmarked for commencement in the summer of 2026 and will result in a 12-month full closure of the Loch Centre.

The North Berwick Sports Centre continues to experience significant partial closures relating to issues around Reinforced Autoclaved Aerated Concrete (RAAC). This has affected both the Trampoline Room, Squash Courts, and dry changing rooms, which have had no public access since the summer of 2023.

There were other significant repairs during the year at both the Aubigny Sports Centre (for hot water works) and Dunbar Leisure Pool (for wet-side tiling works). A power cut at Musselburgh in Feb'25 resulted in pool reheating issues that took over a week to resolve fully.

The new gym at the Aubigny Sports Centre was opened in Feb'25, which was funded by developer contributions related to the building of new houses in the Haddington area. The gym was officially opened by a cohort of visitors from Haddington's twinned town in France, Aubigny sur Nere. As part of the funding the centre also received a new training studio, new flooring throughout the dry side and new lockers for the dry side changing rooms.

There has been significant investment into installing a 'pool pod' at Musselburgh Sports Centre, funded by monies received from the Musselburgh Common Good fund. This is a device that facilitates dignified and efficient poolside access for our customers who may have a disability or reduced mobility and partners a device at our North Berwick site (also funded by partner contributions).

Further funding was received from external partners during the year; significantly £50,000 from the East Lothian Community Intervention fund, which was used as a contribution towards significant repairs works required on the wave machine at Dunbar Leisure pool during 2025/26. Other funds received enabled us to purchase essential equipment, fund places for NPLQ training and enable members of the community to be referred to the NHS Weight Management programme.

The Meadowmill running track was re-opened with new and improved accreditation, meaning an ability to host events, with a potential for future national events too.

It is with sadness, however, that we announced the closure of the café's within our sports centres in March 2025. The café's eventually closed over the period June-August 2025 and will be regrettably missed. However, with the financial performance of the café's worsening significantly since the COVID pandemic we needed to act in order to secure the future financial viability of the trading company.

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A new business model in operation from 2025/26 focuses around vending and catering facilities at the Musselburgh Racecourse (on race days only). There were still some positive outcomes to the unfortunate decision as many of the catering team retrained as leisure assistants and receptionist and continue to work with Enjoy.

Additional Facility Updates

- We moved to Tork paper products in June 24 replacing all our paper dispensers at all of our sites. This included toilet, gym, kitchen and hand towels. The new dispensers should reduce wastage allowing additional savings going forward
- East Lothian Council, due to costs and economy of scale, opted to work the onsite operator to manage the community side of Rosehill campus. This was a great disappointment but was ultimately out with our control.
- Letham Mains Pavilion was officially complete in April 25 and handed over the ELC/Enjoy. However, due to ongoing pitch surface issues will not fully open to the public until April 26.
- Pool chemicals have now been transferred over to Pelican (our procurement partners) to help manage best rates.
- Main activity halls in Musselburgh, Aubigny and have both received a refurbished surface.

Future plans

- ProInsite have taken on our mystery shops provider as we look to improve our customer experience.
- Work with East Lothian Council on the opening of new facilities – grass pitch pavilions.
- Capitalise on the gym extension at Aubigny Sports Centre by generating new members and utilising existing gym space for exercise and education purposes.
- Dunbar upgrades which include wave machine, beach toys, air handling unit and lighting.
- Look to make further efficiencies in current spends such as pool chemicals and uniform.
- Work with Finance team regarding pricing structure and directing customers toward memberships rather than pay-as-you-go.
- Undertaking significant amount of planning and resourcing of staffing to reopen the Loch Centre, including re-familiarising returning colleagues with updated safety procedures and operational changes. Furthermore, marketing and communication strategies will be crucial to inform customers about the reopening.

Sports Development

- A Trainer Facilitator post was created and filled on temporary one-year basis with plans of extending this post at end of year one.
- The **enjoy** Learn to Swim programme successfully retains circa 2,400 children across our sites.
- The gymnastics programme continues to grow, we regularly welcome circa 600 children a week despite the issues experienced in terms of recruiting teachers.
- Various holiday camps held for children, including tennis, basketball and multisport camps.
-

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- During the year we have also successfully transitioned our trampolining programme to the Two Foot Higher programme.

Future Sports Development Plans

- Increase additional support needs (ASN) and disability sport programmes across sites.
- Increase swim and gymnastic lesson capacity through recruitment and ongoing improvement of the current IT systems supporting the administration of them.
- Continue working with Head of Business development to apply for funding to support sports provisions.
- Identify additional areas of partnership between Sports Development Officer and East Lothian Council to maximise on resources where we are working towards shared goals.

4.2 People

We have had a successfully year in implementing new and important policies and delivering training to our staff. Our new Neurodiversity and Dignity at Work policies alongside Equality and Diversity training for all managers ensures that our managers have the appropriate awareness and tools in their armoury to deal with these important issues in the workplace.

We continue to operate our Leadership Development Programme with an additional five members of our team in the cohort during 2024/25, with their project presentation being a research paper and proposal to introduce a probationary period for all new employees supported by a new induction programme. This programme continues to give staff the appropriate development to become future leaders of Enjoy.

Recruitment challenges remain for the business but were not as impactful as they were in previous years. Vacancies were felt in a more pronounced fashion at Dunbar Leisure Pool during 2024/25 than at other centres, but that impact was reducing as we approach the end of the year. We had new colleagues employed via the New Pathways to Work in Leisure programme via our work with Direct Partners and East Lothian Works.

A significant business decision was announced in March 2025 confirming that the café's at Aubigny Sports Centre, Dunbar Leisure Pool, the Loch Centre and Musselburgh Sports Centre will be closing in August 2025. Staff will be placed at risk of redundancy, although every effort will be made to deploy affected staff into leisure posts within the business and direct support for individuals' in achieving their exit strategies.

Our headcount is under ongoing review as we actively ensure relief members of staff are removed after a certain period of time. This saw quite high reductions at the end of 2023/24, and for 2024/25 our headcount stands at around 271 at the 31st March 2025, of which 148 were permanent staff and 123 were relief colleagues.

We continue to survey our colleagues annually and we were pleased that the completion rate had increased on the previous year with a 12% uplift. Areas such as communication had improved and colleagues' awareness to health and safety. Managers have received details on their individual centre surveys and are reviewing areas of opportunity with their teams.

The HR function has benefitted from improvements in productivity as a result of introducing MHR iTrent in late 2023, and we continue to embed processes to ensure our managers have autonomy in their role of leading and managing their teams.

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Through recent work with our Health & Wellbeing Manager we have focussed on raising awareness of our Employee Assistance Programme. We have visited colleagues at centres and together with representative colleagues from our Health & Wellbeing Steering Group, have delivered face to face training sessions on the benefits of the Employee Assistance Programme through Health Assured.

We have worked together with Direct Partners and East Lothian Works to introduce a Pathway to Leisure programme. The programme is designed to support school leavers with no future destination, a fully funded placement in our sport centres to learn the role of a Leisure Assistant and to prepare for and undertake the National Pool Lifeguard Qualification (NPLQ) course. Our commitment to the young people who undertake the placement and pass the NPLQ course, is to offer them a guaranteed interview and the potential opportunity to become a Leisure Assistant. They will also then have the opportunity to continue this learning through the ongoing SVQ modules that we offer colleagues, supported by Direct Partners.

4.3 Memberships & Customer Return

Fitness membership had been slowly but steadily improving all year but the opening of the new Aubigny Sports Centre Gym extension in February 2025 saw an extra 200-300 new members over what would be expected as part of the new calendar year / post-Christmas uplift we usually see.

We are aware that cost-of-living still represents a very real and present problem for our customers, with the new facility at Aubigny Sports Centre showing that investment in the facilities can generate new customers and members.

A key focus during the year has been strengthening our brand, as well as continued work to improve customer retention and growth. Further, improvements to the customer journey should support improve customer retention.

The growth in fitness memberships is shown visually in the below graph: -

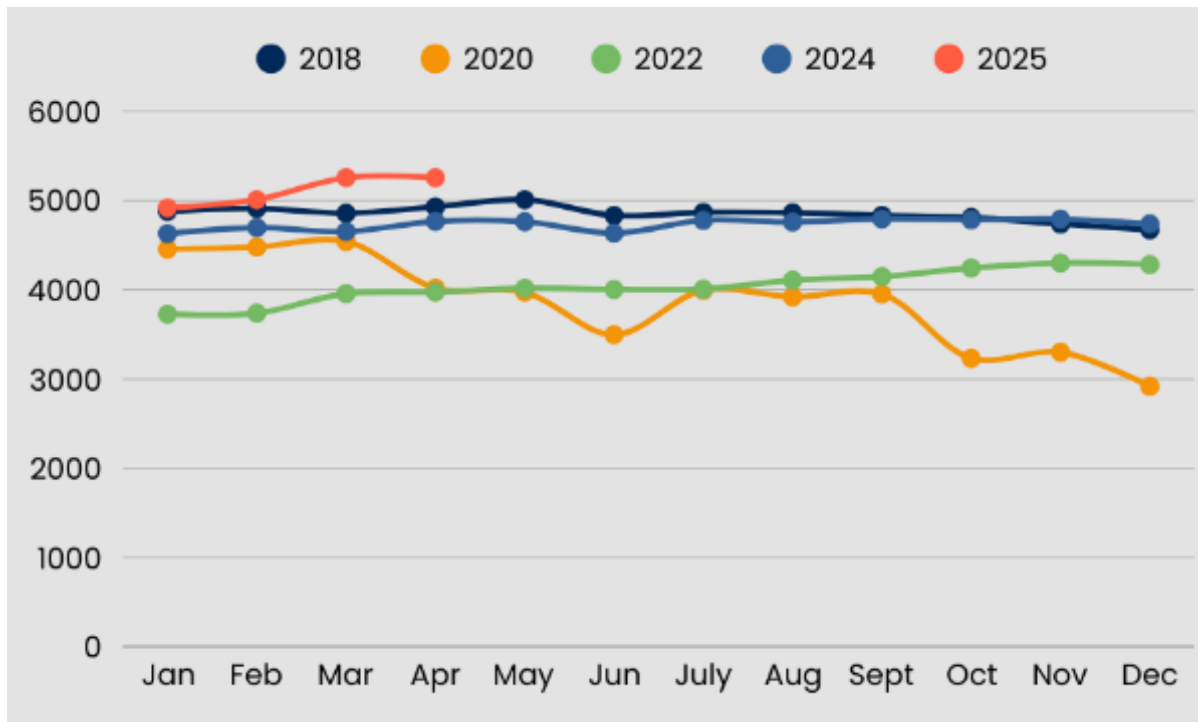
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Success Stories:

- We continue to see growth in our membership numbers and are working hard on reviewing our standards and service to enhance retention.
- Looking at cancellation data, a large percentage of members are very likely or likely to recommend our facilities to a friend. This suggests that members see our membership as offering good value for money.
- A branding refresh has been completed and was launched in early 2025. This includes updated values, a new logo and a refined tone of voice.
- The Enjoy Leisure app remains popular and has now become a primary communication channel for customers and members.

Ongoing Challenges:

- Increased competition from not only private gyms and studios, but also other experiences like Fox Lake, Lost Shore Surf Resort in Edinburgh, and Midlothian's Alpine Coaster, can demand significant time from our customers and members, reducing the time they spend at our facilities.
- Many of our customers and members are affected by cost-of-living pressures and are seeking more affordable options to maintain their activity levels.
- Ensuring that prices and charges are increased enough to cover inflation and rising wages without aggravating existing customers and still being able to attract new customers.

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4.4 Business Development / Health and Wellbeing / Communications

This function continues to establish and maintain relationships, proactively seeking prospects and opportunities to promote long term growth.

This year unfolded against a backdrop of considerable sector-wide pressures. Funding streams remained highly competitive nationally, with many trusts restricting eligibility for higher income operators and shifting towards capital only awards. Operational cost pressures and shifting public service demands also influenced how organisations positioned programmes and investment. Within this environment, Business Development focused on strategic growth, service innovation, income diversification and building long-term external partnerships to support organisational sustainability.

During this period, the function also continued to oversee two key specialist areas: Communications & Brand and Health & Wellbeing. Across the year, Business Development worked closely with colleagues in Operations, Sport Development, Health & Wellbeing, Finance and Communications, ensuring that commercial opportunities were aligned with operational capability, customer need and organisational strategy. This collaborative approach supported the progression of major projects, including vending procurement, swimming lesson reform, new product development, strategic proposals and corporate partnership expansion. Against this backdrop, the following sections summarise activity across the core areas of Business Development.

Corporate Partnerships & Stakeholder Engagement

Sixteen employer partnerships remained active, with the Blue Light scheme and EDF Torness representing the largest participating groups. New relationships with the Faculty of Advocates and Metlen expanded our corporate base and reinforced our position within the regional business community. The year also saw enhanced collaboration with SPRA, including bulk swim pass sales and the evolution of partnerships beyond standard memberships.

Work progressed on the development of bespoke wellbeing and fitness sessions in collaboration with Sport Development and Health & Wellbeing, signalling a deliberate shift towards more tailored, commercially viable offerings. To strengthen access routes for new partners, a corporate enquiry invitation was added to the website, enabling employers to initiate engagement directly and efficiently.

Strategic Initiatives & Projects

Participation in East Lothian Council's pilot scheme enabled staff access to electric vehicles and supported sustainable travel objectives. Although the pilot concluded, positive relationships were maintained to secure potential inclusion in any future schemes.

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A major organisational focus centred on restructuring the swimming lesson waiting list. A comprehensive cross-functional review resulted in a proposal to increase throughput and reduce wait times, with ongoing delivery transferred to Sport Development.

Significant work was undertaken across the organisation to explore new commercial opportunities. A suite of internal proposals was developed, addressing space utilisation, programme development and potential new revenue-generating activities. These proposals collectively examined how organisational assets could be reimagined to maximise income growth, community use and long-term sustainability. The proposals are currently under review to ensure alignment with organisational priorities and to support informed strategic decision-making.

Organisational Standards & Service Improvements

Service improvement remained an organisational priority. The Professional Standards Project was launched to strengthen service consistency and customer experience across all sites. Working with ProInsight, mystery shopping activity was delivered throughout the year, providing objective, sector-benchmarked insights. Findings from the initial reporting cycle are now informing recognition, training and service improvement planning. Responsibility for ongoing action and reporting lies jointly with Communications & Brand, HR and Operations.

Grant & External Funding Overview

Grant fundraising continued to play a vital role in supporting programme delivery and capital investment, despite a challenging national funding landscape characterised by high oversubscription, strict eligibility criteria and a predominance of capital-restricted funds. A substantial volume of applications was prepared and submitted, producing a balanced combination of successful awards, pending bids and inevitable declines in line with sector norms.

One of the most significant outcomes of the year was the combined £156,000 secured for essential repair and refurbishment works at Dunbar Leisure Pool, achieved through multiple awards. We are grateful to all grant funders who have supported our work this year, including those whose contributions enabled repairs at Dunbar Leisure

Pool, investment in Health & Wellbeing Places, and the purchase of essential first aid and teaching equipment. Although some awards were restricted to capital purposes, they effectively reduce reliance on reserves and deliver a material saving to planned expenditure.

Overall pipeline strength remains high, with £191,392 in active pending applications representing substantial potential for multi-year programme funding, capital investment and strategic projects. This pipeline includes

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high-value Health & Wellbeing proposals, facility improvement bids and capital applications that collectively position the organisation to deliver long-term community and operational benefit.

To support sustained progress, a structured, calendar-based pipeline of future funding opportunities has been established, ensuring key deadlines are tracked and allowing the organisation to prioritise strategic bids effectively.

Challenges, Risks and Overall Position

The operating environment continues to present challenges, including a highly competitive external funding landscape, increasing sector-wide cost pressures and dependencies that may influence the timing of commercial project delivery. Despite these conditions, the year reflects meaningful progress across commercial partnerships, strategic development and external fundraising. The organisation expanded its income opportunities, strengthened partnerships, secured investment and advanced major project work, placing us in a strong position to build further momentum in the year ahead, providing a solid foundation for the delivery of future strategic priorities.

4.5 Finance

Enjoy is required to plan and manage its future budgetary requirements versus known and anticipated changes in costs and income. Further, we must be in a position to evaluate the likely reserves position via our medium-term financial plan. Considered and detailed work in late 2024 into early 2025 with East Lothian Council has resulted in an additional £200k recurrently being added to our annual contract payment for the 2025/26 financial year onwards.

Whilst this significant investment is welcomed, we continue to keep an eye on the financial short- and longer-term horizon. There are a number of areas of significant concern for **enjoy** that we will outline here as succinctly as possible: -

- Pay – recent increases in both National Minimum Wage (legal requirement) and Real Living Wage (aspirational requirement) represents our projected primary financial pressure over the coming years;
- Government policy – the rates of increases in minimum wage rates coupled with unexpected changes, such as Employer National Insurance Contribution increases, are causing difficulties in accurate financial planning;
- Price Increases on our services – we are conscious of the cost-of-living squeeze being placed on our customers but also need to ensure the costs of running those services are met. This is a difficult juxtaposition for us to manage.

Our overarching financial strategy is to achieve the following main aims: -

- (i) Set annual budgets that are balanced or that are in deficit to a managed level;
- (ii) In the context of (i), ensure that reserve levels are at or above annual targets, and increasing annually where are not meeting those targets;
- (iii) To limit the financial impact of any required price increases to our customers to prevent customer losses in the wider context the quality of product we are able to deliver.

A deficit budget of £231k was set for the group in the 2024/25 financial year, with an eventual overspend of £394k across the group, including a £78k loss for the trading subsidiary arm of the business which oversees the café provision.

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There are significant pressures upcoming for the group's budgets, with National Minimum Wage (£12.71/hr) rising by £0.50/hr from April 2026 (4.9%). Concurrently, the Real Living Wage rate of £12.60/hr was announced to be £13.45/hr in October 2025 (6.75% increase), and effective from May 2026 for affiliated bodies (which **enjoy** are not).

Enjoy was able to pay the Real Living Wage to staff from 1st December 2025 on a part-year basis and our budget setting for 2026/27 includes the continuance of paying the Real Living Wage as part of our scenario modelling. However, currently, no formal commitment has been undertaken to pay the increased rate from April 2026.

Our longer-term aim is to ensure **enjoy** has a balanced budget and a strategy to increase reserves to over 100% of target to then allow for focussed investment and development into the business. A deficit budget of £377k was set for 2025/26 and the financial pressures on the horizon do not currently lend themselves to meeting this aim in the medium- to long-term. **Enjoy** continues to work closely and collaboratively with East Lothian Council to understand these challenges and ensure **enjoy** has the necessary resources to continue delivering the services and facilities it currently does.

4.5.1 Success Stories

Strong cash management over the last 4-5 years means that **enjoy's** reserves remain close to £1m, which is a very good performance considering the depletion of our reserves over the COVID period.

Improved and sustained partnership with ELC, including regular meetings between **enjoy** and ELC finance staff have kept both parties up to date and abreast of the situation throughout the last couple of years.

4.5.2 Ongoing Challenges

- Achieving budgeted levels of income and cost savings, in order to reduce deficits and preserve cash reserves.
- Creating a viable medium- to long-term financial plan that outlines the financial challenges upcoming to the business in 2025/26 and beyond.
- Rebuilding reserves to above the minimum target level in order to reinvest in the business.
- Balancing the need for fuller staffing in our centres versus the budgetary savings that these provide.
- Maximising the efficiency and usage of the new Legend Leisure Management system whilst continuing business-as-usual and not disrupting the customer experience.
- Commitment to remaining a Real Living Wage employer into the 2026/27 financial year.

4.6 The Organisation

There have been very few senior management changes in the last twelve months, with only a new Sports Development Manager commencing in post in April 2024.

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We continue to work closely and regularly with our Board of Directors. A cohort of four new directors were appointed in early 2024 to fill vacancies and resignations. Difficult discussions and papers were discussed as part of the budget setting process for 2025/26 with full and professional engagement. Apart from scheduled quarterly board and sub-committee meetings, occasional 'extraordinary' meetings to brief the board on emerging and / or urgent issues have been undertaken. Plans for training on topics such as Risk and Equality, Diversity and Inclusion are advanced, and other topics will be discussed at future board meetings.

Partnership with ELC has continued to improve with regular, open dialogue being maintained from both partners and a shared commitment to returning the communities of East Lothian to sport and wellbeing. We will continue to work together to ensure that East Lothian can continue to be a leader in offering all residents real opportunities to enjoy and lead active, healthy lifestyles.

Finally, it's with profound sadness that we mark the passing of Dr John Turvill, a truly dedicated and invaluable member of the enjoy board. Jon served with unwavering commitment as a Non-Executive Director, contributing a wealth of experience, insightful perspective, and a genuine passion for our mission and East Lothian communities.

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