



ANNUAL REPORT 2019



At the heart of life



CONTENTS

1. Foreword	05
2. Review of the Year	08
3. Governance and Risk Management	10
4. Our Partners	12
5. Community Health and Wellbeing	15
6. Outreach and Awareness	16
7. Customer Feedback	18
8. Research and Intelligence	20
9. Overview of Technological and Website Developments	22
10. Financial Review	24
11. Looking forward to 2019/2020 and Beyond	29



Section 1

Foreword



Chairman's Report

As in past years I am pleased to introduce Brio Leisure's latest Annual Report. My term as Chairman comes to an end this year so, as this will be my final report, I am also taking the opportunity to look back briefly at what has been achieved over the past four years.

In many ways 2018/19 was a highly successful year for Brio. Whilst the details are covered in this report I want to pick out a couple of key themes.

One of these themes is customer experience. Every person at Brio - whether a member of staff, the leadership team or a director - is very conscious of the organisation's primary aim of making available to everyone in the borough high-quality services which deliver fitness and fun. There are many angles to this issue. One is investment in our sites with, for example, last year's £2.2m investment with £500,000 worth of National Lottery funding from Sport England in the much-used facilities at Neston being very well received. And great headway has been made in progressing our ICT strategy which, over time, will help to greatly improve customer interactions with the business. Facilities and systems, though, are not enough if they are not supported by the right people. We are proud of our staff, about whom we receive many compliments, and have continued to invest extensively in training to enhance capabilities and motivation.

Partnership working is another key theme. We have always recognised that Brio cannot achieve its aims without working in close co-operation with others. The list of such partner organisations is long and diverse as shown on page 12. One of our aims is to ensure that through such links Brio can help improve the physical and mental wellbeing of individuals who might not otherwise think of turning to an organisation such as ourselves.

Despite these achievements we recognise that Brio faces several interlinked challenges. One is financial. The year saw the company deliver a loss of £1.14m. Factors that played their part included a rapidly rising cost base, increased competition across the borough in our core fitness market, and deterioration in the condition of some of our facilities. The latter leads to increased repair and maintenance costs and declining customer experience. Dealing with the condition of these facilities, then,

is another major challenge, in particular in relation to Northgate Arena, our most important site in terms of visitor numbers and revenue. The positive news is that we are acutely aware of the need to address these and other challenges; an important decision was made in late 2018 to set up a task force with the council to agree a strategy to ensure a viable future for the business whilst still meeting the needs of the borough's population. This is exciting and important work, the outcomes of which will start to be implemented in coming months and no doubt be covered in next year's Annual Report.

When I took on the role of Chairman in 2015 I set a number of goals for the business. Space does not permit a thorough review of progress here but I want to highlight two points.

Firstly, I was keen that Brio was seen to be making a measurable difference to the quality of life of people in the borough. Since then our work on understanding the social value that Brio delivers has grown enormously. The most recent calculation, using nationally recognised methodology, quantified these health and wellbeing benefits at £16m. Working with the University of Chester we have learnt much about how Brio's services help to improve lives and, in turn, we are continually learning what more we can do to deliver ever greater social benefits. This work is recognised as being of national importance.

Secondly, it was clear that much of what Brio was doing or could do went far beyond the traditional perception of the role of a council-owned leisure operation. As such, I was keen that Brio be recognised as an exemplar organisation - one of which its owners, the council, and the people of the borough could be proud of. Last year Brio was selected for inclusion in the Parliamentary Review, a showcase at the highest level for leading public and private sector businesses. Then, in June this year, Brio was awarded 'Organisation of the Year' by UKactive, the country's leading multi-sector organisation for helping people become more active. Brio has also recently been recognised by the London Stock Exchange as one of the '1000 Companies to Inspire Britain'. These are tremendous achievements and are testament to the hard work and dedication of everyone who works at Brio, whatever role they play.

Brio's vital role in the lives of the people of Cheshire West and Chester is unarguable and I am sure it will have a bright and exciting future.

ANTHONY ANNAKIN-SMITH, CHAIRMAN



Section 1

Foreword cont.



Managing Director's Report

Welcome to Brio Leisure's 2018/19 annual report, the last 12 months have seen continued expansion to our health and wellbeing offer by reaching new audiences and developing working relationships further with local and trusted partners. Our suite of leisure assets supports this expansion, offering core and bespoke activity programmes to meet the needs of a diverse borough. We work hard to plan and predict needs and deliver responsive services to meet this demand.

As Anthony has already touched on, all this work has impacted on social value outcomes, which becomes increasingly important over time, given continued national and local challenges such as growing levels of obesity, an ageing population, social isolation and mental health. We have operated an interim Integrated Wellness contract for 12 months reviewing and re-shaping the offer, leading to a new model of delivery for the next five years, and supported holistically by programmes in falls prevention, neurotherapy support, and learning disability opportunities.

Our strategic planning for the wider Brio model has also evolved with ICT roll-out of a planned 5-year development which will see Brio able to assess detailed R&I of its user base, profile and overlay this with the broader borough demographic. This development will lead to improved planning of future services in terms of location and need, and we will undertake it in partnership with our shareholder, Cheshire West and Chester Council. The work from this will also support a more comprehensive facility needs assessment, as we collaboratively plan. Our Marketing Strategy has also been put in place and supported by a new Brio App to track and engage with customers more effectively.

Swim Local Pilot concluded with substantial learning for Brio and Sport England, and the success of the marketing campaigns used within this not only saw a significant rise in activity but also contributed to the Outstanding Organisation of the Year 2019 achievement Brio received at the UK Active Awards. The pilot also developed a mystery shopper 'Secret Agent' cohort, adding to a range of user testing methods we regularly review to understand customer satisfaction and achieve continuous improvement. This external assessment also backs up our performance, and all of our Quest assessed sites this year scored 'Very Good' with several modules achieving excellent.

Investment in Neston Recreation Centre was our key asset development programme this year, alongside the preliminary works to explore future solutions for Chester given the age and condition of Northgate Arena. We have also continued to explore other ageing sites which operate at a deficit and carry significant investment needs. The findings here will allow us to profile these alongside other public sector venues across localities to assess future viability and co-located solutions where our communities need them.

Ongoing partnership collaboration with both national and local service providers remains a priority in achieving joined-up solutions. We sit at the Health and Wellbeing Board and work collaboratively in this setting to shape activity and support, with a new Place Plan under development to cohesively address all public sector delivery.

Operationally our catering and cultural services go from strength to strength with a 7% growth in entertainment activities, seeing a broader range of genres and extended pantomime runs to meet demand. The Costa brand is supported by a wide range of healthy food and snacks, with The Parliamentary Review report showcasing our approach to 'sugar-free' nutrition.

All of this would not be possible without our 700 strong workforce who are the face of making a difference in changing lives and motivating and encouraging our customers. We have also re-shaped our staff interface and re-designed our intranet, enabling easier access, and our survey has been re-designed with the workforce to reflect what really matters. Brio Heart and Brio Pulse form part of our workforce culture and values within our Brio Elements.

This work has culminated in an array of nationally recognised achievements, which we are proud and delighted to have received. From the Parliamentary Review inclusion in 2017/18 through to our UK Active Organisation of the Year 2019, and then more latterly featuring in the 1000 Companies to Inspire Britain 2019, we believe our hard work is paying dividends. All of this is now helping to shape future planning and re-modelling of Brio, ensuring services in Cheshire West remain at the top of their game and fit for purpose for whatever the future holds!

ELLY McFAHN, MANAGING DIRECTOR

Review of the Year

The last 12 months have been full of achievements for Brio Leisure, as well as improving the business and growing the company. We continue to embed our awarded contracts into the core Brio business and measuring the impact of social value has shown the success of everything we do.

Over the course of the year we have achieved many successes, including:

Creating customer happiness (FIRE)

- Customer satisfaction scores hit an all-time high of 94% in November, averaging 90% across the whole year. This is a 4% increase compared to the previous year!
- The Charlatans played a historic show at Northwich Memorial Court, attracting crowds of 3,000 over 4 nights.
- We had record pantomime attendance figures, with 19,000 people enjoying the show.
- Following the success of Pool and Fuel swim sessions at two Brio centres during the Swim Pilot, we rolled these sessions out to our other two centres with café facilities.
- The launch of the Brio app was a huge success, with over 1,200 regular users by March 2019. Around 300 users take part in the monthly challenges which aim to reward our customers.

Growing our company (EARTH)

- Entertainment and cultural bookings continue to rise year-on-year. We've had more than 177,000 attendances, which is 5% above our contract requirement.
- A £2.2m renovation of Neston Recreation Centre with £500,000 worth of National Lottery funding from Sport England was completed on time and within budget. Opening in April 2018, the public has responded well to the improved facilities.
- Brio was nominated and shortlisted for the Best Apprentice award in the annual Chester High Sheriff's Awards.
- We featured in the latest copy of the Parliamentary Review in recognition of our innovation in the leisure industry.
- Brio was entered into the UK Active awards and shortlisted as finalists in 4 categories: Unsung Hero, Healthy Communities, Marketing Campaign of the Year and Research and Intelligence (in conjunction with University of Chester)
- Alongside these nominations, Brio Leisure won the UK Active award for Outstanding Organisation of the Year
- Staff have attended over 60 health and wellness training courses and a number of staff have also achieved Equality and Diversity training qualifications.
- We have upskilled and invested in internal skillsets, including improving our studio department, allowing us to create videos, animations and organise our own photography.
- We had 10 people across various departments on the apprentice programme last year including Marketing, Finance, HR and Operational placements.
- Workforce communication has been a big area of development, with the launch of our new Intranet 'Brio Heart', under our internal sub-brand 'Brio People'.



Energising our community (WIND)

- Since July 2018 we've received 80 falls prevention referrals, which will help reduce the number of accidental falls suffered by older people.
- Began a new Neurotherapy Partnership project to deliver support to people with neurological conditions. This partnership with the Neuro Therapy Centre will go on to help form the syllabus for a brand-new national qualification.
- Awarded a new 5-year integrated wellbeing contract, along with a 2.5 year falls prevention contract allowing us to continue improving the health of borough residents.
- QUEST awarded 'Excellent' for Marketing modules at Northwich Memorial Court.
- Evidence of the social value of the Integrated Wellbeing contract, in particular, the reach of services to residents aged 75+, was presented to professionals from 64 countries at the International Society for Health and Physical Wellbeing Activity in London.
- Our 3D pool vinyl and bus advertising were hugely successful in building awareness for our swim and fitness facilities.
- We rethought how we target our marketing to best reach our audiences, and so have restructured our targeting to now focus on generational differences, meaning we communicate with people in the best way possible for them.
- The Swim Pilot was hugely successful and we were able to increase overall swim participation by 12%, going against national trends.
- We exceeded the UK average for our smoking quit rate with an average of 51% of service users quitting at 12 weeks compared to the national average of 35%.

Improving their journey (WATER)

- Quest achievement of 'very good' for two directional reviews at Winsford Lifestyle Centre and Ellesmere Port Sports Village. We also achieved 2-day results at Northwich Memorial Court and Christleton Sports Centre, with both scoring 'very good'.
- Combined scores of 'excellent' for selected Quest modules on Health and Wellbeing, Community Outcomes and Team & Skills Development. This is the highest score attainable.
- Our new swim tour videos at Ellesmere Port Sports Village and Northwich Memorial Court make the customer journey as clear as possible, so people can see exactly how their experience will be before even entering the centre.
- The new Brio app allows customers to manage their class bookings in a quick and easy manner.
- The new Brio Undercover Agents programme has allowed us to identify areas of improvement across our centres, such as making the customer journey easier and refocusing our customer service where it matters most.

Section 3

Governance & Risk Management

Our Board retains the same makeup from the previous year, as seen below. The Board committee structure also remains the same, with four quarterly committee meetings followed by the full Board meeting.

The supporting committees include:

- Audit and Risk
- Business Development
- Capital and Asset Management
- People and Policy

Brio has also established a Remuneration Committee to develop pay performance pathways for staff and NED roles. It will also oversee the Board self-appraisal process and build planning processes with the shareholder for the future recruitment of Directors, as terms of office conclude, and replacement NED's are appointed.

The Board held a strategy and planning annual Away Day in October, where it reviewed current challenges. Specific focuses included ageing assets, in addition to the following presentations:

- Leisure Facility Needs for the Boroughs Future Population, by Strategic Leisure
- The Health of the Nation, by UK Active

In addition to these updates, the development of ICT and Marketing strategies were both approved.

The Brio Board receives regular updates on several key areas of performance across the business, including:

- Chairs of each committee
- Contractual performance KPI's
- Risk Management
- Business Action Plan periodic performance
- Company Performance Dashboard
- Business case performance reviews
- Financial performance
- Health and Safety

The Audit Committee has been reviewing our financial procedures, with a full review scheduled over the next two years.

A detailed Health and Safety governance action plan is in place and a Board Champion provides a 'check and challenge' process and ensures the action plan is reviewed with senior management at a strategic level. We also purchased STITCH last year which is a digital online platform that collates and analyses health and safety accidents and incidents for the company. It has a performance dashboard that allows a live snapshot of KPI's, allowing management to monitor accident trends locally and nationally.

Concerning gender diversity, the Board of Directors is made up of three female and six male directors:

- Two female non-executive directors
- Five male non-executive directors
- One female executive director
- One male executive director

All NED Board members receive the same pro-rata salary for their commitments. The Board Chair is employed to work one day per week and all other NEDs are paid for two days per month.

The Senior Management team is made up of three female managers (including the Managing Director) and one male manager, the Resources Director. Our Gender Pay Gap report is available for review on our website.

Our Company Risk Plan outlines 10 strategic and 15 operational risks which are allocated to committees and reviewed at each meeting. Those carrying a red RAG rating are also escalated to the Board for a full review.

Our Risk Plan continues to be externally reviewed by specialist leisure consultancy agencies to ensure we continue to apply best practice.

Key areas of risk remain, including:

- The condition of some of our assets
- Assets operating at a deficit
- Retention of short-term contracts
- Pension scheme costs
- Major equipment failure in ageing assets
- Our ability to deliver much-needed capital investment programmes in partnership with our shareholder and landlord.



Section 4

Our Partners

We continue to work with partners across Cheshire West and Chester to ensure our services are available to users no matter where they're located. This partnership work is critical to our success as a business and we work with these partners in a multitude of different ways. Over the past financial year, we have worked with a range of partners on a variety of projects some of which are listed below:

Anton Benson Productions continues to deliver successful Easter and Christmas Pantomimes attracting audiences of over 19,000 across 2 venues. Through consultation with Cheshire Centre Independent Living (CCIL) and the Deafness Support Network we delivered our first relaxed, dementia friendly and British Sign Language signed performances.

We hosted the premiere of Adrift - a brand new play from Beverley Hancock-Smith, developed by Action Transport Theatre, created in partnership with St. Bernard's RC Primary School. We also hosted Catapluf's Musical Journey and the story telling tent as part of the Big Imaginations programme which is a network of 22 arts venues and organisations dedicated to providing high quality, imaginative and affordable theatre to children and their grown-ups.

The Welcome Network in Ellesmere Port partnered with us to deliver a swimming programme and provided a nutritious meal for disadvantaged families which helped get families active and helped with holiday hunger during the summer holidays.

Delivering swimming lessons to young people from the Cheshire Young Carers organisation to help them learn and develop their swimming, an essential life skill.

Working with England Netball to expand the Netball Now programme and developing summer leagues for women aged 16+.

Developed Rebound sessions and Multi Games sessions with Vivo Care Choices, who provide adult social care services.

We have partnered with Chester Zoo to ensure where palm oil is present in our food, it comes from a certified sustainable source. This has contributed to Chester being the world's first Palm Oil Sustainable City.



Our Swim Pilot partnership with Sport England Achievements



Customer satisfaction scores over...

90%



Cleanliness scores of over...

80%

Digital swim posters seen by over...

196,500 people every month!



WET 'N' WILD attendances up by...

21% since the Yeti inflatable arrived



Social value delivered to deprived areas totals over...

£74,000



500 DOWNLOADS

of our mobile app on day one of going live

10% of those taking on swimming challenges

THIS HAS ALL LED TO OVERALL RESULTS OF:

12% increase in casual swimming	11% increase in adults learning to swim
6,000 more juniors learning to swim	704% increase in swim memberships



Section 5

Community Health and Wellbeing

Brio continues to pioneer new ways to keep the community healthy while working with partners and on national campaigns to ensure we promote a rounded approach to living well.

Our Health & Wellbeing division, Cheshire Change Hub, continues its commitment to reducing the health inequalities faced by those living in the 40% most deprived Lower Super Output Areas (LSOA) in Cheshire West and Chester. The newly issued 5 year integrated Wellness contract has a new focus on priority groups as defined by Public Health England. These include residents with learning or physical disabilities, living with enduring mental health conditions, pregnant women and young adults.

Since the creation of Cheshire Change Hub in 2015, the Quit Smoking service has seen 3,696 people successfully quit smoking; proof that the service is available to those who are most in need of direct support.

Our achievements over the last year include:

Being awarded a new 5-year Integrated Wellbeing contract to allow us to continue improving the health of the population of the borough.

Being awarded a 2.5 year Falls Prevention contract, allowing us to provide free support to those over the age of 65.

We completed Phase 1 of the Macmillan programme which involved 2,000 hours of work completed by our volunteers.

Brio showcased evidence of the social value of our integrated wellbeing contract at the International Society for Health and Physical Wellbeing Activity in London. One primary focus of the presentation was on the reach of services to residents aged over 75 years.

Since the addition of the Falls Prevention service to Cheshire Change Hub in July 2018, we have received 80 referrals.

The Brio marketing department worked alongside Cheshire and Wirral Partnership (CWP) to create a fresh new brand for the Starting Well contract. This provided innovative material to inspire young people aged 0 - 19 years to become more active.

Working alongside The Neurotherapy Centre, we began working on an Access to Exercise project that allows those with neurological conditions to remain active.

QUEST awarded 'Excellent' for Community Outcomes and Contribution to Health and Wellbeing at Northwich Memorial Court.

Working with Cheshire West and Chester Council on the national campaign 'Give Up Loving Pop' (GULP) by removing sugary drinks from our vending machines.

We made huge steps towards improving the sustainability of Brio Bites by removing all single-use plastic products and replacing them with fully compostable alternatives.

Section 6

Outreach and Awareness

Every year, we get out and about into the community to promote the benefits of healthy living, ensuring our message reaches all parts of the borough. Often, we'll attend community events such as fetes, open days and more, and we always bring our mascot, Brio Bear, with us. Everyone loves him, and he does a fantastic job of drawing a crowd!

One focus from the last 12 months has been on increasing awareness of Brio as an employer. Our HR team has been busy attending employment fairs across the borough and promoting the benefits of working in the leisure industry.

Thanks to participating in the Swim Local pilot, we were able to take some innovative steps toward improving our brand visibility across Cheshire, including interactive 3D vinyl floor prints in high traffic areas, and full bus wraps promoting Northgate Arena.

Specific event highlights this year include:

- Chester Pride
- Race for Life
- National Fitness Day
- Christmas Light Switch On Events
- School Fairs
- Neston Ladies Day
- Wirral Coastal Walk
- Northwich Arts Trail
- Northwich River Festival
- Northwich Library Health and Wellbeing Week
- Lion Salt Works Teddy Bear Picnic
- Ellesmere Port Food Festival
- West Cheshire College Freshers Fair



Section 7

Customer Feedback

We love hearing feedback from our customers; it's one of our primary tools for improving how we work. It lets us know where we're excelling, so we can continue to do so, and where we could improve or work differently.

We gather feedback through a range of channels, including the Brio website, social media channels and in-centre collection methods too.

We don't just collect feedback though, we act on it where possible, to ensure we are constantly improving our service. One example of this was due to an email we received from a member, who lived between two Brio centres, so would often download both centres fitness class timetables. Our previous printable

timetable design didn't include the centre name and, as this customer pointed out, when you print out multiple timetables it could be easy to lose track of which was which. We took this on board with the next set of timetables and ensured we included the centre name in a prominent position, making the customer experience quicker and easier.

At Northwich Memorial Court, we combined our own capacity reporting with the high demand for additional classes and used customer feedback to shape when and which additional classes should be added to the timetable. The team at Northwich have made similar changes regarding sessions that customers wanted to see more of, leading them to introduce additional Wet 'n' Wild sessions and Brio Spin 50+ classes.



Here's a snapshot of some of the positive feedback we've had:

"Friendly, non-judgemental gym where I feel incredibly comfortable, unlike others I have been to. Had a plan written by the gym team, who are an absolute credit to Brio."
- A happy customer at Neston Recreation Centre

"Fantastic show last night, comfortable theatre, friendly staff and very reasonable prices. Thank you for making a night out very enjoyable"
- A Brio Entertainment customer from a show at Northwich Memorial Court

"Just to say that the new swimming instructor is a brilliant teacher. I would recommend anyone to have lessons with her. She likes to push us just that little bit further than we thought we were able. What a little star you have."
- Website feedback on swimming lessons

"Fab pool party, the kids couldn't get enough of the inflatable obstacle course"
- Feedback on our pool parties at Christleton Sports Centre



Section 8

Research and Intelligence

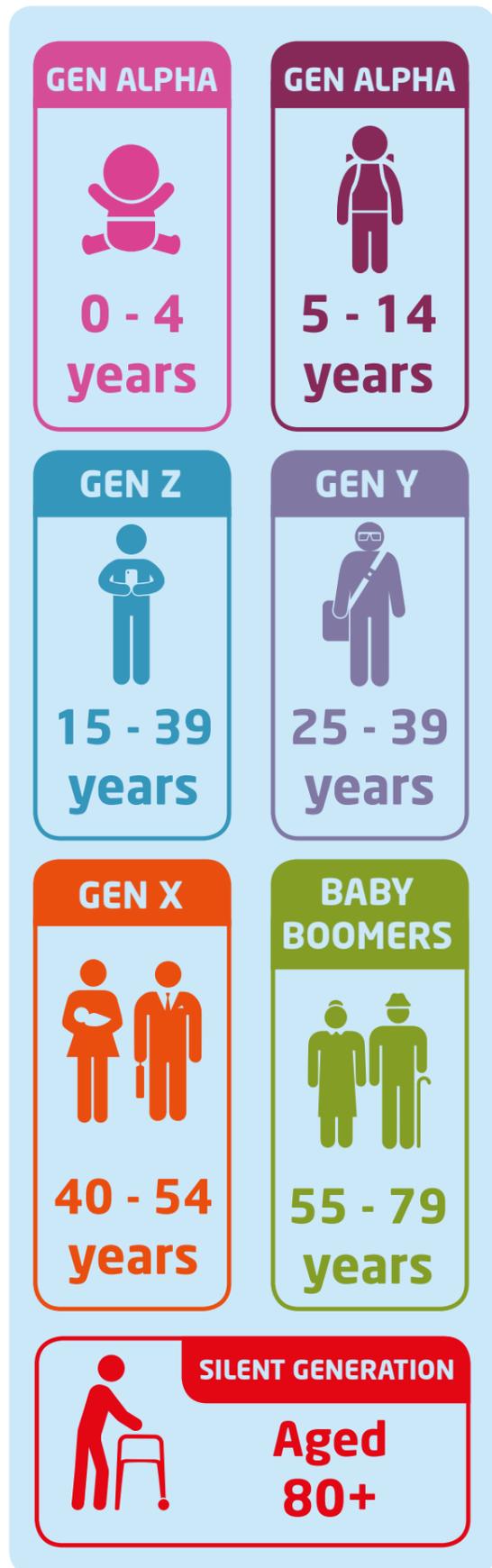
Brio has made significant advances over the past 12 months in terms of understanding our audiences, competitors, promotion and business performance. This intelligence is vital for us to improve, so we have worked hard to ensure we cover all aspects of the business and understand where our gaps lie.

Last year saw the launch of our Brio Secret Agents initiative, wherein we recruited a small group of current users and non-users alike to operate as mystery visitors. Carrying out regular visits and feeding back to us through surveys and reviews, we're able to use their responses to help better understand our customer needs and see where we're excelling and where we need to improve.

Using social value communications with the Data Hub social value calculator toolkit, we've found that Brio has more than a £16m annual benefit to the borough by getting the community active. Putting a figure to the work we do helps put into perspective just how vital a healthy lifestyle is, not only at an individual level but also at a broader community level too.

Internal communication and engagement is also a key focus for us and has led to us updating our staff survey based on feedback from users across the company. The improved survey means we're able to ask the right questions to our staff and get useful feedback that can then go on to help improve the way we work.

With the creation of the new marketing strategy, a strong focus has been placed on ensuring stronger data and insight is provided to the business to reshape our products and sales processes. This information will be used to better target audiences by generation group and will ensure the purchasing process and customer experience suits their needs. As shown on the right, there are six generations and we have chosen to break down Gen Alpha in to two groups that match our leisure customers and products; toddlers and juniors.



2018/19 has been an award winning year!



11,781
NEW MEMBERS

compared to last year

124%



MOBILE APP LAUNCHED

OVER
1,450
DOWNLOADS



has led to

3% MORE
more people opting to join online

69% of people knew about



3%

Investment and Innovation:



New Spin Bikes at Frodsham

HITSTEP LAUNCHED

MORE CLUBBERCISE classes



Section 9

Overview of Technological and Website Developments

The last 12 months have seen some significant advances in our technological and digital capabilities, meaning we can work harder, smarter and more efficiently.

A big focus this year has been on rewarding member loyalty, and the Brio Leisure app launched to a fantastic reception from our Premier and WorkFit customers. The new app allows them to manage bookings and provides ongoing engagement through challenges, prize giveaways, workout tracking and exclusive deals. The user base continues to grow with over 6,000 downloads to date and hundreds of regularly engaged users participating in challenges and competitions.

Another significant development was the revision of the Cheshire Change Hub website to reflect the changes in service provision. Along with new eligibility checkers to ease the customer journey, we also incorporated a section that offers advice and signposting on several wider areas such as sexual health, mindfulness and stress management.

Other web and technology developments include:

The movement of regular gym challenges from physical posters in centres to the new Brio app has meant that our number of engaged customers has gone from a small handful to around 300 every month.

We amended the Brio website navigation to give new focus on ensuring our PAYG prices and new products were promoted as prominently as our memberships, based on feedback from users.

The recruitment of a new Digital Marketing Apprentice not only helps us manage our digital workload, but their qualification means they bring new skillsets back to the team, including HTML coding, Search Engine Optimisation and more.

Brio Heart, our new staff intranet, is now live and available for all staff members to use. It's a one-stop-shop that keeps the workforce in touch with each other, as well as allowing access to surveys, useful links and documents.

We continue to refine the use of our in-centre digital screens for promoting activities and services, and after investing in training and equipment, we have increased the use of videos and animations displayed on these.

We have spent the last year focused on delivering our ICT strategy, focusing on the 10-step plan to revolutionise the technology within the company. The first stage has been to set the foundation for the ICT infrastructure of the company, to ensure our future needs can be easily accommodated.

From our ICT roadmap we have completed the first phase with:

Microsoft 365 suite available to all Brio users

Software hosting in the cloud with their developers, ensuring latest software releases

Sharepoint platform to provide a companywide information platform, document management system and electronic workflows

Decommissioning of existing services and server infrastructure

Creating of a central data warehouse to bring together all of our data sets

Improved connectivity that is fast, reliable and safe

Ensured the company is GDPR compliant with regular third-party audits of our systems and practices

Attainment of Cyber Essentials Plus and our compliance to access NHS.net

We have now entered into the second phase of our ICT roadmap where we review our customers journey, internal efficiencies and utilisation of business information by:

Utilising our data warehouse, we will provide great business intelligence easily and visually

Looking to improve our customers digital journey

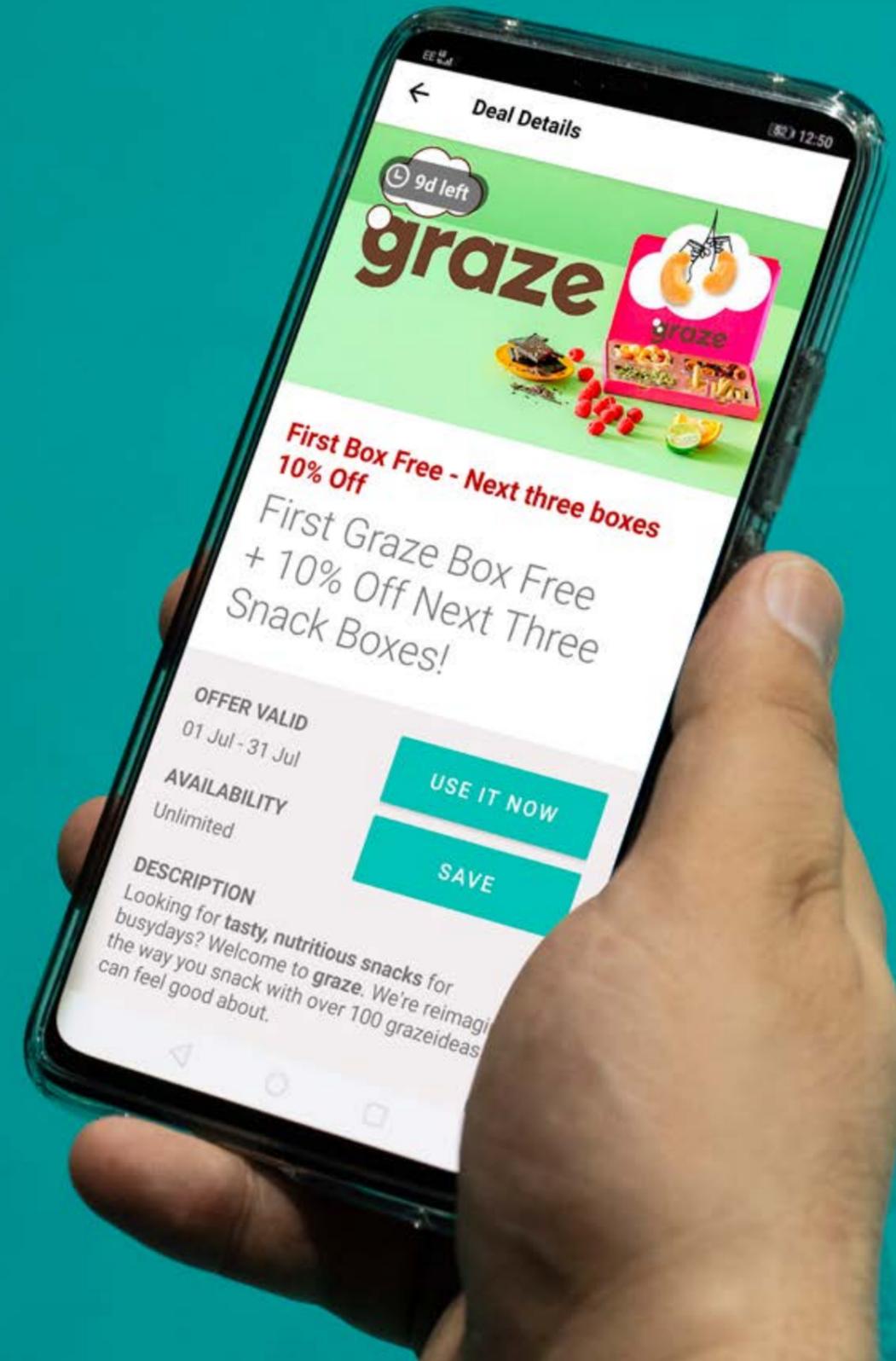
Electronic workflows to improve efficiency and effectiveness

Implement a new telephony hub

Review of the entire software landscape to ensure it is fit for purpose and value for money

A review of how we control access to our buildings

We will have better systems creating more informative data sets, ensuring better decisions that result in happier customers.



Section 10

Financial Review

Brio's fifth year of contract performance has seen further significant challenges around the capability of our asset portfolio for those areas outstanding in refurbishment.

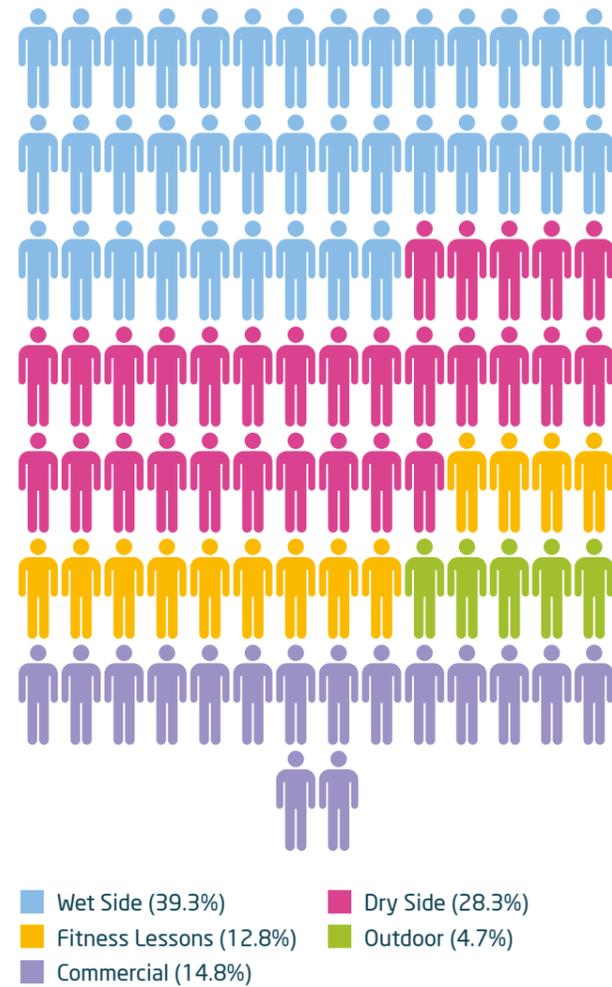
Neston Recreation Centre reopened in mid-April after a £2.2m renovation funded by Brio Leisure, with £500,000 worth of National Lottery funding from Sport England, and has successfully built its levels of business through the year. However, increases in competition from the budget leisure market have impacted on our core offer and our ability to grow our market share. In the meantime, our cost base has seen significant increases, particularly in areas of staffing costs where we pay a minimum of the Local Living Wage. Closures have significantly hindered our business activities due to maintenance issues which have meant lost income and significant repair costs.

The company continues to push through longer-term energy efficiency solutions and progressing work on potential site refurbishments. There are delays to the expected work on Northgate Arena, while our loss-making deficit assets remain under review. Brio Leisure is taking a collaborative approach with Cheshire West and Chester to find optimal solutions to provide services that are fit for purpose for the Borough. Both parties recognise that the vision for the company on formation in 2011, is not now achievable, and re-evaluation and a new direction are necessary.

Achievement and Performance

The company has continued into its eighth full year of operation and has been busy trading in a very active market. For the financial year to 31 March 2019, the company made a loss on ordinary activities before pension liability of £1.139m. The overall reserve position is a deficit of £4,061m as a result of pension liability. During the period we provided health and wellbeing opportunities for the residents of Cheshire West and Chester Council and the wider community, attracting over 3 million visitors throughout the year.

Brio Visitors by Activity



Income and Expenditure

	Excluding Pension £'000	2018/2019 Including Pension £'000	Excluding Pension £'000	2017/2018 Including Pension £'000
Income Turnover	12,707	12,707	12,447	12,447
Cost of Sales	(925)	(925)	(1,256)	(1,256)
Gross Profit	11,782	11,782	11,191	11,191
Administrative Expenses	(12,922)	(13,563)	(11,425)	(12,051)
Operating Profit/(Loss)	-1,140	(1,781)	(234)	(860)
Finance Costs		(55)		(65)
Finance Income		6		2
Loss Before Income Tax		(1,830)		(922)
Income Tax		51		(55)
Loss for the Period		(1,881)		(868)
Pension Actuarial Gains/(Losses)		952		(799)
Total Income for the Period		(2,833)		(69)

Balance Sheet

	£'000	2018/2019 £'000	£'000	2017/2018 £'000
Non-current Assets				
Property, Plant and Equipment	90		157	
Deferred Tax Asset	-	90	51	208
Current Assets				
Inventories	56		46	
Trade and Other Receivables	373		422	
Cash and Cash Equivalents	1,080	1,509	1,857	2,325
Total Assets		1,599		2,533
Equity				
Shareholders Equity				
Called Up Share Capital				
Retained Earnings	(4,061)	(4,061)	(1,228)	(1,228)
Total Equity				
Liabilities				
Non-current Liabilities				
Pension Liability	3,077		1,437	
Deferred Tax	-	3,077	-	1,437
Current Liabilities				
Trade and Other Payables	2,583	2,583	2,324	2,324
Total Equity and Liabilities		1,599		2,533



Section 11

Looking Forward to 2019/2020 and Beyond

The year ahead will involve working more cohesively with the council on the Brio model to address challenges and improve our services. Ageing assets remain a significant challenge and drain on cost. Several sites will undergo review and strategic analysis of the borough's assets, and we will finalise options on access for more people to be physically active.

The continued focus on health and wellbeing outcomes for those most in need will shape what we do. The demographic challenges of increasing rates of obesity in children and adults, our ageing population, along with rising numbers of mental health conditions becoming increasingly prominent in our communities means we will look more closely at the products and services we deliver and barriers to access. Our concessions support will consider how we can overcome these barriers.

Continued growth in our entertainment offer will see a wide array of genres and performances, and we anticipate more footfall to the well-established programme.

Our Investment in new fitness equipment together with a regularly refreshed fitness class timetable will ensure our centres remain popular and suit our customer needs.

We have commenced procurement of our vending contract, which will ensure we provide healthier options and comply with CQUIN* guidelines, which will generate much needed income for the business.

Internally, we will embed Brio Heart across the company, ensuring it becomes a central part of the business that staff are not only trained to use regularly but so that it's something they actively want to use too. The appointment of an internal communications role will support this.

We will continue to document new strategic priorities and share them with teams across the business to ensure we focus on improving service delivery. Brio Elements will be used to deliver these clearly and concisely, aligning our brand and values into new areas.

*CQUIN - Commissioning for Quality and Innovation

In the second half of the year, we will be appointing new Board members, bringing a new set of skills and expertise to the business.

We will be training with other agencies and organisations to deliver enhanced skill sets to our staff, allowing them to provide public services better. Investigation and research into new ways of engaging with service users will take place too, taking into account holistic wellbeing.

Further research into understanding social value will take place in partnership with the University of Chester. The benefit of this is already evident, so it's essential that we get greater insight into it.

The development of a new trackside facility at Ellesmere Port Sports Village is currently under construction. This purpose-built amenity provides quality changing rooms and community space for users of the track and outdoor pitches which further promotes the centre as an outstanding venue for sports and leisure activities.

Brio was invited to be a Parliamentary Review Member throughout 2019 following our inclusion in the Annual Parliamentary Review 2018. This means that Brio is able to contribute to parliamentary decisions, such as being consulted on major parliamentary motions and being polled on views for future draft legislation. We can also contribute regular news or opinion articles, on an industry-specific topic, throughout the year. These will be published on The Parliamentary Review's website and social media outlets.



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 @brioleisure
 brioleisure.org

Designed and produced by Brio Leisure
**Head Office: Northgate Arena,
Victoria Road, Chester, CH2 2AU
01244 377 086**

Aug 2019