

Corporate Policy and Strategy Committee

10.00am, Tuesday, 17 May 2016

Citywide review of Council-owned sports facilities and services: Management transfer of school sport facilities to Edinburgh Leisure

Item number	7.4
Report number	
Executive/routine	
Wards	All

Executive Summary

Over the past six months a business case has been developed by Edinburgh Leisure (EL) in consultation with Council officers for the management transfer of secondary school sports facilities to EL. This business case has been approved in principle by EL's Board of Directors and is being reviewed by Council officers. The business case presents a medium to long term view of the transfer and indicates that net additional income would be achievable from year three of a six year plan. Approved savings of £0.500m in the current financial year would not be delivered in 2016/17 or 2017/18, with partial delivery in 2018/19. Alternative savings will need to be identified for this period. Potential benefits include increased access to the school sports facilities by local people and local clubs, increased opportunities for physical activity and sport participation, improved online booking and improved customer care.

Links

Coalition Pledges	P42
Council Priorities	CO4 , CO10 , CO20
Single Outcome Agreement	SO2

Report

Citywide review of Council-owned sports facilities and services: Management transfer of school sport facilities to Edinburgh Leisure

1. Recommendations

- 1.1 Instruct Council officers to continue to work with Edinburgh Leisure to ensure that due diligence is exercised over the business plan and financial implications for the Council.
- 1.2 Note that consultation will continue with relevant stakeholders, including SportScotland, on the impact that the changes would have on existing funding of programmes and priorities.
- 1.3 Instruct a further report to be presented to the Committee on 14 June 2016 detailing the proposed way forward and timetable.
- 1.4 Note that the work will be taken forward by a Joint Implementation Steering Group of Council officers and EL personnel which will oversee the detailed proposals to implement the new arrangements.

2. Background

- 2.1 As part of the Priority-Based Planning exercise in 2013 the Council approved a sum of £150,000 for an independent review of Council-owned sport facilities and services. The review was designed to identify savings while maintaining access to physical activity and sport for those most in need.
- 2.2 The scope of the review covered all the facilities and services managed by EL, including sport facilities at Queensferry High School outwith curricular hours, and the sport facilities of the 22 secondary schools managed by the then Children and Families Service. No other Scottish local authority has completed a review of this scale so English and Welsh benchmarks were used by the consultancy appointed to carry out this review - Max Associates. The work started in July 2014 and involved data gathering, benchmarking and data analysis, and engagement with a wide range of stakeholders.
- 2.3 The results of the review were reported to the Corporate Policy and Strategy Committee on 29 September 2015. This major year-long review was intended to establish the total cost, income and usage of the facilities and services in scope; to assess supply against potential demand up to 2030; and to recommend ways to

improve the financial position. Max Associates recommended that the management of Secondary school sports facilities be transferred to EL, subject to approval by the EL Board. This would provide clarity on costs, generate more income, improve customer service, access, participation and health and well-being.

- 2.4 On 29 September 2015, the Corporate Policy and Strategy Committee approved in principle the management transfer of Secondary schools sport facilities and instructed Council officers to work with EL to create a detailed specification and business case for this. Committee also requested a progress report within six months to include a timeline for a phased changeover.

3. Main report

- 3.1 The Corporate Policy and Strategy Committee on 29 September 2015 approved the recommendation that there be no detriment to the education provided to pupils, their ability to access school facilities, nor any financial detriment to the service or EL.
- 3.2 Recognising that this represents a new business stream for EL and a new direction for the school sports facilities, it has been agreed that the Council and EL would work together to take the proposals forward. The Council is now conducting due diligence on the proposed business model including the financial implications.
- 3.3 Since September 2015 support from a range of Council officers was provided to EL to develop the Business plan. This support involved the provision of information to EL together with meetings with key staff and contact with officers.
- 3.4 In February 2016 Council were provided with a copy of the EL Business plan that was subsequently approved in principle at the EL Board meeting on the 7 March 2016. Since then discussions have taken place at the Council's Corporate Leadership Team and with key elected members. As a result, work is focussing on financial projections and costs, legal requirements regarding licensing, funding agreements, procurement, PPP contracts and human resources issues including staff contracts and potential TUPE arrangements.
- 3.5 It is planned that a set of agreed proposals setting out timelines for implementation will go to Corporate Policy and Strategy Committee in June 2016
- 3.6 EL's business case has been developed starting with the new schools (Portobello, James Gillespie's) and Liberton being transferred in the first phase followed by Wester Hailes and Boroughmuir in January 2017, with all the remaining schools in August 2017.
- 3.7 The Council has approved a saving of £0.500m in 2016/17 from the integration of the sports services currently based in Communities and Families. The EL business plan indicates that this saving is not achievable in 2016/17 or 2017/18. It shows a partial delivery from 2018/19 with additional income exceeding the savings target from 2019/20. Officers are currently exploring alternative options to deliver this saving pending the delivery of additional income from the transfer.

- 3.8 The service transfer start-up costs have been spread over five years and this, taken together with the other factors below, means that there is a net deficit projected for years one and two. Factors affecting this position include:
- 3.8.1 Additional EL overheads incurred from 2016/17;
 - 3.8.2 EL matching planned Council 4% price increases in 2016/17 and 2017/18;
 - 3.8.3 The time taken to develop the business and generate an uplift in customers and usage.
- 3.9 In addition to the financial benefits additional potential benefits are anticipated. These include:
- Extra 24,000 hours of physical activity and sport per year being enjoyed by local communities which otherwise would not happen. This equates to around 23 hours of additional use of activity areas, per site, per week;
 - Estimated annual increase of 240,000 visits;
 - Improved customer service levels;
 - Improved marketing, service profile and visibility;
 - EL's online booking system to improve access to facilities;
 - Potential further savings from Council staff efficiencies;
 - Price harmonisation between schools and EL facilities;
 - Improved strategic management of all the sports facilities;
 - Increased facility capacity;
 - More varied programme of activity offered at school sites including pay and planned and casual use at fully managed sites;
 - Complimentary activity programming with EL managed sites;
 - Economies of scale;
 - Development of a clearing house service which matches sports clubs to available space;
 - Potential re-investment in school sport estate if financial projections are realised;
 - Bringing tried and tested sports facility management expertise.
- 3.10 The proposal is that under delegated authority Council officers will negotiate a licence to operate/occupy for EL which will ensure clarity on who is responsible for what. This will be detailed in the licence. EL will ensure a community use agreement is established for each school site.

- 3.11 A Joint Implementation Steering Group has been formed (appendix 1) to drive the project forward. This includes a mix of Council officers and EL personnel. The Steering Group will bring forward detailed proposals to oversee and implement the new arrangements.

4. Measures of success

- 4.1 A suite of performance indicators will be developed and agreed with EL. Potential positive outcomes from the integration include:
- 4.1.1 School communities benefit from the expansion of programmes for children, young people, families and the whole community;
 - 4.1.2 Reputation of the school improves through raising the school profile by creating a positive image;
 - 4.1.3 More vocational opportunities for young people (coach education courses, modern apprenticeships, training and work experience);
 - 4.1.4 Contribution to building stronger communities through increasing integration of schools and communities;
 - 4.1.5 Greater reach for programmes serving the community;
 - 4.1.6 Reduction in vandalism and anti social behaviours with activities being offered on the doorstep;
 - 4.1.7 Increased availability and range of opportunities for local communities to be more physically active;
 - 4.1.8 School facilities will be better integrated with existing EL provision to avoid duplication and fill any gaps in provision;
 - 4.1.9 Improved access to the school sporting estate to meet the physical activity and sporting needs of the people of Edinburgh;
 - 4.1.10 Better strategic planning of school sports facilities and activities integrated across the whole Council estate;
 - 4.1.11 Development of a financially sustainable delivery model;
 - 4.1.12 Development of an improved delivery model – improved effectiveness and efficiency, improved customer journey.

5. Financial impact

- 5.1 The business case indicates, following set-up arrangements and time for business development, that net additional income would be achievable from year three of a six year plan. The due diligence process is ongoing. However, this suggests that approved savings of £0.500m in 2016/17 from the integration sports services will not begin to be delivered until 2018/19. Alternative savings would need to be identified until the integrated service is fully operational.

- 5.2 In developing their business case, EL have working assumptions including: availability and opening hours; VAT; occupancy levels; prices; set up costs; building costs; and staffing. Council officers will now work with EL to clarify and agree the way forward.

6. Risk, policy, compliance and governance impact

- 6.1 The main recommendation of this report is for a change in the management of Secondary school sport facilities which will support the Council's existing policies on improving health and well-being through greater participation in physical activity, in line with national policy.
- 6.2 The Procurement (Scotland) Regulations bring new requirements to local authorities to market test services. Officers are currently working with Edinburgh Leisure to ensure that the future relationship between the Council and Edinburgh Leisure deals appropriately with all relevant legislative requirements, including relevant procurement requirements.
- 6.3 The management of the proposed substantive changes in Secondary school sport facilities needs to be effective to avoid potential reputational damage for the Council or Edinburgh Leisure.
- 6.4 At this time there is no guarantee around the figures in the business case projections, and increases in participation and income may fall short of targets.

7. Equalities impact

- 7.1 The main recommendation may widen access for all to the Council's sport facilities. If Committee approves the recommendation to transfer management of school sport facilities to EL, an equalities and rights impact assessment would be an integral part of the negotiations with EL.

8. Sustainability impact

- 8.1 The impacts of this report have been considered in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Sector Duties. At this stage, it is anticipated that any impact on carbon and climate would be low, but there will be further analysis for each element of the improvement works as they proceed. The city's sustainability will improve as people have greater access to the facilities and services for health, and the portfolio is managed more efficiently.

9. Consultation and engagement

- 9.1 Clubsport Edinburgh carried out a survey of their members clubs and held three workshops on the proposed management transfer. EL recognise sports clubs are important stakeholders and their 'buy in' to the new management arrangements by EL is considered essential. There is a well established relationship between community sports clubs and the use of school sports facilities.

- 9.2 Sportscotland provides external funding to the Council, as do a number of National Governing agencies for specific sports eg SFA, SRU. The use of school sports facilities is a requirement to deliver on the outcomes resourced by this external funding and assurances will be required.

10. Background reading/external references

- 10.1 Report to Culture and Sport Committee 11 March 2014 entitled "[Formation of a shortlife working group to oversee the review of all Council-owned sport facilities and services](#)".
- 10.2 [Report to Corporate Policy and Strategy Committee 29 September 2015](#)

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11. Links

Coalition Pledges	P42 Continue to support and invest in our sporting infrastructure
Council Priorities	CO4 Our children and young people are physically and emotionally healthy; CO10 Improved health and reduced inequalities; CO20 Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens.
Single Outcome Agreement	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	1. Joint Implementation Steering Group Membership

Community Access to School Sports Facilities

Implementation Group Membership

Andy Gray	CEC Head of Schools and Lifelong Learning
June Peebles	Edinburgh Leisure Chief Executive
David Bruce	CEC Service Manager Lifelong Learning
Remko Plooij	Edinburgh Leisure Director of Operations
Robin Yellowlees	CEC Principal Officer Sports and Outdoor Education
Kev Johnstone	Edinburgh Leisure Commercial Director
Jane Brown	CEC Principal Accountant
Cheryl Buchanan	CEC Divisional Projects Manager
Julia Daly	CEC Project Manager
Karen Scott	Edinburgh Leisure Interim Director of People
Mairi Grealis	CEC Senior HR Business Partner
Mike Fraser	CEC Principal Officer Community Access to Schools