

# Corporate Policy and Strategy Committee

10.00am, Tuesday, 29 September 2015

## Citywide review of Council-owned sports facilities and services: key findings and recommendations

<b>Item number</b>	8.2
<b>Report number</b>	
<b>Executive</b>	
<b>Wards</b>	All

### Executive summary

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In May 2014, the Council appointed Max Associates to review Council-owned sports facilities and services. 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 position. Max Associates recommends that management of school sports facilities should be transferred to Edinburgh Leisure, subject to approval by its Board, which would provide clarity on costs, generate more income, and improve customer service, access, participation, health and well-being. Potential savings and income-generating ideas identified by Max Associates within the Edinburgh Leisure portfolio total just over £1m. If implemented successfully, these would allow EL to absorb the forthcoming reductions in payment from the Council. Max Associates identified potential to generate further income of just over £1m from the school estate which could be achieved if the management of the school sports facilities were transferred to Edinburgh Leisure.

### Links

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<b>Coalition pledges</b>	P24, 42 and 43
<b>Council outcomes</b>	CO4, 10 and 20
<b>Single Outcome Agreement</b>	SO2

## Citywide review of Council-owned sports facilities and services: key findings and recommendations

### Recommendations

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- 1.1 Note the findings of this major year-long review, the first of its kind to be undertaken by a Scottish local authority;
- 1.2 Note that Max Associates has identified potential for over £2.1m in savings and new income;
- 1.3 Note that Max Associates has established that there is interest from external operators in managing the Council's portfolio;
- 1.4 Note that further work is required to comprehensively establish the full cost of the services in scope before any market testing could start;
- 1.5 Note that Max Associates recommends transferring the management of school sport facilities to Edinburgh Leisure, subject to approval by its Board, which would provide clarity on costs, generate more income, and improve customer service, access, participation, health and well-being;
- 1.6 Approve in principle the management transfer of school sport facilities to Edinburgh Leisure, ensuring that there is no detriment to the education provided to pupils, their ability to access school facilities, nor any financial detriment to the wider department and/or Edinburgh Leisure;
- 1.7 Instruct Council officers to work with Edinburgh Leisure to create a detailed specification and business case for this;
- 1.8 Request a progress report within six months, including a timeline for a phased changeover; and
- 1.9 Note that this change in governance and management should also provide the full data that would be required in order to put the entire sport portfolio out to the market, if Council wishes to test whether further savings could be achieved through that route.

### Background

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- 2.1 As a result of the Priority Based Planning exercise led by Ernst and Young, in 2013 Council approved a sum of £150,000 for an independent review of all 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 Edinburgh Leisure, including sport facilities at Queensferry High School outwith curricular hours, and the sport facilities of the 22 secondary schools managed by the Children and Families Service. No other Scottish local authority has

completed a review of this scale so English and Welsh benchmarks have been used by the consultancy appointed in May 2014, Max Associates, to carry out this review. The work started in July 2014 and involved data gathering, benchmarking and data analysis, and engagement with a wide range of stakeholders.

## Main report

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- 3.1 Max Associates has delivered five volumes of findings, including an executive summary which is appended. (An addendum, covering playing pitches, will be available shortly.) This report discusses the key findings and recommendations of the review. Updates have been provided throughout the course of this review to a Short Life Working Group chaired by the Convener of Culture and Sport.
- 3.2 The full brief for this work was detailed in a report to this [Committee in March 2014](#). Essentially, Max Associates was asked to establish the total cost and the total income and usage of the facilities and services in scope, the potential demand for these up to 2030, and to recommend any changes to improve the position. The consultancy was invited to recommend changes – whether in the range, type and location of facilities or services, or the governance or management of those – that would both generate more income and reduce costs while still providing the essential access to physical activity, sport, health and well-being for Edinburgh’s population, particularly the inactive and those most in need. The **key findings** are summarised below.

Only 8% of Edinburgh households have never used Edinburgh Leisure’s facilities or services, according to recent research accessed by Max Associates.
Max Associates identified 74,263 individuals (well over 16% of Edinburgh’s population) who are known to use Edinburgh Leisure’s facilities and services regularly.
10.6% of the 74,263 known users of Edinburgh Leisure live in the parts of the city which are classified as within the top quartile of the Scottish Index of Multiple Deprivation.
With one minor exception, there is no duplication of Council-owned sport facilities in the city.
Full community access to the school estate will be essential to meet the needs of Edinburgh’s rapidly growing population over the next 20 years.
In comparison with similar facilities managed by Edinburgh Leisure, the current community access to schools is more restricted, less publicised and marketed, and returns a lower level of income.
School sport facilities are regularly let to private sector sport competitors at low fees, and to some organisations for no fees; fees charged can be varied by

individual schools; and the school fees differ from those charged by Edinburgh Leisure.
Improvements could be made to customer service and access, and to income generation across the Council's full estate, if management of the sport facilities in schools were to be transferred to Edinburgh Leisure.
Investment in a selection of facilities managed by Edinburgh Leisure would improve services available to customers, increase usage and participation, and increase income.
Other suggestions for Edinburgh Leisure's operational side which might generate more income or save costs include attention to secondary spend by customers, and reviewing its approach to property costs (repairs, maintenance, utilities) and staffing.
Max Associates suggests savings and increased income totalling over £2.1m could be achieved (excluding proposals for investment which would generate further income in three years' time.)

### Costs, Income and Usage

- 3.3 A key part of the brief given to Max Associates was to establish the total cost of all sport facilities and services provided directly by the Council's secondary schools and on behalf of the Council by Edinburgh Leisure. The total cost of Edinburgh Leisure was provided. The cost of the schools' sporting facilities is not recorded under separate budget headings for curricular use and community use, with the exception of Wester Hailes Education Centre (WHEC).
- 3.4 An attempt was made to break down the costs of five other schools into school use and community use. Children and Families chose Trinity, Tynecastle, Broughton and Forresters/St Augustine's for this exercise. Queensferry High, the only school whose sport facilities are managed, outwith curricular time, by Edinburgh Leisure, was included as a comparison, although it is worth noting that it has less extensive and poorer quality sporting facilities than the other schools in this exercise and is in one of the lower density population centres. In this comparison, using the most complete data available shown in the table below, it is clear that the Council subsidises use of school facilities by the community and private sector (such as companies which teach learners to swim).

<i>School – sport facilities (non-curricular time)</i>	<i>Cost (excl. repairs and maintenance)</i>	<i>Income</i>	<i>Net position</i>
Queensferry High	£237,262	£125,798	-£111,464

WHEC	£600,935	£446,022	-£154,913
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3.5 The figures for Queensferry High and WHEC have been averaged to calculate that the overall net position for community use of sporting facilities in 23 schools is estimated to be -£3,063,000 per annum.

3.6 This is a minimum estimate because only two school campuses achieve higher income than Queensferry High: WHEC and the community sport hub at the combined campus of Forresters and St Augustine's. Queensferry High achieves £3.40 per visit while the average income per visit to other school sport facilities is £1.46. Edinburgh Leisure's average income per visit is £3.73.

3.7 Edinburgh Leisure provided Max Associates with its total operating cost, its total income and total usage data. An estimate of the total operating cost for Council-owned facilities and services in the scope of this review is provided in the table below:

Edinburgh Leisure 2015/16 projected total expenditure (including Queensferry High)	£28,867,788
22 secondary schools – community access to sport facilities – estimated annual cost using the average of QH and WHEC costs (2013/14 – latest year available)	£9,220,167
<b>ESTIMATED Total Operating Cost</b>	<b>£38,087,955</b>

3.8 Max Associates established the income from every centre and secondary school and has reported the total income achieved in financial year 2013/14 as follows:

<b>Total income in financial year 2013/14</b>	<b>Customer visits</b>	<b>Income</b>
Edinburgh Leisure (18 facilities, 6 golf courses, sports pitches and non-curricular time of Queensferry High)	4,314,000	£19,263,817
22 secondary schools – community access to sport facilities	758,461	£1,274,576
<b>Totals for the Council services in scope</b>	<b>5,072,461</b>	<b>£20,538,393</b>

3.9 The customer visits indicator does not record the number of individuals making use of facilities. It was not possible to obtain this figure for the school facilities. Edinburgh Leisure captures the number of individuals who register for particular courses, discount cards and offers, and memberships, but in common with other sport and physical activity providers, does not currently track the number of people who may use facilities casually, turning up to 'pay and play', or individual members of clubs using the facilities. Edinburgh Leisure holds details of 74,263 individuals. This number represents 16% of the city's population (of this total, 10.6% are from areas of Edinburgh which fall within the 25% most deprived

areas in the Scottish Index of Multiple Deprivation). The total number of individual customers will of course be higher than the 74,263 who have registered for courses, discounts and memberships.

- 3.10 Max Associates suggests a number of ways to improve the financial position and meet users' needs across the Council's portfolio. These are discussed below.

### **Facilities**

- 3.11 Max Associates has analysed the range of facilities in the Council's portfolio alongside provision in Edinburgh by other sectors (private, higher education and private schools). Max Associates concludes that current needs are met but the needs of Edinburgh's growing and projected population will only be met if the sporting facilities within the school estate are opened up fully to community access. (This is also supported by recent research by **sportscotland**.) Max Associates notes that community access to schools is currently limited primarily to clubs and private sector providers; casual use by individuals is generally not available except at Wester Hailes Education Centre and Queensferry High.
- 3.12 The brief asked the consultancy to consider whether any existing facilities should be closed or used for alternative purposes. Max Associates reports that:
- 3.12.1 there is no duplication within the Council's portfolio (with the exception of a new direct replacement swimming pool in the new James Gillespie's, which is within two minutes' walk of Warrender Swim Centre); and
  - 3.12.2 there is some scope for greater occupancy levels of 3G pitches.
- 3.13 Max Associates explored opportunities for investment in five facilities, and prepared outline business cases for these: Edinburgh International Climbing Arena (EICA), Gracemount Leisure Centre, Craiglockhart Leisure and Tennis Centre, Drumbrae Leisure Centre and Kirkliston Leisure Centre. Edinburgh Leisure is now progressing with investment in Gracemount and developing the business cases for the investment in EICA and Craiglockhart. Discussions have taken place on the potential for spend to save and prudential funding to implement these investment opportunities which will encourage greater usage, improve customer experience and increase income.
- 3.14 Meadowbank Sports Centre and Stadium attracts 566,000 visits per year. Although it is included in the data gathered for this review, the Centre was not considered in any detail by Max Associates because of the ongoing project to develop a new Meadowbank, as reported separately on this agenda. However, if the Meadowbank project does not proceed to completion, Max Associates advises that there would be a serious under-supply of facilities across the city.

### **Services**

- 3.15 As Max Associates has noted, Edinburgh Leisure provides a broad range of sports, health and physical activity development programmes. Its facilities and membership schemes are available to all, but in addition, Edinburgh Leisure provides targeted discounts and programmes for key groups including children

and young people, people with disabilities, older people, women from minority ethnic groups, BME groups, people with long term health conditions and others who face potential barriers to participation. Edinburgh Leisure delivers a number of coach-led courses including a substantial learn to swim programme (8,000 learners in 2014/15) and other courses. In total, Edinburgh Leisure coaching courses have 13,500 adult and junior participants each week (in 2014/15).

- 3.16 Max Associates makes the following recommendations to maximise income from Edinburgh Leisure's services:
- 3.16.1 review the Edinburgh Leisure swimming lesson programme;
  - 3.16.2 review the pricing and membership offers;
  - 3.16.3 aim to increase income from pitches; and
  - 3.16.4 review operating costs.
- 3.17 With the exceptions of Wester Hailes Education Centre and Queensferry High, school sport facilities are currently let out to clubs and private sector providers (such as companies which teach people to swim). There is some limited programming of sport and physical activities within the school estate for communities, and limited access for the casual user.
- 3.18 Max Associates notes that there is no single approach by schools to marketing or the provision of information about their sport facilities to the community. In some instances, information is only available by phoning an individual school.
- 3.19 The Children and Families Service has approved a revised schedule of charges (although these remain lower than those of Edinburgh Leisure) for community use of the school estate, which came into use at the start of the academic session 2015/16. Initial work begun by Children and Families to procure a new IT system to take online bookings for school facilities and courses is now on hold pending the start of CGI's contract to provide ICT services to the Council.
- 3.20 Max Associates makes the following recommendations in relation to the school sport estate:
- 3.20.1 record the cost and usage figures for community access to the school sport estate;
  - 3.20.2 work with Edinburgh Leisure on direct delivery of swimming lessons to the community in school pools (to end the effective subsidy from Children and Families to private sector competitors delivering swimming lessons);
  - 3.20.3 improve customer service at all school sites through better information, improved programming, and offering online and other channels to make bookings;
  - 3.20.4 improve income at all school sites through the actions above and from marketing and branding; and

3.20.5 align all prices for community use of schools to match those of Edinburgh Leisure.

### **Governance and Management**

- 3.21 Since the Council does not have the expertise available to implement all of the above recommendations, Max Associates goes further, and makes one overarching recommendation: that the community access to the school sport estate should be managed by Edinburgh Leisure, which does have the expert staff with the right knowledge, market awareness, experience and skill set to do this.
- 3.22 Max Associates suggests that this would increase usage, generate more income, and provide a consistent approach to customer services, information and marketing across the Council's full estate. Max Associates believes that Edinburgh Leisure has the infrastructure to take on this role for some schools without increasing its head office staffing numbers, although this would require to be tested. Further dialogue would be required with Edinburgh Leisure to find out if the company would be willing to take on the management of the schools and if so, to discuss a detailed specification and business case for this and on what contractual basis it might be done.
- 3.23 As part of the review, Max Associates completed some soft testing of the market for external operators to gauge the potential interest in managing the Council's sport estate and associated programmes. Max Associates received a very positive response to this initial test, but has not taken it any further. The opportunity remains for the Council, should it choose to do so, to explore the option of formal market testing for all the Council-owned facilities and services.

### **Next Steps**

- 3.24 The recommendations by Max Associates will need to be tested for deliverability by Council officers and Edinburgh Leisure. It is suggested that as a first step, Edinburgh Leisure Board should consider whether it would wish the company to take on management of the school facilities. If the Board agrees, Edinburgh Leisure would then be asked to work with Council officers to prepare a proposal for the phased changeover. Max Associates recommends that eight schools be transferred in the first phase (as detailed in the appended Executive Summary).

## **Measures of success**

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- 4.1 Successfully implement deliverable recommendations for change, and through these changes, create better customer service, improve access and participation across the city, generate more income, and record more complete data on all services in scope.



## Financial impact

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- 5.1 The sum of £150,000 for the review was identified in the Council budget of February 2013.
- 5.2 Max Associates has provided a range of ideas to generate more income and make revenue savings which it calculates as potentially achieving £2,114,000. This is broken down in the Executive Summary on pages 8 and 10 as £957,000 and £100,000 against Edinburgh Leisure and on page 9 as £1,057,000 against facilities managed by Children and Families. These figures will need to be tested by the Council and Edinburgh Leisure for deliverability. (Max Associates suggests some further additional income could be achieved three years after making some capital investment; this income is excluded from the above totals.)
- 5.3 Edinburgh Leisure is already planning to make savings of £334,000 in 2016/17 and a further £407,000 in 2017/18. Some of the suggestions made by Max Associates to reach the total of £957,000 for EL were either already in train or have been adopted by EL in order to meet these savings targets. The Council may need to reduce its service payment to Edinburgh Leisure further in future years. Securing additional savings without including the school sport estate would be very challenging.

## Risk, policy, compliance and governance impact

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- 6.1 The main recommendation of this report is for a substantive change in the management of community access to schools which, while not without risk, would 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 Market testing the Council's entire sport portfolio as a next step remains an option; again, with risks and potential benefits.

## Equalities impact

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

## Sustainability impact

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- 8.1 The impacts of this report have been considered in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties. At this stage, it is anticipated that any impact on carbon and climate would be low, but will be further analysed for each element of 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.

## Consultation and engagement

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9.1 As noted above, Max Associates engaged with a wide range of stakeholders during this year-long review.

## Background reading/external references

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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".

Scottish Government [Active Scotland Outcomes Framework](#)

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## Links

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<b>Coalition pledges</b>	P24 Maintain and enhance support for our world famous festivals and events; P42 Continue to support and invest in our sporting infrastructure; P43 Invest in healthy living and fitness advice for those most in need
<b>Council outcomes</b>	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; CO26 The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
<b>Single Outcome Agreement</b>	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
<b>Appendices</b>	1. Max Associates – Executive Summary

CITYWIDE REVIEW OF COUNCIL-OWNED SPORTS  
FACILITIES AND SERVICES

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VOLUME 1 - EXECUTIVE SUMMARY

August 2015



## 1. INTRODUCTION

- 1.1. Max Associates was appointed by the City of Edinburgh Council (the Council) in May 2014 to undertake a citywide review of Council-owned sport facilities and services.
- 1.2. The purpose of the review is to understand how well current services are operating and what opportunities exist for further income generation or expenditure savings to meet the Council's future budget requirements.
- 1.3. Recommendations are based on the need to appropriately balance income generation against targeting users where price would be a barrier to participation. The analysis identifies ways that the service and operation could be improved to increase access and participation in sport and physical activity.
- 1.4. The scope of the review covered all the facilities and services managed by Edinburgh Leisure (EL), including sports facilities at Queensferry High School (QHS) outwith curricular hours and the sports facilities of the 22 secondary schools managed by the Children and Families Service. Throughout this report we have used the term 'centre' to refer to each separate building managed by EL and the term 'facility' to refer to activity areas within a centre or a physical space within a school which is dedicated to sport, i.e. pools, halls, pitches etc.
- 1.5. The work involved data gathering, benchmarking and data analysis and engagement with a range of stakeholders. Overall performance of current service delivery has been assessed against: meeting Council objectives; quality of service delivery; and financial performance.
  - meeting Council objectives;
  - quality of service delivery; and
  - financial performance.
- 1.6. No other Scottish local authority has completed a review such as this so performance benchmarks from English and Welsh reviews have been used as part of this study.
- 1.7. Five volumes of strategic analysis, service assessment and options for future implementation encapsulate the work undertaken. This volume outlines the key findings and recommendations of the review.
- 1.8. Volume 2 provides a detailed assessment (where information is available) of the profile of residents utilising facilities against cost of provision.
- 1.9. Volume 3 details the outcomes of the service review of facilities operated by EL and school sports facilities and recommends improvements to achieve savings and improved service delivery.

- 1.10. Volume 4 provides costed options for development, enhancement and rationalisation of facilities managed by EL in order to improve services for customers and the financial position.
- 1.11. Volume 5 reviews and recommends governance and management options to achieve the financial and service recommendations of volumes 3 and 4.
- 1.12. An addendum to the original scope, covering a strategy for playing pitches across the city, will be provided shortly.
- 1.13. A number of meetings involving senior elected members and directors of services were held during the review. Updates were provided to a Short Life Working Group chaired by the Convener of Culture and Sport. In relation to an appraisal of the management options, the following strategic direction was given:
  - at this time the review should focus on EL managing Council sport and leisure facilities (EL being the Council's provider of choice), as opposed to an alternative organisation; and
  - the option for EL to manage the schools facilities should be considered within this review (meeting 24<sup>th</sup> March 2015).

## **2. STRATEGIC CONTEXT**

### **2.1. Facilities and services**

- 2.1.1. EL operates 18 leisure centres and 6 golf courses as well as a number of outdoor sports pitches, tennis courts and bowling greens. EL has a turnover of c.£30 million pa and employs over 870 people with 4.6 million customer visits a year (2014/15). EL's vision is inspiring Edinburgh to be a more active and healthy city.
- 2.1.2. In addition to centre management, EL is responsible for delivering sport, health and physical activity programmes to develop individuals and communities, and improve health and wellness across the city. In 2014/15 EL was awarded over £1.1m in external funding for projects from partners.
- 2.1.3. EL has a wide variety of centres within its scope: from traditional sports facilities, pools, sports halls, fitness studios, gyms and pitches, through to regional facilities such as Royal Commonwealth Pool (RCP) and Meadowbank Sports Centre (MSC), and specialist facilities - golf courses, gymnastics and softplay at Tumbles and indoor climbing at Edinburgh International Climbing Arena (EICA).

- 2.1.4. The EL centres are managed on a fully-staffed basis, with opportunities for casual 'pay as you play', memberships, schools use, club use and other regular bookings and events. EL directly delivers a number of coach-led courses including a substantial learn to swim programme (8,000 pupils in 2014/15) and other dry courses as well as a comprehensive sports development programme (4,465 participants in 2014/15). In total EL coaching courses have 13,500 adult and junior participants each week. EL also offers over 750 fitness classes per week.
- 2.1.5. EL manages community access at Queensferry High School (QHS) on behalf of Children and Families.
- 2.1.6. The Children and Families Service manages all schools across the city, both during and outwith curriculum hours (with the exception of QHS). The Service is responsible for managing community access to sports facilities and other spaces (e.g. drama studios).
- 2.1.7. The school sports facilities have been provided primarily for educational requirements and are therefore the standard swimming pools, sports halls and pitches. The facilities are available for community access after the school curriculum time, from approximately 6pm – 10pm in evenings, weekends and holiday periods depending on the school, and on whether it is operated under a PPP contract. School maintenance and janitorial budgets are managed through Services for Communities. The vision for community access to schools (CATS) is that schools are at the heart of local communities.
- 2.1.8. School facilities are currently managed on a lettings basis: clubs and regular users book the facility areas each week, therefore there is very limited access on a pay as you play basis. The main exception to this is Wester Hailes Education Centre (WHEC), which offers wider opening hours and casual use.

## 2.2. Summary of demographic and population review

- 2.2.1 The next 20 years will see considerable growth in the population in Edinburgh.
- 2.2.2 By 2035 Edinburgh's population is projected to be over 600,000, with 5% more 16-29's and 75% more over 75's.<sup>1</sup>
- 2.2.3 Edinburgh has the highest net migration in Scotland and a higher than average birth rate and lower than average death rate.<sup>2</sup>
- 2.2.4 Average life expectancy in Edinburgh is 77.6 years for men, 81.9 years for women. This is higher than the Scottish averages of 76.9 years for men, 81 years for women.<sup>3</sup>
- 2.2.5 Overall the Council fares better in many health indicators than Scotland as a whole. However, over a quarter of the residents in Edinburgh had not taken part in any physical activity within the last 4 weeks of being surveyed.<sup>4</sup>

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<sup>1</sup> Edinburgh By Numbers 2015

<sup>2</sup> Edinburgh By Numbers 2015

<sup>3</sup> Edinburgh By Numbers 2015 – original source, National Records of Scotland

<sup>4</sup> Scottish Public Health Observatory – Health & Wellbeing Profile 2014

2.2.6 The approved Strategic Development Plan (SDP) for the area covered by the Strategic Development Planning Authority for Edinburgh and South East Scotland in the period up to 2024 indicates that land for a total of 107,560 new homes will be required, with 29,510 of these needed in Edinburgh. The Local Development Plan (LDP) sets out 4 key areas of development: Edinburgh Waterfront; the City Centre; West Edinburgh and South East Edinburgh.

2.2.7 All of the above means that:

- demand for physical activity and sport provision will increase;
- facilities and programmes for the ageing population will become increasingly important; and
- any reduction in provision would have a significant negative impact on health inequalities across the city.

### **3. SERVICE REVIEW SUMMARY**

#### **3.1. Who uses the centres?**

3.1.1. The review has identified the following:

- EL centres and programmes attract 4.6 million customer visits a year;
- School sports facilities attract over 750,000 customer visits a year;
- There are 75,000 known users of EL centres and programmes, representing 16% of Edinburgh's population. These users have been mapped according to the centre where they first registered to join;
- The Council does not have any specific information on individual users of school sports provision e.g. where they come from, who they are and whether the users are residents or from specific target groups;
- Only 10.6% of residents living in Edinburgh's 25% most deprived areas, as defined by the Scottish Index of Multiple Deprivation, are known to use EL centres and programmes. This suggests that there are opportunities to engage with more people from these areas;
- Only 845 people living in these deprived areas hold discount cards: this is 6.3% of the total number of EL discount card holders;
- 9% of known users of EL centres and programmes come from outside of Edinburgh.

3.1.2. It is recommended that information on users of all facilities and services is improved, including casual users at EL facilities and all users of the schools facilities. The benefits would be twofold: firstly enabling EL and the Council to know where resources are being targeted and secondly, allowing for the improvement of marketing activity.

### 3.2. Are the facilities in the right locations?

3.2.1. The use of supply and demand modelling has shown that the provision is suitably located, with the caveat that there would be a serious under-supply of facilities without Meadowbank Sports Centre. Leaving that aside, we have identified that:

- There is no surplus sports hall provision and access to school sports halls is important to meet future demand;
- Where community use of school pools is low, clubs and casual swimmers should be directed to other pools;
- With significant housing developments at the Waterfront, there will be increased demand at Trinity Academy and Leith Victoria Swimming Centre (LVSC) for both pool space and sports hall provision. LVSC has some pool capacity and there appears to be opportunity at Trinity Academy for further use. It will be important to promote and maximise further community access;
- The new housing development at South Queensferry and lack of a pool at Kirkliston Sports Centre mean that improved facilities will be needed at Queensferry (opportunity to provide as part of a new school) and additional (or re-provision) of facilities in the Kirkliston area; and
- In the south west and centre of the city, where sports halls are mainly provided within school facilities, promoting and maximising community access will be key.

### 3.3. EL centres and programmes

3.3.1 The Council pays EL a service fee to manage and develop the facilities and services. Between 2014/15 and 2017/18 the fee is to reduce by £1.7m.

Year	Payment to EL
2014/15	£9.590m
2015/16	£8.418m
2016/17	£8.204m
2017/18	£7.917m

3.3.2 The Council is expected to consider a further potential reduction of £500k on the provision of all sport services for 2016/17. The Children and Families service is also required to make significant savings within the school budgets, with planned savings of £700k in 2015/16 from the community learning and development service, including community access.

### 3.4. EL performance summary

3.4.1 From the review the following findings are pertinent:

- EL matches its service delivery to meet the Council's wider strategic outcomes in the work that it delivers;
- EL is currently delivering good levels of customer satisfaction;
- Due to the age and nature of some of the buildings in its estate, EL's annual maintenance budgets required to consistently meet service standards and customer expectations are relatively high; and



- EL delivers a vast range of sports, health and physical activity programmes and measures their social value and impact. EL is therefore in a good position to continue to develop programmes with existing and new partners (NHS and Health & Social Care Partnership in particular) that focus on reducing health inequalities in the city.

3.4.2 Income key performance indicators (KPIs) are positive in comparison with current industry benchmarks. It is recognised that EL is currently reviewing its operational costs and functions to improve efficiency; the analysis has highlighted that expenditure KPIs reflect the opportunity for cost savings.

3.4.3 Between 2013/14 and 2014/15, income, including the Council's service payment has remained constant, whilst EL costs have reduced significantly by over £1.1m providing a net improvement of £937k. The overall key findings across key activity areas within the centres are shown in the table overleaf.

KPI	Finding	Estimated Financial Saving / Additional Income	Estimated Net benefit (£)
Swimming Income	Overall, swimming income is good. RCP is performing well compared to other 50m pools. However QHS has lower than expected income for a dual use pool, due to its location and quality standard.	Increase number of pupils on the swim lesson programme	£65k
		Increase number of lesson weeks per annum via course increments	£176k
Main Hall Income	Good levels of income across all sites at the top of industry benchmarks as calculated by Max Associates.		
Pitch Income	Occupancy at Saughton is below average and at Meggetland it is at the bottom end of the benchmark suggesting there are opportunities for improvement.	Improve occupancy (this assumes Jack Kane Sports Centre pitches are re-provided as planned)	£136k
Fitness Income	Income per station across the contract is in the middle of industry benchmarks at £10k per station. Review membership packages and pricing to maximise income and yield.		
Income per Visit	Income per visit is currently in the 3 <sup>rd</sup> quartile of the Sport England National Benchmarking Service (SENBS) benchmark; however, EL delivers some schemes and programmes that attract usage by targeted individuals and groups which generates little income but contributes to the city's health targets.		
Staff Costs % Income	Staff costs are high against income at 79%, which is in the lower quartile of the SENBS industry benchmark, but comparable to Association of Public Sector Excellence (APSE) benchmarks.	Improve staff costs as % of income, in line with industry benchmarks	£250k
Utility Costs per m <sup>2</sup>	The average utility cost of £38 per m <sup>2</sup> is in the 2 <sup>nd</sup> quartile of the industry benchmark. Dry centres compare well to the Building Cost Information Service (BCIS) benchmark (with the exception of EICA). Six of the wet centres have costs higher than the benchmark.	Optimise usage and plant	£80k
R&M Costs per m <sup>2</sup>	A premium maintenance service is required to meet customer expectations. However the costs result in performance below SENBS and BCIS benchmarks at the majority of the sites.	Review approach to delivery whilst ensuring quality does not suffer	£100k
Cost Recovery	At 68%, cost recovery is in the lower industry quartile, but above the APSE benchmark.		
Central Costs % Expenditure	With certain costs allocated to sites (e.g. IT and marketing) central costs remain high at an average of 13.89% percentage of expenditure.	Reduce head office staffing	£150k
<b>TOTAL ESTIMATED FINANCIAL IMPROVEMENT</b>			<b>£957k</b>

3.4.4 We have also identified the opportunity for EL to relocate its head office out of Vantage Point and into alternative centres (for example EICA or Meggetland) once the current lease expires.

### 3.5. School sports facilities

3.5.1 The Children and Families Service is in a period of review of CATS. The key ambition of the CATS review is to increase the level of community access to schools to ensure local needs are addressed.

3.5.2 The cost of the school sporting facilities is not recorded under separate budget headings for curricular and non-curricular access, with the exception of West Hailes Education Centre (WHEC).

### 3.5.3 Summary of performance

3.5.4 The review findings and related solutions / recommendations are detailed below:

Finding	Estimated Financial Saving / Additional Income	Estimated Net benefit (£)
There are limited opportunities (apart from WHEC) for casual access to the school sports facilities.	Review portfolio to provide access at key school facilities for casual access. (Additional costs will be incurred for pool supervision etc).	
The Council does not have an understanding of the profile of individual users of the school facilities.	Use ICT to encourage card membership at facilities supported by user surveys.	
The Council does not hold information on community access costs (staffing, repairs and maintenance and utility allocations) so cannot fully assess the cost of community access to schools.	Develop a management framework with effective performance indicators to manage and monitor the cost of delivering community access at schools.	
Swimming income was lower than benchmarks. It is evident that a number of commercial organisations are booking the pools to deliver swimming lessons.	A swim lesson programme is packaged across all provision and exclusively delivered by one organisation tasked to achieve strategic and revenue objectives.	£246k
Benchmarking of revenue generation has shown that the majority of schools are underperforming. Main hall and pitch income is low in comparison to benchmarks. Occupancy is inconsistent throughout the year.  The majority of schools do not use the web to market or provide information about community access to their facilities.  This inhibits community access.	Review of 4 case study school facilities demonstrated that additional income could be achieved from:  Improving ICT and web infrastructure;  Pricing strategy that is consistent and aligned at schools and leisure centres;  Improving sales and marketing of facilities; and  Reviewing club bookings and commercial lets to maximise year-round bookings.	£326k
Schools and EL pricing structures are not aligned and the approach is inconsistent.	Applying the findings from the 4 schools within the case study across the rest of the school estate would increase income at the other school facilities.	£485k
<b>TOTAL ESTIMATED FINANCIAL IMPROVEMENT</b>		<b>£1,057k</b>

### 3.6. Golf courses

3.6.1 The review assessed the overall performance of golf courses managed by EL and the related return on investment (both economic and social) for the Council. The key review findings and related solutions / recommendations are detailed below.

Finding	Solution / Recommendation
<p>Generally a positive and improving position with increasing rounds per year and revenue increasing.</p> <p>All golf courses are projected to break even for the first time in financial year 2015/16.</p>	<p>Maintain the current approach and where opportunities are evident develop the service.</p>
<p>Braid Hills is a high quality municipal course and should be a flagship golf course for EL.</p>	<p>There is the opportunity to revise pricing policy and positioning to increase revenue. This may involve capital investment in ancillary facilities and rebranding.</p> <p><b>Increase visitor pricing (a 10% visitor price increase has the potential to generate an additional £100k of revenue).</b></p>
<p>There are issues to address at Portobello Golf Course. Specifically, the course is poorly presented and this is reflected in throughput and financial returns.</p>	<p>It is suggested that the facility mix is changed and further feasibility work is undertaken into creating a multi-sport outdoor recreation site that retains a golf focus (floodlit practice areas etc).</p>
<p>Demand for peak tee times is high and Club allocation is inhibitive to attracting and retaining new participants.</p>	<p>Improved management of peak tee times at all courses. EL should consider a number of innovative approaches to address traditional issues with affiliated clubs occupying all peak (most valuable) tee times.</p> <p>One option would be an 'EL golf club membership scheme', which would provide a pathway for beginners and casual player.</p> <p>Revise the EL price discount policy.</p>

## 4. FACILITY INVESTMENT OPTIONS

4.1. Following site visits and discussions with EL and the Council, we developed high level business cases for each of the following five centres:

- EICA;
- Gracemount Leisure Centre (GLC);
- Drumbrae Leisure Centre (DLC);
- Craiglockhart Leisure & Tennis Centre (CLC); and
- Kirkliston Leisure Centre (KLC).

4.2. Volume 4 provides the detailed income, expenditure and payback periods for each project. The table below provides a summary of the opportunities identified with the net financial impact at maturity (year 3). The financial impact in the table below assumes prudential borrowing by the Council and takes this into account.

Centre	Development options	Estimated Mature Year Net Impact £
<b>EICA</b>	<p>Clip and climb facility.</p> <p>Sky Trail (high ropes) and Sky Tykes (for 2-7 year olds) within the main arena.</p> <p>Review site water/sewerage proposal to reduce utility costs.</p>	<p>£70k per annum</p> <p>£90k per annum</p> <p>£40k per annum</p>
<b>GLC</b>	<p>Gym expansion with 2 fitness studios. A new efficient reception layout including turnstiles.</p> <p>In February 2015, EL decided to progress with the development of the fitness suite and is currently undertaking these works.</p>	<p>Within existing budgets</p>
<b>DLC</b>	<p>Gym expansion. 3G pitch to replace natural turf pitch.</p>	<p>£60k</p>
<b>CLC</b>	<p>Conversion of the 3 clay courts to acrylic hard courts including a permanent roof structure to match the existing roof.</p>	<p>The payback will depend on the level of Lawn Tennis Association capital funding provided.</p>
<b>KLC</b>	<p>Gym expansion into existing changing facilities.</p>	<p>Break even position</p>

## 5. GOVERNANCE AND MANAGEMENT OPTIONS

### 5.1. Soft Market Test

5.1.1. Informal discussions have been held with a number of existing market operators (including trusts and charitable organisations) that manage sport and leisure facilities on behalf of various local authorities in Northern Ireland, England and Wales. Participants were asked to state their interest and relevant factors should the Council consider tendering for the future management and development of its sports facilities and services. Responses are summarised below:

- most operators stated that they would be very interested in tendering to manage and operate the services for the Council;
- the Council would be required to commit to a medium / long term contract to realise significant savings and to deliver investment and change; and
- all operators had experience of managing school sports facilities within their portfolios.

5.2. Given Edinburgh's prominence and the responses to our informal market engagement, we believe that it would be in the Council's interest to continue further market engagement to assess the type of risk transfer and level of financial savings that could be achieved from the market.

5.3. However, the Council has provided a clear steer that at this stage it would prefer to focus on the opportunities identified within this review to realise further savings and generate more income as opposed to progressing further with an alternative provider through a market testing exercise.

5.4. On this basis there are two management options available to the Council:

- An improved 'status quo' option retaining current governance arrangements; and
- EL managing current services and the community access to schools.

5.5. In both of the above, the existing EL agreement should be updated to include relevant terms of a leisure operating contract (LOC), with a minimum of 5 years. Typical LOC terms are appended to Volume 5. This would provide clarity to both parties and drive out further efficiencies.

5.6. Similarly, in both of the above options, requests from local communities interested in managing smaller assets would be considered to determine the feasibility of community asset transfers.

5.7. Given the findings of the service review in Volume 3, the stakeholder consultation and our experience of where schools facilities are managed by trusts in other parts of the UK, our recommendation is that EL should manage the school sport facilities in the future.

5.8. We recognise that some of the income generating ideas identified in Volume 3, such as improved marketing and increased pricing, could be delivered by the existing Council management arrangements for the school sports facilities. However, additional staffing and expertise in the areas of marketing and programming would be required. Consequently, this would reduce the level of revenue benefit that would be realised. We have identified further key advantages if EL managed the facilities:

- Increased opportunities for access and participation by enabling casual use of schools sports facilities and therefore generating more income;
- Experience and scale: EL is in a stronger position to deliver these to meet the budget reductions required due to a proven track record of delivery across the city and economy of scale;
- EL has some infrastructure across its support services and head office staffing structures to be able to manage the community access to schools service and remove duplication, potentially reducing the cost of service;
- EL already has the financial, quality, health and safety systems and expertise;
- EL has a mature and tested infrastructure in place for marketing, on-line bookings and programme review which the Council does not yet have in place;
- EL has an established professional team and record of delivery across a wide range of sports development, young people and community health programmes.

### **5.9. Suggested Transition Approach**

5.9.1. Some concerns were raised as part of the stakeholder consultation that a whole service transfer could disrupt current service levels. A phased transfer is therefore an option, with discussion and negotiation between EL and the Council to identify the most appropriate school sports provision to be transferred. We recommend the sports facilities at new schools should be operated by EL, beginning with those which will open in September 2016.

5.10. The success of the transition must be evaluated and measured. This will involve comparing the usage numbers and income for facilities against the usage and income achieved under direct Council management up to the point of transfer. In addition, we have recommended a range of other key performance indicators to be gathered by EL which would inform the evaluation of this transfer. These are listed in Volume 5 and provide wider details of individual users, target groups, occupancy and other information not currently held by the Council.

## 6. RECOMMENDATIONS

6.1. Max Associates makes a number of suggestions and recommendations in each volume. The recommendations which would have the most impact on service delivery and improving the financial position are detailed below, with 1 being higher impact and 3 being lower impact. The total potential financial improvement is over £2.1m (excluding income from the investment options outlined in section 4).

Ref	Recommendation	Key detail	Financial and Service Impact
<b>Volume 2 - Data Collection / User Profiles</b>			
R1	The Council to introduce data insight collection methods for users of school sports facilities	A greater understanding and knowledge of users will inform EL and the Council of the progress being made towards the city's physical activity targets.	1
R2	EL to enhance data collection for casual and club users		2
<b>Volume 2 - Location of Facilities</b>			
R3	Maximise community access to school sports halls to meet future demand	There is no surplus sports hall provision. Access to school sports halls is important to meet future demand.  In the city centre and south west of the city sports halls are provided mainly in school facilities. Promoting and maximising community access will be key.	2
R4	Ensure complementary programming between Warrender Swim Centre and James Gillespie's HS pool when the latter re-opens	Maximise use across both pools.	2
R5	Review school pools programmes	Where community use is low, direct clubs and casual swimmers to appropriate pools.	2
<b>Volume 3- Operational Improvements</b>			
R6	EL to review its swimming lesson programme	There is an opportunity to generate additional income via a re-modelled swimming lesson programme	2
R7	EL review use of artificial pitches to maximise occupancy	There is an opportunity to increase income at Saughton and Meggetland Sports Complexes.	2
R8	EL to review core operational costs and implement cost-saving initiatives	A review of property (repairs, maintenance, utilities), central head office and staffing costs is likely to reduce overall operational costs across the facilities.	1
R9	EL to review golf pricing and membership structure	Some changes in EL's price and membership offer could increase the number of users, widen access to golf, and increase revenue.	3
R10	EL to introduce an umbrella 'improved lifestyle' brand	EL could benefit by moving away from the 'Edinburgh Leisure' brand to either an umbrella 'improved lifestyle' brand or specific product and programme brands.	2



Ref	Recommendation	Key detail	Financial and Service Impact
<b>Volume 3 - Operational Improvements</b>			
R11	Standardise fees and charges for all Council-owned centres	Ensure price consistency for community use of schools and EL-managed facilities.  Price consistency would maximise income.	1
R12	Improve the income generating opportunities at school facilities	Improve the marketing, promotion and booking of the community access programmes across the schools facilities.	1
R13	Improve programming opportunities across the school estate	School facilities to fully review the programmes and 'lets' to ensure balanced use by the community.  This includes opportunities for swimming lessons to be programmed to be consistent across the school estate and delivered directly by the Council or a representative of its choice.	1
R14	Improve community access to school facilities	Introduce casual use to suitable school sports facilities.	1
R15	Calculate cost of delivering community access to school facilities	Develop accounting methods and practices to assess the cost of provision of community access to school sports facilities.	1
<b>Volume 4 - Investment Opportunities</b>			
R16	Prioritise and implement investment in identified EL facilities	Investment in a selection of centres managed by EL would improve customer service and income generation.	1
<b>Volume 5 – Governance and Management Options</b>			
R17	Council to work with EL to deliver swimming lessons at school swimming pools	Direct delivery of swimming lessons to the community in school pools by EL will provide consistency in quality, price and service and end the effective subsidy to the private sector competition.	1
R18	Transfer management of school sports facilities to EL	Improvements could be made to customer service and access and to income generation across the Council's full estate, if management of the sport facilities in schools, outwith curricular hours, were transferred to EL.  Any transfer of management of school facilities to EL would first require the approval of the EL Board.	1
R19	Review and update the existing contractual agreement with EL	Lengthen the existing EL agreement, to a minimum of 5 years, to provide the opportunity to make longer term investments.	2