

**REPORT TO:** Policy and Performance Review Committee

**MEETING DATE:** 24 November 2015

**BY:** Depute Chief Executive (Partnerships and Community Services)

**SUBJECT:** Council Arrangements with enjoyleisure ALEO

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## **1 PURPOSE**

- 1.1 To update members on the Council's governance arrangements with its ALEO enjoyleisure and highlight the areas of work that enjoyleisure are contributing to wider Council objectives.

## **2 RECOMMENDATIONS**

- 2.1 Members are asked to note, consider and discuss the contents of the report.

## **3 BACKGROUND**

- 3.1 In 2011 The Accounts Commission published "Arms – Length Organisations : Are you getting it right?" . This report was linked to the requirement of "Following the public pound" the code that was produced by the Audit Commission along with COSLA in 1996.
- 3.2 During 2014 KPMG the Council's auditor prepared a report that was presented to the Council's Audit & Governance Committee on 9 September 2014. The purpose of this report was to report findings from a targeted follow – up on the Councils arrangements as they relate to the Accounts Commission report "Arms – Length External Organisations: Are you getting it right ?"

The aim of the targeted follow – up work by KPMG was to:

- Provide the Accounts Commission with a position statement on councils use of ALEOs and, in particular, on progress since

the How Councils Work report on ALEOs was published in 2011 ; and

- Inform the Accounts Commissions consideration of ALEOs in the context of the public audit model.

3.3 KPMG's approach to this follow – up work involved a review of policies and procedures in operation within the Council, as well as information gathering in respect of certain arrangements linked to the ALEO.

3.4 It is important to note that while the ALEO is responsible for services it provides, the council remains responsible for the public money it gives to the ALEO and the quality of services the ALEO provides.

3.5 During the summer of 2015 the Council Leader also received a letter from the Chair of the Accounts Commission highlighting the Commissions continued interest in the Council's use of ALEOs and their governance. The letter explained "It is clear that ALEO's continue to be a significant part of Council service delivery and are increasingly used" and advised " it is fundamentally important that Councils have effective governance in place to manage their involvement with these organisations and to monitor the associated performance, costs and risks."

3.6 The KPMG report was structured to answer the five questions identified in the checklist provided by Audit Scotland to inform the follow-up work and to make judgements on the effectiveness of the governance arrangements in place based on the three levels of practice – basic, basic and better, advanced. The KPMG report concluded as per below:

- Has the council formally considered the Commission's How Councils Work report on ALEOs. If so did it develop an action plan and have also actions been addressed? = Basic
- How clear is the council about its reasons for delivering services through ALEO's? = Basic
- How well does the council understand the financial commitment and risk to which it is exposed through ALEO's? = Basic and Better.
- How effective are the council's arrangements for monitoring the financial and service performance of ALEO's, maintaining accountability and for ensuring audit access? = Basic and Better.
- Where members or senior officers are appointed to the board or equivalent of ALEO's, how clear are they about their role? = Basic and Better.

3.7 The above conclusions presented by KPMG in their report provided an opportunity to take a closer look at this with our enjoyleisure partners. Particularly in relation to question 2 in the KPMG report and the judgement of 'Basic' for this question. Within the 2011 Audit Scotland

report on Arms-length external organisations: are you getting it right? there is a toolkit for improving the governance of ALEOs, which is really helpful in considering this matter.

3.8 The Council has 2 routes of governance within the existing enjoyleisure structure:

1) Company governance

The structure allows 4 councillors to be on the board and no decisions can be made without at least one councillor being present. The Council also have 2 observers who attend the board meetings. These are the Councils Head of Infrastructure and Service manager for Sport, Countryside & Leisure.

2) Funding Agreement

This agreement details the arrangements for agreeing what services are to be provided and the mechanism for agreeing the annual Committed Funding by the Council. It also contains mechanism for reporting, requests for further information, performance management and requests for further funding or changes to the service specification.

3.9 There are quarterly contract meetings between senior officers of the Council and enjoyleisure. The contract meetings allow for performance discussions that would typically include but not be limited to finance, risk, current developments, facility maintenance and capital spend.

3.9.1 It is appropriate to recognise the positive contribution that enjoyleisure has made to wider council objectives. This has been the case since the formation of the ALEO in October 2009. The objectives at that time were captured as identified in the KPMG report in the Leisure Specification Document. This document was purposely not drafted in detailed and prescriptive manner as that would have had the potential to restrict or curtail the development and performance of the new ALEO. Instead it was based on current delivery of council objectives, principles of delivery linked to key themes and not restrictive in respect of the future potential of the ALEO of which examples have been realised.

3.9.2 There are currently a range of examples that evidence that services provided by our own ALEO, enjoyleisure are aligned with and contribute to the council's current objectives.

- SOA 4 "East Lothian's young people are successful learners, confident individuals, effective contributors and responsible citizens."
- SOA 5 "East Lothian's children have the best start in life and are ready to succeed" - facilitating the access to facilities that support the schools in the delivery of their target 2hrs of physical education. Supporting the primary school Lean to Swim Programme. Facilities

used and programmed for school events, festivals and tournaments and providing pupil work experience placements.

- SOA 6 “In East Lothian we live healthier, more active and independent lives” – facilitating and supporting disability programmes. Administrating the Councils Access to Leisure Scheme. Female only sessions and activities for elderly adults. Operation of a growing and highly competitive membership scheme. Growing number of facility users and visits, a wider range of health and fitness classes with record numbers attending. Free swimming for under 16’s during school summer holidays. Health partnership planning work taking place and recent health professionals added to the enjoy Board. ACE programme a good example of health partnership working. The programme caters for and aims to support people with long term health conditions. General Manager of enjoyleisure is part of the Strategic group for Physical Activity SOA 6 target supporting the Community Planning structures.
- Council Plan Growing Communities – Scheduling sport clubs use of facilities, working with the Councils Community Sports Hub, developing and facilitating a range of recreation activities at sports centres, bowling greens, golf course and tennis courts.
- Sport Development – partnership working with the Councils Sports Development Team. Partner posts in cricket, athletics, tennis, swimming and gymnastics. East Lothian development squads use of facilities. Support to the Councils Performance Athletes in School Programme, (PAiS). Facility access for the Sports Awards Scheme.
- Legacy Developments – working with and supporting the Council on a range of London 2012 and Glasgow 2014 Legacy Development initiatives including the upgrading and delivery of new facility provision at Meadowmill Sports Centre including the athletics facility. Community Sports Hub work. Administration of new 3G pitch provision across the County for the Council and the recent tennis court delivery.

3.9.3 enjoyleisure as the Council’s ALEO has contributed and continues to contribute to an evolving agenda. The above are a sample but not an exhaustive list of areas in which enjoyleisure are supporting the Council through the delivery of services to achieve wider council objectives. Some further specific examples with some associated data is highlighted in Appendix 1.

3.9.4 Moving into 2016 and beyond and taking cognisance of the range of communication received from Audit Scotland and our own auditors KPMG in respect of ALEO’s, the following actions will be undertaken:

- Enjoyleisure will work with the council to develop the Physical Activity Implementation Plan as part of SOA Outcome 6.
- The Council will work with enjoyleisure to agree a set of key performance measures that will be used as a performance scorecard and monitored accordingly by partners.
- Enjoyleisure will report annually to the council's audit and governance committee.

#### **4 POLICY IMPLICATIONS**

- 4.1 This report has taken account of the Council's auditors previous report on ALEO's to Council and has set the context for considering further the policy alignment and achievement of our own ALEO.

#### **5 EQUALITIES IMPACT ASSESSMENT**

- 5.1 An equalities impact assessment is not required for this report.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – None
- 6.2 Personnel – None
- 6.3 Other – None

#### **7 BACKGROUND PAPERS**

- 7.1 Appendix 1 – Examples of enjoyleisure's contributions to Council objectives

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<b>DATE</b>	4 November 2015



## APPENDIX 1

### Examples of enjoyleisure contributions to Council objectives

#### INCLUSION

##### Disability Activities

Across East Lothian, enjoyleisure actively supports and encourages the participation of all ages and abilities within our Sports facilities. Through specialist websites: [www.disabledgo.com](http://www.disabledgo.com) and [www.euansguide.com](http://www.euansguide.com) we provide detailed descriptions of the access and facilities available within our Sports Centres for disabled users visiting us on a casual basis.

The disability coached activity programme provided by enjoyleisure and local clubs, offers customers access to athletics, badminton, archery, bowling, multi-sports, fitness classes, swimming lessons (for both infants and children) and a dedicated swimming club which has members that compete at a national level.

enjoyleisure also most recently supported local disability athletics club, Lothian Leopards and Scottish Disability Sport with the purchase of 4 running bikes, to assist individuals with disabilities affecting mobility, balance and coordination.

##### Administering the Council's Access to Leisure Scheme

enjoyleisure manages all of the Access to Leisure Applications on behalf of East Lothian Council.

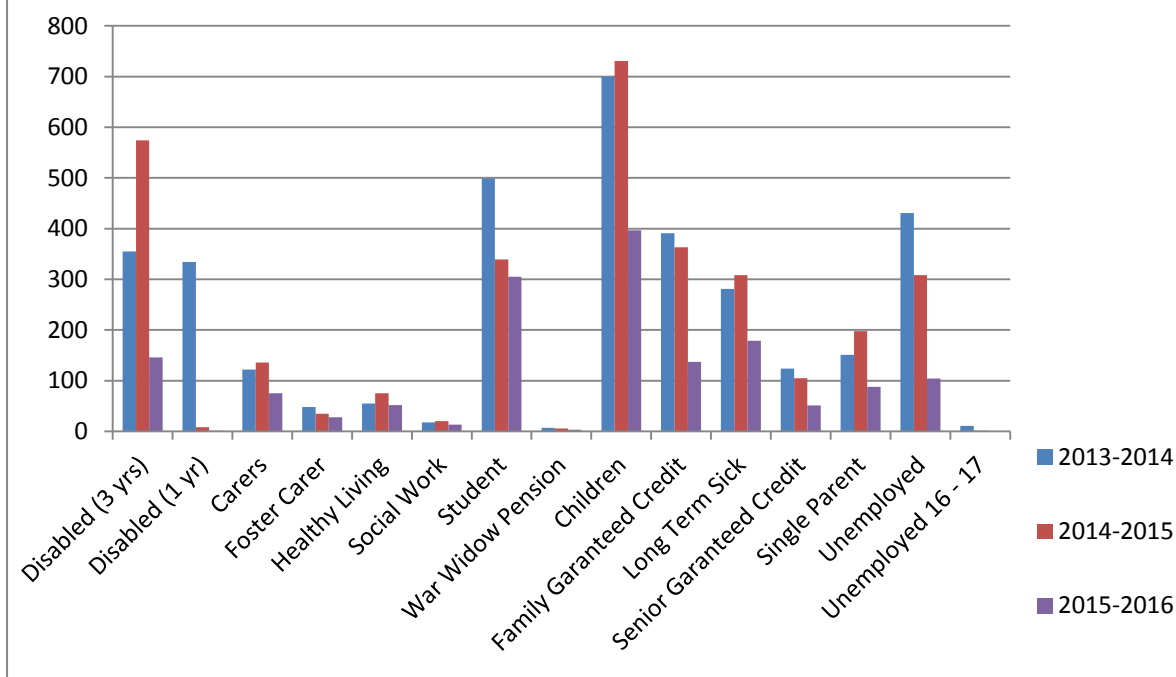
The Access to Leisure Scheme provides entry to enjoyleisure facilities for £1 per activity between 9:30am – 4:30pm Monday - Friday and discounted entry at all other times for individuals who qualify for the scheme.

Applications for the last 3 years are as follows:

<b>Applications to date</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016 (YTD)</b>
Total	3527	3207	1579

In October 2013, the "Access to Leisure" Scheme, replaced the previous Leisure Pass Plus initiative. The new scheme amended the validity of the 'Disabled Criteria' from 1 year to 3 years. This subsequently is reflected in the number of applications received for this category decreasing significantly in 2015-2016.

## Access to Leisure Applications



## Access to Leisure Admissions

	2013-2014	2014-2015	2015-2016 (YTD)
<b>Access to Leisure</b>	<b>63,273</b>	<b>57,108</b>	<b>33,369</b>
Bodyworks Gym	12,584	10602	5896
Crèche Activities	1978	1952	858
Dry Activities	828	1636	911
Dry Coached Activities	3578	3586	2886
Free Weights Room	3013	1646	653
Grass Pitch & Pav Income	56		
Hall Hire	4630	2797	1319
Health Suite	5189	4114	2274
Keep Fit Classes	6587	6625	3501
Room Hire	20	20	55
Soft Play	411	269	182
Swimming	17034	16172	9489
Swimming Lessons	6562	7034	5024
Wet Coached Activities	803	655	321



## Female Only Sessions

The number of female only swimming sessions has decreased over the years, as more focus has been made to provide evening swim sessions to accommodate both our male and female customer base. This change has been welcomed by our customers and with increased pressure to provide access to swimming pools for clubs; adult only sessions appeal to both our male and female customers.

We do however continue to offer Ladies only nights at Aubigny (Tuesday evening 8:30pm – 9:30pm) and at North Berwick Sports Centre (Monday evening 7:30pm – 9:30pm).

## Senior Activities

In conjunction with our partners within East Lothian Council and NHS via the HALP group, the enjoyleisure fitness class timetable actively highlights and promotes the “Low Impact” fitness classes available within our sports centres across the county. Indicated with a ❤️ these low-impact classes have been identified as being suitable for those individuals who are looking to improve their health or activity levels.

These classes include: Aqua Circuits | AquaFit | Ballet Stretches | Functional Fitness | Funky 50s | Pilates | Seats & Beats | Stretch & Strength | Swimming | Yoga | Yoga-lates | Zumba Gold.

In total there are 62 ‘Low Impact’ Classes on the Fitness Class Programme: over 22% of the classes on offer.

In addition we offer dedicated Senior Gym Sessions at Dunbar Leisure Pool and Senior Only Swim Sessions at North Berwick Sports Centre.

## Health & Wellbeing

### Free Swims

enjoyleisure has continued to support the East Lothian Council initiative to award Free Child Swim sessions to under 18s throughout the 6 week summer holiday period.

### Total Free Swim Attendances

	2013	2014	2015
Aubigny Sports Centre	3,675	3,035	3,679
Dunbar Leisure Pool	15,625	15,252	14,628
Loch Centre	1,587	2,161	1,583
Musselburgh Sports Centre	4,711	5,375	3,820
North Berwick S C	2,478	1,882	1,642
<b>Grand Total</b>	<b>28,076</b>	<b>27,705</b>	<b>25,352</b>

## Sports Centre User Numbers

enjoyleisure's overall user numbers continue to grow year on year. Between 2013-14 significant growth was seen following the launch of the new 3G Synthetic Pitch Facilities; Birthday Party Bookings; Athletics Development; Wet Coached Activities (non-swimming lesson coached activities including aqua fit classes and NPLQ courses); Fitness Classes and Swimming Lessons.

Year to Date, we have already seen a 7% increase in Soft Play use against last year's total, following the opening of Wiggles Soft Play at the Loch Centre on 28 Feb 2015.

	2013-14	2014-15	2015-16 (YTD)
3g Synthetic Pitch	4,966	42,549	23,503
Birthday Party Activities	832	1,160	592
Bodyworks Gym	104,931	102,267	64,130
Crèche Activities	6,111	5,764	2,974
Dry Activities	265,592	261,113	143,756
Dry Coached Activities	29,652	29,950	22,617
Free Weights Room	19,920	16,936	9,509
Grass Pitch & Pavilion	51,497	52,483	26,067
Hall Hire	60,815	55,134	27,899
Health Suite	25,040	24,319	13,323
Keep Fit Classes	128,853	145,527	82,984
Phys/Sport Treatment	275	173	117
Room Hire	10,069	16,261	11,268
Soft Play	15,547	15,816	16,895
Swimming	316,092	318,026	197,388
Swimming Lessons	58,815	63,102	47,637
Synthetic Pitch	35,894	26,901	4,421
Track And Field Income	14,623	17,564	10,004
Wet Coached Activities	8,012	9,512	5,443
<b>Grand Total</b>	<b>1,157,536</b>	<b>1,204,557</b>	<b>710,527</b>

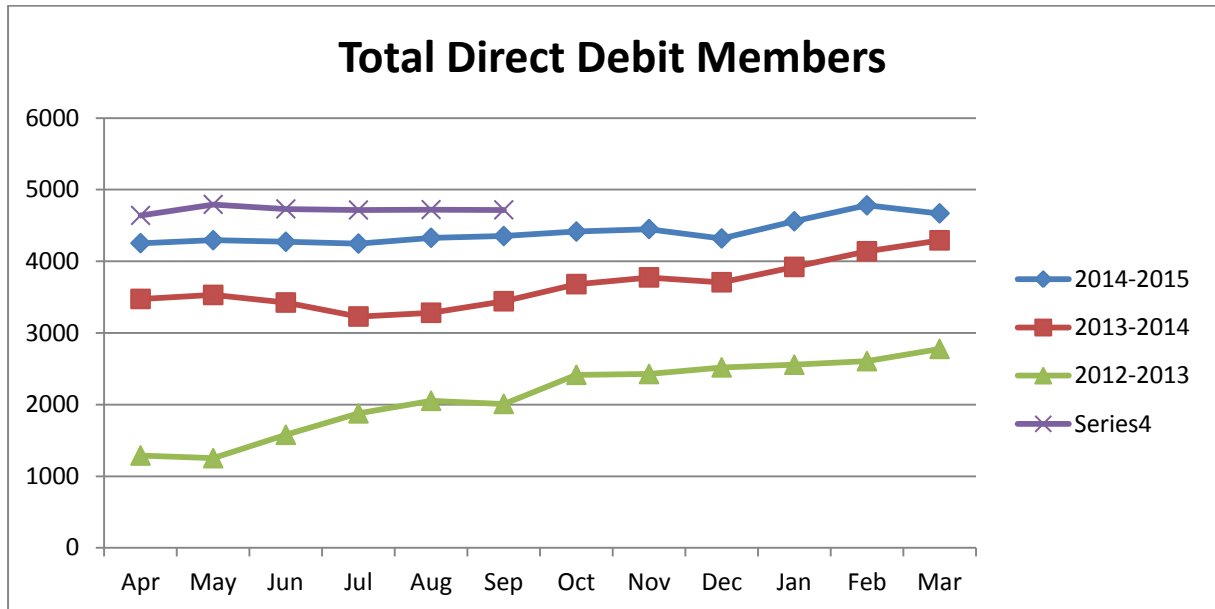
## Membership Scheme

In April 2012, enjoyleisure revised its membership scheme, introducing an all-inclusive membership package offering access to the Gyms, Swimming Pools, Fitness Classes and Health Suites at all 7 East Lothian Sports Centres.

Since its initial launch, the membership scheme has grown from strength to strength. Monthly income from membership payments now amounts to on average £115,000 compared to £29,461 on April 2012.

The total number of direct debit paying members as of September 2015 was 4718, compared to 1289 in April 2012.

The below graph indicates a levelling off of membership base. This is both a strategic and a reflection of the current capacity issues. The focus for memberships now is retention. Many of the Sports Centres are close to approaching their membership base capacity. To increase further in these centres would actually be a detriment to the business as members become unable to gain access to the facilities.



## Fitness Classes

Fitness classes are by far the biggest draw for membership applications. It's therefore not surprising to see that consistently more than 80% of fitness class attendees come from our membership base.

Keep Fit Classes	2013-14	2014-15	2015-16 (YTD)
Access to Leisure	6,587	6,625	3,501
Casual Customers	10,697	9,421	4,809
Discounted Customers	701	730	337
Leisure Pass	2,073	1,769	830
Membership Inclusive	108,795	126,982	73,507
<b>Grand Total</b>	<b>128,853</b>	<b>145,527</b>	<b>82,984</b>
<b>Member Attendance</b>	<b>84%</b>	<b>87%</b>	<b>89%</b>

With a strategic focus in driving membership sales over the last few years; we also made a conscientious effort to improve the membership offering both in response to customer demand and also to ensure customer retention, which is reflected in the increase in fitness classes offered:

	April 2012	April 2013	April 2014	April 2015
<b>Total Number of classes</b>	158	229	261	288

The fitness class programme gets reviewed quarterly. At this point we revise the class timetable; introducing new classes in response to fitness trends and customer interest and popularity. At all times, we strive for a balance between cardio, endurance, strength and conditioning classes to appeal to as large a customer base as possible.