

SPECIAL TRUST BOARD MEETING



Date: 29 January 2019

Location: Dick Institute, Kilmarnock

Start time: 6.00pm

AGENDA			
AGENDA ITEM	FOR NOTING	FOR DISCUSSION	FOR APPROVAL/ DECISION
1. Apologies for Absence / Introductions	✓		
2. Declarations of Interest	✓		
3. Minutes of previous meetings 3.1 Board Meeting: 27 November 2018			✓
4. East Ayrshire Leisure Forward Plan			✓
5. Review of Countryside and Outdoor Activity Facilities This is a restricted document and not for onward circulation			✓
6. AOCB			
7. Dates of Next Meetings: Performance & Audit Sub-Committee: 11 February 2019 Trust Board: 26 February 2019			

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REPORT TO BOARD OF TRUSTEES



EAST AYRSHIRE LEISURE FORWARD PLAN

Date: 29 January 2019

Agenda Item: 4

Report by: John Griffiths, Chief Executive

Summary

This report highlights the unique opportunity that East Ayrshire Leisure now has to assess its current situation, address a range of issues and develop its plans for the future, resetting the Trust and changing the dynamics of its working arrangements and relationship with East Ayrshire Council.

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide information on challenges and options to allow Trustees to consider and adopt the most appropriate way forward for the Trust in the next period of its development from 2019 to 2022.

2 BACKGROUND

- 2.1 East Ayrshire Leisure was established in 2013 and has successfully developed and delivered a wide range of leisure services while working with a reducing budget with annual savings targets.
- 2.2 While the Trust is an independent charity it retains a close working relationship with its main funder, East Ayrshire Council, with whom it shares many strategic goals and priorities.
- 2.3 Further reductions in East Ayrshire Council's funding are expected over the next 3 years and it is essential that there remains a clear understanding of the expectations for Trust services. Council support will also be required for any necessary actions to review and realign services to ensure that the Trust remains financially sustainable.
- 2.4 Since the Trust's inception both the Board of Trustees and the Management Team have shown a willingness to develop and improve services, take controlled commercial risks and introduce efficiencies in service delivery to meet budget targets.
- 2.5 With the change in Chief Executive; the requirement to review the Trust's Business Plan; the continuing need to meet significant savings targets and potential changes to the Council's approach and direct support for the Trust, there is now a real opportunity to review the operation of the Trust. At a recent Trustee development session there were discussions relating to 're-setting' the Trust and 'changing the dynamic' of how we work with the Council. These factors, and the willingness to review how the Trust operates and agree new priorities, have come together to produce a unique opportunity to develop the way forward for the next 3 years.

3 DRIVERS FOR CHANGE, ISSUES AND CHALLENGES

- 3.1 There is a series of topics that Trustees will need to consider in order to inform plans for the next 3 years. These topics are outlined below along with suggestions relating to how they should be addressed and what actions are required. The list of topics is not exhaustive and Trustees may have

other strategic issues they wish to raise, similarly there may be other actions which Trustees would prefer to see implemented as matters move forward.

3.2 Business Plan Update

The current Trust Business Plan covers the period 2016-19 and is due to end in March 2019. The existing plan has proved effective in stating Trust priorities and has allowed performance to be measured across a wide range of services and operations. Given the nature and scope of the issues and challenges the Trust faces and the time and resources that will be required to review and agree responses, it would not be possible to produce and agree a new Business Plan for 2019/22 by March 2019. With this in mind, it is proposed that the current Business Plan is extended to cover 2019/20 and a new two year plan is developed for 2020/22 when key issues have been considered by the Board. This would allow the Trust to continue to operate within the 3 year timeframe for agreed Council funding. East Ayrshire Council would need to be consulted on this proposal if agreed by the Board, however, initial discussions have indicated that this would be acceptable.

Underpinning the future plan for Trust services and budgets will be the requirement to have realistic, achievable targets; the importance of the Trust's financial sustainability; support from the Council for service changes; management of the expectations of the public with regard to the scope and quality of services that can be delivered with reducing budgets, and an appropriate commercial focus for some services with a charging strategy that continues to promote equality of access to services and facilities in line with the Trust's charitable objectives. Where possible any changes in expectations should be reflected in an updated Services and Finance Agreement between the Trust and the Council.

In addition, the revised Business Plan should seek to improve measurement of outcomes and the impact of services on many policy initiatives. This should be done alongside a rationalisation of the current output measurements which are regularly presented to the Board.

Recommendation 1: It is recommended that Trustees agree to extend the current Business Plan to cover 2019/20 with a new plan produced for 2020/22 and that it is remitted to the Chief Executive to seek approval for the revised Business Plan proposals from East Ayrshire Council.

Recommendation 2: It is recommended that the current agreements between the Trust and the Council are updated to support the 2020-22 Business Plan.

3.3 Scope of Facility Remit

The Trust operates a wide range of facilities across East Ayrshire. Over the last 5 years the facility remit has been reconfigured to take into account Community Asset Transfers, opening of new facilities, and maintenance issues. The facility remit is one of the main drivers of the Trust's budget and as budgets are reduced it is essential that the facility remit is reviewed to ensure that the Trust remains financially sustainable. East Ayrshire Council retains responsibility for building maintenance, capital investment and utility contract costs and the Trust shares a standard set of staff terms and conditions with the Council. The main variable in most facility budgets is income from public use, however, the income generation potential for each facility depends on many factors including competing facilities, building condition, programmed activities and disposable income. Moving forward it will be important to review the Trust's remit based on a study of available facilities on a community by community basis, to be carried out in conjunction with East Ayrshire Council. This would allow the Council and the Trust to consider the impacts of the Council's successful Community Asset Transfer policy and its Transformation Strategy and shape a revised remit that will be supported by the future budget. Any review should be carried out in 2019/20 to impact on the 2020/21 budget

The review should focus on the range of facilities in individual areas, scope for rationalisation and cost savings, support for CAT Transfer, facility condition and maintenance, capital investment proposals, income generation potential, shared use and management arrangements.

Alongside the review of facilities the issue of Trust office accommodation and a town centre box office presence in Kilmarnock should also be considered to improve communication, public interaction and promotion of the Trust and its services.

Recommendation 3: It is recommended that Trustees agree to propose that a detailed review of the Trust's facility remit is carried out in 2019/20, jointly with East Ayrshire Council, on a community by community basis to deliver savings in 2020/21.

3.4 Customer and Community Engagement

The Trust has procedures in place to communicate with, and receive feedback from customers, however, engagement could be improved to assist with service development, management of expectations and understanding of Trust and how it operates. Wider community engagement is usually carried out in conjunction with East Ayrshire Council to avoid duplication and this has ensured that the best use of limited resources has been made in the past. It is proposed that the Trust's Marketing and Development Manager reviews current Customer and Community Engagement methods and provides an overview for Trustees with a plan for future improvements to ensure that procedures are efficient and effective at all levels.

Recommendation 4: It is recommended that the Board remits to the Chief Executive to provide a report on Customer and Community Engagement with plans for future improvements for consideration at a Trustee Development Session in 2019/20.

3.5 The Trust's Proposition

With the growth in Leisure Trust numbers across Scotland and the UK, there has been an increased focus on what Leisure Trusts deliver, both nationally and locally, how they are different from in-house Council Leisure Services and their value as charities. Community Leisure UK, the umbrella body for Leisure Trusts, has been working to support Trusts in defining their proposition and establishing their local identity. East Ayrshire Leisure now has the ability to review and update several aspects of its current methods of operating to ensure that there is a better understanding of: the benefits of charitable status; the relationship between the Trust and the Council; and expectations relating to the scope and quality of Trust services with significantly reducing budgets.

There are several key aspects that should be addressed in order to clarify the Trust's proposition and promote a clearer understanding of the Trust's role and responsibilities, these include:

- i. **Autonomy** – the Trust is an independent Scottish Charitable Incorporated Organisation, however, its close relationship with East Ayrshire Council in terms of funding and representation on the Board means that this position is not widely understood. The current arrangements have worked effectively during the establishment of the Trust, however, a review of the position in the light of OSCR requirements, Accounts Commission recommendations and public perception/understanding would be beneficial to support future planning and to accommodate any amalgamation with the Kilmarnock Leisure Centre Trust.
- ii. The opportunity to recruit new Trustees would also allow the Board to consider the specific skill sets and experience that the organisation requires to support the next stage of its development and these would be the priority areas to be considered in any future Trustee recruitment processes.

Recommendation 5: It is recommended that the Board notes the potential requirement to update the Trust's constitution, particularly in terms of Board representation and keeps this matter under review.

Recommendation 6: It is recommend that the Board give consideration to the skill sets and specific experience that prospective Trustees should have to inform future Trustee recruitment.

- iii. Trust Marketing/Branding – National research by Community Leisure UK (CLUK) has highlighted that most Trust customers do not fully understand or appreciate that status of Leisure Trusts. Recommendations to CLUK as a result of this research included the need to stress charitable status and the local impact of Trusts while also emphasising the organisations autonomy while recognising the importance of effective partnerships with host Councils. In East Ayrshire the Trust's separate status is not helped by the organisations name which may service to reinforce the view that the Trust is part of the Council. Establishing a suitable trading name as part of a rebranding and relaunching exercise would assist in promoting charitable status, local benefits and autonomy. This may also serve to encourage more people with appropriate skills to seek to join the Board as Trustees. Several Trusts have rebranded in Scotland and while this process requires allocation of scarce resources, it can bring long term benefits across a wide range of issues that impact on future plans for the Trust.

Recommendation 7: It is recommended that Trustees consider all aspects of the Trust's proposition and how this would relate to the future marketing and branding of the organisation at a separate Trustee development session to be held in 2019/20.

3.6 Transformation Strategy 2

Trustees will be aware that East Ayrshire Council is currently implementing its second Transformation Strategy to review and remodel services to achieve challenging savings target and introduce radical changes in how services are commissioned, funded and delivered. It is important that the Trust is kept apprised of the Council's changing priorities and of best practice being implemented as a result of the Transformation Strategy. With this in mind, the Council has nominated a member of the transformation Team to work alongside Trust staff in planning for the future. This relationship is important and will be developed into 2019/20 as the Trust's future plans are agreed. Reference to transformation Strategy practice and priorities will be made in reports to the Trust Board as appropriate.

Key aspects of the Council's Transformation Strategy which may impact on the Trust's future plans include:

- Employing fewer people whilst maintaining high quality key services.
- An agile organisation with a well-trained flexible workforce committed to serving communities and individuals.
- An effective organisation focused on continuous improvement, good governance and long term sustainability.
- A modern organisation using new technology to enable residents to access services digitally (including moving to cashless pay).
- Revised office accommodation provision.
- Review of assets, including properties.
- Explanation of further opportunities for Community Asset Transfer.

3.7 Kilmarnock Leisure Centre Trust Amalgamation

Trustees are aware that as part of East Ayrshire Council's Best Value Review of Leisure Services amalgamation of East Ayrshire leisure and the Kilmarnock Leisure Centre Trust was recommended. Work to implement this recommendation has continued, however significant issues with the additional cost of bringing Galleon Centre staff on to East Ayrshire Leisure/East Ayrshire Council terms and conditions have been identified. This issue remains under consideration. In addition, no decision has been made by the Council regarding the potential refurbishment of the Galleon Centre or the construction of a new Leisure Centre in Kilmarnock. This decision is critical to the future of any

amalgamated Trust, but both options present risks and opportunities and will require careful financial planning. It is hoped that both issues will be resolved in the new future to allow the Trust Board to accommodate decisions into the 2020-22 Business Plan. It is expected that East Ayrshire Council will provide information for Trust Board consideration in due course.

4 BUSINESS PLAN – FINANCIAL PLANNING

4.1 East Ayrshire Council has set a savings target of £600,000 for the Trust over the 3 years from 2019/20 to 2021/22. In addition to this amount, issues with income targets in 2018/19 will require service budgets to be adjusted and any reduction in income targets to realistic and achievable levels will require compensatory savings to be found. Work is ongoing to put forward proposals for the 2019/20 budget which will include adjusted income targets and an assessment of what additional savings can be made before major reviews take place during 2019/20 and 2020/21.

4.2 In broad terms, it is proposed that the financial projections for the next 3 years are as follows:

- Current Business Plan extended by 1 year

2019/20

- Savings achieved to offset income generation issues.
- Appropriate level of savings made to contribute to £600,000 target. (current estimate £50,000)
- Work on review of facility remit concluded to contribute to the £550,000 remaining savings target.

2020/21

- First year of 2 year Business Plan.
- Savings delivered through implementation of the review of the Trust's facility remit.
- Review of management and staff structures undertaken in response to facility remit review.

2021/22

- Savings achieved from implementation of review of management and staff.
- Business Plan for 2022/25 developed for Board and Council approval.

It is essential that the facility remit is reset to allow a review of management arrangements to follow. Management arrangements can only be finalised when the scope of facilities/services is confirmed.

Recommendation 8: It is recommended that Trustees agree to the means of meeting savings target as shown in the section 4 above for agreement with East Ayrshire Council.

5 POLICY/LEGAL IMPLICATIONS

5.1 At this stage there are no policy or legal implications arising from this report, however, specific proposals will require to be properly assessed as they are presented, in detail, for Board and/or Council consideration and approval.

6 RISK IMPLICATIONS

6.1 With challenging savings targets and a difficult trading environment, there is a significant risk that the Trust will not remain financially sustainable unless service expectations are effectively reviewed to ensure that demands placed on the Trust are matched with appropriate funding from the Council and income generated from activities. The proposals in this report outline an effective way forward to mitigate this risk.

7 SUMMARY

- 7.1 The report outlines the unique opportunity that the Trust now has to plan for its future and in doing so address a wide range of issues to produce a future plan that supports financial sustainability, positively resets the Trust's working relationship with East Ayrshire Council, allows the management of expectations for service scope and quality, and promotes an improved understanding of the role, purpose and priorities of the Trust as an independent organisation working in close partnership with the Council.
- 7.2 The proposed amendments to the Business Plan time periods will allow 2019/20 to be utilised for intensive work around the future plan for the Trust drawing on the extensive knowledge and experience that both senior managers and the Trust Board has built up over the past 5 years with the aim of addressing key issues and agreeing the most appropriate way forward. Trustee development sessions, with a focus on particular issues have proved to be effective to be used throughout this development period.
- 7.3 Documentation that governs the relationship between East Ayrshire Leisure and East Ayrshire Council will require to be updated to reflect any changes in annual funding, facility remit and expectations for service delivery by the Trust and support services to be delivered by the Council.

8. Recommendation/s:

- 8.1 The report contains several recommendations, these are included in the main text of the report, but are repeated below:
- i. Recommendation 1: It is recommended that Trustees agree to extend the current Business Plan to cover 2019/20 with a new plan produced for 2020/22 and that it is remitted to the Chief Executive to seek approval for the revised Business Plan proposals from East Ayrshire Council:
 - ii. Recommendation 2: It is recommended that the current agreements between the Trust and the Council are updated to support the 2020-22 Business Plan;
 - iii. Recommendation 3: It is recommended that Trustees agree to propose that a detailed review of the Trust's facility remit is carried out in 2019/20, jointly with East Ayrshire Council, on a community by community basis to deliver savings in 2020/21;
 - iv. Recommendation 4: It is recommended that the Board remits to the Chief Executive to provide a report on Customer and Community Engagement with plans for future improvements for consideration at a Trustee Development Session in 2019/20;
 - v. Recommendation 5: It is recommended that the Board notes the potential requirement to update the Trust's constitution, particularly in terms of Board representation and keeps this matter under review;
 - vi. Recommendation 6: It is recommended that the Board give consideration to the skill sets and specific experience that prospective Trustees should have to inform future Trustee recruitment;
 - vii. Recommendation 7: It is recommended that Trustees consider all aspects of the Trust's proposition and how this would relate to the future marketing and branding of the organisation at a separate Trustee development session to be held in 2019/20;
 - viii. Recommendation 8: It is recommended that Trustees agree to the means of meeting savings targets as shown in the section 4 above for agreement with East Ayrshire Council; and

REPORT TO BOARD OF TRUSTEES



ix. Otherwise note the content of this report.

Signature: 

Designation: Chief Executive

Date: 17 January 2019