

EAST AYRSHIRE LEISURE TRUST BOARD OF TRUSTEES

MINUTES OF MEETING HELD ON THURSDAY 16 MARCH 2017 AT 1800 HOURS IN THE GRANGE LEISURE CENTRE, KILMARNOCK

PRESENT: Councillors Douglas Reid, Eòghann MacColl, Iain Linton and Neil McGhee; Independent Trustees Elizabeth Young, Jackie Livingston, Robert Mann, Jean Brown and June Minnery; and Chris McAleavey, Depute Chief Executive: Safer Communities, East Ayrshire Council, ex officio Trustee.

ATTENDING: John Griffiths, Chief Executive; Anneke Freel, Countryside Services Manager; Adam Geary, Cultural Services Manager; Jackie Biggart, People and Finance Manager; and Lorraine Russell, Senior Accountant, all East Ayrshire Leisure Trust; and Gillian Hamilton, Democratic Services Officer, East Ayrshire Council.

APOLOGIES: Councillor Hugh Ross; Independent Trustee Robin Hume; and Joe McLachlan, Corporate Accounting Manager, East Ayrshire Council, ex officio Trustee.

CHAIR: Councillor Douglas Reid (Chair).

DECLARATIONS OF INTEREST

- I. No declarations of interest were intimated.

MINUTES OF PREVIOUS MEETING

2.1 Minutes of Board Meeting held on 6 March 2017

There were submitted and approved as a correct record the Minutes of the Board Meeting held on 6 March 2017 (circulated).

2.2 Matters Arising

It was noted that briefing notes were included under item 5 below which provided Trustees with the additional information requested at the previous Board meeting in relation to the 2017/18 charges for services.

BEST VALUE SERVICE REVIEW

3. There were submitted:-

- (a) a report dated 8 March 2017 (circulated) by the Chief Executive which informed Trustees of the completion of the Best Value Service Review of Leisure, Sport and Culture and advised of arrangements for consideration of the recommendations arising from this Review;
- (b) a report dated 8 March 2017 (circulated) by the Chief Executive which provided the Board with the opportunity to consider and respond to the Best Value Service Review of Leisure Services, recently completed in conjunction with East Ayrshire Council. The Review proposed significant changes to the future of Leisure, Sport and Cultural Services in East Ayrshire and indicated that budgets for these services would reduce by 20% (£1.056m) by 2021/22; and
- (c) a joint report dated 22 February 2017 (circulated) by the Head of Housing and Communities and the Chief Officers of the East Ayrshire Leisure Trust and the Kilmarnock Leisure Centre Trust which advised of the findings of the Best Value

Service Review of Leisure, Sport and Culture and sought approval of the recommendations arising from this Review.

Discussion took place and it was noted that the direction of travel in the report was as expected and generally welcomed. However, in responding to the Review and associated recommendations, there were some key issues worthy of consideration and these were contained in paragraph 2 of the Chief Executive's report [(b) above]. Additional matters were raised by Trustees during the discussion as follows:-

- External funding opportunities and delivering on externally-funded projects;
- The challenging financial environment in which local government currently operates;
- The more stable medium term budget commitment proposed under the Review;
- Preference that the new build or reconfiguration and refurbishment of existing premises be completed at the Galleon Centre prior to any integration with EALT;
- The requirement for an updated Business Plan to be presented to the next Board meeting and to Council given the savings required in 2017/18;
- The level of capital investment and subsidy from the Council and associated expectation that operations be more commercially-focused to ensure longer-term sustainability;
- Governance arrangements; more autonomy for a new integrated Trust;
- The substantial achievements of EALT to date;
- Maintenance and energy efficiency in premises;
- A membership scheme would allow people to access all sport and leisure facilities in East Ayrshire and potentially increase attendance levels;
- Supporting access to sport and leisure services linked to the East Ayrshire Community Plan, in particular supporting older people who live independently in the community, where the Trust has the resources;
- Integration would allow both Trusts to build on best practice;
- If it transpired that there was no strong financial case for integration, this would be taken into account;
- The report gives strategic direction but further analysis is required to address information gaps, to be taken forward by the Shadow Integration Board, this includes the financial impact of integration which is not fully detailed in the review;
- CAT (Community Asset Transfer) was intended to deliver more empowered communities. We need to encourage aspiration and drive;
- The Galleon Centre is at the end of its covenant. There is opportunity for capital investment to deliver an attraction in Ayrshire, joined up with EALT;
- Clear financial and other benefits to Galleon Centre staff in harmonising their pay, terms and condition with those of EALT;
- Was a new Galleon Centre needed given the existing provision of sport and leisure facilities locally? Duplication of provision should be designed out of any new facility to rationalise the whole sports and leisure offer;
- Integration would eliminate any competition between the two Trusts; and

- This is the next evolution of EALT. The bulk of work has still to be done by the Shadow Integration Board. Change would strengthen independence and flexibility. But we need to be clear about what we want to achieve and how integration with Kilmarnock Leisure Centre Trust would support that.

It was agreed:-

- (i) to respond to each recommendation in the joint report as follows and as outlined in bold:-

Recommendation 1

In order to ensure that sport and leisure facilities within Kilmarnock Town Centre are retained on a sustainable basis in the medium to long term, that a full business case should now be developed by the Council's Head of Facilities and Property Management which will explore the feasibility and potential costs, including lifecycle costs analysis, of Option 1, a new purpose built leisure and sports facility and Option 2 a reconfigured and refurbished Galleon Centre all within the context of available capital funding.

The EALT Board supports this recommendation, subject to the revenue budget impacts of a refurbishment programme or the construction of a new facility being included in any option appraisal. The Board also requests that any design or refurbishment proposals are submitted to the Shadow Integration Board for consideration and approval.

Recommendation 2

Subject to any costs associated with integration being absorbed within the agreed funding envelope that the KLCT and the EALT should be integrated to form a single Trust; and the proposed Shadow Integration Board should be tasked with securing the early implementation of this decision.

The EALT Board agrees in principle to support this recommendation and requests that further information on any additional costs of integration is available for consideration as soon as possible. The Board also proposes that integration does not take place until either construction of a new centre or refurbishment work is complete.

Recommendation 3

That the preferred options for integration of the two Trusts as outlined above be considered by the respective Trust Boards and that it be noted that the legal, financial and HR implications of these options are currently being considered by Council Officers and that the Council's preferred recommendations will be included when the report is considered by Council on 23 March 2017.

EALT is compliant with all current OSCR requirements and its Constitution would allow the integration of the Galleon Centre. The potential costs of establishing a completely new Trust would be significant, particularly if re-branding was required and signage, websites, stationery, uniforms etc. needed to be changed. The integrated Trust should operate a single set of staff terms and conditions based on the current East Ayrshire Leisure model. The EALT Board agrees to state its support for option 2, in which the Galleon Centre would be integrated into the existing EALT, with appropriate change to the organisation's Constitution notified to OSCR. In

addition, EALT Board agrees that integration should involve all staff moving to the terms and conditions currently offered by the EALT.

Recommendation 4

In order to prevent the loss of expertise at Board level arising from the integration of the two Trusts, all external Trustees currently serving on the Board of both existing Trusts should be invited to serve on the proposed Shadow Board and, in the longer term remain members of the new Trust's Board.

The EALT Board agrees this recommendation.

Recommendation 5

The membership and governance arrangements for the new Trust Board should be developed within the context and tested against the best practice highlighted in OSCR's Guidance.

The EALT Board agrees this recommendation.

Recommendation 6

In future, in order to allow inclusion of the Trust's annual accounts, the submission deadline for the EALT's annual report to the Council should be changed from August to September each year.

The EALT Board agrees this recommendation.

Recommendation 7

Subject to agreement being reached on the integration of the two Trusts, options be developed to facilitate the introduction of a joint membership offer for Sports, Leisure and Cultural activities across East Ayrshire.

The EALT Board agrees this recommendation.

Recommendation 8

Subject to agreement being reached on the integration of the two Trusts, both Trusts work together to achieve parity in charges for sport and a consistent approach to future pricing strategy by increasing EALT's prices to align them with those of the KLCT.

It would be important for the integrated Trust to have a single, consistent pricing strategy, however, there is currently a significant difference between the charges levied by the two organisations for sports activities with Galleon charges tending to be higher. If integration is to take place it will be important to use the intervening period to develop a single pricing strategy that balances the need to generate income with the need to encourage participation in activities. Any change in pricing strategy would require attendance targets to be updated in the Business Plan. Any new strategy would not necessarily be aligned with KLCT charges, but would be underpinned by the national average charge for activities. It should also be noted that many of East Ayrshire Leisure's services are free to use. Accordingly, the EALT Board supports the principle of a single pricing strategy for the integrated Trust, however, this would not mean automatic alignment with current KLCT prices.

Recommendation 9

A review of merchandising and vending contracts within EALT should be completed to establish potential for improving on existing arrangements and expending upon the current range of produce and products offered from vending machines and for direct sale.

The EALT Board agrees this recommendation.

Recommendation 10

Further review activity focussing on the extension of a commercial approach to the operation of Countryside and Cultural Services should be undertaken.

The EALT Board agrees this recommendation.

Recommendations 11, 12, 13, 14

(11) Grant assistance and charging for the let of schools for Registered Nursery and Out of Hours School Care providers operating from East Ayrshire Schools should be discontinued and responsibility should transfer to the Council's Education Service (Early Learning and Child Care) to manage the funding envelope available to support these organisations through individual service level agreements.

(12) Responsibility for the use of schools out with the school day should transfer to the Head of Facilities Management and resources should be transferred from the EALT back to the Council.

(13) Subject to agreement of responsibility for schools lets being returned to the Head of Facilities and Property Management, a review of community use of schools, based on current demand and janitorial resources, should be undertaken by the Council to bring forward proposals for the future use of schools on a community by community basis and a revised charging policy which better reflects the actual cost of individual lets should be introduced.

(14) Internal Council budgets and the Council's subsidy to the EALT should be profiled to reflect the recommendations around simplification of schools lets as outlined in recommendations 11 to 13 above.

The EALT Board agrees these recommendation.

Recommendation 15

An energy audit of the properties that will remain within the core remit of the EALT, post CAT transfer, should be undertaken by the Council's Energy and Carbon Reduction Team as soon as possible and implemented, with the aim of reducing the carbon footprint of the Trust's activities.

The EALT Board agrees this recommendation.

Recommendation 16

A Shadow Integration Board should be established to provide strategic oversight of the integration of the two Trusts and ensure delivery of the 20% subsidy reduction.

The EALT Board agrees this recommendation.

Recommendation 17

The General Manager of the Galleon Centre should be seconded to lead the transformational change agenda outlined within the recommendations of this review and any additional costs associated with implementation of this decision are covered by the Council's Transformation Fund.

The General Manager of the Galleon Centre has extensive experience of operating that facility and it will be important that his input to the management of the Galleon Centre through refurbishment or replacement is retained to guide and advise any staff who act up in his absence. Allowing the General Manager time to develop and implement the recommendations of the Best Value Review, particularly around the introduction of a more commercial approach across the integrated Trust would be an appropriate way forward. Accordingly, the EALT Board supports this recommendation.

Recommendation 18

The new Trust should be tasked with reducing level of Council subsidy by at least 20% (£1.056m) by 2021/22.

The EALT Board agrees to support this recommendation and requests clarification of the decision making process for future service redesign proposals.

Recommendation 19

The EALT is set a savings target of £293,000 in the financial year 2017/18 and thereafter the proposed Shadow Integration Board should be tasked with providing the Council with a detailed business case which will outline how the remaining outstanding savings required to achieve the 20% reduction would be profiled in each of the intervening financial years between 2018/19 and 2021/22.

Savings proposals to meet the £293,000 target were considered and approved by the EALT Board at its meeting on 6 March 2017. Accordingly, the Board supports this recommendation.

Recommendation 20

Progress be reported and monitored as a key work stream in the Council's next Transformation Strategy.

This process is well established within the Council and would be expected for any project that requires the delivery of significant savings. Accordingly, the EALT Board supports this recommendation; and

- (ii) otherwise, to note the report.

2017/18 CHARGES FOR SERVICES - CONTINUED ITEMS

4. There were submitted briefing papers (circulated) as undernoted:-

- East Ayrshire Youth Theatre - Increased Charging Proposal 2017/18;
- Charges for Services 2017/18 - East Ayrshire Loyalty Scheme; and
- Charges for Services 2017/18 - Introduction of Minimum Charge.

It was agreed:

- (i) to note that an update would be provided at the next Board meeting on the outcome of consultations taking place on the future format of East Ayrshire Youth Theatre and the removal of the Loyalty Discount scheme; and
- (ii) otherwise, to note the information contained in the briefings, as requested at the previous Board meeting.

Jackie Livingstone left the meeting during consideration of the above item.

ANY OTHER COMPETENT BUSINESS

It was reported by the Chief Executive and noted:-

- (i) the Happy Mondays had been booked to appear at the Grand Hall on 22 December 2017. Tickets would go on sale the following morning;
- (ii) Trustees would be consulted on the proposed date for the next development session (below) – proposed theme “external funding”; and
- (iii) progress was being made at the Dean Castle. Weekly walk-arounds were taking place. A survey monkey was gathering positive feedback about the play park design.

DATES OF NEXT MEETINGS

- 5. Development Session: 19 April 2017
Performance & Audit Sub-Committee: 22 May 2017
Trust Board: 6 June 2017

The meeting terminated at 1740 hours.